

Synergy North Corporation (SYNERGY NORTH)
Response to OEB Question #2
EB-2020-0055
February 4th, 2021

Please note, Synergy North 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 Follow-up Question-1

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

Appendix A (page 35) of the Chapter 3 Filing Requirements

(<https://www.oeb.ca/sites/default/files/Chapter-3-Filing-Requirements-20200514.pdf>)

states:

Applicants are expected to request disposition of residual balances in Account 1595 Sub-accounts for each vintage year only once, on a final basis. Distributors only become eligible to seek disposition of these residual balances two years **after the expiry of the rate rider**, (i.e. in the fourth rate year after the year the rate rider expires).

o May 1 rate year – If 2018 rate riders end on April 30, 2019, the balance of sub-account 1595 (2018) could be disposed of 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.

Synergy North is requesting disposition of Account 1595 (2017) for the Thunder Bay rate zone in the 2021 application. Thunder Bay Hydro's 2017 rate rider ended on April 30, 2018. According to the above noted filing requirement (and the illustrative example), the 1598 (2017) account could be disposed of once the December 3, 2020 **account balance has been audited**. Therefore, sub-account 1595 (2017) would be eligible for disposition in the 2022 rate year, and it is not eligible for disposition in the current 2021 application.

Please review the filing requirements and confirm whether or not Synergy North is seeking disposition of Sub-account 1595 (2017) in this application.

Synergy North Response:

SYNERGY NORTH confirms that it continues to seek disposition of Sub-Account 1595(2017) in this IRM rate application. SYNERGY NORTH bill impacts are well within the +/- 10% threshold for all rate classes and has also passed the 1595 Analysis workform thresholds. SYNERGY NORTH does not wish to create any intergenerational rate making gaps for its customers by not disposing of this amount in a timely manner.

SYNERGY NORTH would like to confirm with board staff that it did cease billing all its customer classes for the 1595(2017) rate riders as of the sunset date April 30th, 2018.

SYNERGY NORTH performed a “one-time” billing adjustment during the 2019 rate year for only its GS over 50 kW customers which corrected billing that occurred during the rate period October 1st, 2017 to the sunset date of April 30th, 2018.

Therefore, SYNERGY NORTH considers this account 1595(2017) to be eligible and within the two-year period “after the expiry of the rate rider” as directed by the OEB in *Chapter 3 Filing Requirements*. SYNERGY NORTH confirms that this amount has been audited in its year end balances and is eligible for disposition.

Staff Follow-up Question-2

**Ref 1: GA Analysis Workform (Thunder Bay) – Reconciling Item
Ref 2: Staff Question 6 b)**

As noted in Staff Question 6b), Synergy North reported a debit amount of \$8,640 as reconciling item 3b. Synergy North stated in its response that it does not require this adjustment to its continuity schedule in the 2021 IRM mode as it has booked this adjustment as an accrual and captured it in the transaction's column in 2019. OEB staff agrees that this amount is not a principal adjustment to the continuity schedule.

However, OEB staff notes that since the amount of \$8,640 has already been included in the 2019 transaction of \$515,310, it should not be recorded as a reconciling item in the GA Analysis Workform. Please confirm and make necessary adjustment to the GA Analysis Workform.

Synergy North Response:

SYNERGY NORTH agrees with board staff. SYNERGY NORTH confirms it has adjusted the GA Analysis Workform to exclude the amount of \$8,640 which was previously considered an adjustment. An updated version of the GA Analysis Workform for the Thunder Bay rate district will be uploaded to the Board's website.

Staff Follow-up Question-3

**Ref 1: GA Analysis Workform (Kenora) – Reconciling Item 3; Rate Generator
Model Tab 3 Continuity Schedule
Ref 2: Staff Question 7**

In the GA Analysis Workform for the Kenora rate zone, there is a credit amount of \$238,480 reported as Reconciling Item 3. This amount is also reported as 2019 principal adjustment to Account 1589 in the continuity schedule. Synergy North noted in the response that “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.”

Please clarify the billing error/correction and explain why Account 1589 should not be impacted when there was a billing error corrected.

Synergy North Response:

During 2019 SYNERGY NORTH incorrectly billed a customer for “GA” revenue in the amount of \$238,480 which should have been billed as the provincial “GA” Modifier program.

To correct this billing error SYNERGY NORTH is adjusting the GA Analysis Workform and Continuity Schedule to exclude this error amount so that it is not included in SYNERGY NORTH’s disposition request of Account 1589 for year end balance December 31st 2019.

SYNERGY NORTH has corrected this customer billing in December 2020, and as such will also include this correction as an adjustment in its next IRM 2022 GA Analysis Workform for Kenora rate district. By performing these adjustments, the year over year impact of this error has been removed. Account 1589 will not be impacted by removing this amount and its billing correction the following year.

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

Sincerely,



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