



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.

- a) 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).

### **Response**

The revised 2019 IRM model has been corrected for the noted discrepancies. Of note, the 1595 – 2011 subaccount is not showing up in the 2019 model. In order to balance the continuity schedule to the referenced rate order (EB-2014-0115) the \$352 disposition relating to the 1595 - 2011 subaccount has been added to the 1595 – 2012 subaccount. Columns AP & AK in the Continuity schedule have been balances. This treatment creates an artificial \$352 difference in column BV. As this value is immaterial, THI is OK with whatever treatment OEB Staff feel is correct to move this application along to completion

Similar to this, a discrepancy was noted in the 2016 disposition values (EB-2015-0104) and 2017 disposition values (EB-2016-0106). Both have been corrected and did not result in a change to the closing VA balances in the Continuity schedule.

- b) 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).

### **Response**

THI confirms that the full balance of \$311,857 was transferred from various variance accounts to the 1595 – 2015 sub-account as instructed as part of EB-2014-0115 and the omission noted by OEB Staff above is isolated to the original 2019 IRM model continuity schedule.

**Table 3: Rate Rider – GA (2015)**

DATE RIDER - RPSVA - 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	Limit	Allocated Balance to Rate Class as Approved by OEB	Denominator Used in Rider Calculation as Approved by OEB	Calculated Rate Rider as Approved by OEB	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 (kWh/w)	RRR variance (%)
ESSENTIAL SERVICE CLASSIFICATION	64	11,267	63,016	17.73	1,003,506	1,003,506	3,064.93	(\$3,065)	-0.30%	5,333.491	3,614.437	170.954	4.7%
GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION	618,926	11,944,084	60,076	11,944,084	5,633,294	6,430,660	797,366	(\$797)	-0.67%	5,336.371	5,336.371	-500,963	-9.4%
GENERAL SERVICE 50 TO 499 kW SERVICE CLASSIFICATION	146,692	87,298	61,585	87,298	28,577	29,179	602	(\$602)	-0.21%	103.866	103.866	57,889	55.8%
GENERAL SERVICE 500 TO 1499 kW SERVICE CLASSIFICATION	134,472	94,470	61,576	94,470	10,967	49,467	38,500	(\$38,500)	-38.6%	103.469	103.469	-468	-0.4%
GENERAL SERVICE EQUAL TO OR GREATER THAN 1500 kW SERVICE CLASSIFICATION	867	878	60,840	878	0,692	63,674	62,982	(\$692)	-0.11%	67.986	67.986	-3,376	-4.4%
INTERFERED SCATTERED LOAD SERVICE CLASSIFICATION	659	31,716	60,076	30,136	68,596	67,769	827	(\$827)	-1.2%	67.792	67,792	-1,004	-1.5%
ENTRINE LIGHTING SERVICE CLASSIFICATION	184	330	60,978	330	0	330	0	\$330	0.5%	5.86	5.86	306	5.2%
DIRECT LIGHTING SERVICE CLASSIFICATION	42,205	3,631	61,666	3,631	3,798	33	3,765	(\$3,765)	-6.1%	3.631	3,631	33	0.9%
TOTAL		193,950											

c) 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.

**Response**

Due to staffing changes from the 2015 IRM period (submitted in 2014) to the Board Staff questions in 2019, Tillsonburg Hydro Inc (THI) can't confirm what method and theory was used during the 2015 IRM application process and contained in the 2015 IRM model for determining billing determinants. THI can confirm that the GA rate riders were applied to non-RPP customers (SSS non-RPP and Retail customers) as shown and balanced to the RRR submission in the 1595 Workform, 2015 – GA Rate Rider Section columns H & M.

d) Did Tillsonburg investigate what caused the differences? If so, what did Tillsonburg find? If not, why not?

**Response**

THI did not investigate the difference noted by OEB staff other than the comments above in question 1d).

e) If yes to 1.c) above, how were customers impacted due to these differences?

**Response**

Non-RPP customers have overpaid the GA variance balance relating to 1595 – 2015 dispositions. The over collection is tracked within the 1595 – 2015 GA subaccount and will be rebated back to customers when the variance account are dispositioned. Much like other variance accounts, this results in a timing issue of cash flow for both the customer and LDC.

f) 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.

**Response**

No the general ledger is always calculated with unbilled revenue adjustments. The kWh reported in RRR submissions and utilized in the workforms in this application have not always reflected the unbilled accruals (e.g. RRR data on billed vs accrual basis). The continuity schedule reconcile to RRR submissions (dollars) reconcile to general ledger and THI did not adjust these values through the 2019 IRM process.

**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
<b>Net Change in Principal Balance in the GL (i.e. Transactions in the Year)</b>			
	True-up of GA Charges based on Actual Non-RPP Volumes	-\$ 57,641	
1a	- prior year	-\$ 36,961	Dec 2015 GA True-up (Rate only) created a \$36,961 payment due to IESO, removed from 2016 activity
1b	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.

**Response**

THI is not clear on what this direction is eluding to. The 2019 IRM continuity schedule is based on invoices received from the IESO and are not adjusted for items identified in the GA work form “reconciling items” list. The reference to “removed from 2016 activity relates to the treatment of the item with the GA workform only and not any treatment in the 2019 IRM model (VA balances whether on continuity schedule, General ledger or RRR submissions).

THI believes that no adjustment is required. If THI has missed something intended from OEB Staff, please provide more clarification.

- b) Please confirm that item 1b is included in the transactions in 2016 (i.e. it is included in credit amount of \$57,641).

**Response**

THI is assuming the reference to “transactions in 2016” relate to the 2019 IRM continuity schedule. Similar to question 2a) above, THI uses the IESO invoices to determine expenses for a given year on Continuity Schedules, RRR submissions and General Ledger values. The reconciling items are referencing only the GA workload.

Again, if THI is misinterpreting OEB Staff questions, please provide clarification on what is in question.

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.)

**Response**

THI is not clear on what OEB staff are questioning or instructing. THI assumes that references to “transactions” refer to the 2019 IRM Continuity Schedule. Variance account balances are based on the net of invoices from Hydro One (to THI) and from THI (to Hydro One) for LTLT on an annual basis. The reference in the GA workload are to reconcile differences between the high level analysis in the GA workload (kWh sales which don’t include LTLT adjustments) vs actual experiences (which do account for LTLT adjustments) contained in variance account balances (RRR, Continuity Schedules and General Ledger).

To be clear, through the year-end process, variance account balances are adjusted for the net LTLT activity within the year (an accrual process) to keep expenses in the proper years.

THI believe that no Continuity schedule adjustment is required.

Again, if THI is misinterpreting OEB Staff questions, please provide clarification on what is in question and THI will revisit.

- 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.

**Response**

THI confirms that 2016 LTLT activity has been properly included in the variance account balances (General Ledger, Continuity Schedule and RRR submission).

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

Please refer to the following Note 5 Reconciling items:

Note 5 <u>Reconciling Items</u>			
	Item	Amount	Explanation
	<b>Net Change in Principal Balance in the GL (i.e. Transactions in the Year)</b>	\$ 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 Calss 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.

**Response**

Similar to the 2a) response above, THI is not clear on what this direction is eluding to. The 2019 IRM continuity schedule is based on invoices received from the IESO and are not adjusted for items identified in the GA work form “reconciling items” list. The reference to “removed from 2016 activity” relates to the treatment of the item with the GA workform only and not any treatment in the 2019 IRM model.

THI believes that no adjustment is required. If THI has missed something intended from OEB Staff, please provide more clarification.

- 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?

**Response**

There appears to be a common theme in the Board Staff questions. THI is hopeful that responses will clarify THI submissions and the record on file.

As with other years, all expense activity relating to variance accounts (IESO and LTLT invoices) are accrued to the year in which the expenses related (2017 activity is recorded in 2017 activity).

References relating to activity in prior years relate to the high level analysis contained within the GA workform specifically (e.g. billed vs. accrual based kWh, that are driving differences between the GA workform analysis and actual results)

- 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)?

**Response**

Response 3b) refers to a common theme, this applies here as well. Any removing or recording references relate to the GA workform as opposed to VA balances in the 2019 IRM Continuity Schedule.

- d) Item 3b relates to 2017 (per the explanation), please explain why does Tillsonburg believe that it relates to 2018?

**Response**

It does relate to 2017, however due to timing delays in invoicing from Hydro One, invoices were not received until end of May 2018 (for 2017) and accruals could not be performed. Year-end work for 2017 had been completed (Audited Statements, RRR Submissions, etc...). Revisions to audited statements will not be made and any other treatment creates variances between various reporting within the year (e.g. RRR vs Audited Statements). The above is outlining the thought process of THI relating to 2017 LTLT's (which have now been eliminated).

THI will follow OEB direction in the treatment of this immaterial value.

- 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.

**Response**

No it does not, the Class A GA balance is always 0, however there is a billing delay in producing monthly invoices to Class A customers. This timing difference is accounted for in the unbilled revenue calculation at year end. The end result is an accurate Class B GA variance account balances at year-end. Unbilled kWh adjustments are not made and hence the reference in the GA workform.

**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?

**Response**

Through 2018 THI did perform an internal review of our 1588 / 1589 processes. THI, in association with industry association, used lessons learned from other LDC who had utilized 3<sup>rd</sup> party services to review potential issues.

- i. If so, please provide a report outlining its results.

**Response**

No official report was generated as the review did not result in any changes to our systems or processes. THI’s view is that the GA workform provided as part of the 2019 IRM process adequately reconciles the activity in the GA and COP accounts and shows that THI’s processes are accurate. The additional advice and guidance provided by OEB staff during 2018, prior to 2019 IRM submissions assisted in the proper completion of the GA workform.



- ii. If not, when does Tillsonburg intend to complete the review?

**Response**

Review was performed in 2018 as outlined above

- 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.

**Response**

THI has not considered the above suggestion. THI is of the belief that all variance accounts have been adequately explained and reconciled and can be considered for disposition in entirety. If for some reason OEB staff are not comfortable with the 1588 & 1589 balances, THI is not opposed to the treatment noted above, but have not considered it prior to the OEB Staff questions.

- 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.

**Response**

THI has completed the requested 2019 IRM model as requested. THI is not proposing this as a variance account disposition solution and is not submitting the 2019 IRM model as proposed for 2019 Variance Account disposition, but rather providing information to OEB Staff to assist with the decision process.

The requested sheets 6, 6.1 & 6.2 have been completed, however, THI can't figure out how to manipulate the locked model to look at the Group 1 (excluding 1588 / 1589) balances. Instead a manual calculation is provided below:

- Total VA Claim = \$(132,072)
- 1588 Claim = \$60,140
- 1589 Claim = \$487,867
- Group 1 (excluding 1588 / 1589) = \$674,312
- Metered kWh = 183,641,959
- Threshold Test (excluding 1588 / 1589) = \$0.00367 / kWh

To be clear THI proposes either a full VA disposition (for a value below the threshold) or no VA disposition as opposed to the hybrid approach indicated by OEB Staff.