**Entegrus Powerlines Inc.**

**EB-2024-0018**

**October 1, 2024**

Please note, Entegrus Powerlines Inc. (Entegrus) is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff questions 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*.

**2025 IRM question**

**Staff Question-1**

**Ref 1: 2024 IRM Rate Generator Model, 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:

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):**

1. Please update Tab 3 (Continuity Schedule) and Tab 4 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.
2. If this balance is not applicable, please explain.

**Staff Question-2**

**Ref: Rate Generator Model, Tab 3, Continuity Schedule**

On September 13, 2024, the OEB published the 2024 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:**

1. Please update Tab 3 (Continuity Schedule) as necessary to reflect the Q4 2024 OEB-prescribed interest rate of 4.40%.

**Staff Question-3**

**Ref 1:** **IRM Rate Generator – Bill Impact Tab ‐ 2025 Rates**

**Ref 2:** **Filing Requirements for Electricity Distribution Rate Applications - Chapter 3.2.3**

**Ref 3: Entegrus Powerlines 2025 IRM Rate Application page. 19**

In Reference 3, Entegrus provides a rationale for an 18.7% rate increase under the Embedded Distributor Rate Class. However, OEB staff notes in Reference 2 that, according to Chapter 3 Filing Requirements, there is no exception to the requirement for providing a mitigation plan if the total bill impact exceeds 10%, except in the case of residential rate design.

**Question:**

1. Please provide further clarification on the rate increase for the Embedded Distributor Rate Class and explain why Entegrus believes it is not necessary to propose a rate mitigation plan in this circumstance.
2. Please provide a scenario outlining a rate mitigation plan to address the Embedded Distributor Rate Class exceeding a total bill impact of 10%.