

EPCOR Electricity Distribution Ontario Inc.

Please note, EPCOR Electricity Distribution Ontario Inc. (EPCOR) 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 note, OEB staff has updated the IRM model for the following:

- a) Uniform Transmission Rates on Sheet 11 to reflect the OEB's Decision and Order (EB-2021-0276) issued December 16, 2021.
- b) Sheet 17, Removed inflationary adjustment and updated charge from \$44.50 to \$34.76 for Wire Pole attachment as per EB-2021-0302, as well as removing reference to approval on an interim basis in Sheet 19
- c) Sheet 20 to reflect the November 1, 2021 Ontario Electricity Rebate of 17%

EPCOR Response: EPCOR confirms that the information included does not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*) and confirms the updates to the rate model as noted above.

Staff Question-1

Ref: (1) 2022 IRM Rate Generator Model, Tab 3, November 2, 2021
(2) GA Analysis Workform, Tab Principal Adjustments, November 2, 2021
(3) EB-2020-0018, OEB Staff Follow-up Question #1, March 3, 2021

Preamble:

OEB staff has prepared a table to highlight Account 1588 and Account 1589 variances in the December 31, 2020 RRR 2.1.7 versus the December 31, 2020 balance (principal and interest) in the 2022 IRM Rate Generator Model. OEB Staff Table 1 summarizes these variances.

A similar table was prepared by OEB staff in EPCOR's 2021 IRM proceeding, as per Reference #3 (which EPCOR agreed with in that proceeding).

OEB Staff Table 1
Variances in the RRR 2.1.7 Versus the Balance in the 2022 IRM Rate Generator
Model – December 31, 2020

| | 31-Dec-20 | 31-Dec-20 | | | 31-Dec-20 | 2022 IRM Rate Proceeding | | |
|--------------|-----------|-------------------------------|----------|-----------|-----------|--------------------------|----------------|-----------|
| | RRR 2.1.7 | 2022 IRM Rate Generator Model | | | Variance | November 2, 2021 | | |
| | | November 2, 2021 | | | | 2019 GL | GA Analysis | |
| | | | | | | Adjusting | Workform | |
| | | | | | | Journal Entry | Nov 2, 2021: | |
| | | | | | | | 2020 Principal | Total |
| | | | | | | | Adjustments | |
| | | | | | | | Current Year | |
| | A | Principal | Interest | Total | E = A - D | G | H | I = G - H |
| | | B | C | D = B + C | | | | |
| Account 1588 | 232,257 | 25,860 | -13,972 | 11,888 | 220,369 | 256,790 | 36,421 | 220,369 |
| Account 1589 | 611,424 | 511,117 | 21,803 | 532,920 | 78,504 | -256,819 | -335,322 | 78,503 |

Questions:

- Please confirm whether EPCOR is in agreement with OEB staff's calculations in the above noted OEB Staff Table 1, which explain the variances.
- If this is not the case, please explain, and update OEB Staff Table 1.
- Please confirm that the 2019 GL Adjusting Journal Entry (column G) is in the RRR 2.1.7, but not in the 2022 IRM Rate Generator Model balances. If this is not the case, please explain.

Note: Staff 1-a-1c are answered together below.

EPCOR Response: EPCOR confirms the methodology is correct, but has identified an error in the original submission, which has been corrected in the updated submission accompanying these responses.

EPCOR did post the 2019 GL adjusting entry in December 2020 (and is included in the RRR value), but this was not reflected in the continuity schedule submitted in EPCOR's original application, in error. This has been corrected and as a result the only remaining variance from the continuity schedules to the RRR filing are the current year 2020 principal adjustments that were posted in 2021.

| | 31-Dec-20 RRR 2.1.7 | 31-Dec-20 2022 IRM Rate Generator Model February 11, 2022 Principal Interest Total | | | 31-Dec-20 Variance | 2022 IRM Rate Proceeding February 11, 2022 2019 GL GA Analysis Adjusting 2020 Princ Total Journal Entry Adjust - CY | | |
|--------------|------------------------|---|----------|-----------|-----------------------|---|-----------|-----------|
| | A | B | C | D = B + C | E = A - D | G | H | I = G - H |
| Account 1588 | 232,257 | 282,650 | (13,972) | 268,678 | (36,421) | 0 | 36,421 | (36,421) |
| Account 1589 | 611,524 | 254,299 | 21,803 | 276,202 | 335,322 | 0 | (335,322) | 335,322 |

This adjustment has resulted in the recalculation of customer rates and rate impacts and the following workbooks have been revised:

EPCOR_RATE_GENERATOR_20220211
EB_2021-0020_EPCOR_GA_ANALYSIS_WORKFORM_20220211

| RATE CLASS | Usage Base | Average Bill 2021 | Average Bill 2022 | Total Bill Impact | |
|-----------------------|---------------|----------------------|----------------------|-------------------|------|
| | | \$ | \$ | \$ | % |
| Residential (RPP) | 750 kWh | \$120.58 | \$125.11 | \$4.53 | 3.8% |
| Residential (Non-RPP) | 750 kWh | \$145.85 | \$150.59 | \$4.74 | 3.2% |
| GS<50kW | 2000 kWh | \$301.33 | \$312.71 | \$11.38 | 3.8% |
| GS>50kW | 250 kW | \$14,379.18 | \$14,884.00 | \$504.82 | 3.5% |
| USL | 150 kWh | \$25.86 | \$26.68 | \$0.82 | 3.2% |
| Streetlights | 100 kW | \$10,426.93 | \$10,767.21 | \$340.28 | 3.3% |

- d) Please confirm that the 2020 Principal Adjustments Current Year (column H) are not in the RRR 2.1.7, but are in the 2022 IRM Rate Generator Model balances. If this is not the case, please explain.

EPCOR Response: Confirmed

Staff Question-2

Ref: (1) 2022 IRM Rate Generator Model, Tab 3, November 2, 2021
(2) GA Analysis Workform, Tab Principal Adjustments, November 2, 2021

Preamble:

OEB staff has prepared OEB Staff Table 2, which summarizes OEB staff's understanding of EPCOR's treatment of a 2019 general ledger entry in the 2022 IRM Rate Generator Model, Tab 3 and the GA Analysis Workform. The 2019 general ledger entry was made to debit Account 1588 by \$256,790 and credit Account 1589 by \$256,819.

OEB Staff Table 2
Treatment of the 2019 General Ledger Entry

| Section of the 2022 IRM Rate Generator Model, Tab 3 | Do these balances include the above noted 2019 general ledger entry? | Do these balances include any reversal of the above noted 2019 general ledger entry? |
|--|---|---|
| January 1, 2020 Account 1588 and Account 1589 opening balances, cells BC28 (i.e., credit of \$68,028) and BC29 (i.e., debit of \$320,998) | No | No |
| 2020 transaction balances, cells BD28 (i.e., a debit of \$108,359) and BD29 (i.e., a debit of \$679,204). Note that the Account 1589 number of \$679,204 may need to change, depending on the answer to Staff Question-4 | No | No |
| 2020 principal adjustments, cell BF28 (i.e., a credit of \$190,411) and BF29 (i.e., a credit of \$320,558) and the GA Analysis Workform | No | No |

Questions:

- a) Please confirm whether EPCOR is in agreement with OEB Staff Table 2.

EPCOR Response: EPCOR requires a revision to the table based on Staff IR-1

- b) If this is not the case, please explain, and update OEB Staff Table 2, as well as OEB Staff Table 1, as required.

EPCOR Response: Refer to Staff IR-1 an update to OEB Staff Table 1 and see below for an update to OEB Staff Table 2.

| Section of the 2022 IRM Rate Generator Model, Tab 3 | Do these balances include the above noted 2019 general ledger entry? | Do these balances include any reversal of the above noted 2019 general ledger entry? |
|---|--|--|
| January 1, 2020 Account 1588 and Account 1589 opening balances, cells BC28 (i.e., credit of \$68,028) and BC29 (i.e., debit of \$320,998) | No | No |
| 2020 transaction balances, cells BD28 (i.e., a debit of \$365,149) and BD29 (i.e., a debit of \$422,386) | No. The February 11 revised submission does not contain the journal entry or the reversal in the continuity schedule transaction balances. The \$365,149 and \$422,386 are the actual transaction variances that occurred during the year. For example, EPCOR paid \$422,386 more in Global Adjustment costs, than what customers were billed. | |
| 2020 principal adjustments, cell BF28 (i.e., a credit of \$190,411) and BF29 (i.e., a credit of \$320,558) and the GA Analysis Workform | No | No |

Staff Question-3

Ref: (1) EB-2020-0018, OEB Staff Follow-up Question #1, March 3, 2021

Preamble:

In the 2021 IRM Proceeding, EPCOR noted that while no further adjustments were required in 2019, in order to properly reflect the 2020 IRM decision (EB-2019-0027) findings, EPCOR would need to reverse the above noted 2019 general ledger entry in fiscal year 2020. EPCOR stated that if this entry is not made, there will be an ongoing variance between the general ledger and the DVA continuity schedule.

Questions:

- a) Please confirm that EPCOR did not reverse in the 2020 general ledger the above noted 2019 general ledger entry and as a result, OEB Staff Table 1 and OEB Staff Table 2 do not need to be updated.

EPCOR Response: EPCOR did reverse the 2019 entry in 2020 as noted in Staff IR-1.

- b) If the above noted 2019 general ledger entry was not reversed in the 2020 general ledger, please explain when EPCOR plans to reverse this 2019 general ledger entry, in order to rectify any ongoing variances between the general ledger and the DVA continuity schedule.

EPCOR Response: N/A based on the above response

- c) If the above noted 2019 general ledger entry was reversed in the 2020 general ledger, please explain and update OEB Staff Table 1 and OEB Staff Table 2.

EPCOR Response: OEB Staff Tables 1 and 2 have been updated in the responses to Staff IR-1 and Staff IR-2.

Staff Question-4

Ref: (1) 2022 IRM Rate Generator Model, Tab 3, November 2, 2021
(2) GA Analysis Workform, Tab GA 2020, November 2, 2021

Preamble:

As per Reference #1 (2022 IRM Rate Generator Model), cell BD29, EPCOR has recorded a debit amount of \$679,204 for Account 1589 "Transactions Debit / (Credit) during 2020".

However, as per Reference #2 (GA Analysis Workform), cell C75, EPCOR has recorded a debit amount of \$422,414 for Account 1589 "Net Change in Principal Balance in the GL (i.e. Transactions in the Year)."

OEB staff also notes that the difference between these two Account 1589 numbers is a debit amount of \$256,790, which equals the Account 1588 component of the above noted 2019 general ledger entry.

Question:

- a) Please clarify which is the correct Account 1589 number, whether it is a debit amount of \$679,204 or a debit amount of \$422,414.

EPCOR Response: The corrected amount is \$422,386 based on the response to Staff IR-1. An updated continuity schedule has been submitted with these response.

- b) If the correct number is not a debit amount of \$679,204, please update OEB Staff Table 1 and OEB Staff Table 2.

EPCOR Response: Refer to Staff IR-1 & Staff IR-2

- c) Please explain why the Account 1589 difference of a debit amount of \$256,790 equals the Account 1588 component of the above noted 2019 general ledger entry.

EPCOR Response: Refer to Staff IR-1 & Staff IR-2

Staff Question-5

Ref: (1) 2022 IRM Rate Generator Model, Tab 3, November 2, 2021
(2) GA Analysis Workform, Tab GA 2020, November 2, 2021

Preamble:

If the correct number as per Staff-4 is a debit amount of \$679,204, instead of a debit amount of \$422,414, then Reference #2 (GA Analysis Workform, Tab GA 2020) needs to be updated. If there is an update, cell C93, "Unresolved Difference as % of Expected GA Payments to IESO", changes from 0.3% to 3.4%.

Questions:

- a) If the GA Analysis Workform needs to be updated to reflect a revised Account 1589 "Net Change in Principal Balance in the GL (i.e. Transactions in the Year)" of a debit amount of \$679,204, please explain the large "Unresolved Difference as % of Expected GA Payments to IESO" of 3.4%, or any different percentage, as calculated by EPCOR.

EPCOR Response: N/A based on the responses to Staff IR 1 - Staff IR-4.

- b) Please identify any additional reconciling items and/or identify corrections to the balance requested for disposition.

EPCOR Response: There are no additional reconciling items beyond those noted above as shown in the revised continuity schedule (EPCOR_RATE_GENERATOR_20220211). Projected interest on Dec-31 2020 balances has been recalculated.

Staff Question-6

Ref: (1) OEB Instructions for Completing GA Analysis Workform – 2022 Rates, June 24, 2021, page 17-18
(2) GA Analysis Workform, Tab GA 2020, November 2, 2021

Preamble:

At Reference #1, the OEB indicated that regarding the “Impacts of GA Deferral” a reconciling item is required in the 2020 Workform. The OEB stated that this is a one-time adjustment in the Workform and that this would not require a principal adjustment to the 2020 DVA Continuity Schedule.

However, at Reference #2, EPCOR has not included a reconciling item for the “Impacts of GA Deferral”.

Question:

- a) Please update the GA Analysis Workform, Tab GA 2020, to include a reconciling item for the “Impacts of GA Deferral”, or explain why such an item is not necessary.

EPCOR Response: This was an oversight. A reconciling item of \$10,317 was calculated based on the OEB Instructions for Completing GA Analysis Workform – 2022 Rates and added to the revised GA Analysis Workform included with this submission.

| Month | GA Costs \$ in Workform | Non-RPP GA Costs in GL | Reconciling Item |
|-------|-------------------------|------------------------|------------------|
| April | \$ 622,118 | \$ 626,990 | \$ (4,872) |
| May | \$ 627,041 | \$ 631,742 | \$ (4,701) |
| June | \$ 669,166 | \$ 669,911 | \$ (745) |
| Total | \$ 1,918,326 | \$ 1,928,643 | \$ (10,317) |

Staff Question-7

Ref: Excel LRAMVA work form, Tab 1

Question:

- a) Please confirm that cell H15 should read as 2022 IRM and not 2013 COS. If so, please file a revised LRAMVA work form.

EPCOR Response: Revised and noted in tab 1-a. Summary of Changes on the revised submission (EB_2021-0020_EPCOR_LRAMVA_WORKFORM_20220211).

Staff Question-8

Ref: Excel LRAMVA work form, Tab 1a

Preamble:

Tab 1a (Cell B 21) states the following:

Please document any changes in assumptions made to the generic inputs of the LRAMVA work form. This may include, but are not limited to, the use of different monthly multipliers to claim demand savings from energy efficiency programs; use of different rate allocations between current year savings and prior year savings adjustments; inclusion of additional adjustments affecting distribution rates; etc. All changes should be highlighted in the work form as well.

Questions:

- a) Tab 1a has not been provided. Please clarify if any changes have been made in the LRAMVA work form and not documented in Tab 1a.

EPCOR Response: The tab was hidden in the workbook. No changes were made in the initial submission.

- b) If changes have been made and not documented in Tab 1a, please file a revised LRAMVA work form.

EPCOR Response: N/A based on the above response

Staff Question-9

Ref: Excel LRAMVA work form

Preamble:

Tab 1 (Cell G32) shows a streetlighting debit balance of \$39,455 (including carry charges).

Question:

- a) The streetlighting tab has not been completed. Please complete the streetlighting tab in the LRAMVA work form and file a revised LRAMVA work form.

EPCOR Response: The instructions on tab '8. Streetlighting' indicate that this tab is only required 'to substantiate program savings that were not provided in the IESO's verified results reports (i.e., streetlighting projects)'. The persistence savings claimed in the 2020 balance are related to streetlighting projects that were included in the IESO's verified results (under retrofit program) from projects that were claimed in 2017.

Staff Question-10

Ref: Excel LRAMVA work form, Tab 5

Preamble:

EPCOR rebased in 2013. It appears that EPCOR has included persisting savings from 2011-2013. The amount for those years is \$28,537 (Tab cells AM 1114-1116).

Question:

- a) Please review and confirm if these savings amounts are built into the updated 2013 forecast that was incorporated into the 2013 COS decision and if EPCOR has already been collecting these amounts. If so, please file a revised LRAMVA work form to remove these savings amounts.

EPCOR Response: As noted in the approved settlement agreement¹: Please note that the above CDM savings include the persistence savings from the older OPA programs. The OPA program amounts are from the OPA final reports and will not change. For purposes of the LRAMVA calculation, it is the CDM Targets for 2011-2014 savings of 3,264,040 kWhs that need to be compared with the actual CDM savings achieved from these programs. The reduction to the billing determinants that results from the 3,264,040 kWh of CDM savings is shown in Settlement Table #5c below.

EPCOR's interpretation of this comment is that the CDM targets include persistence from 2011-2014 programs. These savings amounts have been included on the previously approved balances related to hearings EB-2017-0034, EB-2018-0025, EB-2019-0027 and EB-2020-0018.

¹ EB-2012-0116, Decision and Procedural Order No. 3, October 10, 2013, page 28 of 107

Staff Question-11

Ref: (1) Excel LRAMVA work form, Tab 5
(2) Participation and Cost Report – LDC Progress Tab

Preamble:

In the IESO's Participation and Cost report filed in the 2021IRM proceeding, the Residential Save on Energy Heating and Cooling Program indicates savings of 268,705 kWh (LDC Progress Tab) and the LRAMVA work form Tab 5 (cell D657) indicates Net Energy Savings of 281,969 kWh.

Question:

- a) Please reconcile and explain the differences between 281,696 kWh and 268,705 kWh.

EPCOR Response: The 281,696 kWh value includes the 268,705 kWh reported under 'Save on Energy Heating and Cooling Program' along with the 13,263 kWh included on the 'Save on Energy Smart Thermostat Program' (LDC progress Tab, cell BD10. The two values were combined as the LRAMVA workform did not include a category to enter in the Smart Thermostat Program.