

**Synergy North Corporation (SYNERGY NORTH) Response to OEB
Questions 2021 Electricity Distribution Rate Application
EB-2020-0055
January 27, 2021**

Staff Question-1

Ref: Rate Generator Models – Tab 1

- a) According to Synergy North's 2020 IRM Decision and Rate Order (EB-2019-0068), the Group 1 DVA balances (including balances in Accounts 1588 and 1589) as of 2018 year-end for both rate zones were approved for final disposition. Therefore, in the Information Sheet of the IRM model, the answers to questions 2 and 3 (including applicable sub-questions) should be 2018. Please confirm and update the related input cells.

Synergy North Response:

SYNERGY NORTH confirms it has disposed of group one DVA balances on a final basis during its 2020 rate application (EB-2019-0068) which represents the December 31st, 2018 year end reported balances. Therefore, for question #2 the last year the 1588 and 1589 accounts were last disposed of on a final basis was during "2020" as indicated. SYNERGY NORTH will adjust this to "2018" as requested by board staff.

SYNERGY NORTH confirms that it has disposed of its remaining Group 1 DVAs accounts on a final basis in its 2019 rate application (EB-2018-0069) which represents the December 31st, 2017 year end reported balances. Therefore, for question #3 the last year the Group 1 DVA accounts were last disposed of on a final basis was during "2019" as indicated. SYNERGY NORTH will adjust this to "2018" as requested by board staff and confirms there is no impact to the Rate Generator.

- b) The year that Synergy North selected for question 4 in the Information Sheet (Thunder Bay rate zone) is 2016. However, in Tab 3 Continuity Schedule and page 25 of the Manager's Summary, it's noted that the earliest vintage year in which Synergy North reported a balance in Account 1595 is 2017. And there is no balances reported for Account 1595 (2016) and accounts for any prior years. Please review and confirm the earliest vintage year for Account 1595 and make the necessary updates to the model.

Synergy North Response:

SYNERGY NORTH confirms that it did not have a balance in 1595-2016 and this balance was fully disposed of in prior year applications. SYNERGY NORTH has adjusted the Information sheet to report 1595 (2017) and confirms there is no impact.

- c) The RTSR scenario that Synergy North selected for question 7 for both rate zones is “Fully Embedded”. However, as noted in Tabs 12 – 14, Synergy North pays transmission costs only to the IESO for both rate zones, which indicates that the RTSR scenario should be transmission connected. Please make the correction in Tab 1.

Synergy North Response:

SYNERGY NORTH confirms that it is transmission connected on both sides of its distribution network and only pays costs to the IESO. SYNERGY NORTH has updated the cell and confirms there is no impact to the model.

- d) Synergy North selected “No” for question 6 for the Thunder Bay rate zone, which means there were no Class A customers during the period where the balance in Account 1580 Sub-account CBR Class B accumulated. However, as noted in page 25 of the Manager’s Summary and the answer to question 5 in Tab 1 of the IRM model, Synergy North stated it has Class A customers during the period Sub-account CBR Class B balance accumulated (It’s the same period Account 1589 balance accumulated, as these two accounts were last disposed of at the same time.). Please correct the answer to question 6. And upon the correction, Tab 6.2 CBR B will be generated in the model. Please update the CBR Class B rate rider scenario accordingly.

Synergy North Response:

SYNERGY NORTH’s intention in its 2021 IRM application was to request the disposal of the CBR Class B amount as a bundled rate with the wholesale market charge and avoid producing an additional rate rider for the CBR Class B disposition.

SYNERGY NORTH at the request of the OEB has updated this field and is now generating Tab 6.2. SYNERGY NORTH confirms the CBR Class B rate now flows through the model separately to “Tab 19. Final Tariff Sheet” and “Tab 20. Bill Impact Model” and has been excluded from the wholesale market disposition rate calculation. SYNERGY NORTH confirms this results in an immaterial bill impact and all rate classes remain well below the +/- 10% threshold.

Staff Question-2

Ref: Rate Generator Models – Tab 3 Continuity Schedule: Control Account 1580 and Account 1580 Sub-account CBR Class B; Manager’s Summary, page 9 – required modifications 1 & 2

As per RRR filing guidance and Note #5 in the Continuity Schedule, the RRR balance for the Control Account 1580 (BV 23) would include the balance in Account 1580 Sub-account CBR Class B. However, in reporting account balances in the continuity schedule, Control Account 1580 balance is to exclude any amounts in the Sub-account CBR Class B. Therefore, if the balances are reported properly in RRR and the continuity schedule, there is supposed to be a variance in BW 23 which equals the balance in Sub-account CBR Class B. (i.e. amount in BW 23 should equal amount in BV25)

It’s noted that in Tab 3 continuity schedule for both rate zones, the variance in Control Account 1580 is zero. Please review and confirm Synergy North has followed the above noted filing requirements in RRR and continuity schedule. If not, please make necessary adjustments and update the continuity schedule for both rate zones.

Synergy North Response:

SYNERGY NORTH confirms that during its IRM preparation it discovered many issues with the OEB Rate Generator Model for both of its rate districts. The model had many populating errors and incorrect figures and was not calculating appropriately for each rate district. The issues discovered by SYNERGY NORTH are related to filing RRR information as two separate rate districts and not appropriately considering transferring from RRR reporting into the board models by rate district. SYNERGY NORTH worked with OEB’s IT department to correct these issues in the Continuity Schedule, and many other tabs. As per Page 9 of this application SYNERGY NORTH notes that there are inconsistencies in the model regarding the 1580 accounts.

“Note, that the following issues have been identified within the 2021 Rate Generator Model and will require additional Board staff modification:

1. Tab 3. ‘Continuity Schedule’ – cell BW40 for the Thunder Bay Rate Zone is populating a figure of \$ 87,092 as out of balance for the Total Group 1 Balance. This is the total for the CBR Class B Sub Account and is suspected to be an error in Board Staff formula. This should be revised because all the reporting for 2.1.7 RRR as of December 31, 2019 is in balance to the continuity schedule.

2. Tab 3. 'Continuity Schedule' – cell BW40 for the Kenora Rate Zone is populating a figure of \$ 16,156 as out of balance for the Total Group 1 Balance. This is the total for the CBR Class B Sub Account and is suspected to be an error in Board Staff formula. This should be revised as all the reporting for 2.1.7 RRR as of December 31, 2019 balanced in continuity schedule."

SYNERGY NORTH agrees that the figure in cell "BV23" in "Tab 3. Continuity Schedules" of Thunder Bay and Kenora Rate Generators do not represent the RRR 2.1.7 -1580 "Control Account" as was reported at year end because this was Net figure for SYNERGY NORTH. Modifications have been made by Board Staff to account for splitting these accounts by rate district and as sub accounts.

Please see the table below which reconciles the amount from Synergy North's 1580 Control Account total as reported in RRR to the excel referenced cells in both continuity schedules.

	Sub-Account Description	2019 Year End Balance	Excel Ref:
1	Thunder Bay 1580 Wholesale Market	(551,999)	"BV23"
2	Thunder Bay 1580 CBR	(87,092)	"BV25"
3	Kenora 1580 Wholesale Market	(136,781)	"BV23"
4	Kenora 1580 CBR	(16,156)	"BV25"
5	Synergy North 1580 Total :	(792,028)	Calculated
6	As Reported RRR 2.1.7 - 1580 Control Account	(792,028)	0
			Balances

SYNERGY NORTH also confirms that the cell BW40 in each model represents the amount of subaccount 1580-CBR. The above does not impact the rate generation calculations carried through the model and therefore does not require any adjustments to RRR filed information or the information in the Rate Generators.

Staff Question-3

Ref: Rate Generator Model (Thunder Bay) – Tab 3 Continuity Schedule: Account 1595 (2017) transaction balances in 2019

As per the decision issued for the 2017 cost of service application (EB-2016-0105), Thunder Bay Hydro disposed of its Group 1 DVA (including GA) balances through one-year rate riders effective until April 30, 2018. Theoretically, after April 30, 2018, there should not be any account balances recorded in the transaction category **if** Account 1595 (2017). It's noted that, for the Thunder Bay rate zone, Synergy North reported 2019 transaction amounts (both principal and interest) in Account 1595 (2017) in cells BD34 and BI34. Please provide explanations for these transaction amounts in Account 1595 (2017) in 2019.

Synergy North Response:

SYNERGY NORTH reported 2019 transaction amounts in account 1595 (2017) in cells "BD34" and "BI34" of its Thunder Bay Rate Generator Model "Tab 3. Continuity Schedule" which was related to the billing corrections required to the General Service over 50kW customer class and completed in 2019. This billing correction was stated and approved by board staff during the 2020 IRM Rate Application (EB-2019-0068).

Please see below as per Rate Application (EB-2019-0068) page 27:

"3.2.5.5 Account 1595 Analysis Work form

Thunder Bay Rate Zone:

As per the new requirements, distributors who meet the requirements for disposition of residual balances of account 1595-sub accounts must complete the 1595 Analysis work form. The new work form compares principal and interest amounts previously approved for disposition to the residual balances which are remaining after amounts have been recovered/refunded to customers through rate riders. **SYNERGY NORTH will be doing bill corrections for the General Service over 50 kW customers due to an undercharge of the GA rate rider, as approved in EB-2016-0105 for rates effective October 1, 2017. Given that the amounts in the accounts are not finalized, SYNERGY NORTH Thunder Bay Rate Zone is not requesting disposal of Account 1595 (2017) at this time. This will be adjusted and subject to audit at year end.** SYNERGY NORTH Thunder Bay Rate Zone does not request disposition of 1595 (2015) and 1595 (2016) as these are no longer eligible for disposition and have retired with immaterial residual interest balances."

Staff Question-4

Ref: Account 1595 Analysis Workform (Thunder Bay)

In the Account 1595 Workform for the Thunder Bay rate zone, Synergy North reported the following principal and interest disposition amounts (cells D13 and E13) for Group 1 and Group 2 balances excluding GA as approved in the 2017 cost of service (EB-2016-0105) proceeding. Please provide the supporting reference in EB-2016-0105 for the approved disposition amounts.

Principal Balance Approved for Disposition	Carrying Charges Balance Approved for Disposition	Total Balances Approved for Disposition
-\$1,794,545	-\$61,309	-\$1,855,854

Synergy North Response:

SYNERGY NORTH directs Board Staff to review the Board approved (EB-2016-0105) excel file named "TBHEDI_2017_DVA_Continuity_SC_20170331" filed on Board's website March 31st, 2017. Traditionally the OEB provides a disposition table in its decision and order and for the 2017 Cost of Service it did not provide Thunder Bay Hydro Electricity Distribution Inc. with that table. Therefore, the Continuity Schedule from the model has been used to prepare the disposition of accounts.

		016		Projected Interest on Dec-31-15 Balances				2.1.7 RRR	
Account Descriptions	Account Number	Closing Principal Balance as of Dec 31-15 Adjusted for Dispositions during 2016	Closing Interest Balance as of Dec 31-15 Adjusted for Dispositions during 2016	Projected Interest from Jan 1, 2016 to December 31, 2016 on Dec 31-15 balance adjusted for disposition during 2016 ¹	Projected Interest from January 1, 2017 to April 30, 2017 on Dec 31-15 balance adjusted for disposition during 2016 ²	Total Interest	Total Claim	As of Dec 31-15	Variance RRR vs. 2015 Balance (Principal + Interest)
Group 1 Accounts									
LV Variance Account	1550	\$0	\$0	\$0	\$0	\$0		\$0	
Smart Metering Entry Charge Variance Account	1551	-\$5,139	-\$41	-\$57	-\$19	-\$116		-\$4,375	
RSVA - Wholesale Market Service Charge ¹⁰	1580	-\$2,074,311	-\$10,963	-\$22,817	-\$7,606	-\$41,386		-\$2,115,697.12	(\$244,395)
Variance WMS - Sub-account CBR Class A ¹¹	1580	\$6,168	\$19	\$68	\$23	\$109	<input type="checkbox"/> Check to Dispute of Account	\$109	-\$6.16
Variance WMS - Sub-account CBR Class B ¹¹	1580	\$237,369	\$749	\$2,611	\$870	\$4,230	<input type="checkbox"/> Check to Dispute of Account	\$241,599.41	\$0
RSVA - Retail Transmission Network Charge	1584	-\$212,108	-\$1,099	-\$2,339	-\$789	-\$4,208	<input type="checkbox"/> Check to Dispute of Account	-\$216,316.52	(\$459,173)
RSVA - Retail Transmission Connection Charge	1586	-\$221,402	-\$2,986	-\$2,435	-\$812	-\$6,233	<input type="checkbox"/> Check to Dispute of Account	-\$227,635.07	(\$664,368)
RSVA - Power (excluding Global Adjustment)	1588	\$106,684	-\$2,273	\$1,174	\$391	-\$708	<input type="checkbox"/> Check to Dispute of Account	\$105,975.95	(\$113,094)
RSVA - Global Adjustment	1589	\$925,820	-\$6,763	\$10,184	\$3,395	\$6,816	<input type="checkbox"/> Check to Dispute of Account	\$932,635.29	\$2,551,834
Disposition and Recovery/Refund of Regulatory Balances (2009) ³	1595	\$0	\$1	\$0	\$0	\$1	<input type="checkbox"/> Check to Dispute of Account	\$1	\$2
Disposition and Recovery/Refund of Regulatory Balances (2010) ³	1595	\$0	\$1	\$0	\$0	\$1	<input type="checkbox"/> Check to Dispute of Account	\$1	\$2
Disposition and Recovery/Refund of Regulatory Balances (2011) ³	1595	\$0	\$11	\$0	\$0	\$11	<input type="checkbox"/> Check to Dispute of Account	\$11	\$20
Disposition and Recovery/Refund of Regulatory Balances (2012) ³	1595	\$0	-\$729	\$0	\$0	-\$729	<input type="checkbox"/> Check to Dispute of Account	-\$729.00	\$5,506
Disposition and Recovery/Refund of Regulatory Balances (2013) ³	1595	-\$130	-\$1,272	-\$1	-\$0	-\$1,274	<input type="checkbox"/> Check to Dispute of Account	-\$1,403.16	\$112,137
Disposition and Recovery/Refund of Regulatory Balances (2014) ³	1595	\$92,576	-\$40,465	\$1,018	\$339	-\$39,107	<input type="checkbox"/> Check to Dispute of Account	\$53,468.78	\$52,111
Disposition and Recovery/Refund of Regulatory Balances (2015) ³	1595	-\$1,023,130	-\$127,971	-\$11,254	-\$3,751	-\$142,977	<input type="checkbox"/> Check to Dispute of Account	\$0.00	(\$1,151,101)
Not to be disposed of unless rate rider has expired and balance has been audited									
Group 1 Sub-Total (including Account 1589 - Global Adjustment)		-\$2,168,104	-\$193,772	-\$23,849	-\$7,950	-\$225,571		-\$1,233,844.45	-\$1,699,145
Group 1 Sub-Total (excluding Account 1589 - Global Adjustment)		-\$3,093,923	-\$187,009	-\$34,933	-\$11,344	-\$232,386		-\$2,185,479.73	-\$4,250,980
RSVA - Global Adjustment	1589	\$925,820	-\$6,763	\$10,184	\$3,395	\$6,816		\$932,635.29	\$2,551,834
Group 2 Accounts									
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508	\$121,162	\$5,904	\$1,333	\$444	\$7,681		\$128,843.04	\$127,866
Other Regulatory Assets - Sub-Account - Incremental Capital Charges	1508	\$0	\$0	\$0	\$0	\$0		\$0.00	
Other Regulatory Assets - Sub-Account - Financial Assistance Payment and Recovery Variance	1508	\$0	\$0	\$0	\$0	\$0		\$0.00	
Ontario Clean Energy Benefit Act ⁴	1508	\$0	\$0	\$0	\$0	\$0		\$0.00	
Other Regulatory Assets - Sub-Account - Other ⁴	1508	\$0	\$0	\$0	\$0	\$0	<input type="checkbox"/> Check to Dispute of Account	\$0.00	
Retail Cost Variance Account - Retail	1518	\$229,308	\$6,149	\$2,522	\$841	\$9,512		\$239,820.18	\$235,457
Misc. Deferred Debits	1525	\$0	\$0	\$0	\$0	\$0		\$0.00	
Retail Cost Variance Account - STR	1548	\$80,195	\$2,494	\$882	\$294	\$3,070	<input type="checkbox"/> Check to Dispute of Account	\$83,665.26	\$82,689

Staff Question-5

Ref: RPP Settlement True-up – Expected process change

As stated in the Decision and Rate Order for Synergy North's 2020 rate application (EB-2019-0068), the "OEB therefore directs Synergy North to perform and submit RPP settlement true-up claims to the IESO on a monthly basis going forward and confirm with the OEB when this procedural change has been made."

Synergy North noted in its current 2021 application that it still performs quarterly RPP settlement true-up with IESO, and it intends to update this process to monthly as required by the OEB's guidance.

Please discuss the reason why Synergy North is still performing a quarterly settlement with the IESO (i.e. not to do this monthly). What is Synergy North's plan (including timeline) on moving to a monthly settlement process?

Synergy North Response:

SYNERGY NORTH confirms that it is still performing quarterly true up settlement with the IESO due to resource and time constraints. SYNERGY NORTH planned to move to monthly true up settlement process during 2020 and due to COVID-19 was required to reallocate resources to action and support new regulation releases from both Ministry and OEB. SYNERGY NORTH confirms that as soon as feasibly possible it will transition to a monthly true up settlement claim process with the IESO.

Staff Question-6

Ref: GA Analysis Workform (Thunder Bay) – Reconciling Items

- a) In Thunder Bay rate zone's GA Analysis Workform in the 2020 IRM application (EB-2019-0068), Synergy North reported a reconciling item in debit amount of \$3,249 under 3b for "difference between current year accrual/forecast to actual from long term load transfers". This is a true-up amount related to 2018 transactions which was not recorded in the GL until 2019. Therefore, in the GA Analysis Workform for 2019 (submitted in current 2021 application), the true-up amount of \$3,249 relating to 2018 should be excluded (reversed in item 3a). Please confirm and make the update in the current GA Analysis Workform for 2019.

Synergy North Response:

SYNERGY NORTH has netted the removal of \$3,249 in its reported figure of \$8,640. Therefore, there is no adjustment or update necessary to the workform for 2019 or the 1589 general ledger.

- b) In the current GA Analysis Workform for 2019, Synergy North reported a debit amount of \$8,640 as reconciling item 3b. This amount should be recorded as a principal adjustment in the DVA Continuity Schedule. On page 16 of the “Instructions for Completing GA Analysis Workform” (<https://www.oeb.ca/sites/default/files/GA-Analysis-Workform-Instructions-20200520.pdf>), there is an example for reconciling item 3b. In that example, a principal adjustment is not needed in the 2018 DVA Continuity Schedule as the accrued to actual revenue true-up has already been included in the 2018 year-end balance. However, in Thunder Bay’s case, the true-up amount was not included in the 2019 year end balance, so it needs to be included. Please review and make necessary update in the Continuity Schedule in the 2021 IRM model.

Synergy North Response:

SYNERGY NORTH does not require this adjustment to its continuity schedule in the 2021 IRM model as it has booked this adjustment as an accrual and captured it in the transaction’s column in 2019.

Staff Question-7

**Ref: GA Analysis Workform (Kenora) – Reconciling Item 3; Rate Generator Model
Tab 3 Continuity Schedule**

In the GA Analysis Workform for the Kenora rate zone, there is a credit amount of \$238,480 reported as Reconciling Item #3 “prior period billing adjustments recorded in current year”. This amount was also reported in “Principal Adjustments” Tab as an adjustment recorded in 2019 GL. Synergy North also recorded this amount in the Continuity Schedule as 2019 Account 1589 principal adjustment. As the billing adjustment was recorded in the 2019 GL in the year it happened, OEB staff is of the view that there is no need to adjust the balance for disposition in the Continuity Schedule. Some related reference can be found on page 18 of the “Instructions for Completing GA Analysis Workform” (<https://www.oeb.ca/sites/default/files/GA-Analysis-Workform-Instructions-20200520.pdf>).

Please review and update the GA Analysis Workform and the Continuity Schedule.

Synergy North Response:

SYNERGY NORTH included a credit of \$238,480 in the Continuity Schedule, as the GL account balance for December 31st, 2019 was overstated by the amount incorrectly billed to Global Adjustment revenue not the IESO’s provincial Global Adjustment Modifier program.

SYNERGY NORTH does not wish to include this incorrect billing amount in the GL account balance 1589 during its 2021 rate application. This billing correction has been performed in 2020 transactions which will again be included as an adjustment to the principal in the 2022 application, excluding it from the 1595 disposition.

SYNERGY NORTH would like to emphasize that because CONSUMPTION was not impacted in this billing error there was no required settlement correction with IESO. Therefore, we will exclude the billing error of \$238,480 from the principal disposition request. This treatment results in 1589 not being impacted by this error in billing.

Staff Question-8

Ref: Rate Generator Models, Tab 18 Additional Rates – COVID-19 Forgone Revenue Rate Rider

OEB staff has update the COVID-19 Forgone Revenue Rate Rider name to the standardized name in Tab 18 for both rate zones. Tab 19 Proposed Tariff and Tab 20 Bill Impacts have been updated. Please review and confirm the accuracy.

Synergy North Response:

SYNERGY NORTH confirms that it has reviewed the standardized name of the COVID-19 Forgone Revenue Rate Rider: “Rate Rider for Recovery of COVID-19 Forgone Revenue from Postponing Rate Implementation” and agrees with this OEB update.

Staff Question-9

Ref: RTSRs (Kenora); Rate Generator Models, Tab 20 Bill Impacts

OEB staff updated the 2021 URT and Hydro One Sub-transmission rates in Tab 11 of the IRM model for the 2021 RTSR adjustment calculations.

In Tab 20 of Kenora rate zone's IRM model, the RTSR charges are showing high bill impacts for all classes (greater than 15% for Network charges and greater than -22% for Connection charges). As noted in Tab 20 (flagged in red text), the distributor is expected to discuss the reasoning for the change in the RTSRs. Please provide explanation for the changes in RTSRs for the Kenora rate zone.

Synergy North Response:

SYNERGY NORTH has confirmed the OEB update of UTRs to the Board Decision and Rate Order (EB-2020-0251) released December 17, 2020.

Network Charges:

SYNERGY NORTH's Kenora Rate District has experienced two shifts in RTSR Network charges for all rate classes between its 2020 and 2021 IRM applications resulting in Bill Impacts of 15% Network charge increase.

Pricing shifts can be explained by:

- (1) Wholesale Network Billing Price: Network Price Charged as approved by OEB
- (2) Wholesale Network Billing Volume: Units billed to Kenora based on Consumption and Use

The primary shift is because of increases in (1) Wholesale Network pricing. Holding units billed constant as the 2019 actual volume billed the difference in network charges from 2020 at a rate of \$3.92 and the 2021 at the rate recently approved of \$4.67 results in a \$0.75/kW increase which is 19% price variance to the 2020 approved UTR rate. This is beyond the control of SYNERGY NORTH but directly impacts all customers. Please see table below.

NETWORK COST ANALYSIS	Total Units Billed as per 2019 Invoices	Price	Amount	
2020	169,805	\$ 3.92	\$ 665,635.60	
2021	169,805	\$ 4.67	\$ 792,989.35	Rate Variance
	% Variance of Network Rate charged for Wholesale	19.13%	19.13%	\$ 0.75

The second impact is explainable by comparing volume billed. Kenora rate district has experienced an average of 1.03% decrease in wholesale market units billed year over year. This can be a result of conservation programs, weather related impacts, and customer profile shifts.

NETWORK VOLUME ANALYSIS	Units Billed	Reporting Year
2020	171,564.00	2018
2021	169,805.00	2019
Decrease in Wholesale Units Billed	(1,759)	
% Decrease in Wholesale Billed	-1.03%	

The net of price and volume above are outside the control of SYNERGY NORTH and explain the increase in Network charges billed to Kenora customers.

The remaining explanation of pricing changes for Network Charges can be explained by the shift in allocation of the Network Charges across customer classes based on year over year billed customer volume with losses applied.

See table below which shows how volume variance shifts the % allocation of RTSR charges from one rate class to another year over year.

		Billing Year Rate Setting Mechanism	2018	2019						
			2020	2021		2020 Application	2021 Application			
Rate Class			Billed Volume	Billed Volume	Variance in billed volume	Billed \$ Amount	% Allocation of Wholesale	Billed \$ Amount	% Allocation of Wholesale	Pricing Shift between Rate Classes
Residential Service Classification	Retail Transmission Rate - Network Service Rate	\$/kWh	37,694,612	38,255,666	1.40%	\$ 266,131.01	41.2%	\$ 271,100.77	40.7%	-0.447%
General Service Less Than 50 kW Service	Retail Transmission Rate - Network Service Rate	\$/kWh	24,023,656	23,965,171	-0.29%	\$ 146,482.66	22.7%	\$ 146,504.84	22.0%	-0.654%
General Service 50 To 999 kW Service	Retail Transmission Rate - Network Service Rate	\$/kW	90,499	95,102	5.09%	\$ 230,541.12	35.7%	\$ 244,716.00	36.8%	1.095%
Unmetered Scattered Load Service Classification	Retail Transmission Rate - Network Service Rate	\$/kWh	182,606	172,573	-5.49%	\$ 1,111.43	0.2%	\$ 1,055.42	0.2%	-0.014%
Street Lighting Service Classification	Retail Transmission Rate - Network Service Rate	\$/kW	1,075	1,164	8.28%	\$ 2,064.98	0.3%	\$ 2,258.57	0.3%	0.020%
			61,992,448	62,479,676		\$ 646,333.20	100.0%	\$ 665,635.60	100.0%	0.0%

Connection Charges:

SYNERGY NORTH's Kenora Rate District has experienced two shifts in RTSR Line Connection charges for all rate classes between its 2020 and 2021 IRM applications resulting in a decreased Bill Impact of (22%) Connection charge.

Pricing shifts can be explained by:

(1) Wholesale Line Connection Billing Price: Line Connection Price Charged as approved by OEB

(2) Wholesale Line Connection Billing Volume: Units billed to Kenora based on Consumption and Use

The primary shift is because of decreases in (1) Wholesale Line Connection pricing. Holding units billed constant as the 2019 actual volume billed the difference in line connection charges from 2020 at a rate of \$0.97 and the 2021 at the rate recently

approved of \$0.77 results in a \$0 .20/kW decrease which is (20.6%) price variance to the 2020 approved UTR rate. This is beyond the control of SYNERGY NORTH but directly impacts all customers. Please see table below.

LINE CONNECTION COST ANALYSIS	Total Units Billed as per 2019 Invoices	Price	Amount	
2020	189,350	\$ 0.97	\$ 183,669.50	
2021	189,350	\$ 0.77	\$ 145,799.50	Rate Variance
	% Variance of Connection Rate charged for Wholesale	-20.62%	-20.62%	-\$ 0.20

The second impact is explainable by comparing volume billed. Kenora rate district has experienced an average of 0.09% increase in wholesale line connection market units billed year over year. This can be a result of conservation programs, weather related impacts, and customer profile shifts.

LINE CONNECTION VOLUME ANALYSIS	Units Billed	Reporting Year
2020	189,171.00	2018
2021	189,350.00	2019
Increase in Wholesale Units Billed	179	
% Increase in Wholesale Billed	0.09%	

The net of price and volume above are outside the control of SYNERGY NORTH and explain the overall decrease in Line Connection Charges billed to Kenora customers.

As discussed above in Kenora Network charges the remaining explanation of pricing changes for Line Connection Charges can be explained by the shift in allocation of the Line Connection Charges across customer classes based on year over year billed customer volume with losses applied. Because the Rate generator model applies RTSR rates over previous years customer billing % based on allocation of customer billings these changes can be significant.

Staff Question-10

Ref: RTSRs (Thunder Bay); Rate Generator Models, Tab 20 Bill Impacts

OEB staff updated the 2021 URT and Hydro One Sub-transmission rates in Tab 11 of the IRM model for the 2021 RTSR adjustment calculations.

In Tab 20 of Thunder Bay rate zone's IRM model, the RTSR charges are showing high bill impacts for all classes (greater than 18% for Network charges and greater than 5% for Connection charges). As noted in Tab 20 (flagged in red text), the distributor is expected to discuss the reasoning for the change in the RTSRs. Please provide explanation for the changes in RTSRs for the Thunder Bay rate zone.

Synergy North Response:

SYNERGY NORTH has confirmed the OEB update of UTRs to the Board Decision and Rate Order (EB-2020-0251) released December 17, 2020.

SYNERGY NORTH's Thunder Bay Rate District has experienced two shifts in RTSR Network charges for all rate classes between its 2020 and 2021 IRM applications resulting in Bill Impacts of 18% Network charge increase.

Pricing shifts can be explained by:

- (1) Wholesale Network Billing Price: Network Price Charged as approved by OEB
- (2) Wholesale Network Billing Volume: Units billed to Thunder Bay based on Consumption and Use

The primary shift is because of increases in (1) Wholesale Network pricing. Holding units billed constant as the 2019 actual volume billed the difference in network charges from 2020 at a rate of \$3.92 and the 2021 at the rate recently approved of \$4.67 results in a \$0.75/kW increase which is 19% price variance to the 2020 approved UTR rate. This is beyond the control of SYNERGY NORTH but directly impacts all customers. Please see table below.

NETWORK COST ANALYSIS	Total Units Billed as per 2019 Invoices	Price	Amount	
2020	1,495,668	\$ 3.92	\$ 5,863,018.56	
2021	1,495,668	\$ 4.67	\$ 6,984,769.56	Rate Variance
% Variance of Network Rate charged for Wholesale		19.13%	19.13%	\$ 0.75

The second impact is explainable by comparing volume billed. Thunder Bay rate district has experienced an average of 2% decrease in wholesale market units billed year over

year. This can be a result of conservation programs, weather related impacts, and customer profile shifts.

NETWORK VOLUME ANALYSIS	Units Billed	Reporting Year
2020	1,525,483.00	2018
2021	1,495,668.00	2019
Decrease in Wholesale Units Billed	(29,815)	
% Decrease in Wholesale Billed	-1.95%	

The net of price and volume above are outside the control of SYNERGY NORTH and explain the increase in Network charges billed to Thunder Bay customers.

Staff Question-11

Ref: Inflation Factor for 2021 Rates

As noted in an email to Synergy North dated December 11, 2020, the OEB issued a letter on November 9, 2020 (<https://www.oeb.ca/sites/default/files/OEB-ltr-2021-inflation-updates-20201109.pdf>) about the utilities' election on the inflation factor to be used in 2021 rate applications. The OEB has calculated the 2021 inflation factor for electricity distributors to be 2.2%. Distributors can elect the calculated IPI per the OEB-approved methodology or a lower value. The May 1 applicants must make their election by Feb 5, 2021.

OEB staff has not received the election letter from Synergy North for the two rate zones. Please file the letter with OEB as soon as possible. (The IRM models attached with the staff questions have been updated using the OEB-calculated 2021 inflation factor of 2.2% as of now. This needs to be confirmed or updated based on the distributor's letter.)

Synergy North Response:

SYNERGY NORTH confirms as stated in Section 3.4 "Exclusions from Price Cap IR or Annual IR Index Applications" that it does not intend to adjust its inflationary rate for either rate zone.

SYNERGY NORTH has confirmed via email to Board Staff that it intends to use the inflationary factor released by the OEB of 2.2% for both rate districts.

THUNDER BAY	Price Cap Index	
Price Escalator (GDP - IPI)	2.20%	
Less: Productivity	0.00%	
Less: Stretch Factor	0.30%	(TB is in Group III)
Price Cap Index	1.90%	
KENORA	Price Cap Index	
Price Escalator (GDP - IPI)	2.20%	
Less: Productivity	0.00%	
Less: Stretch Factor	0.60%	(KN is in Group V)
Price Cap Index	1.60%	

If you require any further information, please contact the undersigned at (807) 343-1054.

Sincerely,



Brittany J. Ashby, BMGMT

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