

Interrogatory Response - OEB Staff
Elexicon Energy Inc. - Veridian Rate Zone (Elexicon-Veridian)
2021 IRM Application

*Responses to interrogatories, including supporting documentation, must not include personal information unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Renewable Generation Connection Rate Protection (RGCRP)

OEB Staff-1

**Ref: Elexicon_VRZ_2021_2020 Variance – Actual Costs – REG-Project_20201014
Manager's Summary – Appendix I and Addendum Appendix I**

In calculating RGCRP funding, Elexicon-Veridian included costs for a Communication Platform project in the amount of \$460,000 (50% of total costs). The model shows capital cost entries over a four-year period, starting in 2022:

- 2022 (\$115,000), 2023 (115,000), 2024 (\$115,000) and 2025 (\$115,000)

On page 2 of Appendix I and page 2 of the Addendum to Appendix I, Elexicon-Veridian notes that the project will not be in service until 2025.

- a) If the estimated in-service date for the Communication Platform is 2025, please explain why Elexicon-Veridian feels that it is appropriate to receive provincial funding prior to the project going into service.

Response

For each year of the Communication Platform spend, that portion will be put "in service". The notes on the project in the Addendum should read, "*all stages will be fully in service by 2025*".

- b) OEB staff notes that the estimates of \$911,000 in total capital cost and \$135,000 in ongoing OM&A for the Communication Platform remain unchanged from the estimated costs in 2014.
 - i. Has Elexicon-Veridian received any updated estimates for the proposed Communication Platform, following the initial study? If not, why not?
 - ii. If so, please provide updated estimates.

Response

- i. Elexicon has not received any updates for the proposed Communications Platform due to merger activities. An assessment of the project will take into account the whole service territory with the newly merged entity. When Elexicon receives its updated estimates it will file that information with the OEB.
- ii. Not applicable.

c) Please explain whether Elexicon-Veridian included any start-up OM&A costs?

Response

With the filing of the Addendum, it had not been fully decided if start-up OM&A costs should be included. This will depend on how the new system will be implemented and the technology used.

d) Please confirm that no ongoing OM&A costs have been included in this estimate.

Response

OM&A costs have not been included in this update. Elexicon-Veridian will assess the need for OM&A costs to be included by 2022.

OEB Staff-2

Ref: Manager’s summary, Appendix I, filed August 20, 2020

Addendum to Appendix I, filed October 14, 2020

Elexicon_VRZ_2021_2020 Variance Actual Costs_REG-Project_20200820

Elexicon_VRZ_2021_2020 Variance – Actual Costs – REG-Project_20201014

In the original application evidence, filed August 20, 2020, Elexicon-Veridian proposed true-up costs of (\$4,014) for the period of 2014-2020 as shown in Table 1. In the updated request, filed on October 14, 2020, Elexicon-Veridian revised the true-up amount to (\$5,490) as shown in Table 2.

Table 1

	2014	2015	2016	2017	2018	2019		Total @ 2020 YE
Revenue received from IESO	\$11,568.00	\$30,488.00	\$36,600.00	\$35,916.00	\$35,232.00	\$35,004.00	\$217,992.00	\$402,800.00
Calculated revenue requirement (actuals)	\$8,027.32	\$24,294.96	\$52,721.44	\$80,254.91	\$79,281.32	\$77,864.66	\$76,341.05	\$398,785.66
Year end adjustment to variance	-\$3,540.68	-\$6,193.04	\$16,121.44	\$44,338.91	\$44,049.32	\$42,860.66	-\$141,650.95	-\$4,014.34

Table 2

	2014	2015	2016	2017	2018	2019	2020	Total @ 2020 YE
Revenue received from IESO	\$11,568.00	\$30,488.00	\$36,600.00	\$35,916.00	\$35,232.00	\$35,004.00	\$217,992.00	\$402,800.00
Calculated revenue requirement (actuals)	\$8,027.32	\$24,294.96	\$52,721.44	\$80,055.15	\$78,873.06	\$77,438.89	\$75,899.17	\$397,309.98
Year end adjustment to variance	-\$3,540.68	-\$6,193.04	\$16,121.44	\$44,139.15	\$43,641.06	\$42,434.89	-\$142,092.83	-\$5,490.02

- a) OEB Staff notes that Elexicon-Veridian removed a 2017 capital cost entry of \$9,512 for the Index Energy project in the updated request. These capital costs were included in the interim funding received in 2019.
- i. Please confirm that these costs should not be included as part of the RGCRP.
 - ii. If these capital cost should be included, please explain the nature of these costs.

Response

- i. These costs should be included as part of the RGCRP – they were missed in the Addendum to the filing.
- ii. These are final labour costs for the project.

- b) Please explain any other differences in the revised revenue requirement for the years 2017-2020.

Response

With the adjustment to include \$9,512, the revenue requirement is the same as filed in November 2019. An updated Excel for Appendices 2-FA to 2-FC is provide (Elexicon_VRZ_Appendices 2 FA – 2 FC update for Staff-2_20201106).

OEB Staff-3

Ref: Manager's summary, Appendix I, filed August 20, 2020

Addendum to Appendix I, filed October 14, 2020

Elexicon_VRZ_2021_2020 Variance Actual Costs_REG-Project_20200820

Elexicon_VRZ_2021_2020 Variance – Actual Costs – REG-Project_20201014

For the 2014 rate year, Elexicon-Veridian shows a variance of (\$3,540). OEB staff notes that this variance is due to the proration of the actual revenue requirement to 8 months versus the received RGCRP funding over a 12-month period, to align with its May 1 – April 30 rate year cycle.

Please explain if and how Elexicon-Veridian accounted for the request to align its rate year to the fiscal year starting Jan. 1, 2021 in its current RGCRP funding true-up.

Response

In November 2019, Elexicon-Veridian updated its filing of the RGCRP to correct a missed project that was eligible for the RGCRP. When the OEB issued its Decision (EB-2019-0279) on January 31, 2020 for the RGCRP, it was for the year beginning January 1, 2020.

The RGCRP payment is not dependent on the alignment to the rate year for Elexicon-Veridian. The application identifies the RGCRP required for future years, based on the fiscal year. The true-up in the summary is based on the amount(s) that will be in the account(s) as of the end of December 2020.

This makes it much easier for the OEB to issue its annual Decision for the RGCRP amounts for the future fiscal years.

COVID-19 Forgone Revenue Rate Rider

OEB Staff-4

Ref: COVID-19 Forgone Revenue Rate Rider Model, Tab 3 – Billing Determinant RRR Data 2.1.5

For the GS 3,000 rate class, the total kW entered by Elexicon-Veridian for the 12-month recovery period of January 1, 2021 to December 31, 2021 is 251,850 kW.

Similarly, for the Sentinel Lighting rate class, the total kW entered for the 12-month recovery period of January 1, 2021 to December 31, 2021 is 402 kW.

- a) Please provide the consumption as well as the customer data as reported in the 2019 RRR 2.1.2 and 2.1.5.

Response

The table below outlines the number of customers/connections, consumption and demand for the GS 3,000-4,999 kW and Sentinel lighting rate classes.

Rate Class	2019 RRR - Veridian RZ			2021 Jan-Dec recovery period	Variance
	2.1.2	2.1.5.4			
	Number of Customers/Connections	kWh	kW	kW	
General Service 3,000 to 4,999 kW (Intermediate Use)	4	89,803,696	195,196	251,850	56,654
Sentinel Lighting	260	226,093	628	402	(226)

- b) Please explain the variances in consumption for the GS 3,000 – 4,999 and the Sentinel rate class in detail.

Response

Elexicon has reviewed the demand provided for the 2021 recovery period as well as the variances to 2019 actuals. For the 2021 recovery period:

- The GS 3,000-4,999 kW rate class figures assumed higher historical demand levels that were originally budgeted for 2020 but did not materialize due to changes in the business environment including conservation efforts.
- The Sentinel lighting rate class was incorrectly estimated.

Elexicon advises that based on the review performed, the demand used for the 2021 recovery period should be adjusted to be more closely aligned with billing determinants seen in 2019 and trending in 2020:

GS 3,000-4,999 kW: 198,418 kW
Sentinel Lighting kW: 654 kW

- c) Please provide the 2020 year-to-date consumption and customer data and update the projected billing determinants for 2021, if necessary.

Response

Elexicon provides an updated Forgone Revenue Rate Rider model (Excel) to reflect the updates outlined in response (b) above related to projected billing determinants for 2021 (Elexicon_VRZ_2021_COVID19-Forgone-Rev-Rate-Rider-model_Staff4b&c_20201106). In addition, the updated model includes 2020 year-to-date actuals to the end of September 2020 for customer count, consumption and demand. Based on the updated 2020 actuals, minor adjustments to projected values for October – December have been reflected in the model.

- d) On page 27 of the Manager's summary, Elexicon-Veridian noted that it has not included a rate rider (*emphasis added*) for the Sentinel Lighting rate class as the Forgone Revenue value was determined to be immaterial (below \$300).
- i. Please confirm that the model has calculated a rate rider at the fourth decimal place.

Response:

Confirmed.

- ii. If so, please explain why Elexicon-Veridian feels that it is appropriate to exclude a rider for this rate class.

Response:

While a rate rider is calculated, Elexicon has quantified that the dollar allocated to the Sentinel Lighting rate class is less than \$300 in total. Sentinel Lights are typically attached to a customer account which is assigned to one of the other rate classes (ie. residential, general service <50 kW). As a result, the system setups and tracking

require additional effort. Elexicon is proposing to forgo this immaterial revenue amount as the costs to implement and track outweigh the benefit.

Rate Year Alignment

OEB Staff-5

Ref: Rate Year Alignment Model
 RRR Data 2.1.5
 Manager's summary, App. H

The Rate Year Alignment Model has provided January to April consumption data based on month of annual consumption data to establish billing determinants for a Rate Year Alignment Rate Rider.

- a) Please provide the consumption as well as the customer data as reported in 2019 RRR 2.1.2 and 2.1.5.

Response

For completeness, Elexicon has included consumption, customer data as well as demand in the tables below. For consumption and demand, the 2019 RRR data has been prorated down to four months for better comparison to the four month timeframe used in the rate year alignment rate rider model.

2.1.2 Elexicon Veridian Rate Zone	Rate Year Alignment			Rate Year Alignment	Rate Year Alignment		
	2019 RRR	2021 Jan-Apr recovery period	Variance		2019 RRR	2021 Jan- Apr recovery period	Variance %
	2.1.2				2.1.5.4*		
Rate Class	Number of Customers/ Connections			kWh			
Residential	111,713	113,685	2%	318,444,665			
Seasonal Residential	1,561	1,588	2%	3,637,910			
General Service < 50 kW	9,268	9,253	0%	98,043,798	98,081,800	0%	
General Service 50 to 2,999 kW	1,019	1,027	1%	322,336,564			
General Service 3,000 to 4,999 kW (Intermediate Use)	4	5	25%	29,934,565			
General Service > 5,000 kW (Large Use)	4	4	0%	85,597,039			
Unmetered Scattered Load	804	850	6%	1,545,545	1,581,000	2%	
Sentinel Lighting	260	260	0%	75,364			
Street Lighting	31,182	31,483	1%	4,387,417			
Total	155,815	158,155	0	864,002,867			

* Data reflects 2019 RRR prorated for 4 month timeframe

The variances in customer data reflect modest growth. The GS 3000-4999 kW rate class reflects a customer addition in 2020.

A similar table has also been provided for demand.

2.1.2 Elexicon Veridian Rate Zone		Rate Year Alignment		Rate Year Alignment Proposed Revision	
		2019 RRR	2021 Jan-Apr recovery period	2021 Jan-Apr recovery period	Variance %
		2.1.5.4*			
Rate Class	kW			kW	Variance %
Residential	-				
Seasonal Residential	-				
General Service < 50 kW	-				
General Service 50 to 2,999 kW	758,541	772,304	2%	772,304	2%
General Service 3,000 to 4,999 kW (Intermediate Use)	65,065	83,950	29%	66,815	3%
General Service > 5,000 kW (Large Use)	144,471	141,588	-2%	141,588	-2%
Unmetered Scattered Load	-				
Sentinel Lighting	209	134	-36%	216	3%
Street Lighting	12,219	12,341	1%	12,341	1%
Total	980,506				

* Data reflects 2019 RRR prorated for 4 month timeframe

With the exception of GS 3,000-4,999 kW and Sentinel lighting rate classes, the variances are reasonable compared to demand values for 2019 which have been prorated to reflect a four month period.

Please see Staff-4 b for explanations related to the GS 3,000-4,999 kW and Sentinel Lighting rate classes. Elexicon advises that based on the review performed, the demand used for the 2021 projections and recovery period should be adjusted to be more closely aligned with billing determinants seen in 2019. Elexicon has provided an updated Rate Year Alignment Model (Elexicon_VRZ_2021_Rate Year Alignment Rate Rider Model_Staff-5a_20201106) which incorporates the proposed updated changes for each of these rate classes. The updates have been made to both the projections and the billing determinants used for developing the rate riders. The resulting rate riders are summarized in the chart below.

Rate Class	Unit	Rate Year Alignment Rate Rider (MFC)	Rate Year Alignment Rate Rider (DVR)
RESIDENTIAL SERVICE CLASSIFICATION	kWh	\$ (0.46)	\$ -
SEASONAL RESIDENTIAL SERVICE CLASSIFICATION	kWh	\$ (0.84)	\$ -
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	\$ (0.30)	\$ (0.0003)
GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFICATION	kW	\$ (1.91)	\$ (0.0588)
GENERAL SERVICE 3,000 TO 4,999 KW SERVICE CLASSIFICATION	kW	\$ (100.17)	\$ (0.0373)
LARGE USE SERVICE CLASSIFICATION	kW	\$ (150.48)	\$ (0.0525)
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	\$ (0.12)	\$ (0.0003)
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	\$ (0.08)	\$ (0.2423)
STREET LIGHTING SERVICE CLASSIFICATION	kW	\$ (0.01)	\$ (0.0662)

b) Please explain the variances in applied-for billing determinants over the 2019 RRR data, in particular for the GS 3,000 – 4,999 and Sentinel rate classes.

Response

See response to Staff 5 (a) above.

c) Please re-calculate the rate rider based on the 2019 RRR consumption data.

Response

For the purpose of this response, the updated Rate Year Alignment Rate Model provided in Staff 5 (a), has been further modified to reflect the 2019 RRR consumption, demand and customer data for calculating the rate rider (Elexicon_VRZ_2021_Rate Year Alignment Rate Rider Model_Staff-5c_20201106).

On this basis, the rate riders are as follows:

Rate Class	Unit	Rate Year Alignment Rate Rider (MFC)	Rate Year Alignment Rate Rider (DVR)
RESIDENTIAL SERVICE CLASSIFICATION	kWh	\$ (0.47)	\$ -
SEASONAL RESIDENTIAL SERVICE CLASSIFICATION	kWh	\$ (0.85)	\$ -
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	\$ (0.30)	\$ (0.0003)
GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFICATION	kW	\$ (1.92)	\$ (0.0599)
GENERAL SERVICE 3,000 TO 4,999 KW SERVICE CLASSIFICATION	kW	\$ (125.21)	\$ (0.0383)
LARGE USE SERVICE CLASSIFICATION	kW	\$ (150.48)	\$ (0.0515)
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	\$ (0.13)	\$ (0.0003)
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	\$ (0.08)	\$ (0.2504)
STREET LIGHTING SERVICE CLASSIFICATION	kW	\$ (0.01)	\$ (0.0669)

Elexicon notes that it is inconsistent to use projections for Jan-May 2021 that are different from the 2019 RRR data since the same Jan-May 2021 timeframe applies to the rate rider calculation. Elexicon advises that the updated model from Staff-5a is a better reflection of projections and is reasonably consistent with 2019 RRR.

- d) On p. 9 of Appendix H, Elexicon-Veridian noted that is has not included a rate rider for the Sentinel Lighting rate class due to immateriality.
 - a. Please confirm that the model calculates a rate rider to the fourth decimal place.

Response

Confirmed.

- b. If so, please explain why Elexicon-Veridian feels that it is appropriate to exclude a rider for this rate class.

Response

Please refer to Staff 4 (d) (ii). Elexicon is proposing not to return a total of \$137 to Sentinel Lighting customers as the costs to implement and track outweigh the benefit. This amount is more than offset by the amount Elexicon is proposing to forgo in lost revenue from deferring implementation of the May 1, 2020 rates.

Deferral and Variance Accounts

OEB Staff-6

Ref: Manager's Summary, p. 15

Ref: Accounting Guidance 2019 Full Year Analysis

In the Manager's Summary, Elexicon-Veridian states that it has continued to use its existing approach with the modifications as outlined in its 2020 rate application and associated documents filed through that application process. As a result of the modifications made during 2019, Elexicon-Veridian was following the OEB's Feb. 21, 2019 accounting guidance for accounts 1588 and 1589¹ with only one small exception – a process difference. It further states that Elexicon-Veridian was prepared to make the process change going forward but was not able to do so until 2020.

- a) Please confirm that by continuing its existing approach with modifications as outlined in the 2020 rate application (except for the process difference), Elexicon-Veridian follows the Feb. 21, 2019 accounting guidance.

Response

Confirmed.

- b) Besides the adjustments required to implement the Feb. 21, 2019 accounting guidance retroactive to January 1, 2019, please confirm that Elexicon-Veridian following the Feb. 21, 2019 guidance on a monthly basis and is not making an annual adjustment at year-end to adjust Elexicon-Veridian's account 1588 and 1589 balances to align it to the Feb. 21, 2019 accounting guidance.

¹ <https://www.oeb.ca/sites/default/files/Accounting-Guidance-Commodity-Accounts-20190221.pdf>

Response

Confirmed.

- c) If part a) or b) is not confirmed, please explain why Elexicon-Veridian is using its current approach with modifications to account for accounts 1588 and 1589 and not follow the Feb. 21, 2019 accounting guidance.
- i. Please indicate which areas of differences between Elexicon-Veridian's accounting and the Feb. 21, 2019 accounting guidance still remain.
 - ii. Please further explain when Elexicon-Veridian plans to change its accounting practices for the areas of differences listed in part i) above to align with the Feb. 21, 2019 accounting guidance.

Response

- i. Not applicable.
- ii. Not applicable.

- d) With regards to the process difference in accounting for charge types 142 and 148, please explain when Elexicon -Veridian will make the process change.

Response

Elexicon made the process change during 2020. This process change did not effectively impact the 1588/1589 balances except for timing. Any impacts of the change were done retroactive to January 1 2020.

OEB Staff-7

Ref: Manager's Summary, p.14

At the reference above, it states that Elexicon's 2019 review identified differences in outcome using Elexicon-Veridian's original methodology as compared to the Feb. 21, 2019 accounting guidance. One of the differences identified was the allocation of unaccounted for energy between RPP and non-RPP.

- a) Please confirm if this difference was caused by Elexicon-Veridian's past practice of performing RPP settlements based on retail volumes instead of wholesale volumes.

Response
 Confirmed.

- b) If part a) is not confirmed, please further explain how this difference occurred and how the modifications made in 2019 (as listed on page 5 Appendix J of the current application) aligned Elexicon-Veridian’s existing processes to the Feb. 21, 2019 accounting guidance.

Response
 Not applicable.

OEB Staff-8

Ref: Manager’s Summary, p. 15-16

Ref: Accounting Guidance 2019 Full Year Analysis

Ref: Rate Generator Model, Tab 3 – DVA Continuity Schedule

In the Accounting Guidance 2019 Full Year Analysis, the “Final RSVA Balances” tab,

- a) cells C31 and C43 for accounts 1588 and 1589 indicate it is for the year 2017. Please confirm that this should be replaced with 2019.
- i. If not confirmed, please explain why 2017 balances are being assessed using 2019 data.

Response

Elexicon-Veridian confirms that cells C31 and C43 should be replaced with 2019. The date identified in the tab “Final RSVA Balances” was not fully displayed and as a result it was not apparent that it incorrectly referenced the RSVA amounts as being for December 31, 2017.

- b) The 2019 “balances per DVA Continuity Schedule” for accounts 1588 and 1589 as shown in cells E31 and E43 are different than that shown in the DVA Continuity Schedule. The differences are as follows:

	Account 1588	Account 1589
Accounting Guidance 2019 Analysis	(\$13,573)	\$1,451,777
DVA Continuity Schedule (sum of transactions and principal adjustments)	(\$270,752)	\$1,441,870
Difference	\$257,179	(\$9,967)

- i. Please confirm that the “balances per DVA Continuity Schedule” is not intended to reflect the balances in the DVA Continuity Schedule but only to represent the balances as calculated from the “Verdian-2019” tab using the OEB model from the Feb. 21, 2019 accounting guidance.
- ii. If not confirmed, please explain the difference between the Accounting Guidance 2019 Analysis and DVA Continuity Schedule. Please revise the evidence as needed.

Response

- i. Confirmed
 - ii. See response to i)
- c) The balances calculated per the OEB model in cells E38 and E48 for accounts 1588 and 1589 are (\$13,573) and \$1,451,777, respectively. They are different than that in the DVA Continuity Schedule as noted in part b) above. Please explain why the differences exist.
- i. In particular, on page 15 of the Manager’s Summary, it states “As a result of the modifications made during 2019, Elexicon was following the OEB Guidelines with only one small exception - a process difference”. The process difference is not expected to generate any difference between Elexicon-Veridian’s accounting and the OEB’s Feb. 21, 2019 accounting guidance. Please explain why the balances as calculated in the Accounting Guidance 2019 Analysis would be different than that in the DVA Continuity Schedule, which reflects Elexicon-Veridian’s general ledger.

Response

The difference in the 1589 Account is \$-9,967. Based on the low dollar amount, Elexicon-Veridian considers this essentially balanced.

The difference in the 1588 Account of \$257,179 can be broken down as follows:

	2019			
	Continuity	Model	Difference	%
Revenue	(144,869,564)	(144,628,146)	241,418	-0.17%
4705 Expense	144,598,812	144,614,573	15,761	0.01%
1588 Variance	(270,752)	(13,573)	257,179	

Elexicon-Veridian reviewed these differences before submitting the application against a materiality level of +/- 1%. The difference was below this materiality threshold. Based on the percentages above, the balances summarized in the model are considered to be closely aligned with the continuity schedule.

As demonstrated in the chart above, the expense is essentially balanced (\$15,761).

The revenue amount has a difference of \$241,418. The model is based on metering data while the revenue in the continuity schedule is based on activity in the billing system. While the two are mostly aligned there can be a disconnection between the metering data and the billing system for items such as billing adjustments, proration, rounding and weighting factors.

OEB Staff-9

Ref: Rate Generator Model, Tab 3 – DVA Continuity Schedule

Typically, large balances are not expected for Account 1588 as it should only hold the difference in commodity amounts between actual line losses and approved line losses. An indication of the magnitude of Account 1588 would be a comparison to Account 4705 Cost of Power.

- a) Please indicate whether Elexicon-Veridian has the 2019 Account 4705 totals available.

Response

Elexicon-Veridian has 2019 Account 4705 totals available

- b) If so, please provide the balance and a calculation showing the 2019 Account 1588 activities (i.e. sum of transactions and principal adjustments) as a percentage of the 2019 Account 4705 transactions.

Response

The chart below shows the balance in account 4705 (\$144,598,812) and the 2019 Account 1588 activity (\$-270,752). The Account 1588 activity as a percentage of 4705 is -.19%

	2019	2018	2019	2019
	Transactions	Principal Adj	Principal Adj	Account Activity
Revenue	(144,416,286)	224,586	(677,864)	(144,869,564)
4705 Expense	144,598,812			144,598,812
1588 Variance	182,526	224,586	(677,864)	(270,752)
	Account Activity as % of 4705			-0.19%

c) If the absolute value calculated in part b) is above +/-1%, please explain why the balance in Account 1588 is high, relative to the total commodity cost purchases.

Response

Not applicable. The value calculated in b) is -0.19% which is well below the threshold.

d) Please also provide a cumulative calculation of Account 1588 as a percentage of Account 4705 for 2018 and 2019.

Response

The chart below shows the cumulative calculation of Account 1588 as a percentage of Account 4705 for 2018 and 2019. The result is -0.13%.

	2018	2017	2018	2018	2019	2018	2019	2019	Cell BO28
	Transactions	Principal Adj	Principal Adj	Account Activity	Transactions	Principal Adj	Principal Adj	Account Activity	Principal Claim
Revenue	(144,291,504)	769,739	(224,586)	(143,746,351)	(144,416,286)	224,586	(677,864)	(144,869,564)	(288,615,914)
4705 Expense	143,652,020			143,652,020	144,598,812			144,598,812	288,250,831
1588 Variance	(639,484)	769,739	(224,586)	(94,331)	182,526	224,586	(677,864)	(270,752)	(365,083)
	Account Activity as % of 4705			-0.07%	Account Activity as % of 4705			-0.19%	-0.13%

OEB Staff-10

Ref: GA Analysis Workform

In the 2019 tab of the GA Analysis Workform, there is a reconciling item of \$317,409. The calculated loss factor of 1.0673 is higher than the approved loss factor of 1.0482. Therefore, costs in the general ledger would be expected to be higher than that incorporated in Note 4 of the expected GA balance calculation. The reconciliation starts off with the balance recorded in the general ledger, and to reconcile the higher costs in

the general ledger to the lower costs incorporated in the expected GA balance, a credit entry would be needed instead of the debit entry currently in the GA Analysis Workform.

- a) Please state whether Elexicon – Veridian agrees with the credit entry instead of a debit entry.
 - a. If so, please revise the GA Analysis Workform.
 - b. If not, please explain why not.

Response

To clarify the reconciling item #6 \$317,409:

Note 4 of the GA Analysis work form is an analysis of the expected GA amount. Note 4 calculates the expected GA amount by using Retail Billing for both GA Revenue and Cost. As per the OEB Accounting Guidance the cost should be adjusted for UFE. The expected GA variance in Note 4 should be reflected as Revenue (retail kWh x 1st estimate) and Cost ((retail + UFE kWh) x actual GA rate) to align with the GL. In order to adjust Note 4 to match the GL for comparison purposes, an adjustment of \$317,409 was calculated.

For clarity, Note 5 can be reorganized as follows to demonstrate the unresolved difference:

	Amount		Amount	Unresolved
Net Change in Principal Balance in the GL	\$2,531,513	Net Change in Expected GA Balance in the Year	\$ 1,658,068	
2a Remove prior year end unbilled to actual revenue differences	\$ (22,333)			
2b Add current year end unbilled to actual revenue differences	\$ (813,370)			
6 Others as justified by distributor	→		\$ (317,409)	
10 Significant prior period billing adjustment recorded in 2020	\$ (253,940)			
6 Adjusted Net Change in Principal Balance in the GL	<u>\$1,441,871</u>	Adjusted Change in Expected GA Balance in the Year	<u>\$1,340,659</u>	<u>\$ 101,211</u>

The calculated loss factor of 1.0673 is higher than the approved loss factor of 1.0482. This is because the unbilled revenue and kWh is too low in the GL as described in Reconciling items 2b and 10. The reconciliation starts off with the balance recorded in the general ledger and to reconcile the lower revenue in the general ledger to the higher revenue incorporated in the expected GA balance, a credit entry is needed in the GA Analysis Workform.

Elexicon-Veridian believes that the debits and credits have been accounted for correctly.

LRAMVA

OEB Staff-11

Ref: (i) LRAMVA Workform, Tab 3-a

In Tab 3-a of the LRAMVA Workform, the methodology used to calculate rate class allocations is provided. However, a table showing the calculations themselves is not.

- a) Please provide an unlocked Excel spreadsheet showing all calculations used to determine the consumer rate class allocations.

Response

Elexicon has included an unlocked spreadsheet showing the calculations used to determine rate class allocations.

File *Elexicon_VRZ_2021_IRR_Staff11_Rate Class Allocation_20201106* has been included with the Interrogatory responses

During its review, Elexicon found a couple minor errors in how the allocations were assigned:

- Allocation for 2018 Retrofit had inadvertently used the 2017 Retrofit allocation
- Allocation for Retrofit to USL in 2015 was based on demand rather than energy

The net effect is a minor increase in the LRAMVA claim from \$779,427 to \$783,738.

An updated LRAMVA Workform has been included with these IR responses.

OEB Staff-12

Ref: (i) LRAMVA Workform, Tab 5

The persisting 2015 Residential and Commercial & Institutional LRAMVA balances being sought could not be reconciled to the submitted IESO LDC CDM Program Results, or IESO Participation and Cost reports.

- a) Please provide an unlocked Excel spreadsheet showing the persisting project level savings for the claimed 2015 Residential, and Commercial & Institutional LRAMVA balances.

Response

Persisting project level savings can be found in the Excel file "2015 – 2017 Final Results Report_Elexicon_Veridian RZ_20200820" in the tab "LDC Savings Persistence".

Elexicon has reviewed the persistence in this report against the LRAMVA workform and confirms that they are consistent. In the workform, Elexicon has shown the retrofit savings assigned to streetlighting as a separate line item. It's possible this has caused some confusion, so Elexicon has added a label to the retrofit line to clarify that streetlighting savings are shown separately.

OEB Staff-13

- a) Please provide an updated IRM Model Rate Generator and LRAMVA Workforms, reflecting any changes required in response to OEB Staff interrogatories, as required. Please record all changes in Tab 1-a of the LRAMVA Workform.

Response

An updated LRAMVA Workform has been included with these IR responses. Changes have been recorded in Tab 1a.

See: [Elexicon_VRZ_2021_IRR_Staff13_LRAMVA_Workform_20201106](#)

OEB Staff-14

Ref: Appendix H Draft Accounting Order

The draft accounting order outlines the mechanics for the account.

- a) To provide a more fulsome accounting order, please revise the draft accounting order and include:
 - i. a description of the account and what it is intended to record
 - ii. the effective date of the account (i.e. January 1, 2021)

Response

A revised Draft Accounting Order has been provided.

- b) It states that any residual balance after the expiry of the rate riders should be requested for final disposition in a future cost of service or IRM rate application.

Only Group 1 deferral and variance account balances are typically disposed in IRM applications. Please confirm that Elexicon-Veridian is proposing that it be allowed to dispose of the Rate Year Alignment Revenue Refund sub-account in a future IRM application.

Response

As this rate rider and tracking is considered mechanistic in nature, it is Elexicon's view that a formal prudence review is not required. On this basis, an efficient manner to address any residual balance would be to treat it in a manner similar to Group 1 deferral and variance accounts. This would allow any differences between actual amounts as compared to those generated through the approved Rate Year Alignment Rate Riders to flow back to customers on a timely basis. It would also allow for this sub-account to be closed out prior to Elexicon's next cost of service and would avoid the need to address residual balances in this account through a separate rate proceeding.