

November 29, 2018

Kirsten Walli  
Board Secretary  
Ontario Energy Board,  
2300 Yonge St.  
Suite 2700, P.O. Box 2319  
Toronto, Ontario  
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Dear Ms. Walli:

**Re: OEB File No. EB-2018-0036  
Guelph Hydro Electric Systems Inc. (Guelph Hydro) Responses to Board Staff  
November 28 Conference Call**

Please find enclosed with this letter Guelph Hydro's responses to Board Staff directions received during the conference call on November 28, 2018.

Guelph Hydro has filed an electronic version of its responses via RESS along with the following live Excel files:

- Updated 2019IRM Rate Generator model
- Provincial Rate Protection Payments Refund Calculation

Should there be any questions, please do not hesitate to contact the undersigned.

Respectfully submitted,



Cristina Birceanu

Vice-President of Regulatory Affairs, Customer Care and Billing  
Guelph Hydro Electric Systems Inc.

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**Guelph Hydro Responses  
Board Staff November 28 Conference Call Questions  
Guelph Hydro Electric Systems Inc.  
EB-2018-0036**

**As discussed during the conference call on November 28, 2018, Guelph Hydro agreed to the following:**

- 1. The amount to be repaid to the IESO for provincial rate protection payments should include 2015, 2017 and 2018 and that the 2017 amount received should be removed from account 1580 balance as an adjustment in the 2019IRM rate generator model.**

**Guelph Hydro's Response:**

Guelph Hydro confirms that the amount to be repaid to the IESO for provincial protection payments of \$208,512 includes 2015, 2017 and 2018, and that the 2017 amount has been removed from account 1580 balance in the 2019IRM rate generator model.

**The next steps are:**

- 2. To provide the updated 2019IRM rate generator model incorporating the updated DVA balances for the account 1580 principal adjustment in 2017.**

**Guelph Hydro's Response:**

Guelph Hydro has filed an updated IRM Rate Generator model to incorporate the updated DVA balances for Account 1580 RSVA – WMS.

Guelph Hydro adjusted the 2017 balance in Account 1580 with the 2017 portion of provincial rate protection payment received from the IESO in the amount of \$69,504. In Tab 3.Continuity Schedule, Guelph Hydro updated the 2017 principal adjustment (cell BF23) to \$69,504 and 2018 carrying charges (cell BQ23) to \$28,357.

- 3. To provide the explanation for the account 1580 principal adjustment in 2017.**

**Guelph Hydro's Response:**

The 1580 RSVA - WMS principal adjustment in 2017 of \$69,504 in cell BF23 of the updated 2019 IRM rate generator model Tab 3.Continuity Schedule, represents provincial rate protection payments Guelph Hydro received from the IESO for the 2017 period which were recorded in Account 1580.

In Guelph Hydro's cost of service rate application for 2012 rates (EB-2011-0123), the OEB approved recovery of eligible forecast REG investments under O. Reg. 330/09. Since the OEB's decision in that proceeding, the OEB has been approving amounts to be collected by the IESO and remitted to Guelph Hydro for the provincial portion of the costs for those eligible assets.

Provincial rate protection payments for 2013 and 2014 were returned to customers via the Account 1533 - Renewable Generation Connection Funding Adder Deferral disposition in the 2016 COS (EB-2015-0073).

During 2015, provincial rate protection payments continued to be allocated to Account 1533 and upon disposal of Account 1533 on January 1, 2016, a \$82,583 credit residual balance was transferred to Account 4080 Distribution Services Revenue to close the 1533 account. The \$82,583 credit balance consisted of (i) \$69,504 related to provincial rate protection payments from 2015 and (ii) approximately \$12,794 GEA rate rider residual above the estimate in 2016 COS EDVAR balance and (iii) some carrying charges. Due to this transfer to Account 4080, the 2015 provincial rate protection payment was not disposed of in Guelph Hydro's 2017 IRM proceedings (EB-2016-0075).

In 2016, Guelph Hydro allocated provincial rate protection payment amounts to Account 1580 – RSVA – WMS and later returned these credits to customers through the disposition of the 2016 Account 1580 balance in the 2018 IRM (EB-2017-0044).

Guelph Hydro did not incur any capital cost since all REG costs were offset by the customers' capital contributions and as such Guelph Hydro will request that the OEB discontinue the collection of provincial funding for the eligible investments under O. Reg. 330/09 in the Guelph Hydro service area.

Guelph Hydro also acknowledges that the provincial protection payments received in 2015 and 2017 to 2018 from the IESO via Charge Type ("CT") 1413 shall be returned to the IESO. Guelph Hydro has calculated \$208,512 as the amount to return to the IESO (including accruals for November and December 2018).

As Guelph Hydro will seek approval to return to the IESO the provincial rate protection payments, including payments received in 2017, the principal adjustment of \$69,504 was necessary to remove the 2017 amount out of Account 1580 for 2017.