

Please see Niagara-on-the-Lake Hydro responses below in blue.

Staff-1

Ref: Manager's Summary, p.22

Regarding the Specified Customer Revenue Variance Account,

- Please confirm that Account 1508, Sub-account Large Use Variance Account is the same as the Specified Customer Revenue Variance Account that was approved for establishment in Niagara-on-the-Lake Hydro's 2019 cost of service rate application.¹
- If not confirmed, please provide the approved accounting order for the 1508 sub-account.
- Please provide a breakdown of the calculation of the principal balance in the account, including the forecast and actual revenues if applicable.

NOTL Response

- Confirmed
- n/a
-

	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19		Unbilled Accrual*	
Consumption Month	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19		Dec-19	2019
Billed Month	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Total Billed	Jan-20	Total
Actual kW	6,250	7,482	7,370	6,048	7,302	7,437	7,034	48,922	7,549	56,470
Approved COS kW	5,000	5,000	5,000	5,000	5,000	5,000	5,000	35,000	5,000	40,000
Difference	1,250	2,482	2,370	1,048	2,302	2,437	2,034	13,922	2,549	16,470
Variable Distribution Rate	2.3574	2.3574	2.3574	2.3574	2.3574	2.3574	2.3574		2.3574	
Transformer Allowance	(0.56)	(0.56)	(0.56)	(0.56)	(0.56)	(0.56)	(0.56)		(0.5600)	
1508 - Variable Distribution	\$2,946	\$5,850	\$5,586	\$2,471	\$5,428	\$5,745	\$4,794	\$32,819	\$6,009	\$38,827
1508 - Transformer Allowance	(\$700)	(\$1,390)	(\$1,327)	(\$587)	(\$1,289)	(\$1,365)	(\$1,139)	(\$7,796)	(\$1,427)	(\$9,223)
1508 - Total	\$2,246	\$4,460	\$4,259	\$1,884	\$4,138	\$4,380	\$3,655	\$25,023	\$4,581	\$29,604
* Unbilled revenue for December 2019 was trued-up to the actual amount.										

¹ Decision and Order, EB-2018-0131, April 1, 2019, Schedule A – Appendix I

Staff-2**Ref: GA Analysis Workform****Ref: Manager's Summary, p.26**

In the GA Analysis Workform, regarding the consumption inputted to calculate the expected GA Amount, Niagara-on-the-Lake Hydro indicates that it is able to determine the actual GA billed to RPP and non-RPP customers by month. In the Manager's Summary, Niagara-on-the-Lake Hydro indicates that the consumption used to calculate the expected GA Amount in the GA Analysis Workform is based on actual non-RPP consumption including losses derived from the billing system.

- a) Please confirm that the consumption inputted into the GA Analysis Workform is actual non-RPP consumption including losses billed and unbilled for the calendar month, which is derived from the billing system.
- b) If not confirmed, please explain what the consumption represents including whether it is comprised of billed and unbilled consumption and how it would accurately approximate calendar month consumption.

Niagara-on-the-Lake Hydro (NOTLH) Response

- a) Confirmed – this is the actual non-RPP consumption including losses for each month. This information is taken from the billing system once all customers have been billed and therefore estimates for unbilled revenue are not required.
- b) n/a

Staff-3**Ref: Manager's Summary, p.25**

In Niagara-on-the-Lake Hydro's decision and rate order for 2020 rates², regarding the approach to record journal entries relating to charge types 148 and 1142/142, the decision stated "Therefore, the OEB directs that, going forward, Niagara-on-the-Lake Hydro use "Approach A" to record balances in the two commodity accounts." Approach A records the full charge type 1142/142 in Account 1588 – RSVA Power and prorates charge type 148 between Account 1588 and Account 1589 – RSVA Global Adjustment.

- a) Please state whether Niagara-on-the-Lake Hydro has revised its accounting practices to use Approach A to record balances in the commodity accounts.
- b) If not, please explain why not and when Niagara-on-the-Lake plans to start using Approach A.

NOTLH Response

- a) NOTLH has revised its accounting practices to use Approach A.
- b) n/a

² Page 10, Decision and Rate Order, EB-2019-0056, April 16, 2020

Staff-4**Ref: Manager's Summary, p.31**

Regarding Off-ramps, Niagara-on-the-Lake Hydro indicated its 2020 earnings were impacted by several one-time events, including forgoing May 1, 2020 to October 31, 2020 distribution revenues and not charging late payment or interest fees.

- a) Please quantify Niagara-on-the Lake's forgone revenue from May 1, 2020 to October 31, 2020 resulting from postponing implementation of 2020 rates.
- b) Please quantify the amount of late payment and interest fees Niagara-on-the-Lake did not charge its customers in 2020.
- c) If Niagara-on-the-Lake Hydro is able to forecast its 2020 regulated ROE, please provide this forecast.

NOTLH Response

- a) NOTLH estimates the foregone 2020 revenue from postponing the implementation of its 2020 rate increase was \$42,000.
- b) NOTLH estimates the foregone 2020 revenue from not charging late payment fees and interest for a period of time was \$25,000.
- c) There are two major factors having an impact on the forecast 2020 ROE. The first is the pandemic with the resulting drop in revenues and increase in expenses. This can be considered the normal course of business and results in NOTLH estimated forecast 2020 ROE of 7.5%. The second is the recording of the deferred revenues and expenses from the 2015 ICM. Under OEB rules, these could not be recorded until the final balances had been audited which in 2020 became the case. This is a one-time event so these revenues and expenses should not be included in the measurement of ROE for the purpose of performance measurement. Including these ICM revenues and expenses the forecast 2020 ROE is 9.8%. It should be noted that the transformer asset itself, from the 2015 ICM, is now in ratebase so is no longer a measurement issue as it was for calculating the 2019 ROE nor are the other 2019 one-time issues.

Staff-5**Ref: Manager's Summary, pp.32**

- a) Please provide a copy of the 2019 RRR 2.1.5.6 that was filed.
- b) For any "Other adjustments" made to Appendix 1-6 of the RRR 2.1.5.6 ROE calculation, please provide an explanation of what the adjustments are and why those adjustments are appropriate for the regulatory ROE calculation.

NOTLH Response

- a) Attached as appendix A
- b) Included in appendix A

Staff-6**Ref: Manager's Summary, pp.32-33**

Niagara-on-the-Lake Hydro indicates that one of the reasons for its over-earnings is due to the Account 1576 rate riders that resulted in a \$90k reduction to depreciation, which was not included in the depreciation expense of the approved revenue requirement in its 2019 cost of service rate application. Per the March 2015 Accounting Procedures Handbook Guidance³, the related journal entries that disposes of Account 1576 include i) debit entries to distribution revenues and other income to record the rate rider amounts refunded, and ii) credit entries to depreciation expense to dispose of Account 1576. Niagara-on-the-Lake Hydro has identified the impact to ROE resulting from \$90k in reduced depreciation expense that was recorded in 2019. However, it did not identify the ROE impact from the rate rider amounts refunded to customers in 2019 that reduce revenues.

- a) Please confirm that the reduction in revenues from the refund of Account 1576 rate riders were not reflected in the 2019 revenue requirement.
 - i. If not confirmed, please explain where/how it was included in the 2019 revenue requirement.
- b) Please explain why Niagara-on-the-Lake Hydro has not adjusted ROE for the reduction in revenues from the refund of Account 1576 rate riders.
- c) Please quantify the impact to ROE from the reduction in revenues attributable to the refund of Account 1576 through rate riders and update Table 33 to include this impact to ROE.

NOTLH Response

- a) Confirmed
- b) NOTLH agrees that the ROE revenues should have been increased by the offsetting amount of \$89,993. Since the two adjustments then offset, the change is reflected in the table below by removing the adjustment to depreciation expense.
- c) NOTLH assumes that part c above is referring to Table 32 in the Manager's Summary as there was not a Table 33 included in the submission. Below is a revised version of Table 32. In addition to the change above, NOTLH has also included the impact of the rate base adjustments on deemed interest. With these changes NOTLH adjusted ROE for 2019 is 9.34% which is within 3 basis points of the approved amount.

³ #6, https://www.oeb.ca/oeb/Documents/Regulatory/APH_Guidance_March2015.pdf

	Deemed last COS (2019)	Calendar 2019*	Achieved	Adjusted
ROE Amount (\$)	1,094,015		1,492,779	1,118,916
Regulated Deemed Equity	12,182,791		10,379,020	11,975,291
ROE %	8.98%	9.11%	14.38%	9.34%
ROE Reconciliation				
Achieved ROE Amount (\$)				1,492,779
Remove LRAM included in Distribution Revenue			(195,530)	
Remove Depreciation Impacts**			(86,867)	
Less - Deemed interest (60% rate base @ 3.82%)			(91,466)	
Total Adjustments				(373,863)
Adjusted ROE Amount \$				1,118,916
Achieved Regulated Deemed Equity				10,379,020
Add ICM - Full Year			2,352,396	
Add Transformer			<u>1,638,283</u>	
Total Adjustments - NBV (rate base)			3,990,679	
Impact to Deemed Equity (40%)				<u>1,596,271</u>
Adjusted Regulated Deemed Equity				11,975,291
** Depreciation Expense:				
ICM		(53,433)	Included in COS but booked to variance account in fiscal 2019	
New Transformer		(33,434)	Included in COS - CWIP at end of fiscal 2019	
1576		-	Not Included in COS - rate rider in effect until May 1, 2019 - 4 months	

*Note that the ROE % for the first four months was 9.36% as approved in the 2014 COS and 8.98% for the remaining eight months or a blended rate of 9.11%. In addition, the working capital allowance % of 7.5% is applied to the entire 2019 calendar year for purposes of calculating the regulated ROE in RRR 2.1.5.6. This was the amount approved in the 2019 Cost of Service, however NOTLH was approved a working capital allowance % of 11.0% in its 2014 COS which should have been the basis for the calculation for the first for months of the year. Lastly, the weighted average debt rate % was 4.77% for the first four months of 2019 as approved in the 2014 CoS and 3.98% for the last eight months of 2019 as approved in the 2019 CoS.

Staff-7**Ref: Manager's Summary, pp.32-33**

Niagara-on-the-Lake Hydro indicates that one of the reasons for its over-earnings is due to LRAMVA amount of \$196k included in 2019 distribution revenues, which was not considered in the 2019 revenue requirement. Niagara-on-the-Lake Hydro has calculated adjusted ROE to remove the impact from the LRAMVA.

- a) Please confirm that the LRAMVA amount of \$196k pertained to the approvals in its 2019 COS, which relate to lost revenue balances in the 2016-2017 program years.
 - i. If not confirmed, please explain which program year(s) the LRAMVA amount related to
- b) Please explain whether Niagara-on-the-Lake Hydro believes it to be appropriate to adjust the 2019 ROE calculation and include the LRAM revenues pertaining to the 2019 program year, which would appear to be a portion of the amount sought for disposition in this application.
- c) Please quantify the LRAM revenues amount pertaining to the program year 2019 (e.g. 2019 portion of the \$192,685 claim) and adjust the 2019 ROE to include the 2019 LRAM revenues.

NOTL Response

- a) Confirmed - \$195,530 was the principal amount included in the 2019 COS. There was also approved interest of \$7,179 for a total LRAMVA of \$202,708.
- b) This would require that each time a LRAMVA amount is approved for an LDC that the LDC recalculate a prior year or years regulated ROE. NOTLH does not feel that it is appropriate or consistent with past practices to adjust the ROE for the 2019 portion of the LRAM claim.
- c) Based on the revised LRAMVA workforms submitted with these interrogatories the principal amount for the 2019 claim is \$42,533. Below is a revised version of Table 32 from the Manager's Summary. The 2019 LRAMVA has been added, and consistent with NOTLH's response to question 6c above, the impact of account 1576 is removed and the impact of deemed interest is included. With these changes NOTLH adjusted ROE for 2019 is 9.70% which is within 3 basis points of the approved amount.

	Deemed last COS (2019)	Calendar 2019*	Achieved	Adjusted
ROE Amount (\$)	1,094,015		1,492,779	1,161,449
Regulated Deemed Equity	12,182,791		10,379,020	11,975,291
ROE %	8.98%	9.11%	14.38%	9.70%
ROE Reconciliation				
Achieved ROE Amount (\$)				1,492,779
Remove LRAM included in Distribution Revenue			(195,530)	
Add 2019 LRAM			42,533	
Remove Depreciation Impacts**			(86,867)	
Less - Deemed interest (60% rate base @ 3.82%)			(91,466)	
Total Adjustments				(331,330)
Adjusted ROE Amount \$				1,161,449
Achieved Regulated Deemed Equity				10,379,020
Add ICM - Full Year			2,352,396	
Add Transformer			1,638,283	
Total Adjustments - NBV (rate base)			3,990,679	
Impact to Deemed Equity (40%)				1,596,271
Adjusted Regulated Deemed Equity				11,975,291
** Depreciation Expense:				
ICM		(53,433)	Included in COS but booked to variance account in fiscal 2019	
New Transformer		(33,434)	Included in COS - CWIP at end of fiscal 2019	
1576		-	Not Included in COS - rate rider in effect until May 1, 2019 - 4 months	
*Note that the ROE % for the first four months was 9.36% as approved in the 2014 COS and 8.98% for the remaining eight months or a blended rate of 9.11%. In addition, the working capital allowance % of 7.5% is applied to the entire 2019 calendar year for purposes of calculating the regulated ROE in RRR 2.1.5.6. This was the amount approved in the 2019 Cost of Service, however NOTLH was approved a working capital allowance % of 11.0% in its 2014 COS which should have been the basis for the calculation for the first for months of the year. Lastly, the weighted average debt rate % was 4.77% for the first four months of 2019 as approved in the 2014 CoS and 3.98% for the last eight months of 2019 as approved in the 2019 CoS.				

The rates approved in NOLTHs 2019 COS and the associated assumptions including working capital allowance %, ROE % and load forecast including the LRAM threshold were effective May 1, 2019. In order to properly assess the LRAMVA claim for 2019 NOTLH has submitted 2 LRAMVA workforms with these interrogatories:

1. NOTLH – 2021_Generic_LRAMVA_Workform to April 30, 2019 calculates the LRAM for 2018 and the first 4 months of 2019 prior to the rate changes approved in the 2019 COS
 - a. The LRAMVA threshold for 2019 in this model was set to equal 1/3 of the 2014 approved threshold. This represents 4 months of the annual threshold that was still in effect during the period.
 - b. NOTLH included 1/3 of the 2011 – 2016 persistence in this model as these savings were not embedded in the 2014 load forecast
 - c. NOTLH included 1/3 of the 2017 and 2018 persistence and 1/3 of the 2019 savings. This represents a proration of the annual savings for the 4 months accounted for in this model
 - d. The distribution rates for 2019 in this model were those approved in EB-2017-0064 that were effective from May 1, 2018 to April 30, 2019.
2. NOTLH – 2021_Generic_LRAMVA_Workform – May 1 – Dec 31, 2019 calculates the LRAM for the last 8 months of 2019
 - a. The LRAMVA threshold for 2019 in this model was set to equal 2/3 of the 2019 approved threshold. This represents 8 months of the annual threshold that was effective during the period.
 - b. NOTLH did not include any of the 2011 – 2016 persistence in this model as these savings were embedded in the 2019 load forecast.
 - c. NOTLH included 2/3 of the 2017 and 2018 persistence and 2/3 of the 2019 savings. This represents a proration of the annual savings for the 4 months accounted for in this model
 - d. The distribution rates for 2019 in this model were those approved in EB-2018-0056 that were effective May 1, 2019.

As a result of these changes the total LRAMVA claim was reduced from \$192,684 to \$158,214. The table below summarizes the changes from the model originally submitted with this application.

Period	Original Submission	Revised LRAMVA to April 30, 2019	Revised LRAMVA May - Dec, 2019	Revised Total LRAMVA
2018	\$109,325	\$109,325	\$0	\$109,325
2019 (Jan 1 - Apr 30)		\$36,283	\$0	\$36,283
2019 (May 1 - Dec 31)		\$0	\$6,271	\$6,271
Total 2019	\$76,575	\$36,283	\$6,271	\$42,553
Interest	\$6,785	\$6,171	\$164	\$6,336
Total Claim	\$192,684	\$151,779	\$6,435	\$158,214

Staff-8**Ref: Manager's Summary, pp.32-33**

Niagara-on-the-Lake Hydro indicates that one of the reasons for its over-earnings is due to the delay in completion of the project related to a new 83MVA transformer, which was included in the approved rate base. Niagara-on-the-Lake Hydro calculated an adjusted ROE in Table 32 to remove the impact from the delay in this capital project. OEB staff understands this to be a capital forecasting difference and not a difference from misalignments in elements of revenue requirement between approved and actuals.

- a) Please explain whether Niagara-on-the-Lake believes that this forecasting difference should be removed in the calculation of the adjusted ROE or whether Niagara-on-the-Lake is only identifying the delay in the project as a driver for over-earning.
 - i. If Niagara-on-the-Lake believes that the ROE should be adjusted to remove the impact from the delay in the project, please explain why.
- b) Please provide a revised adjusted ROE calculation excluding the adjustment to remove the capital forecasting difference.

NOTL Response

- a) If NOTL Hydro understands the question correctly, NOTL Hydro believes the capital forecasting due to the delay in the delivery of the 83 MVA transformer should be removed in the calculation of the adjusted ROE. In other words, this project, which is sitting in CWIP as it is not yet complete so is not in ratebase, should be added to ratebase as if it had been completed, for the purpose of calculating ROE for OEB performance measurement purposes in a manner consistent with how rates were set. There are two reasons for this:
 - 1) Rates were set based on the rate base including this project. The OEB calculated high ROE is not due to excess earnings or income but due to the timing of the recognition of rate base. This self-corrects itself in 2020 with the completion of the project so no action on earnings or income is required or would be appropriate.
 - 2) The objective of the over-earnings off-ramp is to provide a mechanism to help manage rates between Cost of Service applications if an LDC has rates that are generating too much revenue. As this is automatically self-correcting in 2020 with the transformer project becoming part of rate base the use of this mechanism is not necessary.
- b) Below is a revised version of Table 32 from the Manager's Summary. The delay in the transformer project has been removed from deemed equity and depreciation. Consistent with NOTLH's response to question 6c above, the impact of account 1576 is also removed and the impact of deemed interest is included. With these changes NOTLH adjusted ROE for 2019 is 10.51% which is within 3 basis points of the approved amount.

	Deemed last COS (2019)	Calendar 2019*	Achieved	Adjusted
ROE Amount (\$)	1,094,015		1,492,779	1,189,899
Regulated Deemed Equity	12,182,791		10,379,020	11,319,978
ROE %	8.98%	9.11%	14.38%	10.51%
ROE Reconciliation				
Achieved ROE Amount (\$)				1,492,779
Remove LRAM included in Distribution Revenue			(195,530)	
Remove Depreciation Impacts**			(53,433)	
Less - Deemed interest (60% rate base @ 3.82%)			(53,917)	
Total Adjustments				(302,880)
Adjusted ROE Amount \$				1,189,899
Achieved Regulated Deemed Equity				10,379,020
Add ICM - Full Year			2,352,396	
Add Transformer			-	
Total Adjustments - NBV (rate base)			2,352,396	
Impact to Deemed Equity (40%)				940,958
Adjusted Regulated Deemed Equity				11,319,978
** Depreciation Expense:				
ICM	(53,433)		Included in COS but booked to variance account in fiscal 2019	
New Transformer	-		Included in COS - CWIP at end of fiscal 2019	
1576	-		Not Included in COS - rate rider in effect until May 1, 2019 - 4 months	
<p>*Note that the ROE % for the first four months was 9.36% as approved in the 2014 COS and 8.98% for the remaining eight months or a blended rate of 9.11%. In addition, the working capital allowance % of 7.5% is applied to the entire 2019 calendar year for purposes of calculating the regulated ROE in RRR 2.1.5.6. This was the amount approved in the 2019 Cost of Service, however NOTLH was approved a working capital allowance % of 11.0% in its 2014 COS which should have been the basis for the calculation for the first for months of the year. Lastly, the weighted average debt rate % was 4.77% for the first four months of 2019 as approved in the 2014 CoS and 3.98% for the last eight months of 2019 as approved in the 2019 CoS.</p>				

Staff-9

Ref: LRAMVA Workform, Tab 5
Excel, “Detailed CDM Savings”, Tab Edited
2019 Participation and Cost Report

Niagara-on-the-Lake Hydro claimed additional savings for various Commercial and Industrial conservation programs (e.g. business retrofit) in 2018 and 2019, which were not shown on the IESO’s 2019 Participation and Cost Report.

- a) Please confirm the source report of the excel spreadsheet “Detailed CDM Savings”.
- b) Please explain why these project savings were not included in the Participation and Cost Report and discuss the eligibility of the additional savings included in 2018 and 2019.
- c) Please confirm whether the persistence of 2017 savings into 2018 and 2019 changed from the previous year’s LRAMVA application. If revisions have been made, please confirm that the revisions were made in accordance with the savings adjustments indicated in the Participation and Cost Report. If not, please provide the supporting rationale for the changes.

NOTL Response

- a) NOTL Hydro retrieved the information from the CDM Reported Results portal hosted by the IESO (<https://online.ieso.ca/suite/sites/reported-results>).
- b) Participation and Cost (P&C) reports were not provided after April 2019. Projects that would have appeared in subsequent P&C reports for 2019, if they were published, are only available to NOTLH through the portal referred to the response to 9a above. Customers are provided substantial time after the project installation to submit their projects for incentives. Significant delays can occur if measurement and verification of the projects require data to confirm that the savings are accurate. For these reasons, NOTL Hydro believes using the information from the CDM Reported Results portal is the most accurate option.
- c) The persistence of 2017 savings into 2018 and 2019 were not changed.

Staff-10

Ref: LRAMVA Workform, Tab 5

EB-2018-0056, 2019 COS Load Forecast Model (Feb 11, 2019), Tab 10 “CDM Adjustment”

Niagara-on-the-Lake Hydro claimed the persistence of 2011 to 2016 programs in 2018 and 2019. At Tab 10 of the 2019 COS load forecast model, it indicates that the CDM adjustment of 3,770,854 kWh was comprised of forecast savings from 2017 to 2019.

- a) Please provide rationale for claiming persistence of 2011-2016 savings in each of 2018 and 2019, given that 2011 to 2016 actual program savings were embedded in the 2019 load forecast.
- b) Please explain whether Niagara-on-the-Lake Hydro agrees that it would be appropriate to remove the persistence of 2011-2016 savings in 2019. If so, please remove the lost revenue amounts in the applicable rows in Tab 5 (i.e. cells Y 931 to AD 936 for 2019).

NOTL Response

- a) NOTL Hydro agrees that the 2011 to 2016 actual program savings were embedded in the 2019 load forecast. However, the distribution rates based on the 2019 COS that reflected that forecast were not effective until May 1, 2019 while the CDM impacts are for the calendar year. As the rates associated with the 2019 COS were not in effect from January 1 - April 30, 2019 NOTLH should be able to recover the 2011 – 2016 persistent for that period.
- b) NOTL Hydro agrees it is not appropriate to claim the full amount of the persistence from the 2011 – 2016 programs in 2019 but that it is eligible to claim the persistent from those years for the first four months of 2019.

Staff-11

Ref: LRAMVA workform, Tabs 3 and 5

Niagara-on-the-Lake Hydro completed the transition to a fixed residential charge as of May 1, 2019, but it has claimed lost revenues from the residential class in 2019.

- a) Please provide rationale for claiming lost revenues for the residential class in 2019, as the utility transitioned to a fixed residential charge as of May 1, 2019.
- b) Please discuss whether the residential lost revenues of \$2,642 (principal only) represent actual lost revenues incurred from January 1 to April 30, 2019.
 - i. Please provide a calculation of the residential lost revenues using savings from the Participation and Cost Report (i.e. monthly savings from Jan-April 2019 multiplied by the 2018 residential charge).
- c) If there is a material difference in the residential lost revenues calculated using the Participation and Cost Report compared to the approach used in the LRAMVA workform (which captures the value of 2019 annual savings at a third of the 2018 residential rate), please indicate the specific revisions made to the LRAMVA workform, including the tab references, to reflect the change(s).

NOTLH Response

- a) NOTLH variable distribution rate for Residential customers was effective until April 30, 2019.
- b) NOTLH is submitting two LRAMVA workforms with these interrogatory responses. The first model calculates the LRAMVA claim for up to April 30, 2019. The amount attributable to Residential customers in this model for 2019 is \$3,005. This is calculated as described in the response to 6c) above
NOTLH is not able to accurately calculate the savings utilizing the methodology described in part b) i. The Heating & Cooling program savings used for this rate class and the monthly amounts shown in the P&C reports reflect when the incentive was paid out to the customer and not necessarily the month the project was completed. The program was discontinued on March 21, 2019, however any eligible installation prior to that date would still be paid out.
- c) All changes to the LRAMVA workforms in response to any LRAMVA interrogatories are reflected in "Table A-2. Updates to LRAMVA Disposition (Tab 1-a)"

Staff-12

Ref: LRAMVA workform, Tab 6

The carrying charges on the principal balance are not calculated to May 1, 2021.

Please populate column H (cells 165-169) in Table 6-a with the corresponding monthly interest rate for the period to calculate projected carrying charges to May 1, 2021.

NOTLH Response

NOTL Hydro has updated cells 165-169 in Table 6a in the revised workforms submitted with these responses.

Staff-13

Ref: Rate Generator Model, Tab 3

There is a variance of \$192,684 between RRR 2.1.7 and the year-end balance for Account 1568.

- a) Please explain why there is no balance for Account 1568 in RRR 2.1.7.
- b) Please clarify whether Niagara-on-the-Lake Hydro will update the Account 1568 in RRR 2.1.7 after the LRAMVA amount is approved for disposition in this proceeding.

NOTLH Response

- a) NOTLH only books LRAMVA amounts to the general ledger after they have been approved by the OEB which is consistent with the advice of our external auditors.
- b) NOTLH will not be updating the 2019 RRR 2.1.7 amount for Account 1568. If approved the amount of the LRAMVA will be booked in 2021 and reflected in the 2021 RRR filing.

Staff-14**Ref: LRAMVA workform, Tab 1-a**

- a) If Niagara-on-the-Lake Hydro made any changes to the LRAMVA workform as a result of its responses to the above LRAMVA interrogatories, please file an updated LRAMVA workform.
- b) If the LRAMVA balance requested for disposition has changed, please confirm whether the disposition period of 24 months on the LRAMVA balance is still necessary.
- c) Please confirm that any changes to the LRAMVA workform in response to any LRAMVA interrogatories are reflected in "Table A-2. Updates to LRAMVA Disposition (Tab 1-a)"

NOTLH Response

- a) NOTLH has filed two updated LRAMVA workforms with these interrogatory responses.
 - i. NOTL – 2021_Generic_LRAMVA_Workform to April 30, 2019 includes LRAMVA claims up to April 30, 2019 prior to the implementation of NOTLH rates effective May 1, 2019 that were approved in its 2019 COS.
 - ii. NOTL – 2021_Generic_LRAMVA_Workform – May 1 – Dec 31, 2019 includes the LRAMVA claims from May 1, 2019 to December 31, 2019.
- b) The LRAMVA balance requested for disposition has changed, however, a disposition period of 24 months is still necessary.
- c) Confirmed

Staff-15**Ref: Rate Generator Model, Tab 3 Account 1595 (2016) and (2017)**

Niagara-on-the-Lake Hydro has not requested disposition for the residual balances in accounts 1595 (2016) and (2017).

- a) Please explain whether or not Niagara-on-the-Lake Hydro believes accounts 1595 (2016) and (2017) are eligible for disposition in this proceeding.
- b) If the above accounts are eligible for disposition, please update the IRM Rate Generator model accordingly.
- c) Please file, as necessary, the Account 1595 Analysis Workform to support the disposition of any residual 1595 balances that are eligible for disposition.

NOTLH Response

- a) NOTLH does not believe that accounts 1595 (2016) and 1595 (2017) are eligible for disposition in this application. The instructions in the 1595 workform state "May 1 rate year – If 2018 rate riders end on April 30, 2019, the balance of sub-account 1595 (2018) is eligible to be disposed once the December 31, 2021 account balance has been audited. Therefore, sub-account 1595 (2018) would be eligible for disposition in the 2023 rate year." Following the example above,

the 1595 (2016) and 1595 (2017) rate riders that ended on April 30, 2018 and will be eligible for final disposition in the 2022 rate year.

b) n/a

c) n/a

Staff-16

Ref: Rate Generator Model

OEB staff has updated the IRM Rate Generator Model in the following areas:

- Tab 16 cell B12 the Price Escalator has been updated 2.20%
- Tab 19 cell B272 Specific charge for access to the power poles - per pole/year (with the exception of wireless attachments) - Approved on an Interim Basis has been updated to \$44.50

Please confirm that the IRM Rate Generator Model has been updated by OEB staff correctly. (Please note there will be further updates before final issuance of the Decision)

NOTLH Response

NOTLH has confirmed that the model has been updated correctly. OEB also updated the TOU rates and Ontario Electricity Rebate amounts in tab 20. Bill Impacts.

Appendix A

E2.1.5.6 Regulated Return on Equity (ROE)

Report Summary

Filing Due Year 2020	Filing Form Name 2.1.5.6	RRR Filing No 27683
Reporting Period and Company Name April	Licence Type Distributor	Status Submitted
Report Version 0	Extension Granted	Extension Deadline
Filing Due Date June 01, 2020	Reporting From January 1, 2019	Reporting To December 31, 2019
Submitted On May 11, 2020	Submitter Name Jeff Klassen	Expiry Date June 02, 2020

Checklist

Checkbox
Overview

No.	Questions
Y	1. Have you read the ROE filing guide for completing the RRR 2.1.5.6 ROE filing?
Y	2. Have you reviewed and confirmed the accuracy of the RRR 2.1.7 trial balance?
Y	3. Have you reviewed and confirmed all auto-populated/linked cells on the form for accuracy?
Y	4. Have you resolved (i.e. re-filing the RRR 2.1.7 trial balance or contact the IRE) any issues that you may have noted with the auto-populated/linked cells?
Y	5. Regarding the input cells, have you ensured that the signs of the numbers entered align with the RRR 2.1.7 trial balance?

Input Appendices tab

Y	1. Have you completed and reviewed Appendix 1 if you have non-rate regulated business that is recorded in the RRR 2.1.7 trial balance?
Y	2. Have you included all other adjustment(s) in Appendix 1?
Y	3. Have you identified and included in Appendix 1 all adjustments for non-rate regulated activities?
Y	4. Have you completed and reviewed Appendix 2 if you have non-recoverable donations that are recorded in the RRR 2.1.7 trial balance?
Y	5. Have you completed and reviewed Appendix 3 regarding net interest/carrying charge from DVAs?
Y	6. Have you included in Appendix 4 all adjustments so that the interest expense in cell dc is related to debt only?
Y	7. Have you completed and reviewed Appendix 4 on deemed debt?
Y	8. Have you included all adjustments regarding regulated PP&E in Appendix 5?
Y	9. Have you completed and reviewed Appendix 5 regarding regulated PP&E?
Y	10. Have you completed and reviewed Appendix 6 regarding current tax for regulatory purposes?
Y	11. Have you included in Appendix 6 the tax effects of all non-regulatory items?
Y	12. Have you reviewed the RRR Filing Guide and determined the accurate tax treatment regarding the activities in regulatory accounts in Appendix 6?

ROE Summary tab

Y	1. Have you entered the input cells for the the Unrealized (gains)/losses on interest rate swaps (cell c) and identified the USoA(s), if applicable?
Y	2. Have you entered the input cells for the Actuarial (gains)/losses on OPEB and/or Pensions not approved by the OEB (cell d) and identified the USoA(s), if applicable?

Over and Under-earning driver tabs

Y	1. Have you completed and reviewed Appendices 7 and 8 if the ROE status for the year (cell z2) shows "Over-earning"?
N	2. Have you completed and reviewed Appendices 9 and 10 if the ROE status for the year (cell z2) shows "Under- earning"?
Y	3. Have you submitted the Q4 RRR 2.1.2 customers if you are required to complete over/under-earning driver tabs?
Y	4. Have you submitted the RRR 2.1.5.4 annual billings if you are required to complete over/under-earning driver tabs?

Submitting the form

Y	1. Have you clicked the Checkmark button to update all the calculations on the form?
---	--

- Y
- 2 Have you validated the accuracy of the Achieved ROE% as calculated in cell y on the ROE Summary tab?
- Y
3. Have you retained the necessary supporting documents for the ROE filing?

Input Appendices (1 to 6)

Appendix 1

Non-rate regulated items and other adjustments

CDM revenues (recorded in Account 4375)	- aa	-171,642.60	
CDM expenses (recorded in Account 4380)	- ab	207,714.49	
CDM - Net revenues/expenses	- ac=aa+ab	36,071.89	
Renewable generation revenues (recorded in Account 4375)	- ad	0.00	
Renewable generation expenses (recorded in Account 4380)	- ae	0.00	
Renewable generation - Net revenues/expenses	- af=ad+ae	0.00	
Water services revenues (recorded in Account 4375)	- ag	0.00	
Water services expenses (recorded in Account 4380)	- ah	0.00	
Water services - Net revenues/expenses	- ai=ag+ah	0.00	
Non-rate regulated utility rental income/investment income (recorded in Account 4385)	-aj	0.00	Please provide USoAs
Depreciation expense on non-rate regulated assets	- ak	0.00	

Other adjustments:

Please list the other revenue items that were not approved by the OEB (Please specify):

Affordability Trust Fund Expense	- al	-15,157.04	4380
	- am		

Please list the other expense items that were not approved by the OEB (Please specify):

	- an		
	- ao		
	- ap		
Total non-rate regulated items and other adjustments	- aq =ac+af+ai+aj+ak+al+am+an+ao+ap	20,914.85	

Appendix 2

Non-Recoverable Donations

Data Source

Recoverable donations:	- ba	16,125.34	All donations RRR 2.1.7 - Control account USoA 6205
	- bb	6,865.82	LEAP Funding RRR 2.1.7 - Sub-account LEAP Funding USoA 6205
Calculated LEAP Funding approved in the distributor's last CoS	- bb1	7,267.00	CoS Decision and Order (for reference only)
Other recoverable donations approved, please specify:	- bc		
	- bd		
	- be=ba-bb-bc-bd		
Non-Recoverable Donations		9,259.52	

Appendix 3

Net interest/carrying charges on Deferral and Variance Accounts (DVAs)

Interest expense on DVAs (recorded in Account 6035)	- ca	16,078.75
Interest income on DVAs (recorded in Account 4405)	- cb	-35,425.70
	- cc=ca+cb	
Net interest/carrying charges from DVAs		-19,346.95

Appendix 4
Interest Adjustment for Deemed Debt

Interest expense as per RRR 2.1.7	- da	452,494.34	Data Source RRR 2.1.7 - Sum of USoA 6005-6045 inclusive
Less:	- db = ca		Appendix 3 cell (ca)
Interest expense on DVAs (recorded in Account 6035)		16,078.75	
Unrealized (gains)/losses on interest rate swaps if recorded in Account 6035	- db1		
Other adjustments, please specify:	- db2 - db3 - dc=da-db-db1-db2-db3		
Interest expense after adjustments		436,415.59	
Regulated deemed debt, as per ROE Summary tab	- dd	15,568,531	ROE Summary tab cell (v1) + (w1)
Weighted average debt rate (%)	- %de	3.82	
Deemed interest	- df=dd*de - dg=dc-df	594,717.87	CoS Decision and Order
Interest adjustment for deemed debt		-158,302.28	

Appendix 5

Property Plant & Equipment (PP&E)

Prior year "Closing balance - regulated PP&E (NBV)"	- ea	23,824,193.93	Data Source Prior year "Closing balance - regulated PP&E (NBV)" data in RRR 2.1.5.6
Adjustments if required, please explain the nature	- eb		
Opening balance - regulated PP&E (NBV)	- ec=ea+eb	23,824,193.93	
Total PP&E (NBV) - Closing Balance	- ed	26,100,317.99	RRR 2.1.7 - Sum of USoA 1605-2075, 2440 , and 2105-2180 inclusive
Construction Work-in-Progress (CWIP)	- ee	2,407,347.01	RRR 2.1.7 - USoA 2055
Non-distribution assets (NBV)	- ef	0.00	RRR 2.1.7 - USoA 2075 + USoA 2180
Less other adjustments, please specify:	- eg - eh - ei - ej - ek - el=ed-ee-ef-eg-eh-ei-ej-ek		
Adjusted closing balance - regulated PP&E (NBV)		23,692,970.98	

Appendix 6

Current Tax for Regulatory Purposes				Tax Provision/ (Recovery)	
Current Tax Provision/(Recovery) as per the Audited Financial Statments (AFS)			- fa	84,440.00	
Reassessment of taxes from prior years included in current tax provision as per AFS (add Tax Payable/(Recovery))	- fa1	-188.00			
Loss carry forward from prior years included in current tax provision as per AFS	- fa2	0.00			
Actual Tax rate (%)	- %xy	26.50			
Current Tax Adjustment required to reconcile to RRR 2.1.7 trial balance			- fb	0.00	
Current Tax Provision/(Recovery) as per RRR 2.1.7 USoA 6110			- fc	84,440.00	
Check balance - Does fa+fb=fc?			- fa+fb = fc?	CORRECT	
Adjustment items		(Income)/Expense			
Non-rate regulated items (Appendix 1)	- gd=aq	20,914.85	- fd=gd*xy	5,542.44	
Non-recoverable donations (Appendix 2)	- ge=be	9,259.52	- fe=ge*xy	2,453.77	
Activity in Regulatory Accounts included in taxable income on Schedule 1, if applicable	- gf	-336,075.00	- ff=gf*xy	-89,059.88	
Net carrying charges on DVAs (Appendix 3)	- gg=cc	-19,346.95	- fg=gg*xy	-5,126.94	
Add back Actual interest expense (Appendix 4)	- gh=dc	436,415.59	- fh=gh*xy	115,650.13	
Deduct Deemed Interest Expense (Appendix 4)	- gi=-df	-594,717.87	- fi=gi*xy	-157,600.24	
CCA on Non-rate regulated assets	- gj	0.00	- fj=gj*xy	0.00	
CEC adjustment on Goodwill from acquisitions or other intangible assets that were not approved in the distributor's last CoS	- gk	0.00	- fk=gk*xy	0.00	
CCA adjustment on PP&E from acquisitions that were not approved in the distributor's last CoS	- gl	0.00	- fl=gl*xy	0.00	
Other adjustments (Please specify)					
DVA Carrying charges counted twice above (appendix 3 and in Net Activity in Regulatory Accounts included in taxable income on Schedule 1)	- gm	19,346.95	- fm=gm*xy	5,126.94	
	- gn		- fn=gn*xy	0.00	
	- go		- fo=go*xy	0.00	
Total Adjustment Items	gp=gd+ge+gf+gg+gh+gi+gj+gk+gl+gm+gn+go	-464,202.91	fp=fd+fe+ff+fg+fh+fi+fj+fk+fl+fm+fn+fo	-123,013.78	
Current Tax Provision/(Recovery) for the purposes of calculating Regulated ROE			- fq=fc+fp	-38,573.78	

ROE Summary

Instructions

A distributor shall report, in the form and manner determined by the OEB, the Regulated Return on Equity (ROE) earned in the reporting year.

The reported ROE is to be calculated on the same basis as was used in the distributor's last Cost of Service (CoS).

The sign of the input cells are to be aligned with the sign of the accounts reported in RRR 2.1.7. Generally, revenue/gain items are to be entered as negative numbers and expense/loss items are to be entered as positive numbers. Please read the RRR Filing Guide for the detailed guidance on the inputs of the form and appendices.

[Click here for tips and examples \(from RRR Filing Guide\)](#)

Information from the distributor's last CoS Decision and Order and the successfully submitted RRR 2.1.7 trial balance have been pre-populated in this form. Please review each input for accuracy and contact Industry Relations Enquiry if you have any questions

CoS Decision and Order Info			Data Source
The CoS Decision and Order EB number for the ROE	- xx	EB-2018-0056	CoS Decision and Order (last CoS establishing the current reporting year's base rates)
Accounting standard used in CoS Decision and Order	- YY	MIFRS	CoS Decision and Order

Regulated Net Income			Data Source
Regulated net income (loss), as per RRR 2.1.7	- a	1,413,879.26	RRR 2.1.7 - USoA 3046 * (-1)
Adjustment items:			
Non-rate regulated items and other adjustments (Appendix 1)	- b	20,914.85	Appendix 1 cell (aq)
Unrealized (gains)/losses on interest rate swaps (Not applicable if recorded in Other Comprehensive Income)	- c	50,364.00	Please provide USoAs 4340
Actuarial (gains)/losses on OPEB and/or Pensions not approved by the OEB	- d		
Non-recoverable donations (Appendix 2)	- e	9,259.52	Appendix 2 cell (be)
Net interest/carrying charges from DVAs (Appendix 3)	- f	-19,346.95	Appendix 3 cell (cc)
Interest adjustment for deemed debt (Appendix 4)	- g	-158,302.28	Appendix 4 cell (dg)
Adjusted regulated net income before tax adjustments			
Add back:	- h=a+b+c+d+e+f+g	1,316,768.40	
Future/deferred taxes expense	- i	52,997.00	RRR 2.1.7 - USoA 6115
Current income tax expense (Does not include future income tax)	- j	84,440.00	RRR 2.1.7 - USoA 6110
Deduct:			
Current income tax expense for regulated ROE purposes (Appendix 6)	- k	-38,573.78	Appendix 6 cell (fq)
Adjusted regulated net income	- l=h+i+j-k	1,492,779.18	

Deemed Equity			Data Source
Rate base:	- m	26,320,401.11	RRR 2.1.7 - Sum of USoA 4705-4751 inclusive
Cost of power	- n1	2,865,846.26	RRR 2.1.7 - Sum of USoA 4505-4640, 4805-5695, 6105, 6205, 6210, and 6225, then subtract ROE Summary cell (d) and subtract ROE Summary cell (e)
Operating expenses before any applicable adjustments			Please provide USoAs
Other Adjustments:	- n2		
Adjusted operating expenses	- n=n1-n2	2,865,846.26	
Total Cost of Power and Operating Expenses	- o=m+n	29,186,247.37	
Working capital allowance % as approved in the last CoS Decision and Order	- % p	7.50	CoS Decision and Order
Total working capital allowance (\$)	- q=o*p	2,188,968.55	
PP&E			
Opening balance - regulated PP&E (NBV) (Appendix 5)	- r	23,824,193.93	Appendix 5 cell (ec)
Adjusted closing balance - regulated PP&E (NBV) (Appendix 5)	- s	23,692,970.98	Appendix 5 cell (el)
Average regulated PP&E	- t=(r+s)/2	23,758,582.45	
Total rate base	- u=q+t	25,947,551.00	
Regulated deemed short-term debt % and \$	- % v 4.00	- v1=v*u 1,037,902.04	Cell (v) from CoS Decision and Order
Regulated deemed long-term debt % and \$	- % w 56.00	- w1=w*u 14,530,628.56	Cell (w) from CoS Decision and Order
Regulated deemed equity % and \$	- % x 40.00	- x1=x*u 10,379,020.40	Cell (x) from CoS Decision and order
Regulated Rate of Return on Deemed Equity (ROE)			Data Source
Achieved ROE %	- % y=l/x1	14.38	
Deemed ROE % from the distributor's last CoS Decision and Order	- % z	8.98	CoS Decision and Order
Difference - maximum deadband 3%	- % z1=y-z	5.40	
ROE status for the year (Over-earning/Under-earning/Within 300 basis points deadband)	- z2 Over		If the distributor is in an over-earning position as indicated in cell (z2), please complete Appendices 7 & 8. If the distributor is in an under-earning position as indicated in cell (z2), please complete Appendices 9 & 10.

Over Earning Drivers

Over-earning Drivers - Appendices 7 & 8

Instructions If the distributor's achieved ROE % is 300 basis points **above** the deemed ROE %, please complete Appendices 7 and 8.

Table 7.2 Regulated Net Income Variances: The revenue/gain variances are to be calculated as the achieved revenue/gain amounts for the reporting year minus the approved amounts in the last CoS. The cost/expense variances are to be calculated as the approved cost/expense amounts in the last CoS minus the achieved amounts for the reporting year.

Table 7.3 Regulated Deemed Equity Variances: The variances are to be calculated as the achieved working capital allowance/average regulated PP&E for the reporting year minus the approved amounts in the last CoS.

Appendix 7

Drivers for Over-earners

Table 7.1: Breakdown of the ROE difference into Regulated Net Income and Regulated Deemed Equity

Components of the ROE calculation	Deemed last CoS	Achieved	Variance \$	Variance %*
ROE Amount (\$)	1,094,015	1,492,779	398,764	36
Regulated Deemed Equity (\$)	12,182,791	10,379,020	-1,803,771	-15
ROE (%)	9	14		5

* Variance % for ROE Amount and Regulated Deemed Equity are calculated using the following equation:
Variance % = Variance \$ / Deemed last CoS * 100

The variances in ROE can be explained through 4 main differences from NOTL Hydro's 2019 Cost of Service Application EB-2018-0056 (CoS) and 2019 actual results.

1. Amounts related to the ICM were included in the CoS in rate base and depreciation expense. These amounts were held in account 1508 as of the 2019 year end. The reason for this was that the rate rider did not expire until April 30, 2019. These accounts will be disposed of in 2020 now that the final balances have been audited. NOTL has not booked interest on the ICM since April 30, 2019.

2. NOTL Hydro included the purchase of a new 83MVA transformer at a cost of \$3.3m in the CoS in rate base and depreciation expense (half year). Unexpected delays from the manufacturer caused the completion of this project to occur in 2020. The capital amounts spent on the project were included in CWIP at the end of 2019 and no depreciation was taken as the asset was not in use during the year.

3. LRAM amount of \$195k approved in the CoS was booked to distribution revenue in 2019 with an offsetting debit to account 1568, this amount was not included in the RRWF in the CoS.

4. 1576 Rate riders (accounting changes GAAP to IFRS) were in effect until April 30, 2019 resulting in a \$90k credit to depreciation expense. These rate riders expired when the new CoS rates came into effect on May 1, 2019 and were therefore not included in the CoS RRWF.

Table 7.2: Regulated Net Income Variances

Nature of the Variances		Variance \$	Detailed Explanation
Change in Distribution revenues	- ha		
Rate riders that are recorded in distribution revenues collected for the year	- hb=ii	195,530	LRAM approved in NOTL Hydro's 2019 Cost of Service Application EB-2018-0056 (CoS). Booked to distribution revenue in 2019.
Change in Other revenues	- hc		
Cost Variances:			
Change in OM&A expenses	- hd		

Change in Amortization expense	- he	176,860	\$53,433 - ICM assets and depreciation were included in rate base in the CoS. The rate rider for the ICM did not expire until April 30, 2019. NOTL Hydro plans to move all amounts from variance accounts associated with the ICM in 2020 now that final balances have been audited. \$33,434 - half year depreciation on a large new transformer project was included in depreciation expense in the CoS. Delays caused by issues with the manufacturer securing some raw materials resulted in a delay for the project which will be completed in the spring of 2020. \$89,993 - 1576 rate rider that was still in effect until April 30, 2019 resulted in a \$89,993 credit to depreciation expense in 2019. This amount was not included in our 2019 rate application as the rider expired when the new rates took effect.
Change in Other expenses	- hf		
Change in Current tax expense	- hg		
Other variances for revenues, costs, etc. if any (Please specify the nature of the other variances provided below):			
	- hh		
	- hi		
	- hj		
	- hk		
	- hl		
Total variance explained for regulated net income in Table 7.2	- hm=ha+hb+hc+hd+he+hf+hg+hh+hi+hj+hk+hl	372,390	
Total variance for regulated net income per Table 7.1 (\$)	- hn	398,764	
Total variance explained (%)	- % ho=hm/hn	93	

Table 7.3: Regulated Deemed Equity Variances

Nature of the Variances	Variance \$	Detailed Explanation
Change in Working capital allowance (\$)	- hp	

Change in Average regulated PP&E (NBV)	- hq	3,990,679	<p>\$2,352,396 - average NBV of the ICM included in rate base in CoS. As stated above these amounts will be moved from the variance accounts in 2020 now that final balances have been audited.</p> <p>\$1,638,283 - average NBV of the new transformer project mentioned above that was included in the CoS but will be capitalized in 2020.</p>
Total variance explained for rate base (A) (\$)	- hr=hp+hq	3,990,679	
Total variance for regulated deemed equity per Table 7.1 (\$)	- hs=hr*40%	1,596,272	
Total variance for regulated deemed equity per Table 7.1 (\$)	- ht	-1,803,771	
Total variance explained (%)	- % hv=hs/ht	-89	

Appendix 8

Earning above the 300 Basis Points per Customer/Connection per Month by main rate classes

Table 8.1: Rate riders that are recorded in distribution revenues

Rate riders (Note 1)	Revenue collected (+) / refunded (-) in the year (\$)	Effective date	Sunset date
Foregone revenue rate rider	- ia		
Smart meters disposition rate rider	- ib		
Lost revenue adjustment mechanism (LRAM) rate rider	- ic195,530	March 01, 2019	April 30, 2021
Other rate riders (please specify as below):			
	- id		
	- ie		
	- if		
	- ig		
	- ih		
Total	ii=ia+ib+ic+id+ie+if+ig+ih195,530		

Note 1: Please do not include the revenues collected from SMIRR. For the rate rider revenues, please show the calculation by each of the rate rider.

Table 8.2: Net \$ for ROE over the 300 basis points excluding rate rider revenues

Regulated Deemed Equity approved in the distributor's last CoS (\$)	ROE % above the 300 Basis points deadband	ROE \$ above the 300 Basis points deadband	Rate rider revenues collected in the year (Table 8.1) (\$)	Net \$ for ROE over the 300 basis points excluding rate rider revenues
ij 12,182,791	% ik=z1-3 2	il=ij*ik 292,387	im=ii 195,530	in=il-im 96,857

Table 8.3: Estimated customer impact (per month) for ROE over the 300 basis points

Rate Class	Annual billings distribution revenue account 4080 (RRR 2.1.5.4)	Prior year number of customers/co nnections (RRR 2.1.2 q4)	Current year number of customers/co nnections (RRR 2.1.2 q4)	Average number of customers / connections	Allocated Net \$ for ROE over the 300 basis points per customer/connection per month
Residential	2,819,516	7,981	8,060	8,021	1
General Service < 50 kW	1,174,117	1,353	1,371	1,362	1
General Service >= 50 kW	1,019,471	127	126	127	12
Large User	131,240	0	1	1	389
Sub Transmission Customers	0	0	0	0	0
Embedded Distributor(s)	0	0	0	0	0
Street Lighting Connections	292,682	2,158	2,148	2,153	0
Sentinel Lighting Connections	0	0	0	0	0
Unmetered Scattered Load Connections	8,418	29	30	30	0
Total Annual Billing Distribution	5,445,443				

Under Earning Drivers

Under-earning Drivers - Appendices 9 & 10

Instructions

If your achieved ROE% is 300 basis points **below** the deemed ROE%, please complete Appendices 9 and 10.

Table 9.2 Regulated Net Income Variances: The revenue/gain variances are to be calculated as the achieved revenue/gain amounts for the reporting year minus the approved amounts in the last CoS. The cost/expense variances are to be calculated as the approved cost/expense amounts in the last CoS minus the achieved amounts for the reporting year.

Table 9.3 Regulated Deemed Equity Variances: The variances are to be calculated as the achieved working capital allowance/average regulated PP&E for the reporting year minus the approved amounts in the last CoS

Appendix 9
Drivers for Under-earners

Table 9.1: Breakdown of the ROE difference into Regulated Net Income and Regulated Deemed Equity

Components of the ROE calculation	Deemed last CoS	Achieved	Variance \$	Variance %*
ROE Amount (\$)	1,094,015.00	1,492,779.18	398,764.18	36.45
Regulated Deemed Equity (\$)	12,182,791.00	10,379,020.40	-1,803,770.60	-14.81
ROE (%)	8.98	14.38		5.40

* Variance % for ROE Amount and Regulated Deemed Equity are calculated using the following equation:

Variance % = Variance \$ / Deemed last CoS * 100

Overall comment on variance between approved and achieved ROE

Table 9.2: Regulated Net Income Variances

Nature of the Variances	Variance \$	Detailed Explanation
Revenue Variances:		
Change in Distribution revenues	- ja	
Rate riders that are recorded in distribution revenues collected for the year	- jb=ki 0.00	
Change in Other revenues	- jc	
Cost Variances:		
Change in OM&A expenses	- jd	
Change in Amortization expense	- je	
Chnage in Other expenses	- jf	
Change in Current tax expense	- jg	
Other variances for revenues, costs, etc., if any (Please specify the nature of the other variances provided below):	- jh - ji - jj - jk - jl	
Total variance explained for regulated net income in Table 9.2 (\$)	- jm=ja+jb+jc+jd+je+jf+jg+jh+ji+jj+jk+jl 0.00	

Total variance for regulated net income per Table 9.1 (\$)	- jn 398,764.18
--	-----------------

Total variance explained (%)	- % jo=jm/jn
------------------------------	--------------

Table 9.3: Regulated Deemed Equity Variances

Nature of the Variances	Variance \$	Detailed Explanation
Change in Working capital allowance (\$)	- jp	
Change in Average regulated PP&E (NBV)	- jq	
		Total variance explained for rate base (A) (\$)

Total variance explained for rate base (A) (\$)	- jr=jp+jq	0.00
Total variance explained for regulated deemed equity (A X 40%) (\$)	- js=jr*40%	0.00
		Total variance for regulated deemed equity per Table 9.1 (\$)
Total variance for regulated deemed equity per Table 9.1 (\$)	- jt	-1,803,770.60
Total variance explained (%)	%jv=js/jt	0.00

Appendix 10
Earning below the 300 basis points per Customer/Connection per month by main rate classes
Table 10.1: Rate riders that are recorded in distribution revenues

Rate riders (Note 1)		Revenue collected (+) / refunded (-) in the year (\$)	Effective date	Sunset date
Foregone revenue rate rider	- ka			
Smart meters disposition rate rider	- kb			
Lost revenue adjustment mechanism (LRAM) rate rider	- kc			
Other rate riders (Please specify as below):				
	- kd			
	- ke			
	- kf			
	- kg			
	- kh			
Total	- ki=ka+kb+kc+kd+ke+kf+kg+kh	0.00		

Note 1: Please do not include the revenues collected from SMIRR. For the rate rider revenues, please show the calculation by each of the rate rider.

Table 10.2: Net \$ for ROE under the 300 basis points excluding rate rider revenues

Regulated Deemed Equity approved in the distributor's last CoS (\$)	ROE % below the 300 Basis points deadband	ROE \$ below the 300 Basis points deadband	Rate rider revenues collected in the year (Table 10.1)
Net \$ for ROE under the 300 basis points excluding rate rider revenues	kj 12,182,791.00	% kk=z1+3 0.00	kl=kj*kk 0.00
km=ki 0.00	kn=kl+km 0.00		

Table 10.3: Estimated customer impact (per month) for ROE under the 300 basis points					
Rate Classes	Annual Billings Distribution Revenue Account 4080 (RRR 2.1.5.4)	Prior Year number of Customer Connections (RRR 2.1.2Q4)	Current Year number of Customer Connections (RRR 2.1.2Q4)	Average of customers/ connections	Allocated net \$ for ROE under the 300 basis points per customer/connec tion per month
Residential	2,819,516.14	7,981	8,060	8,020.50	0.00
General Service < 50 kW	1,174,117.16	1,353	1,371	1,362.00	0.00
General Service >= 50 kW	1,019,470.52	127	126	126.50	0.00
Large User	131,239.72	0	1	0.50	0.00
Sub Transmission Customers	0.00	0	0	0.00	0.00
Embedded Distributor(s)	0.00	0	0	0.00	0.00
Street Lighting Connections	292,682.13	2,158	2,148	2,153.00	0.00
Sentinel Lighting Connections	0.00	0	0	0.00	0.00
Unmetered Scattered Load Connections	8,417.60	29	30	29.50	0.00
Total Annual Billing Distribution	5,445,443.27				