Lakeland Power Distribution Ltd.
EB-2021-0040

Please note, Lakeland Power Distribution Ltd. (LPDL) 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*.

Staff Question-1

Ref: (i) Manager's Summary, Pages 21-25

(ii) IRM Rate Generator Model, Tab 3

(iii) Account 1595 Analysis Work Form

(a) Please confirm that the entirety of the Account 1595 vintage 2018 sub-account residual balance only pertains to rate riders from the former Parry Sound rate zone. In the response, please confirm whether any residual balances pertain to rate riders from any other pre-harmonization rate zones.
LPDL Response: LPDL confirms that the 1595 residual balance is only related to the former Parry Sound rate zone.

(b) For the account 1595 vintage 2018 sub-account that LPDL is seeking disposition of in the current proceeding, please confirm that the associated approved rate riders expired on April 30, 2019.
LPDL Response: Confirmed by LPDL.

(c) Distributors with rate years starting on May 1st and with rate riders that ended on April 30, 2019, are eligible to dispose of residual balances in the account 1595 vintage 2018 sub-account once the December 31, 2021 account balance has been audited. Therefore, the account 1595 vintage 2018 sub-account would be eligible for disposition in the 2023 rate year. Considering the eligibility requirements above, please explain why LPDL is seeking disposition of residual balances in the account 1595 vintage 2018 sub-account in the 2022 rate year.
LPDL Response: Account 1595 vintage 2018 has been audited in 2019 and 2020 therefore seeking disposition in 2022.

Staff Question-2

Ref: EB-2020-0037 Decision and Rate Order, Page 9

As part of its 2021 rates proceeding, LPDL stated that it had not fully completed its review of historical balances in the context of the OEB's accounting guidance. As a result, in its 2021 rate proceeding, LPDL received approval to dispose of 2019 Group 1 balances on an interim basis. In its 2020 rate proceeding, LPDL also received approval to dispose of 2018 Group 1 balances on an interim basis.

(a) Please identify whether LPDL has completed its review of historical balances in the context of the OEB's historical balances, at the time of filing the current IRM rate application. If still on-going, please comment on the progress of such a review of historical balances.
LPDL Response: LPDL confirms that historical balances have been reviewed.

(b) Please confirm whether LPDL is seeking interim or final approval of 2020 Group 1 balances in the current proceeding.
LPDL Response: LPDL is seeking interim approval of 2020 Group 1 balances.

(c) Please comment as to whether LPDL has and/or expects to request changes to the Group 1 balances that have been approved as part of past proceedings on an interim basis.
LPDL Response: LPDL does not expect to request any changes to the Group 1 balances approved from past proceedings.

(d) Please confirm whether LPDL is seeking final approval of any balances previously approved on an interim basis in the current proceeding.
LPDL Response: LPDL is not seeking final approval.

Staff Question-3

Ref: (i) Manager's Summary, Page 22, Table 4

(ii) IRM Rate Generator Model, Tab 3

The screenshot explaining variances between the proposed balances for disposition and reported RRR balances provided in the Manager's Summary does not entirely match the data in the IRM Rate Generator Model. Screenshot comparisons of what was filed in the Manager's Summary and the IRM Rate Generator Model are provided below for reference. Please identify whether the data in the Manager's Summary or the IRM Rate Generator Model is correct. As part of the response, please provide any necessary updates to either the table in the Manager's Summary or IRM Rate Generator Model, as applicable.

LPDL Response: LPDL confirms that the table in the Rate Generator Model is correct and a revised table explaining the difference between RRR filing and proposed disposition has been submitted within the IRM Amendment.

RRR Variance Screenshot from Manager's Summary

	USoA	2020 RRR Principal	2020 RRR Interest	2020 RRR Total	2020 LPDL	Difference to RRR	Note
LV Variance Account	1550	34,961	(539)	34,423	34,422	(1)	2
Smart Metering Entity Charge Variance Account	1551	(4,682)	(29)	(4,711)	(4,711)	(0)	
RSVA - Wholesale Market Service Charge[5]	1580	(388,952)	(3,810)	(392,762)	(376,659)	16,103	1
Variance WMS – Sub-account CBR Class A[5]	1580			0	0	0	
Variance WMS – Sub-account CBR Class B[5]	1580			0	(16,103)	(16,103)	1
RSVA - Retail Transmission Network Charge	1584	9,634	(675)	8,959	8,959	0	
RSVA - Retail Transmission Connection Charge	1586	84,493	331	84,824	84,824	(0)	
RSVA - Power[4]	1588	(767,085)	(9,562)	(776,647)	(776,646)	1	2
RSVA - Global Adjustment[4]	1589	215,407	(104,757)	110,650	110,652	2	2
Disposition and Recovery/Refund of Regulatory Balances (2009)[3]	1595			0	0	0	
Disposition and Recovery/Refund of Regulatory Balances (2014 and p	1595			0	0	0	
Disposition and Recovery/Refund of Regulatory Balances (2015)[3]	1595			0	0	0	
Disposition and Recovery/Refund of Regulatory Balances (2016)[3]	1595			0	0	0	
Disposition and Recovery/Refund of Regulatory Balances (2017)[3]	1595			0	0	0	
Disposition and Recovery/Refund of Regulatory Balances (2018)[3]	1595	(2,543)	11,015	8,472	8,470	(2)	2
Disposition and Recovery/Refund of Regulatory Balances (2019)[3]	1595	(614,019)	479,493	(134,525)	(134,525)	0	
Disposition and Recovery/Refund of Regulatory Balances (2020)[3]		480,073	121,706	601,780	601,780	0	
RSVA - Global Adjustment	**1589**	215,407	(104,757)	110,650	110,652	2	2
Total Group 1 Balance excluding Account 1589 - Global Adjustment		(1,648,192)	476,224	(1,171,967)	(1,171,969)	(2)	2
Total Group 1 Balance		(1,432,784)	371,467	(1,061,317)	(1,061,317)	0	

Note 1 - Full amount including CBR of 1580 was entered as one line in RRR.
Note 2 - Rounding

RRR Variance from IRM Rate Generator Model

Account Number	nces Total Claim	Account Disposition: Yes/No?	2.1.7 RRR[5] As of Dec 31, 2020	Variance RRR vs. 2020 Balance (Principal + Interest)	
1550	(7,646)		34,423	1	
1551	(1,578)		(4,711)	1	
1580	(210,233)		(392,762)	(16,103)	
1580	0		0	0	
1580	(7,456)		(16,103)	(0)	
1584	34,957		8,959	(1)	
1586	72,100		84,824	0	
1588	(260,006)		(776,647)	(1)	Please provide an explanation of the variance in the Manager's Summary
1589	82,316		110,650	(1)	Please provide an explanation of the variance in the Manager's Summary
1595	0	No	0	0	
1595	0	No	0	1	
1595	0	No	0	0	
1595	8,451	Yes	8,470	(0)	
1595	0	No	(134,525)	(0)	
1595	0	No	601,780	(0)	
1595	0	No		0	
1589	82,316		110,650	(1)	
	(371,412)		(570,191)	467,253	
	(289,096)		(459,541)	467,252	
			($459,541)		
1568	0			0	
	(289,096)		(459,541)	467,252	

Staff Question-4

Ref: IRM Rate Generator Model, Tab 20

The proposed increase in RTSR charges for Network, Connection and/or Line and Transformation Connection is materially greater than 4% for all rate classes. Please provide an explanation for the proposed material increase in RTSR charges.

LPDL Response: The original Rate Generator Model submitted incorrectly used former LPDL service territory only for Billing Determinants, resulting in the RTSR increase greater than 4%.

A revised Rate Generator Model has been submitted, which includes the former PSP territory, resulting in an immaterial RTSR change. The IRM amendment application has also been submitted showing the revised tables and appendixes due to the Rate Generator Model correction.

Staff Question-5

Ref: Manager's Summary, Page 24

In the current proceeding, LPDL has requested the disposition of Commodity Accounts 1588 and 1589 as of December 31, 2020 on an interim basis, due to the complexity of Global Adjustment deferral rates implemented due to COVID-19.

(a) Please confirm that LPDL is only seeking interim disposition of accounts 1588 and 1589 and seeking final approval for all other Group 1 Accounts.
LPDL Response: LPDL is seeking interim disposition of accounts 1588 and 1589 as well as interim approval of all other Group 1 accounts (see LPDL's response to Staff Question 2(b)).

(b) For those accounts that LPDL is seeking interim approval for in the current proceedings, please advise as to when LPDL anticipates seeking approval on a final basis. In the response, please identify the mechanism (e.g., subsequent cost of service proceeding, subsequent IRM proceeding, etc.) that LPDL anticipates using to seek approval for these accounts on a final basis.
LPDL Response: LPDL anticipates seeking approval on a final basis in future IRM proceedings, potentially in the 2023 IRM application.

Staff Question-6

Ref: (i) IRM Rate Generator Model, Tab 3. Continuity Schedule

(ii) GA Analysis Workform

OEB staff notes that the Net Change in Principal Balance in the GL (i.e., Transactions in the Year) on the GA Analysis Workform of $204,315 does not match to the transaction debit during 2020 for Account 1589 of $83,191.

OEB staff notes that Lakeland Power has included an additional adjustment item (reconciling item #6) on the GA analysis workform for the disposed Account 1589 balance in last year's IRM proceeding.

OEB staff notes that reconciling item #6 should not be included in the GA analysis workform and the Net Change in Principal Balance in the GL on the GA analysis workform should equal to the transaction debit during 2020 for Account 1589 of $83,191.

(a) Please update the GA analysis workform accordingly.
LPDL Response: A revised GA Analysis Workform has been submitted with the Net Change in Principal Balance in the GL updated to equal the Account 1589 transaction debit during 2020 of $83,191 and the reconciling item #6 removed. These two updates result in the same Adjusted Net Change in Principal Balance in the GL as submitted in the original workform.

Staff Question-7

Ref: GA Analysis Workform

Lakeland Power's GA analysis workform does not have the reconciling items #1 to #5.

OEB staff notes that the reconciling item #5 Impact of GA deferral would have a number because of the GA deferral rates in effective of April to June 2021.

a) Please explain why Lakeland Power does not have the reconciling items for CT 148 True-up of GA Charges based on Actual Non-RPP Volumes (reconciling items 1a and 1b) and unbilled revenues (reconciling item 2a and 2b).
LPDL Response: Each year, LPDL performs a year end reconciliation of Account 1589 to calculate what this account balance should be based on actual Non-RPP Class B data at the GA billed rate vs GA paid rate variance. A true up adjustment entry is then posted each December to reflect the expected Account 1589 balance with an offsetting entry to Account 1588. Thus, this true up adjustment corrects the Account 1589 balance so items 1a-2b are no longer reconciling items as they are already accounted for in the adjusted Account 1589 balance.

b) Please update the GA analysis workform by including the reconciling item #5 Impact of GA deferral and provide a calculation for the figure in accordance with the GA Workform instructions.
LPDL Response: Each year, LPDL performs a year end reconciliation of Account 1589 to calculate what this account balance should be based on actual Non-RPP Class B data at the GA billed rate vs GA paid rate variance. A true up adjustment entry is then posted each December to reflect the expected Account 1589 balance with an offsetting entry to Account 1588. Thus, this true up adjustment corrects the Account 1589 balance so item #5 Impact of GA deferral is no longer a reconciling item as it is already accounted for in the adjusted Account 1589 balance.

Staff Question-8

Ref: GA Analysis Workform

The Account 1588 reasonability test on the Account 1588 Tab of the GA analysis workform shows that Account 1588's 2020 transaction is 1.1% of Account 4705 Cost of Power balance for 2020, which has exceeded the 1% threshold.

Lakeland Power explained the reason being "Unaccounted for System Losses in Account 1588 account for -1.36% due to 2020 actual system losses being less than the approved loss factor".

a) Please fill out the table below for the expected line loss amounts accumulated in 2020 in Account 1588, compared to Account 1588's 2020 transaction of ($262,446), and explain any differences greater than $50,000.
   LPDL Response:

Table 1: Line loss for RPP -TOU Loads				
Annual Class B RPP -TOU Wholesale kWh	Annual Class B Retail RPP – TOU billed kWh	Annual RPP Unaccounted for Energy Loss kWh	Weighted Average RPP TOU Price ($/kWh)	Expected Volume Variance – Line loss ($)
a	b	c=a-b	d	e= c x d
164,825,344	166,378,124	- 1,552,780	$ 0.13361	-$ 207,467

Throughout 2020, LPDL has continuously shown negative line losses which reflects that LPDL's actual line losses are less than the approved line loss of 7.23% per LPDL's last approved Cost of Service in 2019. These reduced line losses can be attributed to improved meter usage data via smart meters and SCADA system, voltage conversion projects and increased purchases from embedded generators with no loss factor.

Table 2: Line loss for RPP -Tiers Loads				
Annual Class B RPP – Tiers Wholesale kWh	Annual Class B Retail RPP-Tiers billed kWh	Annual RPP Unaccounted for Energy Loss kWh	Weighted Average RPP – Tiers Price ($/kWh)	Expected Volume Variance – Line loss ($)
f	g	h=f-g	i	j=h x i
7,853,438	7,869,657	- 16,219	$ 0.13361	-$ 2,167

Table 3: Line loss for Non-RPP loads				
Annual Class B Non-RPP Wholesale kWh	Annual Class B Retail Non-RPP billed kWh	Annual RPP Unaccounted for Energy Loss kWh	Weighted Average HOEP ($/kWh)	Expected Volume Variance – Line loss ($)
o	p	q=o-p	r	s=q x r
80,978,799	81,846,259	- 867,460	$ 0.01335	-$ 11,581

Total Expected Line Loss $ (Z=e+j+s)	-$ 221,214

Staff Question-9

(a) Please file an updated IRM Checklist, Rate Generator Model, GA Analysis Workform, and/or Account 1595 Workform should any updates to these be required as a result of responses to OEB staff questions.
LPDL Response: LPDL has submitted a revised Rate Generator Model, a revised GA Analysis Workform, and an amended IRM Application showing the tables/appendices affected due to the Rate Generator Model revision.