**Alectra Utilities Corporation**

**EB-2021-0005**

**OEB Staff Questions**

Please note, Alectra Utilities Corporation 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*.

Please also note, 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. The updated models attached with these questions reflect this update.

**Staff Question-1**

**Ref: Rate Generator Models, Tab 1 Information Sheet**

For the Retail Transmission Service Rate (RTSR) scenario, Alectra Utilities Corporation (Alectra Utilities) selected “Transmission Connected” for all five rate zones (RZs) in Tab 1 of the Rate Generator Models (cell F53). Based on the information Alectra Utilities provided in the calculation of the RTSRs, OEB staff notes that for all five RZs, Alectra Utilities is charged both Uniform Transmission Rates (UTRs) and Hydro One Networks Inc.’s (Hydro One) host-RTSRs. Therefore, all five of Alectra Utilities’ RZs are partially embedded within Hydro One’s distribution system. OEB staff has updated the content in cell F53 to “Partially Embedded” in Tab 1 of the Rate Generator Models. Please review and confirm this change. (Please note this input is only for information purposes and has no impact to the RTSR calculations.)

**Staff Question-2**

**Ref: Horizon RZ, Rate Generator Model, Tab 6.2a CBR B\_Allocation**

For the Horizon RZ, as indicated in the model, the year that Account 1580 Sub-account CBR Class was last disposed is 2019. Therefore, only 2020 consumption data should be populated and applied in the first table in Tab 6.2a for the consumption portion calculation.

In the Horizon RZ’s Rate Generator Model filed in the application, OEB staff notes that in Tab 6.2a, the model populated both 2019 and 2020 consumption data in the first table where the consumption portion for transition customers is calculated. OEB staff has corrected the Rate Generator Model to only populate 2020 consumption data in Tab 6.2a, and notes there is no impact to the CBR Class B rate rider calculation. Please review the updated Horizon RZ’s model and confirm the change.

**Staff Question-3**

**Ref: PowerStream RZ, Rate Generator Model, Tab 3 Continuity Schedule, Account 1595 (2016)**

In the Rate Generator Model filed for the PowerStream RZ, the 2020 opening principal balance in Account 1595 (2016) is a credit of $17,476, and the 2020 closing interest balance in this account is a credit of $5,544.

1. Has the residual balance in Account 1595 (2016) been disposed of in any previous rate proceeding after the associated DVA rate rider expired? (If so, please provide the residual balances approved for disposition and the related OEB-approved document for reference.) If the residual balance has been disposed of in previous proceeding, please explain why there were non-zero opening balances in this account in 2020.
2. OEB staff notes that Alectra Utilities reported principal and interest transactions (a debit of $17,476 and a debit of $5,544) in Account 1595 (2016) under year 2020. Please provide an explanation for these transactions. Please confirm whether or not these transactions in 2020 were recorded in order to write off the residual balances in Account 1595 (2016). If so, please provide the rationale for this treatment. If the residual balance in Account 1595 (2016) has never been disposed of, please explain why Alectra Utilities is not asking for disposition of this account in the current application.

**Staff Question-4**

**Ref: Enersource RZ, Rate Generator Model, Tab 3 Continuity Schedule, Account 1595 (2016)**

In the Rate Generator Model filed for the Enersource RZ, the 2020 closing principal balance in Account 1595 (2016) is a debit amount of $49,497, and the 2020 closing interest balance in this account is a credit amount of $49,497. OEB staff notes that the DVA (2016) rate rider (approved in EB-2015-0065) was effective from May 1 to December 31, 2016.

1. Has the residual balance in Account 1595 (2016) been disposed of in any previous rate proceeding after the associated DVA rate rider expired? (If so, please provide the residual balances approved for disposition and the related OEB-approved document for reference.) If the residual balance has been disposed of in previous proceeding, please explain why there were non-zero opening balances in this account in 2020.
2. OEB staff notes that Alectra Utilities reported principal and interest transactions (a debit amount of $63,268 and a credit amount of $49,330) in Account 1595 (2016) under year 2020. Please provide an explanation for these transactions. Please confirm whether or not these transactions in 2020 were recorded in order to write off the residual balances in Account 1595 (2016). If so, please provide the rationale for this treatment. If the residual balance in Account 1595 (2016) has never been disposed of, please explain why Alectra Utilities is not asking for disposition of this account in the current application.

**Staff Question-5**

**Ref: Guelph RZ, Rate Generator Model, Tab 3 Continuity Schedule, Account 1595 (2018)**

**Ref: Exhibit 2, Tab 1, Schedule 5, page 54**

Alectra Utilities states that it is not requesting disposition of 1595 sub-account balances for the Guelph RZ as it does not meet the requirements for disposition of residual balances. OEB staff notes that Guelph Hydro Electric Systems Inc.’s (Guelph Hydro) 2018 rate riders expired as of December 31, 2018.[[1]](#footnote-1) According to the Chapter 3 Filing Requirements, the Guelph RZ’s Account 1595 (2018) balance may be disposed of once the December 31, 2020 account balance has been audited. Therefore, it is eligible for disposition in the 2022 rate year.

Please explain Alectra Utilities’ position with respect to its request not to dispose of the residual balance in Account 1595 (2018) for the Guelph RZ in this application, with due consideration to the Chapter 3 Filing Requirements. If Alectra Utilities revises its position, and elects to dispose of this residual balance, please update the Rate Generator Model and file the 1595 Analysis Workform for Guelph RZ.

**Staff Question-6**

**Ref: Brampton RZ’s GA Analysis Workform, Principal Adjustments Tab**

Under Note 9 of the GA Analysis Workform, Alectra Utilities included a current year principal adjustment related to CT-148 true-up of GA charges for Account 1589 in 2020:





OEB staff believes that there should be a corresponding offsetting adjustment in Account 1588 for the same amount. However, Alectra Utilities included the following principal adjustment for Account 1588:





1. Please confirm whether the “CT-148 true-up of GA charges based on actual RPP volumes” of ($1,945,016) for Account 1588 has included the adjustment for “CT-1142 true-up based on actuals”.
2. If a) is confirmed, please provide a breakdown of the adjustments in 2020 between:
	1. CT-148 true-up of GA charges based on actual RPP volumes
	2. CT-1142 true-up based on actuals

Please also submit an updated GA Analysis Workform with the appropriate amounts in the principal adjustments for Account 1588.

1. If a) is not confirmed, please explain why the “CT-148 true-up of GA charges based on actual RPP volumes” of ($1,945,016) in Account 1588 is not equal and offsetting from the “CT 148 true-up of GA charges based on actual non-RPP volumes” of $306,008 in Account 1589.

**Staff Question-7**

**Ref: Enersource RZ’s GA Analysis Workform, Principal Adjustments Tab**

Under Note 9 of the GA Analysis Workform, Alectra Utilities included a current year principal adjustment related to CT-148 true-up of GA charges for Account 1589:





However, there was no corresponding principal adjustment for Account 1588, with an adjustment only for CT-1142 true-up:





1. Please confirm whether the “CT-148 true-up of GA charges based on actual RPP volumes” for Account 1588 has been included with the ($757,666) adjustment for “CT-1142 true-up based on actuals”.
2. If a) is confirmed, please provide a breakdown of the adjustment between:
	1. CT-148 true-up of GA charges based on actual RPP volumes
	2. CT-1142 true-up based on actuals

Please also submit an updated GA Analysis Workform with the appropriate amounts in the principal adjustments for Account 1588.

1. If a) is not confirmed, please explain why there is no corresponding principal adjustment for CT-148 true-up of GA charges for Account 1588.

**Staff Question-8**

**Ref: Enersource RZ’s GA Analysis Workform, Principal Adjustments Tab**

Under Note 9 of the GA Analysis Workform, Alectra Utilities included a current year principal adjustment of $11,023,822 for Account 1588, related to Unbilled to actual revenue differences:





The difference between unbilled to actual revenues of $11,023,822 appears unusually large. Please explain and provide supporting calculation of this amount.

**Staff Question-9**

**Ref1: Guelph RZ’s Rate Generator Model, Tab 3 Continuity Schedule**

**Ref2: Guelph RZ’s GA Analysis Workform, Principal Adjustments Tab**

In the Rate Generator Model Continuity Schedule, Alectra Utilities noted the following Variance to the RRR balance for Account 1588:



The variance to the RRR balance is expected to be equal to the principal adjustments made in the current disposition period.

In the GA Analysis Workform, Principal Adjustments tab for Account 1588, Alectra Utilities noted the following current year principal adjustments for 2020:





Please explain the difference of $196,516 between the variance to the RRR balance ($1,374,316) and the principal adjustments in 2020 ($1,570,832) for Account 1588.

**Staff Question-10**

**Ref: Guelph RZ’s GA Analysis Workform, Principal Adjustments Tab**

Under Note 9 of the GA Analysis Workform, Alectra Utilities included a current year principal adjustment related to CT-148 true-up of GA charges for Account 1589:





However, there was no corresponding principal adjustment for Account 1588, with an adjustment only for CT-1142 true-up:





1. Please confirm whether the “CT-148 true-up of GA charges based on actual RPP volumes” for Account 1588 has been included with the $23,159 adjustment for “CT-1142 true-up based on actuals”.
2. If a) is confirmed, please provide a breakdown of the adjustment between:
	1. CT-148 true-up of GA charges based on actual RPP volumes
	2. CT-1142 true-up based on actuals

Please also submit an updated GA Analysis Workform with the appropriate amounts in the principal adjustments for Account 1588.

1. If a) is not confirmed, please explain why there is no corresponding principal adjustment for CT-148 true-up of GA charges for Account 1588.

**Staff Question-11**

**Ref1: EB-2019-0018, Partial Decision and Order, January 30, 2020, Pages 38-39**

**Ref2: EB-2020-0002, Decision and Order, December 17, 2020, Page 51**

**Ref3: Exhibit 2, Tab 1, Schedule 2**

In the OEB’s Partial Decision and Order in Alectra Utilities’ 2020 IRM application, the OEB accepted Alectra Utilities’ approach to allocating capitalization policy impacts across its rate zones. However, the OEB also concluded that it would be appropriate to continue monitor the results of the allocation methodology.

In the OEB’s Decision and Order on Alectra Utilities’ 2021 IRM application, the OEB directed Alectra Utilities to “file evidence applying the accepted methodology, quantifying the differences between actual to forecast allocations and explaining the key drivers, particularly if the differences are material.”

In the current application, Alectra Utilities noted that the forecast allocations were underpinned by the capital included in Alectra Utilities’ Distribution System Plan in its 2020 EDR proceeding. Alectra Utilities also noted that any changes relative to the capitalization policy impacts included in the 2020 EDR proceeding (i.e. the forecast allocations) are driven by the actual distribution plant capital expenditures in any given year.

OEB staff quantified the differences between actual to forecast allocations for 2020, which were driven by the differences between actual to forecast distribution plant capital expenditures as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2020** | **ERZ** | **BRZ** | **HRZ** |
| **A** | Forecasted Distribution Plant Capital as per 2020 IRM (EB-2019-0018) |  51,568,514  |  31,906,799  |  52,938,214  |
| **B** | Actual Distribution Plant Capital |  44,060,116  |  28,483,507  |  56,322,751  |
| **C** | **Actual to Forecast Difference in Distribution Plant Capital** |  **(7,508,398)** |  **(3,423,292)** |  **3,384,537**  |
| **D** | Allocation % as per 2020 IRM (EB-2019-0018) | 3.38% | -8.01% | 11.56% |
| **E** | **Actual to Forecast Difference in Capitalization Policy Impact** |  **(254,076)** |  **274,375**  |  **391,322**  |

Alectra Utilities also noted that in order to assess the reasonability of the allocation methodology, it compared the change in distribution plant capital in the Enersource RZ and Brampton RZ from 2019 to 2020. However, OEB staff notes that Alectra Utilities’ chosen allocation methodology will necessarily result in the capitalization policy impact changing in accordance with the year-over-year change in distribution plant capital.

1. Please explain the key drivers for the actual to forecast differences in 2020 distribution plant capital for Enersource RZ, Brampton RZ, and Horizon RZ (row C above).
2. Given that Alectra Utilities’ chosen allocation methodology will necessarily result in the capitalization policy impacts changing in accordance with the year-over-year change in distribution plant capital, please explain how year-over-year changes to distribution plant capital expenditures demonstrate reasonability of the allocation methodology.
3. Has Alectra Utilities considered other means to assess reasonability of the annual capitalization policy impacts recorded in the deferral accounts (for example, analyzing year-over-year changes to other variables that are not used to calculate the allocations)?
1. Decision and Rate Order, issued December 14, 2017, EB-2017-0044 [↑](#footnote-ref-1)