

Hydro 2000 Inc.
Response to OEB Staff Questions

EB-2022-0038

Please find below

Staff Question- 1

Ref 1: Rate Generator Model, Tab 1

OEB staff notes that Tab 1, Cell 18 of the Rate Generator Model has not been completed.

- a) Please confirm that Hydro 2000 fills out application EB# in Tab 1, Cell 18.

[H2000 Responses: Confirmed, EB-2022-0038 has been entered in Tab one of the attached model.](#)

Staff Question- 2

Ref 1: IRM Rate Generator Tab 17 and Tab 20 – Regulatory Charges

Ref 2: Decision and Order, EB-2022-0269

OEB staff has made the following updates to Tab 17 of the rate generator:

Regulatory Charges

Effective Date of Regulatory Charges		January 1, 2022	January 1, 2023
Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005	0.0007
Standard Supply Service - Administrative Charge (if applicable)	\$/kWh	0.25	0.25

- a) Please confirm the accuracy of the updates.

[H2000 Responses: H2000 confirms that the updates are up to date and accurate.](#)

Staff Question- 3

Ref 1: IRM Rate Generator Tab 11 – Retail Service Transmission Rates (RTSRs)
Ref 2: Decision and Order, EB-2021-0110

OEB staff made the following updates to Tab 11 of the rate generator model:

Uniform Transmission Rates		Unit	2021 Jan to Jun		2021 Jul to Dec		2022 Jan to Mar		2022 Apr to Dec		2023
Rate Description			Rate		Rate		Rate		Rate		Rate
Network Service Rate	kW	\$	4.67	\$	4.90	\$	5.13	\$	5.46	\$	5.60
Line Connection Service Rate	kW	\$	0.77	\$	0.81	\$	0.88	\$	0.88	\$	0.92
Transformation Connection Service Rate	kW	\$	2.53	\$	2.65	\$	2.81	\$	2.81	\$	3.10

Hydro One Sub-Transmission Rates		Unit	2021		2022		2023
Rate Description			Rate		Rate		Rate
Network Service Rate	kW	\$		3.4778	\$	4.3473	4.6545
Line Connection Service Rate	kW	\$		0.8128	\$	0.6788	0.6056
Transformation Connection Service Rate	kW	\$		2.0458	\$	2.3267	2.8924
Both Line and Transformation Connection Service Rate	kW	\$		2.8586	\$	3.0055	3.4980

a) Please confirm the accuracy of the updates.

H2000 Responses: H2000 confirms that the updates are up to date and accurate.

Staff Question- 4

Ref 1: Manager Summary, p. 12

Hydro 2000 states the following in Reference 1 regarding the disposition threshold for the Group 1 deferral and variance accounts: “Since the threshold was met, Hydro 2000 is therefore not seeking disposal of its deferral and variance account in this proceeding.”

OEB staff notes this is a typo because the rest of the application indicates otherwise.

Question(s):

- a) Please confirm that Hydro 2000 is seeking the disposal of its Group 1 deferral and variance account on a final basis in this proceeding.

H2000 Responses: H2000 confirms that it is seeking disposition of Group 1 deferral and variance accounts on a final basis in this application.

Staff Question- 5

Ref 1: Manager Summary, p. 14

Ref 2: 2023 IRM Rate Generator Model

Hydro 2000 states the following in Reference 1 regarding the disposition period for the Group 1 deferral and variance accounts: “The proposed rate riders sought for recovery or refund of balances proposed for disposition over the default period of two years.”

OEB staff finds this statement conflicts with the proposed and also default rate rider recovery period of 12 months indicated in Reference 2.

Question(s):

- a) Please confirm that the recovery period for the disposition of the Group 1 deferral and variance accounts is a default 12-month period.

H2000 Responses: H2000 confirms that it is seeking disposition of Group 1 deferral and variance accounts on a final basis over a period of 12 months.

Staff Question- 6

Ref 1: 2023 GA Analysis Workform

Ref 2: 2023 IRM Rate Generator Model

OEB staff finds the net change in principal balance in the GL stated in Reference 1 Tab GA 2021 cell C75 (a credit balance of \$2,460) does not agree to the transactions during 2021 amount of \$1,550 stated in the continuity schedule.

Question(s):

- a) Please explain the discrepancy noted above and update the relevant schedule/model as applicable.

H2000/MNP Responses: The amount presented was the total transactions for account 1588 instead of 1589. The amount should have been a debit of \$1,550. Amounts have been adjusted because an error was found in the variances model.

Staff Question- 7

Ref 1: 2023 GA Analysis Workform

Per Tab GA 2021 in Reference 1, Hydro 2000 states a reconciling item of a credit amount of \$6,071 due to variances from December consumption recorded in January. OEB staff notes that Hydro 2000 did not indicate whether this adjustment is a principal adjustment on the DVA continuity schedule.

In addition, OEB staff notes there is no corresponding principal adjustment on DVA Continuity Schedule.

Question(s):

- a) Please confirm if there is a principal adjustment made in the GL for the unbilled December consumption.
 - i. If so, please complete the Principal Adjustments tab in the GA Workform and update the relevant schedule/model as applicable.
 - ii. If not, please provide an explanation and update the relevant schedule/model as applicable.

H2000/MNP Responses: There are 3 adjusting entries for account 1589 every month. Entry # 3 is recorded in the current month while entries # 10 and # 15 are recorded in the following month. The \$6,071 was for entries # 10 and # 15 for December 2021 consumption which were recorded in January 2022. An amount of \$3,692 should also have been deducted for entries # 10 and # 15 for December 2020 consumption which were recorded in January 2021. GA Workform has been updated.

Staff Question-8

Ref 1: 2023 IRM Rate Generator Model

Ref 2: Manager Summary, p. 12-13

Ref 3: Manager Summary, p. 16-17

Ref 3: EB-2021-0030, 2022 IRM Application Manager Summary, p.16

Hydro 2000 states in Reference 2, that variances between RRR and continuity schedule for Accounts 1588 and 1589 resulted from the utility using the OEB’s true-up template versus the previous method. The variances are provided in Reference 2 as shown below.

Table 4 – Variances between RRR and Continuity Schedules

<i>Account Descriptions</i>	Account Number	Total Claim	2.1.7 RRR As of December 31, 2021	Variance RRR vs. 2021 Balance (Principal + Interest)
<i>Group 1 Accounts</i>				
<i>RSVA - Power</i>	1588	(18,981)	(311,781)	(292,800)
<i>RSVA - Global Adjustment</i>	1589	2,578	38,020	35,443

In Reference 2, Hydro 2000 also provided Table 5 Derivation of Variances to show the differences and derivation between the two methods.

Table 5 – Derivation of variances

<i>Principal</i>	Carrying charges	Total	
Old method			
1588	(299,800.17)	(6,249.12)	(306,049.29)
1589	82,606.23	8,190.41	90,796.64
	(217,193.94)	1,941.29	(215,252.65)
New method			
1588	(11,649.21)	(1,600.79)	(13,250.00)
1589	52,577.45	2,776.55	55,354.00
	40,928.24	1,175.76	42,104.00
Differences			
1588	(288,150.96)	(4,648.33)	(292,799.29)
1589	30,028.78	5,413.86	35,442.64
	(258,122.18)	(765.53)	(257,356.65)

Hydro 2000 provided further explanation regarding the variances in Reference 3. OEB staff finds Hydro 2000 provided a similar explanation in the Manager Summary from the 2022 IRM application, in which Hydro 2000 stated the following,

Based on these facts, it was evident that an adjustment needed to be made to the variance accounts to bring them to their newly determined balances, with the other side of the entry impacting retained earnings in the form of a recast in the financial statements. This adjustment was completed while preparing the 2021 IRM.

Question(s):

- a) It appears that the balances for Accounts 1588 and 1589 under the old method provided in Table 5 are as of Dec 31, 2019. Please confirm and update the table to reflect the balances as of December 31, 2021, as applicable.

H2000/MNP Responses: The differences were the same for IRM 2021, IRM 2022 and IRM 2023 as the one-time adjustment is being carried over year after year.

- b) OEB staff finds that the balances for Accounts 1588 (credit balance of \$13,250) and 1589 (\$55,354) provided in table 5 do not agree with the balances in the continuity schedules (1588 credit balance of \$3,821, 1589 \$1,787). Please

explain and update the table to reflect the balances as of December 31, 2021, as applicable.

H2000/MNP Responses: Table 5 shows the reconciliation of the differences as at December 31, 2019, which were the balances for the 2021 IRM. The differences relate to 2017, 2018 and 2019.

- c) Please confirm if the adjustment mentioned in Reference 4 has been made to the GL. If yes, please clarify in which year the adjustment was made. If not, why not?

H2000/MNP Responses: Hydro 2000/MNP confirms that the adjustments in Reference 4 have not been made in the GL. Hydro 2000/MNP has not been instructed nor is aware of OEB accounting guidance as to how to make this adjustment in the utility's books.