Festival Hydro Inc.

OEB Staff Questions

EB-2022-0032

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Please note, Festival Hydro Inc. 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**

Reference: Festival Hydro’s response to Staff Question 3

Regarding the Account 1595 (2018)

1. Please confirm that the Account 1595 (2018) variance of ($73,022) between the amount reported in the Reporting and Record Keeping Requirements (RRR) and the balance on the DVA Continuity Schedule is due to i) $0 being incorrectly reported for Account 1595 (2018) instead of $87,171 (the $87,171 was incorrectly reported as Account 1595 (2017)), and also ii) the 2020 principal adjustment of ($14,151) included on the DVA Continuity Schedule, was not yet recorded in the general ledger.

Festival confirms that the variance of ($73,022) for Account 1595 (2018) is due to i) incorrectly reporting the balance of $87,171 as Account 1595 (2017) and also ii) the 2020 principal adjustment of ($14,151) has not yet been recorded to the general ledger.

1. Please confirm that Festival Hydro will record the ($14,151) in its general ledger in 2022 and that there will be no further claims made for Account 1595 (2018).

Festival confirms that the ($14,151) will be recorded in the 2022 general ledger and no further claims will be made for Account 1595 (2018).

**Staff Question-2**

Reference: Manager’s Summary, page 7; [Guidance on Prospective Lost Revenue Adjustment Mechanism (LRAM) Amounts – 2023 Rates](https://www.oeb.ca/sites/default/files/LRAMVA-Workform-Instructions%20-%20Prospective%20Lost%20Revenues.pdf)

Preamble: Festival Hydro notes that “the total LRAM-eligible amounts from the prospective disposition (annual amounts to be recovered in future rate applications for the 2023 – 2027 persisting savings, as calculated by the LRAMVA Workform is $1,012,238. This amount will be accounted for in a trueup which will be done with our next cost of service filing.”

1. Please confirm that Festival Hydro is seeking approval of the prospective amounts shown in the LRAMVA workform on a final basis, subject only to a mechanistic adjustment (inflation minus x-factor), and subject to the condition that any prospective amounts shown in the LRAMVA workform will only be recoverable up to and including the year preceding next come into effect (i.e., if Festival Hydro rebases for January 1, 2025, only the prospective 2023 and 2024 amounts would be recoverable).

Yes, Festival Hydro Inc. confirms the prospective amounts shown in the LRAMVA workform are on a final basis under the Conservation First Framework. These will be subject to the mechanistic adjustment (inflation minus x-factor) up to 2027.

1. [OEB guidance on prospective LRAM-eligible amounts](https://www.oeb.ca/sites/default/files/LRAMVA-Workform-Instructions%20-%20Prospective%20Lost%20Revenues.pdf) indicates that LRAM-eligible amounts for 2023 or later should be recovered (in the appropriate rate year) through a separate rate rider, and adjusted by the OEB-approved annual adjustment factor (inflation minus x-factor) applicable to IRM applications in effect for a given year. Please propose a 2023 LRAM-Eligible Amount Rate Rider to dispose of the 2023 prospective amount (updated with the inflation minus x-factor adjustment for 2023) and include on Tab 18 of the IRM Rate Generator model, or indicate why Festival Hydro does not believe that approach is appropriate.

Tab 18 has been updated to include a 2023 LRAM-Eligible Amount Rate Rider to dispose of the 2023 prospective amount. Calculation can be seen below:

