

OEB Staff Questions

1. Ref: Exhibit 1/Tab4/Appendices D, E, F, G, H

Toronto Hydro included five Measurement & Verification (M&V) reports prepared by ClearResult Canada Inc. (ClearResult) to claim additional project savings that were not included in the IESO's Participation & Cost (P&C) report.

Questions:

- (a) For each project documented in each of the ClearResult's Reports, please discuss why the project savings did not appear on the IESO's P&C report, and why the demand savings should be considered eligible for lost revenue recovery.
- (b) Please provide a breakdown of the monthly demand savings claimed by project per the M&V reports, and confirm the monthly multiplier applied for each project to estimate annual demand savings. Please indicate which IESO program(s) these demand savings were classified under in Tables 5-d and 5-e of the LRAMVA Work Form, and include cell references.
- (c) If the monthly demand savings from each of the five projects claimed in the LRAMVA Work Form are not those shown in the M&V reports, please confirm whether any additional calculations were performed to arrive at the project savings. If yes, please provide supporting documentation in working Microsoft Excel format to show the savings calculated from pre- and post- installation, and the methodology used to estimate peak savings. Please ensure that all confidential information is removed or treated in accordance with Rule 9A of the OEB's *Rules of Practice and Procedure*.
- (d) For each project, please confirm the percentage allocation of the demand savings to each of the rate classes and how that rate class allocation percentage was calculated.

**2. Ref: LRAMVA workform, Tab 5 (Table 5-d and 5-e) and Tab 7
Project Level Savings Report**

The program savings claimed on the LRAMVA Workform for the 2018 and 2019 Retrofit program appear to exceed the values reported in the submitted project level savings reports. For example, the 2018 and 2019 Retrofit program reported energy savings of 191,551,410 kWh and 63,390,764 kWh. However, neither of these values align with those reported in the submitted project level savings reports.

Questions:

- (a) For the 2018 retrofit program, it appears that 191,551,410 kWh of savings were estimated based on three retrofit projects.
 - i. For each retrofit project, please explain whether these savings were reviewed by the IESO or submitted for IESO incentive payment approval. Please explain eligibility of the incremental savings for lost revenue recovery.
 - ii. Please indicate the reference source documents to support the savings underpinning the LRAMVA balances. If the source document was not filed with the application, please submit it along with the response or, if it was filed in a previous application, please provide a full reference to the case number and the document reference (e.g., Application/Exhibit/Tab/Schedule/Appendix, Interrogatory Response, etc.).
- (b) For the 2019 retrofit program, please indicate what additional project savings are included in the LRAMVA Workform. In the response, please explain why these additional savings are eligible for lost revenue recovery.
- (c) Please explain how the persistence of 2018 savings is calculated in 2019 for both energy and demand savings for the retrofit program. In the response, please include key assumptions such as the persistence rate, and where persistence assumptions were derived.

**3. Ref: LRAMVA Workform, Tab 5 (Table 5-d and 5-e) & Tab 7
Non-Retrofit CFF Projects Report**

Toronto Hydro has included non-Retrofit CFF Projects as part of its LRAMVA calculations. Based on the spreadsheet provided, there are non-Retrofit CFF projects claimed in April-Dec 2019, and Jan-May 2020.

Questions:

- a) Please confirm that all non-Retrofit CFF Projects have been completed prior to December 31, 2019. In the response, please quantify any program savings beyond December 31, 2019 that are being captured in the LRAMVA.

4. Ref: LRAMVA Work Form, Tab 3-a

Toronto Hydro provided consumer rate class allocations in Tab 3-a, however the calculations to support and develop the rate class allocations have not been filed.

Question:

- (a) Please provide an unlocked and working Excel spreadsheet showing all calculations used to determine the consumer rate class allocations. Please ensure that all confidential information is removed or treated in accordance with Rule 9A of the OEB's *Rules of Practice and Procedure*.

5. Ref: Tab 3/Schedule 1/Rate Model

Toronto Hydro is seeking disposition of Account 1595 (2017) as of December 31, 2019 in the current application. No forecasted interest from January 1, 2020 to December 31, 2020 was entered in the Continuity Schedule tab of the Rate Model.

Question:

- a) Please update the model to include any forecasted interest from Jan 1, 2020 to Dec 31, 2020 (column BQ) on the Account 1595 (2017) balance as of December 31, 2019.

6. Ref: Tab 3/Schedule 2/ GA Analysis Workform

Tab 2/Schedule 1/p.8

Toronto Hydro stated that it has implemented the OEB's February 21, 2019 Accounting Guidance for RSVA accounts 1588 Power and 1589 GA effective January 1, 2019 in the current application.

In Note 5 of the GA Analysis Workform, Toronto Hydro stated that reconciling items 1a and 1b are "Not applicable as Toronto Hydro records the true-up RPP settlement amounts with the IESO on a quarterly basis. The RPP amounts for 2019 are based on the actual IESO invoices received."

1a	CT 148 True-up of GA Charges based on Actual Non-RPP Volumes - prior year
1b	CT 148 True-up of GA Charges based on Actual Non-RPP Volumes - current year

Questions:

- a) The Feb 21, 2019 Accounting Guidance requires monthly true-ups of RPP settlements and Toronto Hydro stated that the RPP true-up is done on a quarterly basis. Please explain and confirm if Toronto Hydro has fully implemented the Accounting Guidance.

- b) Please explain why reconciling items 1a and 1b are not applicable and update the explanation for reconciling item 1a and 1b accordingly.

7. Ref: Tab 3/Schedule 2/ GA Analysis Workform

Tab 3/Schedule 1/Rate Model

A credit balance of \$50,366,169 was entered in Column AV "Principal Adjustments during 2018" in the Continuity Schedule tab of the Rate Model for Account 1589. In the GA Analysis Workform, no Principal Adjustment was entered for Note 7 Principal Adjustments included in last approved balance.

Question:

- a) Please reconcile and update Note 7 if necessary. Please indicate if any Principal Adjustment needs to be reversed in the current application.

**8. Ref: Tab 2/Schedule 1/p. 4-5
EB-2018-0165 Updated Draft Rate Order, February 12, 2020, p.19
EB-2018-0165 Decision and Rate Order, February 20, 2020, p.3**

Toronto Hydro stated that the accounts that are subject to true-up in this proceeding are those which the OEB approved for disposition starting on March 1, 2020 and January 1, 2021.

Toronto Hydro also stated that regarding the future tax savings in connection with two of these accounts (i.e. the Operating Centres Consolidation Program (OCCP) and the Gain on Sale of 50/60 Eglinton Avenue), Toronto Hydro cannot true-up these two accounts for actuals until the underlying account dispositions are complete (December 31, 2021) and the final tax savings are realized. Therefore, the utility proposes to defer the required true-ups for these two accounts to its 2023 Custom IR Update application.

On page 19 of the Updated Draft Rate Order from Toronto Hydro's last Custom IR EB-2018-0165 filed on February 12, 2020, Toronto Hydro proposed to "true-up any variances between the principal and interest amounts proposed for clearance ...and the actual principal and interest amounts in Account 1595 in the year that the disposition commences". On page 3 of the Decision and Rate Order, the OEB finds that the updated draft rate order filed on February 12, 2020 is in accordance with the Decision.

Question:

- (a) Please explain why Toronto Hydro cannot true-up the OCCP and the Gain on Sale of 50/60 Eglinton Avenue accounts until the dispositions are complete.