



January 10, 2019

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
27th Floor/ P.O. Box 2319  
2300 Yonge St.  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: 2019 IRM Electricity Distribution Rate Application,  
Follow-Up Responses - Halton Hills Hydro Inc.,  
Board File no. EB-2018-0037**

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Halton Hills Hydro Inc. (“HHHI”) hereby submits its responses to Board Staff Follow-up questions sent by email on December 21, 2018.

HHHI has submitted the responses and revised GA Analysis Workform model through RESS and couriered two (2) hardcopies of the pdf document to the Board.

In the event of any additional information, questions or concerns, please contact David Smelsky, Chief Financial Officer, at [dsmelsky@haltonhillshydro.com](mailto:dsmelsky@haltonhillshydro.com) or (519) 853-3700 extension 208, or Tracy Rehberg-Rawlingson, Regulatory Affairs Officer, at [tracyr@haltonhillshydro.com](mailto:tracyr@haltonhillshydro.com) or (519) 853-3700 extension 257.

Sincerely,

*(Original signed)*

David J. Smelsky, CPA, CMA, C.Dir.  
Chief Financial Officer, HHHI

Cc: Arthur A. Skidmore, President & CEO, HHHI  
Tracy Rehberg-Rawlingson, RAO, HHHI



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**ONTARIO ENERGY BOARD  
IN THE MATTER OF AN APPLICATION BY  
HALTON HILLS HYDRO INC. (“HHHI”)  
2019 IRM APPLICATION  
ACCOUNTING RESPONSES (ROUND 3) FROM HALTON HILLS HYDRO INC.**

**Staff-1**

**Ref: Response to OEB Staff Question #1**

In response to OEB Staff Question 1, HHHI provided the supporting details, as well as a summary page, of the IESO adjustments to Charge Type 148 (CT 148) pertaining to both 2017, as well as for years prior to 2017 (Appendix IRR2 – A).

OEB staff requires further clarification on the related reconciling item in the GA Analysis Workform.

- a) Please indicate which IESO bill these CT 148 adjustments are found on (e.g. IESO bill for the month of December 2017).
- b) Please indicate in which fiscal year this particular CT 148 was journalized into the general ledger of Halton Hills.
- c) If the answer to part b) above is 2018, please confirm that the amount to include as a reconciling item would actually be the amounts shown in the 2017 column of Appendix IRR2 –A, in order to adjust the 2017-related GA transactions. If the answer to part b) above is 2017, please disregard this part of the question.
- d) Please confirm that the amount of (\$380,254), representing the total GA adjustments for periods prior to 2017, are the GA adjustments for all customers of HHHI, rather than just the Non-RPP customers.
- e) If the answer to part d) is confirmed, please explain why the total sum of GA adjustments has been included as a reconciling item, rather than only the Non-RPP portion of the GA adjustments, as the RPP portion would be reflected in Account 1588, rather than Account 1589. If the answer to part d) is not confirmed, please provide an explanation for why the amounts in the summary page of Appendix IRR2-A pertain only to Non-RPP customers.
- f) If Halton Hills agrees that the (\$380,254) adjustment should be revised to reflect only the Non-RPP portion of the GA adjustments, please calculate this portion and updated the GA Analysis Workform accordingly.
- g) Please confirm that, although the figures have been presented in parentheses or as negative numbers, the amount of -\$748,219 represents a charge from the IESO (ie. the IESO increased CT 148 by \$748,219). If this is not confirmed, please explain why there should not actually be a debit entry (rather than a credit entry) recorded as a reconciling item in the GA Analysis Workform.

**Response:**

- a. The CT 148 adjustments are posted in the month they are received. In the example immediately below, the adjustment was received on the November 30, 2017 IESO invoice, so the amount would be allocated between the expense accounts for 1588 and 1589 in the month of November, 2017.

MP|148|30-NOV-2017|0|0|115.98|ONZN||P|34062.565||.13|15.08|Adjustment of Global Adjustment, Total Adjusted Amount - \$27374.16, Total Distribution (MWh) - 8039566.47

For consistency, even if the month and year are specified, HHHI will post the allocated adjustment amounts in the month in which they are received on the IESO invoice. For example, the December 2017 invoice showed the following:

MP|148|31-DEC-2017|0|0|-2656.05|ONZN||P|40571.461||.13|-345.29|Adjustment of Global Adjustment for 06/2017, Total Adjusted Amount - \$-560411.82, Total Distribution (MWh) - 8560368.498  
MP|148|31-DEC-2017|0|0|-5959.24|ONZN||P|38344.788||.13|-774.7|Adjustment of Global Adjustment for 07/2017, Total Adjusted Amount - \$-1376655.64, Total Distribution (MWh) - 8858107.16  
MP|148|31-DEC-2017|0|0|-2395.44|ONZN||P|36885.392||.13|-311.41|Adjustment of Global Adjustment for 05/2017, Total Adjusted Amount - \$-539631.18, Total Distribution (MWh) - 8309340.589  
MP|148|31-DEC-2017|0|0|-1575.75|ONZN||P|42116.156||.13|-204.85|Adjustment of Global Adjustment for 03/2017, Total Adjusted Amount - \$-357689.47, Total Distribution (MWh) - 9560240.712  
MP|148|31-DEC-2017|0|0|-1644.54|ONZN||P|38242.949||.13|-213.79|Adjustment of Global Adjustment for 02/2017, Total Adjusted Amount - \$-374868.41, Total Distribution (MWh) - 8717365.719  
MP|148|31-DEC-2017|0|0|-1980.03|ONZN||P|39617.988||.13|-257.4|Adjustment of Global Adjustment, Total Adjusted Amount - \$-464863.94, Total Distribution (MWh) - 9301368.125  
MP|148|31-DEC-2017|0|0|-2179.34|ONZN||P|36038.556||.13|-283.31|Adjustment of Global Adjustment for 04/2017, Total Adjusted Amount - \$-485177.49, Total Distribution (MWh) - 8023101.562  
MP|148|31-DEC-2017|0|0|-1756.96|ONZN||P|43757.13||.13|-228.4|Adjustment of Global Adjustment for 01/2017, Total Adjusted Amount - \$-398968.2, Total Distribution (MWh) - 9936307.142

All the adjustments were allocated in December 2017 and not retroactively to the original period.

- b. All CT 148 adjustments shown in Appendix IRR2 – A were journalized into HHHI’s general ledger in fiscal year 2017.
- c. Not applicable.
- d. Confirmed, however, HHHI has determined through this process that the correct amount for the reconciling item should have been the total adjustments allocated to RPP and non-RPP instead of the total amount of adjustments related to charges prior to 2017. As a result of this determination, HHHI has updated the GA Analysis Workform to show a reconciling item 6 in the amount of (\$347,717) (see **Appendix IRR3 – A** for revised GA Analysis Workform). The calculation of the (\$347,717) is shown below in **Table IRR3 – 1**.

**Table IRR3 – 1 – Revised Calculation for Reconciling Item 6**

Year	Month	2017	Prior period (<2017)	Total Adjustments	Allocation to:				Total \$
					USofA 1588		USofA 1589		
					RPP		non-RPP		
				%	\$	%	\$		
2017	Jan	-	-	-	56.67%	-	43.33%	-	-
	Feb	-	-	-	53.08%	-	46.92%	-	-
	Mar	305	-	305	55.73%	170	44.27%	135	305
	Apr	(2,166)	(38,028)	(40,194)	45.47%	(18,277)	54.53%	(21,917)	(40,194)
	May	-	(30,618)	(30,618)	55.41%	(16,965)	44.59%	(13,654)	(30,618)
	Jun	(378,790)	(47,502)	(426,291)	49.24%	(209,893)	50.76%	(216,398)	(426,291)
	Jul	-	-	-	50.27%	-	49.73%	-	-
	Aug	114,104	(97,765)	16,340	63.91%	10,443	36.09%	5,897	16,340
	Sep	(81,385)	(2,793)	(84,178)	64.65%	(54,421)	35.35%	(29,756)	(84,178)
	Oct	(3)	(75,391)	(75,394)	61.82%	(46,607)	38.18%	(28,787)	(75,394)
	Nov	116	(88,157)	(88,041)	61.11%	(53,799)	38.89%	(34,242)	(88,041)
	Dec	(20,147)	-	(20,147)	55.35%	(11,152)	44.65%	(8,995)	(20,147)
	<b>Totals</b>	<b>(367,965)</b>	<b>(380,254)</b>	<b>(748,219)</b>		<b>(400,502)</b>		<b>(347,717)</b>	<b>(748,219)</b>

- e. Please see HHHI response to Staff-1 part d.
- f. Please see HHHI response to Staff-1 part d.
- g. HHHI confirms that although the figures have been presented in parentheses or as negative numbers, the amount (\$347,717) represents a charge from the IESO.

**Staff-2**

**Ref: Response to OEB Staff Question #2**

In response to OEB Staff Question #2, HHHI explained that the December 31, 2017 unbilled revenue report included an amount of \$406,235 from January, 2018, and so this amount is now being adjusted for in the GA Analysis Workform and the Rate Generator Model.

- a) Please explain the relationship between this adjustment and the original adjustment reported in the first filing of the GA Analysis Workform, in the amount of (\$528,333). Specifically:
  - a. Are these two adjustments related to the same issue, or are they independent of one another?
  - b. Please explain how it was originally determined that a credit entry of (\$528,333) was required in the GA Analysis Workform, and now a debit entry of \$406,235 is needed.

**Response:**

- a. The original (\$528,333) adjustment represented an offsetting unbilled revenue entry for the December 2017 Class A Global Adjustment Charge on the IESO invoice with the understanding that the unbilled revenue was not posted for December 2017. However, while preparing the previous round of responses, HHHI investigated further into the Global Adjustment amounts for 2017, with a particular focus on the impacts of Class A customers. As a result of the investigation, HHHI determined that the (\$528,333) was offset by billed Class A GA through the unbilled revenue entry. HHHI also determined that the unbilled revenue report included \$406,235.20 of Class A Global Adjustment that should have been included in January 2018 revenues instead and thus, the \$406,235.20 needed to be adjusted back as a reconciling item.
  - a. Please see HHHI's response to Staff-2 part a above.
  - b. Please see HHHI's response to Staff-2 part a above.

**Staff-3**

**Ref: Response to OEB Staff Question #3**

OEB Staff Question 3 c) inquired into the timing of when HHHI true up the GA-price variance between the rate used initially for RPP settlement on day 4 following a particular month, and the actual GA rate, which is known at a later time. In response, HHHI indicated that:

*“HHHI continues to use the 1<sup>st</sup> Estimate without truing up to the final GA charge as the IESO smooths the variances internally when they set the 1<sup>st</sup> Estimate in future months. Similarly, the OEB does not require LDCs to true up RPP rates to actual, but instead, smooths any variances from actual through future RPP rates. As shown in Table IRR2 – 1, the 8 year variance between the GA 1st Estimate and Actual is only \$(0.000395) as the IESO adjusts the estimates to reflect the variance between the previous month estimate and actual.”*

Furthermore, in response to OEB Staff Question #3 g), where OEB staff requested that HHHI prepare a summary of the price and quantity-related monthly true-ups for CT 148 and Charge Type 1142 (CT 1142), HHHI replied by stating:

*“With reference to OEB Staff Question #3 part c, the eight (8) year average difference between the actual GA and 1st estimate GA is only (0.000395); however, HHHI will undertake to re-calculate CT 148.”*

- a) OEB staff is of the understanding that it is CT 1142 (RPP Settlement) that has not previously been trued up for the GA price difference between 1<sup>st</sup> Estimate and Actual GA rates (although CT 1142 is trued up for the RPP consumption variance between estimated and actual). OEB staff is further of the understanding that CT 148 is allocated based on actual RPP and Non-RPP consumption, and derived from the actual CT 148 on the IESO Invoice. Please confirm these circumstances. Otherwise, please provide an explanation to clarify OEB staff's understanding.
- b) If the above is confirmed, please also confirm that it is CT 1142 that would require a re-calculation, and not CT 148, in order to capture all price and quantity-related true-ups for 2017 in the balances being requested for disposition.
- c) Please confirm that HHHI's intention is to provide this calculation as evidence in this proceeding, as well as to adjust the balances being requested for disposition in Account 1588 as a result of this undertaking. If not, please provide an explanation of what HHHI's intention is with respect to this undertaking.

**Response:**

- a. OEB Staff is correct.
- b. Confirmed.
- c. HHHI confirms that it intends to complete the undertaking and provide the calculation as evidence in this proceeding. The outcome of this undertaking will determine whether any adjustment is required.



## **Appendix IRR3 – A**

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# GA Analysis Workform

Version 1.0

**Account 1589 Global Adjustment (GA) Analysis Workform**

Input cells   
 Drop down cells

Utility Name HALTON HILLS HYDRO INC.

- Note 1 **Year(s) Requested for Disposition**
- 2014
  - 2015
  - 2016
  - 2017

Note 7 **Summary of GA (if multiple years requested for disposition)**

Year	Annual Net Change in Expected GA Balance from GA Analysis (cell K51)	Net Change in Principal Balance in the GL (cell C62)	Reconciling Items (sum of cells C63 to C75)	Adjusted Net Change in Principal Balance in the GL (cell C76)	Unresolved Difference	\$ Consumption at Actual Rate Paid (cell J51)	Unresolved Difference as % of Expected GA Payments to IESO
2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
2017	\$ 294,597	\$ 1,756,842	\$ 1,381,304	\$ 375,538	\$ 80,941	\$ 19,764,086	0.4%
<b>Cumulative Balance</b>	<b>\$ 294,597</b>	<b>\$ 1,756,842</b>	<b>-\$ 1,381,304</b>	<b>\$ 375,538</b>	<b>\$ 80,941</b>	<b>\$ 19,764,086</b>	<b>N/A</b>

# GA Analysis Workform

Note 2 **Consumption Data Excluding for Loss Factor (Data to agree with RRR as applicable)**

Year		2017		
Total Metered excluding WMP	C = A+B	476,994,394	kWh	100%
RPP	A	245,359,146	kWh	51.4%
Non RPP	B = D+E	231,635,248	kWh	48.6%
Non-RPP Class A	D	44,894,121	kWh	9.4%
Non-RPP Class B*	E	186,741,127	kWh	39.1%

\*Non-RPP Class B consumption reported in this table is not expected to directly agree with the Non-RPP Class B Including Loss Adjusted Billed Consumption in the GA Analysis of Expected Balance table below. The difference should be equal to the loss factor.

Note 3 **GA Billing Rate**

GA is billed on the

1st Estimate

Please confirm that the GA Rate used for unbilled revenue is the same as the one used for billed revenue in any particular month

Note 4 **Analysis of Expected GA Amount**

Year	2017									
Calendar Month	Non-RPP Class B Including Loss Factor Billed Consumption (kWh)	Deduct Previous Month Unbilled Loss Adjusted Consumption (kWh)	Add Current Month Unbilled Loss Adjusted Consumption (kWh)	Non-RPP Class B Including Loss Adjusted Consumption, Adjusted for Unbilled (kWh)	GA Rate Billed (\$/kWh)	\$ Consumption at GA Rate Billed	GA Actual Rate Paid (\$/kWh)	\$ Consumption at Actual Rate Paid	Expected GA Variance (\$)	
	F	G	H	I = F-G+H	J	K = I*J	L	M = I*L	=M-K	
January	19,697,262	22,612,626	21,053,825	18,138,461	0.06687	\$ 1,212,919	0.08227	\$ 1,492,251	\$ 279,332	
February	20,547,240	21,053,825	22,101,071	21,594,486	0.10559	\$ 2,280,162	0.08639	\$ 1,865,548	\$ 414,614	
March	18,246,781	22,101,071	18,924,710	15,070,420	0.08409	\$ 1,267,272	0.07135	\$ 1,075,274	\$ 191,997	
April	19,859,344	18,924,710	20,998,492	21,933,126	0.06874	\$ 1,507,683	0.10778	\$ 2,363,952	\$ 856,269	
May	18,644,916	20,998,492	19,750,831	17,397,254	0.10623	\$ 1,848,110	0.12307	\$ 2,141,080	\$ 292,970	
June	19,633,730	19,750,831	21,088,904	20,971,803	0.11954	\$ 2,506,969	0.11848	\$ 2,484,739	\$ 22,230	
July	19,579,689	21,088,904	15,079,890	13,570,676	0.10652	\$ 1,445,548	0.11280	\$ 1,530,772	\$ 85,224	
August	12,934,374	15,079,890	14,642,805	12,497,289	0.11500	\$ 1,437,188	0.10109	\$ 1,263,351	\$ 173,837	
September	13,783,728	14,642,805	17,009,741	16,150,664	0.12739	\$ 2,057,433	0.08864	\$ 1,431,595	\$ 625,838	
October	13,571,326	17,009,741	14,756,206	11,317,791	0.10212	\$ 1,155,773	0.12563	\$ 1,421,854	\$ 266,081	
November	13,004,127	14,756,206	14,488,767	12,736,688	0.11164	\$ 1,421,924	0.09704	\$ 1,235,968	\$ 185,956	
December	12,943,767	14,488,767	17,377,529	15,832,529	0.08391	\$ 1,328,508	0.09207	\$ 1,457,701	\$ 129,193	
<b>Net Change in Expected GA Balance in the Year (i.e. Transactions in the Year)</b>	<b>202,446,283</b>	<b>222,507,868</b>	<b>217,272,771</b>	<b>197,211,187</b>		<b>\$ 19,469,489</b>		<b>\$ 19,764,086</b>	<b>\$ 294,597</b>	

Calculated Loss Factor

1.0561

Note 5 **Reconciling Items**

Item	Amount	Explanation
<b>Net Change in Principal Balance in the GL (i.e. Transactions in the Year)</b>	<b>\$ 1,756,842</b>	
1a True-up of GA Charges based on Actual Non-RPP Volumes - prior year	\$ 16	
1b True-up of GA Charges based on Actual Non-RPP Volumes - current year		
2a Remove prior year end unbilled to actual revenue differences	\$ -	End of Year Unbilled based on actuals
2b Add current year end unbilled to actual revenue differences	\$ -	End of Year Unbilled based on actuals
3a Remove difference between prior year accrual/forecast to actual from long term load transfers	-\$ 430	
3b Add difference between current year accrual/forecast to actual from long term load transfers	\$ 445	
4 Remove GA balances pertaining to Class A customers	\$ 406,235	See HHHI IRR3 response to Staff-2
5 Significant prior period billing adjustments recorded in current year		
6 Differences in GA IESO posted rate and rate charged on IESO invoice	-\$ 347,717	IESO GA Adjustments - non-RPP allocation (See IRR3 - Response to Staff #1d)
7 Differences in actual system losses and billed TLFs		
8 Others as justified by distributor	-\$ 1,439,853	See HHHI response to OEB Staff Question #6
9		
10		

Note 6 <b>Adjusted Net Change in Principal Balance in the GL</b>	\$ 375,538
<b>Net Change in Expected GA Balance in the Year Per Analysis</b>	\$ 294,597
<b>Unresolved Difference</b>	\$ 80,941
<b>Unresolved Difference as % of Expected GA Payments to IESO</b>	0.4%