

EB-2023-0052 Synergy North Corporation

Error Checking Review

September 21, 2023

Delivered by RESS

Ms. Nancy Marconi, Registrar
Ontario Energy Board
P.O Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms Marconi

Re: SYNERGY NORTH CORPORATION ("SNC") 2024 Cost of Service Application

OEB File number: EB-2023-0052

Responses to OEB Staff – Error Checking Review

On September 13, 2023, OEB Staff requested clarification on 6 items in the SNC 2024 Cost of Service Application as filed on August 16th, 2023. SNC's responses to those questions can be found below

OEB Staff Question

1. The 2024 depreciation expense does not match in
 - a. RRWF and Exhibit 6, page 6 (\$6,138,149)
 - b. Chapter 2 Appendices 2BA and 2C (\$6,533,934)

SNC Response:

As summarized in the table below and in Cells L97-L101 of Appendix 2BA, Appendices 2BA and 2C include three items that require adjustments to determine the net depreciation claimed on RRWF and in Exhibit 6. This includes the addition of depreciation of our Asset Requirement Obligation as explained in 2.4.3 Asset Retirement Obligation as settled in the 2017 COS process. The removal of depreciation on items that have been fully allocated to other programs. Finally, adding back amounts related to deferred revenue UsoA account 2440, which are treated as other revenues on the RRWF. The expenses in the RRWF and Exhibit 6, page 6 is the Net Depreciation after making these adjustments.

SNC Response

The principal adjustment of (\$6,669) is correct in the 2024 DVA Continuity schedule, Tab 2a, Cell BF32 for the KN rate zone. In the GA Analysis workform. The (\$6,669) was included in the GA 2022 tab cell C78 however it was missed in the Principal Adjustments Tab. See Attachment 3 For revised GA Analysis Workform which adds the adjustment to cell J19 on the Principal Adjustments Tab.

OEB Staff Question

5. Transactions (-\$48,575) identified in the 2024 DVA Continuity Schedule, Tab 2a, Cell BD32 does not match the Transactions (-\$48,609) in the 2024 GA Analysis Form, Tab GA2022, Cell C75.

SNC Response

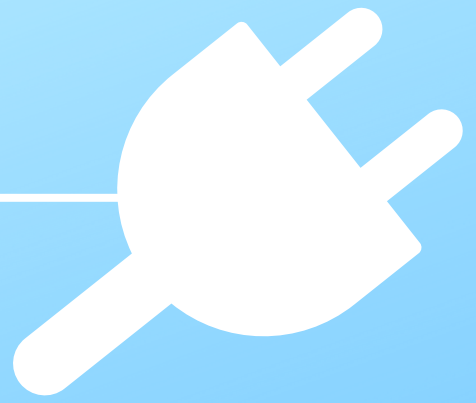
The balance of (-\$48,575) identified in the 2024 DVA Continuity Schedule, Tab 2a, Cell BD32 is correct, the balance in the in the GA Analysis has been adjusted and included as Attachment 4.

OEB Staff Question

6. Total OM&A expense (including LEAP and Property Taxes) do not match in
 - a. Exhibit 1, Page 18
 - b. Chapter 2 Appendices, Tab 2JC

SNC Response

The difference is property taxes of \$2,431 UseA Account 6105, which is included in 1-3: Service Revenue Requirement, but not included as part of the Chapter 2 Appendices Tab 2JC.

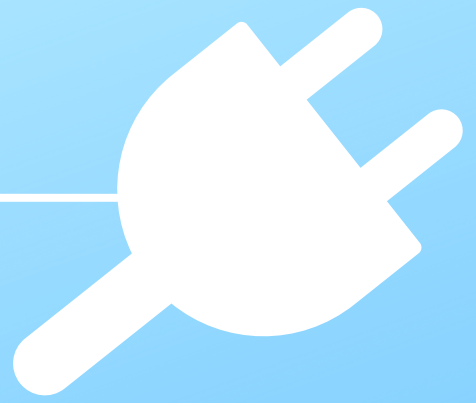


ATTACHMENT 1

Table 5.2-2 2021 SNC OEB Scorecard Performance Measures⁸

Performance Outcome	Measure	Metric	2017	2018	2019	2020	2021	Target
Customer Focus	Service Quality	New Residential/Small Business Services Connected on Time	100.00%	99.00%	99.67%	98.74%	100.00%	90.00%
		Scheduled Appointments Met on Time	100.00%	100.00%	100.00%	100.00%	100.00%	90.00
		Telephone Calls Answered on Time	95.00%	95.00%	90.86%	87.51%	89.99%	65.00%
	Customer Satisfaction	First Contact Resolution	A+	A+	A+	A+	A+	N/A
		Billing Accuracy	100.00%	100.00%	99.92%	99.96%	99.93%	98.00%
		Customer Satisfaction Survey Results	A	A	A	A	A	N/A
Operation Effectiveness	Safety	Level of Public Awareness	83.00%	83.00%	83.00%	84.00%	84.00%	N/A
		Level of Compliance with Ontario Regulation 22/04	C	C	C	C	C	C
		Serious Electrical Incident Index	0	0	0	0	0	0
			0.000	0.00	0.000	0.000	0.000	0.000
	System Reliability	Avg. Number of Hours that Power to a Customer is Interrupted	1.85	2.12	1.41	0.75	1.28	1.77
		Avg. Number of Times that Power to a Customer is Interrupted	2.94	2.61	2.25	1.85	1.96	2.49
	AM	Distribution System Plan Implementation Progress	106.13	101.14	100.00	95.60	97.41	N/A
	Cost Control	Efficiency Assessment	3	3	3	3	3	N/A
		Total Cost per Customer	\$652	\$678	\$675	\$641	\$651	N/A
		Total Cost per Km of Line	\$29,252	\$30,585	\$30,199	\$28,793	\$29,384	N/A
Public Policy Responsiveness	Connection of REG	REG Connection Impact Assessments Completed on Time	-	-	100.00%	-	-	N/A
		New Micro-embedded Generation Facilities Connected on Time	100.00%	100.00%	100.00%	-	100.00%	90.00%
Financial Performance	Financial Ratios	Liquidity: Current Ratio (current assets/current liabilities)	1.82	1.70	1.81	2.03	1.73	N/A
		Leverage: Total Debt (short-term and long-term) to Equity Ratio	0.84	0.78	0.76	0.79	0.74	N/A
		Profitability: Regulatory Return on Equity - Deemed	8.84%	8.84%	8.85%	8.85%	8.85%	N/A
		Profitability: Regulatory Return on Equity - Achieved	3.01%	8.11%	9.71%	7.98%	7.82%	N/A

⁸ <https://www.oeb.ca/documents/scorecard/2021/Scorecard%20-%20Synergy%20North%20Corporation.pdf>



ATTACHMENT 2

1 **TABLE 1-17: – SNC'S 2017 – 2022 OEB SCORECARD RESULTS**

Performance Outcomes	Performance Categories	Measures	2017	2018	2019	2020	2021	2022
Customer Focus	Service Quality	New Residential/Small Business Services Connected on Time (Target: 90%)	100%	99%	99.67%	98.74%	100.00%	100.00%
		Scheduled Appointments Met on Time (Target: 90%)	100%	100%	100%	100%	100%	100%
		Telephone Calls Answered on Time (Target: 65%)	95%	95%	90.86%	87.51%	89.99%	90.53%
	Customer Satisfaction	Billing Accuracy (Target: 98%)	100	100	100	99.96	99.93	99.87
		First Contact Resolution	A+	A+	A+	A+	A+	A+
		Customer Satisfaction Survey Results	A	A	A	A	A+	A
Operational Effectiveness	Safety	Level of Public Awareness	83%	83.0%	83.0%	84.0%	84.0%	87.0%
		Level of Compliance with Ontario Regulation 22/04 (Target: substantially compliant)	C	C	C	C	C	C
		Number of General Public Incidents	0	0	0	0	0	0
		Rate per 10, 100, 1000 km of line	0	0	0	0	0	0
	System Reliability	Average Number of Times Power to Customer is Interrupted	2.94	2.61	2.25	1.85	1.96	2.26
		Average Number of Hours Power to Customer is Interrupted	1.85	2.12	1.41	0.75	1.28	1.4
	Asset Management	Distribution System Plan Implementation on Progress	106.13	101.14	100	95.6	97.41	n/a
	Cost Control	Efficiency Assessment (1 = most efficient 5 = least efficient)	3	3	3	3	3	3
		Total Cost (\$) per Customer	\$ 652	\$ 678	\$ 675	\$ 641	\$ 651	\$ 755
		Total Cost (\$) per Km of Line	\$ 29,252	\$ 30,585	\$ 30,199	\$ 28,793	\$ 29,384	\$ 33,928
Public Policy Responsiveness	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed on Time	%	%	100%	%	%	%
		New Micro-Embedded Generation Facilities Connected on Time (Target: 90%)	100%	100%	100%	100%	100%	100%
Financial Performance	Financial Ratios	Liquidity: Current Ratio	1.82	1.70	1.79	2.03	1.73	1.61
		Leverage: Total Debt to Equity Ratio	0.84	0.78	0.76	0.79	0.74	0.81
		Profitability: Regulatory Return on Equity - Deemed	8.84%	8.84%	8.85%	8.85%	8.85%	8.85%
		Profitability: Regulatory Return on Equity - Achieved	3.01%	8.11%	9.71%	7.98%	7.82%	3.63%

2

3

Over the past six years, SNC was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety, “Component B”). This was achieved through a strong commitment to safety, and adherence to company procedures and policies. Ontario Regulation 22/04 establishes objective-based electrical safety requirements for the design, construction and maintenance of electrical distribution systems owned by licensed distributors. SNC’s target is to continue to achieve full compliance in this area.

Number of Incidents

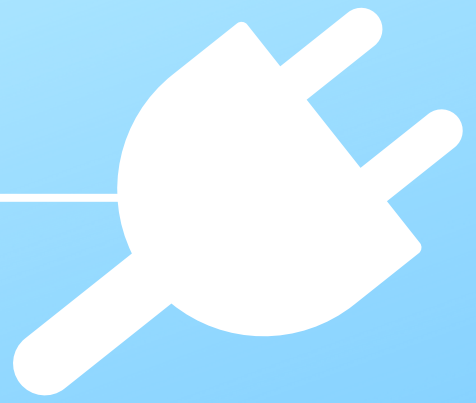
Over the past six years, SNC has recorded one serious electrical incident (“Component C”). SNC’s target is to achieve full compliance and to have zero serious electrical incidents.

SYSTEM RELIABILITY

Table 1-18 below displays the system reliability data from 2017 to 2022. A key change for 2016, as required by the OEB, is the revised reporting of reliability data with respect to Major Events. Specifically, the change serves to adjust the reliability data to remove the impact of Major Events. Additionally, distributors are required to report criteria to monitor the distributor’s performance related to the Major Event. The 2017-2021 Scorecard’s system reliability data, excludes both Loss of Supply and Major Events. A “Major Event” is defined as an event that is beyond the control of the distributor and is unforeseeable, unpredictable, unpreventable, or unavoidable. Such events disrupt normal business operations and occur so infrequently that it would be uneconomical to take them into account when designing and operating the distribution system. Such events cause exceptional and/or extensive damage to assets, take significantly longer than usual to repair, and affect a substantial number of customers. SNC calculates major event day scope using the IEEE Standard 1366-2003, “IEEE Guide for Electric Power Distribution Reliability Indices”.

TABLE 1-21: SCORECARD PERFORMANCE – SYSTEM RELIABILITY

Year	Average Number of Times Power to Customer is Interrupted	Average Number of Hours Power to Customer is Interrupted
2017	2.94	1.85
2018	2.61	2.12
2019	2.25	1.41
2020	1.85	0.75
2021	1.96	1.28
2022	2.26	1.4



ATTACHMENT 3

GA Analysis Workform

Note 2 Consumption Data Excluding for Loss Factor (Data to agree with RRR as applicable)

Year		2022		
Total Metered excluding WMP	C = A+B	97,559,853	kWh	100%
RPP	A	61,538,765	kWh	63.1%
Non-RPP	B = D+E	36,021,088	kWh	36.9%
Non-RPP Class A	D		kWh	0.0%
Non-RPP Class B*	E	36,021,088	kWh	36.9%

*Non-RPP Class B consumption reported in this table is not expected to directly agree with the Non-RPP Class B Including Loss Adjusted Billed Consumption in the GA Analysis of Expected Balance table below. The difference should be equal to the loss factor.

Note 3 GA Billing Rate

GA is billed on the

1st Estimate

Please confirm that the same GA rate is used to bill all customer classes. If not, please provide further details

Yes

Please confirm that the GA Rate used for unbilled revenue is the same as the one used for billed revenue in any particular month

Yes

Note 4 Analysis of Expected GA Amount

Year	2022								
Calendar Month	Non-RPP Class B Including Loss Factor Billed Consumption (kWh)	Deduct Previous Month Unbilled Loss Adjusted Consumption (kWh)	Add Current Month Unbilled Loss Adjusted Consumption (kWh)	Non-RPP Class B Including Loss Adjusted Consumption, Adjusted for Unbilled (kWh)	GA Rate Billed (\$/kWh)	\$ Consumption at GA Rate Billed	GA Actual Rate Paid (\$/kWh)	\$ Consumption at Actual Rate Paid	Expected GA Price Variance (\$)
	F	G	H	I = F-G+H	J	K = FJ	L	M = FL	N=M-K
January	3,522,569			3,522,569	0.04829	\$ 170,105	0.04353	\$ 153,337	\$ (16,767)
February	3,265,930			3,265,930	0.05019	\$ 163,917	0.05246	\$ 171,331	\$ 7,414
March	3,314,162			3,314,162	0.05500	\$ 182,279	0.05941	\$ 196,894	\$ 14,615
April	2,906,667			2,906,667	0.05915	\$ 171,929	0.08293	\$ 241,050	\$ 69,121
May	2,840,833			2,840,833	0.05968	\$ 169,541	0.08475	\$ 240,761	\$ 71,220
June	2,848,340			2,848,340	0.06293	\$ 236,213	0.07868	\$ 224,107	\$ (12,105)
July	3,123,149			3,123,149	0.08475	\$ 264,687	0.04008	\$ 125,176	\$ (139,511)
August	3,126,278			3,126,278	0.04871	\$ 152,281	0.00499	\$ 15,600	\$ (136,681)
September	2,848,003			2,848,003	0.04008	\$ 114,148	0.03241	\$ 92,304	\$ (21,844)
October	2,820,439			2,820,439	0.00499	\$ 14,074	0.05771	\$ 162,768	\$ 148,694
November	3,039,544			3,039,544	0.04739	\$ 144,044	0.06989	\$ 212,434	\$ 68,390
December	3,451,979			3,451,979	0.05962	\$ 205,807	0.03427	\$ 118,299	\$ (87,508)
Net Change in Expected GA Balance in the Year (i.e. Transactions in the Year)	37,107,893	-	-	37,107,893		\$ 1,989,025		\$ 1,954,061	\$ (34,964)

Annual Non-RPP Class B Wholesale kWh *	Annual Non-RPP Class B Retail billed kWh	Annual Unaccounted for Energy Loss kWh	Weighted Average GA Actual Rate Paid (\$/kWh)**	Expected GA Volume Variance (\$)
O	P	Q=O-P	R	P= Q*R
36,992,546	37,107,893	- 115,347	0.05300	\$ (6,113)

*Equal to (AGEW - Class A + embedded generation kWh)/(Non-RPP Class B retail kWh/Total retail Class B kWh)

**Equal to annual Non-RPP Class B \$ GA paid (i.e. non-RPP portion of CT 148 on IESO Invoice) divided by Non-RPP Class B Wholesale kWh (as quantified in column O in the table above)

Total Expected GA Variance | \$ (41,077)

Calculated Loss Factor 1.0302
Most Recent Approved Loss Factor for Secondary Metered Customer < 5,000kW 1.043
Difference -0.0128

a) Please provide an explanation in the text box below if columns G and H for unbilled consumption are not used in the table above.

Amounts in Column F include adjustments for unbilled each month. An IT generated report from the billing system prorate

b) Please provide an explanation in the text box below if the difference in loss factor is greater than 1%

An immaterial kWh difference (424,642 kWh = 0.4% of Total kWh) between a summary report total and detailed by class report totals was all

Note 5 Reconciling Items

Item	Amount	Explanation	Principal Adjustments
Net Change in Principal Balance in the GL (i.e. Transactions in the Year)	\$ (33,420)		Principal Adjustment on DVA Continuity Schedule
CT 148 True-up of GA Charges based on Actual Non-RPP Volumes - prior year			If "no", please provide an explanation
CT 148 True-up of GA Charges based on Actual Non-RPP Volumes - current year			
2a Remove prior year end unbilled to actual revenue differences	\$ (6,669)		Yes
2b Add current year end unbilled to actual revenue differences			
Significant prior period billing adjustments recorded in current year			
Significant current period billing adjustments recorded in other year(s)			
4a CT 2148 for prior period corrections			
4b			
5			
6			
7			
8			
9			
10			

Note 6 Adjusted Net Change in Principal Balance in the GL \$ (40,089)
Net Change in Expected GA Balance in the Year Per Analysis \$ (41,077)
Unresolved Difference \$ 988
Unresolved Difference as % of Expected GA Payments to IESO 0.1%

GA Analysis Workform -
Account 1588 and 1589
Principal Adjustment Reconciliation

Note 8 **Breakdown of principal adjustments included in last approved balance:**

Account 1589 - RSVA Global Adjustment			
Adjustment Description		Amount	To be reversed in current application?
1	Reverse prior year	6,669	Yes
2			
3			
4			
5			
6			
7			
8			
Total		6,669	
Total principal adjustments included in last approved balance			
Difference		6,669	

Account 1588 - RSVA Power			
Adjustment Description		Amount	To be Reversed in Current Application?
1	Unbilled to actual revenue differences	165,787	Yes
2	Amounts owing for Power to IESO to be excluded from Account 1588.	136,784	No
3			
4			
5			
6			
7			
8			
Total		302,571	
Total principal adjustments included in last approved balance			
Difference		302,571	

Note 9 **Principal adjustment reconciliation in current application:**

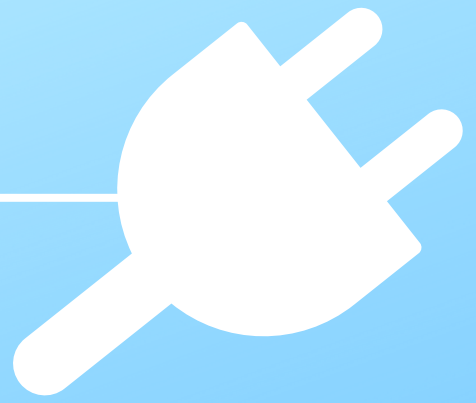
Notes

- 1) The "Transaction" column in the DVA Continuity Schedule is to equal the transactions in the general ledger (excluding transactions relating to the removal of approved disposition amounts as that is shown in a separate column in the DVA Continuity Schedule)
- 2) Any principal adjustments needed to adjust the transactions in the general ledger to the amount that should be requested for disposition should be shown separately in the "Principal Adjustments" column of the DVA Continuity Schedule
- 3) The "Variance RRR vs. 2022 Balance" column in the DVA Continuity Schedule should equal principal adjustments made in the current disposition period. It should not be impacted by reversals from prior year approved principal adjustments.
- 4) Principal adjustments to the pro-ration of CT 148 true-ups (i.e. principal adjustment #1 in tables below) are expected to be equal and offsetting between Account 1588 and Account 1589, if not, please explain. If this results in further adjustments to RPP settlements, this should be shown separately as a principal adjustment to CT 1142/142 (i.e. principal adjustment #2 in tables below)

Complete the table below for the current disposition period. Complete a table for each year included in the balance under review in this rate application. The number of tables to be completed is automatically generated based on data provided in the Information Sheet

Year	Account 1589 - RSVA Global Adjustment		
	Adjustment Description	Amount	Year Recorded in GL
	Reversals of prior approved principal adjustments (auto-populated from table above)		
	1 Reverse prior year	(6,669)	
	2		
	3		
	4		
	5		
	6		
	7		
	8		
	Total Reversal Principal Adjustments	(6,669)	
	Current year principal adjustments		
	1 CT 148 true-up of GA Charges based on actual Non-RPP volumes		
	2 Unbilled to actual revenue differences		
	3		
	4		
	5		
	6		
	7		
	8		
	Total Current Year Principal Adjustments	-	
	Total Principal Adjustments to be Included on DVA Continuity Schedule/Tab 3 - IRM Rate Generator Model	(6,669)	

Year	Account 1588 - RSVA Power		
	Adjustment Description	Amount	Year Recorded in GL
	Reversals of prior approved principal adjustments (auto-populated from table above)		
	1 Unbilled to actual revenue differences	(165,787)	2,022
	2		
	3		
	4		
	5		
	6		
	7		
	8		
	Total Reversal Principal Adjustments	(165,787)	
	Current year principal adjustments		
	1 CT 148 true-up of GA Charges based on actual RPP volumes		
	2 CT 1142/142 true-up based on actuals		
	3 Unbilled to actual revenue differences	165,787	2,023
	4		
	5		
	6		
	7		
	8		
	Total Current Year Principal Adjustments	165,787	
	Total Principal Adjustments to be Included on DVA Continuity Schedule/Tab 3 - IRM Rate Generator Model	-	



ATTACHMENT 4

GA Analysis Workform

Note 2 Consumption Data Excluding for Loss Factor (Data to agree with RRR as applicable)

Year		2022		
Total Metered excluding WMP	C = A+B	873,519,448	kWh	100%
RPP	A	491,629,928	kWh	56.3%
Non-RPP	B = D+E	381,889,520	kWh	43.7%
Non-RPP Class A	D	132,105,628	kWh	15.1%
Non-RPP Class B*	E	249,783,892	kWh	28.6%

*Non-RPP Class B consumption reported in this table is not expected to directly agree with the Non-RPP Class B Including Loss Adjusted Billed Consumption in the GA Analysis of Expected Balance table below. The difference should be equal to the loss factor.

Note 3 GA Billing Rate

GA is billed on the

1st Estimate

Please confirm that the same GA rate is used to bill all customer classes. If not, please provide further details

Yes

Please confirm that the GA Rate used for unbilled revenue is the same as the one used for billed revenue in any particular month

Yes

Note 4 Analysis of Expected GA Amount

Year	2022								
Calendar Month	Non-RPP Class B Including Loss Factor Billed Consumption (kWh)	Deduct Previous Month Unbilled Loss Adjusted Consumption (kWh)	Add Current Month Unbilled Loss Adjusted Consumption (kWh)	Non-RPP Class B Including Loss Adjusted Consumption, Adjusted for Unbilled (kWh)	GA Rate Billed (\$/kWh)	\$ Consumption at GA Rate Billed	GA Actual Rate Paid (\$/kWh)	\$ Consumption at Actual Rate Paid	Expected GA Price Variance (\$)
	F	G	H	I = F-G+H	J	K = FJ	L	M = FL	N=M-K
January	25,436,084			25,436,084	0.04829	\$ 1,228,308	0.04353	\$ 1,107,233	\$ (121,076)
February	23,052,741			23,052,741	0.05019	\$ 1,157,017	0.05246	\$ 1,209,347	\$ 52,330
March	23,604,792			23,604,792	0.05500	\$ 1,298,264	0.05941	\$ 1,402,361	\$ 104,097
April	20,735,406			20,735,406	0.05915	\$ 1,226,499	0.08293	\$ 1,719,587	\$ 493,088
May	19,490,996			19,490,996	0.05968	\$ 1,163,223	0.08475	\$ 1,651,862	\$ 488,639
June	19,517,170			19,517,170	0.06293	\$ 1,618,559	0.07868	\$ 1,535,511	\$ (82,948)
July	20,664,318			20,664,318	0.06475	\$ 1,751,301	0.04008	\$ 828,226	\$ (923,075)
August	21,014,018			21,014,018	0.04871	\$ 1,023,593	0.00499	\$ 104,860	\$ (918,733)
September	19,172,545			19,172,545	0.04008	\$ 768,436	0.03241	\$ 621,382	\$ (147,053)
October	19,793,348			19,793,348	0.00499	\$ 98,769	0.05771	\$ 1,142,274	\$ 1,043,505
November	20,881,215			20,881,215	0.04739	\$ 989,561	0.06989	\$ 1,459,388	\$ 469,827
December	23,131,111			23,131,111	0.05962	\$ 1,379,077	0.03427	\$ 792,703	\$ (586,374)
Net Change in Expected GA Balance in the Year (i.e. Transactions in the Year)	256,493,744	-	-	256,493,744		\$ 13,702,606		\$ 13,574,834	\$ (127,772)

Annual Non-RPP Class B Wholesale kWh	Annual Non-RPP Class B Retail billed kWh	Annual Unaccounted for Energy Loss kWh	Weighted Average GA Actual Rate Paid (\$/kWh)**	Expected GA Volume Variance (\$)
O	P	Q=O-P	R	P=Q/R
259,625,377	256,493,744	3,131,633	0.05228	163,731

*Equal to (AGEW - Class A + embedded generation kWh)/(Non-RPP Class B retail kWh/Total retail Class B kWh)

**Equal to annual Non-RPP Class B \$ GA paid (i.e. non-RPP portion of CT 148 on IESO Invoice) divided by Non-RPP Class B Wholesale kWh (as quantified in column O in the table above)

Total Expected GA Variance | \$ 35,959

Calculated Loss Factor 1.0269
Most Recent Approved Loss Factor for Secondary Metered Customer < 5,000kW 1.0394
Difference -0.0125

a) Please provide an explanation in the text box below if columns G and H for unbilled consumption are not used in the table above.

Amounts in Column F include adjustments for unbilled each month. An IT generated report from the billing system prorate

b) Please provide an explanation in the text box below if the difference in loss factor is greater than 1%.

An immaterial kWh difference (2,655,717 kWh = 0.3% of total kWh) between a summary report total and detailed by class report totals was a

Note 5 Reconciling Items

Item	Amount	Explanation	Principal Adjustments
Net Change in Principal Balance in the GL (i.e. Transactions in the Year)	\$ (48,575)		Principal Adjustment on DVA Continuity Schedule
CT 148 True-up of GA Charges based on Actual Non-RPP Volumes - prior year			If "no", please provide an explanation
CT 148 True-up of GA Charges based on Actual Non-RPP Volumes - current year			
2a Remove prior year end unbilled to actual revenue differences			
2b Add current year end unbilled to actual revenue differences			
Significant prior period billing adjustments recorded in current year			
Significant current period billing adjustments recorded in other year(s)			
4a CT 2148 for prior period corrections			
4b			
5			
6			
7			
8			
9			
10			

Note 6 Adjusted Net Change in Principal Balance in the GL \$ (48,575)
Net Change in Expected GA Balance in the Year Per Analysis \$ 35,959
Unresolved Difference \$ (84,534)
Unresolved Difference as % of Expected GA Payments to IESO -0.6%