

**OEB Staff Interrogatories
2019 Electricity Distribution Rates Application
Hydro Ottawa Limited (Hydro Ottawa)
EB-2018-0044
October 12, 2018**

Staff IR-1

Ref: Revenue Requirement Workform (RRWF) – Tab 9 Rev_Reqt

- a) Please confirm data entered under Settlement Agreement column (i.e. other than the Application column) is the adjusted 2019 revenue requirement proposed in this application.

Staff IR-2

Ref: Working Capital Allowance (WCA)

- a) Please confirm no adjustment was made to the WCA and the proposed amount for 2019 is \$76,760,294 as approved in the approved settlement proposal in 2016-2010 Customer IR Application.¹

Staff IR-3

Ref: Exhibit 1, Tab 2, Schedule 1, page 2 of 22

Hydro Ottawa states that “Both the OEB’s Custom IR method and the Approved Settlement Agreement also require Hydro Ottawa to submit annual reports on actual amounts of capital spending. This reporting requirement does not apply to this Application, as it is a separate obligation that requires – among other things – the disclosure of spending results from a full year of the Custom IR period. With the second full year of Hydro Ottawa’s Custom IR period (2017) having concluded, Hydro Ottawa will submit its second annual report in 2018”.

- a) Please clarify when Hydro Ottawa will submit its 2017 actual capital spending.

¹ EB-2015-0004

Staff IR-4

Ref: 2019 DVA Workform

- a) Please reconcile total non-RPP class B consumption in GA Allocation tab (3,320,883,387 kWh) with data entered in Billing Determinants tab (B-C-E=3,760,051,169 kWh).
- b) Please reconcile total class B consumption in CBR B Allocation tab (6,782,455,290 kWh) with data entered in Billing Determinants tab (D-E=6,925,308,396 kWh).

Staff Question-5

Ref: 2017 Continuity Schedule Tab 2.a

OEB Staff notes that the Applicant has not presented the adjustments made to 2016 balances in the 2018 rate application (EB-2017-0052) as principal adjustments in the 2016 fiscal year (column AV in the continuity schedule), with corresponding reversals in the subsequent year (column BF).

- a) Please present the adjustments (and reversals) pertaining to 2016 balances in column AV and BF, respectively as a means of establishing the trail of annual adjustments made and their corresponding reversing entries. While OEB Staff acknowledge that the Applicant's 2019 total claim is unaffected by this change, this method aligns the amounts approved for disposition with the closing balances that they pertain to in the continuity schedule.

Staff Question-6

Ref: 2017 Continuity Schedule Tab 2.a

OEB Staff notes that the Applicant has not presented the adjustments made to 2017 balances in the current rate application as principal adjustments in the 2017 fiscal year (column BF in the continuity schedule), and has instead presented them in column BR.

- a) Please revise the presentation of the 2017 principal adjustments, and record them in column BF in the continuity schedule. Column BF should be comprised of the reversing principal adjustments pertaining to 2016, as well as the principal adjustments pertaining to 2017. This also allows for the 2018 projected interest figures to be calculated appropriately.
- b) Please revise the projected carrying charges for 2018 as a result of including the 2017 principal adjustments in the closing balances being requested for disposition.

Staff Question-7

Ref: Exhibit 9, Tab 2, Schedule 1 – 3.0 Accounts for which Hydro Ottawa is not Seeking Disposition

The Applicant has indicated the following:

“Hydro Ottawa is not requesting disposition of any vintage 1595 Sub-accounts, including 1595 (2014). Hydro Ottawa proposes to clear 1595 Sub-accounts in conjunction with either its next Cost of Service application or after a three-year period, to coincide with a two-year cancel/rebill time period – whichever represents a longer period of time subsequent to the submittal of this Application. Such an approach would make the process more efficient for Hydro Ottawa’s systems, as it would reduce the need to manually monitor and write-off residual values after final disposition.”

- a) Please explain why the residual balances of vintage 1595 Sub-account (2014) are not being requested for disposition, as it has been over three full fiscal years since the expiry of the DVA & GA Rate Riders, and the two-year cancel/rebill time period for the DVA Rate Riders has passed. Please revise the application to include a request for disposition of this residual amount.
- b) With request to the overall position taken regarding 1595 Sub-account disposition, has the Applicant considered the ramifications of intergenerational inequity that result from delaying disposition of residual balances for several additional years longer than the OEB expects?

Staff Question-8

Ref: 2017 Continuity Schedule Tab 2.a 1595 Vintage Sub-Account (2016)

The Applicant has recorded carrying charges of \$19,994 in Account 1595 (2016) for the year 2017. The Principal Balances for opening and closing 2017 are \$71,149 and \$76,315, respectively, or an average balance of approximately \$73,732. At the OEB’s weighted average prescribed interest rate for 2017 of 1.2%, carrying charges should approximate \$854.

- a) Please provide an explanation for the amounts entered in the interest charges for 2017 and update the Rate Generator model, if necessary.

Staff Question-9

Ref: Exhibit 9, Tab 2, Schedule 1, 7.0 GA and WMS CBR Class A Adjustments

The applicant has suggested the following:

“Hydro Ottawa proposes to apply the customer-specific adjustments as a one-time adjustment rather than monthly adjustments. Unlike the use of rate riders, these adjustments are a manual process for Hydro Ottawa. It would be more efficient to complete one-time adjustments on 66 accounts (132 adjustments plus HST and potentially 8%) rather than 22 completing a minimum of 132 adjustments monthly. Hydro Ottawa estimates that the highest one-time adjustment would result in a temporary total bill increase of approximately 3.2%.”

- a) Please confirm in which month the Applicant intends to apply the one-time adjustment to each of the transition customers.

Staff Question-10

Ref: Earning Sharing Mechanism (ESM) Variance Account

- a) Please provide ESM amount related to 2017 earnings.