

December 11, 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) – Comments on the  
OEB's Draft Decision and Rate Order issued on December 7, 2018**

Subsequent to Guelph Hydro's review of the OEB's draft Decision and Rate Order (DRO) issued on December 7, 2018, Guelph Hydro would like to explain the reason for the proposed changes to the DRO.

**Reason for Updated Account Balances:**

In preparation of the 2019 IRM, Guelph Hydro relied upon the Board's prescribed interest rates to calculate carrying charges on the deferral and variance account balances. The prescribed interest rate of 1.5% for Q1 2018 and 1.89% for Q2-Q4 2018 were relied upon to calculate forecasted interest for 2018. On September 14, 2018, the OEB issued the Q4 2018 prescribed interest rate of 2.17%. Throughout the case proceedings, Guelph Hydro did not update the Q4 2018 prescribed interest rate to correctly calculate 2018 carrying charges on its deferral and variance account balances. As part of the DRO review, Guelph Hydro has updated the 2018 carrying charges calculation and made the following changes to the models:

1. Updated the carrying charges calculation for 2018 in the 2019IRM Rate Generator model, Tab. 3 Continuity Schedule, cells BQ21 to BQ36 and BQ43 (LRAMVA interest).
2. Updated the carrying charges in the LRAMVA model, Tab 6. Carrying Charges, cell C46 to reflect the Q4 2018 prescribed interest rate of 2.17%.

The table below is a comparison of the Draft Decision account balances to the revised account balances.

Account Name	Account Number	Principal Balance Per Draft Decision	Interest Balance Per Draft Decision	Total Claim Per Draft Decision	Revised Principal Balance (*)	Revised Interest Balance	Revised Total Claim	Principal Balance Change	Interest Balance Change	Total Claim Change
LV Variance Account	1550	\$ 76,354	\$ 1,992	\$ 78,346	\$ 76,354	\$ 2,045	\$ 78,400	\$ -	\$ 54	\$ 54
Smart Meter Entity Variance Charge	1551	\$ (8,309)	\$ (280)	\$ (8,589)	\$ (8,309)	\$ (286)	\$ (8,595)	\$ -	\$ (6)	\$ (6)
RSVA - Wholesale Market Service Charge	1580	\$ (1,581,996)	\$ (48,356)	\$ (1,630,352)	\$ (1,581,996)	\$ (49,464)	\$ (1,631,460)	\$ -	\$ (1,108)	\$ (1,108)
Variance WMS - Sub- account CBR Class B	1580	\$ (8,937)	\$ 7,149	\$ (1,788)	\$ (8,937)	\$ 7,142	\$ (1,795)	\$ -	\$ (7)	\$ (7)
RSVA - Retail Transmission Network Charge	1584	\$ 1,685,987	\$ 38,400	\$ 1,724,386	\$ 1,685,987	\$ 39,580	\$ 1,725,566	\$ -	\$ 1,180	\$ 1,180
RSVA - Retail Transmission Connection Charge	1586	\$ 1,559,387	\$ 36,920	\$ 1,596,307	\$ 1,559,387	\$ 38,012	\$ 1,597,398	\$ -	\$ 1,091	\$ 1,091
RSVA – Power	1588	\$ (142,399)	\$ (10,465)	\$ (152,864)	\$ (142,399)	\$ (10,565)	\$ (152,964)	\$ -	\$ (100)	\$ (100)
RSVA - Global Adjustment	1589	\$ 3,132,033	\$ 86,232	\$ 3,218,265	\$ 3,132,033	\$ 88,424	\$ 3,220,457	\$ -	\$ 2,192	\$ 2,192
Disposition and Recovery of Regulatory Balances (2016)	1595	\$ 1,053,768	\$ (306,347)	\$ 747,421	\$ 1,053,768	\$ (305,609)	\$ 748,159	\$ -	\$ 738	\$ 738
LRAMVA	1568	\$ 606,218	\$ 14,428	\$ 620,646	\$ 606,218	\$ 14,852	\$ 621,070	\$ -	\$ 424	\$ 424
Total		\$ 6,372,106	\$ (180,327)	\$ 6,191,778	\$ 6,372,106	\$ (175,870)	\$ 6,196,238	\$ -	\$ 4,460	\$ 4,460

Note (\*): The principal balance has not been changed.

Guelph Hydro has updated the draft DRO document to reflect the above changes to deferral and variance account balances; the document was filed in Word version with track changes.

**Reason for Draft Rate Order Language Changes:**

In reference to the Renewable Generation Connection Rate Protection (RGCRP), Guelph Hydro would like to clarify that RGCRP amounts received in 2015, 2017 and 2018 should be returned to the IESO since Guelph Hydro returned the 2013, 2014 and 2016 RGCRP credits to Guelph Hydro rate payers through previous rate proceedings (2016 COS *EB-2015-0073* and 2018 IRM *EB-2017-0044*). Guelph Hydro has made the following changes to the DRO language:

1. On page 9 of the DRO, Guelph Hydro added "***in certain years for the period*** from 2012 to 2018."
2. On page 10 of the DRO, Guelph Hydro added "***in certain years for the period*** from 2012 to 2018."

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

Respectfully submitted,



Cristina Birceanu

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