**Follow Up Questions**

**Rideau St. Lawrence (EB-2018-0065)**

**Staff-15**

**Re: Draft accounting order for DVA request**

In the draft accounting order, RSL notes:

Rideau St. Lawrence Distribution Inc. (“RSL”) shall establish a new deferral and variance account, effective May 1, 2019, to record the difference between the Collection of Account Charges revenue included in RSL’s Cost of Service application (EB-2015-0100) and the revenue recorded during the months of the winter disconnection moratorium (EB-2017-0101 and EB-2017-0318). The variance account will also record the difference in revenue resulting from the elimination of all Collection of Account charges as described in the Notice of Proposal to Amend Codes and a Rule (EB-2017-0183). (emphasis added)

The collection of account charges only refers to the $30 charge that is no longer applied.

Questions:

If the $83,067 already captures the revenue offset from collection of account charges in 2016 COS that are no longer collected due to the winter disconnection, what additional lost revenues from “collection of account charges” are expected to be captured in the DVA due to their elimination? Please confirm whether the DVA is going to capture costs that are beyond the $83,067 in revenue offsets, net of related costs in OM&A.

Do you mean other charges in “non-payment of account charges” such as the elimination of load limiter noted in the Notice of Proposal, or potential elimination of disconnect/reconnect charges in the future? Or are you looking for a general DVA to capture lost revenues associated with the winter disconnection ban? Please clarify as it is Staff’s understanding that “collection of account charges” refers to one charge.

If RSL intends on capturing more than just collection of account charges in this DVA, what other accounts are proposed to be included, and what is the materiality of the other potential accounts? Please provide the requested details.

Answer:

The DVA is not going to capture lost revenues beyond the amount stated. The DVA is meant to capture the loss of collection of account charges due to the winter disconnection moratorium for Residential accounts. It is also meant to capture probable lost revenues due to the proposed elimination of all collection of account charges. The amount of $83,067 is the total amount of collection of account charges from our Cost of Service application. It is for all customer classes.

The collection of account charges refers to one charge, and does not include other items such as load limiters or reconnection charges.

No other charges will be included in this DVA.

**Staff-16**

**Re OEB staff 12-c**

In response to OEB staff questions, RSL states:

Most of the costs related to the collection of accounts and winter disconnections related to generating and analyzing disconnection reports, contacting delinquent customers to request payments, and generating notices still occur.

There are no cost savings from the costs avoided to perform disconnections and reconnections, as all the work related to the collection of accounts was performed by RSL staff.

Question:

Please clarify why there are no cost savings, and provide an illustration.

Is it because costs are fixed with internal resourcing, therefore, the cost is still incurred, but instead the same resource is deployed to do smart metering changes as opposed to performing disconnections and reconnections?

Answer:

Here is a real example: We have a Utility Man position, and part of his job involves collection activities. He is the person that hand delivers the collection notices to the customers. This is part of our overall collection costs.

During the disconnection moratorium, he does not need to hand deliver the notices. Instead, we have this person assist with meter changes. Our overall costs have not changed. He is still being paid for his 8-hour day. Instead of his labour being charged to collection expense, it is being charged to another account. A savings in collection costs is offset by an increase in another account.