Centre Wellington Hydro Ltd.

OEB Staff Questions

EB-2019-0025

Response to OEB Staff Questions

**Centre Wellington Hydro Ltd.**

**EB-2019-0025**

**Staff Question-1**

**Ref: IRM Model, Tab 3**

 **Manager’s Summary, p. 12**

On page 12 of the Manager’s Summary, Centre Wellington Hydro identified the variance between the amount proposed for disposition and the amount reported in RRR for Account 1568 (LRAM) only. Tab 3 of the IRM Model shows a variance for Account 1580 (RSVA – Wholesale Market Service Charge) of a credit of $1,233. Please provide an explanation on this variance amount.

Response(s):

The December 31, 2018 balance of account 1580 was a credit of $67,217.62. This amount comprised of the “RSVA Wholesale Market Service Charge” on row 23 of tab 3. Continuity Schedule and row 25 “Variance WMS – Sub-account CBR Class B.” The amount showing in cell BV23 should be a credit of $65,984.57. The difference currently showing in cell BW23 is the value of BV25.

**Staff Question-2**

**Ref: IRM Model, Tab 3**

 **Manager’s Summary, p. 13**

On page 13 of the Manager’s Summary, Centre Wellington Hydro stated that it filed a blank Account 1595 Workform given that it is not proposing to dispose of any of its 1595 balances as a full year has not passed since the sunset rate riders date expired.

1. Please confirm that the credit balance of $8,628 showing for 2017 would not be eligible for disposition.
2. All sub-accounts eligible for disposition are to have the 1595 Workform completed, regardless of whether the account is being requested for disposition. Please file a complete 1595 Workform for any eligible year(s) (e.g., 2017).

Response(s):

1. The 1595 sub account for 2017’s disposition had an end rate rider date of April 30, 2018. CWH was under the impression that this balance could not be disposed of until a year after the rate rider was expired and that the balance had been audited. The one year has lapsed and that balance will be audited with the annual 2019 audit.
2. The 1595 Workform has been completed for 2016 and 2017.

**Staff Question-3**

**Ref: IRM Model, Tab 3**

OEB staff identified an error in a formula in Tab 3 of the IRM Model. The formula for cell BM41 currently shows as follows: BM41 = SUM (BM39, BM40) - BM37.



The correct formula should be: BM41 = SUM (BM39, BM40). OEB staff has corrected the formula in cell BM41 in Tab 3 of the IRM Model. Please confirm that the attached IRM model accurately reflects the correction.

Response(s):

CWH confirms that the above correction has been made to cell BM41.

**Staff Question-4**

**Ref: IRM Model, Tab 3**

In Tab 3 of the IRM Model, Centre Wellington Hydro selected “no” with respect to whether Accounts 1588 and 1589 are being requested for disposition. Please confirm whether “yes” should have been selected and update Tab 3 accordingly.



Response(s):

CWH did not meet the threshold and is not seeking disposition of accounts 1588 and 1589 as indicated on the IRM generator as submitted on August 27, 2019.

**Staff Question-5**

**Ref: Manager’s Summary, p. 18**

**CWH\_Reply to OEB\_Incomplete Letter\_2020 IRM\_20190823\_20190827, p. 3**

On February 21, 2019, the OEB issued its letter entitled *Accounting Guidance related to Accounts 1588 Power, and 1589 RSVA Global Adjustment* (GA) as well as the related accounting guidance. In their 2020 applications, distributors are to provide a status update on the implementation of the new accounting guidance, a review of historical balances, results of the review, and any adjustments made to account balances.

The OEB set out its expectations for final disposition requests of commodity pass-through account balances as noted in the Addendum.[[1]](#footnote-1)

At the above noted first reference Centre Wellington Hydro stated the following:

 CWH is confident after studying the new accounting guidance published by the OEB and reviewing CWH’s DVA’s historical balances which were disposed of in CWH’s 2019 IRM, that those balances approved on an interim disposition are accurate and complete and should be deemed final disposition.

At the above noted second reference Centre Wellington Hydro stated the following:

 CWH is currently in the process of updating CWH’s methodology in order to comply with the new accounting guidance effective January 1, 2019…

1. Please explain why Centre Wellington Hydro is seeking recovery of its deferral and variance account (DVA) balances approved on an interim disposition in its prior proceeding, on a final basis in this proceeding, when Centre Wellington is still in the process of updating its methodology to comply with the OEB’s new accounting guidance issued February 21, 2019.
2. Please provide further details on the review that was completed, and any summary reports available (e.g. how the review was done).
3. If adjustments to the DVAs have not been quantified, please provide a timeline as to when the applicant expects any discrepancies to be resolved.

Response(s):

1. At the time of filing CWH’s 2020 IRM, CWH had completed the analysis for review of 2017 and 2018 data, therefore final disposition was requested.
2. CWH had reviewed CWH’s process and DVA’s historical balances by comparison of data basis for tables, accounts number used, journal entries, timing of entries, reconciliation and calculation formula. Through this analysis CWH has determined that the only difference between CWH’s process and new accounting guidance is the reconciliation data basis of RPP billing volume vs. RPP wholesale volume. This differences of volume for 2017 and 2018 are below 0.5% of the annual Cost of Power threshold as per the OEB’s Guidance, Q&A’s for Accounting Guidance on Accounts 1588 and 1589, Q29. The detailed analysis has been provided in **CWH\_Reply to OEB\_Incomplete Letter\_2020 IRM\_20190823\_20190827, p. 3.** Therefore, CWH had determined that there is no need to make an adjustment to previous balance due to it is below the threshold.

At the time of filing CWH had completed the above analysis for 2017 and 2018. CWH had not made all necessary changes to 2019 data. However since originally submitting CWH’s IRM, CWH has switched to use the RPP wholesale volume for reconciliation starting January 1, 2019 in order to comply with the new accounting guidance.

1. It is confirmed that no adjustments to the DVAs have not been quantified. CWH has not made an adjustment to the DVAs in relating to Question 5 b), Question 6 c) and f) due to the threshold.

**Staff Question-6**

**Ref: Manger’s Summary, p. 19**

At the above noted reference, the Account 1588 balance is described. Specifically, regarding the Global Adjustment (GA) file “GA-Analysis-Workform-Instructions-20190715.docx”, “Appendix A GA Methodology Description Questions on Accounts 1588 & 1589” (or page 15 of the document), the table in Question 1 for Account 1588 requests the “Balance December 31, 2018”.

1. Please confirm that the first line of this table represents the Account 1588 general ledger balance as at December 31, 2018.
2. Please confirm that last line of this table represents the closing principal Account 1588 balance as at December 31, 2018 in the DVA continuity schedule (cell BG28).
3. Please explain any differences between (i) and (ii), considering any OEB-approved dispositions that occurred in the year
4. Please also repeat steps (i), (ii), and (iii) for Account 1588 balances as at December 31, 2017.
5. If the revised table shows a material change in the assessment of the Account 1588 balance, please quantify and explain.
6. Please also file a similar table relating to 2017 balances for Account 1588.
7. Please quantify and explain any large amounts shown in these tables relating to 2017 and 2018 balances.

Response(s):

1. CWH has revised Table 4 from the Managers Summary for 2018 as follows:

 Reconciliation of Account 1588 2018

|  |  |  |
| --- | --- | --- |
|   |  **Principal Adjustments**  | **Was the amount a "Principal Adjustment" in the previous year? (Y/N)** |
| **Balance December 31, 2018** |  53,649.44 |   |
| **Reversals of Principal Adjustments - previous year**  |
| 1. Reversal of Cost of Power accrual from previous year
 | 0 | No Adjustment Made |
| 1. Reversal of CT 1142 true-up from the previous year
 | 29,253.55 | No Adjustment Made |
| 1. Unbilled to billed adjustment for previous year
 | 0 | No Adjustment Made |
| 1. Reversal of RPP vs. Non-RPP allocation
 | 0 | No Adjustment Made |
| **Sub-Total Reversals from previous year (A):** | 29,253.55  |   |
|  |  |   |
| **Principal Adjustments - current year**  |
| 1. Cost of power accrual for 2018 vs Actual per IESO bill
 | 0 |   |
| 1. True-up of CT 1142 for 2018 consumption recorded in 2019 GL
 | -29,482.71 |   |
| 1. Unbilled accrued vs. billed for 2018 consumption
 | 0 |   |
| 1. True-up of RPP vs. Non-RPP allocation of CT 148 based on actual 2018 consumption
 | 0 |   |
| 1. Other
 | 0 |  |
| **Sub-Total Principal Adjustments for 2018 consumption (B)** |  -29,482.71 |   |
| **Total Principal Adjustments shown for 2018 (A + B)** |  -229.16 |   |
| **Bal. For Disposition - 1588 (should match Total Claim column on DVA Continuity Schedule** | $53,420.28 |  |
|  |  |  |

CWH confirms that the first line in Table 4 (a debit of $53,649.44) of the Managers Summary represents the general ledger balance as at December 31, 2018.

1. CWH confirms that the last line in Table 4 (a debit of $53,420.28) of the Managers Summary does not represent the closing balance in the DVA schedule in cell BG28. The balance in cell BG28 is a debit of $53,649.
2. The difference between (a) and (b) above is a credit of $229.16. At yearend CWH completes the 2nd true up to have the general ledger better represent the true balance. At the time of this calculation not all of the billing information is final. Once the billing information is final CWH completed the 2nd true up based on actual information. The difference of -$229.16, is a result of comparing the estimated 2nd True Up and the final 2nd true up.
3. CWH confirms that the first line of the table below for 2017 is a debit of $38,637.47, which represents the general ledger balance as at December 31, 2017. The last line of this table for 2017 is a credit of $31,367.51, which does not represent the closing principal Account 1588 balance as at December 31, 2017 in the DVA continuity schedule. In CWH’s 2019 IRM the amount of -$69,775.58 (see g) below) was approved on an interim basis, the difference between (i) and (ii) for 2017 is a credit of $229.40. The difference of -$229.40, is a result of comparing the estimated 2nd True Up and the final 2nd True up.
4. The revised table shows no material change in the assessment of the Account 1588 balance.
5. Reconciliation of Account 1588 2017

|  |  |  |
| --- | --- | --- |
|   |  **Principal Adjustments**  | **Was the amount a "Principal Adjustment" in the previous year? (Y/N)** |
| **Balance December 31, 2017** |  38,637.47 |   |
| **Reversals of Principal Adjustments - previous year**  |
| 1. Reversal of Cost of Power accrual from previous year
 | 0 | No  |
| 1. Reversal of CT 1142 true-up from the previous year
 | -35,616.35 | No |
| 1. Unbilled to billed adjustment for previous year
 | 0 | No  |
| 1. Reversal of RPP vs. Non-RPP allocation
 | 0 | No  |
| **Sub-Total Reversals from previous year (A):** | -35,616.35  |   |
|  |  |   |
| **Principal Adjustments - current year**  |
| 1. Cost of power accrual for 2017 vs Actual per IESO bill
 | 0 |   |
| 1. True-up of CT 1142 for 2017 consumption recorded in 2018 GL
 | 35,386.95 |   |
| 1. Unbilled accrued vs. billed for 2017 consumption
 | 0 |   |
| 1. True-up of RPP vs. Non-RPP allocation of CT 148 based on actual 2017 consumption
 | -69,775.58 |   |
| 1. Other
 | 0 |  |
| **Sub-Total Principal Adjustments for 2017 consumption (B)** |  -34,388.63 |   |
| **Total Principal Adjustments shown for 2018 (A + B)** |  -700,004.98 |   |
| **Bal. For Disposition - 1588 (should match Total Claim column on DVA Continuity Schedule** | -$31,367.51 | CWH is seeking a disposal of a variance balance of -$31,138.11  |

1. Regarding the table above in answer (a) for 2018:

$29,253.55 is the reversal of the 2nd true up estimation for 2018 yearend recorded in 2019.

-$29,482.71 is the actual 2nd true up for 2018 recorded in 2019 GL.

Regarding the table above in answer (f) for 2017:

-$35,616.35 is the reversal of 2nd true up estimation for 2017 yearend recorded in 2018.

$24,386.95 is the actual 2nd true up for 2017 recorded in 2018 GL.

The credit of $69.775.58 is the true-up of RPP vs Non-RPP allocation of CT148 based on actual 2017 consumption. It was identified and approved on an interim basis during the 2019 IRM and recorded in 2018.

**Staff Question-7**

**Ref: Manager’s Summary, p. 14**

At the above noted reference Centre Wellington Hydro stated the following:

 During 2017 CWH did not have any Class A customers. As of July 1, 2018, CWH had two customers become Class A. The same two customers effective July 1, 2019 have continued to be Class A customers.

Please complete the 2020 IRM generator model by populating the additional tabs applicable to customers that have transitioned to Class A, specifically the CBR additional tab and the GA additional tab.

Response(s):

CWH has completed the additional tabs regarding Class A customers in the 2020 IRM generator.

**Staff Question-8**

**Ref: Manager’s Summary, p. 17**

At the above noted reference Centre Wellington Hydro stated the following:

 The Global Adjustment revenue, which is billed directly to the non-RPP customers, is posted directly to account 4707 – Global Adjustment from our CIS system and accrued back to the appropriate month, via a monthly journal entry.

1. Please explain why GA revenue is posted directly to an expense account, Account 4707 Global Adjustment, instead of revenue accounts.
2. Please explain and quantify any impact on Account 1588 and Account 1589 from Centre Wellington Hydro posting GA revenue to an expense account, instead of revenue accounts.
3. Please explain Centre Wellington Hydro’s process in more detail to conform to the OEB’s February 21, 2019 Accounting Guidance, when it is evident that some deviations may remain.

Response(s):

1. The original explanation was an oversight on CWH’s behalf. CWH’s actual practice is that the Global Adjustment revenue, which is billed directly to the non-RPP customers, is posted to accounts 4006 – 4055 based on the customer classification and retailer status directly from our CIS system.
2. There are no impacts on Account 1588 and Account 1589 because CWH has posted GA revenue to various revenue accounts already, the statement of posting GA revenue to an expense account was incorrect.
3. CWH’s bills its customers based on a calendar month. CWH uses the process descripted on Page 17-18 of 2020 IRM Application, which splits the Global Adjustment Settlement Amounts charged by the IESO and Hydro One by using the actual RPP/Non-RPP proportion of energy billing volume for the particular month, as gathered from our CIS system, by keeping the book open. These amounts are accrued to Account #4705-Power Purchased for RPP and Account #4707-Global Adjustment for Non-RPP in the particular month.

The Global Adjustment revenue, which is billed directly to the non-RPP customers, is posted to accounts 4006-4055 based on the customer classification and retailer status directly from our CIS system. An accrual journal entry is completed monthly to accrue revenue back to the appropriate month the revenue was earned in through account 4050 Revenue Adjustment. This accrual is reversed in the next month. The variance between the expense and revenue is transferred into account 1589-RSVA Global Adjustment.

There is no deviation between CWH’s process and the new Accounting Guidance.

**Staff Question-9**

**Ref: Manager’s Summary, p. 21**

At the above noted reference Centre Wellington Hydro stated the following:

 CWH does the 1st true up by monthly true up of the GA rate to final rate, as described in Section 10 “Global Adjustment” in the Managers Summary of CWH’s 2020 IRM Application, and quarterly/annually 2nd true up of the estimated volume to actual volume. The actual volume is obtained from our billing system, which separates the volume of each TOU/Tier 1 & 2 and uses the particular prices for each TOU/Tier 1 & 2.

1. Please describe how Centre Wellington Hydro’s Account 1588 and Account 1589 balances are accurate, considering Centre Wellington Hydro is only performing certain true-ups on a quarterly/annual basis, instead of a monthly basis.
2. If there are impacts on Account 1588 and Account 1589 from only performing these true-ups on a quarterly/annual basis, instead of a monthly basis, please describe and quantify the impacts.

Response(s):

1. CWH does the 2nd true up monthly by using the year to date actual billing volume each month to get the year to date true up balance, then deducts the previous 2nd true-up settlement (settled with IESO already) to get the true up balance for each month. CWH reports and settles those true up balance quarterly, which is the total of 2nd true up balances for three months.

CWH books the settlement of the 2nd true up balance as follows:

(1) For the 2nd true up settlement during the fiscal year, CWH posts the settled 2nd true-up balance to account 4705 Power Purchased in the month prior to the submission month.

(2) For the last quarterly 2nd true up settlement:

* CWH does an estimation based on the year to date actual billing volume at the year end. It is booked back to December and reversed in January of the following year.
* CWH reports and settles the 2nd true up when the final actual billing volume is available in the following year. This settlement is recorded to account 4705 Power Purchased in the month prior to the submission month.

CWH has an internal control process as descripted on page 15-16 of CWH’s 2020 IRM Application to ensure accuracy of the original data. CWH also performs a cross check of comparing the RPP settlement volume vs. RPP billing volume.

Starting January 1, 2019, CWH switched to using the wholesale volume for the 2nd true up reconciliation. CWH settles the 2nd true up monthly instead of quarterly/annually, this came into effect in September 2019 (July 2019 2nd true up).

1. Performing these true ups on a quarterly/annual basis has no impact to the principle of Account 1588 and Account 1589. The difference would be the carrying charges on the monthly balance. CWH calculated this impact to be a credit of $446.26 for 2017 and a credit of $127.92 for 2018.

**Staff Question-10**

**Ref: Manager’s Summary, p. 21**

At the above noted reference Centre Wellington Hydro stated the following regarding whether CT 1142 has been trued up for with the IESO for all of 2018:

 Yes, CWH has trued up CT1142 with the IESO for all of 2018 and booked it into 2018.

At the above noted reference Centre Wellington Hydro also stated the following regarding whether which months from 2018 were trued up in 2019:

 The October to December 2018 actual volume true up was done in 2019 and booked into 2019.

At the above noted reference Centre Wellington Hydro also stated the following regarding whether these true ups were recorded in the 2018 or 2019 balance in the General Ledger:

 CWH estimated the above true up at year end and accrued estimate in 2018.

1. Please explain Centre Wellington Hydro’s potentially contradictory statements that all true-ups for 2018 have been booked into the 2018 versus its comment that the October to December 2018 actual volume true up was booked into 2019.
2. Does Centre Wellington Hydro mean that an estimate was booked in the 2018 general ledger for the October to December 2018 actual volume true up, which was reversed in 2019, and the actual true up for this period was booked in 2019? Please explain.
3. If there are impacts on Account 1588 and Account 1589 from recorded an estimate of the October to December 2018 actual volume true up in 2018 versus the actual amount, please describe and quantify the impacts.

Response(s):

1. The 2nd true up for actual balances for January to September 2018 was booked in 2018. The true ups for October to December 2018 were estimated and accrued back to 2018 at year end. This accrual was reversed in 2019. Therefore, all true ups for 2018 have been booked into the 2018.

The data used for the estimation of the October to December 2018 true up did not have all of the final billed data, therefore the October to December 2018 actual volume true up was reported and booked in 2019. This was described in the answer for question 6 c) above. The difference between the initial true up booked in 2018 and the final true up booked in 2019 is a credit of $229.16.

1. Yes, it was.
2. The difference between the actual volume true up and the estimation in 2018 for October to December 2018 is 11,556.75 kWh ($229.16). There is no adjustment for this on CWH’s DVA Continuity Schedule 2018 due to this amount being below the threshold.

**Staff Question-11**

**Ref: Manager’s Summary, p. 21**

 **Manager’s Summary, p. 15**

 **Manager’s Summary, p. 22**

At the above noted first reference Centre Wellington Hydro stated the following regarding the process for the initial recording of CT 148 in the accounts (i.e. 1588 and 1589):

 CT 148 from IESO invoice is pro-rated based on the actual percentage of RPP/non-RPP consumption for the actual month and then booked into Account 4705 Power Purchased and Account 4707 Charges – Global Adjustment. The variance of GA charges and GA revenue is transferred into Account 1589 RSVA GA, the variance of Power Purchased and Energy Sales is transferred into Account 1588 RSVA Power. No part of CT 148 is posted to 1588 or 1589 directly.

At the above noted second reference, Centre Wellington Hydro stated the following regarding the percentage of each TOU period or Tier block:

 The percentage of each TOU period or Tier block is calculated by dividing the volume of each TOU period or Tier block by total kWh’s for all of the tiers or blocks respectively. CWH obtains the volume breakout between the RPP tier and TOU buckets, by pulling stats codes used from its CIS system. This breakout is based on the previous months actual consumption used within each TOU period/tier block. This percentage is calculated each month, although from month to month it is very consistent. For example, in the August 2018 IESO submission the volume breakout is based on the monthly volumes billed in July for June’s consumption. CWH bills its customer on the calendar month.

At the above noted third reference, Centre Wellington stated that no true-up is needed, as the “actual” percentage of RPP and non-RPP is used:

 CWH used the actual percentage of RPP and non-RPP to split the amount on CT 148 in 2018. Therefore, there is no true-up needed in 2018.

1. Please explain why “the actual percentage of RPP/non-RPP consumption for the actual month” is used, when at the time of initial recording of CT 148 into the accounts, the actual percentages would not be known. Are the actual percentages known, for example, due to the use of smart meter data?
2. Please explain why the description of the “actual” percentage of RPP/non-RPP consumption is different between the above noted first reference and the above noted second reference.
3. Please confirm whether Centre Wellington Hydro uses the above noted first reference or the above noted second reference to determine the “actual” percentage of RPP/non-RPP consumption and describe how it is in conformity with the OEB’s new accounting guidance issued on February 21, 2019.
4. Please also describe Centre Wellington Hydro’s statement that no true-up is needed in 2018, as per the above noted third reference, and describe how it is in conformity with the OEB’s new accounting guidance issued on February 21, 2019.

Response(s):

1. CWH records its purchase invoices (IESO and Hydro One) only one time by keeping its books open in order to use the actual RPP/non-RPP proportion from billing for the split of the CT 148 on invoice. CWH’s billing cycle is on calendar month.
2. The above noted first reference is for the split of the CT 148 on invoices.

The second reference is for estimation of RPP/non-RPP proportion for the Form1598 (monthly submission) because the actual percentage is not available at that time. This estimation is related to CT1142 on invoice.

1. CWH uses the above noted first reference to determine the “actual” percentage of RPP/non-RPP consumption.

The new accounting guidance requires a true up adjustment of CT148 based on the actual proportionate share of kWh volumes sold for RPP and Non-RPP and acknowledges the use of keeping the financial books open in an LDC. Therefore, CWH’s practice is in conformity with the OEB’s new accounting guidance issued on February 21, 2019.

1. On page 36 of the OEB’s new accounting guidance issued on February 21, 2019, it states “if a distributor keeps its books open long enough to record this allocation adjustment in the current year, then this DVA Continuity Schedule adjustment is not required.” (CT 148 GA Allocation Adjustment). The new accounting guidance acknowledges the use of keeping the books open in an LDC.

CWH’s statement as per the above noted third reference is because CWH keeps its books open to record the actual allocation of CT148 in the actual month. Therefore, there is no true up needed in 2018. It is in conformity with the new accounting guidance.

**Staff Question-12**

**Ref: IRM Model, Tab 3, filed August 12, 2019**

 **IRM Model, Tab 3, filed August 27, 2019**

At the first above noted reference, Centre Wellington Hydro filed its initial IRM Generator Model. At the second above noted reference, Centre Wellington Hydro filed a revised IRM Generator Model, particularly regarding Tab 3, the DVA Continuity Schedule.

OEB staff notes that Centre Wellington Hydro has provided the following Account 1588 and Account 1589 balances as at December 31, 2017:

**Table 1 – Different Account 1588 and Account 1589 Balances as at December 31, 2017**



**Table 2 – Similar Account 1588 and Account 1589 Balances as at December 31, 2018**



1. Please explain the differences shown in column E of the above noted Table 1, also discussing the reasons why there are no differences shown in column H of the above noted Table 2.
2. If there are impacts on Account 1588 and Account 1589 from the differences shown in column E of Table 1, please describe and quantify the impacts.

Response(s):

1. On the August 12th original submission CWH had selected on the Information Tab to use 2017 as the year the balances of Account 1588 and 1589 were last disposed. This then opened only the “Principal Adjustments during 2017” column on Tab 3. Continuity Schedule. In the incomplete letter CWH was requested to change the date used on the “1. Information” Tab to 2016 – as 2017 was only approved on an interim basis. Once this was changed the continuity schedule on tab 3 for accounts 1588 and 1589 were opened up for all of 2017 and the adjustment column for 2016. The values in column E above are the “Opening Principal Amounts as of Jan 1, 2017,” which are the amounts in column BE for “OEB-Approved Disposition during 2018” in the most recent IRM model
2. There are no impacts to Account 1588 and Account 1589 as the ending balance for both accounts as at December 31, 2018 is the same on both models.

**Staff Question-13**

**Ref: LRAMVA workform, Tab 1**

The LRAMVA balance in Table 1-a inadvertently includes 2019 savings amounts that are automatically pulled from Table 1-b. As a result, the total LRAMVA balance in Table 1-a and Table 1-b do not match.

1. In Table 1-b, please unhide rows 78 and 79 and remove the 2019 amounts in these rows that are not part of the LRAMVA claim.
2. Please confirm that Table 1-a of the LRAMVA workform has been updated.

Response(s):

1. Confirmed
2. CWH confirms that amounts in row 78 and 79 have been removed and Table 1-a and Table 1-b now match.

**Staff Question-14**

**Ref: LRAMVA workform, Tab 3**

Tab 3 provides a template for distributors to input distribution rates by customer class. Based on the effective implementation dates of Centre Wellington Hydro’s tariff of rates, please revise the number of months entered in row 16 of Tab 3 to “0” in order to reflect a January 1 implementation date.

Response(s):

CWH has corrected rate years 2018 and 2019 to reflect January 1 rates.

**Staff Question-15**

**Ref: LRAMVA workform, Tabs 2 and 5**

There are various entries in Table 5-d that OEB staff seeks clarity on, as it relates to the calculation of 2018 lost revenues.

1. Please confirm that actual savings from 2011 to 2014 CDM programs were embedded in the 2018 base load forecast. If confirmed, please explain why the persistence of 2011 to 2014 savings in 2018 have been included in Table 5-d.
2. As the LRAMVA threshold (of 7,405,795 kWh) includes forecast savings from 2015 to 2018, please confirm that it is appropriate to exclude the lost revenues from 2011 to 2014 in 2018, and modify Table 5-d accordingly.
3. Please clarify whether any 2017 unverified savings adjustments have been included in Tab 5. If yes, please ensure that the 2017 savings adjustments are entered in Table 5-c (as they relate to 2017 programs).
4. Please explain why the 2018 unverified savings entered into Table 5-d in the LRAMVA workform do not match the 2018 savings included in the P&C report (dated December 31, 2018). Please revise the entries, in Table 5-d, using the latest P&C report to support the 2017 unverified savings adjustments and 2018 unverified savings included in Tab 5 of the LRAMVA workform.

Response(s):

1. Staff is correct in that the Settlement Agreement states that the CDM plan used as an input to the manual adjustment to the 2018 Load Forecast assumes the inclusion of persistence. " For the 2015-2020 CDM Program Table, CWH used the 2016 verified results persisting in 2018 along with annual savings from the CDM plan for 2017 and 2018 assuming a 100% persistence for 2018."
2. CWH agrees with Staff's view that it is appropriate to remove revenues from 2011-2018 given the responses provided at a). CWH has removed the information on tab 4. 2011-2014 LRAM to ensure the lost revenues are not included.
3. CWH notes that the items on rows 671 and 674 as adjustments are adjustments against the 2017 data and the information has been corrected allocated in the 2017 Table 5-c, on tab 5. 2015-2020 LRAM.
4. The 2018 unverified savings entered into Table 5-d in the LRAMVA workform do not match the 2018 savings included in the P&C report dated December 31, 2018, as this report was not used as the data source for Table 5-d. CWH does not consider the December 2018 P&C report to be a complete source of project level savings as it relates to the calculation of 2018 lost revenues.

As set out in the IESOs Data and Reporting Rules, CWH elected to report the CDM project level savings to the IESO on a quarterly basis. The December 2018 P&C Report included only reported project level savings up to the end of September 2018. Projects that were completed between October 1st 2018 and December 31st would not appear on the December 31st 2018 P&C Report.

Conservation program Participation Agreements, as provided by the IESO, create a further delay in obtaining accurate project level savings. The Participation Agreement allow the applicants 150 days to submit the required documentation to CWH. Participants who completed projects in the last quarter of 2018 would be submitting documentation to CWH up to May 2019. These projects would not be appear on the December 31st 2018 P&C Report.

To obtain the accurate and complete data used in this filing CWH used the Detailed Project Level Savings file as provided by the IESO for the 2018 CFF Program year to get the Net Energy Savings and Net Demand Savings by program. This file was generated by program activity savings as reported by CWH through the **quarterly** LDC Report submission.

The Addendum to Filing Requirements dated July 15th, 2019 notes that the OEB will rely on the Participation and Cost Reports and detailed project level savings files as supporting documentation when assessing applications for lost revenues in relation to energy and demand savings from programs delivered under the CFF. The December 2018 Participation and Cost Report is not an accurate depiction of CWH’s 2018 lost revenue from CDM programs. Utilizing the Detailed Project Level Savings file as provided by the IESO for the 2018 CFF Programs ensured the CWHs lost revenue submission would be as accurate as possible.

**Staff Question-16**

**Ref: LRAMVA workform, Tab 6**

Table 6-a includes projected carrying charges that are calculated up to December 31, 2020. Please update Table 6-a of the LRAMVA workform to include projected carrying charges up to December 31, 2019 only.

Response(s):

CWH confirms that the prescribed interest rate has been removed for 2020.

**Staff Question-17**

**Ref: LRAMVA workform**

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

Response(s):

1. An updated LRAMVA Work Form is being submitted with these responses.

The revised LRAMVA balance being requested is found in the table below.



With regards to the updated balance being requested, the following table summarizes the revised rate riders.

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **Total Metered kWh** | **Account 1568 Rate Rider** |
| **Rate Class** | **Unit** |
| RESIDENTIAL SERVICE CLASSIFICATION | kWh | 46,552,089 | 0.0001 |
| GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION | kWh | 23,320,955 | 0.0011 |
| GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFICATION | kW | 50,455,191 | 0.1788 |
| GENERAL SERVICE 3,000 TO 4,999 KW SERVICE CLASSIFICATION | kW | 18,999,941 | -(0.3180) |
| UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION | kWh | 571,748 | 0 |
| SENTINEL LIGHTING SERVICE CLASSIFICATION | kW | 36,404 | 0 |
| STREET LIGHTING SERVICE CLASSIFICATION | kW | 520,134 | -(5.5548) |

1. All changes to the LRAMVA Work Form have been itemized on Tab “1-a. Summary of Changes”
1. Addendum to Filing Requirements For Electricity Distribution Rate Applications - 2020 Rate Applications, dated July 15, 2019 [↑](#footnote-ref-1)