



January 29<sup>th</sup>, 2024

Ms. Nancy Marconi, Registrar  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, Suite 2700  
Toronto, ON M4P 1E4

**Re: ERTH Power Corporation  
EB-2023-0019 –ERTH Power Corporation 2023 Price Cap IR Application Interrogatory  
Responses**

Dear Ms. Marconi,

Please find enclosed the responses to ERTH Power's interrogatories for its 2024 IRM application.

The completed responses and supporting files were submitted today via the Board's web portal in both electronic (i.e., Excel) and PDF form.

If there are any questions, please contact Diane Taylor at 519-485-1820 ext. 265, [Diane.Taylor@erthpower.com](mailto:Diane.Taylor@erthpower.com), or Megan Gooding at 519-485-1820 ext. 212, [Megan.Gooding@erthpower.com](mailto:Megan.Gooding@erthpower.com).

Respectfully,

Graig Pettit  
Vice President & General Manager

*Your Hometown Utility*

**OEB Staff Interrogatories  
ERTH Power Corporation  
EB-2023-0019**

Please note, ERTH Power Corporation is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

**OEB Staff Questions - Main Rate Zone**

**OEB Staff Question – 1**

**Ref: IRM Rate Generator Main Rate Zone, Tab 11 RTSR, Tab 18 Regulatory Charges, Tab 20 Final Tariff Schedule, and Tab 21 Bill Impacts**

OEB staff has updated certain tabs in the IRM rate generator.

**Questions:**

- a) Please confirm OEB staff has correctly updated the Rural or Remote Electricity Rate Protection Charge on Tabs 18, 20, and 21.

**ERTH Power confirms the Rural or Remote Electricity Rate Protection charge has been correctly updated on Tabs 18, 20, and 21.**

- b) Please confirm OEB staff has correctly updated the Hydro One SubTransmission Rates on Tab 11.

**ERTH Power confirms the Hydro One Sub-Transmission Rates have been correctly updated on Tab 11.**

- c) Please confirm OEB staff has correctly updated the Time of Use Rates on Tab 18 and 21.

**ERTH Power confirms the Time of use Rates have been correctly updated on Tab 18 and 21.**

- d) Please confirm OEB staff has correctly updated the Ontario Electricity Rebate Percentage on Tab 21.

**ERTH Power confirms the Ontario Electricity Rebate Percentage has been correctly updated on Tab 21.**

e) Please update the tabs as applicable, if any of the above is not confirmed.

**N/A**

**OEB Staff Question -2**

**Ref: 2024 IRM Rate Generator Model Main Rate Zone, Tab 4 – Billing Det. for DefVar**

**Preamble:**

The answer to the question below is “No”, which indicates that ERTH Power has not confirmed the accuracy of the data in Tab 4.

Data on this worksheet has been populated using your most recent RRR filing.	
If you have identified any issues, please contact the OEB.	
Have you confirmed the accuracy of the data below?	<input type="button" value="No"/>

**Question:**

Please clarify if this answer is a typo and update the evidence accordingly.

**ERTH Power confirms this answer was a typo and the answer to the question in Tab 4 has been updated to “Yes”.**

**OEB Staff Question - 3**

**Ref: 2024 IRM Rate Generator Model Main Rate Zone, Tab 9 – Shared Tax Rate Rider**

**Preamble:**

The shared tax amount of (\$3,370) in Tab 9 is not material and thereby does not produce a rate rider for any rate class.

**Question:**

Please confirm that the entire shared tax amount will be transferred into Account 1595 for future disposition.

**ERTH Power confirms the entire shared tax amount will be transferred into Account 1595 for future disposition as indicated on Page 18 of the Manager's Summary.**

**OEB Staff Question – 4**

**Ref 1: 2024 IRM Rate Generator Model Main Rate Zone , Continuity Schedule, Tab 3**

**Ref 2: IRM Rate Generator – DVA Tabs Instructions - 2024 Rates**

**Ref 3: 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, Subaccount Forgone Revenues from Postponing Rate Implementation, the following steps are noted in the August 6, 2020 guidance:

- a) 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.
- b) 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.
- c) If disposition is approved, the residual balance in the Forgone Revenues Subaccount should be disposed proportionately by customer class and the residual balance will be transferred to Account 1595.

**Questions:**

- 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.

**N/A**

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

**The balance in account 1509 – Impacts Arising from the COVID-19 Emergency, Subaccount Forgone Revenues from Postponing Rate Implementation was not material and has been transferred.**

**OEB Staff Question – 5**

**Ref 1: Manager's Summary, Page 15-16**

**Ref 2: EB-2022-0029, Decision and Rate Order, Table 7.1**

**Ref 3: 2024 IRM Rate Generator Model Main Rate Zone, Tab 3**

**Ref 4: Chapter 3 Filing Requirements for 2024 Electricity Distribution Rate Applications, Page 13**

**Ref 5: OEB letter "Adjustments to Correct for Errors in Electricity Distributor "Pass-Through" Variance Accounts After Disposition" October 31, 2019**

In Reference 1, ERTH Power acknowledges that the rate rider in its 2023 IRM application for the main rate zone contains a calculation error, where the kWhs for Class A customers were not subtracted from the billing determinants erroneously. The miscalculation has resulted in the understatement of 2023 GA rate riders that ERTH Power would not be able to collect the full disposed GA amount. ERTH Power states that this error "essentially resulted in \$745,000 of GA to not being approved for disposition."

ERTH Power further states its proposal for correcting this error that it has removed the impacted amount of \$744,585 "from the 2023 disposal balances in order to allow this amount to be recovered in a timely manner. Since the rate rider was not calculated correctly the amount was not actually disposed of. Given the impact of interest rates and the time that will pass for these amounts to be fully cleared it is important to correct this issue now."

According to Reference 2, the OEB approves a total principal balance of \$1,176,411 for Account 1589, RSVA- Global Adjustment to be disposed of on a final basis, plus an interest amount of \$125,878.

OEB staff notes that ERTH Power recorded a debit amount of \$480,395 in Principal Disposition during 2023-instructed by OEB (Cell BM29) and a debit amount of \$77,309 in Interest Disposition during 2023-instructed by OEB (Cell BN29) for Account 1589 in Reference 3.

The OEB provides guidance on the disposition of Account 1595 in Reference 4, stating that "when the OEB approves disposition of DVA balances, the approved amounts of principal and carrying charges are transferred to Account 1595 for that rate year."

Reference 5 states that "Where an accounting or other error is discovered after the balance in one of the above-listed variance accounts has been cleared by a final order of the OEB, the OEB will determine on a case-by-case basis whether to make a retroactive adjustment based on the particular circumstances of each case, including factors such as:

- whether the error was within the control of the distributor
- the frequency with which the distributor has made the same error
- failure to follow the guidance provided by the OEB
- the degree to which other distributors are making similar errors

**Question(s):**

- a) Please clarify the statement that this error “essentially resulted in \$745,000 of GA not being approved for disposition.”
- i. Please confirm that the approved GA balance was correct in ERTH Power’s 2023 IRM decision and order.

**ERTH Power confirms that its 2023 IRM Decision and Order (EB-2022-0029) approved the correct GA balance of \$1,302,289**

- ii. Please clarify that \$745,000 represents the 2023 approved GA amount that is not and will not be collected due to the error made in the GA rate rider calculation in the 2023 IRM proceeding.

**In ERTH Power's 2023 IRM application, the Global Adjustment (GA) rate design was based on an anticipated collection of \$549,121 from the GS 50-999, GS 1000-4999, and Large Use Classes. Refer to Table 1 for details.**

**Table 1**

Rate Class - Class A	Total Metered Non-RPP 2021 Consumption excluding WMP (kWh)	Total Metered 2021 Consumption for Class A Customers that were Class A for the entire period GA balance accumulated (kWh)	Non-RPP Metered 2021 Consumption for Current Class B Customers (Non-RPP Consumption excluding WMP, Class A and Transition Customers' Consumption)	2023 GARate (Ref: 2023 IRM Model, Sheet 6.1 GA, Col M)	Total GARecovery from Rate Classes containing Class A Customers
GS 50-999	94,930,055	-	94,930,055	0.002	\$ 189,860
GS 1000-4999	82,399,623	-	82,399,623	0.002	\$ 164,799
LU	97,230,798	-	97,230,798	0.002	\$ 194,462
<b>Total</b>	<b>274,560,476</b>	<b>0</b>	<b>274,560,476</b>		<b>\$ 549,121</b>

**As indicated in Reference 1, the consumption data (kWh) for Class A customers was inadvertently retained in the billing determinants, leading to a rate rider incapable of collecting the full amount. As illustrated in Table 2 below, the result is under-collection in the 2023 rate year, and without correction, a similar under-collection is projected for 2024. The cumulative under-collection by the conclusion of the 2024 rate year would amount to \$745,923.**



**Table 2**

Rate Class - Class A	Total Metered Non-RPP 2021 Consumption excluding WMP (kWh)	Total Metered 2021 Consumption for Class A Customers that were Class A for the entire period GA balance accumulated (kWh)	Non-RPP Metered 2021 Consumption for Current Class B Customers (Non-RPP Consumption excluding WMP, Class A and Transition Customers' Consumption)	2023 GA Rate (Ref: 2023 IRM Model, Sheet 6.1 GA, Col M)	Total GA Recovery from Rate Classes containing Class A Customers
GS50-999	94,930,055	16,214,116	78,715,939	0.002	\$ 157,432
GS1000-4999	82,399,623	73,035,905	9,363,718	0.002	\$ 18,727
LU	97,230,798	97,230,798	-	0.002	\$ -
<b>Total</b>	<b>274,560,476</b>	<b>186,480,819</b>	<b>88,079,657</b>		<b>176,159.31</b>
				Approved GA	\$ 549,120.95
				GA collected in 2023	\$ 176,159.31
				Under-Recovery for 2023	<b>-\$ 372,961.64</b>
				Under-Recovery for 2024	<b>-\$ 372,961.64</b>
				<b>Total Under-Recovery</b>	<b>-\$ 745,923.28</b>

- b) Please discuss the downside of the proposed approach by ERTH Power for the 2023 GA amount of \$745,000 by leaving the amount in Account 1589 and being recovered along with the 2024 GA balance.

**ERTH Power is not aware of any downside associated with the proposed approach to have the amount of approximately \$745,000 be left in account 1589 and be recovered along with the 2024 GA balance.**

- c) Please update the 2024 IRM Rate Generator to reflect the following adjustments recommended by the OEB staff:
- Please update the disposition amounts (Column BM and BN) in the 2024 Continuity Schedule in Reference 3 for Account 1589 to align with the approved disposition amounts stated in Reference 2.

**Please find attached an updated IRM Model.**

**ERTH Power has incorporated a principal adjustment of \$745,923 into cell BF29 (Continuity Schedule), reflecting the under-recovered amounts for the years 2023 and 2024. This will allow for recovery of Account 1589 balances approved in the 2023 IRM via 1589 riders, on the timeline originally contemplated in the 2023 IRM Decision.**

- Please record the retroactive adjustment related to the last approved rate rider in Account 1595 (2023) as a principal adjustment. The amount should equal the total approved disposition minus the total collection.

**See response to (i).**

- d) Please explain how ERTH Power identified the error in Reference 1.

**ERTH Power discovered the error in the course of its quarterly billing review in August 2023 and notified the Board staff case manager for EB-2022-0029 via email immediately.**

- e) Please provide ERTH's consideration regarding the rates retroactivity issues raised in the OEB's Oct 31, 2019 letter in Reference 5.
- i. Please provide comments on the four factors outlined in Reference 5.

**Whether or not the error was within the control of the distributor:**  
**Entry of the incorrect billing determinants for the purpose of Account 1589 recovery was within ERTH Power's control, as the erroneous entry was not discovered in the course of EB-2022-0029.**

**The frequency with which the distributor has made the same error:**  
**ERTH Power has not made this error in past IRM applications.**

**Failure to follow guidance provided by the OEB:** The nature of the issue was human error in the entry of data into the IRM model. While failing to identify this error during EB-2022-0029 does not meet the high standard of regulatory evidence ERTH Power sets for itself, the error does not represent a failure to follow OEB guidance.

**The degree to which other distributors are making similar errors:**  
**ERTH Power is not aware of any recent instance in which other distributors have made this specific error, other than to note that human error during data entry into the OEB's IRM and Cost of Service models is not uncommon, though it is typically identified by the utility or other parties prior to a Final Decision and Order**

- f) Please confirm and explain whether the following items are affected by the error. If not, why not?
- i. Intergenerational inequity

**ERTH Power submits that any intergenerational equity impacts of this error will be immaterial. The originally approved amount of \$1,302,289 was approved for disposition over the course of 2023 and 2024, and ERTH Power's solution will dispose of the same amount over the same period of time**

- ii. ERTH Power's financial viability

**The error has resulted in ERTH Power experiencing an under-recovery which in turn has impacted its cash flow. All else equal, this negatively impacts the utility's overall financial health.**

- g) Please describe ERTH's procedures that have been implemented to prevent the error mentioned in Reference 1.

**Moving forward, ERTH Power commits to improving its application review process ensuring the exclusion of Class A consumption in any Global Adjustment disposition. Additionally, the company will continue in conducting its quarterly billing review recognizing its effectiveness in identifying and addressing errors.**

**OEB Staff Question – 6**

**Ref 1: Manager's Summary, Page 15-16**

**Ref 2: 2024 IRM Rate Generator Model Main Rate Zone, Tab 6**

**Ref 3: EB-2022-0029, Decision and Rate Order, 2023 IRM Model, Tab 6**

In Reference 1, ERTH Power has provided the table below detailing the corrected calculation of the rate rider by excluding the Class A kWh from the billing determinants:

Revised		Total Metered Non-RPP 2021 Consumption excluding WMP	Total Metered 2021 Consumption for Class A Customers that were Class A for the entire period GA balance accumulated	Total Metered 2021 Consumption for Customers that Transitioned Between Class A and B during the period GA balance accumulated	Non-RPP Metered 2021 Consumption for Current Class B Customers (Non-RPP Consumption excluding WMP, Class A and Transition Customers' Consumption)	Proposed Rate Rider Recovery Period (in months)	24	Rate Rider Recovery to be used below	Total GA \$ allocated to Current Class B Customers	GA Rate Rider
		kWh	kW	kWh	kWh	kWh	kW	% of total kWh		
RESIDENTIAL SERVICE CLASSIFICATION	kWh	5,653,612	0	0	0	5,653,612	0	4.6%	\$56,657	\$0.0050
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	11,835,687	0	0	0	11,835,687	0	9.6%	\$118,609	\$0.0050
GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	kWh	94,930,055	238,554	16,214,116	0	78,715,939	238,554	63.5%	\$788,836	\$0.0050
GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION	kWh	82,399,623	163,603	73,035,905	0	9,363,718	163,603	7.6%	\$93,837	\$0.0050
LARGE USE SERVICE CLASSIFICATION	kWh	97,230,798	191,731	97,230,798	0	0	191,731	0.0%	\$0	\$0.0000
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	51,696	0	0	0	51,696	0	0.0%	\$518	\$0.0050
SENTINEL LIGHTING SERVICE CLASSIFICATION	kWh	0	0	0	0	0	0	0.0%	\$0	\$0.0000
STREET LIGHTING SERVICE CLASSIFICATION	kWh	1,467,182	4,257	0	0	1,467,182	4,257	1.2%	\$14,703	\$0.0050
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION	kWh	16,786,736	38,092	0	0	16,786,736	38,092	13.6%	\$168,225	\$0.0050
<b>Total</b>		<b>310,355,389</b>	<b>636,237</b>	<b>186,480,819</b>	<b>0</b>	<b>123,874,570</b>	<b>636,237</b>	<b>100.0%</b>	<b>\$1,241,385</b>	

The Class A consumption data for the main rate zone for 2022 and 2021 as shown below are recorded in Reference 2 by ERTH Power.

**Rate Classes with Class A Customers - Billing Determinants by Rate Class**

Rate Class	Rate Class		2022	2021
			kWh	kWh
Rate Class 1	GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	kWh	15,708,762	16,658,281
		kW	46,077	46,479
Rate Class 2	GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION	kWh	75,092,499	74,702,762
		kW	158,425	149,726
Rate Class 3	LARGE USE SERVICE CLASSIFICATION	kWh	93,760,171	98,646,887
		kW	167,472	191,731

OEB staff notes ERTH Power filed the following tables under 3a and 3b, respectively, for 2021 and 2020 in Reference 3.

**Transition Customers - Non-loss Adjusted Billing Determinants by Customer**

Customer	Rate Class		2021		2020	
			July to December	January to June	July to December	January to June
Customer 1	GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION	kWh				
		kW				
		Class A/B				
Customer 2	GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION	kWh				
		kW				
		Class A/B				
Customer 3	GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	kWh				
		kW				
		Class A/B				
Customer 4	GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	kWh				
		kW				
		Class A/B				
Customer 5	GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION	kWh				
		kW				
		Class A/B				
Customer 6	GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	kWh				
		kW				
		Class A/B				

**Rate Classes with Class A Customers - Billing Determinants by Rate Class**

Rate Class	2021	2020
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Rate Class 1	GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	kWh		
		kW		
Rate Class 2	GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION	kWh		
		kW		
Rate Class 3	LARGE USE SERVICE CLASSIFICATION	kWh		
		kW		

**Question(s):**

- a) OEB staff has observed that the Class A consumption data for the main rate zone used in the correction calculation in Reference 1 differs from the consumption data filed in Reference 2 for 2021.
- i. Please confirm the OEB staff's observation and provide the Class A consumption data for the main rate zone for 2021.

**ERTH Power inputted the adjusted Class A consumption in Reference 2 in error. ERTH Power has corrected the error in the 2024 IRM model with the measured Class A consumption data. The Class A consumption data filed in Reference 2 for 2021 matches the data in the correction calculation in Reference 1. The 2022 consumption data was correctly reported. The updated 2021 Class A consumption data is included in the table below:**

**Rate Classes with Class A Customers - Billing Determinants by Rate Class**

	Rate Class		2021
Rate Class 1	GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	kWh	16,214,116
		kW	46,479
Rate Class 2	GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION	kWh	73,035,905
		kW	149,726
Rate Class 3	LARGE USE SERVICE CLASSIFICATION	kWh	97,230,798
		kW	191,731

**In discovering the error, ERTH Power has discovered it has made the same error for the Goderich Rate Zone. Class A consumption data for 2021 and 2022 has been updated in the 2024 IRM model for the Goderich rate zone to reflect measured consumption. The updated 2021 and 2022 Class A consumption data for the Goderich rate zone is summarized in the table below:**

**Rate Classes with Class A Customers - Billing Determinants by Rate Class**

	Rate Class		2022	2021
Rate Class 1	GENERAL SERVICE 500 TO 4,999 KW SERVICE CLASSIFICATION	kWh	19,400,137	19,279,766
		kW	34,703	34,401

- ii. Please provide the updated correction calculation and/or the updated 2024 IRM model as necessary.

**The correction calculation in Reference 1 is correct. The Class A consumption reported in the 2024 IRM model has been updated as indicated in OEB Staff Question - 6 a i).**

- b) Please confirm there were no transition customers in 2021 or 2020 as filed in Reference 3 by ERTH Power.
- i. If not, please quantify the impact.

**ERTH Power confirms there were no transition customers in 2021 or 2020 and therefore there is no impact to quantify.**

- c) Please provide the Class A consumption data for the main rate zone for 2020.

**The Class A consumption data for the main rate zone for 2020 is summarized in the table below:**

**Rate Classes with Class A Customers - Billing Determinants by Rate Class**

	Rate Class		2020
Rate Class 1	GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	kWh	12,571,565
		kW	36,331
Rate Class 2	GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION	kWh	68,016,171
		kW	140,980
Rate Class 3	LARGE USE SERVICE CLASSIFICATION	kWh	118,380,503
		kW	219,868

**OEB Staff Question – 7**

**Ref 1: 2024 ERTH Main GA Analysis Workform**

**Ref 2: 2024 Goderich GA Analysis Workform**

**Ref 3: Manager's Summary, Page 5-6**

**Ref 4: EB-2022-0029, Decision and Rate Order, 2023 GA Analysis Workform Main, Principal Adjustments Tab**

**Ref 5: OEB letter "Adjustments to Correct for Errors in Electricity Distributor "Pass-Through" Variance Accounts After Disposition" October 31, 2019**

In Reference 3, ERTH Power states that the balances reported in RRR 2.1.7 for the year ending 2021 were reported on a consolidated basis for the ERTH Power Main and ERTH Power Goderich rate zones. The LDC provides a reconciliation of the difference between the 2.1.7 RRR and the Continuity Schedules for Account 1588:

<b>Account 1588 Difference Explanation</b>	
<b>Total Difference</b>	<b>-\$ 1,504,938</b>
ERTH Main True-up of GA between RPP and Non-RPP	-\$ 148,816
CT 1142/142 true-up based on actuals 2018-2020 Rec'd in 2022	-\$ 2,462,982
CT 1142/142 true-up based on actuals 2021 Rec'd in 2022	\$ 1,106,860

OEB staff has compiled the principal adjustments (PAs) recorded in Reference 1 and Reference 2 for Account 1588 in the table below.

<b>Account 1588</b>	<b>Main RZ</b>	<b>Goderich RZ</b>	<b>Total</b>
PAs included in the last approved balance:			
CT 148 true-up of GA Charges based on actual RPP volumes	(2,558,635)	(15,769)	(2,574,404)
Reversal of CT 1142/142 true-up based on actuals	170,134		170,134
CT 148 true-up of GA Charges based on actual RPP volumes	2,207,333		2,207,333
Reversal of CT 1142/142 true-up based on actuals	1,106,860		1,106,860
Reversal of prior year approved PAs	(1,106,860)	15,769	(1,091,091)
Current Year PAs:			-
CT 148 true-up of GA Charges based on actual Non-RPP volumes	148,816		148,816
CT 1142/142 true-up based on actuals	420,966		420,966
<b>Total Principal Adjustments to be Included on DVA Continuity Schedule/Tab 3 - IRM Rate Generator Model</b>	<b>(537,078)</b>	<b>15,769</b>	<b>(521,309)</b>

Reference 5 states that “Where an accounting or other error is discovered after the balance in one of the above-listed variance accounts has been cleared by a final order of the OEB, the OEB will determine on a case-by-case basis whether to make a retroactive adjustment based on the particular circumstances of each case, including factors such as:

- whether the error was within the control of the distributor
- the frequency with which the distributor has made the same error
- failure to follow guidance provided by the OEB
- the degree to which other distributors are making similar errors

**Question(s):**

- Please provide the details and composition of the credit amount of \$2,462,982 for the CT 1142/142 true-up based on actuals 2018-2022 Rec'd in 2022, as outlined in Reference 3.



- i. Please confirm whether CT 1142/142 true-up based on actuals 2018-2022 Rec'd in 2022, has been included as part of the principal adjustments reported in Reference 4.

**Confirmed, however these true-ups are for 2018 to 2020, 2021 is detailed above separately.**

- ii. If yes, please reconcile the principal adjustment amounts reported in the 2023 GA Analysis Workform for 2018-2020 CT 1142/142 true-ups.

**ERTH Power staff have been working to reconcile these adjustments and staff critical to completing the reconciliation are currently unavailable. ERTH Power staff will respond in further detail on February 12<sup>th</sup> with all reconciliations up to the end of 2022**

- iii. If not, please explain why.

**N/A**

- iv. Please provide details on why the principal adjustment amounts reported in the 2023 GA Analysis Workform for 2018-2020 CT 1142/12 true-ups are not reported in the 2024 GA Analysis Workform.

**In the GA Analysis Workform the true ups are input on a net basis and includes the true-up for 2022.**

- v. Please confirm in which year the true-up of the credit amount of \$2,462,982 was recorded in the GL.

**ERTH confirms the true-up was recorded in the GL in 2022.**

- b) If these adjustments are included in the 2022 GL (i.e. included in the 2022 transactions/net transactions), please list these adjustments as reconciling items on the GA Analysis Workforms of the respective rate zones. Please provide the updated GA Analysis Workforms and provide explanations if the 1% thresholds are exceeded.

**These adjustments are included in the 2022 GL and have been included in the GA Analysis Workforms in each rate zone on a net basis. Not adjustment is required currently pending the findings to be determined from response a ii) above.**

- c) The OEB staff notes the main component of the variance between the RRR balances and the continuity schedule for Account 1588 results from the CT1142/142 true-up based on actuals 2018-2021 rec'd in 2022.

ii. Please confirm the OEB staff's observation.

**Not confirmed. These true ups are reversing what was claimed in ERTH Power's 2023 IRM. These balances need to reconcile and will be completed as per response a ii) above.**

- iii. Please provide ERTH's consideration regarding the rates retroactivity issues raised in the OEB's Oct 31, 2019 letter in Reference 5, given that the 2021 balances were disposed of on a final basis in the 2023 IRM Decision and Order.

**These true-ups do not create rate retroactivity issues since they are reversing true-ups already claimed in the 2023 IRM. The complexity of multiple rate zone balances being split out makes the process difficult to isolate and track.**

- iv. Please provide comments on the four factors outlined in Reference 5.

**N/A**

- d) Please confirm and explain whether the following items are affected by the error. If not, why not?

- iii. 1588 balance
- iv. Intergenerational inequity
- v. ERTH Power's financial viability

**ERTH Power notes that there is no error as detailed in c iii) above.**

- h) Please describe ERTH's procedures that have been implemented to prevent mistakes like those mentioned in b) and Reference 3.

**Reference 3 inadvertently missed deleting language from a previous rate application and no such mistake exists in the 2024 IRM application.**

- i) Please clarify why the debit amount of \$420,996 for the CT 1142/142 true-up based on actuals recorded in the GL in 2023 is not included in the reconciliation table provided in Reference 3.

**The debit amount \$420,996 for the true-up is recorded as net figure of the above adjustments and needs to be further reconciled as noted in a ii).**

- j) ERTH Power notes in Reference 1 that the reversal of the CT 1142/142 true-up based on actuals (credit amount of \$1,106,860) was recorded in the GL in 2022. Please explain why this item is not reflected in the 2022 RRR balance, given that it is included in the reconciliation table.

**The true-up was recorded in the 2023 balances but accrued in this application in 2022. Will be validated as part of reconciliation noted in response a ii).**

- k) Please provide itemized explanations for the variance identified in the reconciliation table below provided by the OEB staff.

<b>Account 1588</b>	<b>Main RZ</b>	<b>Goderich RZ</b>	<b>Total</b>
2022 balance (Cell BG28+ Cell BL28) from Continuity Schedule/Tab 3- IRM Rate Generator Model	571,005	16,439	587,444
Less: Principal adjustments recorded in the 2023 GL			
CT 148 true-up of GA Charges based on actual Non-RPP	148,816	-	
CT 1142/142 true-up based on actuals	420,966	-	
Adjusted 2022 Continuity Schedule balance	1,223	16,439	17,662
2.1.7 RRR Balance			(917,495)
<b>Variance</b>			<b>(935,157)</b>

**ERTH staff will work to provide explanations of the above as it completes its reconciliation noted in response a ii) above.**

**Ref 1: 2024 ERTH Main GA Analysis Workform**

**Ref 2: 2024 Goderich GA Analysis Workform**

**Ref 3: Manager's Summary, Page 5-6**

In Reference 2, ERTH Power provides a reconciliation of the difference between the 2.1.7 RRR and the Continuity Schedules for Account 1589:

<b>Account 1589 Difference Explanation</b>	
<b>Total Difference</b>	<b>\$ 2,403,204</b>
ERTH Main True-up of GA between RPP and Non-RPP	\$ 2,207,333
Reversal of Goderich True-up of GA between RPP and Non-RPP	\$ 47,055
ERTH Main True-up of GA between RPP and Non-RPP	\$ 148,816

OEB staff has compiled the principal adjustments (PAs) recorded in Reference 1 and Reference 2 for Account 1589 in the table below.

<b>Account 1589</b>	<b>Main RZ</b>	<b>Goderich RZ</b>	<b>Total</b>
PAs included in the last approved balance:			
CT 148 true-up of GA Charges based on actual Non-RPP volumes	(2,207,333)	15,769	(2,191,564)
Reversal of prior year CT-148 true-up of GA Charges based on actual Non-RPP volumes	2,558,635		2,558,635
Reversal of prior year approved PAs	-	(15,769)	(15,769)
Current Year PAs:			-
CT 148 true-up of GA Charges based on actual Non-RPP volumes	(148,816)		(148,816)
<b>Total Principal Adjustments to be Included on DVA Continuity Schedule/Tab 3 - IRM Rate Generator Model</b>	<b>(148,816)</b>	<b>(15,769)</b>	<b>(164,585)</b>

**Question(s):**

- a) Please clarify why the principal adjustments included in the last approved balance of \$(2,207,333) for Account 1588 and \$2,207,333 for Account 1589 in the first table in Reference 1 Tab Principal Adjustments have not been reversed in the current application.

**As opposed to reversing the last approved balance of \$(2,207,333) and adding the 2022 principle adjustment of \$(2,356,149) for CT 148 true-up GA**

**Charges based on actual Non-RPP volumes recorded in 2023, ERTH Power recorded the net value as a principle adjustment in 2022. The 2024 ERTH Main GA Analysis workform has been updated to display the reversal of \$(2,207,333) and the current year principal adjustment of \$(2,356,149). The Total Principal Adjustments remains \$(148,816).**

- b) Why is the principal adjustment of \$2,207,333 for Account 1589 included in the reconciliation table for Account 1589 but not for Account 1588?

**Reconciling of the this adjustment is subject to similar verification as noted in 7 a ii) above.**

- c) OEB staff notes a principal adjustment (\$15,769) for the reversal of Goderich true-up of GA between RPP and Non-RPP as reported in Reference 2. However, this amount is different from the amount (\$47,055) recorded in the reconciliation table. Please provide an explanation for the variance.

**\$(47,055) was an incorrect the principal adjustment from 2023 rate application and does not apply in this application. The amount noted by staff is the correct principal adjustment as filed.**

- d) Please provide itemized explanations for the variance identified in the reconciliation table below provided by the OEB staff.

<b>Account 1589</b>	<b>Main RZ</b>	<b>Goderich RZ</b>	<b>Total</b>
2022 Balance (Cell BG29+ Cell BL29) from Continuity Schedule/Tab 3- IRM Rate Generator Model	1,395,913	44,516	1,440,429
Less: Principal adjustments recorded in the 2023 GL			
CT 148 true-up of GA Charges based on actual Non-RPP volumes	(148,816)	-	
Adjusted 2022 Continuity Schedule balance	1,544,729	44,516	1,589,245
2.1.7 RRR Balance			3,843,491
<b>Variance</b>			<b>2,254,246</b>

**To be finalized and submitted when responses to question 7 above are complete.**

## **OEB Staff Questions – Goderich Rate Zone**

### **OEB Staff Question – 1**

**Ref: IRM Rate Generator Goderich, Tab 11 RTSR, Tab 18 Regulatory Charges, Tab 20 Final Tariff Schedule, and Tab 21 Bill Impacts**

OEB staff has updated certain tabs in the IRM rate generator.

#### **Questions:**

- a) Please confirm OEB staff has correctly updated the Rural or Remote Electricity Rate Protection Charge on Tabs 18, 20, and 21.

**ERTH Power confirms the Rural or Remote Electricity Rate Protection charge has been correctly updated on Tabs 18, 20, and 21.**

- b) Please confirm OEB staff has correctly updated the Hydro One SubTransmission Rates on Tab 11.

**ERTH Power confirms the Hydro One Sub-Transmission Rates have been correctly updated on Tab 11.**

- c) Please confirm OEB staff has correctly updated the Time of Use Rates on Tab 18 and 21.

**ERTH Power confirms the Time of use Rates have been correctly updated on Tab 18 and 21.**

- d) Please confirm OEB staff has correctly updated the Ontario Electricity Rebate Percentage on Tab 21.

**ERTH Power confirms the Ontario Electricity Rebate Percentage has been correctly updated on Tab 21.**

- e) Please update the tabs as applicable, if any of the above is not confirmed.

**N/A**

**OEB Staff Question – 2**

**Ref: 2024 IRM Rate Generator Model Goderich, Tab 4 – Billing Det. For Def-Var**

**Preamble:**

The answer to the question below is “No”, which indicates that ERTH Power has not confirmed the accuracy of the data in Tab 4.

Data on this worksheet has been populated using your most recent RRR filing.	
If you have identified any issues, please contact the OEB.	
Have you confirmed the accuracy of the data below?	<input type="button" value="No"/>

**Question:**

Please clarify if this answer is a typo and update the evidence accordingly.

**ERTH Power confirms this answer was a typo and the answer to the question in Tab 4 has been updated to “Yes”.**



**OEB Staff Question – 3**

**Ref: 2024 IRM Rate Generator Model Goderich, Tab 9 – Shared Tax Rate Rider**

**Preamble:**

The shared tax amount of (\$3,252) in Tab 9 is not material and thereby does not produce a rate rider for any rate class.

**Question:**

Please confirm that the entire shared tax amount will be transferred into Account 1595 for future disposition.

**ERTH Power confirms the entire shared tax amount will be transferred into Account 1595 for future disposition as indicated on Page 34 of the Manager's Summary.**

**OEB Staff Question – 4**

**Ref 1: 2024 IRM Rate Generator Model Goderich, Continuity Schedule, Tab 3**

**Ref 2: IRM Rate Generator – DVA Tabs Instructions - 2024 Rates**

**Ref 3: 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:

- a) 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.
- b) 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.
- c) If disposition is approved, the residual balance in the Forgone Revenues Subaccount should be disposed proportionately by customer class and the residual balance will be transferred to Account 1595.

**Questions:**

- 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.

**N/A**

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

**The balance in account 1509 – Impacts Arising from the COVID-19 Emergency, Subaccount Forgone Revenues from Postponing Rate Implementation was not material and has been transferred.**

**OEB Staff Question – 5**

**Ref 1: Management Summary, Page 31**

**Ref 2: 2024 IRM Rate Generator Model Goderich, Tab 4**

In Reference 1, ERTH Power states that “The result of not applying for disposition of 1588 and 1589 does produce a material rate rider and as such ERTH Power will not be requesting any disposition of its DVA balances at this time.”

OEB staff notes that the total requested disposition of \$344,515 which includes the disposition of Accounts 1588 and 1589 exceeds the threshold test of \$0.001 per kWh according to Reference 2.

**Question(s):**

- a) Please confirm that ERTH Power is requesting to dispose of its DVA balances in this application including Accounts 1588 and 1589. Please update the evidence accordingly.

**ERTH Power staff confirms it is requesting to dispose of the DVA balances. The original filing for 1589 did not produce a material rate rider. After the correction above a material rate rider is produced at \$0.0002 per kWh for all applicable customer classes.**

**OEB Staff Question – 6**

**Ref 1: 2024 IRM Rate Generator Model Goderich, Tab 3**

**Ref 2: 2024 Goderich GA Analysis Workform, Tab GA 2022**

OEB staff finds the net change in principal balance in the GL stated in GA 2022 (\$11,331) does not agree to the transactions during 2022, a credit amount of \$27,100 stated in the continuity schedule.

**Question(s):**

- a) Please explain the discrepancies noted above.

**ERTH Power staff have been working to reconcile these amounts and staff critical to completing the reconciliation are currently unavailable. ERTH Power staff will respond in further detail on February 12<sup>th</sup> with all reconciliations up to the end of 2022.**

- b) Please update the relevant schedule/model as applicable.

**To be updated.**

**OEB Staff Question – 7**

**Ref 1: Management Summary, Page 31**

In Reference 1, ERTH Power states that it has completed an extensive review of the historical balances for Accounts 1588 and 1589 for the Goderich rate zone. The LDC has confirmed that there were inconsistencies related to the filing of 1589 submissions with the IESO. ERTH Power further states that it was able to validate the GA splits between RPP and Non RPP customers, and the balances requested for disposition in this application reflect the adjusted amounts.

**Questions(s):**

- a) Please provide a detailed explanation of the review of the historical balances for Accounts 1588 and 1589 and the identified reporting inconsistencies with the IESO.

- i. Please quantify the adjustments made in the table below.

Identified Reporting Inconsistencies and Splitting Issues	Year 20XX	Year 20XX	Year 20XX
Account 1588			
Account 1589			

**ERTH Power included this statement in its Manager's Summary in error. This was a reference to ERTH Power's 2023 IRM application and should have been excluded from the Manager's Summary.**

- ii. Please confirm in which year the adjustments were recorded in the GL.  
**N/A**

- b) Have the identified reporting inconsistencies impacted the settlement with IESO?

- i. If yes, please confirm whether ERTH Power has filed the settlement corrections with the IESO.

**N/A**

- ii. If not, please explain why and provide ERTH Power's plan to settle with the IESO.

**N/A**

**OEB Staff Question – 8**

**Ref: Manager's Summary, page 6**

Regarding the Godrich's GA analysis workform, ERTH Power states the following:  
The applicant has completed its GA Workform for 2022 for the ERTH Main Rate Zone and for the ERTH Goderich Rate Zone. Within each model ERTH has provided adjustments required and balanced its results to a variance of less than 1% for the entire timeframe across each rate zone with a minor exception for the Goderich Rate zone in 2021. ERTH will work to determine a resolution and provide updates within the interrogatory process.

**Question(s):**

- a) Please clarify the minor exception mentioned by ERTH power above.

**ERTH Power included this statement in its Manager's Summary in error. This was a reference to ERTH Power's 2023 IRM application and should have been excluded from the Manager's Summary.**

- b) Please provide the resolution and updates for this exception.

**N/A**

**OEB Staff Question – 9**

**Ref 1: Manager's Summary, page 15 and page 32**

**Ref 2: Chapter 3 Filing Requirements for 2024 Electricity Distribution Rate Applications, Page 16**

In Reference 1, ERTH Power proposes to dispose of its 2022 balances in the Subaccount 1595 (2020) for both rate zones.

Reference 2 states that "The eligibility criteria for disposition of Account 1595 subaccounts depends on the distributor's rate year. For example:

- January 1 rate year – If 2020 rate riders expire on December 31, 2020, the balance of sub-account 1595 (2020) is eligible to be disposed after the account balance as of December 31, 2022 has been audited. Therefore, sub-account 1595 (2019) would be eligible for disposition in the 2024 rate year.
- May 1 rate year – If 2020 rate riders expire on April 30, 2021, the balance of subaccount 1595 (2020) is eligible to be disposed after the account balance as of December 31, 2023 has been audited. Therefore, sub-account 1595 (2020) would be eligible for disposition in the 2025 rate year.

**Question(s):**

- a) Given that ERTH Power's rate year starts on May 1, please provide ERTH Power's consideration on the eligibility of the disposal request for Sub-account 1595 (2020).

**ERTH Power is not eligible to request disposal of 1595 (2020) and included the request in error. ERTH Power has changed Cell BU34 TO indicate "No" for both rate zones.**

- b) Please provide the updated 2024 IRM Rate Generator Model for both rate zones, as applicable.

**Please see response to a) above.**



**OEB Staff Question – 10**

**Ref 1: 2024 IRM Rate Generator Model Main, Tab 3**

**Ref 2: 2024 IRM Rate Generator Model Goderich, Tab 3**

The OEB staff has compiled the following tables for the projected interests for both rate zones based on the published OEB prescribed interest rates.

Main Rate Zone		Staff Calculation		Filed by ERTH Power (Reference 1)		
Account Descriptions	Account Number	Projected Interest from Jan 1, 2023 to Dec 31, 2023 on Dec 31, 2022 balance adjusted for disposition during 2023	Projected Interest from Jan 1, 2024 to Apr 30, 2024 on Dec 31, 2022 balance adjusted for disposition during 2023	Projected Interest from Jan 1, 2023 to Dec 31, 2022 balance adjusted for disposition	Projected Interest from Jan 1, 2024 to Apr 30, 2024 on Dec 31, 2022 balance adjusted for disposition during 2023	Variance
LV Variance Account	1550	374	136	374	136	(0)
Smart Metering Entity Charge Variance Account	1551	(2,892)	(1,049)	(2,892)	(1,049)	(0)
RSVA - Wholesale Market Service Charge <sup>5</sup>	1580	53,718	19,485	53,178	19,289	736
Variance WMS – Sub-account CBR Class A <sup>5</sup>	1580	-	-			-
Variance WMS – Sub-account CBR Class B <sup>5</sup>	1580	(1,537)	(558)	1,537	558	(4,189)
RSVA - Retail Transmission Network Charge	1584	39,711	14,404	39,711	14,404	(0)
RSVA - Retail Transmission Connection Charge	1586	16,669	6,046	16,669	6,046	0
RSVA - Power <sup>4</sup>	1588	(5,084)	(1,844)	-	-	(6,928)
RSVA - Global Adjustment <sup>4</sup>	1589	38,639	14,016	-	-	52,654
Disposition and Recovery/Refund of Regulatory Balances (2019) <sup>3</sup>	1595	(2,279)	(827)	-	-	(3,106)
Disposition and Recovery/Refund of Regulatory Balances (2020) <sup>3</sup>	1595	(3,897)	(1,413)	-	-	(5,310)
					<b>Total Variance</b>	<b>\$ 33,857</b>
Goderich rate zone		Staff Calculation		Filed by ERTH Power (Reference 2)		
Account Descriptions	Account Number	Projected Interest from Jan 1, 2023 to Dec 31, 2023 on Dec 31, 2022 balance adjusted for disposition during 2023	Projected Interest from Jan 1, 2024 to Apr 30, 2024 on Dec 31, 2022 balance adjusted for disposition during 2023	Projected Interest from Jan 1, 2023 to Dec 31, 2022 balance adjusted for disposition during 2023	Projected Interest from Jan 1, 2024 to Apr 30, 2024 on Dec 31, 2022 balance adjusted for disposition during 2023	Variance
LV Variance Account	1550	-	-			
Smart Metering Entity Charge Variance Account	1551	(544)	(197)	(606)	(198)	61
RSVA - Wholesale Market Service Charge <sup>5</sup>	1580	9,425	3,419	9,965	3,615	(736)
Variance WMS – Sub-account CBR Class B <sup>5</sup>	1580	(372)	(135)	(372)	(135)	0
RSVA - Retail Transmission Network Charge	1584	7,992	2,899	8,023	2,910	(42)
RSVA - Retail Transmission Connection Charge	1586	3,558	1,291	629	228	3,992
RSVA - Power <sup>4</sup>	1588	(2,491)	(903)	(2,491)	(903)	-
RSVA - Global Adjustment <sup>4</sup>	1589	(572)	(207)	2,975	1,079	(4,833)

Disposition and Recovery/Refund of Regulatory Balances (2020) <sup>3</sup>	1595	(3,434)	(1,245)	(3,433)	(1,245)	(0)
					Total Variance	\$ (1,557)

**Question(s):**

- a) Please confirm the OEB staff's calculation and explain the variances.

**ERTH Power confirms the OEB Staff's calculation. The variance occurred as a result of a formula issue in ERTH Power's original interest calculation. This error has been corrected**

- b) Please provide the updated 2024 IRM Rate Generator Model for both rate zones, as applicable.

**Completed IRM Rate Generator Model is attached to this response.**