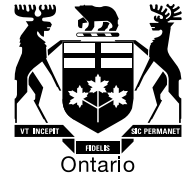


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BY E-MAIL

July 29, 2019

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Alectra Utilities Corporation (Alectra Utilities)
Application for 2020 Electricity Distribution Rates
OEB Staff Interrogatories
Ontario Energy Board (OEB) File Number: EB-2019-0018**

In accordance with Procedural Order No. 1, please find attached OEB staff's interrogatories on the incentive rate-setting mechanism (IRM) elements in the above noted proceeding. Alectra Utilities and all intervenors have been copied on this filing.

Alectra Utilities' responses to the interrogatories are due by August 16, 2019.

Yours truly,

Original Signed By

Katherine Wang
Advisor
Incentive Rate-setting and Accounting

Attach.

OEB Staff Interrogatories
2020 Electricity Distribution Rates Application
Alectra Utilities Corporation (Alectra Utilities)
EB-2019-0018
July 29, 2019

General for all Rate Zones

G-Staff-1

The OEB's 2020 IRM Rate Generator Model

Ref 1: Exhibit 3, Tab 1, Schedule 1

Ref 2: Exhibit 3, Tab 1, Schedule 6

Ref 3: IRM models for all rate zones

- a) As noted in Exhibit 3, Tab 1, Schedule 1 of this application, Alectra Utilities has completed the IRM models for all rate zones and will update the application to include the 2020 IRM Rate Generator Model when published by the OEB. The OEB has now posted the 2020 IRM Rate Generator Model on the "2020 electricity distribution rate applications" website. When submitting applicant's responses to the OEB staff interrogatories, Alectra Utilities should use and include the OEB's 2020 IRM Rate Generator models for all rate zones.
- b) The OEB has now approved Hydro One Networks Inc.'s Sub-transmission rates with implementation date July 1, 2019¹ and the final 2019 Uniform Transmission Rates (UTRs) effective July 1, 2019.² The OEB's new 2020 IRM Rate Generator model has been updated to include these new URTs and Hydro One Sub-transmission rates in Tab 12. Alectra Utilities should update the Retail Transmission Service Rates (RTSRs) calculations by completing the OEB's 2020 IRM Rate Generator models for all five rate zones.

G-Staff-2

Continuity Schedule – Account 1580 RSVA - Wholesale Market Service Charge

Ref: Tab 3 of the IRM Models for all rate zones

¹ Interim Rate Order, EB-2017-0049, issued June 6, 2019

² Decision and Rate Order, EB-2019-0164, issued July 25, 2019

As indicated in the Continuity Schedule, when inputting balances in the continuity schedule, Account 1580 RSVA - Wholesale Market Service Charge is to exclude any amounts relating to CBR. The CBR amounts are to be entered separately in the Class A and Class B 1580 sub-accounts.

- a) Please confirm that the balances that Alectra Utilities entered in Account 1580 RSVA - Wholesale Market Service Charge (row 23) for all five rate zones do not include any CBR amounts. If not, please adjust the related entries in the continuity schedule(s).

G-Staff-3

Ref: Exhibit 3, Tab 1, Schedule 8 Settlement Process with the IESO

On February 21, 2019 the OEB issued a letter (the letter), as well as detailed Accounting Guidance, to all rate-regulated licensed electricity distributors, which stated the following:

Today, the OEB is providing an initial set of standardized requirements for regulatory accounting and RPP settlements. For some distributors, the result of implementing this guidance may be that changes will be required to their current processes even though the current processes result in accurate balances.

The letter further stated:

If any distributor is of the view that there may be systemic issues with their RPP settlement and related accounting processes that may give rise to material errors or discrepancies, or if the OEB has identified issues with balances, those distributors are expected to correct those balances before filing for disposition in an annual rate application. Distributors not adjusting balances prior to January 1, 2019 should confirm in their rate application that they have considered the accounting guidance and are of the view that no adjustments are required.

Questions:

- a) Please confirm whether or not Alectra Utilities has incorporated the updated regulatory accounting and RPP settlement guidance into its processes, as of the current date. If so, when did Alectra Utilities make these changes? If not, when does Alectra Utilities expect to make these changes?
- b) If the changes above have already been made, please describe the nature and magnitude of any significant changes required in order for Alectra Utilities to comply with the standardization requirements laid out in the guidance.

- c) Did Alectra Utilities revise any 2018 transactions (or prior years not disposed of on a final basis) within Accounts 1588 or 1589 as a result of implementing the new accounting guidance? If so please itemize a detailed list of the adjustment(s), the reason for the adjustment(s), the dollar impacts, and which cells they are included in within the DVA continuity schedule. If not, please provide confirmation, as indicated in the letter, that Alectra Utilities has considered the accounting guidance and is of the view that no adjustments are required.

G-Staff-4

Ref: Exhibit 2, Tab 1, Schedule 4, Pages 8-11 of 18, Proposed Account: Customer Service Rules-related Lost Revenue Variance Account (“CSRLRVA”)

Alectra Utilities is proposing a variance account for the lost revenue associated with the OEB’s updated customer service rules and associated service charges (final report issued March 14, 2019³).

In the March 14, 2019 report (pages 19-20), the OEB stated:

“A distributor can apply for a deferral account to track the impact of eliminating the two charges relating to nonpayment of accounts with evidence demonstrating that such an account would meet the eligibility requirements set out in the OEB’s *Filing Requirements for Electricity Distribution Rate Applications*.”

Alectra Utilities has combined various aspects of the new customer service rules.

Questions:

- a) Please disaggregate and restate the amounts in Table 18 – Impact of Customer Service Rule Changes, showing the direct lost revenue of each new customer service rule on an individual basis. Specifically, please explain how Alectra Utilities calculated:
- i. the \$2.5 million combined revenue impact for collection of account charges and winter disconnection bans (showing and explaining those items separately)
 - ii. the \$0.3 million combined revenue impact for the minimum payment period for late charges to be levied and the restriction of late payment charges to be applied on arrears payment agreements (showing and explaining those items separately)

³ EB-2017-0183

iii. the \$1.0 million in one-time capital programming costs

- b) Please explain why Alectra Utilities is including items in Table 18 that are unrelated to the two charges referred to by the OEB in its March 19, 2019 report: “the two charges relating to nonpayment of accounts”, namely the Collection of Account Charge and the Charge for Installing or Removing a Load Control Device, as noted in the Rate Order issued on March 14, 2019.
- c) What is Alectra Utilities’ proposed effective date for this variance account? Please explain why the proposed effective date is appropriate.
- d) Please complete the information in the following table for each rate zone. Please only include the charges or costs pertaining to the Collection of Account Charge and the Charge for Installing or Removing a Load Control Device, as noted in the Rate Order issued on March 14, 2019, in any of the rows that refer to “nonpayment of accounts”.

		PRZ	HRZ	BRZ	ERZ	GRZ	Total
A	OEB-Approved Revenue Offsets per last rebasing application						
B	Charges related to nonpayment of accounts included in Revenue Offsets in last rebasing application						
C	Costs related to nonpayment of accounts included in OM&A in last rebasing application						
D	Net revenue offsets related to nonpayment of accounts in last rebasing application: (B – C)						

E	Estimated revenue impact included in Table 18 from nonpayment of accounts						
F	Estimated cost savings from avoiding activities pertaining to nonpayment of accounts						
G	Net estimated financial impact pertaining to nonpayment of accounts: (E - F)						
H	OEB-Approved Distribution Revenue Requirement						
I	Materiality (0.5% x H)						

OEB Staff-5

Ref: Exhibit 2, Tab 1, Schedule 4, Pages 11-13 of 18, Conservation Demand Management Severance Deferral Account (“CDMSDA”)

Alectra Utilities is proposing to establish a deferral account to recover the costs of eliminating its Conservation Demand Management (CDM) programs, following the IESO's issuance of its Notice of Termination of the Energy Conservation Agreement, if the IESO does not approve and fund Alectra Utilities for these related costs.

Questions:

- a) Please update the status of the IESO's review and approval of Alectra Utilities' Wind Down estimate and whether these costs have been recovered (or have been approved to be recovered), as of this date. If the IESO has approved these amounts (in part or in full), please confirm Alectra Utilities intention to withdraw its request for the CDM Severance Deferral Account. If Alectra Utilities is not withdrawing its request for the CDM Severance Deferral Account, please answer the remaining questions.

- b) Please provide a copy of the CDM Wind-Down Resource Plan and Estimate that Alectra submitted to the IESO.
- c) Were the CDM employees contract employees or employees on Alectra Utilities' payroll. Please provide a break out by rate zone of the number of employees on contract and on payroll as well as the severance costs associated with each.
- d) For those CDM employees who were on Alectra's payroll please explain what Alectra Utilities' plans were for those employees once the CDM programs were completed, given that CDM programs were meant to be of a temporary nature.
- e) Please provide a more detailed breakdown of the \$3.2 million included in Alectra Utilities' estimate (eg. number of employees, average severance paid to each, nature and magnitude of non-severance costs incurred by category, etc.).
- f) Were any of Alectra Utilities' CDM programs funded through the base rates? Have the employees involved in the CDM operations that Alectra Utilities are terminating also worked on any business activities not related to CDM programs?
- g) Please discuss how all other costs related to the Conservation First Framework have been collected by Alectra Utilities.
- h) What are Alectra Utilities' proposed effective and termination dates for this variance account? Please explain why the proposed effective date and termination date are appropriate.

G-Staff-6

Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) - Final Verified Results

Ref: Exhibit 5, Attachment 30 LRAMVA Workform HRZ_20190528
Exhibit 5, Attachment 31 LRAMVA Workform BRZ_20190528
Exhibit 5, Attachment 32 LRAMVA Workform PRZ_20190528
Exhibit 5, Attachment 33 LRAMVA Workform ERZ_20190528
Exhibit 5, Attachment 34 2017 Final IESO Results Report Alectra Utilities

The 2017 Final Verified Results Report issued by the IESO did not include verified energy and demand savings for each of Alectra Utilities' rate zones.

Questions:

- a) Please explain how Alectra Utilities' program savings were allocated to the HRZ, ERZ, PRZ and BRZ. In your response, please describe how the approach used in this application compares to the approach used in the past.
- b) Please show the allocation of savings to its four rate zones in response to this interrogatory.

G-Staff-7

LRAMVA - Projected Interest in DVA Continuity Schedule

Ref: Exhibit 5, Attachment 12 IRM Model HRZ_20190528 (Tab 3)
Exhibit 5, Attachment 13 IRM Model BRZ_20190528 (Tab 3)
Exhibit 5, Attachment 14 IRM Model PRZ_20190528 (Tab 3)
Exhibit 5, Attachment 15 IRM Model ERZ_20190528 (Tab 3)

Exhibit 5, Attachment 30 LRAMVA Workform HRZ_20190528 (Tab 6)
Exhibit 5, Attachment 31 LRAMVA Workform BRZ_20190528 (Tab 6)
Exhibit 5, Attachment 32 LRAMVA Workform PRZ_20190528 (Tab 6)
Exhibit 5, Attachment 33 LRAMVA Workform ERZ_20190528 (Tab 6)

Questions:

- a) Please confirm that Alectra Utilities' LRAMVA balances requested for disposition by rate zone have been recorded under "Transactions during 2018" for each of the respective DVA continuity schedules (cell BD46 and cell BI46 of Tab 3).
- b) Please clarify whether the LRAMVA balances recorded under "Transactions during 2018" has included projected interest up to December 31, 2019. If yes, please revise the principal and interest columns in the DVA continuity schedule to ensure there is no double counting of carrying charges in 2019.

G-Staff-8

Alectra Utilities Earnings Sharing Mechanism (ESM)

Ref: Exhibit 2, Tab 1, Schedule 6 – Alectra Utilities ESM

Alectra Utilities proposed ESM be calculated as a weighted average approved return on equity (ROE) starting in 2022, using the most recent approved rate base and ROE amounts for each of the legacy Alectra Utilities rate zones (HRZ, BRZ, ERZ, and PRZ), and share 50% of any over-earnings above 300 basis points with the legacy with these rate zones' ratepayers.

Questions:

- a) Please confirm that since all five rate zones will be consolidated during the ESM term, Alectra Utilities intends to adjust the RRR 2.1.5.6 figures to remove any revenues, costs, and assets (both direct and allocated) attributable to the Guelph RZ, for the purposes of calculating Alectra Utilities' ESM amounts. If not, please explain why not.
- b) Please explain the various elements of the ESM that will require the Guelph RZ's portion of earnings to be allocated and removed, and the allocation methodologies Alectra Utilities will utilize to do that.
- c) During years 8-10 of Alectra Utilities' deferred rebasing period, there will be two concurrent ESMs in place: the one proposed in this application, and the one related to the amalgamation with the former Guelph Hydro.
 - i. Is it Alectra Utilities' intention to allocate all revenues and costs (with the exception of those not normally included for regulatory purposes) that are attributable to the four predecessor rate zones (BRZ, HRZ, ERZ, and PRZ) for the purposes of the ESM proposed in this application, and then allocate the amounts attributable to the GRZ for the ESM related to the Guelph Hydro amalgamation? If not, please explain.
 - ii. Please provide a step-by-step description for what Alectra Utilities' approach will be for calculating amounts for each respective ESM during the years that there is an overlap of the two, including any possible adjustments for merger-related costs and savings (related to either merger), and with which ratepayers these calculated amounts are intended to be disposed to.

Horizon Rate Zone (HRZ)

HRZ-Staff-1

Continuity Schedule – 2018 Balances

Ref: Exhibit 5, Attachment 12 IRM Model for the HRZ, Tab 3

OEB staff reviewed the amounts that Alectra Utilities entered for 2018 in the continuity schedule for HRZ.

Questions:

- a) Alectra Utilities entered a debit principal disposition amount of \$6,070,650 in Account 1595 (2018) which appears to be comprised of two elements: \$6,388,690, pertaining to the sum of total disposition of the total Group 1 accounts and the LRAMVA disposition approved for 2018, and \$318,040. Please provide explanation for the amount of \$318,040 and explain how it was calculated.
- b) Alectra Utilities did not enter any amount in cell BJ39 for the total interest disposition approved for 2018. Please update the continuity or explain why no interest amount should be reported in Account 1595 (2018).

HRZ-Staff-2

GA Allocation to Class A/B Transition Customers

Ref: Exhibit 5, Attachment 12 IRM Model for the HRZ, Tab 6.1a

As noted in the application, Alectra Utilities has computed the per kWh disposition for the HRZ to be \$0.0007/kWh, which is below the pre-set disposition threshold. Alectra Utilities does not request disposition of its Group 1 account balances for the HRZ. In tab 6.1a of the IRM model that Alectra Utilities filed for the HRZ, the customer-specific monthly equal payments have been calculated.

Question:

- a) Please confirm that Alectra Utilities does not request to allocate these GA amounts to the Class A/B transition customers in the HRZ when it does not request disposition of the Group 1 accounts.

HRZ-Staff-3

Ref 1: IRM Rate Generator Model HRZ Tab 3 DVA Continuity Schedule

Ref 2: HRZ - 2018 GA Analysis Workform

Ref 3: EB-2018-0016 Interrogatory Responses

Questions:

- a) A debit amount of \$305,673 in cell BF28 for Account 1588 in the 2018 Principal Adjustments column of the HRZ DVA continuity schedule appears to be comprised of two elements: a credit amount of \$587,573, pertaining to the reversal of Principal Adjustments from 2017, and a debit of \$893,336. Please explain, in detail, what the debit amount of \$893,336 represents and how it was

calculated (Note: Alectra Utilities may refer to the response for interrogatory HRZ-Staff-28-a from EB-2018-0016 for the detail OEB staff is seeking).

- b) A debit amount of \$298,836 in cell BF29 for Account 1589 in the 2018 Principal Adjustments column of the HRZ DVA continuity schedule appears to be comprised of multiple elements: a debit amount of \$836,256, pertaining to the reversal of Principal Adjustments from 2017, and two other adjustments in a credit amount of \$1,956,654 and a debit amount of \$821,562. The credit amount of \$1,956,654 has been identified on the GA Analysis Workform as reconciling item 1b (current year RPP Settlement True-up booked in subsequent year) and the debit amount of \$821,562 has been identified on the GA Analysis Workform as reconciling item 2b (current unbilled to actual revenue differences). Please explain, in detail, how the credit amount of \$1,956,654 was calculated (Note: Alectra Utilities may refer to the response for interrogatory HRZ-Staff-28-b from EB-2018-0016 for the detail OEB staff is seeking).
- c) The adjustment referred to in part b) above for a credit of \$1,956,654 is described by Alectra Utilities in the GA Analysis Workform as “DR \$1,957k relates to current year but recorded in the GL in the following year, therefore, should record the CR in current year”. The adjustment is described as both a debit and credit entry, however, it is recorded as a credit. Please confirm whether this adjustment should be a debit or credit entry. If necessary, please update the GA Analysis Workform and DVA continuity schedule.
- d) The adjustment referred to in part b) above for a debit of \$821,562 is described by Alectra Utilities in the GA Analysis Workform as “CR \$822k relates to current year but recorded in the GL in the following year, therefore, should record the CR in current year”. The adjustment is described as a credit entry, however, it is recorded as a debit adjustment. Please confirm whether this adjustment should be a debit or credit entry. If necessary, please update the GA Analysis Workform and DVA continuity schedule.
- e) Please provide a table similar to the one provided in interrogatory response ERZ-Staff-76-c from EB-2018-0016 to provide the underlying calculation of unbilled revenue difference shown as reconciling item 2b in the HRZ 2018 GA Analysis Workform.

HRZ-Staff-4**Renewable Generation Connection Rate Protection (RGCRP)****Ref 1: Exhibit 3, Tab 1, Schedule 9****Ref 2: Horizon Utilities' 2011 Cost of Service (COS) Application- Draft rate order- Appendix E – GEA Rate Rider Model**

Page 63 of Horizon Utilities' 2011 Decision and Order⁴ states:

The Board finds that the GEA Plan expenditure are within the scope of permitted initiatives in the Board's DSP Filing Requirements, and that the GEA Plan expenditures from 2011-2014 are prudent. The Board approves Horizon's GEA Plan as filed. The Board understands that this approval of Horizon's GEA Plan commits the utility to incur the investments and expenditures and implement the programs.

The above referenced GEA plan as filed in the 2011 proceeding was on page 62 of the 2011 Decision and Order:

GEA plan amounts requested for prudence and recovery

Year	Operating Expenditures	Capital Expenditures
2011	\$530,000	nil
2012	\$640,000	\$156,000
2013	\$640,000	\$192,000
2014	\$590,000	\$1,682,000
Total	\$2,400,000	\$2,030,000

The OEB's finding section of the 2011 Decision and Order further states that:

For costs for 2012 to 2014, Horizon is directed to propose rate riders for each year that would recover the incremental revenue requirement associated with capital expenditures in service in that year and incremental operating expenses in that year. In the draft Rate Order filing, Horizon should document the derivation of the incremental revenue requirement and associated rate riders, clearly showing all assumptions and calculations, including the application of the direct benefit percentages established by the Board for Hydro One Networks Inc. in EB-2009-0096, which Horizon agreed to apply in its reply submission.

⁴ Decision and Order, EB-2011-0131, issued August 3, 2011

As per the GEA rate rider model filed in the draft rate order stage, the associated capital investment each year from 2012 to 2014 is below:

Cost	2011	2012	2013	2014
Renewable Connections Capital - Expansions	0	108,000	96,000	348,000
Renewable Connections Capital - Renewable Enabling Improvements	0	48,000	96,000	84,000
Feeder Automation Projects				1,250,000
TOTAL	0	156,000	192,000	1,682,000

As per the GEA rate rider model in the 2011 COS application, the rate riders associated with the investment each year are summarized as following:

	2012	2013	2014
GEA rate rider	0.0395	0.0403	0.0488
Provincial Rate Protection – Annual	\$8,480	\$25,084	\$52,884
Monthly Amount Paid by the IESO	\$707	\$2,090	\$4,407

Questions:

- a) Please confirm that the \$8,480 (i.e. the monthly payment of \$707) received by Horizon Utilities (or Alectra Utilities for the HRZ) since 2012 to 2018 was related to the specific renewable investment of the forecasted amount of \$156,000 in the 2011 GEA plan that was proposed and approved by the OEB for the year of 2012 only. If confirmed, please explain why Horizon Utilities has continued collecting the provincial payment from the IESO using the 2012 investment in the years of 2013 to 2018.
- b) Please map the annual actual investment incurred by Horizon Utilities to the forecasted investment from 2012 to 2014 in the 2011 Decision and Order, including the nature of the investment and category of the investment (Renewable Connections Capital – Expansions, Renewable Connections Capital - Renewable Enabling Improvements and feeder automation projects). Please provide the analysis in a table and explain the variances.

- c) What was the actual amount of revenue requirement associated with the GEA investments that pertaining to Horizon Utilities' own customers? After Horizon Utilities collected the GEA funding from its own customers through the GEA rate riders in 2012, 2013 and 2014, did Horizon Utilities true up the variance between the amount collected from its customers and the revenue requirement based on actual amounts spent? If yes, please provide the calculations of the true-up and explain how this amount was disposed to customers. If the true up has not been performed please explain why it has not, and provide updated revenue requirement calculations based on actual amounts spent, the true up amount, and a proposal for disposition of the true up amount.

HRZ-Staff-5

Renewable Generation Connection Rate Protection (RGCRP)

Ref 1: Exhibit 3, Tab 1, Schedule 9

Ref 2: Exhibit 5, Attachment 25

In a letter dated December 20, 2018, Alectra Utilities requested that the IESO renewable generation payments of \$707 per month cease as of December 31, 2018. Alectra Utilities confirmed that Horizon Utilities did incur the expenditures for the renewable generation investments. However, Horizon Utilities included 100% of the net book value of the renewable eligible investments in the rate base of Horizon Utilities' 2015 Custom IR application despite the fact that the investments were still subject to RGCRP treatment. As a result, the recovery of the IESO provincial payments was collected twice. Horizon Utilities refunded the over recovery to its customers through the recording of the payment amounts in Account 1588 RSVA Power and the subsequent disposition of the account. In Exhibit 3, Tab 1, Schedule 9 of this application, Alectra Utilities stated that "Horizon Utilities recorded the over recovery in Account 1532 Renewable Generation Connection Funding Adder Deferral Account".

In this application, Alectra Utilities states that "Alectra Utilities is requesting to refund renewable generation funding of \$9,726 as a one-time payment in 2020 to the IESO". OEB staff notes that the proposed refund of \$9,726 appears to be calculated as:

Total RGCRP amount received from the IESO from 2012 to 2018 – the RGCRP amount calculated based on the actual investment from 2012 to 2014 = \$8,480/year x 7 years – \$49,633

Accounting Guidance issued in March 2015 for the Accounting Procedures Handbook, Q & A 10 states that:

On an annual basis, revenue requirement is calculated based on actual spending. A year-end annual entry is required to be recorded for the net difference between the calculated revenue requirement and the payment amounts collected by the distributor from the IESO. The amount posted to Account 1533, Sub-account Provincial Rate Protection Payment Variances would be a debit if the calculated revenue requirement exceeds the payment amounts collected by the distributor, and a credit if the calculated revenue requirement is less than the payment amounts collected by the distributor. The offsetting entry to Account 1533, Sub-account Provincial Rate Protection Payment Variances should be to the sub-account of Account 4080, referenced in paragraph E.

Questions:

- a) Please clarify which account (Account 1588 or Account 1532) did Horizon Utilities use to record the over recovery?
- b) Please confirm the total dollar amount of the over recovery that has been recorded in the account is comprised of the RGCRP payments received from the IESO from 2015 to 2018 of \$33,921 (\$8,480/per year x 4 years). If not confirmed, please explain.
- c) Has the recorded amount been disposed and refunded to Horizon Utilities' customers? If so, please provide the relevant decision and order in which the account was approved for disposition.

HRZ-Staff-6

LRAMVA Threshold

Ref 1: EB-2014-0002, Exhibit 3, Tab 1, Schedule 2, pp. 10-12 of 33 (Table 3-6 and Table 3-7; Table 3-8)

Ref 2: Exhibit 5, Attachment 30 LRAMVA Workform HRZ_20190528 (Tab 2)

Actual conservation savings achieved in the HRZ were compared against incremental CDM savings forecasted in 2017. Based on an analysis of residential sales data from the 2015 Custom IR application, it appears that the difference between the residential load (adjusted and unadjusted for CDM) is the cumulative CDM impact on the 2017 residential load forecast. On this basis, it questions whether the use of incremental CDM impacts in the LRAMVA threshold is correct.

Residential Load in 2017

Residential load (only)	Unadjusted for CDM (kWh)	Adjusted for CDM (kWh)	CDM Impact (staff calculated)	Incremental CDM savings
	a	b	c = b-a	d
2017 test year	1,627,702,719	1,608,117,860	19,584,859	3,027,867
Source	EB-2014-0002, Exhibit 3, Tab 1, Schedule 2 (Table 3-8)			EB-2014-0002, Exhibit 3, Tab 1, Schedule 2 (Table 3-6)

Questions:

- a) Please provide the total net load forecast in 2017, and rate class breakdown of the load, unadjusted and adjusted by CDM.
- b) Please indicate how the HRZ adjusted its 2017 load forecast to account for CDM. In your response, please indicate whether the 2017 load forecast was adjusted by cumulative or incremental CDM savings.
- c) If the 2017 load forecast was adjusted by incremental CDM savings, please confirm the actual level of savings persistence assumed in the base load forecast and the amount(s) of forecast savings included in the CDM manual adjustment in 2017.
- d) Please explain the basis for using incremental CDM savings in 2017 (19,129,390 kWh) as the LRAMVA threshold rather than cumulative CDM savings in 2017 (86,010,641 kWh).
- e) Please confirm whether there was explicit approval of an LRAMVA threshold to be used in 2017. If yes, please provide the reference.
- f) If an LRAMVA threshold of 86,010,641 kWh were to be used, please provide the rate class allocation of this LRAMVA threshold. Please file another version of the workform using this threshold to confirm the LRAMVA balance.

HRZ-Staff-7

LRAMVA - lost revenues from street lighting

Ref 1: Exhibit 3, Tab 1, Schedule 10, p. 3 of 15 (paras. 22-23)

Ref 2: Exhibit 5, Attachment 30 LRAMVA Workform HRZ_20190528 (Tab 5)

Ref 3: EB-2018-0016, Responses to Supplementary IRs, October 24, 2018 (Tables 3 and 4)

Alectra Utilities stated that it has provided additional data in Tab 8. Street Lighting of the LRAMVA model, where applicable, in support of the Street Lighting project savings. Based on OEB staff's review, Tab 8 of Attachment 30 was not completed. Instead, the demand savings for street light upgrades of 27,473 kW were hard-coded in Tab 5 (cell AD 567).

Questions:

- a) Please explain whether 27,473 kW of street light demand savings represents projects in the City of Hamilton and City of St. Catharines, and what this includes. For example:
 - year of persisting demand savings or new savings
 - data on number of bulbs, type of bulbs replaced or retrofitted and average demand per bulb (pre and post upgrade)
 - confirmation that savings from new additions has been removed. If not, please discuss.
- b) Please update the LRAMVA workform to include Tab 8 from Version 4 posted on July 15, 2019 for 2020 COS applications.
- c) Please confirm that all LED and non-LED street light upgrades, if any, represent incremental savings attributable to the municipality's participation in the IESO's CDM program.
 - i. If there are savings that are not incented through the IESO's CDM program, please identify these savings and remove them from the LRAMVA calculations. If they are included, please explain.
 - ii. If there are changes to 27,473 kW of street light savings originally claimed, please indicate what has been removed.
- d) Please confirm whether the distributor received reports from the participating municipalities that validate the number and type of bulbs replaced or retrofitted through the IESO's CDM program. If so, please provide copy of reports.

HRZ-Staff-8**LRAMVA - Updates to LRAMVA workform****Ref: Exhibit 5, Attachment 30 LRAMVA WorkForm HRZ_20190528**

Questions:

- a) Please confirm that the Tab 8 is populated in the LRAMVA workform(s) for the HRZ.
- b) If Alectra Utilities made any changes any of its rate class LRAMVA workform(s) as a result of its responses to the interrogatories, please file the updated LRAMVA workform(s), the revised balance requested for disposition, and a table summarizing the revised rate riders.
- c) Please confirm any changes to the LRAMVA workform in response to these interrogatories in "Table A-2. Updates to LRAMVA Disposition (Tab 2)".

Brampton Rate Zone (BRZ)**BRZ-Staff-1****Account 1595 Analysis Workform****Ref 1: Account 1595 Analysis Workform for the BRZ****Ref 2: Decision and Rate Order for Hydro One Brampton Networks' 2017 Rates⁵**

In the Account 1595 Analysis Workform for BRZ, Alectra Utilities entered a credit amount of \$12,595,272 for the principal disposition approved and a credit amount of \$174,226 for the interest disposition approved for the total Group 1 accounts excluding GA for the 2017 rate year. However, according to the Decision and Rate Order for Hydro One Brampton Networks' 2017 rates, the two disposition amounts noted above should be a credit of \$13,474,291 and a credit of \$197,498.

Question:

- a) Please provide explanation for the discrepancies noted or update the Account 1595 Analysis Workform for the BRZ if necessary.

⁵ Decision and Rate Order, EB-2016-0080, issued December 8, 2016

BRZ-Staff-2**Continuity Schedule – 2018 Principal Transaction in Account 1595 (2017)****Ref 1: Exhibit 5, Attachment 13 IRM Model for the BRZ, Tab 3****Ref 2: Decision and Rate Order for Hydro One Brampton Networks' 2017 Rates**

In the continuity schedule, Alectra Utilities entered a debit principal transaction amount of \$726,060 in Account 1595 (2017) in the year of 2018. According to the Decision and Rate Order for Hydro One Brampton Networks' 2017 rates, the DVA and GA rate riders approved for 2017 expired on December 31, 2017.

Question:

- a) Please review and confirm the principal transaction amount, and update the continuity schedule if necessary. If the transaction amount of \$726,060 is confirmed, please provide explanation for the amount and explain how it was calculated.

BRZ-Staff-3**GA Allocation to Class A/B Transition Customers****Ref: Exhibit 5, Attachment 13 IRM Model for the BRZ, Tab 6.1a**

As noted in the application, Alectra Utilities has computed the per kWh disposition for the BRZ to be a credit of \$0.0005/kWh, which is below the pre-set disposition threshold. Alectra Utilities does not request disposition of its Group 1 account balances for the BRZ. In tab 6.1a of the IRM model that Alectra Utilities filed for the BRZ, the customer-specific monthly equal payments have been calculated.

Question:

- a) Please confirm that Alectra Utilities does not request to allocate these GA amounts to the Class A/B transition customers in the BRZ when it does not request disposition of the Group 1 accounts.

BRZ-Staff-4**Ref 1: IRM Model BRZ Tab 3 DVA Continuity Schedule****Ref 2: BRZ - 2018 GA Analysis Workform**

Questions:

- a) A credit amount of \$305,523 in cell BF28 for Account 1588 in the 2018 Principal Adjustments column of the BRZ DVA continuity schedule appears to be comprised of two elements: a credit amount of \$179,597, pertaining to the reversal of Principal Adjustments from 2017, and a credit amount of \$125,925. Please explain, in detail, what the credit amount of \$125,925 represents and how it was calculated (Note: Alectra Utilities may refer to the response for interrogatory BRZ-Staff-41-a from EB-2018-0016 for the detail OEB staff is seeking).
- b) A credit amount of \$565,874 in cell BF29 for Account 1589 in the 2018 Principal Adjustments column of the BRZ DVA Continuity Schedule appears to be comprised of multiple elements: a credit amount of \$593,356, pertaining to the reversal of Principal Adjustments from 2017 and a debit of \$27,482. The debit amount of \$27,482 has been identified on the GA Analysis Workform as reconciling item 1b (current year RPP Settlement True-up booked in subsequent year). Please explain, in detail, how the debit amount of \$27,482 was calculated (Note: Alectra Utilities may refer to the response for interrogatory BRZ-Staff-41-b from EB-2018-0016 for the detail OEB staff is seeking).
- c) The adjustment referred to in part b) above for a debit amount of \$27,482 is described by Alectra Utilities in the GA Analysis Workform as “CR \$27k relates to current year but recorded in the GL in the following year, therefore, should record the CR in current year”. The adjustment is described as a credit, however, it is recorded as a debit adjustment. Please confirm whether this adjustment should be a debit or credit entry. If necessary, please update the GA Analysis Workform and DVA continuity schedule.

BRZ-Staff-5

LRAMVA - Threshold

Ref 1: EB-2014-0083, Exhibit 3, Tab 1, Schedule 2, p. 5 of 9 (Table 29)

Ref 2: Exhibit 5, Attachment 31 LRAMVA Workform BRZ_20190528 (Tab 2)

In the 2015 COS proceeding, Hydro One Brampton applied a CDM manual adjustment of 53,726,380 kWh to the 2015 load forecast. This is used as the LRAMVA threshold in the current lost revenue application. However, based on Exhibit 3 of Hydro One Brampton’s 2015 COS application, it appears that the approved LRAMVA threshold was 103,285,799 kWh. The manual adjustment applied to the 2015 load forecast is captured below, with staff calculations noted in parenthesis.

LRAMVA Threshold

Year	2011-2015 LRAMVA threshold	2013-2015 LRAMVA Threshold (staff calculated)	CDM weights	Loss factor adjustment	CDM adjustment
	a	b	c	d	$e = b * c * d$
2011	13,779,046				
2012	15,155,598				
2013	29,558,293	29,558,293	0.5	1.0341	15,283,115
2014	29,558,293	29,558,293	1	1.0341	30,566,231
2015	15,234,570	15,234,570	0.5	1.0341	7,877,034
Total	103,285,800	74,351,156			53,726,381

Questions:

- Please confirm whether there was explicit approval of an LRAMVA threshold to be used in 2017. If yes, please provide the reference.
- Please provide the rationale for using a CDM manual adjustment of 53,726,380 kWh as the LRAMVA threshold.
- If an LRAMVA threshold of 74,351,156 kWh were to be used, please provide the rate class allocation of this LRAMVA threshold. Please file another version of the workform using this threshold to confirm the LRAMVA balance.

BRZ-Staff-6

LRAMVA - Updates to LRAMVA workform

Ref: Exhibit 5, Attachment 31 LRAMVA Workform BRZ_20190528

Questions:

- Please confirm that the Tab 8 is populated in the LRAMVA workform(s) for the BRZ.

- b) If Alectra Utilities made any changes to any of its rate class LRAMVA workform(s) as a result of its responses to the interrogatories, please file the updated LRAMVA workform(s), the revised balance requested for disposition, and a table summarizing the revised rate riders.
- c) Please confirm any changes to the LRAMVA workform in response to these interrogatories in "Table A-2. Updates to LRAMVA Disposition (Tab 2)".

BRZ-Staff-7

RGCRP

Ref 1: Exhibit 3, Tab 1, Schedule 9, Page 2

Ref 2: Exhibit 5, Attachment 26_BRZ excel file

Alectra Utilities notes that the Hydro One Brampton's 2015 COS application approved the RGCRP amounts related to the renewable enabling improvement investments and renewable expansion investments from 2015 to 2019.

Alectra Utilities states that "Alectra Utilities is requesting to collect renewable generation funding of \$83,484 in 2020 or \$6,957 per month from all provincial ratepayers, as identified in Attachment 26 for the Brampton RZ".

OEB staff confirmed the Appendix FA from the Attachment 26 that Alectra Utilities did not include any new investment in 2020 for the renewable energy. OEB staff notes from the Appendix FB and Appendix-FC that Alectra Utilities did not include the amortization and CCA in calculating the 2020 provincial payment amounts for both renewable generation connection and renewable generation expansion investments.

Questions:

- a) Please confirm whether or not OEB staff's observation above is correct.
 - i) If confirmed, please explain the reasons of doing so.
 - ii) Please update the Appendix 2-FB and Appendix 2-FC if necessary.

PowerStream Rate Zone (PRZ)

PRZ-Staff-1

RTSRs – Historical Wholesale - 2018 Billing Data

Ref: Exhibit 5, Attachment 14 IRM Model for the PRZ, Tab 13

In the Hydro One Sub-transmission table on Tab 13 of the IRM model, the line connection rate (column I) and transformation connection rate (column M) are calculated based on the “Units Billed” and “Amount” data that Alectra Utilities entered in the table. The line connection rate and transformation connection rate do not match the Hydro One Sub-transmission rates approved for 2018.

Question:

- a) Please double check the billing data entered in "Units Billed" and "Amount" columns. If data has been entered correctly, please provide explanation for the discrepancy in rates. Alternatively, if data has not been entered correctly, please update the rate generator model accordingly.

PRZ-Staff-2

Ref: PRZ - 2018 GA Analysis Workform

Ref: PRZ – 2017 GA Analysis Workform (EB-2018-0016)

The calculated loss factor for the PRZ in the 2018 GA Analysis Workform (Cell F59/Cell D26) is approximately 1.061. The calculated loss factor from the 2017 GA Analysis Workform for PRZ, filed on September 17, 2018 in EB-2018-0016, is approximately 1.036. Alectra Utilities' PRZ OEB-approved total loss factor is 1.0369 (for secondary metered customers < 5,000 kW, which should constitute the majority of the GA consumption billed).

Questions:

- a) Please explain why the 2018 GA Analysis Workform shows such a significant increase in calculated system losses.
- d) Please review the consumption data in Note 2 of the 2018 GA Analysis Workform, as well as the consumption data in Note 4, and confirm no adjustments are required. Alternatively, if there is an error in the consumption data that is producing a significantly large calculated loss factor, please update the Workform accordingly.

PRZ-Staff-3**Ref 1: PRZ - 2018 GA Analysis Workform****Ref 2: PRZ – 2017 GA Analysis Workform (EB-2018-0016)****Ref 3: PRZ – EB-2018-0016 IRR PRZ-Staff-50-e**

The 2017 GA Analysis Workform from EB-2018-0016 included the following items:

1. The requirement to separate interval versus non-interval metered billings in order to address the fact that customers in the same class were billed different GA rates.
2. No amounts were included in reconciling items 1a and 1b to account for timing differences in RPP settlement.

In addition, in response to an Interrogatory Question PRZ-Staff-50-e from EB-2018-0016, Alectra Utilities stated:

“Alectra Utilities does not record the GA cost related to Class B RPP customers in the GA accounts, therefore, there is no RPP true-up adjustments”

Questions:

- a) Please explain why the 2018 GA Analysis Workform does not require the same separation of interval and non-interval metered consumption as in 2017.
- b) Please explain why the 2018 GA Analysis Workform includes a reconciling item 1b to account for RPP Settlement true-ups booked in subsequent years, when the PRZ did not require these adjusting entries in the prior year?
- c) In general, what are the key changes between 2017 and 2018 with respect to the GA billing and the RPP Settlement processes in the PRZ?

PRZ-Staff-4**Ref 1: IRM Rate Generator Model PRZ Tab 3 DVA Continuity Schedule****Ref 2: PRZ - 2018 GA Analysis Workform**

Questions:

- a) A debit amount of \$6,867,808 in cell BF28 for Account 1588 in the 2018 Principal Adjustments column of the PRZ DVA Continuity Schedule appears to be comprised of multiple elements. The following formula is used in the cell:

$$=3601754+(-483297.47+256530.1)*-1+2785676.44+2558610.15$$

OEB staff identifies the debit amount of \$3,601,754 as the reversal of Principal Adjustments from 2017. Please explain, in detail, what the other items represent and how they were calculated (Note: Alectra Utilities may refer to the response for interrogatory PRZ-Staff-50-a from EB-2018-0016 for the detail OEB staff is seeking).

- b) A credit amount of \$6,832,602 in cell BF29 for Account 1589 in the 2018 Principal Adjustments column of the PRZ DVA continuity schedule appears to be comprised of multiple elements. The following formula is used in the cell:

$$=-4539888.2 + 3051572.72 - 2785676.44 - 2558610.15$$

OEB staff identifies the credit amount of \$4,539,888 as the reversal of Principal Adjustments from 2017. The debit amount of \$3,051,573 has been identified on the GA Analysis Workform as reconciling item 2b (current year end unbilled to actual revenue differences). The other two credit figures \$2,785,676 and \$2,558,610 appear to sum to reconciling item 1b in the credit amount of \$5,344,287 (current year RPP Settlement True-up booked in subsequent year). Please explain, in detail, how the credit amount of \$5,344,287 was calculated (Note: Alectra Utilities may refer to the response for interrogatories HRZ-Staff-28-b and BRZ-Staff-41-b from EB-2018-0016 for the detail OEB staff is seeking).

- c) The adjustment referred to in part b) above for a credit amount of \$5,344,287 is described by Alectra Utilities in the GA Analysis Workform as "DR 5,344k over accrual relates to current year but recorded in the GL in the following year, therefore, should record the CR in current year". The adjustment is described as both a debit and credit entry, however, it is recorded as a credit adjustment. Please confirm whether this adjustment should be a debit or credit entry. If necessary, please update the GA Analysis Workform and DVA continuity schedule.
- d) The adjustment referred to in part b) above for a debit amount of \$3,051,573 is described by Alectra Utilities in the GA Analysis Workform as "CR \$3,052k over accrual relates to current year but recorded in the GL in the following year, therefore, should record the CR in current year". The adjustment is described as a credit entry, however, it is recorded as a debit adjustment. Please confirm whether this adjustment should be a debit or credit entry. If necessary, please update the GA Analysis Workform and DVA continuity schedule.

- e) Please provide a table similar to the one provided in interrogatory response ERZ-Staff-76-c to provide the underlying calculation of unbilled revenue difference shown as reconciling item 2b in the PRZ 2018 GA Analysis Workform.

PRZ-Staff-5

LRAMVA - Threshold

Ref 1: Exhibit 3, Tab 1, Schedule 10, pp. 10-11 (Table 100)

Ref 2: Exhibit 5, Attachment 32 LRAMVA WorkForm PRZ_20190528 (Tab 2)

Ref 3: EB-2015-0003, IRR, Section B, Tab 3, Schedule 7, III-VECC-25 a) and c), pp. 20 and 21 of 27

Ref 4: EB-2015-0003, Supplementary, Exhibit H, Tab 2, p. 2 of 4 (Appendix 2-I, Table 23)

Ref 5: EB-2015-0003, Rate Proposal, Exhibit H, Tab 1, p. 13 of 15 (Table 14)

In Exhibit H, Appendix 2-I of Powerstream's 2016-2020 Custom IR application, it appears that a CDM adjustment of 157,709,956 kWh was embedded in the 2017 load forecast. The allocation of 157,709,956 kWh to the rate classes was further provided in Powerstream's response to III-VECC-25 a) of the Custom IR proceeding. However, the rate class allocation of the LRAMVA threshold is not consistent with the rate class allocation used in Tab 2 of the LRAMVA workform.

LRAMVA Threshold in 2017

LRAMVA Threshold Reference	Residential	GS<50 kW	GS>50 kW
EB-2015-0003, response to III-VECC-25 a)	32,226,368 kWh	26,548,154 kWh	98,935,434 kWh
Tab 2 of LRAMVA workform (also Table 100 of application)	48,703,932 kWh	32,279,911 kWh	321,969 kW

Questions:

- a) Please provide the precise reference for the rate class allocation of the LRAMVA threshold included in Tab 2 of the LRAMVA workform.
- b) Please confirm whether there was explicit approval of an LRAMVA threshold to be used in 2017. If yes, please provide the reference.

- c) Please explain the discrepancy in the rate class allocation of the LRAMVA thresholds referenced in: i) Tab 2 of the LRAMVA workform; and, ii) in response to III-VECC-25 a) from the 2016-2020 Custom IR application. Why is a revised LRAMVA threshold used, and how was it determined?
- d) Powerstream noted in response to III-VECC-25 c) from the 2016-2020 proceeding that an adjustment for street light savings was not required in the CDM manual adjustment. Please clarify whether 2017 base rates had implicitly included an adjustment for forecasted LED conversions. If not, how were LED adjustments to the 2017 load forecast accounted for?
- e) Based on your response to d) above, please explain whether the LRAMVA for the street light class (a debit balance of \$220,663) reflects a true-up between actual and forecast savings.

It appears that the 2017 load forecast was reduced by LED adjustments (in 2016-2020 CIR application, Rate Proposal, Exhibit H, Tab 1, Table 14). However, there are no forecasted savings from the street light class in the LRAMVA threshold to calculate a variance between forecast and actual savings.

PRZ-Staff-6

LRAMVA - lost revenues from street lighting

Ref 1: Exhibit 3, Tab 1, Schedule 10, p. 3 of 15 (paras. 22-23)

Ref 2: EB-2018-0016, PRZ-Staff-69_Attachment 1_LRAMVA Workform PRZ (Tab 8)

Ref 3: Exhibit 5, Attachment 32 LRAMVA Workform PRZ_20190528

Alectra Utilities stated that it has provided additional data in Tab 8. Street Lighting of the LRAMVA model, where applicable, in support of the Street Lighting project savings. Based on OEB staff's review, Tab 8 of Attachment 32 was not completed. Instead, the demand savings for street light upgrades of 34,903 kW were hard-coded in Tab 5 (cell AE 573).

Questions:

- a) Please explain whether 34,903 kW of street light demand savings for projects in the municipality are claimed, and what this includes.

For example:

- year of persisting demand savings or new savings
- data on number of bulbs, type of bulbs replaced or retrofitted and average demand per bulb (pre and post upgrade)

- confirmation that savings from new additions has been removed. If not, please discuss.
- b) Please update the LRAMVA workform to include Tab 8 from Version 4 posted on July 15, 2019 for 2020 COS applications.
 - c) Please confirm that all LED street light upgrades represent incremental savings attributable to the municipality's participation in the IESO's CDM program.
 - i. If there are savings that are not incented through the IESO's CDM program, please identify these savings and remove them from the LRAMVA calculations. If they are included, please explain.
 - ii. If there are changes to 34,903 kW of street light savings originally claimed, please indicate what has been removed.
 - d) Please confirm whether the distributor received reports from the participating municipality that validate the number and type of bulbs replaced or retrofitted through the IESO's CDM program. If so, please provide copies of reports.

PRZ-Staff-7

Updates to LRAMVA workform

Ref: Exhibit 5, Attachment 32 LRAMVA Workform PRZ_20190528

Questions:

- a) Please confirm that the Tab 8 is populated in the LRAMVA workform(s) for the PRZ.
- b) If Alectra Utilities made any changes any of its rate class LRAMVA workform(s) as a result of its responses to the interrogatories, please file the updated LRAMVA workform(s), the revised balance requested for disposition, and a table summarizing the revised rate riders.
- c) Please confirm any changes to the LRAMVA workform in response to these interrogatories in "Table A-2. Updates to LRAMVA Disposition (Tab 2)".

PRZ-Staff-8

RGCRP

Ref: Exhibit 3, Tab 1, Schedule 9, Pages 2 to 3

Ref: Exhibit 5, Attachment 27_PRZ Excel

On page 2 of the RGCRP evidence, Alectra Utilities states that "Alectra Utilities is requesting to collect renewable generation funding of \$256,814 in 2020 or \$21,401 per

month from all provincial ratepayers for the PowerStream RZ, as identified in Attachment 27”.

Table 88, on page 3 of the RGCRP evidence, and the Attachment 27 both have the annual payment amount of \$256,894 for 2020.

- a) Please confirm the \$256,814 is a typo and update the evidence accordingly.

Enersource Rate Zone (ERZ)

ERZ-Staff-1

Ref 1: ERZ - 2018 GA Analysis Workform

Ref 2: ERZ – 2017 GA Analysis Workform (EB-2018-0016)

The calculated loss factor for the ERZ in the 2018 GA Analysis Workform (Cell F59/Cell D26) is approximately 1.0642. The calculated loss factor from the 2017 GA Analysis Workform for ERZ, filed on September 17, 2018 in EB-2018-0016, is approximately 1.0246. Alectra Utilities’ ERZ OEB-approved total loss factor is 1.0360 (for secondary metered customers < 5,000 kW, which should constitute the majority of the GA consumption billed).

Questions:

- a) Please explain why the 2018 GA Analysis Workform shows such a significant increase in calculated system losses.
- b) Please review the consumption data in Note 2 of the 2018 GA Analysis Workform, as well as the consumption data in Note 4, and confirm no adjustments are required. Alternatively, if there is an error in the consumption data that is producing a significantly large calculated loss factor, please update the Workform accordingly.

ERZ-Staff-2

Ref 1: IRM Rate Generator Model ERZ Tab 3 DVA Continuity Schedule

Ref 2: ERZ - 2018 GA Analysis Workform

Questions:

- a) The amounts entered in cell BF28 for Account 1588 in the 2018 Principal Adjustments column of the ERZ DVA Continuity Schedule should be comprised

of multiple elements: a credit amount of \$1,501,743, pertaining to the reversal of Principal Adjustments from 2017, as well as any other entries to adjust the 2018 closing balances. Alectra has reported a single credit figure of \$370,191. Please explain, in detail, what the credit amount of \$370,191 represents and how it was calculated by separating the amounts pertaining to reversals from 2016 adjustments and providing supporting calculations for all other adjustments (Note: Alectra Utilities may refer to the response for interrogatory ERZ-Staff-76-a from EB-2018-0016 for the detail OEB staff is seeking).

- b) A credit amount of \$538,732 in cell BF29 for Account 1589 in the 2018 Principal Adjustments column of the ERZ DVA Continuity Schedule appears to be comprised of the sum of the reconciling items in the 2018 GA Analysis Workform. Included in those adjustments is reconciling item 1b (current year RPP settlement booked in subsequent year) for a credit amount of \$2,980,120, and reconciling item 2b (current year end unbilled to actual revenue differences) for a debit amount of \$4,485,658. Please explain, in detail, how these figures were calculated (Note: Alectra Utilities may refer to the response for interrogatory ERZ-Staff-76-b and ERZ-Staff-76-c from EB-2018-0016 for the detail OEB staff is seeking).
- c) The adjustment referred to in part b) above for a debit of \$4,485,658 is described by Alectra Utilities in the GA Analysis Workform as “CR 4,486k over accrual relates to current year but recorded in the GL in the following year, therefore, should record the CR in current year”. The adjustment is referred to as a credit in the description, however, it is recorded as a debit adjustment. Please confirm whether this adjustment should be a debit or credit entry. If necessary, please update the GA Analysis Workform and DVA continuity schedule.
- d) Please provide a table similar to the one provided in interrogatory response ERZ-Staff-76-c to provide the underlying calculation of the unbilled revenue difference shown as reconciling item 2b in the ERZ 2018 GA Analysis Workform.

ERZ-Staff-3

Ref 1: IRM Rate Generator Model ERZ Tab 3 DVA Continuity Schedule

Ref 2: ERZ - 2018 GA Analysis Workform

Ref 3: EB-2018-0016 Interrogatory Response ERZ-Staff-76

In response to Interrogatory ERZ-Staff-76 part c), Alectra Utilities provided a table, Table 8 – Unbilled Reconciliation. OEB Staff notes that this table shows that Alectra Utilities under-accrued GA billings, when compared to actual consumption, for the year-

end 2017. Alectra Utilities recorded a debit adjustment in the 2017 GA Analysis Workform and in the 2017 DVA continuity schedule for a debit amount of \$980,410.

Questions:

- a) Please confirm that revenue was under-accrued in 2017, based on Table 8 in the response to ERZ-Staff-76-c from EB-2018-0016. If this is not the case, please explain.
- b) If part a) is confirmed, please also confirm that to adjust for under-accrued revenue, the 2017 entry should have been a credit of \$980,410 (to account for the fact that some of the unbilled revenue from 2017 was actually recorded in 2018). If this is not the case, please explain.
- c) If the question in part b) is confirmed, please revise the GA Analysis Workform for 2018 and present item 2a) as a debit (please note that OEB staff is not advising to adjust the amounts in the continuity schedule, as the incorrect debit adjustment in 2017 should still be offset by a credit entry in 2018. However, the GA Analysis Workform should be revised to show the actual unresolved differences in Note 6).
- d) Please explain if this type of error is applicable to the calculated unbilled revenue difference in item 2a (prior year unbilled revenue difference) of the 2018 GA Analysis Workforms for any of the other Alectra Utilities rate zones. If so, please adjust items 2a in the other rate zones' 2018 GA Analysis Workforms (for 2017 unbilled revenue errors, if any, please only adjust item 2a in the GA Analysis Workforms, and not in the DVA continuity schedules).
- e) Please explain if this type of error is applicable to the calculated unbilled revenue difference in item 2b (current year unbilled revenue difference) of the 2018 GA Analysis Workforms for any of the other Alectra Utilities rate zones. If the 2018 unbilled revenue principal adjustments and GA Analysis Workforms have been affected by a similar error, please adjust the GA Analysis Workforms and the 2018 principal adjustments, accordingly.

ERZ-Staff-4

LRAMVA - lost revenues from street lighting

Ref 1: Exhibit 3, Tab 1, Schedule 10, p. 3 of 15 (paras. 22-23)

Ref 2: Exhibit 5, Attachment 33 LRAMVA Workform ERZ_20190528

Ref 3: EB-2018-0016, Responses to Supplementary IRs, October 24, 2018 (Table 1)

Alectra Utilities stated that it has provided additional data in Tab 8. Street Lighting of the LRAMVA model, where applicable, in support of the Street Lighting project savings. Based on OEB staff's review, Tab 8 of Attachment 33 was not completed. Instead, the demand savings for street light upgrades of 50,064 kW were hard-coded in Tab 5 (cell AD 567).

Questions:

- a) Please explain whether 50,064 kW of street light demand savings for projects in the City of Mississauga are claimed, and what this includes.

For example:

- year of persisting demand savings or new savings
 - data on number of bulbs, type of bulbs replaced or retrofitted and average demand per bulb (pre and post upgrade)
 - confirmation that savings from new additions has been removed. If not, please discuss.
- b) Please update the LRAMVA workform to include Tab 8 from Version 4 posted on July 15, 2019 for 2020 COS applications.
- c) Please confirm that the LED and non-LED street light upgrades, if any, represent incremental savings attributable to the municipality's participation in the IESO's CDM program.
- i. If there are savings that are not incented through the IESO's CDM program, please identify these savings and remove them from the LRAMVA calculations. If they are included, please explain.
 - ii. If there are changes to 50,064 kW of street light savings originally claimed, please indicate what has been removed.
- d) Please confirm whether the distributor received reports from the participating municipality that validate the number and type of bulbs replaced or retrofitted through the IESO's CDM program. If so, please provide reports.

ERZ-Staff-5

LRAMVA - Updates to LRAMVA workform

Ref: Exhibit 5, Attachment 33 LRAMVA Workform ERZ_20190528

Questions:

- a) Please confirm that the Tab 8 is populated in the LRAMVA workform(s) re-filed for the ERZ.

- b) If Alectra Utilities made any changes any of its rate class LRAMVA workform(s) as a result of its responses to the interrogatories, please file the updated LRAMVA workform(s), the revised balance requested for disposition, and a table summarizing the revised rate riders.
- c) Please confirm any changes to the LRAMVA workform in response to these interrogatories in "Table A-2. Updates to LRAMVA Disposition (Tab 2)".

ERZ-Staff-6

Ref: Exhibit 3, Tab 1, Schedule 9, Page 3

Ref: Exhibit 5, Attachment 28_ERZ Excel

Alectra Utilities states that "Enersource filed a basic Green Energy Plan (the "GEA plan") which was approved by the Board in Enersource's 2013 cost of service application proceeding (EB-2012-0003)..... Alectra Utilities is requesting the collection of renewable generation funding for the Enersource RZ of \$160,560 or \$13,380 per month from all provincial ratepayers, as shown in Attachment 28. Attachment 28 includes actuals up to 2018, and estimates for 2019 and 2020 Renewable Generation Connection funding amounts".

OEB staff notes from the Attachment 28 that the proposed \$160,560 provincial rate payment is calculated as:

2020 forecasted RGCRP amount based on prior years investments + the True up variance for the years of 2010 to 2019

The true-up variance for the years of 2010 to 2019 is calculated as:

the RGCRP amounts calculated based on the actual renewable investments in the years of 2010 to 2018 + the updated estimated RGCRP amount in 2019 at the filing of the application – the approved RGCRP amount in the 2019 Price Cap application

Accounting Guidance issued in March 2015 for the Accounting Procedures Handbook, Q & A 10 states that

Distributors that have included eligible investments to connect qualifying facilities in their DS plans are to establish the variance Account 1533 Renewable Generation Connection Funding Adder Deferral Account, Sub-account Provincial Rate Protection Payment Variances following OEB approval for investments forecast to enter service beyond the test year for purposes of implementing rate

protection pursuant to O.Reg. 330/09. The purpose of this variance account is to track the variance between the distributor's revenue requirement associated with the portion of the actual capital and/or operating costs that are eligible for rate protection, as incurred by the distributor for eligible renewable enabling and expansion investments, and the rate protection payments collected from the IESO.

Questions:

- a) Please confirm that the column Y in the first tab of the Attachment 28 represent a total of the approved RGCRP amounts in the years of 2010 to 2013.
- b) Please confirm that the OEB staff's observation regarding Alectra Utilities' method of the calculation of the RGCRP amount for 2020.
- c) Please explain why Alectra Utilities included the 2010-2019 true-up variance amount in the 2020 RGCRP funding that Alectra Utilities proposes to recover from the IESO. Does this method conform to the accounting guidance issued in March 2015 referenced above? If not, please update the calculation for the proposed 2020 RGCRP funding.
- d) Alectra Utilities included \$63,157 (cell AM26 in Attachment 28) in the calculation of 2020 provincial payment. It appears that the \$63,157 includes the true-up variance from 2010 to 2017 which was included in Alectra Utilities' 2019 request for the RGCRP amount. Please confirm this observation. If confirmed, please provide explanation.

Guelph Rate Zone (GRZ)

GRZ-Staff-1

Continuity Schedule – Account 1580 Wholesale Market Service Charge, Account 1580 Sub-account CBR Class B

Ref: Exhibit 5, Attachment 16 IRM Model for the GRZ, Tab 3

Questions:

- a) As shown in column BW of the continuity schedule, there is a credit variance of \$7,120 as of year-end 2018 in Account 1580 Sub-account CBR Class B between

the amount reported in RRR and the amount reported in the continuity schedule. Please provide an explanation of this variance.

- b) As noted in the continuity schedule, when inputting balances in the continuity schedule, Account 1580 RSVA - Wholesale Market Service Charge is to exclude any amounts relating to CBR. However, when reporting the balances in the RRR, Account 1580 RSVA - Wholesale Market Service Charge is to include balances in any amounts relating to CBR in the sub-accounts of Account 1580. Therefore, when comparing the balances in the control Account 1580 reported in the RRR and in the continuity schedule, there should be a variance in the amount of the balance in Account 1580 Sub-account CBR Class B. In column BW of the continuity schedule, there is a credit variance of \$131,888 in the control Account 1580. Please provide an explanation of this variance.

GRZ-Staff-2

Continuity Schedule – Account 1595 (2017)

Ref: Exhibit 5, Attachment 16 IRM Model for the GRZ, Tab 3

Alectra Utilities entered a debit principal transaction amount of \$84,444 in Account 1595 (2017) in 2018. According to the Decision and Rate Order issued for Guelph Hydro's 2017 rates,⁶ the DVA and GA rate riders approved for 2017 expired on December 31, 2017.

Questions:

- a) Please provide an explanation for the principal transaction amount of \$84,444 and explain how it was calculated.
- b) Column BW shows a credit variance amount of \$97,339 in Account 1595 (2017) between RRR filing and the continuity schedule. Please provide an explanation of this variance.

GRZ-Staff-3

Continuity Schedule – Account 1595 (2018)

Ref: Exhibit 5, Attachment 16 IRM Model for the GRZ, Tab 3

Question:

⁶ Decision and Rate Order, EB-2016-0075, issued December 8, 2016

- a) Column BW shows a debit variance amount of \$34,568 in Account 1595 (2018) between RRR filing and the continuity schedule. Please provide an explanation of this variance.

GRZ-Staff-4

GA Allocation to Class A/B Transition Customers

Ref: Exhibit 5, Attachment 16 IRM Model for the GRZ, Tab 6.1a

As noted in the application, Alectra Utilities has computed the per kWh disposition for the GRZ to be a credit of \$0.0007/kWh, which is below the pre-set disposition threshold. Alectra Utilities does not request disposition of its Group 1 account balances for the GRZ. In tab 6.1a of the IRM model that Alectra Utilities filed for the GRZ, the customer-specific monthly equal payments have been calculated.

Question:

- a) Please confirm that Alectra Utilities does not request to allocate these GA amounts to the Class A/B transition customers in the GRZ when it does not request disposition of the Group 1 accounts.

GRZ-Staff-5

Ref 1: IRM Rate Generator Model GRZ Tab 3 DVA Continuity Schedule

Ref 2: GRZ - 2018 GA Analysis Workform

The 2018 GA Analysis Workform for GRZ contains a series of reconciling items in Note 5. Please provide additional details for the following:

- a) Item 1b: Please explain, in detail, how this figure was calculated (Note: Alectra Utilities may refer to the response for interrogatory HRZ-Staff-28-b, BRZ-Staff-41-b, or ERZ-Staff-76-b from EB-2018-0016 for the detail OEB staff is seeking).
- b) Items 6 and 9: Please provide an analysis that shows how the RPP and Non-RPP amounts for differences in the IESO posted versus billed rate is calculated (Note: Alectra Utilities may refer to Table 1 filed by the former Guelph Hydro in EB-2018-0036 on November 13, 2018 in response to supplementary interrogatories by OEB Staff).
- c) Item 8: OEB staff notes that the debit amount of \$414,493 was recognized as a reconciling item in the 2017 GA Analysis Workform for the former Guelph Hydro in EB-2018-0036. A debit amount of \$414,493 was also recorded as a principal adjustment to Account 1589 in 2017. Please explain why this adjustment is not a

credit (reversing entry), as the adjustment in 2017 was recorded as a debit entry. If this should be a credit entry, please update the GRZ 2018 GA Analysis Workform and the DVA continuity schedule.

- d) If Alectra Utilities makes the adjustment in part c) above to the DVA continuity schedule, OEB staff notes that the disposition threshold would be met. If this adjustment is made, and in the absence of any other adjustments to be made that keep the amounts below the disposition threshold, does Alectra Utilities intend to request disposition of the Group 1 accounts for GRZ? If not, please explain why not.
- e) Item 10: A debit amount for \$195,290 is described as the December 2017 UBR: Difference between calculated at GA first estimate vs GA Weighted average rate. Please explain the nature of this adjustment and differentiate it between the debit adjustment of \$37,942 (RPP accounts with retailer contracts) in EB-2018-0036—item 10 in the 2017 GA Analysis Workform. Please explain why the adjustment in 2018 (if this is for the same purpose) is not the reverse (credit) of the \$37,942 adjustment from the 2017 GRZ GA Analysis Workform.
- f) Item 11: A debit amount for \$194,533 is described as the December 2018 UBR: Difference between calculated at GA first estimate vs GA Weighted average rate. Please explain the nature of this adjustment, why it is required, and provide an analysis for how this figure was calculated.
- g) Item 12: A debit amount for \$689,910 is described as recorded as “The billing cycle is not on a calendar month for most customers; our billing system uses a weighted average daily rate for applying GA to bills”. Please provide further explanation of the nature of this adjustment, why it is required, and provide an analysis for how this figure was calculated.

GRZ-Staff-6

RGCRP

Ref 1: Exhibit 3, Tab 1, Schedule 9

Ref 2: Exhibit 5, Attachment 29 GRZ Excel

Ref 3: Exhibit 5, Attachment 16 IRM Model for the GRZ, Tab 3

Alectra Utilities has proposed to only return three of the six years' of RGCRP amounts owed as a result of the variance between amounts received from the IESO and amounts entitled from the IESO. The former Guelph Hydro's rationale for only returning three of the six years' amounts, as summarized by the OEB in the OEB's Decision and

Order on 2019 RGCRP Compensation Amounts,⁷ is that for three of the years' in question (2013, 2014, and 2016), Guelph Hydro had already had those RGCRP amounts returned to its own ratepayers through variance accounts approved for disposition in prior rate applications.

Questions:

- a) Please confirm that the amount of \$69,504 in cell BF23 of Tab 3 (2018 Principal Adjustment) in the DVA Continuity Schedule is a debit adjustment to reverse the credits of \$69,504, pertaining to RGCRP, that were erroneously included in Account 1580 during 2018. If the credits were not recorded in Account 1580, please explain the purpose of that adjustment.
- b) Cell D73 of Attachment 29 (RGCRP GRZ) describes the adjustment of the amount payable to the IESO as "Disposed via 1533 in 2018 IRM (EB-2017-0044)". Please confirm that Alectra Utilities meant to refer to Account 1580, rather than Account 1533, in this explanation.
- c) Please confirm that, had the former Guelph Hydro not deviated from the accounting guidance provided by the OEB for the accounting treatment of RGCRP revenues, the errors that led to its own customers receiving the RGCRP payments from 2013, 2014, 2016, would not have occurred. Otherwise, please explain.
- d) Please confirm that the amounts erroneously returned to Guelph Hydro's ratepayers for RGCRP amounts in 2013, 2014, and 2016 have been disposed of on a final basis, and that adjusting for those dispositions in current account balances requested for disposition would constitute retroactive ratemaking. If this is not the case, please explain Alectra Utilities position on the matter.
- e) Please comment on the appropriateness of Alectra Utilities' proposal to have the amounts previously disposed to Guelph Hydro's specific customers offset amounts that would normally be owed to the IESO and provincial ratepayers as a whole.
- f) Please explain Alectra Utilities position on the following alternative proposal:

The total amount of RGCRP that Guelph was not entitled to (\$350,844) would be refunded as a one-time payment in 2020 to the IESO, in order to keep provincial ratepayers whole. This payment would be made by through shareholder retained earnings, and not by retroactively recovering the amounts previously refunded to Guelph Hydro's ratepayers.

⁷ EB-2018-0295 Decision and Order, pp.5-6

Please provide rationale supporting or disputing aspects of this alternative proposal, including any reference to the answer provided in part e) of this question, as necessary.