**Tillsonburg Hydro Inc. (Tillsonburg)**

**2020 IRM Application**

**EB-2019-0069**

**Application Analysis – Tillsonburg Hydro Responses**

**January 10, 2020**

**Staff Question #1**

**Ref: Manager’s Summary, Deferral and Variance Account Rate Riders section**

**IRM Rate Generator, Tab 3. Continuity Schedule**

**IRM Rate Generator, Tab 4. Billing Det. For Def-Var**

Tillsonburg notes that:

In the Decision and Order for THI EB-2018-0070 an Audit for USoA 1588, 1589 and 1595 was required. Along with this the OEB released accounting guidance on February 21, 2019 regarding Group 1 Accounts.

The February 21, 2019 accounting guidance relates to accounts 1588 and 1589.

The IRM Rate Generator provided indicates that accounts 1551, 1580, 1584 and 1586 total a credit balance of $608,283. The threshold test results in a credit of $0.0033 per kWh.

1. Does Tillsonburg have a reason to believe the balance in accounts 1551, 1580, 1584 or 1586 may be in error? If so, please explain.

**Response**

**No, Tillsonburg Hydro does not have any reason to believe the balances in accounts 1551, 1580, 1584 or 1586 are erroneous or would be impacted by the referenced 1588, 1589 or 1595 audit.**

1. Is Tillsonburg aware of any other reason not to dispose of these four accounts? If so, please explain.

**Response**

**No. Tillsonburg Hydro is not aware of any other reason not to dispose of these accounts, other than keeping all variance accounts on an equal footing re: dispostion.**

**Staff Question #2**

**Ref: IRM Rate Generator, Tab 3. Continuity Schedule**

In 2016, Account 1580, RSVA Wholesale Market Service Charge captured credit transactions of $190,628. In 2017, further credit transactions amounted to $189,115. In 2018, credit transactions were $21,794. This results in a total credit principal balance of $401,537

1. Please provide a table for the years 2016, 2017, and 2018 which outlines, the retail volumes, rates and revenue by rate class, and the wholesale volumes, rates and expenses related to RSVA Wholesale Market Service Charge.

**Response**

**See table requested below.**

**Note, the data source used during individual years (2016 / 2017 / 2018) used monthly billed data with an annual unbilled adjustment being calculated in December of each year. As with all unbilled revenue calculations, this is an estimate. The data source utilized to provide the tables requested is a new data source utilizing consumption month data. As a result, the annual numbers will not align exactly and some variance balances, when compared from original source to the table below, will migrate over years. A cumulative total is provided to compare total 3-year differences.**



1. Please provide an explanation for material differences between revenues and expenses

**Response**

**Expenses are calculated and provided by the IESO directly through monthly IESO invoices. Revenue utilize metered billing quantities applied to approved rates (in various rate orders). As both the retail and wholesale rates are province wide based, the only comment Tillsonburg Hydro can discuss are related to the billing quantities, which we don’t have any concern relate to accuracy.**

1. Can Tillsonburg confirm that none of the balance in Account 1580 relates to the sub-account CBR Class B?

**Response**

**Tillsonburg Hydro does include Class B CBDR within the WMS variance accounts. Did the Board Staff mean to reference Class A CBDR? If so, Tillsonburg Hydro does confirm that no Class A CBDR variance is included in these values.**

1. If point c) cannot be confirmed, please
	1. Revise the continuity schedule to reflect the amounts that should be recorded in the Sub-account CBR Class B, or explain why this is not possible.
	2. On sheet 1. Information Sheet, row 43 (with macros enabled), select No, then Yes again.
	3. Complete worksheets 6. Class A Consumption Data and 6.2 CBR B.
	4. If the above cannot be completed, please explain why.

**Response**

**Tillsonburg Hydro is not providing a response to this question, as we believe a reference to Class B should be reference Class A and response to IR 2c) previous provided answers this question.**

**If Tillsonburg Hydro has misunderstood the question, please let us know and we can discuss further.**

**Staff Question #3**

**Ref: IRM Rate Generator, Tab 3. Continuity Schedule**

**IRM Rate Generator, Tab 12. Historic Wholesale**

In 2016, Account 1584, RSVA Retail Transmission Network Charge captured credit transactions of $17,580. In 2017, further credit transactions amounted to $101,115. In 2018, credit transactions were $68,599. This results in a total credit principal balance of $187,857.

In 2016, Account 1586, RSVA Retail Transmission Connection Charge captured credit transactions of $24,896. In 2017, further credit transactions amounted to $24,175. In 2018, debit transactions were $82,337. This results in a net debit principal balance of $33,266.

1. Please provide tables for the years 2016, 2017 and 2018, by rate class, including volumes and RTSR charges, for all Revenues, as well as the wholesale transmission/host distributor transmission volumes and rates for all expenses reconciling back to the annual RSVA variances. Please provide explanations for material differences between revenues and expenses by year, and between years.

**Response**

**Similar to response IR 2a) above, there are differences in unbilled estimates used at the time of variance calculation and the data provided in the tables below.**

**The revenues year over year have not changed materially (considered approximately within a 10% band). The revenues are driving by changes in consumption profiles and retail rates (which are also set by comparing wholesale rate changes and consumption profiles, as calculated during annual IRM decisions).**

**Expenses year over year have also not changed materially and any changes are driven as a result of monthly peak demand variations across the Totalized demand profile of the service territory.**





**Staff Question #4**

**Ref: IRM Rate Generator, Tab 15. RTSR Rates to Forecast**

Tillsonburg is proposing increases to its RTSR rates from 4.4% to 6.9% in 2020.

1. Please reconcile the components of the increase, i.e. price and volume contributors explaining causes for each of the reasons for the increase, provide a table by rate class outlining the drivers of the proposed increase to both the connection and network RTSRs.

**Response**

**See requested charts below.**



1. To the extent that the increase is driven by changes in wholesale and retail billed volumes, please explain the underlying reasons for the change in wholesale volumes, and retail volumes billed quantities for 2017 and 2018.

**Response**

**The majority of the variance relates to retail billed volumes. The charts provided in IR 4a) above reconcile the rate increases to the allocated billed amounts. The “Variance to Current” columns show that the majority of the variances are between current and adjusted RTSR rates.**

**The difference is identified if you compare the “Billed Amounts” from 2019 to 2020. Excerpt provided below.**

**The 2019 final “Current Wholesale Billing” values are drastically different than the 2020 first “Current Wholesale Billings” and point to the 2019 IRM model having rates set using low consumption / demand values resulting in incorrect low rates, which are being corrected through the 2020 IRM process.**

**Without this correction the DVAD’s for network and connection activity will be increased during the 2020 rate year.**

**For unknown reasons (due to IRM model having hidden cells / formulas) the Connection costs are experiencing a higher impact that Network costs in the 2020 IRM application.**



