

**ERTH Power Corporation  
EB-2022-0029**

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**Staff Question-1**

**Goderich rate zone**

**Ref 1: GA Analysis WorkForm**

**Ref 2: IRM Rate Generator Model, Tab 3 - Continuity Schedule**

**Account 1588**

OEB staff has compiled the following table based on the information provided in Reference 1 & 2:

	Reference 1 Tab Account 1588		Reference 2		Variance	
	Transaction	Principal Adjustment	Transaction Debit/(Credit)	Principal Adjustment	Transaction	Principal Adjustment
2019	\$(53,813)	\$69,577	\$85,341	\$(69,577)	\$139,154	\$(139,154)
2020	\$(138,781)	\$115,088	\$(18,487)	\$(26,984)	\$120,294	\$(142,072)

Questions:

- Please confirm there are no principal adjustments included in the last approved balance as indicated in the first table in Reference 1 Tab Principal Adjustments
  - ***The last approved balances for Account 1588 for Goderich rate zone were 2018. ERTH Power confirms there were no Principal Adjustments to the 2018 Account 1588 balance***
- Please explain the variances of the above table and revise the workforms/model as needed.
  - ***ERTH Power has made adjustments to the references above to ensure there is no variances between the GA Workform and the Rate***

***model and has submitted both revised models in the OEB's online portal.***

- Please complete Column F of the 1588 Reasonability Test table in Reference 1 Tab Account 1588.
  - ***ERTH Power cannot make adjustments to Column F of the 1588 Reasonability Test table in the GA Analysis Workform. See below and the spreadsheet named GA Analysis Workform-1588 Reasonability Test submitted with these responses.***
  
- i) Please provide explanations if the % variance of Account 1588 balance relative to the cost of power is greater than +/-1%.
  - ***The GA Workform Tab "Account 1588" did not populate the Power Purchased Column F and ERTH Power could not update these amounts in the model. Below is the manual calculation ERTH Power completed. ERTH Power has submitted this spreadsheet in the OEB's online filing portal. The cumulative balance is less than +/- 1%.***

ERTH POWER GODERICH RATE ZONE					
Year	Account 1588 - RSVA Power		Total Activity in Calendar Year	Account 4705 Power Purchased	Account 1588 as % of Account 4705
	Transactions <sup>1</sup>	Principal Adjustments <sup>1</sup>			
2019	85,341	- 69,577	15,764	4,762,152	0.3310%
2020	- 160,480	115,088	- 45,392	5,042,751	-0.9001%
2021	44,485	47,055	91,540	5,805,874	1.5767%
Cumulative	- 30,654	92,566	61,912	15,610,777	0.4%

## Account 1589

OEB staff has compiled the following table based on the information provided in Reference 1 & 2:

	Reference 1			Reference 1	Reference 2	
	Principal Adjustments			Transactions		
	Tab PA	Tabs GA 2019 & GA 2020	Variance	Tabs GA 2020 & GA 2021	Tab 3	Variance
2019	\$(112,844)	\$(45,664)	\$67,180			
2020	\$175,668	\$61,498	\$(114,170)	\$57,211	\$(118,457)	\$(175,668)
2021				\$(194,637)	\$(133,679)	\$60,958

OEB staff noted the following:

- The Principal Adjustment variance of \$67,180 in the above table related to “Credit to GA due to class Adjustment” is in the Tab Principal Adjustments but not in the Tab GA 2019.
- The 2020 Transactions of \$57,211 in the above table appears to include the 2020 Principal Adjustments of \$175,668.
- The 2021 Transactions of \$(194,637) in the above table appears to include the 2021 Principal Adjustments of \$(60,958).

Questions:

- a) Please confirm there are no principal adjustments included in the last approved balance as indicated in the first table in Reference 1 Tab Principal Adjustments.
  - ***ERTH Power confirms there are no principal adjustments included in the last approved balance. ERTH Goderich last disposition of Account 1589 was for the 2018 year.***
- b) Please explain why the \$(45,664) principal adjustments related to “CT 148 True-up of GA Charges based on Actual Non-RPP Volumes - current year” in Reference 1 Tab GA 2019 1(b) (Cell C77) not included in Reference 1 Tab GA 2020 1(a) (Cell C76).
  - ***ERTH Power has revised the GA Analysis Workform Tab GA 2020 (Cell 76) to include the reversal of the principal adjustment of \$(45,664).***
- c) Please explain the variance of the above table and revise the evidence as needed.
  - ***ERTH Power has revised both the GA Analysis Workform and the IRM Rate Generator Model, Tab 3 - Continuity Schedule to ensure***

***there are not variances between the 2 models and have filed these updated models in the OEB's online filing portal.***

- d) Please reassess the results of the Tabs GA 2019, GA2020 & GA2021, and provide explanations if unresolved difference in any year as % of expected GA Payments to IESO is greater than +/-1%.

- ***ERTH Power has filed a revised GA Analysis Workform for Goderich rate zone with the following unresolved differences of:***

***2019 -2.9% -\$64,692***

***2020 2.1% \$54,286***

***2021 -1.9% -\$35,916***

***ERTH Power realizes that there are unresolved differences above the threshold but would like to point out that the net change in Principal balances for each of these years is an immaterial amount. The net change in the Principal balance over the 3 years is \$38,755. The volatility of the expected GA variance creates an unrealistic unresolved differences at such a small volume of consumption/dollars.***

**Staff Question-2****Mains rate zone****Ref 1: GA Analysis WorkForm****Ref 2: IRM Rate Generator Model, Tab 3 - Continuity Schedule****Account 1588**

Principal Adjustments	Reference 1		Reference 2	Variance
	Tab Account 1588	Tab PA	Tab 3	
2019	\$(2,497,232)	\$(5,283,892)		\$(2,797,565)
2020	\$3,476,431		\$3,349,166	\$(127,265)
2021	\$1,206,946		\$1,220,506	\$13,560

OEB staff noted that the 2019 Principal Adjustments of \$(5,283,892) in the above table appears to include two amounts \$10,903 and \$(2,797,565) related to “Reversal of CT1142/142 true-up based on actuals” which are not in the Reference 1 Tab Account 1588.

**Questions:**

- Please explain why the principal adjustments included in the last approved balance of \$(1,961,638) for Account 1588 and \$1,299,176 for Account 1589 in the first table in Reference 1 Tab Principal Adjustments is not reversed in the current application.
  - ***The “beginning” balances for this rate application which are shown in Tab 3, cell R28 and R29 are net of the principal adjustments which were equal and offsetting between 1588 and 1589 of \$1,299,176. The difference of \$ 662,462 which is an adjustment to account 1588 will be reversed in 2022 when the dollars were actually received from the IESO. ERTH Power discovered during this rate application that the RPP settlement adjustment of \$662,462 for 2017 was never submitted and received thus recovered this amount in 2022.***
- Please explain the variances of the above table and revise the schedules as needed.
  - ***ERTH Power made adjustments to the references above to ensure there is no variances between the GA Workform and the Rate model and has submitted both revised models in the OEB’s online portal.***
- Please complete Column F of the 1588 Reasonability Test table in Reference 1 Tab Account 1588.

- **ERTH Power cannot make adjustments to Column F of the 1588 Reasonability Test table in the GA Analysis Workform. See below and the spreadsheet name GA Analysis Workform-1588 Reasonability Test submitted with these responses.**
- Please provide explanations if the % variance of Account 1588 balance relative to the cost of power is greater than +/-1%.
  - **The GA Workform Tab “Account 1588” did not populate the Power Purchased Column F and ERTH Power could not update these amounts in the model. Below is the manual calculation ERTH Power completed. ERTH Power has submitted this spreadsheet in the OEB’s online filing portal. The cumulative balance is less than +/- 1%.**

ERTH POWER MAIN RATE ZONE					
Year	Account 1588 - RSVA Power			Account 4705 Power Purchased	Account 1588 as % of Account 4705
	Transactions <sup>1</sup>	Principal Adjustments <sup>1</sup>	Total Activity in Calendar Year		
2018	1,092,134	- 151,058	941,076	24,752,622	3.8%
2019	1,728,990	- 2,878,011	- 1,149,021	27,731,520	-4.1%
2020	- 2,971,653	3,152,043	180,390	29,687,977	0.6%
2021	- 379,313	925,692	546,379	29,722,338	1.8%
Cumulative	- 529,842	1,048,666	518,824	111,894,458	0.5%

- Please reassess the results of the Tabs GA 2019, GA2020 & GA2021, and provide explanations if unresolved difference as % of expected GA Payments to IESO in any year is greater than +/-1%.
  - **ERTH Power revised the Tabs GA 2019, GA 2020 and GA 2021 and has no unresolved differences for ERTH Main greater than +/- 1%. The revised GA Analysis workform for ERTH Main has been uploaded in the OEB’s online portal.**

Year	Annual Net Change in Expected GA Balance from GA Analysis	Net Change in Principal Balance in the GL	Reconciling Items	Adjusted Net Change in Principal Balance in the GL	Unresolved Difference	\$ Consumption at Actual Rate Paid	Unresolved Difference as % of Expected GA Payments to IESO
2018	\$ 200,366	\$ 277,105	\$ (105,206)	\$ 91,899	\$ (105,496)	\$ 12,499,996	-0.9%
2019	\$ 790,686	\$ 269,782	\$ 537,364	\$ 807,166	\$ 16,490	\$ 13,686,782	0.1%
2020	\$ 288,512	\$ 3,225,222	\$ (2,910,813)	\$ 314,409	\$ 25,897	\$ 12,255,108	0.2%
2021	\$ 28,551	\$ (366,366)	\$ 351,302	\$ (37,064)	\$ 66,615	\$ 7,444,530	-0.9%
Cumulative Balance	\$ 18,157,390	\$ 3,383,743	\$ (2,207,353)	\$ 1,176,410	\$ (16,980,980)	\$ 62,936,688	N/A

**Staff Question-3****Ref 1: Goderich rate zone, GA Analysis WorkForm****Ref 2: Mains rate zone, GA Analysis WorkForm**

OEB staff calculated the actual loss factor below based on information in the GA Analysis Workforms. Please comment on the reasonability of the calculated actual loss factor as compared to the actual losses that ERTH Power both rate zones experience.

<b>Mains rate zone</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Non-RPP retail kWh, including loss (A)	136,186,683	128,157,643	108,776,468	109,461,819
<b>Approved loss factor (B)</b>	<b>1.0325</b>	<b>1.0325</b>	<b>1.0325</b>	<b>1.0325</b>
Non-RPP retail kWh excluding loss (C = A/B)	131,899,935	124,123,626	105,352,511	106,016,290
Non-RPP wholesale kWh (D)	140,350,087	133,160,283	110,650,570	111,134,664
<b>Calculated actual loss factor (=D/C)</b>	<b>1.06406</b>	<b>1.07280</b>	<b>1.05029</b>	<b>1.04828</b>

- ***ERTH Power updated the GA workform for ERTH Main for 2020 and 2021 and recreated the above table with the changes below. ERTH Power notes the calculated actual loss factor is higher than the 2018 approved loss factor and will continue to monitor and determine the causes.***

<b>Mains rate zone</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Non-RPP retail kWh, including loss (A)	136,186,683	128,157,643	108,776,468	94,313,820
<b>Approved loss factor (B)</b>	<b>1.0325</b>	<b>1.0325</b>	<b>1.0325</b>	<b>1.0325</b>
Non-RPP retail kWh excluding loss (C = A/B)	131,899,935	124,123,626	105,352,511	91,345,104
Non-RPP wholesale kWh (D)	140,350,087	133,285,816	110,650,570	97,858,198
<b>Calculated actual loss factor (=D/C)</b>	<b>1.06406</b>	<b>1.07382</b>	<b>1.05029</b>	<b>1.07130</b>

<b>Goderich rate zone</b>	<b>2020</b>	<b>2021</b>
Non-RPP retail kWh, including loss (A)	20,524,746	22,980,082
Approved loss factor (B)	1.0467	1.0467
Non-RPP retail kWh excluding loss (C = A/B)	19,609,005	21,954,794
Non-RPP wholesale kWh (D)	22,949,760	24,138,350
Calculated actual loss factor (=D/C)	1.17037	1.09946

- ***There was an error in the ERTH Goderich GA Workform “Non-RPP Class B including Loss Factor Billed Consumption for the Tab GA 2020, Cells C41 – C52. The 2019 Non-Retail kWh data was entered in the 2020 tab and the 2020 Non-Retail kWh data was entered in the 2021 tab. This has been corrected in the ERTH Goderich GA Analysis Workform and the table above re-created with the new data. ERTH Power will continue to monitor the Goderich rate zone actual calculated loss factor differential from the 2013 approved loss factor.***

<b>Goderich rate zone</b>	<b>2020</b>	<b>2021</b>
Non-RPP retail kWh, including loss (A)	22,980,082	24,649,689
Approved loss factor (B)	1.0467	1.0467
Non-RPP retail kWh excluding loss (C = A/B)	21,954,793	23,549,908
Non-RPP wholesale kWh (D)	22,949,760	25,665,754
Calculated actual loss factor (=D/C)	1.04532	1.08985



**Staff Question-4****Ref 1: Manager's Summary, Page 7****Ref 2: Mains rate zone, IRM Rate Generator Model, Tab 3 - Continuity Schedule**

Reference 1 states that "ERTH is requesting disposition of its GA balance of \$1,420,140 for the years 2017 to 2021 for ERTH Main Rate Zone".

In Reference 2 Cell BT29, the total claim amount for Account 1589 is \$1,474,478.

Question:

- a) Please reconcile the difference and revise the Manager's Summary or the schedule as needed.
- ***ERTH Power has made revisions based these OEB staff questions and has corrected inconsistencies with the rate zone split that has resulted in the requested disposition below. The only changes occurred between 1588 and 1589 validation splits between rate zones.***

<b>ERTH Power Main Rate Zone</b>		
LV Variance Account	1550	\$1,107,631.42
Smart Metering Entity Charge Variance Account	1551	-\$18,161.35
RSVA - Wholesale Market Service Charge <sup>5</sup>	1580	\$12,498.79
Variance WMS – Sub-account CBR Class A <sup>5</sup>	1580	\$0.00
Variance WMS – Sub-account CBR Class B <sup>5</sup>	1580	-\$52,380.18
RSVA - Retail Transmission Network Charge	1584	\$439,472.26
RSVA - Retail Transmission Connection Charge	1586	\$82,578.78
RSVA - Power <sup>4</sup>	1588	\$654,258.44
RSVA - Global Adjustment <sup>4</sup>	1589	\$1,302,289.01
Disposition and Recovery/Refund of Regulatory Balances (2017)	1595	\$0.00
Disposition and Recovery/Refund of Regulatory Balances (2018)	1595	\$0.00
Disposition and Recovery/Refund of Regulatory Balances (2019)	1595	\$0.00
Disposition and Recovery/Refund of Regulatory Balances (2020)	1595	-\$375,042.52
LRAMVA	1568	\$0.00
Grand Total		<b>\$3,153,144.65</b>

<b>ERTH Power Goderich Rate Zone</b>		
LV Variance Account	1550	\$0.00
Smart Metering Entity Charge Variance Account	1551	-\$3,968.63
RSVA - Wholesale Market Service Charge <sup>5</sup>	1580	\$131,794.14
Variance WMS – Sub-account CBR Class A <sup>5</sup>	1580	\$0.00
Variance WMS – Sub-account CBR Class B <sup>5</sup>	1580	-\$11,126.14
RSVA - Retail Transmission Network Charge	1584	\$134,859.19
RSVA - Retail Transmission Connection Charge	1586	\$12,241.10
RSVA - Power <sup>4</sup>	1588	\$61,305.11
RSVA - Global Adjustment <sup>4</sup>	1589	\$49,609.47
Disposition and Recovery/Refund of Regulatory Balances (2017) <sup>3</sup>	1595	\$0.00
Disposition and Recovery/Refund of Regulatory Balances (2018) <sup>3</sup>	1595	\$0.00
Disposition and Recovery/Refund of Regulatory Balances (2019) <sup>3</sup>	1595	\$0.00
Disposition and Recovery/Refund of Regulatory Balances (2020) <sup>3</sup>	1595	-\$60,157.87
LRAMVA	1568	\$0.00
Grand Total		<b>\$314,556.37</b>

#### **Staff Question-5**

##### **Account 1595**

**Ref 1: EB-2018-0030, Decision and rate Order, Schedule A, Page 2**

**Ref 2: Filing Requirements for Electricity Distribution Rate Applications – 2022 Edition for 2023 Rate Applications, Pages 13 & 14**

**Ref 3: Mains rate zone, IRM Rate Generator Model, Tab 3 - Continuity Schedule**

Reference 1 states that “Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until April 30, 2020 – Approved on an interim basis”.

Reference 2 states that “Distributors only become eligible to seek disposition of these residual balances two years after the expiry of the rate rider” and “If there are material residual balances being proposed for disposition, applicants are expected to provide a detailed explanation, including quantifying any significant drivers of the residual balance”.

- a) Given that Accounts 1595 (2019) is not yet eligible to dispose until 2024 IRM application, please provide ERTH Power’s thought on the withdraw of the disposition of this account.

- ***ERTH Power has revised the Main rate zone Continuity Schedule (Cell BU 34) to “No” for requesting Account Disposition.***

- b) Please fill out the attached Account 1595 analysis workform for Account 1595 (2018), and provide a detailed explanation, including quantifying any significant drivers of the residual \$(375,043) being proposed for disposition for Account 1595 (2018) in Reference 3 Cell BT33.

- ***ERTH Power has submitted the Account 1595 analysis workform for Account 1595 (2018) and submitted through the OEB online portal which calculated a 33% variance for Account 1589 –Global Adjustment. An analysis was completed below comparing the kwh used in the EB-2017-0038 Rate model allocation versus the kwh used for applying the rate rider. The difference in kwh is 33% so therefore there will be 33% variance in dollars as well.***

RSVA - Global Adjustment Account 1589 Disposition for EB 2017-0038	RESIDENTIAL SERVICE CLASSIFICATION	GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION	UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	SENTINEL LIGHTING SERVICE CLASSIFICATION	STREET LIGHTING SERVICE CLASSIFICATION	EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION	TOTAL
Allocation of Balances	\$83,766.44	\$83,208.26	\$382,671.14	\$370,608.65	\$358.81	\$204.45	\$8,453.41	\$104,987.47	\$1,034,258.63
KWH Allocation	12,783,747	12,698,561	58,400,127	56,559,248	54,758	31,202	1,290,090	16,022,325	157,840,058
Actual Dollars	\$ 38,239.34	\$ 62,374.26	\$ 617,521.33	\$ 533,258.45	\$ 2,906.73	\$ -	\$ 7,460.91	\$ 113,376.50	\$ 1,375,137.53
Actual Consumed Kwh's	5,835,774	9,519,048	94,241,033	81,381,525	443,602	-	1,138,623	17,302,591	209,862,196
ce of Kwh's Consumed vs A-	6,947,973	3,179,513	35,840,906	24,822,277	388,844	-	31,202	151,467	52,022,138
								Percentage difference in Kwh	33%

## Staff Question-6

### Ref: IRM Rate Generator Model, Tab 3 - Continuity Schedule

An excerpt (rows A to D) from Reference is reproduced below

		1588	1589
Opening Principal Amounts as of Jan 1, 2021	(A)	\$(27,555)	\$1,213,475
Transactions Debit / (Credit) during 2021	(B)	\$(242,341)	\$(255,901)
Principal Adjustments <sup>1</sup> during 2021	(C )	\$1,220,506	\$152,704
Closing Principal Balance as of Dec 31, 2021	(D)	\$937,051	\$1,366,179
Calculated Closing Principal balance as of Dec 31, 2021	(E ) = (A) + (B) + (C )	\$950,160	\$1,110,279
Variance of (D) vs (E )		\$13,560	\$(255,901)

OEB staff noted there are formulaic errors of the Closing Principal Balance as of Dec 31, 2021 for 1588 and 1589 in Cell BG 28 & BG 29, respectively, in Reference:

1. The correct formula in BG 28 should be “BC28+BD28-BE28+SUM(BF28:BF28)”, not “BC28+BD29-BE28+SUM(BF28:BF28)”
2. The correct formula in BG 29 should be “BC29+BD29-BE29+SUM(BF29:BF29)”, not “BC29+BD30-BE29+SUM(BF29:BF29)”

Question:

- a) Please explain why the above formula changes have been made.
  - i) Please revise the schedule and the reconciliation of the 2.1.7 RRR and the Continuity Schedules for Account 1588 and 1589 on Page 6 of the Manger's Summary.
    - ***ERTH Power does not have the ability to revise the formulas in the rate model in question. ERTH Power reached out to the OEB and the model was updated by the OEB and has been used for these responses.***
- b) Please confirm no further formula changes have been made in the Rate Generator Models for both rate zones.
  - ***ERTH Power confirms that no formula changes were made to the Rate Generator Models as the formulas in the models are locked and cannot be changed by the LDC.***

c) Given the material impact of these formulaic errors, and the inconsistencies of the Manager's Summary and the supporting evidence, please provide ERTH Power's thought of withdrawing the disposition of accounts 1588 and 1589 for both zones in the current application or request for the disposition of Group 1 DVAs at an interim basis.

- ***Given that the formulaic errors were caused by the model and ERTH staff was unable to edit the equations and expected that the model worked properly; ERTH Power is not ready to withdraw the disposition of these accounts.***
- ***Also of note that the material impact of these formulaic errors and the inconsistent managers summary (not resulting from anything ERTH staff did) actually reduces the amount of variances requested to be disposed from ERTH's customers. Therefore ERTH does not see this issue as a reason to withdraw the disposition of accounts 1588 and 1589 from its application.***
- ***ERTH Power last disposed of these balances some time ago. An exhaustive analysis has been completed and given the responses contained in these interrogatories the balance while significant are not excessive given the length of time they have accumulated.***
- ***As an LDC we have done our due diligence to ensure that the recoveries are in the correct accounts, that true ups have been done with the IESO to ensure that the customers only pays their share.***
- ***ERTH cannot afford to allow these balances to continue to go unrecovered as interest rates continue to rise and the balances have grown over time.***

i) Please provide the IRM rate generator model reflecting the withdrawal of the accounts 1588 and 1589 balances.

- ***ERTH Power is not proposing to withdrawal the 1588 and 1589 balances and see no reason why they should be excluded.***

Staff Question-7

Ref: EB-2021-0021, Decision and Rate Order, Page 10

Reference states that:

The OEB expects ERTH Power to bring forward its Group 1 account balances for the OEB's consideration as part of its application for 2023 rates, along with the outcomes of its billing inconsistency investigation with the IESO. The OEB further expects that the specific directions provided by the OEB in ERTH Power's decision and rate orders for 2020 and 2021 rates, respectively, be addressed and that the outcomes associated with those directions also be included in ERTH Power's application for 2023 rates.

Question:

- a) Please confirm that ERTH Power has fully implemented the OEB's direction in the 2022 decision and order. If so, please explain the details. If not, please explain why not.
- ***ERTH Power has fully implemented the OEB's direction in the 2022 decision and order.***

#### **Staff Question-8**

**Ref: IRM Rate Generator Model – Mains rate zone, Tab 20 - Bill Impacts**

- a) As indicated in the instruction paragraph at the top of Tab 20 of the Rate Generator Model, a typical customer's consumption and demand data must be used for the bill impact calculations. With respect to the GS 50-999 kW customer class and profile shown on row 45, with a consumption of 5000 kWh in a month (Cell K45) and 0 kW peak demand (Cell L45). The bill impacts for this customer profile are shown in rows 918 to 971. The volumetric rates and DVA rate riders appear to be calculated correctly as per kW rates, but are applied using the 5,000 kWh monthly consumption, and the bill impacts appear to be erroneous. Please make all necessary corrections to ensure that the load profile and bill calculations are reasonable and correct.
- ***In row 45 the customer class for consumption of 5,000 kWh's should be GS<50 as per previous applications not greater than to 999. ERTH Power has made this change.***
- b) In Table 1 on Tab 20 of the Rate Generator Model, for the GS 50-999 kW class shown on rows 45 and 46, in row 45, the class is shown as having RTSRs consumption-billed (Cell M45), while the class is shown as demand-billed in row 46 (Cell M46). Please review and ensure that all customer class load profiles in Table 1 are reasonable and accurate, including with respect to charge determinants for distribution rates, RTSRs, and DVAs.
- ***See response to question A above.***

c) Has ERTH Power communicated with the General Service 50 to 999 kW customers and the Embedded Distributor regarding the proposed rate increases to be effective as of May 1, 2023, and associated bill impacts on these customers?

- ***See response to question A above, the resulting impacts are minimal for the GS>50 class for both of the consumption levels provided.***

d) Please provide a corrected Table 2 from what is shown of page 8 of ERTH Power's Application.

- ***The table on Page 8 of ERTH Power's application is correct and accurate no correction is required.***
- ***Updated impacts are in the revised ERTH Main model with minimal bill impacts except for Embedded Distributor as addressed in Question 9 below and GS>50 to 999 where the large % of bill impact change relates to RSTR charges.***

e) Please confirm that Table 1 and estimated bill impacts for the Goderich Rate Zone Model are reasonable and accurate.

- ***ERTH Power confirms that bill impacts as updated in the revised model for the Goderich Rate Zone are reasonable and accurate.***

#### **Staff Question-9**

##### **Manager's summary, page 28**

In its Manager's Summary ERTH Power indicated that "For the Embedded Distributor class the LDC in question deregistered wholesale metering points with the IESO historically to become embedded in order to save costs".

a) Please confirm when the LDC embedded to ERTH Power deregistered its wholesale metering points with the IESO and hence became embedded, or increased its embedded consumption and demand serviced by ERTH Power as a host distributor.

- ***The LDC embedded to ERTH Power deregistered its points with the IESO in approximately 2009.***

b) Please explain why there is a fairly substantive balance in the DVA account balance allocated to this customer class.

- ***The embedded distributor class gets allocated its portion of DVA account balances based upon its actual metered kWh and kW. ERTH Power made no adjustments to this allocation.***
- c) Please confirm that all of the DVA balances shown in Table 1 on page 16 of the Application would apply to the embedded distributor, including the amounts allocated. In other words, with ERTH Power seeking disposition of DVA balances going back several years to at least 2018, if the embedded distributor deregistered its wholesale marketing points in 2018 or later, should there be a different allocation of some of the DVA balances based on “cost causality” principles in place in different years (before or after wholesale meter deregistration)? If so, please provide a proposal for a different allocation method based on cost causality principles. If not, why not.
- ***The embedded distributor deregistered its points long before the accumulation of these balances and as a result they share in the disposition of these DVA balances as any other customer.***



## Staff Question-10

Ref: Manager's summary, page 5

Ref: IRM Rate Generator Model, Tab 3 - Continuity Schedule, Account 1580  
Variance WMS – Sub-account CBR Class B

- a) In its Manager's summary, ERTH Power stated that Account 1580 – WMS Sub-account CBR Class B does not balance to the 2.1.7 RRR balance as there was an error in reporting the principal balance of the CBDR Class B amount of (\$61,404.21) under the wrong sub-account. A revision request will be submitted for this change.

ERTH Power submitted a revision request on December 14, 2022. Staff has updated the Rate Generator Model to reflect the updated RRR to Account 1580. Please confirm accuracy of Account 1580 in Tab 3 – Continuity Schedule.

- The balance of Account 1580 in Tab3-Continuity Schedule is not accurate. The balance of Account 1580 –CBR should be (\$61,538) which is made up of Principal (\$61,404) and Interest (\$134) for both rate zones and split between rate zones as below. ERTH Power has updated the RRR 2.1.7 for 2021 for the revision request submitted as below. See comparison below of 2.1.7 RRR filed and what should have been filed.***

Account Descriptions	Account Number	2.1.7 RRR	ERTH Main		ERTH Goderich		Sum	Difference
		As of Dec 31, 2021	Closing Principal Balance as of Dec 31, 2021	Closing Interest Amounts as of Dec 31, 2021	Closing Principal Balance as of Dec 31, 2021	Closing Interest Amounts as of Dec 31, 2021		
Variance WMS – Sub-account CBR Class B <sup>5</sup>	1580	781	(50,697)	(58)	(10,707)	(76)	(\$61,538)	62,320

See Revision request below as submitted and RRR 2.1.7 updated.

DATA TO BE CHANGED	
As Filed:	*
Sub-Accounts	
Sub-Account Lost Revenues \$7,453.21	
Sub-Account Forgone Revenues from Postponing Rate Implementation -\$ 61,404.21	
Sub-Account CBR Class B - Interest \$0.00	
Sub-Account CBR Class B -Principal \$781.33	
As Revised:	*
Sub-Accounts	
Sub-Account Lost Revenues \$0.00	
Sub-Account Forgone Revenues from Postponing Rate Implementation \$7,453.21	
Sub-Account CBR Class B - Interest -\$ 133.91	
Sub-Account CBR Class B -Principal -\$61,404.21	

## Staff Question-11

Ref 1: ERTH Power's 2021 IRM Decision and Rate Order, Page 15

Ref 2: IRM Rate Generator Model – Mains rate zone, Tab 3 – Continuity Schedule

The table from ERTH Power's 2021 IRM Decision and Rate Order<sup>1</sup> which identified the principal and interest amounts approved for disposition, is reproduced below.

<b>Account Name</b>	<b>Account Number</b>	<b>Principal Balance (\$) A</b>	<b>Interest Balance (\$) B</b>	<b>Total Claim (\$) C=A+B</b>
LV Variance Account	1550	56,911	12,217	69,128
Smart Meter Entity Variance Charge	1551	(19,488)	(690)	(20,178)
RSVA - Wholesale Market Service Charge	1580	(68,353)	(8,098)	(76,451)
Variance WMS - Sub-account CBR Class B	1580	(25,320)	(494)	(25,815)
RSVA - Retail Transmission Network Charge	1584	(41,878)	(4,270)	(46,148)
RSVA - Retail Transmission Connection Charge	1586	(47,254)	(1,108)	(48,362)
<b>Totals for Group 1 accounts (Excluding 1588 – Power and 1589 – Global Adjustment)</b>		<b>(145,382)</b>	<b>(2,444)</b>	<b>(147,826)</b>

OEB staff notes that the “OEB-Approved Disposition during 2018” and “Interest Disposition during 2021” do not reconcile with the approved amounts in the 2021 IRM Decision and Rate Order in Account 1580 RSVA – Wholesale Market Service Charge.

		<b>2021</b>				
<b>Account Descriptions</b>	<b>Account Number</b>	<b>OEB-Approved Disposition during 2021</b>	<b>Principal Adjustments<sup>1</sup> during 2021</b>	<b>Closing Principal Balance as of Dec 31, 2021</b>	<b>Opening Interest Amounts as of Jan 1, 2021</b>	<b>OEB-Approved Disposition during 2021</b>
<b>Group 1 Accounts</b>						
LV Variance Account	1550	56,911		1,069,000	12,062	4,526
Smart Metering Entity Charge Variance Account	1551	(19,488)		(17,599)	(597)	(92)
RSVA - Wholesale Market Service Charge <sup>5</sup>	1580	(93,673)		12,892	(8,430)	(969)
Variance WMS – Sub-account CBR Class A <sup>5</sup>	1580			0	0	
Variance WMS – Sub-account CBR Class B <sup>5</sup>	1580	(25,320)		(50,698)	(349)	(203)
RSVA - Retail Transmission Network Charge	1584	(41,878)		422,281	(2,843)	2,231
RSVA - Retail Transmission Connection Charge	1586	(47,254)		80,358	(2,001)	539

<sup>1</sup> EB-2020-0019

a) Please reconcile the difference. If the input into the Rate Generator Model is an error, please provide corrections and OEB staff will make the necessary changes to the model.

- ***ERTH Power has included the disposal of CBR Class B in Cell BE23 and BJ23 as it is understood that the total of control account 1580 as reported in RRR should be included in line 23. Please confirm if this approach as outlined in note 5 on Tab 3 of the rate model is correct.***

Account Name	Account Number	Principal Disposition	Interest Disposition
RSVA - Wholesale Market Service Charge <sup>5</sup>	1580	-\$ 68,353.00	-\$ 8,098.00
Variance WMS – Sub-account CBR Class B <sup>5</sup>	1580	-\$ 25,320.00	-\$ 494.00
<b>Total for Control Account 1580</b>		<b>-\$ 93,673.00</b>	<b>-\$ 8,592.00</b>

<sup>5</sup> RRR balance for Account 1580 RSVA - Wholesale Market Service Charge should equal to the control account as reported in the RRR. This would include the balance for Account 1580, Variance WMS – Sub-account CBR Class B.

## Staff Question-12

### Ref 1: IRM Rate Generator Model – Mains rate zone, Tab 8 – STS Tax Change

OEB staff notes in ERTH Power 2018 COS application<sup>2</sup> that the “Approved Rate Base” amount was \$38,193,812.

Rate Base and Working Capital						
Rate Base						
Line No.	Particulars	Initial Application	Adjustments	Interrogatory Responses	Adjustments	Per Board Decision
1	Gross Fixed Assets (average) <sup>(2)</sup>	\$41,001,517	(\$63,018)	\$40,938,499	(\$1,658,387)	\$39,280,112
2	Accumulated Depreciation (average) <sup>(2)</sup>	(\$5,959,599)	\$368,734	(\$5,590,865)	\$1,267,632	(\$4,323,233)
3	Net Fixed Assets (average) <sup>(2)</sup>	\$35,041,919	\$305,716	\$35,347,635	(\$390,755)	\$34,956,880
4	Allowance for Working Capital <sup>(1)</sup>	\$5,153,240	(\$1,601,909)	\$3,551,330	(\$314,398)	\$3,236,932
5	<b>Total Rate Base</b>	<b>\$40,195,158</b>	<b>(\$1,296,193)</b>	<b>\$38,898,965</b>	<b>(\$705,153)</b>	<b>\$38,193,812</b>

Please confirm that the rate base amount in Tab 8 should be \$38,193,812 instead of \$36,193,812.

<sup>2</sup> EB-2017-0038

Summary - Sharing of Tax Change Forecast Amounts		
	2018	2023
OEB-Approved Rate Base	\$ 36,193,812	\$ 36,193,812
OEB-Approved Regulatory Taxable Income	\$ 91,233	\$ 91,233

- ***ERTH Power confirms that the rate base amount in tab 8 should be \$38,193,812 and has made the change in the revised ERTH Main Rate Generator Model.***

### Staff Question-13

Ref: Application & Evidence, Manager's Summary, Section 5.3, Table 4

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.

Questions:

- a) Please confirm that the distributor 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.
- ***ERTH Power confirms it will not seek to dispose of LRAMVA in a future application***
- i) If not confirmed, please explain why a request for disposition was not submitted as part of this application.
- ii) If confirmed, please also confirm that ERTH Power has verified that, relative to the LRAMVA threshold (if any) established in ERTH Power'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).
- ***ERTH Power had disposed of its LRAM amounts in its last rebasing applications for each rate zone and has a credit balance of approximately \$56,000 for its main rate zone and a debit balance of \$59,000 in the Goderich rate zone.***
  - ***These amounts are in ERTH 1595 balances with the credit amount for ERTH Main being requested within this application and ERTH Goderich will be disposed of upon the first available window.***

### Staff Question-14

Goderich rate zone

Ref 1: IRM Rate Generator Model, Tab 1 - Information Sheet

Ref 2: IRM Rate Generator Model, Tab 6 – Class A Consumption Data

OEB staff notes that on Tab 1, Information Sheet, ERTH Power indicated that they have Class A customers at any point during the period where the balance in Account 1580,

Sub-account CBR Class B accumulated (i.e. from the year selected in 3# above to the year requested for disposition).

- ***Goderich rate zones had class A customers however none of them moved in or out of Class A during the period of the IRM application.***

In Tab 6 – Class A Consumption Data, OEB Staff notes that cell C487 has not been completed. Please explain this discrepancy.

- ***See above.***

### **Staff Question-15**

#### **Ref: Rate Generator Model – Goderich rate zone**

OEB staff has made the following generic updates in the Rate Generator Model attached:

- Updated the [Ontario Electricity Rebate](#) in Tab 20 to 11.7% (as of November 1, 2022)
- Updated the [electricity prices](#) under the RPP in tab 17 and tab 20
- Applied a 3.70% Inflation Factor for the [Wireline Pole Attachment Charge](#) and [Retail Service Charges](#) in Tab 17
- Updated regulatory charges effective January 1, 2023, for the Wholesale Market Services rate and the Rural or Remote Electricity Rate Protection charge ([EB-2022-0269](#)) in Tab 17
- Updated 2023 [Uniform Transmission Rates](#) and [Host-RTSRs](#) in Tab 11
- Updated the Smart Meter Entity (SME) Charge in Tab 17 to \$0.42

Please confirm the updates in the attached model.

- ***ERTH Power confirms the above updates are completed in the model and are included in the model submitted with these responses.***

### **Staff Question-16**

#### **Ref: Rate Generator Model – Mains rate zone**

OEB staff has made the following generic updates in the Rate Generator Model attached:

- Updated regulatory charges effective January 1, 2023, for the Wholesale Market Services rate and the Rural or Remote Electricity Rate Protection charge ([EB-2022-0269](#)) in Tab 17
- Updated 2023 [Uniform Transmission Rates](#) and [Host-RTSRs](#) in Tab 11

Please confirm the updates in the attached model.

- ***ERTH Power confirms the above updates are completed in the model and are included in the model submitted with these responses.***