

# 2020 IRM Application

Interrogatory Responses

EB-2019-0034



## 1 Table of Contents

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2	Table of Contents .....	2
3	List of Attachments .....	3
4	Staff Question #1 .....	4
5	Response .....	4
6	Staff Question #2 .....	5
7	Response .....	5
8	Staff Question #3 .....	6
9	Response .....	6
10	Staff Question #4 .....	7
11	Response .....	7
12	Staff Question #5 .....	8
13	Response .....	8
14	Staff Question #6 .....	9
15	Response .....	10
16	Staff Question #7 .....	11
17	Response .....	11
18	Staff Question #8 .....	13
19	Response .....	13
20	Staff Question #9 .....	16
21	Response .....	16
22	Staff Question #10 .....	17
23	Response .....	17
24	Staff Question #11 .....	18
25	Response .....	18

26

27

28

29

1    **List of Attachments**

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2    1-A.    RTSR\_True\_Up\_011620.xlsx

3    1-B.    2020\_Generic\_LRAMVA\_Work\_Form\_Essex\_Powerlines\_011620.xlsx

4    1-C.    IESO Monthly Participation & Cost Reports – 2018

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## Staff Question #1

### Re: Manager's Summary, Page 3, Relief Sought e & f

Essex Powerlines has requested the continuation of the current wholesale market service charge for class B customers and RRRP rate of \$0.0032 and \$0.0003 per kWh respectively.

OEB staff notes that the current rates are \$0.0030 and \$0.0005 per kWh.

Please clarify.

### Response

Essex Powerlines Corporation ("EPLC") confirms that wholesale market service charge for class B customers and RRRP rate should be updated to \$.0030 and \$0.0005 per kWh respectively.

## Staff Question #2

### Re: Retail Transmission Service Rates

OEB staff is unable to replicate the calculations in Figures 4 and 5.

a) For 2017 and 2018, Please provide an excel spreadsheet (with formulas) showing the derivation of the approved, actual and revised amounts for both network and connection.

b) Provide a bill impact comparison for all rate classes comparing disposition periods of 12 and 24 months.

### Response

a) Please review spreadsheet RTSR\_True\_Up\_011620.xlsx included as Attachment 1-A.

b) Please refer to the "Bill Impacts" sheet within Attachment 1-A. Please note that Impacts were calculated using the rate model initially submitted on October 11<sup>th</sup>, 2019 and will change with subsequent model updates.

## Staff Question #3

### Re: Rate Generator Model, Sheet 6.1

In reference to section 3b, please update the table to include all customers who were class A for the full year during the period the Account 1588 GA or 1580 CBR B balance accumulated.

### Response

EPLC interpreted the instructions to pertain to the entire 2017-2018 period. There were two customers that were Class A status for the full 2018 year. No customers were Class A status for the full 2017 year. Please see proposed revisions to the Rate Generator Model below in sheet 6.

3b Enter the number of rate classes in which there were customers who were Class A for the full year during the period the Account 1589 GA or Account 1580 CBR B balance accumulated. Enter the total Class A consumption in the rate class in the table

Clear All

Rate Classes with Class A Customers - Billing Determinants by Rate Class

Rate Class		2018	2017
Rate Class 1	GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	10,555,115	-
		28,244	-

## Staff Question #4

### Re: Rate Generator Model, Sheet 3

Please explain why Essex Powerlines has chosen not to dispose of Account 1595 for the 2015 year.

### Response

As per the Board's GA and 1595 Workform Questions and Answers posted on August 7, 2019, 1595 sub-account residual balances are eligible for disposition when one year has passed since the expiry of the associated rate riders and any balance that remains after that one-year period has been audited. The last rate rider associated with account 1595-2015 (EB-2014-0301/0072) lapsed April 30, 2018. One year after expiry would be April 30, 2019 and therefore the account would be eligible for disposition when the December 31, 2019 audited balances were being requested for disposition (2021 IRM).

## Staff Question #5

### Ref: GA Analysis Workforms for 2017 and 2018

Essex Powerlines' approved loss factor is 1.0355. The calculated loss factors on 2017 and 2018 GA Analysis Workforms are materially different from the approved loss factor. The calculated loss factors are:

2017 1.0585

2018 1.0493

Please review the consumption data under Note 2 and the billed consumption data under Note 4 of the GA Analysis Workform and provide an explanation for material differences for actual loss factor billed and approved loss factor for 2017 and 2018.

### Response

The calculated loss factor on 2017 GA Analysis Workform is 1.0585 and EPLC's approved loss factor effective during 2017 was 1.0602, a difference of 0.16%. The calculated loss factor on 2018 GA Analysis Workform is 1.0493. EPLC's loss factor of 1.0602 was updated to 1.0355 effective October 1, 2018 which prorated during the year is 1.0540 ( $1.0602 \times 9/12 + 1.0355 \times 3/12$ ), a difference of 0.45%.



## Staff Question #6

**Ref: GA Methodology Description – Questions on Accounts 1588 & 1589, Essex Powerlines' response to Question 12**

Essex Powerlines' response to Question 12 a) and b) is reproduced below:

### 12. Questions on CT 148

- a. Please describe the process for the initial recording of CT 148 in the accounts (i.e. 1588 and 1589).

**CT 148 is initially recorded entirely into the expense side of Account 1589.**

- b. Please describe the process for true up of the GA related cost to ensure that the amounts reflected in Account 1588 are related to RPP GA costs and amounts in 1589 are related to only non-RPP GA costs.

**The initial recording of CT 148 is recorded entirely into Account 1589. The RPP actual kWh volume are multiplied by the actual GA rate and this amount is moved to 1588 from 1589 and the remaining GA balance in 1589 is related to Non-RPP only.**

The above description is not consistent with the OEB Accounting Guidance, which requires the distributors to record CT 148 into 1588/1589, based on estimated proportions, when initially recording the IESO invoiced CT 148 amount. CT 148 is subsequently required to be trued up based on actual proportion of kWh for RPP and non-RPP.

- a) Has Essex changed its processes for recording CT 148 to make it consistent with the OEB Accounting Guidance?

- b) If yes to part a), please provide the effective date when the change was made.

- c) If no to part a), please provide an explanation for not following the OEB guidance.

1     **Response**

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2             a) EPLC response to Question 12 a) and b) in the table above were based on the  
3                 process during 2018 to reflect the balances in question. Since then, EPLC has  
4                 changed its processes for recording CT 148 to make it consistent with the OEB  
5                 Accounting Guidance.

6             b) August 31, 2019.

7             c) Not applicable.

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## Staff Question #7

### Ref: Manager's Summary, page 6

On February 21, 2019, the OEB issued its letter entitled Accounting Guidance related to Accounts 1588 Power, and 1589 RSVA Global Adjustment (GA) as well as the related accounting guidance. In their 2020 applications, 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.

The OEB set out its expectations for final disposition requests of commodity pass-through account balances as noted in the Addendum.<sup>1</sup>

Essex Powerlines has stated that no adjustments were required as a result of its review of the historical balances (2017-2018).

Please provide further details on the review that was completed and any summary reports that are available.

### Response

EPLC implemented the new accounting guidance August 31, 2019 effective January 1, 2019. EPLC utilized the OEB Commodity Model and actual IESO invoices to calculate the amounts for each historical month in 2017 and 2018, compared the results to the GL balances and assessed these results against the materiality threshold prescribed by the guidance (summary results provided below).

Account 1588 Power		
	2017	2018
Calculated Amount	\$ 31,732,372	\$ 32,268,585
GL Amount	\$ 31,860,484	\$ 32,396,056
Variance	\$ 128,111	\$ 127,471
Materiality	\$ 165,932	\$ 169,414

<sup>1</sup> Addendum to Filing Requirements For Electricity Distribution Rate Applications - 2020 Rate Applications, dated July 15, 2019

<u>Account 1589 RSVA Global Adjustment (GA)</u>		
	2017	2018
Calculated Amount	\$ 13,999,556	\$ 16,141,008
GL Amount	\$ 14,106,068	\$ 16,176,610
Variance	\$ 106,512	\$ 35,602
Materiality	\$ 112,510	\$ 100,714

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## Staff Question #8

### Ref: DVA Continuity Schedule

Discrepancies noted on the DVA Continuity Schedule:

Essex Powerlines has shown "principal Adjustments" and "Interest Adjustments in 2016 and in 2018. The evidence on file does not indicate what these adjustments are regarding.

There are large variances shown between RRR vs. 2018 Balance on the DVA Continuity Schedule. No explanation was provided.

The approved amount for Account 1595 in the 2018 proceeding does not match the amount on the DVA Continuity schedule for dispositions for this account.

a) Please provide a description of all "principal Adjustments" and "interest Adjustments" on the DVA Continuity Schedule in 2016 and 2018.

b) There is an "Interest Adjustment" for Debit amount of \$22,555 shown in 2018 on the DVA Continuity Schedule. Does this pertain to the disallowed interest in the 2018 proceeding for approximately \$22,000? If so, why is it a debit amount as it needs to be removed from the accounts, and was ordered to be written off.

c) Was a journal entry made to remove the disallowed interest of approximately \$22,000?

d) Please explain the variances noted in column BW of the DVA Continuity Schedule.

e) The amount approved for Account 1595 in 2018 was \$(42,858). The amounts shown on the DVA Continuity Schedule in this proceeding for 1595 (P+I for Sub-Accounts 2010, 2012 and 2014) total \$(68,902). Please explain the discrepancy, and adjust the amounts as necessary.

### Response

a) 2016 "principal Adjustments" and "interest Adjustments" on the DVA Continuity Schedule are the approved ending balances of the year. In the "interest Adjustment" column, Account 1595 (2014) also includes a credit of \$22,555 related to the disallowed interest in the 2018 proceeding. In the "principal Adjustment" column, Account 1588 also includes a debit of \$339,712 and Account 1589 also includes a credit of \$368,285 related to CT 1142 (RPP true-up with the IESO), and CT 148 (i.e. true-up of the proportions of RPP and non-RPP GA based on actual RPP and non-RPP consumption proportions), summarized below:

		<b><u>Principal and Interest Balances</u></b>	
		Opening Balance	2,148,217.00
		Closing Balance	-2,744,288.00
		<b>2016 Activity</b>	<b>-596,071.00</b>
		2016 true-up for 2017 billed kWh for CT 148	368,285.00
		2016 true-up for 2017 billed kWh for CT 142	-28,573.00
		<b>Total revision to Account 1588</b>	<b>339,712.00</b>
		<b><u>Principal and Interest Balances - Revised</u></b>	
		Opening Balance	2,148,217.00
		Closing Balance	-2,404,576.00
		<b>2016 Activity -revised</b>	<b>-256,359.00</b>

In the 2018 “principal Adjustments” column, adjustments to Accounts 1584 and 1586 are related to Board Staff Question #2 above. Also in the 2018 “principal Adjustments” column, Account 1588 includes a credit of \$339,712 and Account 1589 includes a debit of \$368,285 and the “interest Adjustments” column for Account 1595 (2014) includes a debit of \$22,555 to reverse the adjustments from 2016 summarized above. Additionally, in the 2018 “principal Adjustments” column, Account 1595 (2018) has a credit of \$9,788 related to the intervenor costs not recoverable from the 2018 proceeding.

b) Yes, see response to 8 a) above.

c) Yes, October 1, 2018.

d) Variances in Accounts 1584 and 1586 are detailed in EPLC’s response to Board Staff Question #2. Variances in Account 1568 are detailed in EPLC response to Board Staff Questions #9 through #11 below.

e) The \$(68,902) balance is made up of balances from the 2010, 2012 and 2014 Sub-Accounts. Note that the 2010 and 2012 Sub-Accounts no longer appear on the DVA Continuity Schedule in this proceeding for 1595. Please refer to the summary below for the reconciliation of balances. No adjustment is required.

1595 Sub-Account	Amount Approved	
2010	-244,523.00	P+I
2012	195,924.00	P+I
2014	-42,858.00	P+I
	-91,457.00	
	22,555.00	Reversal of Disallowed Interest
	<b>-68,902.00</b>	

## Staff Question #9

**Ref: Tab 5 of LRAMVA workform (Tables 5-c and 5-d)**

**EB-2017-0039, Load Forecast Model 2018 Revised for Settlement, Tab “CDM Adjustment”**

**EB-2017-0039, Essex Follow-Up Questions (filed April 13, 2018)**

In the 2018 COS proceeding, Essex Powerlines was approved of a LRAMVA threshold of 16,493,468 kWh comprised of 2016 to 2018 forecast savings. In response to OEB staff’s follow-up question (3-Staff-108) in that proceeding, Essex Powerlines confirmed that 2015 actual savings was embedded in the 2018 base load forecast.

In this application, Essex Powerlines included the persistence of 2011 to 2015 actual savings in 2017 and 2018.

- a. Please confirm the appropriateness of including the persistence of 2011 to 2015 savings in 2017 and 2018 of the lost revenue claim, as it appears historical savings up to 2015 have been included in the 2018 base load forecast.
- b. Please indicate whether Essex Powerlines agrees to remove the savings persistence in Tables 5-c and 5-d (in Tab 5 of the LRAMVA workform).

## Response

- a) EPLC agrees that it would be appropriate to include persistence of 2011 to 2015 savings in 2017 but not 2018. EPLC filed its Cost of Service application in 2018 and received approval to set an LRAMVA threshold effective October 1<sup>st</sup>, 2018. EPLC has applied this threshold to 2018 however no threshold should apply to 2017.
- b) EPLC agrees to remove the savings persistence in Table 5-d (2018) however confirms the persistence is still appropriate for 2017 therefore the persistence remains in Table 5-c. These changes are reflected in the revised LRAMVA Work Form and included as Attachment 1-B.



## Staff Question #10

**Ref: Tab 6 of LRAMVA workform (carrying charges)**

Table 6-a includes projected carrying charges up to June 30, 2020 but projected carrying charges should only be calculated up to the effective implementation date of May 1, 2020.

- a. Please update Table 6 and Table 6-a of the LRAMVA workform to include projected carrying charges up to May 1, 2020.

## Response

- a) Please see revised LRAMVA workform attached as Attachment 1-B. Tables 6 and 6-a have been updated.

## Staff Question #11

**Ref: Supporting Documentation (2018 LRAMVA\_PandC\_Summary\_xlsx\_20191011)**

Distributors are expected to file the Participation and Cost Report issued by the IESO to support the 2018 unverified savings and 2017 unverified savings adjustments included in the LRAMVA workform.

In this proceeding, an extract of the 2019 Participation and Cost Report was filed on record.

- a. Please file a complete version of the 2019 Participation and Cost report issued by the IESO.
- b. If Essex Powerlines has 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, a revised LRAMVA balance requested for disposition, and a table summarizing the revised rate riders.
- c. 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)".

## Response

- a) EPLC did not file Participation and Cost Reports for the 2018 or 2019 time periods as, unlike prior years, the IESO did not issue a yearly, verified report. EPLC received monthly Participation & Cost Reports from the IESO for the 2018 period and as requested, they are included as Attachment 1-C.
- b) Please refer to the amended LRAMVA Work Form included as Attachment 1-B.
- c) Changes have been included in Table A-2 of the amended LRAMVA Work Form included as Attachment 1-B.