



October 4, 2021

Ms. Christine E. Long
Registrar, Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto, ON M4P 1E4

Dear Ms. Long,

Re: ENWIN Utilities Ltd. IRM Rate Application, File No.: EB-2021-0019

On September 20, 2021, ENWIN Utilities Ltd. (“ENWIN”) received written questions from the Ontario Energy Board (“OEB”) Staff relating to ENWIN’s application under File No. EB-2021-0019 (the “Application”). Attached to this letter you will find ENWIN’s written responses to the OEB Staff’s written questions and an updated IRM Rate Generator Model for the OEB’s consideration.

Please do not hesitate to contact me if you have any questions or concerns.

Sincerely,

ENWIN Utilities Ltd.

A handwritten signature in black ink, appearing to read "M. Claire Bebbington".

M. Claire Bebbington
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c.c. Alexander Di Ilio

ENWIN Utilities Ltd.
EB-2021-0019

Please note, ENWIN Utilities Ltd. 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: Manager's Summary

- (a) Should the proposed classification description amendment for the Large Use – 3TS rate class be approved, please identify how ENWIN would assign a rate class to a potential customer who satisfies the intent of both the Large Use – 3TS and Large Use – Regular rate classes (i.e., a potential customer whose 12-month average monthly peak load is equal or greater than 5,000 kW and who is serviced by a dedicated transformer station).

ENWIN Response

ENWIN's Large Use – Regular Service rate class is not intended to encompass customers serviced by dedicated transformer stations. This is reflected in the design of ENWIN's 2020 distribution rates, which allocate the costs associated with these dedicated assets directly to customers in the Large Use – 3TS rate class.

If ENWIN's proposed amendment to the Large Use – 3TS rate class is approved, it would continue to assign any potential customer whose 12-month average monthly peak load is equal or greater than 5,000 kW and who is serviced by a dedicated transformer station to the Large Use – 3TS rate class, as is the case today. This promotes equity between and amongst customers by ensuring they pay distribution charges that reflect the level of service they receive.

ENWIN notes that its proposed amendment to remove the 5,000 kW threshold from the Large Use – 3TS rate class definition would assist in further clarifying the distinction between it and the Large Use – Regular Service rate class, which would also help potential customers determine the rate class in which they fall.

- (b) Please confirm that ENWIN is not currently seeking a new rate class as a result of the proposed Large Use – 3TS rate class classification amendment and does

not expect to seek a new rate class in the future as a result of the proposed classification description amendment.

ENWIN Response

Confirmed. ENWIN is not seeking a new rate class, it is simply proposing an amendment to an existing rate class description. If approved, ENWIN does not expect to seek a new rate class in the future due to or relating to its proposed amendment to the Large Use – 3TS rate class description.

- (c) Should the proposed classification description amendment for the Large Use – 3TS rate class be approved, please advise whether ENWIN is anticipating any customers switching to or from the Large Use – 3TS rate class.

ENWIN Response

Service by dedicated transformer stations is not common in ENWIN's service area. If ENWIN's proposed amendment to the Large Use – 3TS rate class is approved, ENWIN does not anticipate any customers switching to or from the Large Use - 3TS rate class. Rather, ENWIN's proposed amendment is aimed at maintaining the status quo.

Staff Question-2

Ref: IRM Rate Generator Model, Sheet 3 Continuity Schedule

- (a) For 2020, ENWIN recorded interest adjustments of (\$585), (\$46), \$29,478, and \$2,538 in Account 1595 for regulatory balances recorded in 2017, 2018, 2019, and 2020, respectively. Please explain the rationale for these interest adjustments.

ENWIN Response

ENWIN's practice has been to reflect the principal and interest components of OEB-approved amounts transferred into Account 1595 separately on the DVA Continuity Schedule. As such, the billing transactions reflecting the draw down of the principal and interest components of the balances have also been shown separately – the draw down of the principal component is shown in the "Transactions" column until the balance reaches zero, while the draw down of the Interest component is shown thereafter in the "Interest Adjustments" column. This approach does not impact the ending account balance, but it has allowed for the principal and interest components to be tracked and shown separately.

With respect to the recorded interest adjustments noted above:

- For 2017, the \$(585) relates to a write-off to bring the Account 1595 (2017) general ledger balance to zero.
- For 2018, the \$(46) relates to Group 1 rate rider customer billings attributed to the disposition of interest, as the Group 1 principal balance for disposition has been drawn down to zero.
- For 2019, the \$29,478 relates to rate rider customer billings attributed to the disposition of interest, as the principal balance for disposition has been drawn down to zero.
- For 2020, the \$2,538 relates to the interest component of the customer-specific amounts billed to Class A/B Transitional Customers for the disposition of Account 1589.

Staff Question-3

Ref: IRM Rate Generator Model, Sheet 3 Continuity Schedule

- (a) ENWIN recorded a Closing Principal Balance as of December 31, 2020 Adjusted for Disposition during 2021 in Account 1588 of \$727,980. The RPP settlement process is designed, so that any variances in Account 1588 are expected to be minimal (i.e., line losses related differences). Considering this, please explain the factors that have resulted in a more substantial balance for proposed disposition in Account 1588.

ENWIN Response

Account 1588 is used to record net differences between power sales billed and accrued to Regulated Price Plan (RPP) and non-RPP customers, and power costs accrued and paid to the Independent Electricity System Operator (IESO), host distributor or embedded generators. Therefore, with the exception of wholesale market participants, the Account 1588 balance is driven by, and attributable to, all of a distributor's customers (both RPP and non-RPP).

The Account 1588 balance for 2020 represents 0.5% of ENWIN's Account 4705 – Power Purchased costs for the year, which is well within the OEB's reasonability threshold of 1%.¹ ENWIN notes that the absolute size of the Account 1588 balance will in part be driven by the size of the distributor and their overall level of power sales and costs. For example, the same percentage difference in line losses would result in a

¹ Instructions for Completing GA Analysis Workform – 2022 Rates, p.7.

higher Account 1588 balance for a larger distributor than it would for a smaller one, all else being equal. Therefore, the Account 1588 balance in relation to the size of the distributor is important to consider.

As noted in the question above, differences between actual system losses experienced and the approved loss factors used for billing purposes are the primary contributors to the Account 1588 balance, in addition to the commodity pricing in effect when these differences occur. Other factors that can also contribute to the Account 1588 balance include proration differences, metering estimates, the impacts of cancel/rebills, and price variances for customers that are still billed using a weighted average price.

Given the number of components that can contribute to the Account 1588 balance, ENWIN reviews the account monthly to monitor its overall position to determine if there are any potential issues that may warrant further investigation. ENWIN is not aware of any additional abnormal factors outside of those described above that may have contributed to the Account 1588 balance for 2020.

Staff Question-4

Ref: IRM Rate Generator Model, Sheet 3 Continuity Schedule

- (a) ENWIN recorded principal and interest balances of \$1,797,581 and \$433,810, respectively, under OEB Approved Disposition during 2020 for Account 1595. Considering that Account 1595 residual balance disposition is not permitted until two years after expiry of the rate rider, and that the OEB did not approve disposition of Account 1595 balances in 2020, please confirm the source and rationale of the balances recorded under OEB Approved Disposition during 2020 for Account 1595 in the present application.

ENWIN Response

These amounts relate to the movement of amounts approved for disposition in ENWIN's 2020 Cost of Service proceeding (EB-2019-0032) into Account 1595 (2020), to be refunded to or recovered from customers starting January 1, 2020. These amounts are not related to OEB approval of any remaining residual amounts in the Account 1595 (2020), which cannot be requested until two years after the applicable rate rider period has ended and the account balance has been audited.

Staff Question-5

Ref: IRM Rate Generator Model, Sheet 20 Bill Impacts

- (a) OEB staff has identified that the Non-RPP Retailer Average Price and Average IESO Wholesale Market Price used at the above reference were incorrectly entered as \$0.2689. OEB staff has updated the pricing to reflect the correct amount of \$0.1060. Please confirm that your model reflects this update.

ENWIN Response

ENWIN has updated its 2022 IRM Rate Generator Model to reflect this update.

The updated model is attached as file titled "ENWIN_Appendix B_2022-IRM-Rate-Generator-Model_v1.0_20211004".

Staff Question-6

- (a) Please file an updated IRM Checklist, Rate Generator Model, and/or GA Analysis Workform, should any updates to these be required as a result of responses to OEB staff questions.

ENWIN Response

As noted in response to Staff Question-5, ENWIN has attached an updated 2022 IRM Rate Generator Model that reflects the update to the Non-RPP Retailer Average Price and Average IESO Wholesale Market Price on Tab 20 – Bill Impacts.

ENWIN has not identified any other updates that are required at this time in response to OEB Staff questions.