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BY E-MAIL

December 17, 2019

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

Dear Ms. Long:

**Re: Atikokan Hydro Inc. (Atikokan Hydro)
2020 IRM Distribution Rate Application
OEB Staff Interrogatories
OEB File No. EB-2019-0020**

In accordance with Procedural Order No.1, please find attached OEB Staff interrogatories in the above proceeding. The applicant has been copied on this filing.

Atikokan Hydro's responses to interrogatories are due by January 10, 2020.

Yours truly,

Original Signed By

Birgit Armstrong
Project Advisor, Incentive Rate Setting & Regulatory Accounting

Encl.

**OEB Staff Interrogatories
2020 Electricity Distribution Rates Application
Atikokan Hydro Inc. (Atikokan Hydro)
EB-2019-0020
December 17, 2019**

Staff-1

**Ref: Filing Requirements For Electricity Distribution Rate Applications – 2018
for 2019 Rate Applications, Chapter 3 and Addendum – 2020 Rate
Applications (Filing Requirements)
RRR 2.1.5.6 ROE**

The OEB's RRR data shows an achieved ROE of 11.86 vs. a deemed ROE of 8.78 for Atikokan Hydro, which results in overearning by 308 basis points.

Section 3.3.5 of the Filing Requirements state that “a distributor whose earnings are in excess of the deadband [+/- 300 basis points] is expected to refrain from seeking an adjustment to its base rates through a Price Cap IR.... If a distributor whose earnings are in excess of the deadband nevertheless applies for an increase to its base rates, the OEB expects it to substantiate its reasons for doing so.”

OEB staff notes that Atikokan did not provide an explanation as to why it should be eligible for the Price Cap index adjustment given its achieved ROE in 2018.

- a) Please provide detailed reasons for overearning in 2018.
- b) Please state why the OEB should consider a Price Cap index adjustment given the above stated filing requirement.

Staff-2

**Ref: Atikokan Hydro_2020_Rate Generator Model_20191015, Tab 3 – Continuity
Schedule
Decision and Order, EB-2017-0026**

		2018										
Account Descriptions	Account Number	Transactions Debit / (Credit) during 2018	OEB-Approved Disposition during 2018	Principal Adjustments during 2018	Closing Principal Balance as of Dec 31, 2018	Opening Interest Amounts as of Jan 1, 2018	Interest Jan 1 to Dec 31, 2018	OEB-Approved Disposition during 2018	Interest Adjustments during 2018	Closing Interest Amounts as of Dec 31, 2018	Principal Disposition during 2019 instructed by OEB	
Group 1 Accounts												
LV Variance Account	1550				0	0					0	
Smart Metering Entity Charge Variance Account	1551	966	2,117		(979)	0					0	
RSVA - Wholesale Market Service Charge ⁵	1580	(8,673)	(39,086)		(53,552)	(1,227)	(1,497)	(328)		(2,395)	(44,87)	
Variance WMS - Sub-account CBR Class A ⁵	1580				0	0					0	
Variance WMS - Sub-account CBR Class B ⁵	1580	(796)	(1,705)		8,397	199	185	(60)		444	9,1	
RSVA - Retail Transmission Network Charge	1584	23,380	38,701		39,118	593	985	615		963	15,7	
RSVA - Retail Transmission Connection Charge	1586	27,313	12,605		33,716	205	361	247		319	6,4	
RSVA - Power ⁴	1588	(34,653)	(51,471)	230,103	44,987	(1,050)	560	(730)	181	421	79,6	
RSVA - Global Adjustment ⁴	1589	(42,357)	(53,142)	(230,103)	42,265	126	741	(745)	(181)	1,431	84,6	
Disposition and Recovery/Refund of Regulatory Balances (2013) ³	1595				0	0				0	0	
Disposition and Recovery/Refund of Regulatory Balances (2014) ³	1595				0	0				0	0	
Disposition and Recovery/Refund of Regulatory Balances (2015) ³	1595				(173,869)	(21,983)	(3,592)			(25,575)	(173,86)	
Disposition and Recovery/Refund of Regulatory Balances (2016) ³	1595				(5,010)	(175)	(93)			(268)	(5,01)	
Disposition and Recovery/Refund of Regulatory Balances (2017) ³	1595				20,862	218	423			641		
Disposition and Recovery/Refund of Regulatory Balances (2018) ³	1595	(2,030)			(49,066)	0	(1,150)			(1,150)		
Disposition and Recovery/Refund of Regulatory Balances (2019) ³	1595	58,103	107,169									
<i>Not to be disposed of until a year after rate rider has expired and that balance has been audited</i>												
RSVA - Global Adjustment	1589	(42,357)	(53,142)	(230,103)	42,265	126	741	(745)	(181)	1,431	84,6	
Total Group 1 Balance excluding Account 1589 - Global Adjustment		63,610	68,330	230,103	(135,396)	(23,221)	(3,817)	(256)	181	(26,802)	(112,70)	
Total Group 1 Balance		21,253	15,188	0	(93,131)	(23,095)	(3,076)	(1,001)	0	(25,170)	(28,08)	
LRAM Variance Account (only input amounts if applying for disposition of this account)	1568		0		0	0				0		
Total including Account 1568		21,253	15,188	0	(93,131)	(23,095)	(3,076)	(1,001)	0	(25,170)	(28,08)	

- OEB staff notes that the OEB approved disposition amount (EB-2017-0026) of \$96 for Account 1551 Smart Meter Entity Variance Charge does not reconcile with the input provided in cell BE22, which is \$2,117. Please reconcile.
- Please reconcile the amount of 107,169 in cell BE36 with the inputs provided in cells BE22-29.
- Please provide the total interest amounts that have been transferred to Account 1595(2017).

Staff-3

Ref: IRM Rate Generator Model – Continuity Schedule

The applicant has submitted a continuity schedule as part of the rate generator model in the current proceeding that doesn't tie to the balances that were approved for disposition in its 2019 IRM application.

- For transparency purposes, please update the DVA continuity schedule of the current proceeding such that it maintains continuity with what the OEB had approved in the 2019 IRM rate application. In particular, the 2017 closing balances should include the impact of the principal adjustments that were approved for accounts 1588 and 1589 respectively.

- b) Also, please update the 2018 principal adjustments such that they represent the reverse of what was recorded as a principal adjustment to each account in 2017.

Staff-4

Ref: GA Analysis Workform

The application presents a reconciling adjustment in its GA Analysis Workform pertaining to the difference between its OEB approved and actual loss factors.

- a) Please provide the calculation used to quantify the \$28,012.

Staff-5

Ref: GA Analysis Workform

The starting point in Note 5 of the GA Analysis Workform (i.e. cell C64) must agree to the actual transactions as recorded in the applicant's G/L during 2017. Currently the amount recorded does not agree to the transactions during 2018 as per the DVA continuity schedule.

- a) Please update cell C64 of the GA Analysis Workform such that it agrees to the transactions during 2018 per the DVA continuity schedule. Keep in mind that the amount in the transactions during 2018 column of the DVA continuity schedule must represent the actual transactions as recorded within the applicant's G/L for 2018.

Staff-6

Ref: Manager's Summary, p. 21

At the above reference, the applicant is confirming that it has yet to fully implement the OEB's February 21, 2019 guidance with respect to Accounts 1588 and 1589.

- a) In light of the above, please confirm that the applicant is only seeking the interim disposition of its Group 1 account balances in this proceeding.
- b) Please confirm that as part of its implementation of the OEB's February 21, 2019 guidance, the applicant intends to go back to each of its IESO settlements for 2018 and 2017 to determine the impact of the new OEB guidance on those settlements.

Staff-7

Ref: Manager's Summary, Appendix E

In the responses provided to Question 12 of this Appendix, the applicant has indicated that it performs its split of CT 148 based on actual consumption for the month once it is known. This occurs typically two months after the CT 148 charge has been received (i.e. the October CT 148 charge will not be split between RPP and Non-RPP within the applicant's G/L until December). Based on this methodology, the applicant indicates that no subsequent true-up of the split is required.

- a) Please confirm that OEB Staff's understanding of the process as outlined above is accurate. If not accurate, please explain why.
- b) Does that mean no CT 148 charge will get booked in the G/L until two-months after receiving it – so you will only record the October CT 148 charge in your G/L in December? Please explain.
- c) Under the above methodology, it would mean the split for the November 2018 GA Charge was not done until January 2019, and the split for the December 2018 GA Charge was not done until February 2019:
 - i. Please confirm the CT 148 charge and the resulting split for both the November and December 2018 has been properly reflected within the transactions during 2018 as presented in the DVA continuity schedule of this proceeding (and that the CT 148 charge for January to December 2018 and resulting split is picked up in the 2018 transactions).
 - ii. If the response to the above is yes, then please confirm that the applicant leaves its G/L open long enough after its year-end in order to capture each of these charges and splits.