

**Festival Hydro Inc.**  
**EB-2023-0021**  
**October 3, 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%.

The Continuity Schedule on Tab 3 has been updated to include 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):**

- b) 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.
- c) If this balance is not applicable, please explain.

This balance is not considered applicable because the transactions in Account 1509 related to COVID impacts amounted to a total of \$19. Given that the amount is not material, and that any resulting rate rider would be too miniscule to be applicable to customers, disposition of this account is not being requested.

Thus, the \$19 balance was adjusted out for on the Continuity Schedule to nil.

### 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.<sup>1</sup> 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
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.

Festival Hydro confirms that the updated changes to the Rate Generator and the

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

resulting Retail Transmission Service Rates have been reviewed and their accuracy is confirmed.

## Staff Question-4

### Reference:

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

Festival Hydro input a credit amount of \$48,984.84 in cell BE36 and \$23,816 in cell BJ36 for account 1595 (2022) under the column “OEB approved disposition during 2022”.

Please complete the following continuity schedule for the following Deferral/Variance Accounts. Enter information into green cells only. Please see instructions tab for detailed instructions on how to complete tabs 3 to 7. Column BV has been prepopulated from the latest 2.1.7 RRR filing.

Please refer to the footnotes for further instructions.

		2022						
Account Descriptions	Account Number	Approved ion during 022	Principal Adjustments <sup>1</sup> during 2022	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	Interest Adjustments <sup>1</sup> during 2022
Group 1 Accounts								
LV Variance Account	1550	157,193		255,869	1,987	4,256	1,588	
Smart Metering Entity Charge Variance Account	1551	(14,611)		(65,378)	(130)	(1,054)	(108)	
RSVA - Wholesale Market Service Charge <sup>5</sup>	1580	(286,099)		1,804,351	(1,400)	28,196	(2,723)	
Variance WMS – Sub-account CBR Class A <sup>5</sup>	1580			0	0			
Variance WMS – Sub-account CBR Class B <sup>5</sup>	1580	(9,987)		(77,314)	(207)	(1,507)	(142)	
RSVA - Retail Transmission Network Charge	1584	125,571		1,524,930	2,892	24,970	624	
RSVA - Retail Transmission Connection Charge	1586	28,337		251,719	367	3,393	473	
RSVA - Power <sup>4</sup>	1588		(547,661)	(80,522)	(16,592)	(59,749)		
RSVA - Global Adjustment <sup>4</sup>	1589		547,661	967,808	13,924	(10,530)		
Disposition and Recovery/Refund of Regulatory Balances (2018) <sup>3</sup>	1595	53,913		1	19,108	270	19,027	
Disposition and Recovery/Refund of Regulatory Balances (2019) <sup>3</sup>	1595			1,005	7,463	(252)		
Disposition and Recovery/Refund of Regulatory Balances (2020) <sup>3</sup>	1595			43,449	(30,248)	844		
Disposition and Recovery/Refund of Regulatory Balances (2021) <sup>3</sup>	1595			(66)	(5,675)	(1)		
Disposition and Recovery/Refund of Regulatory Balances (2022) <sup>3</sup>	1595	(48,985)		(2,820)	0	339	(23,816)	
Disposition and Recovery/Refund of Regulatory Balances (2023) <sup>3</sup>	1595							
Not to be disposed of until two years after rate rider has expired and that balance has been								

*Not to be disposed of until two years after rate rider has expired and that balance has been*

### Question(s):

OEB staff was unable to reconcile these amounts with the total of balances approved for disposition during Festival Hydro's 2022 IRM proceeding. Please provide the details used to arrive at these input amounts.

Below is a summary of the 2022 disposition amounts that make up the \$48,985 and \$23,816, respectively. It includes all of the OEB approved dispositions for 2022. Also included is a correction to our 2017 LRAM account that had a remaining amount left over. Although the principal and interest are roughly \$5,000. The net amount of \$255.50 was immaterial enough that it was not adjusted for in the past.

		2022 Claim	Principal	Interest
LV Variance Account	1550	\$ 158,781	\$ 157,193	\$ 1,588
Smart Metering Entity Charge Variance Account	1551	\$ (14,719)	\$ (14,611)	\$ (108)
RSVA - Wholesale Market Service Charge <sup>5</sup>	1580	\$ (288,822)	\$ (286,099)	\$ (2,723)
Variance WMS – Sub-account CBR Class A <sup>5</sup>	1580	\$ -		
Variance WMS – Sub-account CBR Class B <sup>5</sup>	1580	\$ (10,129)	\$ (9,987)	\$ (142)
RSVA - Retail Transmission Network Charge	1584	\$ 126,195	\$ 125,571	\$ 624
RSVA - Retail Transmission Connection Charge	1586	\$ 28,810	\$ 28,337	\$ 473
Disposition and Recovery/Refund of Regulatory B	1595	\$ 72,940	\$ 53,913	\$ 19,027
Disposal of 2017 LRAM	1568.005	\$ (255.50)	\$ (5,332.16)	\$ 5,076.66
		\$ 72,800.15	\$ 48,984.84	\$ 23,815.66

Festival Hydro has corrected the Continuity Schedule to account for this 2017 LRAM correction to be labeled as a principal adjustment instead of a disposition. This should now reconcile with the total balances approved for disposition.

### 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

The amounts are recorded in the “transactions” column for Account 1595 during the same time period as the rate rider are in effect. However, the screen shot below shows credit transactions of \$7,332 and \$5395 in 1595 without any OEB-approved dispositions.

#### Question(s):

a) Please explain the two credit transactions highlighted in yellow.

		2022			
Account Descriptions	Account Number	Transactions Debit / (Credit) during 2022	OEB-Approved Disposition during 2022	Principal Adjustments <sup>1</sup> during 2022	Closing Principal Balance as of Dec 31, 2022
<b>Group 1 Accounts</b>					
LV Variance Account	1550	92,018	157,193 <sup>2</sup>		255,869
Smart Metering Entity Charge Variance Account	1551	(52,123)	(14,611)		(65,378)
RSVA - Wholesale Market Service Charge <sup>5</sup>	1580	1,321,482	(286,099)		1,804,351
Variance WMS – Sub-account CBR Class A <sup>5</sup>	1580				0
Variance WMS – Sub-account CBR Class B <sup>5</sup>	1580	(37,630)	(9,987)		(77,314)
RSVA - Retail Transmission Network Charge	1584	549,376	125,571		1,524,930
RSVA - Retail Transmission Connection Charge	1586	226,196	28,337		251,719
RSVA - Power <sup>4</sup>	1588	1,356,330		(547,661) <sup>2</sup>	(80,522)
RSVA - Global Adjustment <sup>4</sup>	1589	(445,027)		547,661 <sup>2</sup>	967,808
Disposition and Recovery/Refund of Regulatory Balances (2018) <sup>3</sup>	1595	(14,151)	53,913		1
Disposition and Recovery/Refund of Regulatory Balances (2019) <sup>3</sup>	1595	14,151			1,005
Disposition and Recovery/Refund of Regulatory Balances (2020) <sup>3</sup>	1595	(7,332)			43,449
Disposition and Recovery/Refund of Regulatory Balances (2021) <sup>3</sup>	1595	(5,395)			(66)

Upon further examination of these credit transactions, the \$7,332 for 2020 is the resulting of a posting error in January 2022. This amount should have been included as part of the total transactions in the 1595 (2022) row of the Continuity Schedule. This correction has been made on the Rate Generator, updating the total 2022 transactions for 1595 (2022) to (\$59,136). Festival Hydro will seek permission from the OEB to update our RRR filing for this amount to be moved into the 1595 (2022) balance.

The \$5,395 is the result of bill corrections posted in January 2022 that relates to bill that occurred in 2021. This amount was posted to 1595 (2021) to match the year from which the affected bills occurred. If the OEB would prefer a different treatment for this amount, please let us know.

b) As per chapter 3 of the OEB filing requirements, no further transactions are expected to be recorded in the account 1595 sub-accounts once the residual balance has been disposed off on a final basis. OEB staff has noticed that there's a transfer of \$14,151 from 1595 (2018) to 1595 (2019) which is then requested for disposition under the new sub-account. Please explain the request for disposition and what it pertains to.

		2022				
Account Descriptions	Account Number	Transactions Debit / (Credit) during 2022	OEB-Approved Disposition during 2022	Principal Adjustments <sup>1</sup> during 2022	Closing Principal Balance as of Dec 31, 2022	Opening Interest Amounts as of Jan 1, 2022
<b>Group 1 Accounts</b>						
LV Variance Account	1550	92,018	157,193 <sup>2</sup>		255,869	1,987
Smart Metering Entity Charge Variance Account	1551	(52,123)	(14,611)		(65,378)	(130)
RSVA - Wholesale Market Service Charge <sup>5</sup>	1580	1,321,482	(286,099)		1,804,351	(1,400)
Variance WMS – Sub-account CBR Class A <sup>5</sup>	1580				0	0
Variance WMS – Sub-account CBR Class B <sup>5</sup>	1580	(37,630)	(9,987)		(77,314)	(207)
RSVA - Retail Transmission Network Charge	1584	549,376	125,571		1,524,930	2,892
RSVA - Retail Transmission Connection Charge	1586	226,196	28,337		251,719	367
RSVA - Power <sup>4</sup>	1588	1,356,330		(547,661) <sup>2</sup>	(80,522)	(16,592)
RSVA - Global Adjustment <sup>4</sup>	1589	(445,027)		547,661 <sup>2</sup>	967,808	13,924
Disposition and Recovery/Refund of Regulatory Balances (2018) <sup>3</sup>	1595	(14,151)	53,913		1	19,108
Disposition and Recovery/Refund of Regulatory Balances (2019) <sup>3</sup>	1595	14,151			1,005	7,463

In Festival Hydro's 2022 IRM (EB-2021-0024), there was a balance adjustment of \$14,151 to the 1595 (2018) account identified as part of the 2020 period. This amount is due to a 2019 entry to correct January and February 2018 rate riders that was posted backwards. At the time, FHI did not show the principal in the 1595 (2019) line of the IRM, (only 2018) because we were not disposing of it. This adjustment is required to account for and balance both sides of the adjusting journal entry and was recorded in 2022.

As the correction was recorded in 2022 and pertains to the claim for 1595 (2019), we included the adjustment as transactions in 2022. The alternative, if the OEB prefers, would be to show both amounts as principal adjustments to the account in the 2020 period. They both net to \$nil and the alternative will have no effect on the overall claim.

#### **Staff Question-6**

##### **Reference:**

- (i) 2024 GA Analysis Workform
- (ii) 2022 GA Analysis Workform Instructions, June 24, 2021

According to the GA 2020 tab Note 5 in Reference 1, Festival Hydro recorded reconciling item #5 a credit balance of \$4,411,588 for April-June CT 148 recorded in GL for non-RPP customers from IESO invoice. Additionally, Reconciling Item #6 recorded in Note 5 is a debit balance of \$3,435,852 for April – June GA Costs for non-RPP customers. The total net impact of these two reconciling items for the GA deferral is a credit balance of \$975,736.

Page 17-18 of Reference 2 provides instructions on the reconciling item related to GA deferral. A reconciling item is required in the GA 2020 tab for the variance between the GA costs \$ in Workform and the non-RPP GA costs \$ (net CT148) in the GL.

##### **Question(s):**

- a) Please confirm whether reconciling item #5 represents the non-RPP GA cost of net CT 148 (i.e., reflecting the adjusted GA rate) on the IESO invoice.

Festival Hydro confirms that the reconciling item #5 represents the non-RPP GA cost of net CT 148.

- b) If not, please explain what the balance of reconciling item #5 consists of.



- c) Please provide calculations supporting Reconciling Items 5 and 6 in the table below:

Month	GA Costs \$ in Workform (Column M in Workform)	Non-RPP Costs \$ (i.e. Net CT 148) in General Ledger	Reconciling Item
April	\$1,061,341	-1,264,316	-\$202,975
May	\$1,148,075	-1,803,473	-\$655,398
June	\$1,226,435	-1,343,799	-\$117,364
Total	\$3,435,851	-4,411,588	-\$975,737

#### Staff Question-7

##### Reference:

- (i) 2024 Manager's Summary, page 6
- (ii) 2024 GA Analysis Workform
- (iii) OEB Guidance on GA Deferral Recovery, December 23, 2020
- (iv) 2024 GA Analysis Workform Instructions, June 23, 2023

In Reference 1, Festival Hydro states an amount of \$547,661 was misallocated within Account 1589 instead of 1588 related to the GA deferral for the period of April – June 2020. A correcting entry was recorded in the 2022 Financial Statement.

According to Reference 3, CT 6148 and CT 6147 included in the distributor's settlement statement reflect a distributor's allocated amounts of the deferred GA recovery for non-RPP Class B and Class A customers. Both should be recorded entirely within Account 1589.

Festival Hydro recorded two principal adjustments related to the correction of the misallocation described above in Reference 2, Principal Adjustment tab. The first principal adjustment is a debit of \$547,661 recorded in Account 1589, and the other principal adjustment is a credit of the same amount under Account 1588. The principal adjustments are recorded in the GA 2022 tab and Account 1588 tab for Year 2022.



**Question(s):**

- a) Given that the recording of the deferred GA amounts from CT 6148 and CT 6147 should be entirely within Account 1589, as GA deferral is attributed to non-RPP customers,
  - i. Please explain why there is a need to correct the 1588/1589 split entry of \$547,661 for April - June 2020 that was booked in 2022.

During the months of April to June 2020 when we allocated the Class B GA between RPP (GL 4705) and Non-RPP customers (GL 4707) the GA deferral credit was accounted for incorrectly with a portion being allocated to RPP customers and into 1588. The amount used to allocate between the GLs had the credit included in it and then the credit was also included again to non-RPP. We recalculated the split, so the credit only goes to Non-RPP customers and into 1589.

If further detail is necessary, it may be easier to discuss the details of this journal entry through teleconference.

- ii. Please clarify the nature of the split entry.
- b) Please explain why the correcting entry of \$547,661 was recorded in 2022 while the original transaction was incurred in 2020.

As noted in the Manager's Summary section "Disposition of Global Adjustment", FHI carried out a detailed review of 1588 and 1589. During this review process, it was discovered that a misallocation within FHI's GL existed regarding the recording of the GA Deferral that originally occurred during the April – June period of 2020. The amount of \$547,661 is misallocated and its balance was included, in error, within the 1589 accounts instead of 1588. A correcting entry was recorded in 2022's financial statements.

Since the correction was calculated and corrected in 2022, it would have been included in the 2022 transaction period on the DVA Continuity Schedule, and so the adjustment was included in the same year for clarity.

- ii. Please clarify the nature of the split entry.
- c) Please revise the applicable schedules related to the correction of the 1588/1589 split entry, if necessary.

No need to revise the schedules. It is expected that Festival Hydro has correctly included this adjustment.

### Staff Question-8

**Reference:**

- (i) 2024 Manager's Summary, page 6

Festival Hydro states in Reference 1, "For 2021, there was an error in FHI's May 2023 2nd True-up settlement worksheet that included a duplication of FHI's February 2021 Non-RPP consumption volume."

**Question(s):**

- a) Please clarify when and how often Festival Hydro performs the 2nd true-up for the RPP settlements.

Festival Hydro performs 2nd true-ups at the beginning of each month during our regular settlement process. Our 2<sup>nd</sup> True-ups relate to the period 2 months prior to the applicable settlement period. For ex., the 2<sup>nd</sup> True-up for May 2021 would have been completed as part of the initial settlement for July 2021.

- b) Please confirm if Festival Hydro meant the February 2021 Non-RPP consumption was included in Festival Hydro's May 2021 2nd true-up settlement worksheet instead of May 2023 2nd true-up settlement worksheet. If not, why not?

Festival Hydro confirms that the reference to May 2023 was a typo. The error was indeed included in May 2021 and that is what we intended to declare on the Manager's Summary.

### Staff Question-9

**Reference:**

- (i) 2024 Manager's Summary, page 6
- (ii) 2024 GA Analysis Workform

Festival Hydro has identified the following issues impacting the 2021 balances for Accounts 1588 and 1589 in Reference 2:

1. A duplication of Festival Hydro's February 2021 Non-RPP consumption volume was included in its May 2021 2nd True-up settlement worksheet, resulting in the doubling of the non-RPP amount reported for that month.
2. A duplication error occurred in the 2021 RRR reporting of the RPP and Non-RPP consumption volumes.
3. Due to the Non-RPP reporting error, there was a misallocation of CT 148 between the RPP and Non-RPP accounts. As a result of this misallocation, a variance of \$454,599 was debited into Account 1589 instead of Account 1588.
4. An underpayment of \$108,432 to the IESO occurred due to the inclusion of the non-RPP reporting error in Festival Hydro's settlement calculation.

Festival Hydro states that a revision of the 2021 RRR 2.1.5 schedule will be made at the same time as this submission. The OEB staff has confirmed with the OEB's Performance Analytics and Reporting department that the latest RRR 2.1.5 schedule was received on August 14, 2023. The OEB staff notes that the consumption data in the August 14 version does not match the manually modified consumption data provided by Festival Hydro in the GA Analysis Workform for 2021.

Festival Hydro further states that it will make the necessary correction for the underpayment error as part of the approval of this application through settlement.

**Question(s):**

- a) Please confirm if the duplication error identified in the 2021 RRR reporting the same error as identified in the Festival Hydro's May 2021 2nd True-up settlement worksheet.
  - i. If so, please explain why the amounts do not match. Please confirm if the revised RRR 2.1.5 schedule will be submitted to the OEB with an estimated date.

Festival Hydro did update the RRR 2.1.5 schedule on August 14<sup>th</sup> while compiling our Class A customer information. There is a separate revision request submitted on August 17<sup>th</sup> (the same date of the Rate Generator submission) to update the metered RPP and Non-RPP consumption volumes. However, this revision is due an issue with our RPP/non-RPP consumption reports during the initial RRR filing. It is not related to the duplication of February 2021 within settlement. That duplication of February was contained solely to the May 2021 2<sup>nd</sup> True-up and only affects the allocation between 1588/1589 variances.

- ii. If not confirmed, please provide the details of the adjustments made in the revised RRR 2.1.5.

The status of that revision request has not yet been reviewed by the OEB. The revision can and will be made immediately upon permission being granted. The screenshot below from the Pivotal platform identifies our revision submission date to have been August 17<sup>th</sup>. I will follow up with the OEB regarding the status of this revision request.



- b) Please confirm whether Festival Hydro has completed the settlement correction with the IESO. If not, please explain why not and provide the action plan to submit for the IESO adjustment.

Given the importance of the Annual IR and the OEB's review of the Rate Generator, we wanted to ensure there were no further changes resulting from this process that should be included as part of the correction. We will immediately make the correction upon approval of our Annual IR submission.

- c) Please explain why a credit amount of \$108,432 is recorded in Account 1588 for the underpayment of IESO owned amounts due to non-RPP allocation. If it is an underpayment to the IESO, shouldn't the adjustment be positive?

Upon review of the \$108,432 amount, the OEB is correct. The \$108,432 adjustment should be positive. We have adjusted the DVA Continuity Schedule and the GA Analysis Workform for this change. Our overall account variance for 1588 over the last three years has changed from -0.1% to 0.2%.

- d) Please provide the calculation for the \$454,599 adjustment.

The below entries relate to May 2021 and are the resulting allocation entries before and after the correction for the February 2021 inclusion. The resulting entry changes how much of the RPP/non-RPP ratio true up was allocated between our charge accounts for these customer types, which in turn, directly affected the allocation of the 1588/1589 allocation split for that month by the same amount.

Original amount:

May 31, 2021			
JE #14 - RPP/non-RPP ratio True-Up			
	<b>Description</b>	<b>DR</b>	<b>CR</b>
Dr. Account 4707 - Charges GA		\$ 450,187	
Cr. Account 4705 - Power Purchased RPP GA			\$ 450,187
		<u>\$ 450,187</u>	<u>\$ 450,187</u>
To adjust allocation of CT 148 per IESO bill relating to actual RPP and non-RPP kWh proportions.			

**With Correction:**

May 31, 2021			
JE #14 - RPP/non-RPP ratio True-Up			
	<b>Description</b>	<b>DR</b>	<b>CR</b>
Dr. Account 4707 - Charges GA			\$ 4,412
Cr. Account 4705 - Power Purchased RPP GA		\$ 4,412	
		<u>\$ 4,412</u>	<u>\$ 4,412</u>
To adjust allocation of CT 148 per IESO bill relating to actual RPP and non-RPP kWh proportions.			

The difference between the corrected amounts total \$454,599.

If further clarification is necessary, a teleconference may be easier to help walk you through the change.

**Staff Question-10**

**References:**

- (i) 2024 GA Analysis Workform, Tabs GA 2021 and GA 2022
- (ii) 2024 Chapter 3 Filing Requirements, June 15, 2023

Festival Hydro reported differences greater than 1% between the calculated loss factor and the most recent approved loss factor for secondary metered customers < 5,000KW in the GA 2021 and GA 2022 tabs. OEB staff notes that no explanation is provided in Note 4(b) for the differences.

Page 13 of Reference 2 states that “any unexplained discrepancy that is greater than +/- 1% of the total annual IESO GA charges is considered material and warrants further analysis and supporting evidence.”

**Question(s):**

- a) Please provide explanations for the differences reported in Reference 1.

The most recent approved loss factor is the result of our 2015 Cost of Service submission. It is expected our loss factor has changed over the years since then. It is expected that this loss factor will be updated during our next Cost of Service application for 2025.

- b) Please explain why the annual 1% threshold tests are not met for Account 1588 as reported in Reference 1 Note 7.

The variances for Account 1588 are over the 1% thresholds in each of the three years 2020 - 2022, but the causes and corrections for these differences were thoroughly investigated and corrected in 2022. FHI considered this review over the cumulative three-year period because of the impacts and errors rolled into the ending balances year over year. Accounting for all differences, the overall variance across the three periods is 0.2%, well within the 1% threshold.