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BY EMAIL

October 7, 2021

Christine E. Long
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Long:

Re: EB-2021-0045 Application for 2022 Rates

In accordance with Procedural Order #1, please find attached the Ontario Energy Board (OEB) staff interrogatories in the above proceeding. The applicant has been copied on this filing.

Niagara-on-the-Lake Hydro Inc.'s responses to interrogatories are due by October 21, 2021.

Any questions relating to this letter should be directed to Vince Mazzone at vince.mazzone@oeb.ca or at 416-544-5159. The Board's toll-free number is 1-888-632-6273.

Yours truly,

Vince Mazzone
Case Manager

Encl.

**OEB Staff Interrogatories
Niagara-on-the-Lake Hydro Inc. (NOTL Hydro)
EB-2021-0045**

Please note, Niagara-on-the-Lake Hydro Inc. is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories 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-1

Ref 1: Manager's Summary, pp. 18-19

Ref 2: NOTL's 2019 Cost of Service Decision and Order EB-2018-0131, Appendix I, Draft Accounting Order for Specified Customer Revenue Variance Account

In Reference 1, NOTL Hydro states that:

NOTL Hydro was approved for a 1508 sub account – Specific Customer Variance in its 2019 Cost of Service. Due to uncertainty around the actual demand for this customer at the time, NOTL Hydro proposed and was approved for the use of variance account to track variances in variable distribution revenue from the 5,000kW demand estimated in the application.

NOTL Hydro is requesting disposition of a closing principal balance as at December 31, 2020 of (\$50,388) plus the total interest of (\$458) in this application.

The total claim of (\$50,845) is allocated to the customers in each class as follows:

Table 12: Allocation of Large Use Variance Account

Rate Class	kWh	kW	Customers	Distribution Revenue	% of Distribution Revenue	Allocation	Rate Rider
Residential	79,757,806.96	-	8,115.00	3,008,120.71	50.6%	(25,730.96)	(0.26) per customer/month
GS<50	39,949,019.42	-	1,393.00	1,327,943.19	22.3%	(11,359.00)	(0.0003) per kWh
GS>50	75,490,205.79	192,701.00	123.00	1,190,897.53	20.0%	(10,186.74)	(0.0529) per KW
Large User	25,776,833.70	87,942.40	1.00	203,186.22	3.4%	(1,738.02)	(0.0198) per KW
USL	247,075.17	-	31.00	8,872.32	0.1%	(75.89)	(0.0003) per kWh
Street Lights	840,174.86	2,338.80	2,148.00	205,146.06	3.5%	(1,754.78)	(0.7503) per KW
Total	222,061,115.90	282,982.20	11,811.00	5,944,166.03	100.0%	(50,845.39)	

OEB staff notes that the claim is proposed to be allocated to residential customers based on number of customers.

Reference 2 states that:

The rate rider will be determined by allocating the balance of the variance account across customer classes based on customer class revenue. Within each customer class it will be allocated across customers based on kwh.

- a) Please provide the calculation for the 2020 principal balance of \$50,388 that is recorded in the account, including the forecasted consumption as approved in NOTL Hydro's 2019 cost of service proceeding and the actual consumption.
- b) Please explain where the (\$50,845) variance was included in the 2020 Audited Financial Statements (AFS) and provide a mapping of the (\$50,845) variance to the line item on 2020 AFS.
- c) Please explain why NOTL Hydro is proposing to allocate the large customer variance to residential customers on a per customer basis instead of based on consumption kWh, as was stated in the approved accounting order for the account.

Staff-2

Ref 1: Manager's Summary, Appendix 5 – Draft Accounting Order – Rate Year Re-Alignment Variance Account

Ref 2: 2022 Filing Requirements, Chapter 2, Section 2.9.2

NOTL Hydro proposes the establishment of a new variance account to record the incremental revenues from the four-month stub period in 2022 because it is requesting to align the rate year to fiscal year effective January 1, 2022.

In the draft accounting order provided, OEB staff notes that NOTL Hydro did not propose to record any carrying charges on the account balance.

Reference 2 states that in the event a distributor seeks an accounting order to establish a DVA, the eligibility criteria (causation, materiality and prudence) must be met. OEB staff notes that NOTL Hydro did not provide the evidence regarding the eligibility for the new account requested.

- a) Please revise the draft accounting order by including the wording and entry for the carrying charges if NOTL Hydro agrees that the carrying charges should be recorded in the account.

- b) Otherwise, please explain why NOTL Hydro does not agree that the carrying charges should be recorded in the account.
- c) Please provide the evidence regarding the eligibility criteria of the new account requested.

Staff-3

Ref: Manager's Summary, p. 21

NOTL Hydro states that in order to ensure no impact to customers regarding the request to align the rate year and fiscal year, NOTL Hydro will track the difference between the distribution rates approved in this application and the previously approved rates (EB 2020-0042) for the period from January 1, 2022 to April 30, 2022. NOTL Hydro will record these amounts in the new variance account requested with interest to be returned to customers as a rate rider once the balances of the variance account are final and audited.

- a) Please confirm whether NOTL Hydro considered a one-time adjustment for the four-month stub period, via a four-month rate rider, with no further true up in lieu of establishing a new variance account.
- b) If NOTL Hydro did not consider a one-time adjustment approach, please discuss why and whether NOTL would consider this approach instead.
- c) Please provide the calculation of this four-month rate rider for each customer class based on forecast consumption during the stub-period from January 1, 2022 to April 30, 2022 multiplied by the difference between current and proposed rates for each class.

Staff-4

Ref: IRM Rate Generator Model, Tab 4

NOTL Hydro is requesting disposition of Account 1595 sub-accounts for 2016 and 2017 and populated the percentage allocations by customer class in Tab 4. These percentage allocations should be derived from the information used to establish the rate riders originally. OEB staff was unable to verify these percentages.

Total Metered kW less WMP consumption (if applicable)	1595 Recovery Proportion (2016) ¹	1595 Recovery Proportion (2017) ¹	1568 LRAM Variance Account Class Allocation (\$ amounts)	Number of Customers for Residential and GS<50 classes ³
0	-61%	48%		8,115
0	-27%	8%		1,393
192,701	185%	42%		
87,942	0%			
0	0%	0%		
2,339	2%	2%		
0	0%			
282,982	100%	100%	0	9,508

- Please confirm that the rate rider calculations for the vintage year rate applications were used for the percentages entered.
- Please identify the source of the percentages entered (from the 2016 and 2017 rate proceedings, respectively).

Staff-5

Ref: IRM Rate Generator Model, Tab 20

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 the model attached to these interrogatories reflects this update.

Staff-6

Ref 1: Account 1595 Analysis Workform, Tab 1595 2017

Ref 2: NOTL Hydro's 2017 IRM Decision and Rate Order (EB-2016-0095)

OEB staff is unable to verify that the principal balance and carrying charges approved for disposition entered in the "total group 1 and group 2 balances excluding account 1589 – global adjustment" row (cell D14 and cell E14) reconcile with the balances approved for disposition in NOTL Hydro's 2017 IRM application.

9				
10				
11	Year in which this worksheet relates to	2017		
12	Components of the 1595 Account Balances:		Principal Balance Approved for Disposition	Carrying Charges Balance Approved for Disposition
13	Shared Tax Savings (Approved by the OEB in Prior Decision(s) and Order(s) and Transferred to Account 1595), if any		n/a	n/a
14	Total Group 1 and Group 2 Balances excluding Account 1589 - Global Adjustment		-\$271,532	-\$1,526
15	Account 1589 - Global Adjustment		\$12,943	-\$6,414
16	Total Group 1 and Group 2 Balances		-\$258,588	-\$7,940
17				

- a) Please confirm that these balances are accurate and provide the source of the principal and interest balances (excluding account 1589) approved for disposition.
- b) If necessary, please update the Account 1595 Analysis Workform and Continuity Schedule to reflect any corrections to the principal and interest balances (excluding account 1589) approved for disposition.