Espanola Regional Hydro Distribution Corporation

OEB Staff Follow-up Questions

EB-2021-0022

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**Staff Follow-up Question-1**

**Ref 1: Response to Staff Question – 2**

**Ref 2: Response to Staff Question – 3**

In responding to OEB staff’s questions for the 2020 opening balances in the DVA continuity schedule of this application for Accounts 1550, 1586, 1588 and 1589 not matching with the 2019 ending balances in the DVA continuity schedule of 2021 cost of service application, Espanola Hydro explained that these adjustments were not recorded in the general ledger until 2021 when the 2021 cost of service decision and order was issued, however in order to propose the proper balances in the 2022-IRM-Rate-Generator-Model, the adjustments have to be shown in 2020 principal adjustment column to calculate the new disposition accurately.

Staff notes that these approved adjustments in Espanola Hydro’s 2021 cost of service proceeding were related to prior periods up to 2019 and should be recorded in the “Principal adjustments during 2019” column of the DVA continuity schedule so that the 2019 ending balances of the DVAs match with the 2019 ending balances in the 2021 cost of service DVA continuity schedule.

Question:

1. Please update the DVA continuity schedule in this application to ensure that the 2019 ending balances for all DVAs match with the 2019 ending balances in Espanola Hydro’s 2021 cost of service DVA continuity schedule for the settlement proposal.

**Staff Follow-up Question-2**

**Ref 1: the OEB’s letter for Guidance to Electricity Distributors on Implementing the Emergency Order Regarding the Deferral of a Portion of the Global Adjustment, May 15, 2020**

**Ref 2: Response to Staff Question – 4**

Page 4 of Reference 1 states that:

 The accounting guidance for Account 1588 – RSVA Power and Account 1589 – RSVA Global Adjustment3 (Accounting Guidance) requires the invoiced GA rate/kWh to calculate the amount of charge type 148 to be allocated between Account 1588 and Account 1589…. The full amount of the charge type 148 credit for “Non-RPP Class B Deferral Amount as per Emergency Order” on a distributor’s settlement statement should be recorded in Account 1589.

In Reference 2, Espanola Hydro states that:

 Espanola completed its GA calculation using the Non-Adjusted rates for the months of April, 1 May and June 2020. If Espanola had used the adjusted rates it would have resulted in an additional $94,158 in 1588 Power and ($94,158) in 1589 Global Adjustment. Since Espanola had already completed its year end, this entry will be completed in 2021, thus making it a principal adjustment. If this should be a reconciliation item instead then please advise.

Question(s):

1. Please confirm that Espanola Hydro has followed the accounting guidance issued by the OEB in May 2020 for the GA deferral to account for the GA charges in Accounts 1588 and 1589. If not, please illustrate the differences.
2. Please explain how Espanola Hydro calculates the additional principal adjustment of $94,158 in Account 1588 and ($94,158) in Account 1589.

**Staff Follow-up Question-3**

**Ref 1: Response to Staff Question – 4**

**Ref 2: GA Analysis Workform**

Espanola Hydro states that:

 Espanola has reproduce Appendx2-R from the ERHDC\_2021\_Filing\_Requirements\_Chapter2\_Appendices\_Settlement\_202105 10. In 2018 and 2019 the actual loss factor is great than 1.08. The approved loss factor for Espanola is 1.0673 because its an average of the previous 5 historical years. This is always going to create a greater than 1% variance each year and thus brings the explainable variance below the +/- 1% threshold.

OEB staff notes from the GA analysis workform that 1.0673 is used for “Most Recent Approved Loss Factor for Secondary Metered Customer < 5,000kW”.

OEB staff notes that the approved line loss factor of 1.0673 is effective for Espanola Hydro’s 2021 rates while the GA analysis workform analyzes the 2020 account balances for Account 1588 and Account 1589.

Question(s):

1. Please update the approved line loss factor on the GA analysis workform using the applicable approved line loss factor for 2020.
2. Please provide the following analysis for the expected line loss $ in Account 1588:

|  |  |  |  |
| --- | --- | --- | --- |
| 2020 RPP two-tiers Wholesale kWh | 2020 RPP two-tiers billed consumptions kWh | 2020 Weighted average RPP two tiers price  | 2020 Line loss $ for RPP two tiers customers  |
|  |  |  |  |
|  |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| 2020 RPP TOU Wholesale kWh | 2020 RPP TOU billed consumptions kWh | 2020 Weighted average RPP TOU price  | 2020 Line loss $ for RPP TOU customers  |
|  |  |  |  |
|  |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| 2020 Non-RPP Wholesale kWh | 2020 Non-RPP billed consumptions kWh | 2020 Weighted average Energy price (or HOEP) | 2020 Line loss $ for Non-RPP customers  |
|  |  |  |  |
|  |  |  |  |

1. Please sum up the above line losses for RPP and Non-RPP customers in 2020 and compare to the 2020 principal balance in Account 1588.