

ERTH Power Corporation (ERTH Power)
EB-2019-0033
OEB Staff Questions
January 14, 2020

Staff Question-1

Ref: Continuity Schedule - Main Rate Zone

- a) In the continuity schedule for the Main rate zone filed in the current application, it's noted that the principal and interest closing balances in 2017 of Control Account 1580 and Account 1595 (2016) do not match the 2017 closing balances of these two accounts in the final IRM model in ERTH Power's 2019 IRM rate proceeding (EB-2018-0030). Please review and verify the entries for these account balances. Please provide explanation for the discrepancies and make updates to the balances if necessary.

Response:

Account 1580 -ERTH Power discovered after completing its' 2019 IRM that the amount shown under Account 1580 included amounts for WMS –Sub Account CBR Class A and WNS –Sub Account CBR Class B. The amounts entered for Transactions during 2017 was entered as \$410,240 and the amount should have been \$505,145. In the 2019 IRM the approved disposition for the principal for 1580 was \$(407,240) and it should have been \$(508,145) for a difference of \$97,905. The amounts shown in ERTH Power's 2020 IRM are correct.

Account 1595 (2016) –The approved amount of interest \$45,488 was excluded from the 2017 Interest Adjustments cell# BA34 in the 2020 Continuity schedule and was included in the Principal Adjustments during 2017-cell# AV34. This error does not change the end result in the Continuity schedule. This has been updated in the revised Continuity schedule.

2017									
Account Number	Transactions Debit / (Credit) during 2017	OEB-Approved Disposition during 2017	Principal Adjustments ¹ during 2017	Closing Principal Balance as of Dec 31, 2017	Opening Interest Amounts as of Jan 1, 2017	Interest Jan 1 to Dec 31, 2017	OEB-Approved Disposition during 2017	Interest Adjustments ¹ during 2017	Closing Interest Amounts as of Dec 31, 2017
1550			2,013,978	2,013,978	0			33,633	33,633
1551			(17,767)	(17,767)	0			(233)	(233)
1580			(1,992,961)	(1,992,961)	0			(37,968)	(37,968)
1580			(2,077)	(2,077)	0			211	211
1580			98,170	98,170	0			2,490	2,490
1584			(151,199)	(151,199)	0			(255)	(255)
1586			200,207	200,207	0			7,877	7,877
1588			382,776	382,776	0			6,464	6,464
1589			1,726,815	1,726,815	0			29,246	29,246
1595				0	0				0
1595			656,143	656,143	0			(24,682)	(24,682)
1595			(58,047)	(58,047)	0			5,803	5,803
1595			96,635	96,635	0			27,016	27,016

- b) As noted in the Appendix A of the Chapter 3 Filing Requirements, applicants are expected to request disposition of residual balances in Account 1595 sub-accounts for each vintage year only once, on a final basis. And no further transactions are expected to flow through the Account 1595 sub-accounts once the residual balance has been disposed.

In this application, ERTH Power seeks disposition of Accounts 1595 (2014), 1595 (2015) for the main rate zone. OEB staff notes that, in Erie Thames Powerlines' 2018 cost of service application (EB-2017-0038), the residual balances in these two accounts were disposed of. Please confirm whether or not ERTH Power is requesting disposition of Accounts 1595 (2014) and 1595 (2015) while the residual balances in the two accounts have been disposed of in previous application. If yes, please provide the rationality for the request.

Response: ERTH Power will not request disposition on the residual balances of Accounts 1595 (2014) and Account 1595 (2015). The continuity schedule has been updated to reflect this.

Staff Question-2

Ref: Account 1595 Workform – Main Rate Zone – Account 1595 (2016)

- a) In the Account 1595 workform for the main rate zone, ERTH Power reported (in Step 1 column G) rate rider amounts collected of \$527,352 and \$2,994,776 for the 2016 DVA rate rider and GA rate rider. Based on the data provided in Step 3, OEB staff calculated the DVA and GA rate rider amounts using the billed consumption/demand and the rate rider values. The calculated DVA and GA rate

rider amounts are \$458,866 and \$3,060,559 respectively. Please provide explanation for the discrepancies in the rate rider amounts.

Response: The reported rate riders collected in Step 1 column G were incorrect and have been updated to \$434,179 and \$3,089,871.

- b) Step 1 table shows -12.8% collections variance for both DVA and GA rate riders. As required in the Chapter 3 Filing Requirements, please provide detailed explanations for the significant residual balances attributable to the DVA and GA rate riders.

Response: The 12.8% collections variance is largely due to the over collection of the GA rate rider that was collected over 24 months. The reasons for the over collection are mainly due to the increase in consumption in the GS >50 and GS 1,000 to 4,999 classes. ERTH Power had increased consumption in these classes due to growth in a few of its General Service customers and a new General Service-Intermediate customer that took over a vacant factory in 2017.

Residential consumption was lower than projected due to customers moving from Retailers and TOU consumption, to RPP pricing.

Staff Question-3

Ref: Proposed 2020 RTSRs – Main Rate Zone

OEB staff has updated ERTH Power's 2020 IRM models (Tab 11) with the 2020 UTRs and Hydro One Sub-transmission Rates. As shown in tab 20 Bill Impacts, the proposed 2020 RTSR – Network charges for all rate classes are red flagged with around 4-5% decreases from the last year. As required in the model, please provide explanation for the relatively significant decrease in RTSR – Network charges.

Response: ERTH Power notes that the RTSR calculations are purely formulaic and as such the rates derived stem from changes in UTR's and Hydro One rates since the last application. Also driving this change is the change in billing determinants. As ERTH Power has had growth in billing determinants then the result is reduced rates to recover similar costs.

Staff Question-3

Ref: Rate Generator Model Tab 1 – Goderich Rate Zone

- a) In the Goderich rate zone's IRM model – Tab 1, ERTH Power selected year 2016 as the answer for question #2 – the year that the balances of Accounts 1588 and 1589 were last approved for disposition. OEB staff notes that the 2016 year-end

balances in Accounts 1588 and 1589 were not approved for disposition in the 2018 IRM proceeding (EB-2017-0083). It's also noted that these two accounts were last approved for disposition in the 2016 IRM proceeding (EB-2015-0111). And the balances that were disposed of were the 2014 year-end balances. If ERTH Power agrees, please update cell F34 to 2014 in Tab 1. Otherwise, please provide explanation.

Response: ERTH Power agrees that the Goderich Rate zone's balances for Accounts 1588 and 1589 were last approved for disposition in the 2016 IRM which were 2014 year-end balances. The Continuity schedule for ERTH Power –Goderich rate zone has been updated accordingly.

b) For question #3 in Tab 1, ERTH Power selected year 2016 as the year that the balances of the remaining Group 1 DVAs were last approved for disposition. It's noted that in ERTH Power – Goderich's 2019 IRM decision (EB-2018-0077), the 2017 year-end Group 1 DVA balances excluding Accounts 1588 and 1589 were approved for disposition. If ERTH Power agrees, please update cell F37 to 2017 in Tab 1. Otherwise, please provide explanation.

Response: ERTH Power agrees that the Goderich rate zone Group 1 DVA's were last approved for disposition in the 2019 IRM which were the 2017 year-end DVA balances excluding Accounts 1588 and 1598. The 2020 IRM Continuity schedule tab 1, question 3, cell F37 has been updated to 2017.

Staff Question-4

Ref: Rate Generator Model, Tab 3 Continuity Schedule – Goderich Rate Zone

In the continuity schedule filed for the Goderich rate zone, ERTH Power entered the 2018 OEB-approved disposition amounts in columns BE and BJ. OEB staff notes that ERTH Power entered the sum of the principal disposition in amount of \$232,748 and the sum of the interest disposition in amount of \$24,956 (as well as the associated transaction amounts) in the row for Account 1595 (**2017**). Please review and confirm if these amounts should be entered in the row for Account 1595 (2018) (row 36 instead of row 35). If so, please update the continuity schedule.

Response: ERTH Power confirms that the principal and interest disposition for should have been entered in the row for Account 1595 (2018) –row 35 of the Continuity schedule. The Continuity schedule has been updated to reflect the above changes. Once this change was made there was a variance created between the RRR vs. 2018 Balance of -\$107,074 for 1595 (2017) and \$107,074 for

1595 (2018). This resulted because the 2018 Disposition balance was put under 1595 (2017) in the 2.1.7 filing for December 31, 2018 when it should have been entered under 1595 (2018).

Staff Question-5

Ref: Shared Tax - Goderich Rate Zone

ERTH Power completed the shared tax calculation for the Goderich rate zone in the IRM model. As shown in tab 9 and noted in the manager's summary, the sharing of tax amount of (\$2,966) does not produce rate riders at the fourth decimal place for one or more classes. ERTH Power noted in the manager's summary (page 8) that it will post the tax savings sharing amount to Account **1508** to be disposed of later as part of another proceeding. As stated in tab 9 and the Filing Requirements, when the allocated tax sharing amount does not produce a rate rider, the distributor is required to transfer the tax sharing amount into Account **1595** for disposition at a later date. Please confirm whether or not ERTH Power proposes to transfer the tax sharing amount of (\$2,966) into Account 1595 in this application.

Response: ERTH Power confirms that it will transfer the tax sharing for the Goderich rate zone in the amount of (\$2,966) into Account 1595.

Staff Question-6

Ref: Increase in RTSRs - Goderich Rate Zone

As shown in tab 20 Bill Impacts, there's significant increase (red flagged in the model) in RTSR – Network and RTSR – Connection charges. As required in tab 20, please provide explanation (and/or analysis) for the significant increase in the proposed RTSR Network and Connection charges.

Response: ERTH Power Goderich Rate Zone is transmission connected and as such only receives RTSR charges through the IESO controlled grid. The impacts noted result simply from the increases in rates charged by the IESO to the ERTH Power Goderich rate zone. The change in UTR's in 2019 resulted in a slight increase to Network rates for Goderich Rate Zone in its 2019 IRM application and a slight decrease to Connection charges for each rate class. The subsequent increase in July of 2019 for the UTR's and then again in 2020 is the sole driver of this impact. The calculation of these rates for a transmission connected LDC is purely formulaic and as such ERTH Power staff did not originally provide an

explanation of the change since it is beyond their control and a pure pass through of costs.

Staff Question-8

Ref: Application Summary (page 14)

Preamble:

There are some inconsistencies in the application and clarification is required.

Excerpts below are reproduced from the evidence filed:

4.3. DVAD Disposition

Deferral and Variance Accounts Balance Disposition

Chapter 3 of the Board's Filing Requirements and the Report of the Board on Electricity Distributors' Deferral and Variance Account Review Report (the "EDDVAR Report") provide that under the Price Cap IR, the distributor's Group 1 audited accounts balances will be reviewed and disposed of if the pre-set disposition threshold of \$0.001 per kWh (debit or credit) is exceeded. Distributors must file in their application Group 1 balances as at December 31, 2018 to determine if the threshold has been exceeded. ERTH has completed the Board Staff's 2020 IRM Rate Generator Tab 3: 20178Continuity Schedule for the years up to 2018 and has projected interest to December 31, 2017 balances. Actual interest has been calculated based on the Board's prescribed rates for 2019 and includes the disposition approved for 2019 as the 2019 approved disposition does not commence until January 1, 2020. Forecasted interest for the period January 1, 2020 to April 30, 2020 is based upon the last Board prescribed rate for Q1 2020 of 2.18% and the balance is adjusted for the disposition during 2019. Table 4 below shows the calculations of the projected interest as described above. Deferral and RSVA balance match the 2018 Audited Financial Statements.

Please confirm that:

- a) The applicant has projected interest to **May 1, 2020**.
- b) The balances for disposition are as of **December 31, 2018**.
- c) The projected interest is calculated on balances as of **December 31, 2018**.
- d) Disposition approved for **2020** would not commence until **May 1, 2020**.

Response:

- a) **ERTH Power confirms that the projected interest is calculated up to May 1, 2020.**

- b) ERTH Power confirms that the balances for disposition are as at December 31, 2018.
- c) ERTH Power confirms that the projected interest is calculated on the balances as of December 31, 2018.
- d) ERTH Power confirms that the disposition approved for 2020 would not commence until May 1, 2020.

Staff Question-16

Ref: February 21, 2019 letter related to OEB Accounting Guidance on Accounts 1588 & 1589, OEB Decision and Order EB-2017-0083 – West Coast Huron Energy Inc.

Preamble:

The OEB letter on the accounting guidance stated the following:

The new guidance is effective January 1, 2019. Distributors are expected to implement the new guidance no later than August 31, 2019 retroactive to January 2019. In its July 2018 letter, the OEB suspended final disposition of Group 1 accounts until such time as the OEB developed further accounting guidance. The OEB expects that distributors will consider the accounting guidance in the context of their historical balances (i.e. pre January 1, 2019 that have not been disposed on a final basis). If any distributor is of the view that there may be systemic issues with their RPP settlement and related accounting processes that may give rise to material errors or discrepancies, or if the OEB has identified issues with balances, those distributors are expected to correct those balances before filing for disposition in an annual rate application. Distributors not adjusting balances prior to January 1, 2019 should confirm in their rate application that they have considered the accounting guidance and are of the view that no adjustments are required.

OEB staff notes that in a prior Decision and Order for the Goderich rate zone (previously West Coast Huron), the OEB did not approve disposition of Accounts 1588 and 1589 due to concerns over the accuracy of balances.

ERTH Power has filed an analysis of its true-ups for 2018 for Goderich rate zone. However, such analysis was not provided for years 2015 to 2017 as required, in accordance with the OEB Accounting Guidance.

- a) Did ERTH Power review Goderich rate zone's commodity account balances for years 2015 to 2017?
 - i. If yes, please provide the analysis for years 2015 to 2017 (as they have not yet been disposed).

Response: ERTH Power notes that an audit was completed by the OEB for the period of 2015 to 2017 and as such a review of commodity balances was not completed because a final report and review was completed.

Staff Question-18

Ref: OEB Decision and Order EB-2017-0083 – West Coast Huron Energy Inc.

Preamble:

In its Decision and Order, the OEB had found that the OEB would conduct an audit of ERTH Goderich's commodity accounts, as indicated by the excerpt below:

Findings

The OEB will not approve the disposition of the balances in accounts 1588 RSVA - Power and 1589 RSVA – GA at this time. The OEB understands that West Coast Huron Energy has not previously done RPP settlement true ups with the IESO but has commenced doing so in 2017. In order to ensure that West Coast Huron Energy's new RPP settlement true up process is working reasonably, the OEB will conduct an audit of West Coast Huron Energy's accounts 1588 RSVA - Power and 1589 RSVA – GA balances for the 2015, 2016 calendar years, including a review of the company's new true up process prior to the disposition of these balances on a final basis. While it is the OEB's normal practice to dispose of all group 1 accounts contemporaneously, the OEB notes that the amount remaining is a credit balance of \$257,705 which is higher than the total amount sought for disposition by West Coast Huron Energy, necessarily in excess of the pre-set disposition threshold of \$0.001 per kWh and therefore considered to be material. On that basis, the OEB will approve the disposition of a credit balance of \$257,705 as of December 31, 2016, including interest projected to April 30, 2018 for Group 1 account balances with the exclusion of the balances in accounts 1588 RSVA - Power and 1589 RSVA – GA.

- a) OEB staff notes that the OEB has not yet completed the audit. Please indicate if ERTH Power would be amenable to withdrawing its request for disposition of commodity accounts for Goderich rate zone in this proceeding.

Response: ERTH Power notes that an audit was completed by the OEB of West Coast Huron Energy's commodity accounts and the OEB's Inspection of Power and Global Adjustment Deferral and Variance Accounts report is submitted with the responses to OEB questions. ERTH Power would like to proceed with its' request for disposition of commodity accounts for the Goderich rate zone in this proceeding.

LRAM Questions for ERTH Power – Main Rate Zone

Staff Question-19

Ref 1: Tab 2 of LRAMVA workform, re: 2013 & 2018 LRAMVA thresholds

Ref 2: EB-2017-0038, 2018 Settlement Agreement, Tables 14 and 14 A, p. 17

Ref 3: EB-2017-0038, Load Forecast Settlement (excel model), Tab “CDM Adjustments”

Ref 4: EB-2017-0038, Tab 2 of LRAMVA workform, re: 2013 LRAMVA threshold

Table 2-a of the LRAMVA workform shows the 2013 LRAMVA threshold of 4,594,000 kWh. However, it appears that the demand savings portion of this LRAMVA threshold (shown as 1,044 kW) is different than the figure reported and used in the previous LRAMVA application in the 2018 COS proceeding.

In Table 2-b, ERTH Power indicates that the 2018 Settlement Agreement is the reference source for the 2018 LRAMVA threshold, but it appears that there is no explicit reference to the LRAMVA threshold of 12,498,024 kWh by rate class in the 2018 Settlement Agreement.

- a) In Table 2-a of the LRAMVA workform, please clarify the following:
- i. The year of the LRAMVA threshold should “2013”, not “2012” (cell D9)
 - ii. Whether the demand savings portion of the 2013 LRAMVA threshold (cell C16) should be 7,802 kW (in Tab 2 of the LRAMVA workform from EB-2017-0038) instead of 1,044 kW as filed in the current proceeding.
 - iii. Please confirm what the approved kW/kWh ratio was from the 2013 cost of service application, and reconcile this with the LRAMVA threshold in part ii) above.
 - iv. Please explain why the forecasted 2018 LRAMVA savings for the street light class has changed from 6,783 kW (in Tab 2 of the LRAMVA workform from EB-2017-0038) to 25 kW in the current proceeding.
- b) In Table 2-c of the LRAMVA workform, ERTH Power selected “2013” as the LRAMVA threshold (instead of “2012”) to apply as forecast savings against 2017 actual savings. This has resulted in the model incorrectly picking up the 2018 LRAMVA threshold (instead of the 2012 LRAMVA threshold) to be used in 2017.

- i. Please confirm there is an error in the cell C50 drop-down selection. If yes, please adjust the C50 drop-down selection to reflect the year “2012” (instead of “2013”).
- c) In Table 2-b of the LRAMVA workform, please confirm the specific reference source of the 2018 LRAMVA threshold (or 12,498,024 kWh in Tab 2, cell 30) as there is no explicit reference of this figure in the 2018 Settlement Agreement.
 - i. Please confirm whether 8,232,479 kWh was the CDM adjustment (forecast savings from 2016-2018) embedded in the 2018 load forecast.
 - ii. If yes to part i) above, please confirm that the corresponding LRAMVA threshold is 11,958,026 kWh as noted in the Load Forecast Settlement model (Tab “CDM Adjustments” cell E17). What is the corresponding demand savings portion of the LRAMVA threshold?
 - iii. Please confirm whether or not the 2018 LRAMVA threshold has been revised in a refiled version of the LRAMVA workform. If not, please explain.

RESPONSE:

- a)
 - i. **Agree that it is important that the value in D50 match the value in D9. Corrected in attached updated workform.**
 - ii. **The values in the current worksheet are consistent with the CDM target set out on page 16 of the 2012 settlement agreement. The previous workform had a value of 6,754 kW for streetlighting which is the streetlighting billing load set out on p.16 of the settlement agreement, not the CDM target.**
 - iii. **The kW/kWh ratios were set out in the 2012 settlement agreement.**
 - iv. **As stated in ii. above, the CDM target set out in the settlement agreement was 25 kw. The billing load was 6,754 kW**
- b)
 - i. **An updated workform with the correction has been filed**
- c)
 - i. **We confirm that 8,232,479 kWh was the CDM adjustment embedded in the 2018 load forecast.**
 - ii. **We confirm that the corresponding LRAMVA threshold is 11,958,026 kWh. The threshold value for GS<50 had two digits transposed. This has been corrected in the updated LRAMVA workform. The demand savings portion has been calculated using the same kW/kWh ratios used in the**

manual adjustment on p. 16 of the settlement agreement. These are shown on Tab 2 in cells C31:H31

- iii. The corrected threshold value is used in the updated workform.**

Staff Question-20

Ref 1: Tab 8 of LRAMVA workform (2018 & 2020 applications), re: street light savings

Ref 2: IndEco Report (Appendix G/P of 2020 application)

ERTH Power seeks to claim the persistence of street light savings in 2017 and 2018 from various projects undertaken in several municipalities throughout 2012 and 2015 and in 2018 (i.e. Central Elgin, Clinton, EZT, Norwich, Zorra, Aylmer, Ingersoll and West Perth).

- a) Please confirm whether there were any changes to the methodology to calculate street light savings from the previous LRAMVA filing in the 2018 COS proceeding. If yes, please discuss what has changed and why.
- b) Please confirm why there are changes to the data filed in the 2018 COS application as it relates the pre- and post-conversion demand for street light savings. Please confirm that the billed demand data for each project, as filed in this IRM proceeding, is correct.
- c) Please confirm how the billed demand data for street lighting is collected and why the metered kWh data has changed from the previous filing for each year from 2012 to 2018 (Tab 8, cells C23 to C29).
- d) With respect to part c) above, please confirm that the energy savings related to street light upgrades (deducted from the 2012, 2013, 2014 and 2015 retrofit programs) were determined by the IESO. If not, please explain how the energy savings from the street light upgrades were estimated in each program year.
- e) For Table 8-e of the LRAMVA workform, please confirm whether the persistence of savings from the Phase 3 Clinton project have been accounted for in the analysis. If not, please explain why these street light savings are excluded in this LRAMVA filing but included in the previous LRAMVA claim in the 2018 COS proceeding.

RESPONSE

- a) There were some changes to the methodology, and to the sources of data. In the previous LRAMVA filing, summary billing records were drawn upon for the projects, timing and savings. With the Board's updated filing requirements, the number and type of fixtures were sought, and the demand savings were based on those estimates, again from summary sources. With the update filed with these responses, to ensure accuracy, the original Retrofit post-completion applications were retrieved, along with the original customer bills. The indicated demand reductions are based on the customer bills as these represent the true impact on revenues. The timing of installation, changes in billing and IESO recognition of project completion may all differ. The customer bills most accurately reflect impacts to the LDC.
- b) Information on streetlight projects is not available in IESO reporting, and application forms for projects are undated and provide only gross energy savings from projects. In responding to OEB updated filing requirements for streetlight claims involving numbers and characteristics of fixtures changed, ERTH sought this additional detail from internal documentation. In light of the differences identified in the question, ERTH went back to the original post-completion submission forms, the supporting post-completion business cases and actual customer bills to ensure the data filed are as accurate as possible, and updated Tab 8 is included in the updated LRAMVA workform with these responses. In comparing the calculated demand reductions from the fixtures and types to the billing changes, there are some differences. The LRAMVA claim is based on the billing changes, which are both reflective of actual impact on revenues, and slightly lower and therefor to the benefit of the customer (~4% lower overall)
- c) IESO did not provide project specific data in 2012-2015. The gross energy savings were taken from the project post-completion submissions, and then the NTG for the Retrofit program from the IESO final reports was applied to the gross values in each year.
- d) The energy savings deducted from the Retrofit program that is then allocated to other rate classes in each year are taken from the net energy savings calculated as described in c. It is not always clear what year IESO would have reported these results, and therefor what NTG value applies. As the application is only concerned with the persistence, the only impact of the year the results are attributed is the NTG value applied to the gross savings.
- e) The persistence values for the Clinton project in 2018 in F222:F223 on the Revised Tab 8 are copied to AG776:AG777 on Tab 5. However, they do not

affect the lost revenue claim, as persistence in 2019 is not being claimed at this time. (This is not a change.)

Staff Question-21

**Ref 1: Tab 9 of LRAMVA workform (2018 and 2020 applications), re: CHP savings
Ref 2: IndEco Report (Appendix G/P of 2020 application)**

ERTH Power seeks to recover the persistence of the lost revenues from a CHP project undertaken by an Intermediate customer in 2015.

- a) Please explain what data was used to determine the facility peak and where the data came from.
- b) In excel format, please provide the hourly peak data (including the time and date of the peak) for each day in the month to show the facility peak (with CHP facility not running) and grid peak (with CHP facility running) used for lost revenue calculations in 2017.
- c) Based on the data provided, please discuss why ERTH Power believes that the facility and grid peaks do not need to be coincident at all times in order to calculate the lost revenue impact.
- d) Please confirm what net-to-gross adjustment factor was used to convert gross savings to net savings, and the source of this adjustment factor. If there is no net-to-gross adjustment factor applied, please explain why that would be appropriate.

RESPONSE

- a) The calculation of facility peaks used hourly metered data from the billing meter and from the meter on the cogeneration facility. For each month, the peak hour determined for billing purposes was compared to the peak hour demand of the facility, i.e. grid demand plus demand provided by the cogeneration facility.**
- b) Either the facility peak or the grid peak may occur when the CHP facility is running or when it is not. In the attached spreadsheet, the facility peak in January occurs when the CHP is not running (Jan 22), but the facility peak in July occurs when the CHP is running (Jul 22). The grid peak in January occurs when the CHP is not running (Jan 22) but the grid peak in February occurs when the CHP is running.**

- c) **An example of them not being coincident occurs in July. The grid peak occurred when the CHP was down, but a few days later the total facility demand was even larger and part of that larger demand was met by the CHP unit.**
- d) **A net-to-gross adjustment factor of 100% was used for the CHP project. This adjustment factor is a project-specific adjustment factor reported by the IESO.**

Staff Question-22

Ref 1: Tab 5 of LRAMVA workform, re: accuracy of savings

Ref 2: 2019 Participation and Cost Report

OEB staff has noticed some discrepancies with the savings reported in the LRAMVA workform and the verified results report.

- a) Please explain why the 2018 unverified savings do not reconcile with the reported savings in the 2019 Participation and Cost Report. Please discuss whether ERTH Power applied an additional adjustment to the savings identified in the 2019 Participation and Cost Report.
- b) Please explain the methodology to estimate the persistence of the unverified 2018 savings for each program in 2019 and 2020.
- c) For the save on Energy retrofit program in 2017 (Tab 5, cell D495), please explain where and how the 509,451 kWh of energy savings is derived, as it is not confirmed in the 2019 Participation and Cost Report.
 - i. If ERTH Power seeks to recover additional savings adjustments that are not shown in the 2019 Participation and Cost Report, please file the detailed project level data (e.g. distributor's CDM-IS excel reports) to show the 2017 retrofit program savings adjustments.
 - ii. With respect to part i) above, please explain the calculation used to estimate the corresponding demand savings for the 2017 retrofit program.
- d) For 2017 adjustments, it appears that the rate class allocations for these adjustments are different than the allocations applied to current year 2017 savings.
 - i. Please explain why the rate class allocations for 2017 adjustments are different than the allocations applied to current year 2017 savings, as it is not for other years.

- ii. Please confirm that the allocation of savings to rate classes accurately reflect the achievement of savings for the respective rate classes. More than 85% of the 2017 retrofit savings have been allocated to the Large Use class, whereas more than 50% of the 2018 retrofit program savings were attributed to the GS 50-999 kW class, which shows large changes in the types of customers participating in the business retrofit program.

RESPONSE

- a) The workform used the Dec 2018 P&C report. The updated workform uses the Apr 2019 P&C report.
- b) The P&C report provides savings in the program year and persistence to 2020. Intervening year persistence is estimated using linear interpolation for all programs. That is, 2019 persistence is assumed to be half-way between the 2018 results and the 2020 persistence reported in the P&C report. This is a conservative assumption (to the benefit of customers) as where persistence is available on a year-to-year basis, persistence tends to be higher in years close to the program year, then drops off more rapidly over time.
- c)
 - i. The workform used the Dec 2018 P&C report. The updated workform uses the Apr 2019 P&C report.
 - ii. The demand savings for 2018 adjustments to 2017 results in the Retrofit program using the same kW/kWh values seen in the 2017 verified results for the Retrofit program. The calculations are live in the workform.
- d)
 - i. Project specific information was available for the adjustments, so the rate class allocation was able to use the rate class allocation specific to the projects that make up the adjusted savings.
 - ii. Both allocations looked at the full group of projects making up the program and determined the rate class of customers implementing each project, then calculated the share of the energy savings attributable to the GS<50 rate class, and the share of demand savings attributable to the general service classes.

Staff Question-23

Ref 1: Application, pp. 9-10

Ref 2: IRM Rate Generator, Tab 20 (bill impacts)

The disposition of street light savings over the default 12 month period appears to cause the total bill for the street light class to go up by 32.5% from the previous year.

- a) Please provide the reason for the large bill increase from the previous year.
- b) Please explain whether ERTH Power has considered extending the disposition period of the LRAMVA for the street light class by more than 12 months. If ERTH Power believes no further action is required to relieve of the high bill impact to the street light class, please explain why that would be appropriate.

RESPONSE:

- a) **The large bill increase for the Street Lighting rate class is driven by the LRAMVA rate rider.**
- b) **ERTH Power would consider to extend the disposition period to more than 12 months to mitigate bill impacts to the street lighting class, however did not propose this at the time of the application as the remaining classes would end up paying a smaller rate rider for a prolonged period of time. ERTH Power would be open to disposing of the LRAMVA amounts for streetlighting on a different disposition period. If The Board prefers that all LRAMVA rate riders for all classes match in disposal period then ERTH Power is willing to prolong the recovery for all classes.**

Staff Question-24

Ref 1: Application, p. 8

Ref 2: IRM Rate Generator, Tab 3, re: RRR variance

In the application, ERTH Power notes that the variance is attributable to the calculation performed by IndEco in 2019 for balances up to and including the end of 2018.

For Account 1568, it shows a discrepancy of (\$435,669) for the Main rate zone due to a 0 balance reported in RRR.

- a) Please further clarify why ERTH Power reported a 0 balance in Account 1568 as of December 31, 2018.

- b) Does ERTH Power plan on updating the RRR balance to reflect actual balances?

RESPONSE:

- a) ERTH Power completed its LRAVA calculations for 2018 utilizing INDECO in 2019. ERTH Power determined that with the Government imposed end to CDM and the IESO provided results reporting that it should finalize its LRAMVA claims in this 2020 IRM application. As such since the LRAMVA amounts were not calculated prior to year end reporting the balance was not posted at that time.
- b) ERTH Power defers to OEB guidance as to whether the RRR balance should be updated. ERTH Power has engaged its external auditors for validation of the figures and the balances will be booked in its 2019 statements.

Staff Question-25

- a) If ERTH Power made any changes to the Main rate zone's LRAMVA work form as a result of its responses to the above LRAMVA questions, please file an updated LRAMVA work form, the revised LRAMVA balance requested for disposition, proposed disposition period, and a table summarizing the revised rate riders. In particular, please confirm whether a lengthened disposition period for the street light class is required for rate mitigation purposes.
- b) Please confirm any changes to the LRAMVA workform in response to these LRAMVA questions in "Table A-2. Updates to LRAMVA Disposition (Tab 1-a)".

LRAM Questions for ERTH Power – Goderich Rate Zone

Staff Question-26

Ref 1: Tab 2 of LRAMVA workform

Ref 2: EB-2012-0175, 2013 Settlement Agreement, pp. 14 and 15

Ref 3: EB-2012-0175, Interrogatory Responses to 3-VECC-58 c), July 19, 2013

In Tab 2 of LRAMVA workform, ERTH Power used a LRAMVA threshold of 1,584,107 kWh. ERTH Power notes that the reference source of this LRAMVA threshold is based on the 2013 Settlement Agreement.

The 2013 Settlement Agreement included two references to the 2013 CDM adjustment to the Load Forecast: i) 2013 CDM adjustment of 1,056,071 kWh (p. 14) and ii) forecasted CDM savings of 2,484,000 kWh in 2013 (p. 15).

In the former West Coast Huron's responses to 3-VECC-58 c), it appears that the distributor has confirmed that the LRAMVA threshold should be 2,600,477 kWh in the 2013 COS proceeding.

- a) Please confirm that the LRAMVA threshold of 2,600,477 kWh reflects the annualized impact of 2013 CDM activity embedded in the load forecast. If not, please explain.
- b) Please clarify how the rate class breakdown of the confirmed LRAMVA threshold was determined and confirm that the breakdown is consistent with the allocation of the CDM adjustment to the 2013 load forecast to its rate classes.

RESPONSE:

- a) In going back through the record, it would appear that neither 2,600,477 nor the 1,584,107 used in the original LRAMVA filing are correct. The load forecast <WestCostHuron_IRR_Appendix 9_20130615.xls> indicates that actual load data for 2012 were incorporated into the load forecast. This is consistent with the manual adjustment outlined in the settlement agreement (PDF page 14) which shows a manual adjustment of 1,056,071 is based on applying factors of 0, 0.5 and 0.5 to the CDM results or estimates for 2011, 2012 and 2013 respectively, as shown on p.26 of 76 of <WestCoastHuron_IRR_BdStaff_20130614.doc> which is Board Staff IR-23, referenced in VECC-58. The 2,600,477 value includes actual CDM results for 2011, which would be fully captured by the load forecast which draws on actual load data for 2011 and 2012. Therefore, the appropriate threshold for LRAMVA purposes is the sum of the 2012 and 2013 estimated CDM savings used in the calculation of the manual adjustment of 1,056,071 kWh reported in the settlement agreement.¹ That value is 2,112,142 kWh. A revised workform is provided.
- b) The allocation of the LRAMVA threshold across rate classes, and the determination of the kW equivalence uses the same distribution and kW/kWh ratios as the manual adjustment reported in the settlement agreement.

¹ The manual adjustment calculated by Staff in Staff-23 uses factors of 0, 1, and 0.5 for 2011, 2012 and 2013 respectively. The appropriate factors of 0, 0.5 and 0.5 are used in the calculations for the settlement agreement.

Staff Question-27

Ref 1: Tab 8 of LRAMVA workform, re: street light savings

Ref 2: IndEco Report (Appendix G/P of 2020 IRM application)

In Tab 8 of the LRAMVA workform, street light demand savings are based on a project that was implemented in Goderich in 2015. ERTH Power has used a different methodology to calculate street light savings than the approach contained in Tab 8 templates.

- a) Please confirm how the billed demand data is collected. Please discuss whether ERTH Power has the systems in place to track the change in bulb replacements or retrofits (for new and/or same set of bulbs) to determine whether the savings are truly incremental.
- b) Please explain how “billed amounts” in column A of Table 8-a are calculated. In particular, please discuss why this methodology was undertaken. Is it to reflect continued upgrades on the same set of street light bulb upgrades (along with new incremental installs) or do the retrofits/replacements represent one-time upgrades in various areas in the municipality of Goderich?
- c) Please explain why ERTH Power used a different calculation for gross billed demand for the street light upgrades undertaken in Goderich rate zone as compared to the projects undertaken in Main rate zone.
- d) With respect to part c) above, please confirm that the energy savings related to street light upgrades (deducted from the 2012, 2013, 2014 and 2015 retrofit programs) were determined by the IESO. If not, please explain how the energy savings from the street light upgrades were estimated in each program year.

RESPONSE

- a) ERTH has detailed information on the fixtures that were changed by pole from the engineering department, including quantities and wattages by week of the project implementation. These were the basis of the indicated fixture quantities, types, wattages and timing on Tab 8.
- b) The billed amounts are the demand of the fixtures in place in each month that were affected by the retrofit program. The ERll retrofit project began in October 2015 and ran until December 2015. In September, the demand of the fixtures that were replaced is the sum of K35, K52 and K70 on Tab 8. (Cell references are to the updated version of the workform.) In October, the ‘pre-conversion fixtures’ were replaced by the ‘post-conversion’ fixtures, thus the billed amount in October is the sum of P35, K52 and K70.

In November, K52 is replaced by P52 and in December, K70 by P70. This is a phased program of upgrades to different poles in Goderich. In all, upgrades were made to 1,286 different fixtures over the three months.

- c) The methodology is essentially the same. The WCHE showed in-month savings for gross and cumulative for net whereas the ETPL showed cumulative gross and net. The updated workform shows the cumulative gross as well as the cumulative net. Whether the cumulative calculation is on the net or gross does not affect the resulting net savings.
- d) The streetlight retrofit program was in 2015, so there is no adjustment for streetlights in 2012, 2013 or 2014. The adjustment to energy savings in the 2015 Retrofit program is at cells D58:M58. IESO did not provide project-specific energy savings to WCHE in 2015. The energy savings reported are the gross amounts from the post-project evaluation report multiplied by the NTG for the ERIL program adjustments in 2015 (when the project showed up in IESO reporting).

Staff Question-28

Ref 1: IndEco Report (Appendix G/P of 2020 IRM application)

Ref 2: 2011-2014 Final Results Report (West Coast Huron)

Ref 3: Tab 4 of the LRAMVA workform, re: accuracy of savings

On page 10 of the IndEco Report, it states the following:

The IESO was unable to provide persistence data for Goderich rate zone's programs in 2012-2015. Values for these were estimated based on the rate of loss of persistence seen in other LDCs for each program.

- a) Please explain why the 2012-2015 persistence data was not available from the IESO.
- b) Please explain why the 2012, 2013 and 2014 savings inputs in the LRAMVA workform do not match the 2014 Final Results Report.

RESPONSE

- a) The IndEco report is only partially correct. Persistence savings for 2011-2014 were provided by the IESO on request of utilities and were not part of the standard IESO reports provided. ERTH has no record of WCHE having requested the report prior to 2019. When ERTH requested persistence data for 2011-2014 from the IESO in 2019, the IESO advised that it was unable to provide the standard report but did provide persistence data for most

programs in 2013 and 2014. These have been incorporated into Tab 5 of the revised worksheet attached. 2015 persistence was always a part of the 2017 final report and was already used in the workform.

- b) Two individual values were identified that were inconsistent with the IESO report and these have been corrected. (Tab 4, HVAC adjustment at D157 and DR3 at O328).

Staff Question-29

Ref 1: Application, pp. 9-10

Ref 2: IRM Rate Generator, Tab 20 (bill impacts)

The disposition of street light savings over the default 12 month period appears to cause the total bill for the street light class to go up by 45.8% from the previous year.

- a) Please provide the reason for the large bill increase from the previous year.
- b) Please explain whether ERTH Power has considered extending the disposition period of the LRAMVA for the street light class by more than 12 months. If ERTH Power believes no further action is required to relieve of the high bill impact to the street light class, please explain why that would be appropriate.

RESPONSE:

- c) The large bill increase for the Street Lighting rate class is driven by the LRAMVA rate rider. There was only a relatively modest threshold set for streetlighting in the 2013 COS but in 2015 a large number of fixtures were retrofitted with savings per fixture of close to 50%. No LRAMVA was claimed for four years, so the balance in the variance account grew to a large amount.
- d) ERTH Power would consider to extend the disposition period to more than 12 months to mitigate bill impacts to the street lighting class, however did not propose this at the time of the application as the remaining classes would end up paying a smaller rate rider for a prolonged period of time. ERTH Power would be open to disposing of the LRAMVA amounts for streetlighting on a different disposition period. If The Board prefers that all LRAMVA rate riders for all classes match in disposal period then ERTH Power is willing to prolong the recovery for all classes.

Staff Question-30

Ref 1: Application, p. 8

Ref 2: IRM Rate Generator, Tab 3, re: RRR variance

In the application, ERTH Power notes that the variance is attributable to the calculation performed by IndEco in 2019 for balances up to and including the end of 2018.

For Account 1568, it shows a discrepancy of (\$121,375) for the Goderich rate zone due to a 0 balance reported in RRR.

- a) Please further clarify why ERTH Power reported a 0 balance in Account 1568 as of December 31, 2018.
- b) Does ERTH Power plan on updating the RRR balance to reflect actual balances?

RESPONSE

- a) **The LRAMVA balance had not been calculated at the time the RRR was filed.**
- b) **The RRR balance will be updated.**

Staff Question-31

- a) If ERTH Power made any changes to the Goderich rate zone's LRAMVA work form as a result of its responses to the above LRAMVA questions, please file an updated LRAMVA work form, the revised LRAMVA balance requested for disposition, proposed disposition period, and a table summarizing the revised rate riders. In particular, please confirm whether a lengthened disposition period for the street light class is required for rate mitigation purposes.
- b) Please confirm any changes to the LRAMVA workform in response to these LRAMVA questions in "Table A-2. Updates to LRAMVA Disposition (Tab 1-a)".

RESPONSE

- a) **A revised workform is provided.**
- b) **Changes are noted on Tab 1-a.**