Tillsonburg Hydro Inc.

OEB Staff Questions

EB-2022-0064

 **Tillsonburg Hydro Inc. (THI)
EB-2022-0064**

Please note, Tillsonburg Hydro Inc. (THI) is responsible for ensuring that all documents it files with the Ontario Energy Board (OEB), including responses to OEB staff interrogatories 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-1**

**Ref: Application & Evidence, Manager’s Summary, Page 9**

Preamble:

The 2021 CDM Guidelines (section 8) require distributors filing an application for 2023 rates to seek disposition of all outstanding LRAMVA balances related to previously established thresholds, including approval of LRAM-eligible amounts in future years (arising from persisting savings) until a distributor’s next rebasing application, unless a distributor does not have complete information on eligible savings.

Question:

1. Please confirm that THI will not be seeking to dispose of any balance in the LRAMVA due to LRAM-eligible CDM activities funded by the IESO through the Conservation First Framework or Interim Framework in a future year’s application.
2. If not confirmed, please explain why a request for disposition was not submitted as part of this application.
3. If confirmed, please also confirm that THI has verified that, relative to the LRAMVA threshold (if any) established in THI’s most recent rebasing application, the balance in the LRAMVA, and any prospective LRAM-eligible amounts until the next rebasing, are either zero or a debit (i.e., not a credit that would need to be refunded to customers).

**Staff-2**

**Ref 1: Manager’s Summary, p. 11**

**Ref 2: Rate Generator Model, Tab 11. RTSR – UTRs & Sub-Tx.**

Preamble:

THI has indicated that the Rate Generator Model has not yet been updated for changes to both the Uniform Transmission Rates (UTRs) or Hydro One Sub-Transmission Rates for January 1, 2023.

Question:

1. OEB staff has updated the UTRs and Hydro One Sub-Transmission Rates for January 1, 2023 in the Rate Generator Model shown below. Please confirm that the model attached to these staff questions reflect these updates.

|  |  |  |  |
| --- | --- | --- | --- |
| **Uniform Transmission Rates** | **Unit** |  | **2023** |
|  |  |  |  |
| **Rate Description** |  |  | **Rate** |
|  |  |  |  |
| Network Service Rate | kW |   |  **$ 5.60**  |
|   |   |   |  |
| Line Connection Service Rate | kW |   |  **$ 0.92**  |
|   |   |   |  |
| Transformation Connection Service Rate | kW |   |  **$ 3.10**  |
|  |  |  |  |
|  |  |  |  |
| **Hydro One Sub-Transmission Rates** | **Unit** |  | **2023** |
|  |   |  |  |
|   |   |  |  |
|  |  |  |  |
| **Rate Description** |  |  | **Rate** |
|  |  |  |  |
| Network Service Rate | kW |   |  **$ 4.6545**  |
|   |   |   |  |
| Line Connection Service Rate | kW |   |  **$ 0.6056**  |
|   |   |   |  |
| Transformation Connection Service Rate | kW |   |  **$ 2.8924**  |
|   |   |   |  |
| Both Line and Transformation Connection Service Rate | kW |   |  **$ 3.4980**  |

**Staff-3**

**Ref: Rate Generator Model, Tab 17. Regulatory Charges, Cells E15 to E17**

Preamble:

The data in the reference are based on regulatory charges in January 1, 2022.

Question:

1. OEB staff has updated the regulatory charges in the reference to reflect the regulatory charges effective January 1, 2023 as shown below. Please confirm that the Rate Generator Model attached to these staff questions reflect these updates.

|  |  |  |
| --- | --- | --- |
| **Regulatory Charges** |  |  |
| **Effective Date of Regulatory Charges** |   | **January 1, 2023** |
| Wholesale Market Service Rate (WMS) - not including CBR | $/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers  | $/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | $/kWh | 0.0007 |

**Staff-4**

**Ref: Rate Generator Model, Tab 3. Continuity Schedule, Cells BT 23 and Cell BT 25**

Preamble:

In the reference, the total claim amount in cell BT23 (a credit of $421,706 in Account 1580 - RSVA – Wholesale market Service Charge) is the same as the total claim amount in cell BT25 (a credit of $421,706 in Account 1580 - Variance WMS Sub Account CBR Class B).

The total claim in Account 1580 - RSVA – Wholesale market Service Charge should capture the difference between the amount charged by the IESO (based on the monthly settlement invoice) for the wholesale market services or the operation of the IESO administered markets/controlled grid and the amount billed to customers using the OEB-approved Whole Market Service Rate, including accruals.

The total claim in Account 1580 - Variance WMS Sub Account CBR Class B should capture the difference between the billed WMS revenues of $0.0004/kWh booked in Account 4062 Billed - WMS, Sub-account CBR Class B and the charges from the IESO booked in Account 4708 Charges - WMS, Sub-account CBR Class B.

Questions:

1. There appears to be double counting since the total claim amounts in these two accounts are identical. Please explain why they are identical.
2. Please check the accuracy of the numbers in the RSVA – Wholesale Market Service Charge Account 1580 and the Variance WMS – Sub-account CBR Class B 1580 in the Rate Generator Model and revise the evidence as needed.

**Staff-5**

**Ref 1: Rate Generator Model, Tab 4. Billing Det. For Def-Var, Cells C28 to C32**

**Ref 2: Manager’s Summary, pp. 8-9**

**Ref 3: Tillsonburg’s 2022 IRM Decision and Rate Order (EB-2021-0059), p. 7**

Preamble:

In reference 1, Tillsonburg Hydro requested no disposition of its Group 1 DVA balances.

In reference 2, Tillsonburg Hydro confirmed that the accounting guidance has been applied through the December 31, 2020 balances.

In reference 3, the Decision and Rate Order states that:

The OEB found that no disposition for Group 1 DVA balances ending December 31, 2020 was required, as the disposition threshold was not exceeded and Tillsonburg Hydro did not request disposition. The OEB referred the utility to the OEB’s Inspection & Enforcement department for the consideration of a review of Tillsonburg Hydro’s internal controls and associated accounting practices relating to Account 1588 and Account 1589. The OEB directed Tillsonburg Hydro to provide the outcomes of the inspection for Accounts 1588 and 1589 for the OEB’s consideration in the first rate application following the conclusion of this review.

OEB staff notes that Tillsonburg Hydro has not disposed of any Group 1 DVA balances since the last disposition of the 2015 balances in its 2017 IRM application.

Questions:

1. Please provide the status of the inspection.
2. Please provide a calculation of the IRM threshold calculation for the total Group 1 accounts excluding accounts 1588 and 1589 and confirm if the result of the calculation shows that this total exceeds the IRM threshold.
3. If the answer to question b) is yes, please provide Tillsonburg Hydro’s thoughts on disposing of Group 1 DVA balances excluding accounts 1588 and 1589 on an interim basis in this rate application.