OEB Staff Questions
for Rideau St. Lawrence Distribution 2019 IRM Application
(EB-2018-0065)

Staff-1

Ref: Application, p. 5 (rate design for residential customers)
IRM Rate Generator, Tab 16 (Rev2Cost_GDPIPI)

Pre-amble

Based on the 2018 Decision (EB-2017-0265), the OEB expected that Rideau St. Lawrence Distribution to provide evidence on the impact of both one and two more years of transition in its 2019 IRM application. OEB staff notes that 2019 is the third year of the four-year transition to fixed rates for residential customers.

Rideau St. Lawrence Distribution proposes to complete its transition to a fully fixed rate design in 2020. If the fixed rate design were complete by 2019, the monthly service charge would rise by $5.45, exceeding the $4 threshold test. In Tab 16 of the 2019 IRM rate generator model, a proposed increase in the monthly fixed charge of $2.73 is based on the completion of the transition to a fixed rate design in 2020.

Questions

a. Please file a separate IRM rate generator model that shows the calculation of the $5.45 monthly fixed charge, if 2019 is assumed to be the last year of fixed rate transition.
b. Please show in table format, the Residential Customer Class bill impact from both one and two more years of transition (in 2019 vs. 2020).

Answer:

a) A separate IRM rate generator model showing the calculation of the $5.45 monthly fixed charge resulting from a one-year transition is included with our responses.

b) The bill impact from both one and two years of transition is shown in the following table.

Residential Customer Bill Impact

	2-Year Transition					
			Distribution Charges (excluding pass through)		Total Bill	
Customer Class	kWh	kW	$	%	$	%
Residential RPP	750		$ (0.07)	-0.26%	$ 0.25	0.22%
Residential Retailer	750		$ (0.07)	-0.26%	$ 1.37	0.92%
Residential Low Volume RPP	304		$ 1.71	7.45%	$ 1.93	3.24%
Residential Low Volume Retailer	304		$ 1.71	7.45%	$ 2.52	3.39%
	1-Year Transition					
			Distribution Charges (excluding pass through)		Total Bill	
Customer Class	kWh	kW	$	%	$	%
Residential RPP	750		$ (0.39)	-1.48%	$ (0.09)	-0.08%
Residential Retailer	750		$ (0.39)	-1.48%	$ 1.00	0.67%
Residential Low Volume RPP	304		$ 3.22	13.99%	$ 3.51	5.90%
Residential Low Volume Retailer	304		$ 3.22	13.99%	$ 4.22	5.67%

Staff-2

Ref: IRM Rate Generator, Tab 10 (RTSR Current Rates)

Pre-amble

In the 2019 IRM application, 38,286,678 kWh and 111,704 kW of non-loss adjusted metered kWh and kW was entered for interval metered customers in the GS 50-4999 kW class. These customers are charged the network and line and transformation connection rates, but the consumption amounts appear to be inconsistent with what was submitted last year for 2018 rates.

Tab 10 of 2019 IRM Rate Generator (current application)

Rate Class	Rate Description	Unit	Rate	Non-Loss Adjusted Metered kWh	Non-Loss Adjusted Metered kW
Residential Service Classification	Retail Transmission Rate - Network Service Rate	$/kWh	0.0063	39,379,535	0
Residential Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kWh	0.0051	39,379,535	0
General Service Less Than 50 kW Service Classification	Retail Transmission Rate - Network Service Rate	$/kWh	0.0058	19,816,423	0
General Service Less Than 50 kW Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kWh	0.0047	19,816,423	0
General Service 50 To 4,999 kW Service Classification	Retail Transmission Rate - Network Service Rate	$/kW	2.4327	38,286,678	111,704
General Service 50 To 4,999 kW Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kW	1.8726	38,286,678	111,704
General Service 50 To 4,999 kW Service Classification	Retail Transmission Rate - Network Service Rate - Interval Metered	$/kW	2.7179	38,286,678	111,704
General Service 50 To 4,999 kW Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Me	$/kW	2.0873	38,286,678	111,704
Unmetered Scattered Load Service Classification	Retail Transmission Rate - Network Service Rate	$/kWh	0.0058	539,097	0
Unmetered Scattered Load Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kWh	0.0047	539,097	0
Sentinel Lighting Service Classification	Retail Transmission Rate - Network Service Rate	$/kW	1.8439	99,906	298
Sentinel Lighting Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kW	1.4779	99,906	298
Street Lighting Service Classification	Retail Transmission Rate - Network Service Rate	$/kW	1.8346	716,670	1,945
Street Lighting Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kW	1.4479	716,670	1,945

Tab 10 of 2018 IRM Rate Generator (prior application)

Rate Class	Rate Description	Unit	Rate	Non-Loss Adjusted Metered kWh	Non-Loss Adjusted Metered kW
Residential Service Classification	Retail Transmission Rate - Network Service Rate	$/kWh	0.0073	40,480,043	0
Residential Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kWh	0.0061	40,480,043	0
General Service Less Than 50 kW Service Classification	Retail Transmission Rate - Network Service Rate	$/kWh	0.0067	20,348,623	0
General Service Less Than 50 kW Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kWh	0.0056	20,348,623	0
General Service 50 To 4,999 kW Service Classification	Retail Transmission Rate - Network Service Rate	$/kW	2.7969	36,188,326	105,146
General Service 50 To 4,999 kW Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kW	2.2304	36,188,326	105,146
General Service 50 To 4,999 kW Service Classification	Retail Transmission Rate - Network Service Rate - Interval Metered	$/kW	3.1248	3,267,693	10,331
General Service 50 To 4,999 kW Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Meter	$/kW	2.4861	3,267,693	10,331
Unmetered Scattered Load Service Classification	Retail Transmission Rate - Network Service Rate	$/kWh	0.0067	546,384	0
Unmetered Scattered Load Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kWh	0.0056	546,384	0
Sentinel Lighting Service Classification	Retail Transmission Rate - Network Service Rate	$/kW	2.1200	106,791	302
Sentinel Lighting Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kW	1.7602	106,791	302
Street Lighting Service Classification	Retail Transmission Rate - Network Service Rate	$/kW	2.1093	773,158	2,071
Street Lighting Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kW	1.7245	773,158	2,071

Questions

a. Please explain the discrepancies between the 2019 and 2018 non-loss adjusted metered kWh and kW for interval metered customers in the GS 50-4999 kW class, noted above.
b. Please update Tab 10 to include the correct 2019 kWh and kW for interval metered customers based on the reported amounts in 2.1.5 RRR.

Answer:

a) The consumption and demand data in the initial 2019 IRM application submission was populated from RRR and for all GS 50 to 4,999 customers, including interval metered customers. We acknowledge that the data should have been modified to reflect regular industrial customers and interval metered customers separately.

b) An updated rate generator model with correct 2019 kWhs and kWs for regular and interval metered industrial customers is filed together with this Response.

Staff-3

Ref: IRM Rate Generator, Tab 3 (Continuity Schedule)
2018 IRM Application (EB-2017-0265) Responses to Staff Interrogatories, Staff IR-2

Pre-amble

In your response to the previous year's interrogatories (Staff-IR 2) in EB-2017-0265, you stated that you expect timing issues to improve (with respect to unpredictable events which cause costs and revenues to be out of alignment) as Hydro One has agreed to stop billing the LDC for double peaks that are the result of their own projects.

However, it does not appear to be the case, as there is a relatively large balance in account 1584, totaling a credit of $149,856 including projected interest until the end of 2018.

Questions

a. Please explain why there continues to be a large account balance in 1584 as compared to the previous year, which had an account balance of ($167,977) as of year-end 2017.
b. Please explain what actions Rideau St. Lawrence Distribution is taking to minimize the balance in account 1584. If no further actions are planned, please explain why not.

Answer:

a) The balance in 1584 as of 2017 year end is a combined result of a decrease in cost and a decrease in revenue, compared with the estimates used in the rate application effective in the year, as shown in the table below.

Our 2017 rates for period January to June were approved in the 2015 IRM application and the rates for period July to December were approved in the 2016 COS application. The historical volume charged by Hydro One used in both rate applications included double billings for our kW peak. The double billings were typically, but not always due to feed switching by Hydro One for their projects. Hydro One began reversing the double billings upon request in 2017, which resulted in a much lower volume and cost billed by Hydro One. The actual cost decreased by $192,527, or 22% than the one in the rate applications. At the same time, our revenue also dropped by $47,738, or 5.5 compared to the forecast revenue due to a smaller consumption in 2017 than historical consumption. The two changes together added a net variance of ($144,787) to 1584.

b) No actions are needed. As the rates from the 2016 COS were effective until April 30, 2018, the double billing would still affect the 2018 balance. The estimated variance for 2018 is ($90,000). Going forward revenue and cost are expected to be in alignment.

1584 Analysis

	1584 NW - Rate Application					1584 NW - Actual			
Cost									
Effective Period	Applicable Rate Application	Units Billed by Hydro One	Rate	Estimated Cost		Units Billed by Hydro One	Rate	Actual Cost	Variance
Jan - Jun, 2017	2015 IRM	143,965	3.2300	465,007		111,017	3.1942	354,611	
Jul - Dec, 2017	2016 COS	128,134	3.1942	409,286		102,148	3.1942	326,281	
LTLT Cost from Hydro One								874	
Total for 2017		272,099		**$ 874,293**		213,165		**$ 681,766**	**$ (192,527)**
Variance %						-21.7%		-22.0%	
Revenue									
Effective Period	Applicable Rate Application	Estimated Billed kWh	Estimated Billed kW	Estimated Revenue		Actual Billed kWh	Actual Billed kW	Actual Revenue	Variance
Jan - Jun, 2017	2015 IRM	32,566,777	65,220	465,004		32,073,511	57,708	437,551	
Jul - Dec, 2017	2016 COS	33,788,698	60,090	409,288		32,456,720	56,255	389,003	
Total for 2017		66,355,475	125,310	**$ 874,292**		64,530,230	113,964	**$ 826,553**	**$ (47,738)**
Variance %						-2.8%	-9.1%	-5.5%	
Variance between Cost & Revenue				**1**				**(144,787)**	**(144,788)**

Staff-4

Ref: GA Analysis Workform – Note 5, Reconciling Item #6

Pre-amble

Rideau St. Lawrence included a credit adjustment of $54,503 to record the difference between IESO posted rates and invoiced rates. The applicant explains that it "reported Class A kWh to the IESO one month behind and the non-loss adjusted kWhs were used incorrectly" and as a result, it "caused higher GA rates on the IESO invoice".

6	Differences in GA IESO posted rate and rate charged on IESO invoice	-$	54,503	We reported Class A kWh to IESO one month behind and non loss adjusted kwhs were used incoreectly.. This caused higher GA rates on IESO invoice.

a) Please clarify if this amount is a permanent difference, i.e. the utility error resulted in an incorrect amount invoiced by the IESO, and the error was never corrected.
b) When did the error occur?
c) Did Rideau St. Lawrence take any action with respect to this error after realizing that an error was made (e.g. contacted the IESO to resolve the issue, file a Notice of Disagreement with the IESO)?
d) Please discuss what steps have been undertaken, if any, to prevent this error from occurring in the future.

Answer:

a) This amount is not a permanent difference. The variance was corrected in the IESO invoice for December 2018.

b) The error began in July 2017.

c) Yes. We found the variance in September 2018. We immediately changed our methods used to report the correct monthly consumption. We conducted a thorough review of the amounts reported going back to July 2017. Once we had completed our analysis, we contacted the IESO, explained the variance, and provided it with our work. All adjustments related to this error are included in the December 2018 IESO invoice.

d) The variance and the analysis that followed showed that there was a misunderstanding on our part about the data to be reported, and the timing of the reporting. Now that staff involved in the IESO reporting process has a better understanding of the requirements, the accuracy of the reporting will improve. In addition, we have begun a monthly secondary review to verify that the correct consumption has been used which reconciles the net kWh and the GA charge on the IESO invoice.

Staff-5

Ref: Application – page 15, Global Adjustment Process

Pre-amble

Rideau St. Lawrence has stated:

"On a monthly basis, RSL determines the split between RPP and Non-RPP customers based on the percentage of kWh **billed** during the month. This percentage split is applied to the Global Adjustment charge from the IESO bill for the month, and the resulting RPP dollar amount for GA is moved to account 4705 (Energy) from account 4707 (Global Adjustment)." [Emphasis added]

a) Please clarify if it is billings during the month (which may include billings for consumption for prior months) or billings for the consumption month that are used for calculating the split between RPP and non-RPP GA cost?

Rideau St. Lawrence has also stated:

"On a monthly basis, as part of RSL's reporting to the IESO, the global adjustment included in **billings** is trued up to the second estimate rate. The following month, a second true up of the prior month data is done to the final GA rate." [Emphasis added]

b) Please clarify the statement quoted above, i.e. how are "billings" trued up to second estimate rate, and to the final GA rate.

c)

Answer:

a) Each month we use billings during the month (which may include billings for consumption for prior months) for calculating the split between RPP and non-RPP GA cost. At year end the split is trued up by using actual consumption for the year. The percentage split between RPP and non-RPP remains very consistent throughout the year.

b) The statement quoted refers to the methodology used to determine the true up of GA. In October 2017, RSL began using a model created by ERTH Corporation to assist LDCs with 1598 reporting. RSL uses the first estimate when billing customers. At the end of the billing month, the second estimate is known in time for 1598 reporting. The model takes the kWh billed during the month at first estimate, and does a true up using the second estimate. In the following month, when the final GA rate is known, the same data is generated, and a second true up, from the second estimate to the final rate, is done.

Staff-6

Ref: Application – Appendix A, GA Methodology Description, Questions on Account 1588 & 1589

Pre-amble

In response to 2.d, Rideau St. Lawrence has indicated that there was no true-up of CT 1142 for 2017 that was recorded in 2018.

OEB staff notes that the exact kWh consumption at various RPP prices is not known until all billings are completed, which may be several months after the year-end. The utilities need this information to complete the final true-up of CT 1142.

a) How long does Rideau St. Lawrence keep its books open in order to be able to record the final true-up entry for CT 1142?
b) When were all November and December 2017 consumption billings completed by Rideau St. Lawrence?
c) Please confirm that CT 1142 for all of 2017 is trued-up and reflected in the 2017 balances for proposed disposition.

Answer:

a) We keep our books open for three months in order to be able to record the final true-up entry for CT 1142.

b) RSL completed all November and December 2017 consumption billings in February 2018.

c) RSL confirms that CT 1142 for all of 2017 was trued-up and reflected in the 2017 balance for proposed disposition.

Staff-7

Ref: GA Analysis Workform – Note 5, Reconciling Item #2b

a. Can you confirm whether there should be an adjustment for unbilled to billed revenue differences in the 2017 GA Analysis workform? If yes, please provide the proper adjustment in item 2b and the DVA Continuity Schedule.
b. How long were the books kept open, as there were no unbilled to billed revenue true-up?
c. If the books were closed before all of the 2017 consumption was billed, please explain whether there should be an adjustment in the DVA continuity schedule and the GA Analysis workform. If there should be no adjustment, please explain.

Answer:

a) There should not be an adjustment for unbilled to billed revenue differences in the 2017 GA Analysis workform, as $37,633, the change in Principal Balance in our GL for 2017 already includes 2017 unbilled revenue.

b) Three months.

c) Please see answers to 7- b) and 8-b).

Staff-8

Ref: LRAMVA Workform, Tab 8 (streetlighting savings)

Spreadsheet Attachment for Streetlighting Savings

Pre-amble

Rideau St. Lawrence is claiming lost revenues from streetlight upgrades completed in 2016 in Cardinal, South Dundas and Prescott. It appears that gross demand savings have been determined by comparing the billed kW in 2016 to the initial billed kW prior to an upgrade of higher efficiency lighting.

Questions

a. Did the municipalities receive any funding from the IESO to undertake the street lighting upgrade projects? Please provide all supporting documentation between the municipalities and IESO.
b. Please clarify the nature of the bulb upgrades. For example, are the reported savings due to the conversion to LED bulbs.
c. Please confirm whether you have received reports from municipalities that confirm the number of lightbulbs replaced. Please provide all streetlight upgrade reports.
d. Please show the calculation of 2016 billed demand (post-install) and baseline demand savings (pre-install) by completing the following template attached. This template requires information on the number of installations and replacements, pre- and post-installation, to determine the change in billed demand for each project.
e. Please confirm whether Rideau St. Lawrence used a Board-approved load profile to convert energy savings to demand savings. If not, please discuss how the billed demand in 2016 for the projects were determined.

f. Please confirm that the streetlight savings in 2016 have been appropriately deducted from the retrofit program. Please show calculations.

Answer:

a) The conversions were not all completed in 2016. The conversion for the Town of Prescott was completed in late 2015. The billing demand change began in March 2016. The conversion for the Village of Cardinal was completed in 2015. The billing demand change began in July 2015. The conversion for the Municipality of South Dundas was completed in 2014. The billing demand change began in September 2014.

Each Municipality received funding from the IESO. A copy of the confirming letters from Burman Energy has been filed.

b) The street light conversions replaced old, primarily HPS lights, with LED lights.

c) We did not receive formal reports from the municipalities. We received conversion spreadsheets from the third-party contractors reporting on the work done to replace the lights. RSL staff worked with the contractor to confirm the replacements.

d) The template has been completed and included with our responses.

e) The billed demand was calculated by taking the total wattage of the lights. The OEB-approved load profile was used to calculate the monthly kWh billed. The savings reported were calculated by comparing the demand billed prior to and after the conversion was completed.

f) RSL confirms that the streetlight savings in 2016 have been appropriately deducted from the retrofit program. The streetlight projects were installed in 2014 and 2015 and the corresponding savings were deducted from 2014 and 2015 retrofit programs respectively. The splits, as shown in the following table, were prepared by our contractor Burman and were used in our 2018 IRM application (EB-2017-0265), LRAMVA Workform, Tab 3.a Rate Class Allocations. The same splits are applied to persistence savings in 2015 and 2016.

Rate Class Allocation

kWh	2011	2012	2013	2014	2015
GS<50	50.0%	0.0%	25.7%	1.9%	21.3%
GS>50	50.0%	100.0%	74.3%	62.9%	37.0%
Street Lights	0.0%	0.0%	0.0%	35.2%	29.0%
kW	2011	2012	2013	2014	2015
GS<50	50.0%	0.0%	29.1%	3.7%	28.7%
GS>50	50.0%	100.0%	70.9%	96.3%	56.0%
Street Lights	0.0%	0.0%	0.0%	0.0%	0.0%

Staff-9

Ref: LRAMVA Workform, Tab 2 (LRAMVA threshold)

Pre-amble

Rideau St. Lawrence has applied the LRAMVA threshold set from its 2012 cost of service proceeding, as forecast savings to compare against actual savings in 2016.

Question

Please provide the rationale for using the LRAMVA threshold set in 2012 as opposed to the LRAMVA threshold that was established in its 2016 cost of service proceeding.

Answer:

The rates approved in our 2016 cost of service application did not become effective until July 1, 2017. The rates from our 2015 IRM application, which were based on the 2012 cost of service application, were used for 2016 and the first half year of 2017. Thus the actual savings for 2016 (and the first half year of 2017) should be compared against the LRAMVA threshold set in the 2012 COS application in order to calculate the correct LRAMVA amount.