

Algoma Power Inc. (API)
Staff Questions
October 13, 2023

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OEB Staff Question 1

Ref: IRM Online Model

API is part of the OEB's phase 2 of the IRM Online project. OEB staff notes that the IRM Online filing status shows that API's IRM Online filing is in progress.

Questions:

- a) Please indicate whether API is able to complete the filing and submit the IRM online model. If so, please provide an estimated date for the completion. If not, please explain why.
- b) Please provide any overall feedback API has experienced with the online platform.

OEB Staff Question 2

Ref: 2024 IRM Rate Generator, Tab 2

API indicated that the current tariff sheet on Tab 2 is not accurate. OEB staff has updated the Rate Generator to reflect the corrected tariff which was issued as part of EB-2022-0014.

Question: Please review the updated Rate Generator and confirm the accuracy of Tab 2.

OEB Staff Question 3

Ref: Rate Generator Model, Tab 3, Continuity Schedule and [Prescribed Interest Rates](#)

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

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

OEB Staff Question 4

Ref: 2024 IRM Rate Generator, Tab 11, 15 and 20

On September 27, 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		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: Please confirm the accuracy of the Rate Generator update, as well as the accuracy of the resulting Retail Transmission Service Rates following these updates.

OEB Staff Question 5

Ref: 2024 IRM Rate Generator, Tab 19

OEB staff notes that column G on Tab 19 does not have a sub-total (A or B) assigned (see below). OEB staff has updated the Rate Generator to assign sub-total A.

¹ OEB Letter, EB-2023-0222, 2024 Preliminary Uniform Transmission Rates and Hydro One Sub-Transmission Rates, issued September 27, 2023

STREET LIGHTING SERVICE CLASSIFICATION	UNIT	RATE	DATE (e.g. April 30, 2024)	SUB-TOTAL
			- effective until	
			- effective until	
			- effective until	
			- effective until	
			- effective until	
			- effective until	
			- effective until	
			- effective until	
Rate Rider for Prospective Lost Revenue Adjustment Mechanism Variance Account Disposition (20	\$/kWh	0.0129	12/31/2024	
			- effective until	
			- effective until	

Question: Please confirm that the correct sub-total should be A. Please confirm that the bill impact calculation for the streetlighting class is correct following this update.

OEB Staff Question 6

Ref: 2024 IRM Rate Generator, Tab 6.1a

OEB staff notes that API did not complete the input field in cell E19 (see below)

Year the Account 1589 GA Balance Last Disposed

Allocation of total Non-RPP Consumption (kWh) between Current Class B and Class A/B Transition Customers

		Total	2022	2021
Non-RPP Consumption Less WMP Consumption	A	121,852,743	121,852,743	
Less Class A Consumption for Partial Year Class A Customers	B	4,125,285	-	4,125,285
Less Consumption for Full Year Class A Customers	C	184,771,617	95,465,854	89,305,763
Total Class B Consumption for Years During Balance Accumulation	D = A-B-C	67,044,159	26,386,889	93,431,048
All Class B Consumption for Transition Customers	E	2,677,878	-	2,677,878
Transition Customers' Portion of Total Consumption	F = E/D	-3.99%		

Allocation of Total GA Balance \$

Question: Please provide the Non-RPP consumption data (less WMP consumption).

OEB Staff Question 7

Ref: Rate Design Model and Appendix A

In Appendix A, OEB staff has provided an updated RRRP adjustment factor of 3.87% and the associated analysis.

Questions: Please review and confirm that API agrees with the calculated RRRP adjustment factor of 3.87%. If not, please revise the analysis and explain what has been revised as applicable.

OEB Staff Question 8

Ref: Manager's Summary, p. 27

With respect to accounts 1588 and 1589 for the years 2021 and 2022, the variances exceed the OEB's threshold of 1%. API noted that it is continuing the investigation into the drivers of these variances. OEB staff notes that API has requested the disposition of these two accounts in this proceeding.

Questions:

- a) Please provide the status of the investigation into its 1588 and 1589 Account balances.
- b) Please provide the timeline in detail by which API is expected to provide an acceptable explanation for the variance during the course of this proceeding
- c) Please provide API's thoughts regarding the withdrawal of its request for disposition for accounts 1588 and 1589, if the investigation of the variances cannot be completed in time for this proceeding.

OEB Staff Question 9

Ref: GA Analysis WorkForm, Tab GA2022

OEB staff populated the following table based on the information in the GA Analysis Workform Tab GA2022.

	2022
Calculated Loss Factor (Cell K61)	1.1466
Most Recent Approved Loss Factor for Secondary Metered Customer < 5,000kW (Cell K62)	1.0829
Difference in Loss Factor (Cell K63)	0.0637(or 6.37%)

Question: Please provide an explanation of the difference in loss factor as noted in the above table.

OEB Staff Question 10

Ref: GA Analysis WorkForm, Tab Principal Adjustments

OEB staff populated the following table based on the information in the GA Analysis Workform Tab Principal Adjustments for year XXX:

Current year (2023) Principal Adjustments	Account 1589	Current year (2023) Principal Adjustments	Account 1588

CT 148 true-up of GA Charges based on actual Non-RPP volumes	14,000 (Cell J54)	CT 148 true-up of GA Charges based on actual RPP volumes	14,000 (Cell V54)
Unbilled GA Class A revenue accrual and IESO CT 142 accrual	128,000 (Cell J56)		n/a

OEB staff notes from Tab “GA 2022” of the GA analysis workform that the explanation provided in notes column for the principal adjustment of \$128,000 is “(2023) was equal to IESO billed Class A GA expense per charge type 147”.

Questions:

- a) Please explain why the class A GA expense is adjusted out from the account 1589, given the account is tracking the net differences between GA accrued (i.e. unbilled revenue) and billed to non-RPP customers, and GA costs accrued and paid to the IESO or host distributor relating to Class B non-RPP customers.
- b) Please explain why Accounts 1588 and 1589 have the identical sign for the \$14K principal adjustment noted in the above table.
 - i. Please revise the schedules as needed.

Staff Question 11

Ref: 2024 IRM Rate Generator Model, Continuity Schedule, Tab 3; IRM Rate Generator – DVA Tabs Instructions - 2024 Rates and 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 12

OEB staff notes a discrepancy between the 2021 closing balance and 2022 opening balances for Account 1595 (2016 and pre-2016).

LDC NAME	Algoma							
	Account Number	From 2023 Rate Application	Closing Interest Amounts as of Dec 31, 2021	From 2024 filed application	Opening Principal Amounts as of Jan 1, 2022	Opening Interest Amounts as of Jan 1, 2022	Staff Calculation	
Account Descriptions		Closing Principal Balance as of Dec 31, 2021		Opening Principal Amounts as of Jan 1, 2022			Principal Variance Between Closing Balance as of Dec 31, 2021 and Opening Balance as of Jan 1, 2022	Interest Variance Between Closing Balance as of Dec 31, 2021 and Opening Balance as of Jan 1, 2022
LV Variance Account	1550	0	0	0	0	0	0	0
Smart Metering Entity Charge Variance Account	1551	(13,738)	(43)	(13,738)	(43)			
RSVA - Wholesale Market Service Charge5	1580	37,124	(759)	37,124	(759)			
Variance WMS – Sub-account CBR Class A5	1580	0	0	0	0			
Variance WMS – Sub-account CBR Class B5	1580	(18,007)	(147)	(18,007)	(147)			
RSVA - Retail Transmission Network Charge	1584	512,633	2,306	512,633	2,306			
RSVA - Retail Transmission Connection Charge	1586	134,145	890	134,145	890			
RSVA - Power4	1588	597,882	2,534	597,882	2,534			
RSVA - Global Adjustment4	1589	101,326	417	101,326	417			
Disposition and Recovery/Refund of Regulatory Balances (2009)3	1595	0	0	0	0			
Disposition and Recovery/Refund of Regulatory Balances (2016 and pre-2016)3	1595	0	0	0	0			
Disposition and Recovery/Refund of Regulatory Balances (2017)3	1595	283,455	0	0	0		(283,455)	
Disposition and Recovery/Refund of Regulatory Balances (2018)3	1595	0	0	0	0			
Disposition and Recovery/Refund of Regulatory Balances (2019)3	1595	41,534	1,744	41,534	1,744			
Disposition and Recovery/Refund of Regulatory Balances (2020)3	1595	45,600	2,077	45,600	2,077			
Disposition and Recovery/Refund of Regulatory Balances (2021)3	1595	59,792	32,950	59,792	32,950			
Disposition and Recovery/Refund of Regulatory Balances (2022)3	1595	(43,886)	(2,371)	(43,886)	(2,371)			
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.								
	1595	0	0	0	0			

Question: Please explain the variance.

Appendix A

RRRP Adjustment Factor

Name for Report	% Change in Base Distribution Rates September 1, 2022 vs September 1, 2023		Average of Residential & GS<50
	Residential	GS<50	
Alectra Utilities Corporation-Brampton Rate Zone	3.39%	3.34%	3.37%
Alectra Utilities Corporation-Enersource Rate Zone	3.40%	3.48%	3.44%
Alectra Utilities Corporation-Guelph Rate Zone	3.40%	3.35%	3.38%
Alectra Utilities Corporation-Horizon Utilities Rate Zone	3.40%	3.41%	3.41%
Alectra Utilities Corporation-PowerStream Rate Zone	3.38%	3.46%	3.42%
Algoma Power Inc.	3.92%	3.15%	3.53%
Atikokan Hydro Inc.	3.39%	3.47%	3.43%
Bluewater Power Distribution Corporation	7.67%	4.92%	6.29%
Brantford Power Inc.	3.41%	3.43%	3.42%
Burlington Hydro Inc.	3.54%	3.51%	3.52%
Canadian Niagara Power Inc.	3.26%	3.26%	3.26%
Centre Wellington Hydro Ltd.	3.39%	3.41%	3.40%
Chapleau Public Utilities Corporation	5.55%	3.23%	4.39%
Cooperative Hydro Embrun Inc.	-4.94%	-4.85%	-4.90%
E.L.K. Energy Inc.	3.69%	3.54%	3.61%
Ellexicon Energy Inc.-Veridian Rate Zone	3.41%	3.30%	3.36%
Ellexicon Energy Inc.-Whitby Rate Zone	3.41%	3.37%	3.39%
Energy Plus Inc.	3.56%	3.52%	3.54%
Entegrus Powerlines Inc.-For Entegrus-Main Rate Zone	3.17%	3.68%	3.42%
Entegrus Powerlines Inc.-For Former St. Thomas Energy Rate Zone	3.69%	3.83%	3.76%
ENWIN Utilities Ltd.	3.56%	3.43%	3.50%
EPCOR Electricity Distribution Ontario Inc.	0.00%	0.00%	0.00%
ERTH Power Corporation-Goderich Rate Zone	3.40%	3.38%	3.39%
ERTH Power Corporation-Main Rate Zone	3.39%	3.35%	3.37%
Espanola Regional Hydro Distribution Corporation	5.88%	3.66%	4.77%
Essex Powerlines Corporation	3.56%	3.65%	3.60%
Festival Hydro Inc.	3.11%	3.02%	3.06%
Fort Frances Power Corporation	3.11%	2.97%	3.04%
Greater Sudbury Hydro Inc.	3.81%	3.48%	3.64%
Grimsby Power Incorporated	3.69%	3.76%	3.73%
Halton Hills Hydro Inc.	3.70%	3.79%	3.75%
Hearst Power Distribution Co. Ltd.	3.70%	3.78%	3.74%
Hydro 2000 Inc.	3.55%	3.66%	3.60%
Hydro Hawkesbury Inc.	3.69%	3.84%	3.76%
Hydro One Networks Inc.-Former Orillia Power Distribution Corporation Service Area	0.00%	0.00%	0.00%
Hydro One Networks Inc.-Former Peterborough Distribution Inc. Service Area	0.00%	0.00%	0.00%
Hydro One Networks Inc. - UR (GS<50 = Uge)	0.18%	-0.25%	-0.03%
Hydro Ottawa Limited	4.45%	4.82%	4.64%
InnPower Corporation	3.39%	3.50%	3.45%
Kingston Hydro Corporation	5.32%	2.20%	3.76%
Kitchener-Wilmot Hydro Inc.	3.55%	3.58%	3.56%
Lakefront Utilities Inc.	7.53%	6.36%	6.94%
Lakeland Power Distribution Ltd.	3.56%	3.46%	3.51%
London Hydro Inc.	6.25%	3.54%	4.90%
Milton Hydro Distribution Inc.	11.48%	11.39%	11.43%
Newmarket-Tay Power Distribution Ltd.-For Former Midland Power Utility Rate Zone	3.56%	3.41%	3.48%
Newmarket-Tay Power Distribution Ltd.-For Newmarket-Tay Power Main Rate Zone	3.54%	3.64%	3.59%
Niagara Peninsula Energy Inc.	3.41%	3.30%	3.35%
Niagara-on-the-Lake Hydro Inc.	3.56%	3.41%	3.49%
North Bay Hydro Distribution Limited	3.39%	3.34%	3.37%
Northern Ontario Wires Inc.	3.70%	3.63%	3.66%
Oakville Hydro Electricity Distribution Inc.	3.11%	2.99%	3.05%
Orangeville Hydro Limited	3.11%	2.96%	3.04%
Oshawa PUC Networks Inc.	3.54%	3.66%	3.60%
Ottawa River Power Corporation	3.56%	3.56%	3.56%
PUC Distribution Inc.	13.73%	13.44%	13.58%

Name for Report	% Change in Base Distribution Rates September 1, 2022 vs September 1, 2023		Average of Residential & GS<50
	Residential	GS<50	
Renfrew Hydro Inc.	3.41%	3.50%	3.45%
Rideau St. Lawrence Distribution Inc.	22.64%	20.81%	21.73%
Sioux Lookout Hydro Inc.	3.71%	3.70%	3.70%
Synergy North Corporation-Kenora Rate Zone	3.11%	3.08%	3.09%
Synergy North Corporation-Thunder Bay Rate Zone	3.41%	3.54%	3.47%
Tillsonburg Hydro Inc.	3.09%	3.06%	3.07%
Toronto Hydro-Electric System Limited	6.41%	6.42%	6.42%
Wasaga Distribution Inc.	3.68%	3.64%	3.66%
Waterloo North	3.41%	2.56%	2.99%
Welland Hydro-Electric System Corp.	3.69%	3.82%	3.76%
Wellington North Power Inc.	3.41%	3.41%	3.41%
Westario Power Inc.	3.40%	3.24%	3.32%
			3.87%