

**Oakville Hydro Electricity Distribution Inc.**  
**2022 Price Cap IR Application (EB-2021-0048)**  
**Response to OEB Staff Interrogatories**

**Staff Question-1**

**Ref:** D21-11961 Oakville\_2022\_GA\_Analysis\_Workform\_1.0\_20210818, Tab GA 2017

**Question:**

At the above noted reference Cell G27 is blank. Please confirm the selection for cell G27.

**Response:**

Oakville Hydro confirms that the selection for cell G27 is "YES".

**Staff Question-2**

**Ref:**

- 1) EB-2021-0048, page 7 of 17
- 2) D21-11965 Oakville\_2022-IRM-Rate-Generator-Model\_20210818-v1.0\_20210818, Tab 3 – Continuity Schedule
- 3) D21-11961 Oakville\_2022\_GA\_Analysis\_Workform\_1.0\_20210818, Tab GA 2018, C90
- 4) D21-11961 Oakville\_2022\_GA\_Analysis\_Workform\_1.0\_20210818, Tab GA 2019, C90

**Preamble:**

At reference 1, Oakville Hydro indicated it was committed to investigating the annual variances in Accounts 1588 and 1589 for the period 2016-2020. Furthermore, through that review, Oakville Hydro indicated it had identified some errors impacting the Global Adjustment charges. When comparing the information included in the continuity schedule in the IRM model and the GA Workform, OEB staff noted some differences between the Adjusted Net Change in Principal Balance in the GL (Cell C90) and the net movement in the continuity schedule (Transactions + Principal Adjustments) for the years 2018 and 2019. Please see details below:

2018	IRM Model	GA workform
Transactions	\$404,604	
Principal Adjustments	(\$1,090,776)	
<b>Total</b>	<b>(\$686,172)</b>	<b>(\$828,482)</b>

2019	IRM Model	GA workform
Transactions	\$1,130,130	
Principal Adjustments	(\$47,295)	
<b>Total</b>	<b>\$1,082,835</b>	<b>\$1,225,146</b>

**Question:**

Please explain the drivers for the variance in further detail and update the evidence if required.

**Response:**

Oakville Hydro confirms that the principal adjustments in the GA Workform are correct. The links in the 2022 IRM Rate Generator Model Oakville Hydro filed on August 18, 2021 were not updated. Oakville Hydro has updated the 2018 ,2019 and 2020 principal adjustments in its 2022 IRM Rate Generator Model, which will be filed separately.

Oakville Hydro also updated the rate generator and GA workforms for reconciliation item 6 (differences in GA IESO posted rate and rate charged on IESO invoice) for 2016 and 2017. At the time of filing its Application, Oakville Hydro had estimated the amount to be \$1,930,801 and \$1,505,891 for 2016 and 2017 respectively. These amounts have been revised to reflect the amount claimed of \$1,677,308 and \$1,482,858 for 2016 and 2017 respectively.

**Staff Question-3**

**Ref:**

- 1)Oakville\_IRM+2021+Rate+Model\_20201217.xlsm, Tab 3 – Continuity Schedule
- 2) D21-11965 Oakville\_2022-IRM-Rate-Generator-Model\_20210818-v1.0\_20210818, Tab 3 – Continuity Schedule

**Preamble:**

At reference 1, there were principal adjustments booked for Accounts 1588 and 1589 in the amounts of (\$1,168,174) and \$778,807, respectively, for 2019. At reference 2, these amounts were changed to (\$653,831) and (\$47,295) respectively.

**Questions:**

Please explain in further detail the drivers for the changes to the principal adjustments reported in last year's application.

**Response:**

As discussed in Question 4 below, Oakville Hydro conducted a thorough review of the balances of both Account 1588 and Account 1589 for the period 2016 to 2020 in 2021. Oakville Hydro compared the balances of the 1588 Power Account and the 1589 GA Account in Oakville Hydro's General Ledger with the expected balances in the tab "Final RSVA Balances" in the OEB's Regulated Price Plan (RPP) Settlement Model. In its 2022 Annual IR Application, Oakville Hydro also changed the methodology to calculate the unbilled to actual revenue true up amounts that impact the 1588 Power Account and the 1589 GA Account.

In its 2022 Annual IR application, Oakville Hydro has included an adjustment to Class B Global Adjustment due to change in reported embedded generation (CT 2148) for 2019 that was booked in 2020 and was not included in the 2021 GA Workform. Oakville Hydro also identified a Regulated Price Plan Settlement Amount (CT 1142/142) true-up based on actual RPP kWhs and actual GA for current year that were settled with IESO for the following year. This was not included in 1588 Power Principal Adjustment in the 2021 GA Workform.

## Staff Question-4

**Ref:** Manager's Summary, p. 9

### Preamble:

In the of the above noted reference, Oakville Hydro indicates it has taken the appropriate steps to ensure the accuracy balances of Accounts 1588 and 1589.

### Question:

Please describe the steps Oakville Hydro has taken to ensure the accuracy of Account 1588 and 1589 balances and mitigate discrepancies with reporting Global Adjustment charges in the future.

### Response:

As discussed in Section 12.5 of the Manager's Summary, in its 2021 Annual IR application, Oakville Hydro committed to further investigate the annual variances in Account 1588 and Account 1589 for the period 2016 to 2020. The review included a comparison of the energy and Class B global adjustment revenue and costs recorded in the general ledger to the expected amounts in the "Final RSVA Balance" tab in the OEB's RPP Settlement Model for each month in the five-year period examined.

This proved to be an effective way to identify anomalies in both revenues and expenses and provided a methodology for truing up unbilled revenue to actual revenue. Oakville Hydro has operationalized this process and it is now able to identify and resolve anomalies in a timely manner.

In addition, Oakville Hydro began to reconcile the actual global adjustment rate to the posted global adjustment rate when it implemented the OEB's Accounting Guidance related to Accounts 1588 Power, and 1589 Retail Settlement Variance Account (RSVA) Global Adjustment in 2019. Any material differences are reconciled and resolved on a monthly basis.

Oakville Hydro continues to work with the provider of its Operational Data Store (ODS) to further improve its processes by enabling it to use smart meter data from its ODS more extensively to further improve its settlement processes.

## Staff Question-5

### Ref:

- 1) D21-11965 Oakville\_2022-IRM-Rate-Generator-Model\_20210818-v1.0\_20210818, Tab 6.1a – GA Allocation, Cell H19
- 2) EB-2017-0067, IRM Rate Generator Model Excel file, Tab 4 – Billing Det. for Def- Var, E25

### Question:

At reference a), the Non-RPP Consumption Less WMP Consumption indicated for 2016 of 799,606,052 kWh does not agree with the values provided for the 2018 rate application at reference b) of 812,713,750 kWh. Please explain the discrepancy.

**Response:**

Oakville Hydro inadvertently populated the 2016 RPP consumption as the Non-RPP Consumption Less WMP Consumption. 2016 Non-RPP Consumption Less WMP Consumption is 812,713,750 kWh. Oakville Hydro has updated its 2022 IRM Rate Generator, which will be filed separately.

**Staff Question-6**

**Ref:** D21-11965 Oakville\_2022-IRM-Rate-Generator-Model\_20210818-v1.0\_20210818, Tab 20 - Bill Impacts

**Preamble:**

Staff notes that Oakville Hydro has used a Non-RPP Retailer Average Price and Average IESO Wholesale Market Price of \$0.1036 to calculate bill impacts for Non-RPP customers.

OEB staff has updated the pricing to reflect the correct amount of \$0.1060, which represents the Wholesale Market Price as of June 2021 and has updated the bill impacts accordingly.

<b>Sub-Total C - Delivery (including Sub-Total B)</b>				<b>\$ 5,288.96</b>		
Wholesale Market Service Charge (WMSC)	\$	0.0034	207,520	\$ 705.57	\$ 0.0034	207,520
Rural and Remote Rate Protection (RRRP)	\$	0.0005	207,520	\$ 103.76	\$ 0.0005	207,520
Standard Supply Service Charge	\$	0.25	1	\$ 0.25	\$ 0.25	1
Average IESO Wholesale Market Price	\$	0.1036	207,520	\$ 21,499.0	\$ 0.1036	207,520

a) Please confirm that your model reflects this update.

**Response:**

Oakville Hydro confirms that 2022 IRM Rate Generator Model is updated to reflect the Average IESO Wholesale Market Price of \$0.1060.