North Bay Hydro Distribution Limited

NBHDL Responses

EB-2019-0057

January 25, 2020

**North Bay Hydro Distribution Limited (North Bay Hydro)**

**OEB Staff Questions**

**EB-2019-0057**

**RESPONSES**

**Staff Question-1**

OEB staff has updated the input price index (IPI) applicable for 2020 distribution rate application to 2.0% as announced by the OEB on October 31, 2019. The Price Cap Index has been updated accordingly to 1.70%.

OEB staff has also updated North Bay Hydro’s Rate Generator Model for the most recent TOU pricing (Nov 1) and new Ontario Electricity Rebate (31.8%).

Please confirm North Bay Hydro’s acceptance of the updated model provided with these OEB staff questions.

**Response**

NBHDL accepts the updated model (v3).

**Staff Question-2**

**Ref: Rate Generator Model, Tab 11 – RTSR – UTRs & Sub-Tx**

OEB staff has updated the Rate Generator Model as provided in Staff Question-1 for the 2020 interim UTRs as per the OEB’s Decision and Interim Rate Order in EB-2019-0296 and the 2020 Sub-Transmission Rates as per EB-2019-0043. Please confirm North Bay Hydro’s acceptance of the updated model.

**Response**

NBHDL accepts the updated model (v3).

**Staff Question-3**

**Ref 1: EB-2019-0057, Application, Pages 12-13**

**Ref 2: Rate Generator Model, Tabs 2 – Current Tariff Schedule and 19 – Final Tariff Schedule**

The application notes that the IRM Rate Generator Model rounded North Bay Hydro’s Low Voltage rate to four decimal places for the Residential, General Service<50kW and Unmetered Scattered Load rate classes. North Bay Hydro has this rate approved to five decimal places for these classes and proposes to maintain the rate as approved.

OEB staff has updated the Rate Generator Model for the error noted. Please confirm North Bay Hydro’s acceptance of the updated model.

**Response**

NBHDL accepts the updated model (v3).

**Staff Question-4**

**Ref: Rate Generator Model, Tab 20 – Bill Impacts**

Please populate column M in full on tab 20 of the Rate Generator Model (i.e. Consumption, Demand, or Demand-Interval). OEB staff notes that currently, North Bay Hydro has only selected “Demand” for the applicable rate classes.

**Response**

NBHDL has updated the model and has included it with this submission (v4). NBHDL would like to advise that in the new Bill impact tab, the model failed to populate RTSR rates for the class 3000-4999 kW (beginning row 246, cells F272 & F273, tab 20).

**Staff Question-5**

**Ref 1: EB-2019-0057, Manager’s Summary, Pages 9-10**

**Ref 2: EB-2018-0057, 2019 IRM Decision and Rate Order, March 28, 2019, Page 6-7**

At the above noted first reference, North Bay Hydro stated the following, including that it is not seeking disposition of either Account 1588 or Account 1589 in the current proceeding:

On February 21, 2019, the OEB released a letter entitled *Accounting guidance related to Accounts 1588 and 1589*. The direction provided by the OEB staff was a change in practice but not overall theory to NBHDL’s current settlement process. Due to system limitations, NBHDL experienced an unforeseen delay in its implementation of the new standards effective August 31, 2019. NBHDL is working diligently to finalize its internal processes in order to compliant with OEB direction and the balances reported for the 2019 RRR filing will be consistent with the new accounting guidance. At this time, NBHDL is not currently seeking disposition of either 1588 or 1589; NBHDL will provide the OEB with a review of historical balances, results of the review, and any adjustments when it seeks disposition at a future date.

At the above noted second reference, the OEB stated the following:

While North Bay Hydro did not seek disposition of its Group 1 account balances, the OEB notes the following shortcomings regarding the information provided in this proceeding. With respect to the GA Analysis Workform filed on January 28, 2019, the OEB finds that North Bay Hydro has not adequately explained the nature of the IESO adjustments, which groups of customers they pertained to, and whether there were any outstanding RPP settlement ramifications with the IESO impacting the December 31, 2017 account balances. In the final iteration of the Workform, filed February 25, 2019, the reconciling items were removed, also without satisfactory justification in support of their removal.

The OEB expects North Bay Hydro to utilize the OEB’s recently issued accounting guidance related to Accounts 1588 RSVA Power and 1589 RSVA Global Adjustment and apply this guidance to its 2017 transactions. If North Bay Hydro identifies that material adjustments are required to Accounts 1588 or 1589 as a result of utilizing the methodology prescribed in the guidance, the OEB expects North Bay Hydro to cite these differences and explain these adjustments in its 2020 IRM application.

1. In addition to what North Bay Hydro described in its Manager’s Summary at the above first noted reference, please confirm that North Bay Hydro is also working towards rectifying the OEB’s concerns noted at the above second noted reference.
2. If this is not the case, please explain.

**Response**

NBHDL can confirm that the second noted reference is part of the overall 1588/89 settlement review.

**Staff Question-5**

**Ref 1: EB-2019-0057, Manager’s Summary, Page 9**

**Ref 2: Chapter 3 of the Filing Requirements for Electricity Distribution Applications Rate Applications, dated July 12, 2018, Page 14**

At the above noted first reference, North Bay Hydro stated the following:

In accordance with the Filing Guidelines, the description of NBHDL’s settlement process is only required to be submitted if an aspect of the description has changed since previously filed or has not been previously filed in an application. NBHDL confirms that the settlement process description previously filed in the 2016 IRM (EB-2015-0092), 2017 IRM (EB-2016-0214) and 2018 IRM (EB-2017-0065) applications was not changed during the 2018 fiscal period.

At the above noted second reference, the OEB stated the following:

A distributor must support its GA claims with a description of its settlement process with the IESO or host distributor…

OEB staff notes that at the above noted first reference, North Bay Hydro has referenced historical OEB filing requirements that have been super-ceded by the OEB filing requirements at the above noted second reference. The current OEB filing requirements articulate that a description of the applicant’s settlement processes is required.

1. Please confirm that in its future application to clear Account 1588 and Account 1589 balances, North Bay Hydro will include a description of its settlement processes, including how these processes address the new accounting guidance issued by the OEB on February 21, 2019.
2. If this is not the case, please explain.

**Response**

NBHDL can confirm in a subsequent future application to seek disposition of accounts 1588 and 1589, it will include a description of its settlement process and how they address the guidance provided by the OEB on February 21, 2019.

**Staff Question-6**

**Ref 1: EB-2019-0057, Manager’s Summary, Page 9**

**Ref 2: EB-2018-0057, 2019 IRM Decision and Rate Order, March 28, 2019, Pages 6-7**

**Ref 3: Addendum to Filing Requirements for Electricity Distribution Rate Applications - 2020 Rate Applications, dated July 15, 2019, Pages 12-13**

At the above noted first reference, North Bay Hydro stated the following:

Effective May 23, 2017, per the OEB’s letter titled *Guidance on Disposition of Accounts 1588 and 1589*, applicants must reflect RPP Settlement true-up claims pertaining to the period that is being requested for disposition in the RSVA Power (Account 1588) and RSVA GA (Account 1589) variance accounts. For the 2018 fiscal period, NBHDL incorporated the January 2019 settlement reconciliation (completed Feb 2019) into the standard year-end process. These reconciliations of 2018 billing data were then reflected in the 2018 audited balances through standard accrual accounting. The 2018 true-up reflected in the 2018 balances for accounts 1588 and 1589 were $57,537 and ($292,057) respectively.

At the above noted second reference, the OEB stated the following:

…The OEB expects North Bay Hydro to utilize the OEB’s recently issued accounting guidance related to Accounts 1588 RSVA Power and 1589 RSVA Global Adjustment and apply this guidance to its 2017 transactions…

At the above noted third reference, the OEB stated the following regarding the expectations for final disposition requests of commodity pass-through account balances:

Utilities that did not receive approval for disposition of historical account balances due to concerns noted should apply the accounting guidance to those balances as well as the 2018 balance and adjust the balances as necessary, prior to requesting final disposition.

2017 balances were not approved for clearance in North Bay Hydro’s 2019 proceeding[[1]](#footnote-1) as the disposition threshold was not met and concerns were also noted by the OEB.[[2]](#footnote-2) The most recent year in which Accounts 1588 and 1589 balances were approved for disposition on a final basis related to 2016 balances in North Bay Hydro’s 2018 proceeding.[[3]](#footnote-3)

1. Please confirm that as the OEB had concerns with historical account balances, North Bay Hydro will apply the new accounting guidance to 2017, 2018, 2019, and forward balances and adjust the balances as necessary, prior to requesting final disposition in a future application.

**Response**

NBHDL confirms that at the OEB’s request, it will apply the new accounting guidance to fiscal years 2017, 2018 and 2019 prior to seeking final disposition.

**Staff Question-7**

**Ref 1: Addendum to Filing Requirements for Electricity Distribution Rate Applications - 2020 Rate Applications, dated July 15, 2019, Page 12**

**Ref 2: EB-2019-0057, Manager’s Summary, Pages 9-10**

At the above noted first reference, the OEB stated the following:

The accounting guidance is effective January 1, 2019 and is to be implemented by August 31, 2019. Distributors are expected to consider the accounting guidance in the context of historical balances that have yet to be disposed on a final basis (including the 2018 balances that may be requested for disposition in this rate application). In this application, 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.

At the above noted second reference, North Bay Hydro stated the following:

…At this time, NBHDL is not currently seeking disposition of either 1588 or 1589; NBHDL will provide the OEB with a review of historical balances, results of the review, and any adjustments when it seeks disposition at a future date.

1. Please provide a status update.
2. Please state when North Bay Hydro expects the new accounting guidance will be implemented.

**Response**

NBHDL has had the goal of having the new accounting procedures implemented so that the 2019 audited financial statements would carry 1588 and 1589 account balances that were reflective of the new guidance. At this time, NBHDL is in the final stages of its review and expects the accounting guidance to be in place within the next few months.

**Staff Question-9**

**Ref: Tariff of Rates and Charges**

As per the Rate Order in EB-2017-0183, OEB staff will update the tariff at the decision and rate order stage of this proceeding for the following changes to Non-Payment of Account Service Charges:

1. Removal of all “Collection of Account” charges
2. Removal of all “Install/Remove Load Control Device” charges
3. Change any reference of “Disconnect/Reconnect” to “Reconnection”
4. Alter the “Late Payment – per month” charge to “Late Payment – per month” (effective annual rate 19.56% per annum or 0.04896% compounded daily rate)

Please confirm North Bay Hydro’s acceptance of the above.

**Response**

NBHDL is in acceptance of the above rate changes pursuant to the rate order EB-2017-0183.

LRAMVA

**Staff Question-10**

**Ref: Appendix G, IndEco Report, Cogeneration Project, Page 7**

1. In Excel format, please provide the hourly peak data (including the time and date of the peak) for each day in the month between 2016 and 2018 to show the facility peak (with the cogeneration facility not running) and grid peak (with the cogeneration facility running) used for lost revenue calculations in 2016, 2017 and 2018.
2. Please discuss why facility and system peaks do not need to be consistent in order to calculate lost revenue impact.

**Response**

b) Billing is based on the facility peak, not the system peak. As the requested spreadsheet indicates, facility peak may occur over any hour in the day, particularly considering that the facility is a 24/7 operation. For example, in 2016 it was at 13:00 in January, 15:00 in February and midnight in March. As the spreadsheet also demonstrates, the peak for billing purposes is sometimes but not always coincident with the facility peak. This reflects the variations in demand over time, as well as the variation in generation.

**Staff Question-11**

**Ref: Appendix G, IndEco Report, Load reductions accounted for in the load forecast, Page 8**

**Ref: LRAMVA Workform, Tab 2, LRAMVA Threshold, Tables 2-b and 2-c**

1. Please confirm that the load forecast that has underpinned rates following the 2015 COS application (EB-2014-0099) is that which is included within the Excel file from the 2015 COS proceeding titled “North Bay 2015 Load Forecast Model\_Settlement”.
2. Please confirm that the LRAMVA threshold used to determine the requested lost revenue amounts in this application is consistent with the load forecast value that has been used to determine rates following the 2015 COS proceeding.

**Response**

1. NBHDL confirms that the load forecast that underpinned rates following the 2015 COS application (EB-2014-0099)) is that which is included within the Excel file from the 201 COS preceeding titled “North Bay 2015 Load Forecast Model Settlement”.
2. NBHDL confirms that the LRAMVA threshold used to determine the requested lost revenue amounts in this application is consistent with the load forecast value that has been used to determine rates following the 2015 COS proceeding. The derivation of the LRAMVA threshold is discussed in detail on pp.12-13 of the IndEco report which is at Appendix G in the application (PDF page 124).

1. EB-2018-0057 [↑](#footnote-ref-1)
2. EB-2018-0057, 2019 IRM Decision and Rate Order, March 28, 2019, page 6 & 7 [↑](#footnote-ref-2)
3. EB-2017-0065 [↑](#footnote-ref-3)