

Tillsonburg Hydro Inc.
2019 IRM Application (EB-2018-0070)
OEB Staff Interrogatories

1. Ref: Account 1595 Analysis Workform for 2015, IRM Rate Model Tab 2 – Continuity Schedule, Decision and Rate Order EB-2014-0115

The Table 1 below is an excerpt from Tillsonburg’s 2015 Decision and Rate Order. The highlighted amounts shown in this Table are not shown in Tillsonburg’s Continuity Schedule under “OEB Approved Dispositions during 2015” for Principal as well as Interest dispositions. In addition, these amounts appear to have been missed from the rate rider calculations as indicated by the 1595 Analysis Workform for 2015 (excerpt shown in Table 2 below).

Table 1: Dispositions approved in 2015

Group 1 Deferral and Variance Account Balances

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C = A + B
LV Variance Account	1550	\$0	\$0	\$0
Smart Meter Entity Variance Charge	1551	\$4,410	\$95	\$4,505
RSVA - Wholesale Market Service Charge	1580	(\$137,065)	\$4,463	(\$132,603)
RSVA - Retail Transmission Network Charge	1584	\$4,443	\$66	\$4,510
RSVA - Retail Transmission Connection Charge	1586	\$1,340	(\$155)	\$1,185
RSVA - Power	1588	(\$281,118)	\$5,202	(\$275,916)
RSVA - Global Adjustment	1589	\$72,194	\$31,756	\$103,950
Recovery of Regulatory Asset Balances	1590	\$0	\$0	\$0
Disposition and Recovery of Regulatory Balances (2011)	1595	\$0	(\$352)	(\$352)
Disposition and Recovery of Regulatory Balances (2012)	1595	\$36,128	(\$53,264)	(\$17,136)
Total Group 1 Excluding Global Adjustment – Account 1589		(\$371,862)	(\$43,945)	(\$415,807)
Total Group 1		(\$299,667)	(\$12,189)	(\$311,857)

Table 2: Excerpt from 1595 Analysis Workform:

RATE RIDER - GROUP 1 OVA ACCOUNTS (EXCLUDING GLOBAL ADJUSTMENT)													
Rate Rider Recovery Period (Months) 12													
Data used to calculate rate rider (Data to agree with Rate Generator Model and OEB Decision as applicable for the vintage year) versus actuals													
Rate Class	Unit	Allocated Balance to Rate Class as Agreed by OEB	Denominator Used in Rider Calculation as Agreed by OEB	Calculated Rate in Rider as Agreed by OEB	Projected Consumption over Recovery Period	Billed Consumption (kWh/kW) that the	Forecasted versus billed Consumption	Calculated Variance (\$)	Calculated Variance (%)	Billed Consumption (kWh/kW) per	Billed Consumption (kWh/kW)	RRR Variance (kWh/kW)	RRR Variance (%)
RESIDENTIAL SERVICE CLASSIFICATION	kWh	(415,807)	67,76,901	(6,137)	22,087,503	21,120,871	966,632	(81,120)	3.8%	40,657,728	40,657,728	0	0.0%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	(446,507)	22,087,503	(20,231)	22,087,503	21,120,871	966,632	(81,120)	4.2%	21,075,368	21,075,368	547,298	2.6%
GENERAL SERVICE 50 TO 100 KW SERVICE CLASSIFICATION	kWh	(455,044)	10,360	(43,945)	10,360	10,360	0	0	0.0%	10,360	10,360	0	0.0%
GENERAL SERVICE 100 TO 149 KW SERVICE CLASSIFICATION	kWh	(477,797)	32,293	(14,749)	32,293	30,367	1,926	(\$5,939)	-18.4%	101,409	101,409	599	0.6%
GENERAL SERVICE 150 KW TO 375 KW SERVICE CLASSIFICATION	kWh	(177,458)	10,490	(17,136)	10,490	10,490	0	0	0.0%	10,490	10,490	0	0.0%
AMTRER SCATTERED LOAD SERVICE CLASSIFICATION	kWh	(853)	388,747	(0,003)	388,747	384,871	3,876	(\$8)	-1.0%	388,568	388,568	1,637	0.4%
STREET LIGHTING SERVICE CLASSIFICATION	kWh	(420)	20	(20,746)	20	20	0	(\$20)	-100%	788	788	174	22.1%
STREET LIGHTING SERVICE CLASSIFICATION	kWh	(1,104)	3,031	(36,264)	3,031	3,739	708	(\$708)	-23%	7,662	7,662	3,864	50.3%
NONPROFIT SERVICE CLASSIFICATION													
TOTAL		(1,298,621)						(\$11,829)	-0.9%				

The total Group 1 excluding GA disposed in 2015 was \$(415,807) as shown in Table 1, but the 1595 Workform shows that \$(398,671) was allocated. This amount would have remained in Tillsonburg's residual amount for Account 1595, and is reflected in the residual amount.

- Please make the necessary corrections to the Continuity Schedule, with 1595 dispositions under 2015 year (dispositions shown in 2015 should match the Decision and Order, and Account 1595 (2015) should show the move into this sub-account, also in 2015).
- Please confirm that the balance in Account 1595 (2012) approved for disposition (highlighted in Table 1 above) was moved from Account 1595 (2012) and the total of the amounts approved for disposition (i.e. \$(299,667)+\$(12,189)=\$(311,857)) were moved to Account 1595 (2015).

Table 3: Rate Rider – GA (2015)

Rate Class	Unit	Allocated Balance to Rate Class as Approved by DEB	Denominator Used in Rider Calculation as Approved by DEB	Calculated Rate in Rider Calculation as Approved by DEB	Projected Consumption over Recovery Period	Billed Consumption (kWh/w) that the	Forecasted versus billed Consumption	Calculated Variance (\$)	Calculated Variance (%)	Billed Consumption (kWh/w) per	Billed Consumption (kWh/w)	RRR Variance	RRR Variance (%)
RESIDENTIAL SERVICE CLASSIFICATION	12	11,944,084	11,944,084	0.0075	11,944,084	5,333,794	6,110,330	(\$ 776,536)	-6.5%	5,333,794	5,333,794	(\$ 776,536)	-14.5%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	12	146,592	146,592	0.0075	146,592	78,477	91,417	(\$ 14,940)	-10.2%	146,592	146,592	(\$ 14,940)	-10.2%
GENERAL SERVICE 50 TO 100 KW SERVICE CLASSIFICATION	12	134,472	134,472	0.0075	134,472	63,867	73,417	(\$ 9,550)	-7.1%	134,472	134,472	(\$ 9,550)	-7.1%
GENERAL SERVICE 100 TO 150 KW SERVICE CLASSIFICATION	12	169,824	169,824	0.0075	169,824	89,417	103,417	(\$ 14,000)	-8.3%	169,824	169,824	(\$ 14,000)	-8.3%
GENERAL SERVICE 150 TO 200 KW SERVICE CLASSIFICATION	12	189,816	189,816	0.0075	189,816	95,417	110,417	(\$ 15,000)	-7.9%	189,816	189,816	(\$ 15,000)	-7.9%
UNMETERED SCHEDULED LOAD SERVICE CLASSIFICATION	12	30,176	30,176	0.0075	30,176	15,417	17,417	(\$ 2,000)	-13.0%	30,176	30,176	(\$ 2,000)	-6.6%
RETAIL LIGHTING SERVICE CLASSIFICATION	12	300	300	0.0075	300	150	170	(\$ 20)	-6.7%	300	300	(\$ 20)	-6.7%
THEATER LIGHTING SERVICE CLASSIFICATION	12	295	295	0.0075	295	147	167	(\$ 20)	-6.8%	295	295	(\$ 20)	-6.8%
HOIST SERVICE CLASSIFICATION	12	295	295	0.0075	295	147	167	(\$ 20)	-6.8%	295	295	(\$ 20)	-6.8%
TOTAL		14,033,956						(\$ 100,076)	-0.7%				

- Table 3 above shows substantial differences between billing determinants used for rate rider calculations and actual consumption. Please provide an explanation for these major variances.
- Did Tillsonburg investigate what caused the differences? If so, what did Tillsonburg find? If not, why not?
- If yes to 1.c) above, how were customers impacted due to these differences?
- Under "Additional Notes and Comments" note 6, Tillsonburg has stated:

"The unreconciled differences of \$18,567 relate to the RRR variance account balances missing unbilled revenue relating to 2015. The Non-GA variances are missing \$38,000 of expense (money remitted back to customers) and the GA variance is missing \$17,000 of revenue. The IRM continuity schedules have been adjusted to align with the 1595 work form."

As per Tillsonburg's statement quoted above under part f), it appears that Tillsonburg has adjusted its Continuity Schedule to match the 1595 Workform. Does this mean that the amounts proposed for disposition are now different from Tillsonburg's General Ledger? Please explain.

2. Ref: Account 1589 – GA Analysis Workform for 2016

Please refer to the following Note 5 Reconciling items:

Note 5 **Reconciling Items**

Item	Amount	Explanation
Net Change in Principal Balance in the GL (i.e. Transactions in the Year)	57,641	
True-up of GA Charges based on Actual Non-RPP Volumes - prior year	36,961	Dec 2015 GA True-up (Rate only) created a \$36,961 payment due to IESO, removed from 2016 activity
True-up of GA Charges based on Actual Non-RPP Volumes - current year	12,568	Dec 2016 GA True-up (Rate only) created a \$12,568 payment due to IESO, added to 2016 activity

- a) Item 1a relates to 2015, and balances as of 2015 were approved for disposition on a final basis in Tillsonburg's 2017 rate proceeding. The explanation column indicates that the 2016 activity was adjusted for this item. While it is appropriate to include this reconciling item on the GA Analysis Workform analysis to explain the variance, the 2016 activity should not have been adjusted on the DVA continuity schedule. Please make the necessary correction to the DVA Continuity Schedule.
- b) Please confirm that item 1b is included in the transactions in 2016 (i.e. it is included in credit amount of \$57,641).

Please refer to the following Note 5 items on the 2016 GA Workform:

3a	Remove difference between prior year accrual/forecast to actual from long term load transfers	\$	22,962	Remove 2015 LTLT GA Activity recorded in 2016 (net credit to THI)
3b	Add difference between current year accrual/forecast to actual from long term load transfers	-\$	14,123	Add 2016 LTLT GA Activity not recorded in 2016 (net credit to THI)

- c) The explanation column indicates that both of the above items are included in the 2016 activity. Please remove item 3a from the transactions column of the continuity schedule as this amount relates to 2015 which has already been approved on a final basis. (Note: The GA Workform correctly shows the 3a adjustment as it explains the variance.)
- d) Please confirm that item 3b is included in the credit amount of \$57,641 shown under the transactions column for 2016 for Account 1589.

3. Ref: Account 1589 – GA Analysis Workform for 2017

Please refer to the following Note 5 Reconciling items:

Note 5 Reconciling Items				
	Item		Amount	Explanation
Net Change in Principal Balance in the GL (i.e. Transactions in the Year)				
		\$	536,597	
1a	True-up of GA Charges based on Actual Non-RPP Volumes - prior year	-\$	12,568	Dec 2016 GA True-up (Rate only) created a \$12,568 payment due to IESO, removed from 2016 activity
1b	True-up of GA Charges based on Actual Non-RPP Volumes - current year	-\$	3,046	Dec 2017 GA True-up (Rate only) created a \$3,046 payment due from IESO, removed from 2017 activity
2a	Remove prior year end unbilled to actual revenue differences	\$	-	Not applicable, actual billings are used to calculate annual unbilled values after the fact
2b	Add current year end unbilled to actual revenue differences	\$	-	Not applicable, actual billings are used to calculate annual unbilled values after the fact
3a	Remove difference between prior year accrual/forecast to actual from long term load transfers	\$	14,123	Remove 2016 LTLT GA Activity recorded in 2017 (net credit to THI)
3b	Add difference between current year accrual/forecast to actual from long term load transfers	-\$	9,836	LTLT accurately reflected in YE accounting for 2018
4	Remove GA balances pertaining to Class A customers	-\$	350,994	Delay in billing for Class A, places Dec 2017 Class A Billings in Class B 1589 Account Temporarily

- a) Item 1a: - the explanation indicates that this item was removed from 2016 activity. Since 2016 has not yet been approved for disposition, this item should remain in 2016, and no adjustment to 2016 or 2017 activity should be made with respect to this item. Please make the necessary corrections.
- b) Item 1b is related to the current year, i.e. 2017 and should remain in the transactions for that year. The note indicates that it was removed from 2017 activity. Please explain why?
- c) Please explain item 3a in more detail and why was it removed from 2016 and recorded in 2017 (the explanation indicates that it was related to 2016)?
- d) Item 3b relates to 2017 (per the explanation), please explain why does Tillsonburg believe that it relates to 2018?

- e) Item 4 – Does Tillsonburg’s Account 1589 balance reflect Class A related variance? If it does, please remove this amount from the balance in the Continuity Schedule (but not from the GA Analysis Workform or the GL), and refile the appropriate amounts.

**4. Ref: Decision and Order, EB-2017-0076
Ref: 2019 IRM Model, Sheet 3 and Sheet 4**

In Tillsonburg’s 2018 Decision and Order, the OEB approved Tillsonburg’s proposal to defer the disposition of Group 1 account balances until an internal review of its settlement processes and the balances in Account 1588 and 1589 are completed. The OEB noted that it expected that this review be completed in time for Tillsonburg’s 2019 IRM application.

- a) Has the internal review of account 1588 and 1589 been completed?
- i. If so, please provide a report outlining its results.
 - ii. If not, when does Tillsonburg intend to complete the review?
 - i. In its application, Tillsonburg has applied not to dispose of its Group 1 account balances (a debit of \$110,196) as it has not exceeded the disposition threshold of \$0.001/kWh. OEB staff notes that the disposition threshold would be exceeded if the balances in accounts 1588 and 1589 are disposed of at a later time (pending the internal review). Has Tillsonburg considered the disposition of all Group 1 balances excluding accounts 1588 and 1589? If not, please explain.
 - ii. Please file re-file the updated 2019 IRM model (filed with these interrogatories) showing the disposition of Group 1 accounts excluding Accounts 1588 and 1589. Please ensure that Sheets 6, 6.1 and 6.2 are completed.