

Lakeland Power Distribution Ltd. (Lakeland Power) EB-2020-0037

Please note, Lakeland Power is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff questions and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*) unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Staff Question – 1

Ref: (1) Rate Generator, Tab 3, cells BJ25 and BJ36

2019 Approved Interest Balances

The 2021 IRM Rate Generator shows a credit balance of \$390,991 in Account 1595 (2019) carrying charges (cell BJ36) for the 2019 rate year. OEB staff is unable to reconcile this amount with the approved amounts for disposition as shown in the continuity schedules for the Lakeland and Parry Sound rate zones as per the 2019 CoS proceeding EB-2019-0050.

		2019		
Account Descriptions	Account Number	OEB-Approved Disposition during 2019	Interest Adjustments ¹ during 2019	Closing Interest Amounts as of Dec 31, 2019
Group 1 Accounts				
LV Variance Account	1550	15,925		10,061
Smart Metering Entity Charge Variance Account	1551	(140)		(264)
RSVA - Wholesale Market Service Charge ⁵	1580	(30,832)		(6,805)
Variance WMS – Sub-account CBR Class A ⁵	1580			0
Variance WMS – Sub-account CBR Class B ⁵	1580	4,199		(5,407)
RSVA - Retail Transmission Network Charge	1584	(419)		(530)
RSVA - Retail Transmission Connection Charge	1586	6,213		167
RSVA - Power ⁴	1588	59,573		5,074
RSVA - Global Adjustment ⁴	1589	(176,451)		(3,575)
Disposition and Recovery/Refund of Regulatory Balances (2014 and pre-2014) ³	1595			0
Disposition and Recovery/Refund of Regulatory Balances (2015) ³	1595			0
Disposition and Recovery/Refund of Regulatory Balances (2016) ³	1595	499,528		0
Disposition and Recovery/Refund of Regulatory Balances (2017) ³	1595			(9,810)
Disposition and Recovery/Refund of Regulatory Balances (2018) ³	1595			10,852
Disposition and Recovery/Refund of Regulatory Balances (2019) ³	1595	(390,991)		489,631
<small>Refer to the Filing Requirements for disposition eligibility.</small>				
RSVA - Global Adjustment	1589	(176,451)	0	(3,575)
Total Group 1 Balance excluding Account 1589 - Global Adjustment		163,056	0	492,970
Total Group 1 Balance		(13,395)	0	489,394
LRAM Variance Account (only input amounts if applying for disposition of this account)	1568		(1,434)	18,406
Total including Account 1568		(13,395)	(1,434)	507,800

		Projected Interest on Dec-31-17 Balances			
Account Descriptions	Account Number	Projected Interest from Jan 1, 2018 to December 31, 2018 on Dec 31 -17 balance adjusted for disposition during 2018 (6)	Projected Interest from January 1, 2019 to April 30, 2019 on Dec 31 -17 balance adjusted for disposition during 2018 (6)	Total Interest	Total Clai
Group 1 Accounts					
LV Variance Account	1550	4,853	\$2,128	\$11,445	
Smart Metering Entity Charge Variance Account	1551	(58)	-\$26	-\$128	
RSVA - Wholesale Market Service Charge ⁹	1580	(11,177)	-\$4,901	-\$27,645	
Variance WMS – Sub-account CBR Class A ⁹	1580	0	\$0	\$0	
Variance WMS – Sub-account CBR Class B ⁹	1580	(330)	-\$145	-\$780	
RSVA - Retail Transmission Network Charge	1584	(2,131)	-\$935	-\$4,991	
RSVA - Retail Transmission Connection Charge	1586	877	\$384	\$2,607	
RSVA - Power (excluding Global Adjustment) ¹²	1588	(8,832)	-\$3,873	-\$14,027	
RSVA - Global Adjustment ¹²	1589	6,758	\$2,963	\$9,853	
Disposition and Recovery/Refund of Regulatory Balances (2012) ⁷	1595			\$0	<input type="checkbox"/> Check to Dispose of Account
Disposition and Recovery/Refund of Regulatory Balances (2013) ⁷	1595			\$0	<input type="checkbox"/> Check to Dispose of Account
Disposition and Recovery/Refund of Regulatory Balances (2014) ⁷	1595			\$0	<input type="checkbox"/> Check to Dispose of Account
Disposition and Recovery/Refund of Regulatory Balances (2015) ⁷	1595			\$0	<input type="checkbox"/> Check to Dispose of Account
Disposition and Recovery/Refund of Regulatory Balances (2016) ⁷	1595	(10,359)	-\$4,542	\$499,528	<input checked="" type="checkbox"/> Check to Dispose of Account
Disposition and Recovery/Refund of Regulatory Balances (2017) ⁷	1595	0	\$0	\$0	<input type="checkbox"/> Check to Dispose of Account
<i>Not to be disposed of until a year after rate rider has expired and that balance has been audited</i>					
Group 1 Sub-Total (including Account 1589 - Global Adjustment)		-\$20,399	-\$8,945	\$475,862	
Group 1 Sub-Total (excluding Account 1589 - Global Adjustment)		-\$27,158	-\$11,908	\$466,009	
RSVA - Global Adjustment 12	1589	\$6,758	\$2,963	\$9,853	

		Projected Interest on Dec-31-17 Balances		
Account Descriptions	Account Number	Projected Interest from January 1, 2019 to April 30, 2019 on Dec 31 -17 balance adjusted for disposition during 2018 (6)	Total Interest	Total Clai
Group 1 Accounts				
LV Variance Account	1550	\$1,321	\$4,481	
Smart Metering Entity Charge Variance Account	1551	-\$4	-\$12	
RSVA - Wholesale Market Service Charge ⁹	1580	-\$633	-\$3,187	
Variance WMS – Sub-account CBR Class A ⁹	1580	\$0	\$0	
Variance WMS – Sub-account CBR Class B ⁹	1580	-\$15	\$168	
RSVA - Retail Transmission Network Charge	1584	\$1,122	\$4,572	
RSVA - Retail Transmission Connection Charge	1586	\$895	\$3,606	
RSVA - Power (excluding Global Adjustment) ¹²	1588	-\$981	\$73,600	
RSVA - Global Adjustment ¹²	1589	\$262	-\$80,836	
Disposition and Recovery/Refund of Regulatory Balances (2012) ⁷	1595		\$1	<input type="checkbox"/> Check to Dispose of Account
Disposition and Recovery/Refund of Regulatory Balances (2013) ⁷	1595		\$0	<input type="checkbox"/> Check to Dispose of Account
Disposition and Recovery/Refund of Regulatory Balances (2014) ⁷	1595		\$0	<input type="checkbox"/> Check to Dispose of Account
Disposition and Recovery/Refund of Regulatory Balances (2015) ⁷	1595		\$0	<input type="checkbox"/> Check to Dispose of Account
Disposition and Recovery/Refund of Regulatory Balances (2016) ⁷	1595	\$0	\$0	<input type="checkbox"/> Check to Dispose of Account
Disposition and Recovery/Refund of Regulatory Balances (2017) ⁷	1595	\$1,088	-\$9,108	<input type="checkbox"/> Check to Dispose of Account
Not to be disposed of until a year after rate rider has expired and that balance has been audited				
Group 1 Sub-Total (including Account 1589 - Global Adjustment)		\$3,055	-\$6,714	
Group 1 Sub-Total (excluding Account 1589 - Global Adjustment)		\$2,793	\$74,122	
RSVA - Global Adjustment 12	1589	\$262	-\$80,836	<input type="checkbox"/> Check to Dispose of Account

OEB staff further notes that for Account 1580 Variance WMS Sub-account CBR Class A, a combined balance of \$4,199 has been transferred to cell BJ25 in the 2021 Rate Generator. The 2019 continuity schedules show an interest balance of \$168 for Parry Sound and (\$780) for Lakeland for this Account.

- Please confirm that in the 2021 IRM Rate Generator, a combined interest amount of (\$612) should have been itemized in cells BJ25 for Account 1580 Variance WMS – Sub-account CBR Class B.
- If so, OEB staff will make the necessary updates. If not, please explain why.
- OEB staff is unable to reconcile the amount of (\$390,991) transferred into Account 1595 (2019). Please explain this difference and any further variances to the amounts approved for disposition.

Staff Question – 2

Ref: (1) Rate Generator, Tab 3, cells BM36 and BN36
(2) Manager's Summary, p. 9

Account 1595 (2019)

The total remaining balance for 2018 Group 2 DVA in the former Parry Sound service area is a credit balance of \$3,955 (including interest to April 30, 2021) and for the Lakeland Power service area, a debit balance of \$7,849. As part of this application, Lakeland Power proposed to transfer the net debit balance of \$3,894 for these Group 2 Accounts balances to Account 1595 for disposal at a future time.

The 2021 Rate Generator shows a Principal credit balance of \$132,989 in cell BM36 and an Interest debit balance of \$5,147 in Account 1595 (2019) as approved for disposition in 2020.

		20	
Account Descriptions	Account Number	Principal Disposition during 2020 - instructed by OEB	Interest Disposition during 2020 - instructed by OEB
Group 1 Accounts			
LV Variance Account	1550	277,817	13,183
Smart Metering Entity Charge Variance Account	1551	(7,164)	(336)
RSVA - Wholesale Market Service Charge ⁵	1580	(171,040)	(7,974)
Variance WMS – Sub-account CBR Class A ⁵	1580		
Variance WMS – Sub-account CBR Class B ⁵	1580	(3,527)	(5,019)
RSVA - Retail Transmission Network Charge	1584	(5,968)	(6)
RSVA - Retail Transmission Connection Charge	1586	4,559	562
RSVA - Power ⁴	1588	252,060	9,338
RSVA - Global Adjustment ⁴	1589	(121,124)	101,822
Disposition and Recovery/Refund of Regulatory Balances (2014 and pre-2014) ³	1595		
Disposition and Recovery/Refund of Regulatory Balances (2015) ³	1595		
Disposition and Recovery/Refund of Regulatory Balances (2016) ³	1595		
Disposition and Recovery/Refund of Regulatory Balances (2017) ³	1595	69,995	(8,550)
Disposition and Recovery/Refund of Regulatory Balances (2018) ³	1595		
Disposition and Recovery/Refund of Regulatory Balances (2019) ³	1595	(132,989)	5,147
<small>Refer to the Filing Requirements for disposition eligibility.</small>			
RSVA - Global Adjustment	1589	(121,124)	101,822
Total Group 1 Balance excluding Account 1589 - Global Adjustment		283,743	6,345
Total Group 1 Balance		162,619	108,167
LRAM Variance Account (only input amounts if applying for disposition of this account)	1568	235,605	15,291
Total including Account 1568		398,224	123,458

- a) Please explain the origin of this balance and any variances to the above-noted transfer of a debit balance of \$3,894.

Staff Question – 3

Ref: (1) Manager's Summary – pp. 25
(2) Lakeland Power_2021 IRM_Updated Harmonized_Rate Generator
Model_20201211

Commodity Accounts 1588 and 1589

Typically, large balances are not expected for Account 1588 as it should only hold the variance between commodity costs based on actual line losses and commodity revenues calculated using values for line losses approved by the OEB in the utility's last rebasing application. Based on RRR data filed for Lakeland Power Distribution for Account 4705 Cost of Power, OEB staff calculates the annual net activity (i.e. transactions plus principal adjustments) from the DVA Continuity Schedule as a percentage of annual Account 4705 to be as follows:

	Net Activity in Account 1588 (\$)	Account 4705 (\$)	% of net activity compared to Account 4705
2019	(504,638)	18,598,237	-2.7%

- a) Please confirm this calculation or provide a revised calculation.
- b) For 2019, the percentage is greater than +/-1%. Please explain why the Account 1588 activity would be high in consideration of line losses.
- c) Please confirm whether Lakeland Power is requesting interim or final disposition of Group 1 Deferral and Variance accounts.

Staff Question – 4

Ref: Manager's Summary, p. 26

Remaining LRAMVA Balances

Lakeland Power has requested to recover lost revenues up to and including the 2018 CDM program year.

- a) Please discuss if Lakeland Power plans to seek further recovery of lost revenues from the 2019 CDM program year.
- b) If so, please update the LRAMVA work forms for both rate zones to include 2019 CDM savings and the associated lost revenues. Please confirm that 2019 LRAMVA amounts have only been calculated up to the time when Lakeland Power fully transitioned to a fixed residential charge.

- c) If not, please confirm that the 2018 LRAMVA balance will be the final amount sought for recovery from Account 1568 – LRAMVA.

Staff Question - 5

Ref: (1) 2021 Rate Generator, Tab 16
(2) OEB's letter, 2021 Inflation Parameters, issued November 9, 2020,

OEB staff has updated the 2021 Rate Generator the Price Escalator on Tab 16 (cell B12) with a placeholder value of 2.20%, representing the inflation factor calculated by the OEB-approved methodology for 2021.

In light of the continued uncertainty regarding the COVID-19 pandemic, the OEB allowed utilities to elect the calculated IPI level per the OEB-approved methodology (offset by the applicable stretch factor and other adjustments for some plans) or a lower value for the 2021 rate year. Utilities also have the discretion to forego the inflationary increase entirely. The letter noted that utilities filing rate application for May 1, 2021, shall make an election by February 5, 2021.

- a) Please confirm that Lakeland Power intends to file a letter on the record of this proceeding, indicating its election for the 2021 inflation factor to be applied to its 2021 rates, by the February 5, 2021, deadline.

Staff Question – 6

Updates – Rate Generator

Ref: (1) 2021 Rate Generator Tab 11 and Tab 17

OEB staff has made the following updates to Lakeland Power's Rate Generator Model:

Tab 11

- UTR
 - Network Service Rate \$/kW 4.67
 - Line Connection Service Rate \$/kW 0.77
 - Transformation Connection Service Rate \$kW 2.53¹
- Hydro One Networks Inc. Sub-transmission Rates
 - Network Service Rate \$/kW 3.4778
 - Line Connection Service Rate \$/kW 0.8128
 - Transformation Connection Service Rate \$kW 2.0458

Tab 17

- Wireline Pole Attachment Charge

¹ EB-2020-0251, Decision and Rate Order, Schedule B, issued December 17, 2020

- Tab 17 cell F39 Specific charge for access to the power poles - per pole/year - Approved on an Interim Basis at \$44.50²
- RPP Prices
 - Tab 17 cell D23 RPP Prices – Off-Peak \$/kWh 0.0850
 - Tab 17 cell D24 RPP Prices – Mid-Peak \$/kWh 0.1190
 - Tab 17 cell D15 RPP Prices – On-Peak \$/kWh 0.1760³
- Updated the inflation factor applicable to Retail Service Charges – 2.20%

Tab 20

- Ontario Electricity Rebate of 21.2%

(Please note there may further updates before final issuance of the Decision)

Please confirm the accuracy of the Rate Generator Model following OEB staff's updates.

² EB-2020-0288, Order, issued December 10, 2020, p. 3

³ EB-2020-0251, Decision and Order, issued December 17, 2020, p. 2 and Schedule B