

CPUC
Clarification Questions
April 15, 2019
&
CHAPLEAU PUBLIC UTILITIES COMMISSION (CPUC)
2019 RATE APPLICATION (EB-2018-0087)
PRE-ADR FOLLOW-UP AND CLARIFICATION QUESTIONS

Exhibit 2

2-Staff Clarification-1

Ref: RRWF April 6, 2019, Tab 4
2-Staff-33
Appendix 2-Z

Preamble:

At the above noted first reference, CPUC revised its cost of power to be incorporated into the calculation of rate base to \$2,647,882

At the above noted second reference, CPUC was requested to provide updates to its cost of power calculation. In part k) of this interrogatory, CPUC was asked to explain whether the entire 6,797,046 kWh for the GS >50 to 4,999 kW rate class is eligible for the GA modifier.

Questions:

- a) Please provide a breakdown and calculations of the components of the revised cost of power amount of \$2,647,882.
- b) Please explain whether the entire 6,797,046 kWh for the GS >50 to 4,999 kW rate class is eligible for the GA modifier. If this is not the case, please update the cost of power calculation.
- c) Please provide a revised Appendix 2-Z.

CPUC Response:

a) see table at next page

Power Supply Expense

Determination of Commodity

	Last Actual kWh's
Customer Class Name	Last Actual kWh's
Residential	12,723,720
General Service < 50 kW	4,507,872
General Service > 50 to 4999 kW	6,565,386
Unmetered Scattered Load	2,892
Sentinel Lighting	20,629
Street Lighting	274,259
other	-
	-
	-
TOTAL	24,094,758
%	100.00%

non GA mod	GA mod	Total
non-RPP		
52,082		52,082
194,708		194,708
231,660	6,333,726	6,565,386
		-
		-
		-
		-
		-
478,450	6,333,726	6,812,176
1.99%	26.29%	

RPP	non-RPP	RPP
	%	%
12,671,638	0.41%	99.59%
4,313,164	4.32%	95.68%
0	100.00%	0.00%
2,892	0.00%	100.00%
20,629	0.00%	100.00%
274,259	0.00%	100.00%
0		
0		
0		
17,282,582		
71.73%		

Forecast Price

HOEP (\$/MWh)		
Global Adjustment (\$/MWh)		
Adjustments		
TOTAL (\$/MWh)		
\$/kWh		
%		
WEIGHTED AVERAGE PRICE	\$0.0829	

GA modifier 41.49

\$20.68	\$20.68
\$102.22	\$60.73
\$1.00	\$1.00
\$123.90	\$82.41
\$0.12390	\$0.08241
1.99%	26.29%
\$0.0025	\$0.0217

\$82.00
\$0.08200
71.73%
\$0.0588

Electricity Projections

(volumes for the bridge and test year are automatically loss adjusted)

				2018			2019		
Customer		Revenue	Expense						
Class Name		USA #	USA #	Volume	rate (\$/kWh):	Amount	Volume	rate (\$/kWh):	Amount
Residential	kWh	4006	4705	14,151,098	0.08294	\$1,173,689	13,873,495	\$0.08294	\$1,150,665
General Service < 50 kW	kWh	4010	4705	4,882,227	0.08294	\$404,931	4,882,227	\$0.08294	\$404,931
General Service > 50 to 4999 kW	kWh	4035	4705	7,192,306	0.08294	\$596,528	7,192,306	\$0.08294	\$596,528
Unmetered Scattered Load	kWh	4010	4705	3,053	0.08294	\$253	3,053	\$0.08294	\$253
Sentinel Lighting	kWh	4025	4705	21,438	0.08294	\$1,778	21,438	\$0.08294	\$1,778
Street Lighting	kWh	4025	4705	299,727	0.08294	\$24,859	299,727	\$0.08294	\$24,859
other	kWh	4025	4705	0	0.08294	\$0	0	\$0.08294	\$0
	0 kWh	4025	4705	0	0.08294	\$0	0	\$0.08294	\$0
	0 kWh	4025	4705	0	0.08294	\$0	0	\$0.08294	\$0
TOTAL				26,549,849		\$2,177,179	26,272,247		2,179,014

Transmission - Network

(volumes for the bridge and test year are automatically loss adjusted)

				2018			2019		
Customer		Revenue	Expense						
Class Name		USA #	USA #	Volume	Rate	Amount	Volume	Rate	Amount
Residential	kWh	4066	4714	14,151,098	0.0068	\$96,227	13,873,495	0.0068	\$94,436
General Service < 50 kW	kWh	4066	4714	4,882,227	0.0060	\$29,293	4,882,227	0.0060	\$29,323
General Service > 50 to 4999 kW	kWh	4066	4714	18,126	2.5062	\$45,427	17,898	2.5088	\$44,902
Unmetered Scattered Load	kWh	4066	4714	3,053	0.0060	\$18	3,053	0.0060	\$18

Sentinel Lighting	kW	4066	4714	65	1.8998	\$123	65	1.9017	\$124
Street Lighting	kW	4066	4714	774	1.8902	\$1,463	774	1.8921	\$1,464
other	0	4066	4714	1	0.0000	\$0	1	0.0000	\$0
	0	4066	4714	1	0.0000	\$0	1	0.0000	\$0
	0	4066	4714	1	0.0000	\$0	1	0.0000	\$0
TOTAL				19,055,346		172,553	18,777,515		170,268

Transmission - Connection

(volumes for the bridge and test year are automatically loss adjusted)

				2018			2019		
Customer		Revenue	Expense						
Class Name		USA #	USA #	Volume	Rate	Amount	Volume	Rate	Amount
Residential	kWh	4068	4716	14,151,098	0.0016	\$22,642	13,873,495	0.0018	\$25,403
General Service < 50 kW	kWh	4068	4716	4,882,227	0.0016	\$7,812	4,882,227	0.0018	\$8,940
General Service > 50 to 4999 kW	kW	4068	4716	18,126	0.5763	\$10,446	17,898	0.6595	\$11,804
Unmetered Scattered Load	kWh	4068	4716	3,053	0.0016	\$5	3,053	0.0018	\$6
Sentinel Lighting	kW	4068	4716	65	0.4549	\$30	65	0.5205	\$34
Street Lighting	kW	4068	4716	774	0.4456	\$345	774	0.5099	\$395
other	0	4068	4716	1	0.0000	\$0	1	0.0000	\$0
	0	0	4068	4716	1	0.0000	\$0	1	0.0000
	0	0	4068	4716	1	0.0000	\$0	1	0.0000
TOTAL				19,055,346		41,279	18,777,515		46,581

Wholesale Market Service

(volumes for the bridge and test year are automatically loss adjusted)

				2018		2019	
Customer		Revenue	Expense	rate (\$/kWh):	0.0052	rate (\$/kWh):	0.0052
Class Name		USA #	USA #	Volume	Amount	Volume	Amount
Residential	kWh	4062	4708	14,151,098	\$50,944	13,873,495	\$47,170
General Service < 50 kW	kWh	4062	4708	4,882,227	\$17,576	4,882,227	\$16,600
General Service > 50 to 4999 kW	kWh	4062	4708	7,192,306	\$25,892	7,192,306	\$24,454
Unmetered Scattered Load	kWh	4062	4708	3,053	\$11	3,053	\$10
Sentinel Lighting	kWh	4062	4708	21,438	\$77	21,438	\$73
Street Lighting	kWh	4062	4708	299,727	\$1,079	299,727	\$1,019
other	0	4062	4708	1	\$0	1	\$0
	0	4062	4708	1	\$0	1	\$0
	0	4062	4708	1	\$0	1	\$0
TOTAL				26,549,852	95,579	26,272,250	89,326

Rural Rate Protection

(volumes for the bridge and test year are automatically loss adjusted)

Volumes for the bridge and test year are automatically loss adjusted										
Customer		Revenue	Expense	2018			2019			
				rate (\$/kWh):	Amount	Volume	rate (\$/kWh):	Amount		
Class Name		USA #	USA #	Volume			Volume			
Residential	kWh	4062	4730	14,151,098	0.00130	\$18,396	13,873,495	0.0005	\$6,937	
General Service < 50 kW	kWh	4062	4730	4,882,227	0.00130	\$6,347	4,882,227	0.0005	\$2,441	
General Service > 50 to 4999 kW	kWh	4062	4730	7,192,306	0.00130	\$9,350	7,192,306	0.0005	\$3,596	
Unmetered Scattered Load	kWh	4062	4730	3,053	0.00130	\$4	3,053	0.0005	\$2	
Sentinel Lighting	kWh	4062	4730	21,438	0.00130	\$28	21,438	0.0005	\$11	
Street Lighting	kWh	4062	4730	299,727	0.00130	\$390	299,727	0.0005	\$150	
other	0	4062	4730	1	0.00130	\$0	1	0.0005	\$0	
	0	0	4062	4730	1	0.00130	\$0	1	0.0005	\$0
	0	0	4062	4730	1	0.00130	\$0	1	0.0005	\$0
TOTAL				26,549,852		34,515	26,272,250		13,136	

Smart Meter Entity Charge

(per customer)

Customer		Revenue	Expense	2018			2019		
				Volume	rate (\$/kWh):	Amount	Volume	rate (\$/kWh):	Amount
Class Name		USA #	USA #						
Residential	Cust			1,043	0.00000	\$0	1,047	0.57000	\$7,161
General Service < 50 kW	Cust			150	0.00000	\$0	149	0.57000	\$1,019
General Service > 50 to 4999 kW	Cust			0	0.00000	\$0	0	0.57000	\$0
TOTAL				1,194		\$0	1,196		\$8,181

OESP*(volumes for the bridge and test year are automatically loss adjusted)*

Customer		2018				2019			
		Revenue	Expense	rate (\$/kWh):	Amount	rate (\$/kWh):	Amount		
Class Name		USA #	USA #	Volume		Volume			
Residential	kWh	4062	4730	14,151,098	0.00000	13,873,495	0.00000		\$0
General Service < 50 kW	kWh	4062	4730	4,882,227	0.00000		4,882,227	0.00000	\$0
TOTAL				19,033,325		\$0	18,755,722		\$0

Low Voltage Charges - Historical and Proposed LV Charges

				2012	2013	2014	2015	2016	2017	2018	AVG
4075-Billed - LV				(\$30,388)	(\$17,154)	(\$19,857)	(\$17,265)	(\$14,688)	(\$14,622)		(\$16,608)
4750-Charges - LV				\$15,491	\$39,969	\$71,247	\$74,595	\$70,967	\$59,187	\$38,844	\$38,844
1551 LV Charges				(\$31,254)	\$7,220	\$39,576	\$110,949	\$153,700	\$200,139	\$0	

Low Voltage Charges - Allocation of LV Charges based on Transmission Connection Revenues*(volumes are not loss adjusted)*

ALLOCATION BASED ON TRANSMISSION-CONNECTION REVENUE					
Customer Class Name		RTSR Rate	Uplifted Volumes	Revenue	% Alloc
Residential	kWh	\$0.0018	13,873,495	\$25,403	54.54%
General Service < 50 kW	kWh	\$0.0018	4,882,227	\$8,940	19.19%
General Service > 50 to 4999 kW	kW	\$0.6595	17,898	\$11,804	25.34%
Unmetered Scattered Load	kWh	\$0.0018	3,053	\$6	0.01%
Sentinel Lighting	kW	\$0.5205	65	\$34	0.07%
Street Lighting	kW	\$0.5099	774	\$395	0.85%
other	0	\$0.0000	1	\$0	0.00%
	0	\$0.0000	1	\$0	0.00%
	0	\$0.0000	1	\$0	0.00%
TOTAL			18,777,515	\$46,581	100.00%

Low Voltage Charges Rate Rider Calculations*(volumes are not loss adjusted)*

PROPOSED LOW VOLTAGE CHARGES & RATES					
Customer Class Name	% Allocation	Charges	Not Uplifted Volumes	Rate	per
Residential	54.54%	21,184	13,144,003	\$0.0016	kWh
General Service < 50 kW	19.19%	7,455	4,625,511	\$0.0016	kWh
General Service > 50 to 4999 kW	25.34%	9,844	6,814,122	\$0.0014	kW
Unmetered Scattered Load	0.01%	5	2,892	\$0.0016	kWh
Sentinel Lighting	0.07%	28	20,311	\$0.0014	kW
Street Lighting	0.85%	329	283,967	\$0.0012	kW
other	0.00%	0	1	\$0.0000	0
	0.00%	0	1	\$0.0000	0
	0.00%	0	1	\$0.0000	0
TOTAL	100.00%	38,844	24,890,810		

Low Voltage Charges to be added to power supply expense for bridge and test year.*(volumes are not loss adjusted)*

Customer		Revenue		Expense		2018		2019	
		USA #	USA #	Volume	Rate	Amount	Volume	Rate	Amount
Class Name									
Residential	kWh	4075	4750	13,407,009	\$0.0006	\$8,044	13,144,003	\$0.0016	\$21,030
General Service < 50 kW	kWh	4075	4750	4,625,511	\$0.0006	\$2,775	4,625,511	\$0.0016	\$7,401
General Service > 50 to 4999 kW	kW	4075	4750	18,126	\$0.2256	\$4,089	6,814,122	\$0.0014	\$9,540
Unmetered Scattered Load	kWh	4075	4750	2,892	\$0.0006	\$2	2,892	\$0.0016	\$5
Sentinel Lighting	kW	4075	4750	65	\$0.2261	\$15	20,311	\$0.0014	\$28

Street Lighting	kW	4075	4750	774	\$0.2173	\$168	283,967	\$0.0012	\$341
other	0	4075	4750	1	\$0.0000	\$0	1	\$0.0000	\$0
	0	0	4075	4750	1	\$0.0000	\$0	1	\$0.0000
	0	0	4075	4750	1	\$0.0000	\$0	1	\$0.0000
TOTAL		0	0	18,054,380		\$15,093	24,890,810		\$38,345

Projected Power Supply Expense					\$2,536,198			\$2,544,850
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- b) The entire class is eligible for the GA modifier.
- c) Appendix 2-Z was filed on the record on the 14th of April.

Exhibit 4

4-Staff Clarification-2

Ref: 4-Staff-43

Question:

- a) Please confirm that CPUC's capitalization policies are in compliance with IFRS.

CPUC Response:

- a) KPMG confirms that to the best of their knowledge and abilities, capitalization policies follow IFRS.

4-Staff Clarification-3

Ref: 4-Staff-50, part c)
4-Staff-50, part d)
3-VECC-24

Preamble:

At the above noted first reference, CPUC stated the following:

...Under the current arrangement CPUC is appropriately paying the full cost of the salaries, with any revenue generated through the use of those employees to perform work for customers other than CPUC distribution customers treated as a revenue offset against the CPUC revenue requirement.

At the above noted second reference, CPUC stated the following:

Yes 100% of salaries are now being paid by CPUC but some salaries are non utility related. CPUC performs non utility related work such as street light

maintenance, tree trimming (not related to our lines), work for Hydro One. The portion of those salaries/wages are put into 4380 non utility related expenses.

At the above noted third reference, CPUC showed the following table with respect to Other Revenue that is included as a revenue offset.

	Reporting Basis	2012 Board Approved	CGAAP 2015	CGAAP 2016	CGAAP 2017	CGAAP 2018	CGAAP 2019
	USoA Description						
4235	4235-Miscellaneous Service Revenues	\$0	-\$7,995	-\$5,580	-\$9,731	-\$7,272	-\$6,207
4225	4225-Late Payment Charges	\$0	-\$6,480	-\$5,782	-\$5,682	-\$5,115	-\$5,355
4082	4082-Retail Services Revenues	\$0	-\$2,708	-\$3,090	-\$2,749	-\$2,723	-\$2,632
4084	4084-Service Transaction Requests (STR) Revenues	\$0	\$0	\$0	\$0	\$0	\$0
4086	4086-SSS Administration Revenue	\$0	\$0	\$0	\$0	-\$4,643	-\$4,736
4205	4205-Interdepartmental Rents	\$0	\$0	\$0	\$0	\$0	\$0
4210	4210-Rent from Electric Property	\$0	-\$13,519	-\$13,519	-\$13,609	-\$13,609	-\$13,719
4215	4215-Other Utility Operating Income	\$0	\$0	\$0	\$0	\$0	\$0
4220	4220-Other Electric Revenues	\$0	\$0	\$0	\$0	\$0	\$0
4240	4240-Provision for Rate Refunds	\$0	\$0	\$0	\$0	\$0	\$0
4245	4245-Government Assistance Directly Credited to Income	\$0	\$0	\$0	\$0	\$0	\$0
4305	4305-Regulatory Debits	\$0	\$45,468	\$0	\$0	\$0	\$0
4310	4310-Regulatory Credits	\$0	\$0	\$0	\$0	\$0	\$0
4315	4315-Revenues from Electric Plant Leased to Others	\$0	\$0	\$0	\$0	\$0	\$0
4320	4320-Expenses of Electric Plant Leased to Others	\$0	\$0	\$0	\$0	\$0	\$0
4324	4324-Special Purpose Charge Recovery	\$0	\$0	\$0	\$0	\$0	\$0
4325	4325-Revenues from Merchandise Jobbing, Etc.	\$0	-\$825	-\$18,559	-\$15	\$0	\$0
4330	4330-Costs and Expenses of Merchandising Jobbing, Etc.	\$0	-\$1,320	-\$1,496	\$0	\$0	\$0
4335	4335-Profits and Losses from Financial Instrument Hedges	\$0	\$0	\$0	\$0	\$0	\$0
4340	4340-Profits and Losses from Financial Instrument Investments	\$0	\$0	\$0	\$0	\$0	\$0
4345	4345-Gains from Disposition of Future Use Utility Plant	\$0	\$0	\$0	\$0	\$0	\$0
4350	4350-Losses from Disposition of Future Use Utility Plant	\$0	\$0	\$0	\$0	\$0	\$0
4355	4355-Gain on Disposition of Utility and Other Property	\$0	\$0	\$0	\$0	-\$50,000	\$0
4360	4360-Loss on Disposition of Utility and Other Property	\$0	\$0	\$0	\$0	\$0	\$0
4365	4365-Gains from Disposition of Allowances for Emission	\$0	\$0	\$0	\$0	\$0	\$0
4370	4370-Losses from Disposition of Allowances for Emission	\$0	\$0	\$0	\$0	\$0	\$0
4375	4375-Revenues from Non-Utility Operations	\$0	\$0	\$0	-\$16,952	-\$150,107	-\$39,474
4375	4375-Sub-account Generation Facility Revenues	\$0	\$0	\$0	\$0	\$0	\$0
4380	4380-Expenses of Non-Utility Operations	\$0	\$0	\$0	\$18,360	\$127,141	\$25,668
4380	4380-Sub-account Generation Facility Expenses	\$0	\$0	\$1,152	\$0	\$0	\$0
4385	4385-Non-Utility Rental Income	\$0	\$0	\$0	\$0	\$0	\$0
4390	4390-Miscellaneous Non-Operating Income	\$0	\$0	\$0	\$0	\$0	\$0

4395	4395-Rate-Payer Benefit Including Interest	\$0	\$0	\$0	\$0	\$0	\$0
4398	4398-Foreign Exchange Gains and Losses, Including Amortization	\$0	\$0	\$0	\$0	\$0	\$0
4405	4405-Interest and Dividend Income	\$0	-\$13,641	-\$3,650	-\$9,313	-\$10,305	-\$9,000
4415	4415-Equity in Earnings of Subsidiary Companies	\$0	\$0	\$0	\$0	\$0	\$0
other	other	\$0	\$0	\$0	\$0	\$0	\$0
other	other	\$0	\$0	\$0	\$0	\$0	\$0
	Total	-\$6,000	-\$38,058	-\$38,058	-\$1,018	-\$50,523	-\$55,464

	Specific Service Charges	\$0	-\$7,995	-\$5,580	-\$9,731	-\$7,272	-\$6,207
	Late Payment Charges	\$0	-\$6,480	-\$5,782	-\$5,682	-\$5,115	-\$5,355
	Other Distribution/Operating Revenues	\$0	-\$16,225	-\$16,609	-\$16,357	-\$20,975	-\$21,087
	Other Income or Deductions	\$0	\$29,681	-\$22,552	-\$7,920	-\$83,271	-\$22,816
	Total	\$0	-\$1,018	-\$50,523	-\$39,691	-\$116,632	-\$55,464

Question:

- a) Please explain why the amounts recorded in Account 4375, Revenues from Non Rate-Regulated Utility Operations, and Account 4380, Expenses of Non Rate-Regulated Utility Operations, were much higher in 2018 versus 2019.

CPUC Response: 2019 does not include any CDM incentives.

4-Staff Clarification-7

Ref: 2-Staff-9

Preamble:

The IR requested an explanation for material differences between Appendix 2-BA and Appendix 2-Cs for years from 2014 to 2019. The response did not explain the reason for the differences. CPUC's explanation that it changed its depreciation method from declining balance to straight line method does not explain why the depreciation expense for the same year would be different on the two schedules as both should be based on actuals.

Questions:

- a) Are 2-BAs based on actuals? What is the depreciation method used for each year from 2014 to 2019?
 - b) Are Appendices 2-Cs based on actuals? What is the depreciation method used for each year from 2014 to 2019?
 - c) OEB staff notes that CPUC has used depreciation expense from its 2019 Appendix 2-BA for the purpose of RRWF (this number is \$120,706). Depreciation expense per Appendix 2-C for 2019 is \$60,733. Please provide CPUC's rationale for using 2-BA for revenue requirement and not Appendix 2-C.
-
- a) Please see table below details and explanation of the depreciation method used for each stage of the proceeding.
 - b) Please see table below details and explanation of the depreciation method used for each stage of the proceeding. Please also see the stand-alone model entitled FA and Depreciation Cont. Schedule for details of each year. CPUC notes that for settlement purposes, it used "Actuals" for 2012-2018 and projected for 2019.
 - c) This was explained at 4.8.2 of Exhibit 4 as well as in CPUC's responses to 2-Staff-9. ADR update: the parties agreed to CPUC using a declining balance methodology for 2012-2018 and straight-line methodology for 2019 and forward.

Application As Filed Aug 31, 2019					
		C-GAAP	IFRS	Difference	Depreciation Method
2014 Amortization	Actual	\$92,508.00	\$72,466.00	-\$20,042.00	Declining
2015 Amortization	Actual	\$93,349.00	\$50,837.00	-\$42,512.00	Declining
2016 Amortization	Actual	\$85,958.00	\$52,874.00	-\$33,084.00	Declining
2017 Amortization	Actual	\$66,744.00	\$49,114.00	-\$17,630.00	Declining
2018 Amortization	Budget	\$163,490.00	\$154,279.00	-\$9,211.00	Straight Line
2019 Amortization	Budget		\$120,706.00		Straight Line
IRs April 4, 2019					
		C-GAAP	IFRS	Difference	Depreciation Method
2014 Amortization	Actual	\$92,508.00	\$72,466.00	-\$20,042.00	Declining
2015 Amortization	Actual	\$93,349.00	\$50,837.00	-\$42,512.00	Declining
2016 Amortization	Actual	\$85,958.00	\$52,874.00	-\$33,084.00	Declining
2017 Amortization	Actual	\$66,744.00	\$49,114.00	-\$17,630.00	Declining
2018 Amortization	Budget	\$163,490.00	\$154,279.00	-\$9,211.00	Straight Line
2019 Amortization	Budget		\$120,706.00		Straight Line
Preliminary ADR April 17, 2019					
		C-GAAP	IFRS	Difference	Depreciation Method
2014 Amortization	Actual	\$92,508.00	\$72,466.00	-\$20,042.00	Declining
2015 Amortization	Actual	\$93,349.00	\$50,837.00	-\$42,512.00	Declining
2016 Amortization	Actual	\$85,958.00	\$52,874.00	-\$33,084.00	Declining
2017 Amortization	Actual	\$66,744.00	\$49,114.00	-\$17,630.00	Declining
2018 Amortization	Actual		\$104,581.00		Declining
2019 Amortization	Budget		\$120,706.00		Straight Line
Proposed ADR April 29, 2019					
		C-GAAP	IFRS	Difference	Depreciation Method
2014 Amortization	Actual	\$92,508.00	\$72,466.00	-\$20,042.00	Declining
2015 Amortization	Actual	\$93,349.00	\$50,837.00	-\$42,512.00	Declining
2016 Amortization	Actual	\$85,958.00	\$52,874.00	-\$33,084.00	Declining
2017 Amortization	Actual	\$66,744.00	\$49,114.00	-\$17,630.00	Declining
2018 Amortization	Actual	\$120,021.00	\$107,586.00	-\$12,435.00	Declining
2019 Amortization	Budget		\$120,706.00		Straight Line

Exhibit 3

VECC – 45

Reference: CPUC IRR 2019 TESI Load Forecasting Model, Bridge & Test
Year Class Forecast Tab
3-Staff-37

- a) Please confirm there is an error in the derivation of the calculation of the 2017 ratio of Residential Sales to Wholesale Purchases that impacts the derivation of the 2019 forecast volume for the class.
- b) In response to Staff-37 CPUC indicated it would use a 3-year average to determine use per customer for the Sentinel and USL classes. However, in the revised Load Forecasting Model, a 10-year average was used for the Sentinel class. Please reconcile.

CPUC Response:

- a) VECC is correct. Upon review of the model, there appears to be an error in the formula at D14 (2017 Ratio%)
- b) VECC is also correct in that the Sentinel is still calculated on a 10-yr. average. CPUC's intent was to calculate it on a 3-yr. average.

VECC - 46

Reference: CPUC IRR 2019 TESI Load Forecasting Model, CDM Allocation
Tab and CDM Adjustment Tab
3-Staff-39

- a) Please explain why in the revised Load Forecasting model (CDM Adjustment Tab) the calculation of the 2019 manual CDM adjustment did not include 50% of the 2017 savings (persisting in 2019) as indicated in Row 27.
- b) In the revised Load Forecasting Model (CDM Allocation Tab), the verified 2017 CDM results only show savings for the Residential class. However, the IESO Report on verified 2017 results also shows savings from non-Residential programs. Please reconcile.

CPUC Response:

- a) CPUC's initial thoughts were that 50% of 2017 savings should have been included in the determination of the manual adjustment, this based on previous applications. (note: 50% of the savings was inadvertently left out of the SUM formula). Board Staff's

comments in its IRs implied that it might have been incorrect to include 50% of 2017 in the calculation. As such, CPUC removed 2017 from the calculations. CPUC will be seeking explanation/guidance from both parties policies around the determination of the manual adjustment.

b) Actual savings for 2017 apply to the Residential class only. That said, CPUC agrees that persistence from pre-2017 programs includes savings to the General Service Classes. CPUC is not opposed to including persistence to the 2019 total savings. However, the utility will seek guidance parties on determining the consumption of these savings as they are not visible in the LRAMVA model.

VECC - 47

Reference: 3-VECC-24

- a) Please clarify whether the \$9,000 in 2019 revenue from Interest and Dividend Income (USOA 4405) includes carrying charge related to deferral and variance accounts.

CPUC Response: CPUC confirms that the balances in 4405 include carrying charges related to DVA.

Exhibit 5

VECC - 48

Reference: 7-VECC-40 b)

- a) Does Sensus only do meter reads for Residential and GS<50 customers?
- b) Does Harris only store meter reading data related to Residential and GS<50 customers? If yes, how is the long-term storage of metering data for GS>50 customers managed?

CPUC Response:

a) Yes

b) CPUC manually reads the GS>50 customers (12 customers), reads are written in a meter book then manually entered into the billing system.

VECC - 49

Reference: CPUC IRR 2018 Cost Allocation Model, Tabs I4, I6.2, I7.1
and I7.2
7-Staff-65
7-Staff-67

- a) With respect to Staff-65, please confirm that the customer counts entered in Tab 6.2 for Street Lighting are still incorrect and indicate what the correct values should be.
- b) With respect to Staff-67, there are still inconsistencies in the customer count values used in Tabs 6.2, 7.1 and 7.2. Please reconcile.
- c) With respect to Tab I4, please reconcile the fact that 100% of overhead conductor costs are deemed to be secondary (1835-5) but 94.3% of pole costs are deemed to be primary (1830-4).

CPUC Response:

- a) The customer and connection count in tab 6.2 of the CA model are correct. The town of Chapleau is the sole customer for Streetlights.
- b) The customer count at 6.2 reconciles with the Load Forecast model as does 7.2. When reverting back to the 2018 model, CPUC inadvertently missed updating Tab 7.1 which should have shown 1033 with respect to the number of meters.

Exhibit 8

8-Staff Clarification-4

Ref: 8-Staff-72

Preamble:

OEB Staff notes that the \$68,999 sought for recovery is equal to a four-year average of 2014-2017. In the first three of those four years, the charge was over \$70,000 in each year, and in 2017, the charge was \$59,187. In 2018, CPUC states that the charges were \$38,845.

CPUC explained that in 2013-2015 there was a Low Voltage Adjustment added due to a Hydro One billing error.

Questions:

- a) Has CPUC adjusted the years 2014 and 2015 to normalize for the Hydro One billing error? And if not, why has CPUC included those years in the four-year average?
- b) Please explain the cause of the decrease in LV charges in 2018.

CPUC Response:

- a) CPUC confirms that an adjustment was made to account for the Hydro One billing error.
- b) The difference is due to the removal of load transfers in December of 2017. ADR update: it was agreed to that 2018 actual (without the effects of the load transfers) was to be used as a basis for determining the Cost of Power.

8-Staff Clarification-5

Ref: 8-Staff-73
8-Staff-75
Chapter 2 Appendix 2-R

Preamble:

CPUC clarified that it is partially embedded in Hydro One. It also states that “the loss factor used in the revised Rate Base and Revenue Requirement uses the revised facility loss factor of 0.034. However, Appendix 2-R also explains that the Supply Facility Loss Factor (SFLF) should be a weighted average of the Hydro One loss factor of 1.0340 and the IESO controlled grid loss factor of 1.0045.

Questions:

- a) Please revise Appendix 2-R to complete the row labeled A(1).
- b) Please revise Appendix 2-R to calculate using an SFLF based on a historic actual loss factor (row A(1) (when completed) divided by A(2)).
- c) If part b) is impossible, please calculate the SFLF using the weighted average methodology.

VECC - 50

Reference: CPUC IRR 2019 RRWF, Tab 12

- a) Please confirm that CPUC is now proposing to phase-in the Residential service charge change over five years.

CPUC Response:

- a) Confirmed.

VECC - 51

Reference: 8-Staff-72

- a) Please confirm that the \$38,844.95 referenced in the response as the 2018 LV charges is the amount CPUC was charged by HON in that year. If not, what were the LV charges from HON in 2018.
- b) If confirmed, please explain why it is materially lower than the charges from HON in previous years.

CPUC Response:

- a) Confirmed
- b) In 2013-2015 there was a low voltage adjustment due to a HON billing error, and in 2018 we no longer had our long-term load transfer (Hospital)

Exhibit 9

9-Staff Clarification-6

Ref: 9-Staff-96 (2012 LRAMVA threshold)
9-Staff-98 (carrying charges)
9-Staff-99 (disposition of LRAMVA to residential customers)
LRAMVA work form (OEB staff revised) – Attachment A

Preamble:

Per 9-staff-96, the 2012 LRAMVA threshold should apply in 2012 and onwards, and the LRAMVA threshold is not needed for 2011.

Per 9-staff-98, CPUC's revised LRAMVA workform (Tab 6) includes projected interest to June 30, 2019 as the formula was not adjusted to calculate projected interest to April 30, 2019.

Per 9-staff-99 b), CPUC confirms that disposition of the LRAMVA will be over 1 year. In the revised DVA continuity schedule (Tab 7), CPUC is still requesting disposition of the LRAMVA over four years (48 months).

OEB staff proposes the following changes (see Attachment A):

- In Tab 2 of the LRAMVA workform, OEB staff removed the LRAMVA threshold applied to 2011
- In Tab 6 of the LRAMVA workform, OEB staff removed two months of interest in order to calculate projected interest to April 30, 2019

Questions:

- a) Please indicate whether CPUC is in agreement with the OEB staff proposed changes and revised LRAMVA credit balance of \$916.
- b) Given the immateriality of the balance, can CPUC confirm whether it proposes to refund this amount to customers over 48 months and on a per kWh basis? Please ensure that the updated LRAMVA amount is reflected in Tab 7 (DVA continuity schedule) and rate rider calculations are corrected.

CPUC Response:

- a) CPUC needs further explanation from Staff before it agrees to remove the threshold from 2011. This given that 2011 was excluded from CPUC's 2012 Cost of Service.
- b) If the agreed-upon LRAMVA balance is found to be immaterial, CPUC agrees to dispose of it using the shortest disposition period of 12 months.

9-Staff Clarification-8

Ref: 9-Staff-82

Preamble:

OEB provided an updated version of the DVA continuity schedule. However, the DVA continuity schedule filed in response to this IR still shows incorrectly calculated rate riders.

OEB staff notes that CPUC confirmed that it had used the DVA continuity provided by OEB staff that was included as attachment 1 to the interrogatories. However, CPUC did not use this schedule, and OEB staff do not agree with CPUC's rate rider calculations.

Questions:

- a) Please provide corrected rate riders based on the OEB attachment 1 of IRR 9-Staff-82.
- b) Please provide rate riders based on the corrected total amount for disposition for Account 1576. The balance for disposition was originally \$30,878 debit. This balance has been updated in response to an OEB staff interrogatory to a credit of \$159,162. Please file the corrected rate riders for Account 1576.
- c) Please ensure that the latest load forecast volumes are used as the billing determinants in the rate rider calculations.

CPUC Response:

- a) A post-ADR revised model is provided with these responses
- b) A consistent and complete set of models will be circulated along with the draft settlement agreement.

9-Staff Clarification-9

Ref: 9-Staff-86 to 9-Staff-88

Preamble:

These IRs were related to Account 1508 Sub-Accounts OCEB, OREC and DRP. In responses to the above IRs, CPUC has removed the balances from proposed dispositions for all of the above Sub-Accounts as they were incorrectly recorded.

Questions:

- a) Please confirm if CPUC is going to write off the amounts that were incorrectly recorded in these sub-accounts?
- b) Please confirm if CPUC is going to close the accounts after they have been written off.

CPUC Response:

- a) Accounts won't be written off but will be moved to the appropriate accounts in Other Accounts Receivable
- b) Yes, we confirm.

9-Staff Clarification-10

Ref: 9-Staff-89

Preamble:

The question was regarding Account 1595 (2012), where the Continuity Schedule showed a residual debit balance for disposition of \$179,009, but Account 1595 work form showed a residual amount of a credit of \$402. In response to this IR, CPUC has corrected the amount for disposition on the continuity schedule to a credit of \$404.

Questions:

- a) Please confirm that CPUC's books would be corrected to show the correct balance of \$404 credit for Account 1595 (2012) and this sub-account will be closed after disposition.
- b) Please confirm what the adjustment was that CPUC made to reduce this account balance to \$404.

CPUC Response:

- a) Yes – the balance will be updated to reflect the calculated \$404 credit within the account 1595 (2012). This sub-account will be closed after disposition
- b) Upon review of the financial results from 2012 to 2016, it was noted that the rate rider associated with the Acct 1595 (2012) accounts was not recorded within the income statement accounts appropriately. As a result, a restatement of the 2017 financial statements will be reflected within the 2018 financial statements with the adjustments to 1595 recorded as an adjustment to opening retained earnings as of January 1, 2017 (this is considered appropriate as the amount would have flowed through the income statement within the 2012 to the 2017 year end.

9-Staff Clarification-11

Ref: 9-Staff-95

Preamble:

Pertaining to account 1576, Appendix 2-EC shows net additions under former CGAAP of \$1,065,074 for 2018 – but the underlying 2-FA (Fixed asset continuity schedule) shows \$617,375.

Questions:

- a) Please explain the discrepancy noted above.
- b) Please provide the corrected schedule(s).

CPUC Response:

- a) Please see the revised model FA and Depreciation Cont. Schedule for updated numbers. CPUC also notes that Appendix 2- EC includes the transfer of assets from the affiliate to CPUC
- b) Same as above