**OEB Staff Questions**

**Halton Hills Hydro Inc.**

**EB-2021-0028**

**January 11, 2022**

Please note, Halton Hills Hydro Inc. (Halton Hills Hydro) 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*.

OEB staff has made the following generic updates in Halton Hills Hydro’s Rate Generator Model and attached it to the OEB staff questions:

* Updated the IPI Inflation Factor to 3.30%[[1]](#footnote-1) in Tab 16 and Tab 17-Retail Service Charges
* Updated the Ontario Electricity Rebate in Tab 20 to 17% (as of November 1, 2021)
* Updated the Wireline Pole Attachment Charge to $34.76[[2]](#footnote-2) in Tab 17
* Updated the 2022 UTRs[[3]](#footnote-3) and Hydro One Sub-transmission rates[[4]](#footnote-4) in Tab 15

**Staff Question-1**

**Ref: 1595 Workform, Account 1595 (2016)**

Halton Hills Hydro reported the following principal and interest balances approved for disposition in the 2016 cost of service proceeding[[5]](#footnote-5) in the 1595 Workform. OEB staff reviewed the related EDDVAR model filed with the Settlement Proposal in the 2016 cost of service proceeding and cannot reconcile the balances.

|  |  |  |
| --- | --- | --- |
| **Components of the 1595 Account Balances:** | **Principal Balance Approved for Disposition** | **Carrying Charges Balance Approved for Disposition** |
| **Total Group 1 and Group 2 Balances excluding Account 1589 - Global Adjustment** | -$76,453 | $43,961 |

1. Please provide breakdown information in the following table for the OEB-approved disposition amounts in the 2016 cost of service application. Please also provide the supporting evidence for the amounts (on-record OEB-approve document and/or models).

|  |  |  |  |
| --- | --- | --- | --- |
|  | **OEB-approved Principal Balance for Disposition** | **OEB-approved Interest Balance for Disposition** | **Total Claim** |
| **Total Group 1 excluding Account 1589** |  |  |  |
| **Total Group 2** |  |  |  |
| **Total Group 1 and Group 2 Balances excluding Account 1589** |  |  |  |

1. Based on the information provided in part a), please make necessary updates to the 1595 Workform and the Continuity Schedule in the Rate Generator Model accordingly.
2. Based on any updates made in part b), if the total unresolved difference (cell K16) in 1595 Workform is greater than 10%, Halton Hills Hydro is required to complete the relevant Rate Rider tables in Step 3. Please make sure the information in each rate rider table in columns D to F can be reconciled with the supporting evidence in the 2016 cost of service proceeding.

**Staff Question-2**

**Ref: 2021 LRAM Rate Riders, Rate Generator Model, Tab 2 Current Tariff, Tab 19 Proposed Tariff**

OEB staff noted that in Halton Hills Hydro’s 2021 OEB-approved tariff, there are two LRAM rate riders in amount of 0.0000 in the USL and Sentinel Lighting classes. As there were no LRAM balances allocated to these two classes in the 2021 cost of service, these two zero riders have now been removed from the tariff. Please review the updated Rate Generator Model and confirm this change.

**Staff Question-3**

**Ref:** **GA Analysis Workform**

Tab “GA 2020” of the GA Analysis Workform does not have the principal adjustment for 1a “CT 148 True-up of GA Charges based on Actual Non-RPP Volumes - prior year”. OEB staff notes that the “2020 Principal Adjustments” Tab contains the reversal of 2019 adjustment for CT 148 2019 Final True-up to actual of $554,961 and this adjustment was included in the 2020 principal adjustment column of the 2020 DVA continuity schedule.

OEB staff also notes that Halton Hills Hydro did not provide any figure for the reconciling item #5 Impacts of GA deferral.

1. Please confirm that the principal adjustment 1a should be equal to the adjustment of $554,961 that is shown on the “2020 Principal Adjustments” Tab. If confirmed, please update the GA Analysis Workfrom accordingly. If not, please provide the reason why the adjustment 1a should be nil.
2. Please provide a figure for the reconciling item #5 and the supporting calculation for this figure in accordance with the GA instructions.
3. Please update the 2020 GA Analysis Workform and provide the reasons if the updated unsolved balance is exceeding the 1% threshold.

**Staff Question-4**

**Ref:** **GA Analysis Workform**

The Account 1588 reasonability test on Tab “2020-Account 1588” of the GA Analysis Workform shows that the 2020 Account 1588 balance is greater than the 1% of Account 4705 balance as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Account 1588 - RSVA Power** | **Account 4705 - Power Purchased** | **Account 1588 as % of Account 4705** |
| **Year** | **Transactions1** | **Principal Adjustments1** | **Total Activity in Calendar Year** |
| 2020 | - 2,999,106  |  1,271,767  | - 1,727,339  |  36,876,214  | -4.7% |
| **Cumulative** | **- 2,999,106**  |  **1,271,767**  | **- 1,727,339**  |  **36,876,214**  | **-4.7%** |

Halton Hills Hydro explained that Halton Hills “has large historical adjustments that were posted in 2020 when amounts were recovered from the IESO for CT 142. The previous accruals from 2017, 2018 and 2019 were all reversed in 2020”.

OEB staff notes from Tab “2020 Principal Adjustments” that the principal adjustment of $1,271,767 has included the reversal of CT142 adjustments from 2017 to 2019 and the reversal of 2019 CT148 true-up to actual.

1. Please confirm that by including the principal adjustments totaling of $1,271,767 in Account 1588 reasonability test above, the impact of historical adjustments has been removed from the reasonability test. If not, why not.
2. Please confirm that the net activity in 2020 of $1,727,339 represents the 2020 net transactions in Account 1588. If not, please explain what this amount represents.
3. Please provide the reason for the high 2020 balance in Account 1588.

**Staff Question-5**

**Ref:** **GA Analysis Workform**

Tab “2020 Principal Adjustments” of the GA Analysis Workform shows the following adjustments in 2020 for the reversal of prior approved adjustments for Account 1588:

|  |  |
| --- | --- |
|   | **Account 1588 - RSVA Power** |
| **Year** | **Adjustment Description** | **Amount** | **Year Recorded in GL** |
| 2020 | *Reversals of prior approved principal adjustments (auto-populated from table above)* |
|   | 1 | CT 142 True-up as per OEB model 2017 (posted in 2018 GL) |  1,491,431  |  2,020  |
|   | 2 | CT 142 True-up as per OEB model 2018 (posted in 2019 GL) |  233,233  |  2,020  |
|   | 3 | CT 142 True-up as per OEB model 2019 (posted in 2019 GL) |  392,257  |  2,020  |
|   | 4 | CT 142 Final true-up accrual 2019 11 (posted in 2019 GL) |  (720,098) |  2,020  |
|   | 5 | CT 142 Final true-up accrual 2019 12 (posted in 2019 GL) |  79,927  |  2,020  |
|   | 6 | CT 148 2019 Final True-up to actual (posted in 2019 GL) |  (554,961) |  2,020  |
|   | 7 |   |   |   |
|   | 8 |   |   |   |
|   | **Total Reversal Principal Adjustments** |  921,789  |   |

OEB staff notes that the timing of posting the principal adjustments is not consistent. For example, the adjustment for CT148 2019 Final Rue-up to actual was said to posted in 2019 GL in the bracket while “Year recorded in GL” cell shows “2020”.

1. Please clarify when each of the principal adjustments were recorded in GL?

**Staff Question-6**

**Ref:** **Rate Generator Model, Tab 3 Continuity Schedule**

Tab 3 “Continuity Schedule” of the IRM rate generator model shows that the 2020 traction debit for Account 1550 LV variances is $812,267. OEB staff notes that this amount is significantly higher than the 2019 net transaction of $213,138 in Account 1550.

1. Please explain why 2020 net transactions in Account 1550 has significantly increased as compared to last year.
2. Please provide a calculation for the 2020 transaction amount of $812,267 by breaking down the LV revenues and LV costs.

1. 2022 inflation factor established in the Decision and Order issued on November 18, 2021, EB-2021-0212 [↑](#footnote-ref-1)
2. EB-2021-0302, Decision and Order, issued December 16, 2021 [↑](#footnote-ref-2)
3. EB-2021-0276, Decision and Rate Order, issued December 16, 2021 [↑](#footnote-ref-3)
4. EB-2021-0032, Decision and Rate Order, issued December 14, 2021 [↑](#footnote-ref-4)
5. EB-2015-0075 [↑](#footnote-ref-5)