**2022 IRM Application**

Interrogatory Responses

EB-2021-0023

Attachments

Account 1595 (2015) Continuity Schedule

Essex Powerlines Incentive Regulation Model for 2015 Filers, EB-2014-0072

Updated 2022 IRM Application Rate Generator Model

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Follow-Up Staff Question #2

**Ref: Staff Question 3**

In response to Staff Question 3, Essex Powerlines indicated that $1.5M of the Account 1595 (2015) balance pertained to a double refund of a prior amount. Please complete the attached continuity schedule for Account 1595 (2015), separating out the account into the portion pertaining to the $1.5M relating to the over-refunded amount, and the remaining residual.

Response

Please see attached continuity schedule for Account 1595 (2015), which separates the account into the portion pertaining to the $1.5M relating to the over-refunded amount, and the remaining residual.

Follow-up Staff Question #3

**Ref: Staff Question 4**

In the revised Account 1595 Workform, the carrying charges pertaining to Total Group 1 and Group 2 Balances excluding Account 1589 - Global Adjustment is $31,829 and the carrying charges pertaining to Account 1589 - Global Adjustment is $239,367. Please provide a high level reasonability carrying charge calculation for the carrying charges noted above (for example, showing the carrying charges for the annual year-end balance at the average prescribed rate in the year), separated by the carrying charges pertaining to the two categories noted above, and the $1.5M relating to the over-refunded amount.

Response

A high-level review of the reasonability of carrying charges revealed that our total carrying charges are in aggregate within 2% of the charges reported on the 1595 Workform using average annual prescribed rates on year-end balances. Please refer to the chart below for specific details.

The carrying charges of $31,829 and $239,367 referred to above were based on the pro-rata share of the respective residual balances, as Essex Powerlines does not record these carrying charges separately in our general ledger. The chart below provides a more accurate split of the carrying charges between the two residual balances and the $1.5M over-refunded amount.

As the balances in the 1595 Continuity Schedule include both approved principal and transferred-in interest balances, the reasonability analysis below removes the effect of the transferred-in interest, as interest is not permitted to be calculated on these transferred-in interest balances.

Table

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Follow-up Staff Question #4

**Ref: Staff Question 3**

**Follow Up Question 1 regarding Staff Question 3**

**Revised Account 1595 Workform**

In the revised Account 1595 Workform, under Step 1, the GS50-4999 and Embedded Distributor class “Allocated Balance to Rate Class as Approved by the OEB” does not agree to the Draft Rate Order for Rate Rider 1, filed on June 12, 2015 in EB-2014-0402/0072. Per the Draft Rate Order, there were rate classes for GS 50-2999 kW and GS 3000-4,999 kWh. There was a balance allocated to the GS 3000 to 4999 class, but no rate rider was calculated for this class. As a result, there should be a residual variance in Account 1595 pertaining to this rate class. OEB staff has revised the following cells in the Workform to reflect this: B41, B42, D41, D42, E42, H42, J42.

1. Please confirm the revisions made by OEB staff are appropriate. If not confirmed, please explain.
2. Please revise the Billed Consumption for the GS 50-4999 rate class in cell H41 as appropriate, and explain any large calculated variances in column J.
3. Please reassess the total difference under Step 3 in cell J40, as the difference should no longer include amounts relating to the ($107,394) for the GS 50-4999 class.

Response

1. Essex Powerlines confirms that the revisions made by OEB staff are appropriate.
2. The billed consumption for the General Service 50 to 4,999 kW rate class in cell H41 is appropriate, as it includes only the consumption related to this rate class. The calculated variance in column J results from imprecise estimated billing determinants used in the rate rider calculation, which gave rise to overpayment of principal balances over the rate rider recovery period.
3. A revision was made to the billed consumption in the General Service 50 to 4,999 kW rate class for Rate Rider – RSVA – Global Adjustment (cell H99). The total difference under Step 3 is due to variances between the balances approved for disposition and the projected consumption at the approved rate riders.

Follow-up Staff Question #5

**Ref: Staff Question 4**

In response to Staff Question 4, Essex Powerlines identified $1.4M and $104k reallocation adjustments between Accounts 1588 and 1589 for 2019 and 2020, respectively, as a result of timing-related adjustments of meter reads. In the 2021 IRM, Essex Powerlines indicated that no adjustments were required to 2017 and 2018 balances as a result of its review of the balances. Please confirm that the timing-related adjustments of meter reads was not an issue in 2017 and 2018.

Response

N/A, see response to Original Staff Question #5 below.

Original Staff Question #5

**Ref: GA Analysis Workform – 2019 and 2020 GA Tab**

In the GA Analysis Workform, the expected GA volume variance is $872,988 and $427,283 for 2019 and 2020, respectively. OEB staff calculated the actual loss factor below based on information in the GA Analysis Workform. Please comment on the reasonability of this high calculated actual loss factor as compared to the actual losses that Essex Powerlines experiences.

|  |  |  |
| --- | --- | --- |
|  | **2019** | **2020** |
| Non-RPP retail kWh, including loss (A) | 192,481,499 | 122,897,567 |
| Approved loss factor (B) | 1.0355 | 1.0355 |
| Non-RPP retail kWh excluding loss (C = A/B) | 185,882,664 | 118,684,276 |
| Non-RPP wholesale kWh  (D) | 200,465,661 | 126,690,242 |
| Calculated actual loss  Factor (=D/C) | 1.0785 | 1.0675 |

Response

Essex Powerlines respectfully requests that the disposition related to the GA Analysis Workform for 2019 and 2020 be deferred to its next IRM application filing in order to allow for a more detailed and thorough analysis to be undertaken. Therefore, the analysis related to this question and any further follow-up will be provided at the afore-mentioned time. Essex Powerlines is seeking disposition of its other balances over a 12-month recovery period as the total bill impacts fall within reasonable thresholds for its customer rate classes. An updated 2022 IRM Application Rate Generator Model has been attached to reflect this request for deferral.

Original Staff Question #6

**Ref: GA Analysis Workform – Account 1588 Tab**

**Manager’s Summary, page 5**

In the Account 1588 tab of the GA Analysis Workform, the Account 1588 transactions in 2019 as a percentage of Account 4705 is 4%. Essex Powerlines indicated that the principal adjustment includes a $1.4M amount for reallocation between accounts 1588 and 1589 further to a review of 2019 balances. In the Manager’s Summary, Essex Powerlines indicated that this review did not affect 2017 and 2018 balances. Essex Powerlines further indicated that excluding the principal adjustment, the 2019 Account 1588 transactions as a percentage of Account 4705 is -0.4%.

1. Please confirm that the $1.4M adjustment pertains only to 2019 transactions and no other years.
2. If confirmed, including the 2019 principal adjustment with the 2019 transactions in the general ledger should appropriately reflect all transactions pertaining to only the 2019 calendar year in the 2019 balance. Therefore, it would be expected that the 2019 transactions including the 2019 principal adjustments as a percentage of Account 4705 would be small. Please reassess and explain why the percentage is greater than 1%.
3. If part a is not confirmed, please provide a breakdown of the $1.4M adjustment by year. If any portion of the $1.4M pertains to 2017 and 2018, please indicate why the 2017 and 2018 balances which were approved for disposition on an interim basis, were not proposed to be adjusted.

Response

In light of Essex Powerlines’ deferral request outlined in Original Staff Question #5 above, it also respectfully requests the same related to GA Analysis Workform – Account 1588 tab above. An updated 2022 IRM Application Rate Generator Model has been attached to reflect this request for deferral.