

**Greater Sudbury Hydro Inc. (Greater Sudbury Hydro)
EB-2020-0024**

Please note, Greater Sudbury Hydro 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: Rate Generator Model, Tab 2

In Tab 2 of the Rate Generator Model, Greater Sudbury Hydro indicated that it has not confirmed the accuracy of its current tariff sheet. Please explain and provide details on any discrepancies.

GSHI did in fact confirm the accuracy of its current tariff sheet on tab 2 of the Rate Generator Model. GSHI apologizes for the error and any confusion stemming from not changing the indicator to "yes".

Staff Question-2

**Ref: Manager's Summary, p. 9
Rate Generator Model, Tab 3**

Greater Sudbury Hydro provided the following reason for the variance of \$(164,447) for account 1580 – RSVA Wholesale Market Service Charge:

"The balance of this variance was subtracted from the consolidated balance of account 1580 to report separately as Sub-accounts CBR Class A and Class B. The continuity is correctly reflecting these balances. To correct this variance in the Rate Generator Model, the column "2.1.7 RRR As of Dec 31, 2019" should have the account 1580 – RSVA Wholesale Market Service Charge balance adjusted to \$(429,947) which is the appropriate balance net of the CBR Class B sub-account."

- a) Please confirm if any changes have been made or requested to be made to the amounts reported through the RRR for any of the 1580 account or sub-account balances.

No changes have been requested as the amount reported for RRR 2.1.7 is correct and reflects the entire balance in account 1580 of \$(594,395) which includes the Wholesale Market Service Charge Variance for all customers and the variances for CBR Class A and Class B. In order to show the amounts for the two sub accounts in the continuity in the rate generator model and not incorrectly increase the claim, the amounts in the sub accounts must be subtracted from the control account.

- b) If not, please explain why not.

Please see answer to a) above.

Staff Question-3

Ref: Rate Generator Model, Tab 6

In section 3b, Greater Sudbury Hydro indicated that there was one rate class in which there were customers who were Class A for the full year during the period the account 1589 or account 1580 CBR B account balance accumulated. Please enter the rate class and total Class A consumption for full year Class A customers in the table in 3b.

3b

Enter the number of rate classes in which there were customers who were Class A for the full year during the period the Account 1589 GA or Account 1580 CBR B balance accumulated (i.e. from the year after the balance was last disposed per #1a/1b above to the current year requested for disposition).

In the table, enter the total Class A consumption for full year Class A customers in each rate class for each year (including transition customers identified in table 3a above if they were a full year Class A customer for a particular year).

1

Clear All

	Rate Class
Rate Class 1	

GSHI attempted to address this question and did input the Rate Class for its Class A Customers as well as their consumption and demand on tab 6. In order to do so, GSHI had to indicate "Yes" it was disposing of Group 1 accounts on tab 4 so that tab 6 would populate in the model. After inputting the requested information GSHI returned to tab 4

and indicated that it is not proposing to dispose of any Group 1 balances and in doing so, Tab 6 is no longer visible in the rate model. Upon further review of the model and re-populating tab 6 by indicating yes on tab 4 the information has disappeared. GSHI does not believe this affects the application or the rate generator model as it is not proposing to dispose of group 1 account balances.

Staff Question-4

Ref: Manager's Summary, pp. 10-12

COVID-19 Foregone Revenue Rate Rider Model

In accordance with the Decision and Rate Order in Greater Sudbury's 2020 Cost-of-Service application, Greater Sudbury Hydro filed the COVID-19 Foregone Revenue Rate Rider Model in order to collect foregone revenue for the period of May 1, 2020 to October 1, 2020. Greater Sudbury Hydro noted that within the COVID-19 Foregone Revenue Rate Rider Model titles and dates within the model do not reflect Greater Sudbury Hydro's situation. OEB staff will work with Greater Sudbury Hydro to make any potential adjustments to the COVID-19 Foregone Revenue Rate Rider Model that may be required.

- a) Please outline what changes Greater Sudbury Hydro requires in order to make the COVID-19 Foregone Revenue Rate Rider Model reflect Greater Sudbury Hydro's request.

1. GSHI suggests that tabs 2 (Current Tariff Schedule), 5 (Microfit), 7 (Originally Approved Tariff), 8 (Final Tariff Schedule) and 9 (Bill Impacts) be removed from the model as they do not reflect the entire IRM application and have not been completed as they are not required for GSHI's situation.
2. On tab 1 (Information Sheet), GSHI requests that the Sunset Date of the Foregone Revenue Rate Rider reads as April 30, 2022 to reflect GSHI's request.
3. On tab 3 (Billing Determinants), in cells P13, Q32 and R32 GSHI requests that the recovery period read May 1, 2021 to April 30, 2022.
4. On tab 3 (Billing Determinants), in cell B8, GSHI requests that the sunset date read April 30, 2022.
5. On tab 4 (Forgone Rev Rate Rider) in cell B6, GSHI requests that the sunset date read April 30, 2022.

- b) Please confirm that the title below, for the foregone revenue rate rider(s), is appropriate for Greater Sudbury Hydro's circumstances. If so, OEB staff will

update the Rate Generator Model accordingly. If not, please provide proposed alternate wording and rationale.

“Rate Rider for Recovery of COVID-19 Forgone Revenue from Postponing Rate Implementation - effective from May 1, 2021 and effective until April 30, 2022”

GSHI confirms the title proposed is appropriate for GSHI's circumstances.

Staff Question-5

Ref: Manager's Summary, pp. 16-18
Capital Module – Applicable to ACM and ICM

Greater Sudbury Hydro provided updated cost estimates in the ACM Model and stated that the costs included in the ACM Model have increased by 3.6%. Greater Sudbury Hydro further noted that this is well within the 30% threshold indicated in the IRM Filing Guidelines that would require a distributor to treat the project as a new ICM project if the applied for costs exceeded the projections or approval of the ACM in the Cost of Service by 30%. Please provide details on why costs have increased by 3.6%.

Total costs actually have not increased for the Cressey substation. In previous submissions of its ACM model (both in the 2020 COS and 2021 IRM initial submission), GSHI's understanding was that the model should only include costs that would be incurred in 2021 for the Cressey substation and therefore costs incurred in 2020 should be omitted. GSHI now realizes that this was a misinterpretation and both year's costs should be included in the model for purposes of rate rider calculation. Therefore, in the ACM model that has been submitted with this response GSHI has updated the cost amount to include the entire anticipated cost of the station, incurred over 2020 (costs included in work in progress at December 31, 2020 and excluded from rate base in the 2020 COS) and 2021 which is the amount that GSHI expects to capitalize and become used and useful in 2021. The total proposed ACM is therefore \$4,659,289 versus \$4,465,219 submitted in the 2020 COS. The increase of \$194,070 represents a 4.35% increase over the 2020 COS submission. This difference represents actual costs incurred in 2020 but work-in-progress at December 31, 2020 and the remaining budget for costs to be incurred in 2021. GSHI has updated the Rate Generator model with the rate riders calculated in the ACM model included with this submission.

Staff Question-6

Ref: GA Analysis Workform

Greater Sudbury Hydro's 2020 Cost-of-Service Decision and Order (EB-2019-0037)

On the GA analysis Workform, Greater Sudbury Hydro entered 1.054 for the cell "Most Recent Approved Loss Factor for Secondary Metered Customer < 5,000kW".

OEB staff notes from the approved tariff and rates in Greater Sudbury Hydro's 2020 CoS decision and order EB-2019-0037 that the approved loss factor is 1.0047.

Greater Sudbury Hydro has one reconciling item (#4) for "Differences in actual system losses and billed TLFs" of \$327,087.

- a) Please confirm that the cell "Most Recent Approved Loss Factor for Secondary Metered Customer < 5,000kW" should have the number of 1.0047. If confirmed, please update the GA analysis Workform.

GSHI used 5.4% as the loss factor in the workform as that was the billed loss factor at the time the balance being analyzed was accumulated. GSHI's loss factor was only changed as of May 1st, 2020 and the balance being analyzed relates to billings in 2019 when the 5.4% loss was in effect. Therefore GSHI maintains that 5.4% is the appropriate loss factor to include in this year's workform.

- b) Please provide the calculation for the differences in actual system losses and billed TLFs of \$327,087.

Please see attachment "Actual Loss vs Billed Loss Calculation".

Staff Question-7

Ref: Manager's Summary, p. 13

Greater Sudbury Hydro states that:

One component of the February 21st guidance pertains to monthly accrual entries being made in distributor's general ledgers with respect to energy sales and cost of energy. GSHI has not fully implemented this component of the guidance due to difficulty in establishing a consistent process in terms of posting of accruals versus actual invoices. While theoretically simple, in practice GSHI has had difficulty implementing this component due to inconsistent invoicing from wholesale electricity providers. This component of the guidance has no impact on the true ups calculated on a monthly basis and has no impact on the

balances of 1588 and 1589. GSHI continues to work towards implementing this component of the guidance.

- a) Please elaborate the difficulty in implementing the accruals in accordance with the accounting guidance.

Pertaining to cost of energy - when reversing the "initial estimate" in the subsequent month it would be expected that an LDC would have actual cost of energy invoices received and recorded in their general ledger. GSHI is partially embedded in HONI service territory and sometimes receives delayed billings. If GSHI designed a process that relied on receiving all cost of energy invoices in a timely manner there would be months where cost of energy is understated. GSHI cannot rely on receiving these invoices and this accrual process would need to account for that possibility, which adds significant complexity to the process. When delayed billing affects the monthly RPP submission (namely, the 1st true up) GSHI will manually intervene and is forced to use estimates in place of missing data. GSHI has struggled to resource the time/effort required to design an accruals process that is robust enough that it can be done quickly at month-end, will provide accurate month-end accruals consistently, and can be performed by both our subject matter expert (Supervisor) and Accountant.

- b) Please confirm that the invoices and the embedded RPP variances in the invoices are accrued for the calendar year from all wholesale electricity providers.

Confirmed – on an annual basis all accruals are appropriately recorded, and therefore GSHI maintains that the lack of implementation of this component of the guidance does not impact its DVA balances or any OEB or IESO-facing reporting. The only impact is on GSHI's internal monthly financial statements and the values for energy sales/cost of energy do not affect internal decision making on a monthly basis.

- c) Please explain when Greater Sudbury Hydro expects to complete implementing this component of the accounting guidance.

Implementation of this component of the accounting guidance requires a significant time commitment from key accounting and regulatory staff and GSHI has not been able to resource this yet to-date. GSHI will strive to have this component of the guidance implemented by December 31, 2021.

Staff Question-8

Ref: LRAMVA Workform, Tab 5

List of Post Termination Projects (Excel spreadsheet)

In 2019, Greater Sudbury Hydro claimed additional project savings from a separate excel spreadsheet, entitled “List of Post Termination Projects”, which was filed with this LRAMVA application. Please confirm that the project savings of 905,527.58 kWh contained in this excel spreadsheet, “List of Post Termination Projects”, are the same list of CDM projects that were included in Greater Sudbury’s 2020 load forecast.

The list of projects provided in “List of Post Termination Projects” is a subset of the projects included in Greater Sudbury’s 2020 load forecast, which was provided in EB-2019-0037 as Attachment 3 Staff-40_b_i_Post_Term_Projects. Many projects were cancelled after to the 2020 COS. The projects and forecast savings of those projects have been removed from “List of Post Termination Projects”.

Staff Question-9

Ref: LRAMVA Workform, Tabs 3 and 5

Greater Sudbury 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. As a result of the transition to the fixed residential charge, distributors will no longer experience lost revenues due to reduced consumption.

As the May 1, 2019 fixed residential charge is no longer a volumetric rate, the LRAMVA Workform calculates residential lost revenues in 2019 by multiplying the annualized savings in 2019, and the full year value of persisting savings from prior years into 2019, by 1/3 of the 2018 volumetric rate (i.e. Jan 1 to April 30, 2019) to calculate lost revenues for 2019, as this period was before the fixed residential charge was in place.

Please provide rationale for claiming lost revenues for the residential class for all of 2019 when the utility has transitioned to a fixed residential charge as of May 1, 2019.

Applying 1/3 of the Residential variable rate to full 2019 savings is equivalent to applying the full variable rate to 1/3 of 2019 Residential savings. There are no Residential programs in 2019 so all 2019 Residential savings is persistence of savings from previous year programs that were in place as of January 1st 2019. One third of 2019 savings occurred in January to April 2019 so one third of annual savings multiplied by the Residential rate at that time (or an equivalent amount of 1/3 of the variable rate multiplied by full savings) reflects lost revenues from the Residential class in 2019.

Staff Question-10

Ref: Chapter 3 Filing Requirements, p. 22

In support of the LRAMVA application, the IESO verified reports are to be filed in excel format with the LRAMVA Workform, as noted in the Chapter 3 Filing Requirement.

Please file the following additional reports:

- Participation and Cost Report to substantiate CDM savings in 2018 and 2019
- 2017 Final Verified Results Report, which includes the tab “LDC Savings Persistence” to show the persistence of savings from 2015-2017 CDM programs into 2018 and 2019
- 2014 Persistence Savings Report to show the persisting savings from 2011-2014 CDM programs into 2018 and 2019

(3 reports are attached)