

Lakeland Power Distribution Ltd.

EB-2019-0050

Staff Questions

Staff -1

Re: IRM Rate Generator, Sheet 3 – Continuity Schedule

Account Description	Account #	Lakeland Power Main	Parry Sound	Total	RRR	Variance
Disposition and Recovery/Refund of Regulatory Balances (2016)	1595	\$ (52,093.87)	\$ -	\$ (52,094)	\$ (42,512)	\$ 9,581
Disposition and Recovery/Refund of Regulatory Balances (2017)	1595	\$ -	\$ 58,807	\$ 58,807	\$ 58,978	\$ 172
Disposition and Recovery/Refund of Regulatory Balances (2018)	1595	\$ -	\$ 46,974	\$ 46,974	\$ 37,221	\$ (9,753)

- For the Parry Sound Rate Zone, please explain the variance of \$172.
- The sum of the variances for these 1595 accounts sum to zero. Please explain the relationship that exists between these accounts.
- For the Lakeland Power Main Rate Zone, please confirm that the residual balance in 1596 (2016) will be written off.

Staff -2

Re: IRM Rate Generator Model

Staff has made the following changes to your model.

- Based on email correspondence, questions 5 and 6 on sheet 1 were updated to "YES"
- Sheet 6, class A consumption were updated to match values in email correspondence
- Sheet 11 column L was updated for the OEB approved 2020 Hydro One Sub-Transmission Rates.
- Sheet 16, Price escalator was updated to 2%
- Sheet 17, TOU pricing was updated for November 1, 2019 rates
- Sheet 20, bill impacts, updated to include the 31.8% Ontario Electricity Rebate.

Please confirm the changes and that Lakeland Power is in agreement with the changes.

Staff-3

Re: Sheet 20, RTSR's

Retail transmission service rates for Lakeland Power (including Parry Sound) have increased over 10%. Part of the increase is due to the increase in Hydro One Sub-Transmission Rates, please quantify the other components of the increase.

Staff-4

Re: Renewable Generation, Manager's Summary, Page 28

Re: 2019 Cost of Service Application, Chapter 2 Appendices, 2-FA, 2-FB, 2-FC

Lakeland Power has applied to recover capital costs in the amounts of \$21,513 related to Renewable Enabling Improvements (REI) and \$190,713 related to Expansion Investments. This represents approximately 84% of the actual capital costs (\$252,661). Lakeland Power has applied to collect this amount over one year from all provincial ratepayers in the amount of \$17,686.

- a. On page 8 of the manager's summary, Table 1, Lakeland Power indicates that the balance in account 1531 is \$257,224 (as per 2018 RRR filing). Please explain the variance of \$4,563 between the actual capital costs and the amount filed in RRR.
- b. Please indicate the date when the assets related to these projects were put into service.
- c. Which service areas, Lakeland Power – Main or Parry Sound, are these projects associated with?
- d. Lakeland Power has applied to recover approximately 84% of the total capital costs over one year from all provincial ratepayers. However, as per EB-2009-0349 (Rate Protection and the Determination of Direct Benefits under Ontario Regulation 330/09) Lakeland Power is entitled to the revenue requirement (less the Direct Benefit) associated with the investment. Lakeland Power filed the workforms in Lakeland Power's 2019 Cost of Service rate application (EB-2018-0050) as referenced above.
 - i. Please confirm that Lakeland Power is in agreement with the above statements. If not, please provide an explanation why Lakeland Power is requesting funds from provincial rate payers solely based on only the investments they made and not the revenue requirement.
 - ii. Please enter the Opening Accumulated Amortization in Sheet 2-FB, Cell D75.
 - iii. OEB Staff has attached a copy of the 2019 Chapter 2 Appendices (specifically tabs 2-FA, 2-FB and 2-FC) filed in Lakeland Power's last CoS application.
 - i. Please confirm that Lakeland Power is foregoing the revenue requirements associated with the direct benefit allocation.
 - ii. For years 2019-2023, OEB staff has updated the ROE, short term interest rate and long term interest rate on Sheet 2-FB and 2-FC. Please review the tabs and confirm that all inputs are correct.
 - iii. In reference to Table 1 below, please confirm that Lakeland Power is in agreement with the 2020 accumulated revenue requirement associated with the provincial benefit. If the values in Table 1 have

changed due to the response to (ii), please provide an updated table.

- iv. In reference to Table 1 below, please confirm the annual revenue requirement associated with the provincial benefit for the years 2021, 2022 and 2023.

Table 1

Year	Associated Revenue Requirement				Total Provincial Benefit	Monthly Provincial Benefit
	REG Improvement		REG Expansion			
	Direct Benefit	Provincial Benefit	Direct Benefit	Provincial Benefit		
2014	\$ 53	\$ 833	\$ 1,513	\$ 7,389	\$ 8,222	\$ 685
2015	\$ 107	\$ 1,672	\$ 3,036	\$ 14,823	\$ 16,495	\$ 1,375
2016	\$ 107	\$ 1,680	\$ 3,051	\$ 14,896	\$ 16,577	\$ 1,381
2017	\$ 108	\$ 1,685	\$ 3,059	\$ 14,936	\$ 16,621	\$ 1,385
2018	\$ 108	\$ 1,686	\$ 3,061	\$ 14,944	\$ 16,630	\$ 1,386
2019	\$ 100	\$ 1,564	\$ 2,841	\$ 13,869	\$ 15,434	\$ 1,286
2020	\$ 100	\$ 1,563	\$ 2,837	\$ 13,853	\$ 15,416	\$ 1,285
Sub-total (2014-2020)	\$ 682	\$ 10,684	\$ 19,398	\$ 94,710	\$ 105,394	\$ 8,783
2021	\$ 99	\$ 1,558	\$ 2,829	\$ 13,812	\$ 15,370	\$ 1,281
2022	\$ 99	\$ 1,551	\$ 2,816	\$ 13,750	\$ 15,301	\$ 1,275
2023	\$ 98	\$ 1,542	\$ 2,799	\$ 13,666	\$ 15,208	\$ 1,267
Total (2014-2023)	\$ 979	\$ 15,334	\$ 27,843	\$ 135,938	\$ 151,272	

Staff-5

Ref: Supporting Documentation (filed in support of 2011-2014 savings)

- For the Lakeland Power Main rate zone, please file the 2014 Persistence Savings Report. (Note: this report is required to provide support for the 2013 and 2014 incremental savings, as well as 2011 and 2012 persisting savings in each subsequent year to 2017)
- For the Parry Sound rate zone, please file the 2014 Persistence Savings Report. (Note: this report is required to provide support for the 2011 to 2014 persisting savings claimed in 2015, 2016 and 2017)

Staff-6

Ref: Tab 5 of LRAMVA workforms (Lakeland and Parry Sound)

2017 Final Verified Results Report

- Please confirm that no further persistence reports from 2015 and onwards were issued by the IESO, following the merge of Lakeland Power (Main Rate Zone) and Parry Sound in 2014.

- b. Please confirm that Lakeland Power used facility address information to separate the savings by rate zone from 2015-2017, as they are reported by the IESO on a consolidated basis.
- c. Please confirm that the net incremental savings (and savings adjustments) by rate zone in Tables 5-a, 5-b and 5-c (Tab 5 of the LRAMVA workform) sum up to the total IESO verified savings results for all programs in the 2017 Final Verified Results Report.

Staff-7

Ref: Tab 1-a of LRAMVA workform

- a. If Lakeland Power 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 1-a)".

Staff-8

Ref: Lakeland Power (Main Rate Zone) - Tab 3-a / Tab 4 and 5 of LRAMVA workform

There are discrepancies in the rate class allocation of savings between the GS<50 kW and GS>50 kW classes (in Tab 3-a and Tabs 4/5 of the workform) for the following programs:

- 2011 Retrofit Program
- 2013 Retrofit Program
- 2016 Retrofit Program
- 2017 Small Business Lighting Program

It also appears the formula is not carrying over properly for some years (such as 2011 and 2012).

- a. Please explain why there is a discrepancy between the rate class allocations between Tab 3-a and Tabs 4/5. Please confirm the correct allocations.

- b. Please confirm that the analysis undertaken in Tab 3-a is up-to-date. If not, please provide the data that reconciles the information in Tab 3-a to the rate class allocations used in Tabs 4 and 5 of the LRAMVA workform.

Staff-9

**Ref: Lakeland Power (Main Rate Zone) - Tab 2 of LRAMVA workform
EB-2012-0145, Decision and Order, Settlement Table 7**

Table 2-a includes a template to input the LRAMVA threshold breakdown by rate class. However, the total LRAMVA threshold populated in Tab 2 of the workform is not consistent with the amount noted in Table 7 of Lakeland Power's 2013 Settlement Agreement.

- a. Please complete Table 2-a with all kWh forecast savings by rate class. Please ensure that the total LRAMVA threshold noted in Table 2-a matches the approved threshold (of 3,215,031 kWh) in the 2013 Settlement Agreement.

Staff-10

Ref: Lakeland Power (Parry Sound Rate Zone) - Tab 3-a / Tab 4 and 5 of LRAMVA workform

In Tab 3-a, the analysis underpinning the rate class allocations for 2016 and 2017 was provided.

- a. For the retrofit program in 2011, 2012, 2013 and 2014, please explain how the rate class allocations between the GS<50 kW and GS 50-4999 kW classes were derived.

Staff-11

**Ref: Lakeland Power (Parry Sound Rate Zone) - Tab 2 of LRAMVA workform
EB-2010-0140, Decision and Order, p. 8**

In the 2011 Decision and Order, Parry Sound was approved of using 10% of its 2011-2014 CDM target (0.416 GWh) as its LRAMVA threshold.

- a. Please discuss whether there was explicit approval of the rate class breakdown of the LRAMVA threshold (of 416,000 kWh). If yes, please provide the specific reference. If not, please show how the rate class breakdown of the LRAMVA threshold was determined.

Staff-12

Ref: Lakeland Power (Parry Sound Rate Zone) - Tab 3 of LRAMVA workform

In Table 3, the implementation dates of the distribution rates from 2011 and onwards were not populated properly in the template.

- a. Please review the entries in row 16 (Table 3 of Tab 3 of LRAMVA workform) and make corrections, as required, to reflect the appropriate implementation year of the distribution rates.

Staff-13

Ref: Manager's Summary, p. 22

In 2018 the OEB suspended its approvals of Group 1 rate riders on a final basis pending the development of further accounting guidance on commodity pass-through variance accounts.¹

The OEB issued accounting guidance² on the commodity accounts on February 21, 2019. In this letter, the OEB indicated that it expects distributors to consider the accounting guidance in the context of historical balances that have not yet been disposed on a final basis. Distributors are expected to make any adjustments needed prior to filing for final disposition.

- a. Is Lakeland Power seeking final disposition of its 2017 Group 1 DVA Account balances (previously approved for disposition on an interim basis) and its 2018 Group 1 DVA Account balances on a final basis as part of the current application?
- b. As noted in its Feb 21, 2019 letter, the OEB expects distributors to consider the accounting guidance in the context of historical balances that have not yet been disposed on a final basis. Distributors are expected to make any adjustments needed prior to filing for final disposition. To that end, has Lakeland Power assessed each RPP settlement performed in both 2017 and 2018 in the context of the OEB's February 21, 2019 accounting guidance?

¹ OEB letter to all rate-regulated licensed electricity distributors – "Re: OEB's Plan to Standardize Processes to Improve Accuracy of Commodity Pass-Through Variance Accounts." July 20, 2018.

² 8 Accounting Procedures Handbook Update – Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589, February 21, 2019.

- c. If the response to the above is yes, please detail the process that was undertaken and the amount of any adjustments that resulted (by year, by account).

Staff-14

Ref: GA Analysis Workform

Lakeland Power has prepared a GA Analysis Workform for each of its rate zones. As part of Note 5 of each GA Analysis Workform, it has not quantified the dollar impact related to the difference between the OEB approved and actual loss factors (i.e. Adjustment 7 in Note 5 of each GA Analysis Workform).

- a) Please update each GA Analysis Workform to reflect the impact of the difference in approved vs actual loss factors.

Staff-15

Ref: Appendix A: GA Methodology Description

In the response provided in question 11 a, Lakeland Power indicates that it trues-up CT 1142 to the actual GA rate in the month after settlement.

- a) In the response, Lakeland Power further indicates that its settlement consumption amount is based on smart meter data for the month, as well as estimates to determine the portion that are with a retailer and any non-smart meter volumes. Are those estimates trued-up to actual as part of the following month's true-up? If Lakeland Power believes that those estimated amounts do not require true-up, please explain why.

Staff-16

Ref: Appendix A: GA Methodology Description

Question 11 b asks to describe the process used to true-up the initial split of CT 148 between RPP and Non-RPP customers.

- a) The response provided does not seem to address how the percentage split of CT 148 between RPP and Non-RPP customers is trued-up. Please elaborate on the response provided.