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BY EMAIL

October 3, 2019

Christine E. Long
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Attention: Ms. Christine E. Long, Registrar

Dear Ms. Long:

Re: EB-2019-0059 Application for 2020 Rates

In accordance with Procedural Order #2, please find attached OEB staff's interrogatories in the above proceeding. The applicant and intervenors have been copied on this filing.

Oakville Hydro's responses to interrogatories are due by October 18, 2019.

Any questions relating to this letter should be directed to Marc Abramovitz at marc.abramovitz@oeb.ca or at 416-440-7690. The Board's toll-free number is 1-888-632-6273.

Yours truly,

Original Signed By

Marc Abramovitz
Incentive Rate Setting & Accounting

Encl.

Oakville Hydro Electricity Distribution Inc. (Oakville Hydro)
2019 IRM Application
EB-2019-0059
OEB Staff Interrogatories on Non-ICM portion
October 3, 2019

Staff Question #1

Re: IRM Model – Sheet 3. Continuity Schedule – Account 1595 (2015) and Account 1595 (2017)

- a) The balance in account 1595(2015) was disposed of on a final basis in Oakville Hydro's 2019 IRM application. Please confirm that Oakville Hydro is aware that the balance put forth in this application is ineligible for disposition.
- b) In regards to Account 1595 (2017), the January 1, 2018 balances for both principal and interest do not match the December 31, 2017 closing balances in the 2019 approved IRM Model. Please reconcile and explain the differences.

Staff Question #2

Re: 1595 Analysis Model – Sheet “1595 2017”

OEB staff notes that the principal and interest values in cells D13 and E13 do not match the approved amounts in the 2017 OEB Decision and Rate Order (EB-2016-0097).

- a) Please reconcile and explain the differences between the total groups 1 and group 2 (excluding account 1589) balances with those that were approved in EB-2016-0097.

Staff Question #3

Re: IRM Model – Sheet 20 – RTSRs

The RTSR rates for all classes are increases more than 4.5%. Please reconcile and explain the elements and causes of this change.

Staff Question #4

Ref: Managers Summary, page 7

Oakville Hydro indicated that it has revised its practices and procedures to comply with the new accounting guidance by August 31, 2019. Oakville Hydro stated that it will implement the new accounting guidance by August 31, 2019.

- a) Please confirm that Oakville Hydro has implemented the new accounting guidance by August 31, 2019.
- b) Please provide a discussion of the revisions that Oakville Hydro made to its accounting practices and procedures.
- c) Oakville Hydro states that it will review the historical 2016 and 2017 balances that were approved for interim disposition in the context of the new accounting guidance prior to requesting final disposition. Oakville Hydro is not requesting disposition of 2018 balances, please confirm that Oakville Hydro will also review the 2018 balances in the context of the new accounting guidance.
 - i. Please confirm that Oakville Hydro will also review the 2018 balances in the context of the new accounting guidance.
 - ii. Please indicate the status and the timeline of this review and how the review is being performed.
 - iii. Per Oakville Hydro's 2019 IRM decision, the OEB's Audit and Investigation staff conducted an inspection of Oakville Hydro's RPP settlement and embedded generation variances with the IESO as well as the allocation of GA charges between Accounts 1588 and 1589 as at December 31, 2017. These audited 2017 balances were disposed on an interim basis in Oakville Hydro's 2019 IRM. Please explain Oakville Hydro's scope of the review of 2016 and 2017 balances in the context of the new accounting guidance.

Staff Question #5

Ref: GA Analysis Workform, Appendix A, IRM Rate Generator

In Appendix A, there in the reconciliation of Account 1588 under #1, total principal adjustments in 2018 for Account 1588 is \$72,654. However, in the DVA Continuity Schedule, there is no principal adjustment in 2018 for Account 1588 and a principal adjustment of \$72,654 in 2018 for Account 1589. The \$72,654 principal adjustments also correspond to that in the GA Analysis Workform.

- a) Please confirm that the principal adjustments are for Account 1589 and not Account 1588.
 - i. If yes, please revise the reconciliation table to be for Account 1588 in Appendix A, #1. Please revise this table to show i) the first row as principal transactions in the GL and ii) the last line to show principal transactions and adjustments for 2018 in the DVA continuity schedule (cell BD28 and cell BF28). Please also revise the DVA Continuity Schedule as necessary.
 - a. For each principal adjustment identified, please explain why it is a principal adjustment.
 - b. Please explain why there are no principal adjustments to Account 1588 in the DVA Continuity Schedule. For example, per Appendix

- A #11d, charge type 1142 for 2018 is trued up in 2019 and recorded in the 2019 GL, there was also a principal adjustment in 2017 that may require reversals in 2018 from Appendix A #13b.
- ii. If no, please explain why the principal adjustments are the same for Accounts 1588 and 1589.
 - a. Please also explain why reconciling item 9 “Other (Class A)” would be applicable to Account 1588.

Staff Question #6

Ref: Appendix A

In Appendix A #12, it states that Oakville Hydro calculates the RPP related GA costs and records the portion of RPP related GA costs in Account 1588. In #10, Oakville Hydro indicated that it used approach b where the portion of charge type 1142 equaling GA RPP is credited to Account 1589. Please confirm that Oakville Hydro’s response to #12 is regarding the net impact to Account 1588, if not, please explain.

Staff Question #7

Ref: GA Analysis Workform, IRM Rate Generator

- a) In the GA Analysis Workform, under Note 4, columns G and H for consumption that is unbilled are blank.
 - i. Please explain how the data in column F for Non-RPP Class B consumption is derived and why columns G and H are not needed.
 - ii. This is a different methodology used than the GA Analysis Workform filed in Oakville Hydro’s 2019 IRM rate application. Please explain why a different methodology was used and whether Oakville Hydro’s processes have changed to enable it to obtain better data.
- b) In the GA Analysis Workform, under Note 5, the net change in principal balance of debit \$404,604 does not agree to the 2018 transactions of credit \$481,626 in tab 3 DVA Continuity Schedule of the IRM Rate Generator. Please explain the difference and revise the evidence as appropriate.

Staff Question #8

Ref: GA Analysis Workform

Regarding reconciling items in the GA Analysis Workform:

- a) Oakville Hydro’s filed an inspection report in its 2019 IRM. The inspection report indicated an adjustment of \$1,744,327 for 2016 and (\$504,165) for 2017, netting to \$1,240,159 was needed for Account 1589. Oakville Hydro included (\$1,240,162) as reconciling item #8 in the 2018 GA Analysis Workform.

- i. Please indicate the year(s) in which the two adjustments were recorded in the GL.
 - ii. If not recorded in the 2018 GL balance, please explain why there would be a reversal of the adjustment as a reconciling item in the GA Analysis Workform when the 2018 balance in the GL excluded the adjustment and the calculation of the expected GA balance would also have excluded this adjustment.
 - iii. The \$1,240,159 is not included as principal adjustment reversal as indicated in the 2018 GA Analysis Workform and excluded on the DVA Continuity Schedule. This adjustment was included for disposition in the 2017 Account 1589 balance from Oakville Hydro's 2019 IRM application as shown in Appendix A #13b. Please explain why there is no related principal adjustment reversal in 2018 - in particular, why the 2017 principal adjustment shown in row e of Appendix A #13b is not reversed. Please provide an explanation discussing how the adjustment was recorded in both the GL and the RRR, and the year in which it was recorded. Please revise the evidence as needed.
- b) Per page 6 of the Manager's Summary, it states that Class A customers are billed based upon actual Class A global adjustment charges, therefore, there are no Class A GA variance balances. Reconciling item 9 shows a GA balance of \$401,039 that pertains to Class A in the Account 1589 balance. Please explain why there is a balance for Class A GA in the general ledger.

Staff Question #9**Ref: IRM Rate Generator – Tab 3**

Account 1588 transactions for 2018 was \$1,309,073. Typically, large balances are not expected for Account 1588 as it should only hold the difference between actual and approved line losses. Please explain the high transactions for Account 1588 in consideration of line losses.

Staff Question #10**Ref: Tab 5 of LRAMVA workform (Table 5-d)**

It appears that there were additional savings from four 2018 CDM programs included in the LRAMVA workform as noted below. The CDM program savings in 2018 did not match the savings included in Oakville's 2019 Participation and Cost (P&C) report.

An extract of the program savings are shown below:

| 2018 CDM Program | Energy Savings (kWh) | Monthly Demand Savings (kW) |
|---|----------------------|-----------------------------|
| Save on Energy High Performance New Construction Program | 355,040 | 58 |
| Oakville Hydro Electricity Distribution Inc. - Swimming_Pool_Efficiency_Program | 944,559 | 247 |
| Oakville Hydro Electricity Distribution Inc. - Direct Install - RTU Controls | 188,060 | 43 |
| Toronto Hydro-Electric System Limited - Swimming_Pool_Efficiency_Program | 88,089 | 12 |

- a) Please explain why the program savings entered into the LRAMVA workform for the above programs are different than what is included in the 2019 P&C Report filed on record.
- b) Please reconcile the 2018 program savings (kWh and kW), as shown in the table above, to the CDM-IS report. Please file a copy of the CDM-IS report showing that the above energy and demand savings have been submitted and accepted by the IESO. If the above programs cannot be identified in the CDM-IS report, please file the reference document. If no supporting documentation can be provided, please provide additional rationale for why these savings should be included within the LRAMVA calculation.
- c) Please discuss, and provide supporting documentation, for including program savings from Toronto Hydro's Swimming Pool Efficiency Program (88,089 kWh) when it appears that Oakville is already recovering its share of savings (944,559 kWh) as shown in the table above. If the savings from the Toronto Hydro CDM program were included in error, please remove the savings in Table 5-d of Tab 5 in the LRAMVA workform.

Staff Question #11

Ref: Tab 5 of LRAMVA workform (Table 5-d)
Tab 8 of LRAMVA workform

Oakville Hydro is claiming demand savings from two street light projects that were implemented as part of the saveOnEnergy retrofit program.

| | Energy Savings (kWh) |
|--|----------------------|
| Save on Energy Retrofit Program - 2017 | 13,386,638 |
| Save on Energy Retrofit Program - 2018 | 12,276,867 |

- a) In Tab 5 of the LRAMVA workform, please confirm whether Oakville Hydro has removed the kWh savings attributable to street light upgrades from the saveOnEnergy retrofit program in 2017 and 2018. If not, please quantify the kWh from the street light upgrades undertaken in the 2017 and 2018 saveOnEnergy retrofit program and show the calculations in a revised version of the LRAMVA workform.
- b) In Tab 8 of the LRAMVA workform, please provide the detailed supporting documentation (i.e. # of fixtures replaced by fixture type) for the May 2018 and November 2018 street light conversions, to substantiate the change in billed demand from street light upgrades as of these implementation dates that are shown in Column C of the Summary Project table.

Staff Question #12

Ref: Tab 1 of LRAMVA workform (Table 1-b)

Oakville Hydro requests disposition of lost revenues related to 2017 and 2018 program results. However, the LRAMVA balance calculated from Table 1-b includes LRAMVA amounts from 2011 to 2016, which have already been approved by the OEB in past applications.

- a) If the 2011 to 2016 lost revenue amounts were included in error, please update Table 1-b, by removing the LRAMVA amounts related to 2011 to 2016 balances (i.e. amounts pre-populated in rows 54 to 70).
- b) If 2011 to 2016 lost revenue amounts were not included in error, please provide additional justification on the appropriateness of recovering these amounts.
- c) Please confirm that the LRAMVA total and rate class amounts are consistent in Table 1-a and Table 1-b.
- d) Please confirm that the carrying charges in Tab 6 are now calculated based on the 2017 and 2018 balances only.

Staff Question #13

Ref: LRAMVA workform

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