

**Waterloo North Hydro Inc.**  
**EB-2021-0062**

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**Staff Question-1**

Ref: (1) Manager's Summary, Page 8

Preamble:

WNH noted the following regarding the Final Verified Annual Reports and Participation & Cost Reports:

"WNH has included a claim of \$716,416 in Sheet 4 affecting customers in rate class General Service < 50kW, General Service > 50 kW and Large User per Attachment E (LRAMVA Workform). All Final Verified Annual Reports and Participation & Cost Reports with detailed project savings were submitted as part of WNH's 2021 Cost of Service Rate Application, EB-2020-0059. Since only persistent savings from historical years and no forecasted savings have been included, no changes have been made to the underlying program savings in the submitted LRAMVA Workform. Therefore, WNH has not re-filed the reports as part of this application."

Question:

- a) Please provide the IESO reports to support the LRAMVA claim, in order to reflect these documents on the record for this proceeding.

**Response:**

WNH has provided the following documents as support for this LRAMVA claim:

- Att 1a CDM\_WNH\_2011-15 Program Persistence Results Report (filed updated version as Interrogatory Response 3-VECC-31 Att 31b in EB-2020-0059)
- Att 1b Waterloo\_CDM Program Persistence Results Report – WNH 2015-2017 (filed in Application and Evidence EB-2020-0059)
- Att 1c Waterloo\_CDM Participation and Cost Report – WNH 2018-12 (filed in Application and Evidence EB-2020-0059)
- Att 1d Waterloo\_CDM Participation and Cost Report – WNH 2019-04 (filed in Application and Evidence EB-2020-0059)
- Att 1e CDM 2018-2020 Program Details (filed updated version as Interrogatory Response 3-STAFF-36(e) Att 3 in EB-2020-0059)

## **Staff Question-2**

Ref: (1) Rate Generator Model, Tab 6 – Class A Consumption Data

Preamble:

At the above reference, Customer 1's kW and kWh values in 2019 increase from 87,439 kWh and 404 kW to 699,912 kWh and 2,929 kW, respectively.

Question:

- a) Please confirm that values noted above are accurate and, if possible, explain the substantive change in this customer's consumption and demand.

Response:

The values noted above have been updated in the revised model. WNH had erroneously entered the January to June values in July to December and vice versa. The decrease in the customer's consumption and demand is because the company went out of business.

## **Staff Question-3**

Ref: (1) Rate Generator Model, Tab 6.2a – CBR B\_Allocation

Question:

- a) Please populate the Total Consumption Less WMP Consumption for years 2016, 2017 and 2018 at the above reference.

Response:

WNH has updated the model -  
[WNH\\_2022\\_IRM\\_Rate\\_Generator\\_Model\\_Updated\\_20211022](#)

#### **Staff Question-4**

Ref: (1) Manager's Summary, Page 8  
(2) Rate Generator Model, Tab 4 – Bill Determinants of Deferral Variance Accounts

Preamble:

At reference #1 WNH indicates it has elected to dispose of the Group 1 account balances although the total does not meet the threshold test of \$0.001/kWh.

Question:

- a) Please provide reasoning for the request for disposition.

Response:

[Approach is consistent with prior years and is helpful to clear balances to reduce rate impact.](#)

#### **Staff Question-5**

Ref: (1) Rate Generator Model, Tab 20 – Bill Impacts

Question:

- a) Cell L35 at the above reference is blank. Please specify the kW demand in cell L35.

Response:

[WNH has updated the model – Tab 20 – Bill Impacts - Cell K35 and Cell L35 based on average consumption of streetlighting customers in 2021.](#)

#### **Staff Question-6**

Ref: (1) Rate Generator Model, Tab 20 – Bill Impacts

Preamble:

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.

<b>Sub-Total C - Delivery (including Sub-Total B)</b>				<b>\$ 651.13</b>	
Wholesale Market Service Charge (WMSC)	\$ 0.0034	52	\$ 0.18	\$ 0.0034	
Rural and Remote Rate Protection (RRRP)	\$ 0.0005	52	\$ 0.03	\$ 0.0005	
Standard Supply Service Charge	\$ 0.25	1	\$ 0.25	\$ 0.25	
Average IESO Wholesale Market Price	\$ 0.2689	50	\$ 13.45	\$ 0.2689	

Question:

- a) Please confirm that the updated model included with these OEB staff questions appropriately reflects this update.

Response:

WNH confirms and accepts the change reflected in the updated model

### Staff Question-7

Ref: (1) Rate Generator Model, Tab 2 – Current Tariff Schedule  
(2) Rate Generator Model, Tab 20 – Bill Impacts

Preamble:

At reference #1 the Deferral/Variance Accounts and LRAMVA rate riders for the General Service 50 to 4,999 kW and Large Use Service classes were recovered through a \$/kWh allocation factor.

At reference #2 the Deferral/Variance Accounts and LRAMVA rate riders for the General Service 50 to 4,999 kW and Large Use Service classes were recovered through a \$/kW allocation factor.

Question:



- 2) Please reconcile the energy savings from the street lighting upgrades (made through the Save on Energy Retrofit Programs) with the IESO's persistence report savings included in Tab 7 of the workform.

**Response:**

- 1) Consistent with WNH's 2021 Cost of Service rate application EB-2020-0059, Exhibit 4, page 114 line 14 to page 115 line 3, WNH is not seeking any LRAM recovery for the Street Lighting class. Tab 8 of the workform was completed to remove the kWh street lighting savings included in the Save on Energy Retrofit Programs in the IESO persistence and participation and cost reports from other rate classes.

WNH notes that the data provided in Tab 8 is in kWh and is not available from billing details as requested since this rate class is billed on kW. Any kW reductions occurred during off-peak times and therefore there is no kW adjustment required to the IESO reports (see 0 value in cell O502 of Tab 5). Therefore, the data requested above is not relevant to this claim.

- 2) The reconciliation of total energy savings in program year 2017 is as follows:
  - a. Att 1b Waterloo\_CDM Program Persistence Report – WNH 2015-2017 on the LDC Savings Persistence tab row 439 – Save on Energy Retrofit Program has been included in row 144 of Tab 7 of the workform.
  - b. Att 1d Waterloo\_CDM Participation and Cost Report – WNH 2019-04 on the LDC Progress tab row 15 – Save on Energy Retrofit Program Unverified amounts have been included in row 160 of Tab 7 of the workform.
  - c. The sum of these two lines in Tab 7 ties to the total Save on Energy Retrofit Program on Tab 8 row 33 (and 38) as well as Tab 5 rows 499 and 502.

**Staff Question-9**

Ref: (1) EB-2020-0059, 2021 Cost of Service, Settlement Proposal, page 39 (attached to December 10, 2020 decision and order)  
(2) Manager's Summary, page 9, August 18, 2021

Preamble:

At Reference #1, the 2021 Cost of Service Settlement Proposal stated:

The Parties taking a position on this issue accept WNH's proposal for Group 1 deferral and variance accounts, save and except Accounts 1588 and 1589. The Parties taking a position on this issue agree that there will be no disposition of Accounts 1588 and 1589 as proposed in the Application at this time. WNH agrees to cooperate with OEB Staff in the special purpose inspection of Accounts 1588 and 1589 with respect to the prior period adjustment of approximately \$2.6 million credit that is recorded in Account 1588 and refund to the IESO for the same amount arising from the RPP submissions and GA reconciliation accrual process. The inspection is to focus on the accuracy of the adjustment figure(s) and the debit/credit positions of the adjustment(s) instead of the GA reconciliation accrual process that was followed by WNH (the process is no longer used by WNH) but not in conformity with the Accounting Procedure Handbook and the Accounting Guidance issued in February 2019. The special purpose inspection is also to determine any impacts from the prior period adjustment of approximately \$2.6 million to the Account 1589 balance. Once the inspection is completed, WNH is to report back to the OEB for the result of the inspection and to make an application to the OEB for disposition of Accounts 1588 and 1589 in accordance with OEB policies and process.

At Reference #2, WNH stated the following:

At the time of this filing, this inspection is not yet complete. As a result, WNH has excluded the \$2.6 million from the 1588 and 1589 balances and is not seeking disposition for this particular amount in this application. WNH will work with OEB staff to determine how to dispose of the balance and cooperate with OEB Staff in the special purpose inspection. In the meantime, WNH is seeking disposition of the balances included in 1588 and 1589 in Sheet 3 of the 2022 Rate Generator Model which are analyzed in the submitted 2022 GA Analysis Workform.

Questions:

- a) Would WNH be agreeable to withdrawing its request to clear any Account 1588 and Account 1589 balances in the current proceeding:
  - i. Given that the Settlement Proposal indicated that WNH is to make an application to the OEB for disposition of Accounts 1588 and 1589, once the OEB Inspection is completed.

- ii. Pending the final outcome of the OEB Inspection, such that any findings of the OEB Inspection may be applied to all relevant Account 1588 and Account 1589 balances.

**Response:**

- a) Yes, WNH is agreeable to withdrawing its request to clear any 1588 and 1589 balances in the current proceeding. WNH updated the Rate Model.

**Staff Question-10**

Ref: (1) Manager's Summary, page 8, Section 2.7, August 18, 2021

Preamble:

At Reference #1, WNH stated that it is electing to dispose of its Group 1 deferral and variance account (DVA) balances. However, WNH has not stated whether it is requesting final or interim disposition of its Group 1 DVAs.

Question:

- a) Please clarify whether WNH is seeking final or interim disposition of its Group 1 DVAs in the current proceeding. Please also incorporate WNH's response to the Staff Question-9 which asks about potentially withdrawing its request for disposition of Account 1588 and Account 1589 at this time.

Response:

WNH agrees to the withdrawing request to dispose of 1588 & 1589 per Staff Question-9. The remainder are being requested for final disposition.

**Staff Question-11**

Ref: (1) GA Analysis Workform, August 18, 2021  
(2) 2022 IRM Rate Generator Model, Tab 3, August 18, 2021  
(3) EB-2020-0059, 2021 Cost of Service, DVA Continuity Schedule, November 16, 2020, Tab 2a

Preamble:



At Reference #1, regarding Account 1589, WNH has included a debit of \$411,318 in Tab GA 2019 for “Net Change in Principal Balance in the GL (i.e. Transactions in the Year).” This amount is also shown at Reference #3, cell BD32. However, at Reference #2, Cell AT29, WNH has included a debit of \$767,006.

Question:

- a) Regarding Account 1589, please clarify which is the correct number for the “Transactions Debit / (Credit) during 2019”.

**Response:**

The total activity in the GL for Account 1589 in 2019 (excluding OEB-approved dispositions) is a debit of \$411,318. This consists of debits of \$767,006 related to GA variances in 2019 (price variance and UFE variance) and a credit of (\$355,688) related to a prior period correction. WNH chose to separate the two amounts in this application to better align with the revised GA workform. WNH added back the (\$355,688) adjustment on Tab GA 2019 in order to compare the total net debits of \$767,006 arising from GA price variances and UFE to the total expected GA variance in cell K60 of Tab GA 2019.

#### **Staff Question-12**

Ref: (1) GA Analysis Workform, August 18, 2021  
(2) 2022 IRM Rate Generator Model, Tab 3, August 18, 2021

Preamble:

At Reference #1, regarding Account 1589, WNH has included a credit of (\$359,476) in Tab GA 2020 for “Net Change in Principal Balance in the GL (i.e. Transactions in the Year).” However, at Reference #2, Cell BD29, WNH has included a debit of \$2,760,283.

Question:

- a) Regarding Account 1589, please clarify which is the correct number for the “Transactions Debit / (Credit) during 2020” .

**Response:**

- a) The total activity in the GL for Account 1589 in 2020 (excluding OEB-approved dispositions) is a credit of (\$359,476). This consists of debits of \$2,760,283

related to GA variances in 2020 (price variance and UFE variance) and a credit of (\$3,119,759). Each can be broken down further:

- i.  $\$2,760,283 = \$37,167 - [(\$2,755,062) + \$31,947]$  which represents the total GA variance in 2020 using unadjusted GA rates for April – June 2020. WNH entered the GA price variance and volume variance for Apr – Jun as adjustments 6 and 7, respectively, in order to compare with the GA variance calculated in cell K60 which uses adjusted GA rates. WNH chose this presentation to tie the unadjusted total of \$2,760,283 to its internal commodity models that use unadjusted amounts to allocate CT 148 per the OEB's *Guidance to Electricity Distributors on Implementing the Emergency Order Regarding the Deferral of a Portion of the Global Adjustment on May 15, 2020 (Corrected on May 26, 2020)*.
- ii.  $(\$3,119,759) = (\$1,042) + (\$3,118,716)$  which is a minor settlement correction related to late billings along with the "*Non-RPP Class B Deferral Amount per Emergency Order*" credit included in CT 148 and allocated directly to Account 1589, respectively. The net of adjustments 5, 6 & 7 on Tab GA 2020 is \$395,601 which is the total impact of the GA deferral on the 1589 balance.
- iii. To further clarify, WNH has provided an alternative GA 2020 tab of the GA Analysis Workform as Attachment 2. Here, WNH has replaced the adjusted amounts of GA Actual Rate Paid (column L) with the unadjusted GA rates. WNH has also made corresponding adjustments to columns O, P and R to include data from the full year instead of excluding April – June as the OEB model initially suggested for the GA 2020 tab. In this alternative format, WNH adjustments 6 & 7 are no longer necessary. Adjustment 5 only includes the "*Non-RPP Class B Deferral Amount per Emergency Order*" credits included in CT 148 and charged directly to Account 1589. This makes the GA 2020 tab more consistent with GA 2019 where Adjusted Net Change in Principal Balance in the GL at cell C90 matches Reference #2 cell BD29 and represents total GA price and UFE variances for the year.

### Staff Question-13

- Ref:
- (1) GA Analysis Workform, August 18, 2021
  - (2) 2022 IRM Rate Generator Model, Tab 3, August 18, 2021
  - (3) OEB Instructions for Completing GA Analysis Workform – 2022 Rates, June 24, 2021, page 14-16
  - (4) Manager's Summary, August 18, 2021, page 19

(5) EB-2020-0059, 2021 Cost of Service, DVA Continuity Schedule, November 16, 2020, Tab 2a

**Preamble:**

At Reference #1, Tab GA 2019, WNH has included a debit Account 1589 principal adjustment of \$355,688. WNH stated that this amount was due to “correction made in FY 2019 to correct 2018 GA billings amount.” This was also repeated by WNH at Reference #4.

However, at Reference #1, Tab Principal Adjustments, and Reference #2, WNH has included a credit Account 1589 principal adjustment of (\$355,688).

At Reference #5, although no Account 1588 or Account 1589 balances were cleared in the 2021 cost of service proceeding, WNH included a 2019 Account 1589 principal adjustment of \$0, cell BF32.

At Reference #3, the OEB has described “significant out-of-period billing adjustments” and situations where a principal adjustment would not be required.

**Questions:**

- a) Please explain why a debit amount of \$355,688 is shown at Reference #1 Tab GA 2019, but a credit amount of (\$355,688) is shown in both the Reference #1 Tab Principal Adjustments and in Reference #2 (2022 IRM Rate Generator Model, Tab 3). Please also explain why a \$0 amount is shown in Reference #5 (2021 Cost of Service DVA Continuity Schedule). Please clarify which is the correct number.
- b) Please provide more detail regarding this Account 1589 principal adjustment of \$355,688 and whether it is a reasonable amount.
- c) Please explain why WNH is proposing to treat this Account 1589 amount of \$355,688 as a principal adjustment, as opposed to a reconciling item (with no adjustment to the general ledger). Please also reference the OEB’s instructions at Reference #3, if the instructions are applicable to WNH’s particular situation.

**Response:**

- a) [Please see the response to Staff Question – 11 above.](#)

- b) This adjustment was to correct erroneous GA rates used in WNH's RPP settlement process prior to adoption of the OEB's Accounting Guidance in 2019. The amount was recorded in fiscal year 2019 and included as part of WNH's February 2020 settlement submission. WNH shall include all principal adjustments in the impending Inspection of Accounts 1588 and 1589.
- c) The amount was presented as a principal adjustment rather than a reconciling item since it was a correction to prior settlement submissions and recovered through a submission to the IESO. WNH shall include all principal adjustments in the impending Inspection of Accounts 1588 and 1589.

#### **Staff Question-14**

Ref: (1) GA Analysis Workform, August 18, 2021  
 (2) 2022 IRM Rate Generator Model, Tab 3, August 18, 2021  
 (3) OEB Instructions for Completing GA Analysis Workform – 2022 Rates, June 24, 2021, page 17-18

Preamble:

At Reference #1, Tab GA 2020, WNH has included the following Account 1589 principal adjustment and associated explanation regarding the "Impacts of GA Deferral":

- \$3,118,716 debit principal adjustment due to "Class B Def Adj = ((Class B Deferral Amount\*(LDC non-RPP Load/Total non-RPP Class B MWh)) per IESO CT148."

However, Reference #1, Tab Principal Adjustments, WNH has included a credit Account 1589 principal adjustment of (\$3,118,716), which is also incorporated into the credit Account 1589 principal adjustment of (\$3,119,759) at Reference #2, cell BF29.

At Reference #1, Tab GA 2020, WNH has included the following Account 1589 reconciling items and associated explanations regarding the "Impacts of GA Deferral":

- Credit of (\$2,755,062) reconciling item due to "GA 1st Est billed rate - GA final unadjusted)\*(non-RPP Class B wholesale kWh) for each month Apr – Jun."
- Debit of \$31,947 reconciling item due to "GA 1st Est billed rate)\*(non-RPP Class B wholesale kWh - retail kWh) for each month Apr – Jun."

At Reference #3, the OEB stated that regarding the "Impacts of GA Deferral", a principal adjustment would not be required to Tab 3 of the IRM Rate Generator Model, as the GA

costs reflected in the 2020 general ledger already appropriately reflects the IESO invoice.

**Questions:**

- a) Please explain why a debit of \$3,118,716 is shown at Reference #1 Tab GA 2020, but a credit amount of (\$3,118,716) is shown in both the Reference #1 Tab Principal Adjustments and also incorporated into the credit Account 1589 principal adjustment of (\$3,119,759) at Reference #2 (2022 IRM Rate Generator Model, Tab 3).
- b) Please provide more detail regarding this Account 1589 principal adjustment of \$3,118,716 and whether it is a reasonable amount.
- c) Please explain why WNH is proposing to treat this Account 1589 amount of \$3,118,716 as a principal adjustment, as opposed to a reconciling item (with no adjustment to the general ledger), given the OEB's instructions at Reference #3.
- d) Please provide more detail regarding these Account 1589 reconciling items of a credit of (\$2,755,062) and a debit of \$31,947, including whether they are reasonable amounts and clarify how they interact with the \$3,118,716 principal adjustment described above.

**Response:**

- a) [Please see the response to Staff Question – 12 above.](#)
- b) [Please see the response to Staff Question – 12 above.](#)
- c) [Please see the response to Staff Question – 12 above.](#)
- d) [Please see the response to Staff Question – 12 above.](#)

**Staff Question-15**

Ref: (1) EB-2019-0071, 2020 IRM Rate Generator Model, Tab 3, December 12, 2019  
(2) GA Analysis Workform, August 18, 2021  
(3) 2022 IRM Rate Generator Model, Tab 3, August 18, 2021

**Preamble:**

At Reference #1, WNH has included a 2018 debit Account 1588 principal adjustment of \$495,997 in cell BF28 and a 2018 Account 1589 principal adjustment of \$0 in cell BF29.

However, at Reference #2 and Reference #3, it appears that no component of the 2018 debit Account 1588 principal adjustment of \$495,997 was reversed in 2019.

Questions:

- a) Please explain whether the 2018 debit Account 1588 principal adjustment of \$495,997, or any components of this amount, should be reversed as a 2019 principal adjustment in the current proceeding.
- b) If this is not the case, please explain.

**Response:**

- a) Per the EB-2019-0071 interrogatory responses to 1588 Follow-up questions 20191018 question 2b), WNH planned on making the \$495,997 (\$794,379 for 2017 and (\$298,392) for 2018) adjustments upon OEB approval of the EB-2019-0071 application. Upon approval, WNH submitted the two amounts as part of the November 2019 settlement submission with the IESO. As a result, the total was debited directly to Account 1588 in the GL in 2019. However, as stated above, the amount was included as a principal adjustment in 2018 in Reference #1 above. As indicated in column BW of Reference #1, this created a variance between the RRR filing for December 31, 2018 (i.e. the GL) and the submission. This variance was rectified upon the inclusion of the amounts in the November 2019 settlement and resulting GL entry.
- b) No reversal of the 2018 principal adjustment is required since this was a one-time correction of the 2017 and 2018 RPP settlement submissions. WNH would like to reiterate that all balances from 2015 to 2020 will be included in the impending OEB Inspection of Accounts 1588 and 1589.

#### **Staff Question-16**

Ref: (1) EB-2020-0059, 2021 Cost of Service, DVA Continuity Schedule, November 16, 2020, Tab 2a  
(2) GA Analysis Workform, August 18, 2021  
(3) 2022 IRM Rate Generator Model, Tab 3, August 18, 2021

Preamble:

At Reference #1, although no Account 1588 or Account 1589 balances were cleared in the 2021 cost of service proceeding, WNH included a 2019 Account 1588 principal adjustment of a credit of (\$2,621,628), cell BF31.

At Reference #2 (Tab 1588 Reasonability and Principal Adjustments) and Reference #3 (cell AV28), WNH has included a \$0 Account 1588 2019 principal adjustment.

Question:

- a) Please confirm that WNH has reported a 2019 Account 1588 principal adjustment of a credit of (\$2,621,628) at Reference #1, but not Reference #2 or Reference #3, because this is one of components that will be subject to the OEB's Inspection, as per the 2021 Cost of Service Settlement Agreement.
- b) If this is not the case, please explain.

**Response:**

- a) Confirmed.
- b) Not applicable.