

Milton Hydro Inc.
EB-2023-0038
October 2, 2023

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Staff Question-1

Reference:

(i) Rate Generator Model, Tab 3, Continuity Schedule

On September 12, 2023, the OEB published the 2023 Quarter 4 prescribed accounting interest rates applicable to the carrying charges of deferral, variance and construction work in progress (CWIP) accounts of natural gas utilities, electricity distributors and other rate-regulated entities.

Question(s):

- a) Please update Tab 3 (Continuity Schedule) as necessary to reflect the Q4 2023 OEB-prescribed interest rate of 5.49%.

Staff Question-2

Reference:

- (i) 2024 IRM Rate Generator Model, Continuity Schedule, Tab 3
- (ii) IRM Rate Generator – DVA Tabs Instructions - 2024 Rates
- (iii) OEB Guidance for Electricity Distributors with Forgone Revenues Due to Postponed Rate Implementation from COVID-19, August 6, 2020, page 5

On July 18, 2023, the OEB issued the DVA Tabs Instructions for the 2024 IRM Rate Generator Model. Pages 1 and 3 noted that Account 1509 - Impacts Arising from the COVID-19 Emergency, Subaccount Forgone Revenues from Postponing Rate Implementation was added to the model. A separate rider is calculated for this account in Tab 7, if the disposition is approved.

Regarding Account 1509, Impacts Arising from the COVID-19 Emergency Account, Sub-account Forgone Revenues from Postponing Rate Implementation, the following steps are noted in the August 6, 2020 guidance:

1. Upon implementation of the forgone revenue rate rider that is calculated from the Forgone Revenue Model, the rate rider transactions will be recorded in the same Forgone Revenues Sub-account. This will draw down the accumulated balance of actual forgone revenues/amounts.
2. Any residual balance after the expiry of the rate riders should be requested for final disposition in a future rate application (cost of service or IRM), once the balance has been audited in accordance with normal deferral and variance account disposition practices.
3. If disposition is approved, the residual balance in the Forgone Revenues Sub-account should be disposed proportionately by customer class and the residual balance will be transferred to Account 1595.

Question(s):

- a) Please update Tab 3 (Continuity Schedule) as necessary to reflect a balance in Account 1509 – Impacts Arising from the COVID-19 Emergency, Subaccount Forgone Revenues from Postponing Rate Implementation. Please complete the above-noted steps #1, #2, #3.
- b) If this balance is not applicable, please explain.

Staff Question-3

Reference:

- (i) 2024 IRM Rate Generator, Tab 11, 15 and 20

On September 28, 2023, the OEB issued a letter regarding 2024 Preliminary Uniform Transmission Rates (UTRs) and Hydro One Sub-Transmission Rates.¹ The OEB determined to use of preliminary UTRs to calculate 2024 Retail Service Transmission rates (RTSR) to improve regulatory efficiency, allowing for this data to feed into the rate applications including annual updates for electricity distributors on a timelier basis. The OEB also directed distributors to update their 2024 application with Hydro One Network Inc.'s proposed host RTSRs.

OEB staff has updated LDC's rate generator with the preliminary UTRs/and proposed host RTSR by HONI as follows:

UTRs

Uniform Transmission Rates	Unit	2022 Jan to Mar	2022 Apr to Dec	2023 Jan to Jun	2023 Jul to Dec	2024
Rate Description		Rate		Rate		Rate
Network Service Rate	kW	\$ 5.13	\$ 5.46	\$ 5.60	\$ 5.37	\$ 5.76
Line Connection Service Rate	kW	\$ 0.88	\$ 0.88	\$ 0.92	\$ 0.88	\$ 0.95
Transformation Connection Service Rate	kW	\$ 2.81	\$ 2.81	\$ 3.10	\$ 2.98	\$ 3.21

Hydro One Sub-Transmission Rates

Hydro One Sub-Transmission Rates	Unit	2022	2023	2024
Rate Description		Rate	Rate	Rate
Network Service Rate	kW	\$ 4.3473	\$ 4.6545	\$ 4.5778
Line Connection Service Rate	kW	\$ 0.6788	\$ 0.6056	\$ 0.6056
Transformation Connection Service Rate	kW	\$ 2.3267	\$ 2.8924	\$ 3.0673
Both Line and Transformation Connection Service Rate	kW	\$ 3.0055	\$ 3.4980	\$ 3.6729

Question(s):

- a) Please confirm the accuracy of the Rate Generator update, as well as the accuracy of the resulting Retail Transmission Service Rates following these updates.

¹ OEB Letter, EB-2023-0222, 2024 Preliminary Uniform Transmission Rates and Hydro One Sub-Transmission Rates, issued September 28, 2023

Staff Question-4

Reference:

- (i) IRM Rate Generator Model, Tab 3, Continuity Schedule
- (ii) Decision Order dated December 9, 2021 (Application: EB-2021-0042)

In the decision order dated December 9, 2021, OEB had approved disposition of Group 1 accounts that summed up to a credit balance of \$745,754. However, OEB staff noticed that the total disposition claimed for 2022 is a credit balance of \$780,905.

Question(s):

- a) Please confirm reason for not disposing \$88,744 of principal and \$35,148 of interest debit balances approved for 1595 sub-accounts.

Staff Question-5

Reference:

- (i) IRM Rate Generator Model, Tab 3, Continuity Schedule
- (ii) Chapter 3 of OEB filing requirements, Section 3.2.6.5

According to Chapter 3 of OEB filing requirements, when the OEB approves disposition of DVA balances, the approved amounts of the principal and carrying charges are transferred to Account 1595 for the rate year. Distributors are expected to request disposition of the residual balances in Account 1595 sub-accounts for each vintage year on a final basis.

OEB staff noticed that the 'transactions' and 'OEB approved disposition' fields for the sub-account 1595 (2022) are empty.

Please refer to the footnotes for further instructions.		2022			
Account Descriptions	Account Number	Transactions Debit / (Credit) during 2022	OEB-Approved Disposition during 2022	Principal Adjustments ¹ during 2022	Closing Principal Balance of Dec 31 2022
Group 1 Accounts					
LV Variance Account	1550	(132,681)	706,623		270
Smart Metering Entity Charge Variance Account	1551	(115,150)	(56,280)		(140)
RSVA - Wholesale Market Service Charge ¹	1580	1,990,062	(2,347,965)		2,752
Variance w/MS - Sub-account CBR Class A ¹	1580				
Variance w/MS - Sub-account CBR Class B ¹	1580	(76,001)	(141,096)		(161)
RSVA - Retail Transmission Network Charge	1584	1,444,076	302,565		2,454
RSVA - Retail Transmission Connection Charge	1586	686,283	31,674		1,005
RSVA - Power ¹	1588	(281,021)	1,053,767	64,086	(120)
RSVA - Global Adjustment ¹	1589	(311,531)	(328,324)	13,829	(848)
Disposition and Recovery/Refund of Regulatory Balances (2019) ¹	1595	0			(109)
Disposition and Recovery/Refund of Regulatory Balances (2020) ¹	1595	(61,803)			(61)
Disposition and Recovery/Refund of Regulatory Balances (2021) ¹	1595				
Disposition and Recovery/Refund of Regulatory Balances (2022) ¹	1595				
¹ Dispositions and Recovery/Refund of Regulatory Balances (2022) ¹ <i>Not to be disposed of until two years after rate rider has expired and that balance has been audited. Refer to the Filing Requirements for disposition eligibility.</i>					
	1595				

Question(s):

- Please confirm whether sub-account 1595 (2022) was used for disposition of Group 1 account balances.
- If so, please make the necessary adjustments. If not, please explain why and discuss any variances.

Staff Question-6

Reference:

- IRM Rate Generator Model, Tab 3, Continuity Schedule
- Ontario Energy Board Accounting Procedures Handbook Guidance, March 2015, Section 11, Pg. 13
- Decision and Order, EB-2022-0049, Application for electricity distribution rate beginning January 1, 2023, Pg. 5

As per the Ontario Energy Board Accounting Procedures Handbook Guidance the accounting entry for the approved recoveries for the LRAMVA is the same as for other deferral and variance accounts. When an LRAMVA amount is approved for recovery, the amount is transferred from Account 1568 to Account 1595 Disposition and Recovery / Refund of Regulatory Balances, Sub-account approved in 2022.

In its decision order for 2023 rates application the OEB approved LRAMVA debit balance of \$537,792 over a 24-month period.

		2022				
Account Descriptions	Account Number	Closing Principal Balance as of Dec 31, 2022	Opening Interest Amounts as of Jan 1, 2022	Interest Jan 1 to Dec 31, 2022	OEB-Approved Disposition during 2022	Closing Interest Amounts as of Dec 31, 2022
Group 1 Accounts						
LV Variance Account	1550	270,662	19,123	7,590	17,687	9,026
Smart Metering Entity Charge Variance Account	1551	(140,711)	(2,217)	(1,903)	(2,177)	(1,943)
RSVA - Wholesale Market Service Charge ²	1580	2,752,035	(8,396)	32,190	(16,385)	40,179
Variance WMS - Sub-account CBR Class A ¹	1580	0	0			0
Variance WMS - Sub-account CBR Class B ¹	1580	(161,819)	(5,753)	(5,218)	(5,448)	(5,523)
RSVA - Retail Transmission Network Charge	1584	2,454,596	6,110	36,172	3,346	38,936
RSVA - Retail Transmission Connection Charge	1586	1,005,463	744	15,015	264	15,495
RSVA - Power ⁴	1588	(120,850)	(58,636)	2,677	(37,849)	(18,110)
RSVA - Global Adjustment ⁴	1589	(848,972)	59,225	(16,529)	38,693	4,003
Disposition and Recovery/Refund of Regulatory Balances (2019) ¹	1595	(109,823)	11,248	(1,916)		9,332
Disposition and Recovery/Refund of Regulatory Balances (2020) ¹	1595	(61,803)	0	(2,555)		(2,555)
Disposition and Recovery/Refund of Regulatory Balances (2021) ¹	1595	0	0			0
Disposition and Recovery/Refund of Regulatory Balances (2022) ¹	1595	0	0			0
Disposition and Recovery/Refund of Regulatory Balances (2023) ¹	1595	0	0			0
<i>Not to be disposed of until two years after rate rider has expired and that balance has been audited. Refer to the Filing Requirements for disposition eligibility.</i>						
RSVA - Global Adjustment requested for disposition	1589	(848,972)	59,225	(16,529)	38,693	4,003
Total Group 1 Balance excluding Account 1589 - Global Adjustment requested for disposition		5,887,756	(37,776)	82,052	(40,562)	84,837
Total Group 1 Balance requested for disposition		5,038,784	21,448	65,523	(1,863)	88,840
LRAM Variance Account (only input amounts if applying for disposition of this	1568	530,340	59,763	(2,509)	52,402	3,687
<i>Impacts arising from the OEBD-16 Emergency Sub-account Emergency</i>						
Revenues from Postponing Rate Implementation ⁵	1509	0	0			0

Question(s):

- (i) Please confirm that the OEB approved disposition of LRAMVA account balance of \$537,792 was transferred to Account 1595 (2022).
- (ii) If not, please provide a reason for not transferring the amount to Account 1595 and explain any variances.
- (iii) Please also explain the 2022 closing balance of \$530,340 in Account 1568 presented on the DVA continuity schedule in the 2024 IRM rate generator model.

Staff Question-7

Reference:

- (i) IRM Rate Generator Model, Tab 3, Continuity Schedule
- (ii) GA Analysis Work form, Tab 4, Principal Adjustments

In GA analysis work form the principal adjustments are shown under the current year (i.e., 2023). However, the continuity schedule shows the net of those transactions under 2022.

Account 1589 - RSVA Global Adjustment				Account 1588 - RSVA Power			
Year	Adjustment Description	Amount	Year Recorded in GL	Year	Adjustment Description	Amount	Year Recorded in GL
2022	Reversals of prior approved principal adjustments (auto-populated from table above)				Reversals of prior approved principal adjustments (auto-populated from table above)		
	1 CT 148 true-up of GA Charges based on actual RPP volumes	208,749.00	2023		1 CT 148 true-up of GA Charges based on actual RPP volumes	(208,749.00)	
	2				2 CT 1142/142 true-up based on actuals	(94,875.00)	
	3				3		
	4				4		
	5				5		
	6				6		
	7				7		
	8				8		
	Total Reversal Principal Adjustments	208,749			Total Reversal Principal Adjustments	(303,624.00)	
2023	Current year principal adjustments				Current year principal adjustments		
	1 CT 148 true-up of GA Charges based on actual Non-RPP volumes	(177,266.30)	2023		1 CT 148 true-up of GA Charges based on actual RPP volumes	177,266.30	
	2 Unbilled to actual revenue differences	191,095.65	2023		2 CT 1142/142 true-up based on actuals	(190,711.09)	
	3 RPP vs non-RPP true up entry not booked in 2022	(208,749.00)	2023		3 Unbilled to actual revenue differences	172,406.53	
	4				4 RPP vs non-RPP true up entry not booked in 2022	208,749.00	
	5				5		
	6				6		
	7				7		
	8				8		
	Total Current Year Principal Adjustments	(194,919.65)			Total Current Year Principal Adjustments	367,710.74	
	Total Principal Adjustments to be Included on DVA Continuity Schedule/Tab 3 - IRM Rate Generator Model	13,829.35			Total Principal Adjustments to be Included on DVA Continuity Schedule/Tab 3 - IRM Rate Generator Model	64,086.74	

Account Descriptions	Account Number	Principal Adjustments ¹ during 2022	Closing Principal Balance as of Dec 31, 2022
Group 1 Accounts			
LV Variance Account	1550		270,662
Smart Metering Entity Charge Variance Account	1551		(140,711)
RSVA - Wholesale Market Service Charge ⁵	1580		2,752,035
Variance W/MS - Sub-account CBR Class A ⁵	1580		0
Variance W/MS - Sub-account CBR Class B ⁵	1580		(161,819)
RSVA - Retail Transmission Network Charge	1584		2,454,596
RSVA - Retail Transmission Connection Charge	1586		1,005,469
RSVA - Power ⁴	1588	64,086	(120,850)
RSVA - Global Adjustment ⁴	1589	13,829	(848,972)
Disposition and Recovery/Refund of Regulatory Balances [2019] ⁴	1595		(109,823)

Question(s):

- Please confirm if this is only a labelling error in the GA work form.
- If yes, please update the GA work form with the correct year, i.e., 2022 in both “Year” and “Year Recorded in GL” Columns.

Staff Question-8

Reference:

- GA Analysis Work form, Tab 4, Principal Adjustments

Principal Adjustments tab in the GA work form shows transactions with description “RPP vs non-RPP true up entry not booked in 2022” under Accounts 1589 and 1588.

	8					8			
	Total Reversal Principal Adjustments		208,749			Total Reversal Principal Adjustments		(303,624.00)	
2023	<i>Current year principal adjustments</i>					<i>Current year principal adjustments</i>			
	1	CT 148 true-up of GA Charges based on actual Non-RPP volumes	(177,266.30)	2023		1	CT 148 true-up of GA Charges based on actual RPP volumes	177,266.30	
	2	Unbilled to actual revenue differences	191,095.65	2023		2	CT 1142/142 true-up based on actuals	(190,711.09)	
	3	RPP vs non-RPP true up entry not booked in 2022	(208,749.00)	2023		3	Unbilled to actual revenue differences	172,406.53	
	4					4	RPP vs non-RPP true up entry not booked in 2022	208,749.00	
	5					5			
	6					6			
	7					7			
	8					8			
	Total Current Year Principal Adjustments		(194,919.65)			Total Current Year Principal Adjustments		367,710.74	
	Total Principal Adjustments to be Included on DVA Continuity Schedule/Tab 3 - IRM Rate Generator Model		13,829.35			Total Principal Adjustments to be Included on DVA Continuity Schedule/Tab 3 - IRM Rate Generator Model		64,086.74	

Question(s):

- Please explain and elaborate on the nature of these transactions.

Staff Question-9

Kindly describe your experience and provide any feedback related to the IRM online platform as well as the over-all process.