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November 26<sup>th</sup>, 2019

BY COURIER & RESS

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 26<sup>th</sup> Floor  
PO Box 2319  
Toronto, ON M4P 1E4

**Re: Board File No. EB-2019-0037 – 2020 Cost of Service Application (“the Application”)  
Greater Sudbury Hydro Inc. – Licence No. ED-2002-0559  
Response to Incomplete Letter**

Dear Ms. Walli:

On November 15, 2019, the Ontario Energy Board (the “Board”) issued a letter to Greater Sudbury Hydro Inc. (“GSHi”) that included a list of incomplete information with regards to the Application. Each item on the list is addressed individually below.

1. Section 2.0.9, p. 5

*Sudbury Hydro is rebasing under MIFRS for the first time and is required to complete Appendix 2-Y of the OEB’s Chapter 2 of the Filing Requirements for Electricity Distribution Applications Rate Applications, dated July 20, 2017.*

Response:

GSHi is now filing an updated version of the Chapter 2 Appendices which includes the completed Appendix 2-Y. A copy of the completed Appendix 2-Y is included with this response.

2. Section 2.7.1.1, p. 46

*The Filing Requirements set out the OEB’s expectations related to information requirements when a change is proposed to the rates and charges of unmetered loads. The Filing Requirements state: “The OEB expects distributors to document their communications with unmetered load customers,*



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*including street lighting customers, and how the distributor assisted them in understanding the regulatory context in which distributors operate and how it affects unmetered load customers....”  
Please provide the information requested in section 2.7.1.1.*

Response:

On November 25<sup>th</sup>, 2019 GSHi sent a letter to its unmetered load customers, including all customers in its three unmetered service classifications: Sentinel Lighting, Street Lighting, and Unmetered Scattered Load. The letter provides the customers in these rate categories with the information as required in Section 2.7.1.1 of the Chapter 2 Filing Requirements. A sample of the letter provided to these customers is included with this response.

3. Section 2.9.3.1, Addendum pp. 10-11

*The OEB’s Addendum to the Filing Requirements state: “All distributors must file the Global Adjustment (GA) Analysis Workform, and responses to the questions in Appendix A of the GA Analysis Workform instructions.” Please file a completed Appendix A.*

Response:

GSHi has completed Appendix A of the Global Adjustment Analysis Workform, and the completed document is included with this response.

Questions or concerns in this matter should be addressed to the undersigned.

Respectfully submitted,

*Original Signed By*

Tiiija Luttrell, CPA, CA  
Supervisor - Regulatory

**Appendix 2-Y  
 Summary of Impacts to Revenue Requirement  
 from Transition to MIFRS**

Revenue Requirement Component	2020 MIFRS	2020 CGAAP <sup>1</sup>	Difference	Reasons why the revenue requirement component is different under MIFRS
Closing NBV 2019	\$ 96,492,061	\$ 99,768,075	-\$ 3,276,014	Cumulative NBV of loss on disposals is difference
Closing NBV 2020	\$ 100,864,456	\$ 104,705,160	-\$ 3,840,704	Cumulative NBV of loss on disposals is difference
Average NBV	\$ 98,678,259	\$ 102,236,618	-\$ 3,558,359	
Working Capital	\$ 8,941,149	\$ 8,941,149	\$ -	
Rate Base	\$ 107,619,408	\$ 111,177,767	-\$ 3,558,359	
<b>Return on Rate Base</b>	\$ 6,478,688	\$ 6,692,902	-\$ 214,213	@ 6.02% (WACC as presented in initial submission)
			\$ -	
OM&A	\$ 17,388,957	\$ 17,388,957	\$ -	
Depreciation	\$ 4,404,633	\$ 4,232,165	\$ 172,468	Deferred revenue (ie: capital contributions) under MIFRS is revenue, nets def
PILs or Income Taxes	\$ 409,974	\$ 409,974	\$ -	
			\$ -	
Less: Revenue Offsets	-\$ 1,558,372	-\$ 1,950,594	\$ 392,222	\$564,690 loss on disposal of assets, net of deferred revenue \$172,468
			\$ -	
			\$ -	
			\$ -	
Insert description of additional item(s) and			\$ -	
<b>Total Base Revenue Requirement</b>	\$ 27,123,880	\$ 26,773,404	\$ 350,477	

1. Applicants must provide a summary of the dollar impacts of MIFRS to each component of the revenue requirement (e.g. rate base, operating costs, etc.), including the overall impact on the proposed revenue requirement. Accordingly, the applicants must identify financial differences and resulting revenue requirement impacts arising from the adoption of MIFRS as compared to CGAAP. If the applicant is reflecting the changes in capitalization and depreciation policies for the first time in a rebasing application, then the comparison in the above table should be between MIFRS and CGAAP before the change in accounting policies. If the applicant changed capitalization and depreciation policies and reflected these changes in a previous rebasing application, the comparison in the above table should be between MIFRS and CGAAP after the change in accounting policies.



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2019/11/25

NAME OF CUSTOMER  
ADDRESS OF CUSTOMER #1  
ADDRESS OF CUSTOMER #2  
SUDBURY, ON XXX XXX

RE: Sentinel Light Connections

Dear Customer:

This letter is to advise you that Greater Sudbury Hydro Inc. ("GSHi") is preparing an application to the Ontario Energy Board to update its distribution rates as of May 1, 2020. The application will include comprehensive updates on GSHi's costs to provide service to its customers and on the electricity loads on GSHi's distribution system. As part of its Cost of Service application, GSHi will submit a cost allocation study to support the rates applied for from each customer class, reflecting the electricity load of each class on the distribution system.

As a Sentinel Light customer, your monthly bill is based on an estimate of your electricity consumption, determined by the number and wattage of your devices and the estimated amount of time that they are in use each month. The following factors are used to calculate your bill each month.

Account Number	Service Address	Watt Size	kWh per Month
ACCOUNT NUMBER	SERVICE ADDRESS OR SERVICE DESCRIPTION	90	32.4

Please note that sentinel light watt size is adjusted for ballast loss, and so the watt size noted likely exceeds your sentinel light wattage.

Cost Allocation studies are performed approximately every five years and we rely on the above data to prepare both the cost allocation study and to bill your electricity consumption. Please review the above information specific to your account and contact our Engineering Department if you note any discrepancies. You may contact us at any time to update information about the wattage or number of your devices, which may affect your bill in the future. Verified updates may result in an adjustment to your monthly invoice.

Please contact our Engineering Department with any questions or concerns at 705-675-7536 Extension 2220 or by e-mail at [unmeteredloads@gsuinc.ca](mailto:unmeteredloads@gsuinc.ca).

Yours truly,

*Original Signed By*

Mark Van de Rydt  
Engineering Supervisor  
Greater Sudbury Hydro Inc.

## Appendix A

### GA Methodology Description

#### Questions on Accounts 1588 & 1589<sup>1</sup>

- Please complete the Table below for principal adjustments on the DVA Continuity Schedule for Account 1588:

#### Reconciliation of Account 1588 - 2018

	Principal Adjustments	Was the amount a "Principal Adjustment" in the previous year? (Y/N)
<b>Balance December 31, 2018</b>	<b>(\$1,408,703)</b>	
<b>Reversals of Principal Adjustments - previous year</b>		
1. Reversal of Cost of Power accrual from previous year		
2. Reversal of CT 1142 true-up from the previous year		
3. Unbilled to billed adjustment for previous year		
4. Reversal of RPP vs. Non-RPP allocation		
<b>Sub-Total Reversals from previous year (A):</b>	<b>\$0</b>	
<b>Principal Adjustments - current year</b>		
5. Cost of power accrual for 2018 vs Actual per IESO bill		
6. True-up of CT 1142 for 2018 consumption recorded in 2019 GL		
7. Unbilled accrued vs. billed for 2018 consumption		
8. True-up of RPP vs. Non-RPP allocation of CT 148 based on actual 2018 consumption		
9. Other		
<b>Sub-Total Principal Adjustments for 2018 consumption (B)</b>	<b>\$0</b>	
<b>Total Principal Adjustments shown for 2018 (A + B)</b>	<b>\$0</b>	
<b>Bal. For Disposition - 1588 (should match Total Claim column on DVA Continuity Schedule)</b>	<b>(\$1,408,703)</b>	

<sup>1</sup>In all references in the questions relating to amounts booked to accounts 1588 and 1589, amounts are not booked directly to accounts USoA 1588 and 1589 relating to power purchase transactions, but are rather booked to the cost of power USoA 4705 Power Purchased, and 4707, Charges – Global Adjustment, respectively. However, accounts 1588 and 1589 are impacted the same way as account 4705 and 4707 are for cost of power transactions.

10. In booking expense journal entries for Charge Type (CT) 1142 and CT 148 from the IESO invoice, please confirm which of the following approaches is used:
- CT 1142 is booked into Account 1588. CT 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589 respectively.
  - CT 148 is booked into Account 1589. The portion of CT 1142 equaling RPP minus HOEP for RPP consumption is booked into Account 1588. The portion of CT 1142 equaling GA RPP is credited into Account 1589. – GSH confirms this is the approach used.
  - If another approach is used, please explain in detail.
  - Was the approach described in response to the above questions used consistently for all years for which variances are proposed for disposition? If not, please discuss. Yes, the approach was used consistently.

11. Questions on CT 1142

- Please describe how the initial RPP related GA is determined for settlement forms submitted by day 4 after the month-end (resulting in CT 1142 on the IESO invoice). – GSH uses all RPP billings physically performed in the month being reported as an estimate for the cost of GA for that month. This methodology will change once GSHi has completed implementing the OEB's guidance on this matter, to be implemented by December 31, 2019.
- Please describe the process for truing up CT 1142 to actual RPP kWh, including which data is used for each TOU/Tier 1&2 prices, as well as the timing of the true up. - By the 4<sup>th</sup> business day of each month, GSHI submits its filing for the initial RPP true up to the IESO for the previous consumption month. GSHI uses the amount posted in its billing system in a given month for the inputs required for this filing. For example, the filing for November 2018 will utilize the billed consumption, billed amount, system-calculated WAP and system-calculated Global Adjustment pertaining to the electricity that was actually billed in the month of November. These figures will calculate a preliminary true-up amount for the month of November that will flow on line 1142 of the IESO invoice.  
GSHI's methodology trues up these initial submissions on a quarterly basis. Under this method, the submission to the IESO for the February 2019 settlement month would include a true up for Q4 2018 (covering the months of October, November and December 2018). Quarterly true-ups will consistently be submitted 2-months lagging the end of a given quarter.

To quantify the final RPP true up value, it is necessary to determine an accurate consumption split between RPP and non-RPP customers. GSHI starts by querying from its billing system a report that lists all electricity bills issued for a given month. This report details the consumption dates covered by each bill, the total kWh and other pertinent information (RPP \$ billed, RPP/non-RPP customer status). GSHI prorates the consumption for each individual bill into the appropriate month (ie: a bill for 800kwh total consumption with 15 days of consumption in each of November and December will have 400kwh allocated to each respective month). With every bill prorated in this manner, GSHI is able to determine the total kWh billed to RPP and non-RPP customers pertaining to a given consumption month. The total RPP dollars billed to customers are prorated into monthly buckets in the same manner.

With proper monthly cut-off of total kWh billed to RPP and non-RPP customers, it is possible to determine the percentage split of the portion of purchases pertaining to RPP customers. This percentage is applied to the total kWh, cost of commodity and cost of global adjustment purchased by GSHI from its energy suppliers (IESO, HONI, generation, etc) for the month being tried up.

Given all the data now available, GSHI calculates the following:

- 1) How much GSHI paid for the commodity that pertains to RPP customers.
- 2) How much GSHI paid for the GA that pertains to RPP customers.
- 3) How much GSHI collected from RPP customers pertaining to the kWh GSHI purchased from its energy suppliers (calculated by dividing the prorated RPP \$ total by the prorated kWh total and multiplying this value by the RPP kWh purchased by GSHI).

Part 1) and 2) above are summed and compared to part 3). The difference between the two values is the final true-up amount, and is the value that should have been paid to/received from the IESO for the given consumption month. This value is compared to the initially submitted estimate, and the difference between the initially submitted estimate and this value is tried up on a quarterly basis.

GSHI was careful to closely follow the example in Article 490 of the Accounting Procedures Handbook for this portion of the calculation in order to ensure that any inefficiency in GSHI's billing loss factor is appropriately captured in account 1588, and the appropriate amount is ultimately being tried up with the IESO.

- c. Has CT 1142 been true up for with the IESO for all of 2018? – **Yes 2018 was true up with submission for February 2019.**
- d. Which months from 2018 were true up in 2019? – **October, November, December**
  - i. Were these true ups recorded in the 2018 or 2019 balance in the General Ledger? – **They were recorded in the 2018 balance in the general ledger.**
- e. Have all of the 2018 related true-up been reflected in the applicant's DVA Continuity Schedule in this proceeding? – **Yes.**

#### 12. Questions on CT 148

- a. Please describe the process for the initial recording of CT 148 in the accounts (i.e. 1588 and 1589). - **By the 4th business day of each month, GSHI submits its filing for the initial RPP true up to the IESO for the previous consumption month. GSHI uses the amount posted in its billing system in a given month for the inputs required for this filing. For example, the filing for November 2018 will utilize the billed consumption, billed amount, system-calculated WAP and system-calculated Global Adjustment pertaining to the electricity that was actually billed in the month of November. These figures will calculate a preliminary true-up amount for the month of November that will flow on line 1142 of the IESO invoice. CT 148 from the IESO invoice is booked into Account 1589. The portion of CT 1142 equaling RPP minus HOEP for RPP consumption is booked into Account 1588. The portion of CT 1142 equaling GA RPP is credited into Account 1589.**
- b. Please describe the process for true up of the GA related cost to ensure that the amounts reflected in Account 1588 are related to RPP GA costs and amounts in 1589 are related to only non-RPP GA costs. **Please see response to 10B & 11B above. These responses explain how the GA costs are split to ensure accuracy.**
- c. What data is used to determine the non-RPP kWh volume that is multiplied with the actual GA per kWh rate (based on CT 148) for recording as the initial GA expense in Account 1589? – **The data used for the initial RPP submission on the 4<sup>th</sup> day of the month as described in 11B above.**
- d. Does the utility true up the initial recording of CT 148 in Accounts 1588 and 1589 based on estimated RPP/non-RPP consumption proportions to actuals based on actual RPP-non-RPP consumption proportions? - **Yes**



- e. Please indicate which months from 2018 were true up in 2019 for CT 148 proportions between RPP and non-RPP – **October, November and December 2018**
    - i. Were these true ups recorded in the 2018 or 2019 balance in the General Ledger? - **2018**
  - f. Are all true-ups for 2018 consumption reflected in the DVA Continuity Schedule? - **Yes**
13. Questions regarding principal adjustments and reversals on the DVA Continuity Schedule:

Questions on Principal Adjustments - Accounts 1588 and 1589

- a. Did the applicant have principal adjustments in its 2019 rate proceeding which were approved for disposition? - **No**
- b. If yes, please provide a break-down of the total amount of principal adjustments that were approved (e.g. true-up of unbilled, true up of CT 1142, true up of CT 148 etc.) for each of Accounts 1588 and 1589. – **N/A**
- c. Has the applicant reversed the adjustment approved in 2019 rates in its current proposed amount for disposition? – **N/A**

**NB:** only the principal adjustments amounts that were disposed in the previous proceeding should be reversed in this proceeding. For example, if no amount related to unbilled to billed adjustment for 2018 consumption was included in 2019 proceeding, this amount should not be included as a “reversal” from previous year.
- d. Please confirm that the allocation of charge type 148 has been true up to actual proportion of RPP/non-RPP consumption in the GL. – **GSHi confirms that the allocation of charge type 148 has been true up to actual proportion of RPP/non-RPP consumption in the GL.**