



InnPower Corporation

ED-2002-0520

InnPower Reply to OEB Staff Questions

Board File EB-2024-0036

For Rates Effective January 1, 2025

InnPower Corporation
EB-2024-0036
[October 1, 2024]

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Staff Question-1

Ref: D24-23581 InnPower_2025 IRM_Rate Generator Model_20240815, Continuity Schedule, Tab 3

On June 18, 2024, the OEB issued Filing Requirements for Electricity Distribution Rate Applications Filed for Rates taking effect in 2025.

Question:

- a) InnPower is seeking disposition of the 1595 account in the amount of (\$200,082) for the residual 2018 DVA account balance approved for disposition. The disposition of the residual balances is requested two years after the expiry of the rate rider. Please advise on why was this not requested in previous (2023) applications?

In the 2020 IRM application (EB-2019-0047), InnPower sought disposition of the DVA balance as of December 31, 2018. The request stated, "IPC has not had disposition for a minimum of 3 years for all of the Group 1 Accounts thus requests a 24-month timeline for disposition". As such, the rate rider did not expire until December 31, 2021, with the last billed amounts recorded in January 2022 (for December 2021).

As the residual balance is requested two years after the expiry of the rate rider, at the time of the last application (May 2023), the requirement had not been met.

Staff Question-2

Ref: D24-23581 InnPower_2025 IRM_Rate Generator Model_20240815, Continuity Schedule, Tab 3

On June 18, 2024, the OEB issued Filing Requirements for Electricity Distribution Rate Applications Filed for Rates taking effect in 2025. As per the screenshot below, data for columns 2020 and onwards has been input into the row for 2018.

		2020						
Account Descriptions	Account Number	Transactions Debit/ (Credit) during 2020	OEB Approved Disposition during 2020	Principal Adjustments during 2020	Closing Principal Balance as of Dec 31, 2020	Opening Interest Amounts as of Jan 1, 2020	Interest Jan 1 to Dec 31, 2020	OEB Approved Disposition during 2020
Group 1 Accounts								
LV Variance Account	1550				0	0		
Smart Metering Entity Charge Variance Account	1551				0	0		
RSVA - Wholesale Market Service Charge ³	1580				0	0		
Variance WMS - Sub-account CBR Class A ³	1580				0	0		
Variance WMS - Sub-account CBR Class B ³	1580				0	0		
RSVA - Retail Transmission Network Charge	1584				0	0		
RSVA - Retail Transmission Connection Charge	1586				0	0		
RSVA - Power ³	1588				0	0		
Disposition and Recovery/Refund of Regulatory Balances (2018 and pre-2018) ³	1595	(1,637,082)	(3,314,834)		1,877,562	0	33,390	(132,20)
Disposition and Recovery/Refund of Regulatory Balances (2020) ³	1595				0	0		
Disposition and Recovery/Refund of Regulatory Balances (2021) ³	1595				0	0		
Disposition and Recovery/Refund of Regulatory Balances (2022) ³	1595				0	0		
Disposition and Recovery/Refund of Regulatory Balances (2023) ³	1595				0	0		
Disposition and Recovery/Refund of Regulatory Balances (2024) ³	1595				0	0		
<i>Not to be disposed of until two years after rate rider has expired and that balance has been audited. Refer to the Filing Requirements for disposition eligibility</i>								

Question:

- Please adjust to reflect information on the row for the respective years.

InnPower recorded the balances of the 1595 accounts based on the year of the data being disposed, instead of the year that the balance was requested for disposition. The file has since been changed to reflect the OEB's assumption, including the account balance for Sub-account 1595 (2019).

Please be advised, due to reporting of balances for the 1595 sub-accounts in the RRR filing based on InnPower's above assumptions, there are variances reported in column BW of the tab "3. Continuity Schedule" in the 2025 Rate Generator Model. However, the sum of the variance balances to \$0. InnPower will change the method of reporting the 1595 balances in the sub-accounts in the next 2025 filing.

Staff Question-4

Ref: D24-23581 InnPower_2025 IRM_Rate Generator Model_20240815, Continuity Schedule, Tab 3

As per the screenshot below, 2022 OEB approved disposition has been allocated entirely to principal balance and not for interest balance.

2022								
Transactions Debit/ (Credit) during 2022	OEB-Approved Disposition during 2022	Principal Adjustments ¹ 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 ¹ during 2022	CI A 1
		1,512,816	1,512,816	0			31,234	
		(71,976)	(71,976)	0			(778)	
		938,750	938,750	0			17,513	
		0	0	0			0	
		(65,622)	(65,622)	0			(1,477)	
		1,651,915	1,651,915	0			29,986	
		1,187,267	1,187,267	0			22,732	
		1,290,741	1,290,741	0			24,967	
		89,926	89,926	0			2,550	
(166,421)			(329,760)	170,236	(6,266)			
(962,976)			(38,771)	6,304	5,621			
(2,674,148)	(2,810,691)		136,543	0	19,963			

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Table 6.1: Group 1 Deferral and Variance Account Balances

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
LV Variance Account	1550	833,551	10,525	844,076
Smart Metering Entity Charge Variance Account	1551	(4,832)	(113)	(4,945)
RSVA - Wholesale Market Service Charge	1580	(122,003)	(1,991)	(123,994)
Variance WMS – Sub-account CBR Class B	1580	(7,797)	(144)	(7,942)
RSVA - Retail Transmission Network Charge	1584	341,505	5,646	347,151
RSVA - Retail Transmission Connection Charge	1586	319,070	5,267	324,337
RSVA - Power	1588	1,134,663	5,222	1,139,885
RSVA - Global Adjustment	1589	160,596	7,239	167,835
Disposition and Recovery/Refund of Regulatory Balances (2018)	1595	124,287	2	124,289
Totals for Group 1 accounts		2,779,039	31,652	2,810,691

Question:

- a) Please adjust the information to correctly allocate the approved principal and interest disposition balances.

Complete.

Staff Question-5

Ref: D24-23581 InnPower_2025 IRM_Rate Generator Model_20240815, Continuity Schedule, Tab 3

As per the screenshot below, 2023 OEB approved disposition for interest disposition balances is different from what was approved in EB-2022-0043 Table 6.1.

2023							
Transactions Debit / (Credit) during 2023	OEB-Approved Disposition during 2023	Principal Adjustments during 2023	Closing Principal Balance as of Dec 31, 2023	Opening Interest Amounts as of Jan 1, 2023	Interest Jan 1 to Dec 31, 2023	OEB-Approved Disposition during 2023	Interest Adjustments during 2023
448,744	1,014,558		947,002	31,234	40,817	18,139	
(45,582)	(14,963)		(102,595)	(778)	(3,875)	(254)	
(274,158)	271,713		392,879	17,513	30,860	4,916	
0	0		0	0	0	0	
49,196	(31,062)		14,636	(1,477)	(2,617)	(500)	
909,841	650,424		1,911,332	29,986	73,990	11,708	
970,670	602,005		1,555,932	22,732	55,818	10,850	
1,137,811	627,647	4,092	1,804,997	24,967	66,287	10,726	
246,139	75,221	12,317	273,161	2,550	17,516	1,348	
(21)	0		(329,781)	183,970	(16,643)	0	
(92,112)	0		(128,883)	11,824	(6,612)	0	
(266,831)	0		(130,288)	19,863	(7,090)		
(3,040,689)	(3,117,336)		76,646	0	76,075	(103,913)	

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Table 6.1: Group 1 Deferral and Variance Account Balances

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
LV Variance Account	1550	1,014,558	18,139	1,032,697
Smart Meter Entity Variance Charge	1551	(14,963)	(254)	(15,216)
RSVA - Wholesale Market Service Charge	1580	271,713	4,916	276,629
Variance WMS - Sub-account CBR Class B	1580	(31,062)	(500)	(31,562)
RSVA - Retail Transmission Network Charge	1584	650,424	11,708	662,132
RSVA - Retail Transmission Connection Charge	1586	602,005	10,850	612,856
RSVA - Power	1588	627,647	10,726	638,373
RSVA - Global Adjustment	1589	75,221	1,348	76,569
Disposition and Recovery of Regulatory Balances (2019)	1595	(76,208)	51,726	(24,483)
Total for Group 1 accounts		3,117,336	108,659	3,225,994

Question:

- a) Please update the rate generator model with the correct information.

Please be advised that the interest amount provided in the table above is for Group 1 exclusively. In the OEB findings section (EB-2022-0043 Decision and Order, pdf page 9), it states that the OEB also approves disposition of \$4,746 credit for the Group 2 accounts (\$108,659 – \$103,913). Please see the screenshot below:

Group 2

The OEB approves the disposition of a credit amount of \$67,453 in additional affiliate revenue offsets, plus interest of \$4,746.

The OEB notes that this credit amount is derived from revenues from previous affiliate services disclosed in the OEB directed audit of affiliate transactions. The disposition in advance of a cost of service application is appropriate given the source of the revenues, and the positive effect of the disposition on rates.

Staff Question-6

Ref: D24-23581 InnPower_2025 IRM_Rate Generator Model_20240815, STS - Tax Change, Tab 8

On Tab 8, InnPower has not provided an inputs in the requested fields.

Summary - Sharing of Tax Change Forecast Amounts			
	2024	2025	
OEB-Approved Rate Base	\$ -	\$ -	
OEB-Approved Regulatory Taxable Income	\$ -	\$ -	
Federal General Rate		15.0%	
Federal Small Business Rate		9.0%	
Federal Small Business Rate (calculated effective rate) ^{1,2}		9.0%	
Ontario General Rate		11.5%	
Ontario Small Business Rate		3.2%	
Ontario Small Business Rate (calculated effective rate) ^{1,2}		3.2%	
Federal Small Business Limit		\$ 500,000	
Ontario Small Business Limit		\$ 500,000	
Federal Taxes Payable		\$ -	
Provincial Taxes Payable		\$ -	
Federal Effective Tax Rate		0.0%	
Provincial Effective Tax Rate		0.0%	
Combined Effective Tax Rate	0.0%	0.0%	
Total Income Taxes Payable	\$ -	\$ -	
OEB-Approved Total Tax Credits (enter as positive number)	\$ -	\$ -	
Income Tax Provision	\$ -	\$ -	
Grossed-up Income Taxes	\$ -	\$ -	
Incremental Grossed-up Tax Amount		\$ -	

Question:

a) Please fill out the missing information in this tab.

Complete. Please note, there are no tax sharing impacts in InnPower's current application.

Staff Question-7

As per your email on September 17, 2024, InnPower indicated that an error was identified in the application, “As the Embedded Distributor rate class is new as of January 1, 2024, we were unable to use historical 2023 RRR data for the cost allocations. Rather, we had to manually pull the information from the customer's account, add it to the Embedded Distributor rate class and deduct it from the GS>50 rate class (the customer's previous rate class reported in 2023 RRR).

The correction should increase the GS>50 demand and decrease the Embedded Distributor demand. It should not effect any other rate class and would likely eliminate the need to spread the GS>50 rate rider over a 24-month period.”

Question:

- a) Please make the updates to rectify the error identified by InnPower, as well as indicate where the updates have been made. Additionally, please explain how this update has impacted the model (e.g., changes in rate rider period from 24 to 12 months).

InnPower has made the appropriate corrections to the model.

The updates were made to tab “4. Billing Det. For Def-Var” in the Rate Generator model. The Metered kW and Metered kW for non-RPP customers has been updated for both the GS>50 kW and Embedded Distributor rate classes.

Rate Class	Unit	Total Metered kWh	Total Metered kW	Metered kWh for Non-RPP Customers (excluding WMP)	Metered kW for Non-RPP Customers (excluding WMP)
RESIDENTIAL SERVICE CLASSIFICATION	kWh	184,116,037	0	1,925,018	0
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	44,829,085	0	4,755,315	0
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	kW	54,664,387	160,233	51,862,698	142,091
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION	kW	902,443	2,465	902,443	2,465
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	447,888	0	29,808	0
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	97,106	270	8,554	24
STREET LIGHTING SERVICE CLASSIFICATION	kW	867,746	2,633	867,746	2,633
Total		285,924,693	165,601	60,351,581	147,213

The following are the updated bill impacts based on the updates:

Table 2

RATE CLASSES / CATEGORIES (eg: Residential TOU, Residential Retailer)	Units	Sub-Total						Total	
		A		B		C		Total Bill	
		\$	%	\$	%	\$	%	\$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$ -	0.0%	\$ 3.61	6.4%	\$ 5.88	8.2%	\$ 5.51	3.7%
GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION - RPP	kWh	\$ 7.13	3.2%	\$ 11.60	10.9%	\$ 17.01	12.0%	\$ 16.94	4.5%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ 25.18	3.3%	\$ 290.18	23.3%	\$ 409.45	20.4%	\$ 462.68	8.1%
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ 36.33	3.3%	\$ 624.32	33.3%	\$ 1,000.73	23.6%	\$ 1,167.39	8.0%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	kWh	\$ 0.45	3.3%	\$ 0.43	2.8%	\$ 0.61	3.7%	\$ 0.58	2.5%
SENTINEL LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ 1.80	3.3%	\$ 3.97	6.5%	\$ 4.90	7.4%	\$ 5.54	5.8%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ 585.56	3.4%	\$ (255.73)	-1.3%	\$ (110.33)	-0.5%	\$ (124.67)	-0.4%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Other)	kWh	\$ -	0.0%	\$ 7.89	13.9%	\$ 10.16	14.2%	\$ 11.48	6.5%

As the total bill impact for the GS>50 kW rate class is now less than 10%, InnPower withdraws the request to dispose of the DVA rate rider over a 24-month period. Instead, InnPower requests a disposition of 12-months for all rate classes.

Staff Question-8

Ref: D24-23581 InnPower_2025 IRM_Rate Generator Model_20240815, Billing Det.
For Def-Var, Tab 4

The OEB approved Account 1509 Allocation (\$ distribution revenue from last Cost of Service) amount is different from what is currently in the rate generator model.	OEB Decision & Rate Order (EB-2023-0033) Pg 88	Billing Det. For Def-Var (EB-2024-0036; Rate Generator Model)	Variance (OEB Staff Calculation)
RESIDENTIAL SERVICE CLASSIFICATION	\$ 10,972,014	\$ 11,400,476	-\$428,462
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	\$ 1,358,579	\$ 1,157,610	\$ 200,969
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	\$ 1,346,890	\$ 1,050,041	\$ 296,849
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION	\$ 23,484	\$ 13,475	\$ 10,009

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	\$ 165,477	\$ 20,503	\$ 144,974
SENTINEL LIGHTING SERVICE CLASSIFICATION	\$ 16,300	\$ 29,594	-\$13,294
STREET LIGHTING SERVICE CLASSIFICATION	\$ 11,527	\$ 211,849	-\$200,322
Total	\$ 13,894,270	\$ 13,883,549	\$ 10,721

Question:

- a) Please explain the reasoning for the difference in the amounts reported and update the information, as appropriate, to reflect the approved numbers.

InnPower filed a Draft Rate Order on December 4, 2023, following the OEB approval of the revised settlement proposal in its Decision and Order dated November 23, 2023.

OEB Staff had no concerns with the DRO and submitted that InnPower has accurately updated its revenue requirement from updates to short-term debt, return-on-equity, and cost of power.

Please refer to tab “11. Cost_Allocation” in the file “IPC 2024_Rev_Reqt_Workform_1.0_20231207” filed on December 7, 2023, in the OEB’s RDS to reference the most up to date numbers provided in Rate Generator Model.

EB-2023-0033	 IPC 2024_Rev_Reqt_Workform_1.0_20231207	Exhibits	Innpower Corporation - Electricity Distributor	2023-12-07	2023-12-07
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Staff Question-9

Ref 1: Manager’s Summary, Page 13

Ref 2: 2025 IRM Rate Generator Model

In Reference 1, InnPower states that given the total bill impact is greater than 10% for the GS 50 to 4,999 kW rate class, a two-year disposition on the Group 1 deferral and variance accounts is proposed for this rate class.

In Reference 2, OEB staff notes InnPower applied 12 month disposition period for all rate classes.

Question(s):

- a) Please confirm the OEB staff's observation.
- b) If confirmed, please clarify the intended Group 1 accounts disposition period for this specific rate class.
- c) Please update the Rate Generator Model as applicable.

[InnPower has withdrawn its request for a 24-month disposition of the Group 1 deferral and variance account for the GS>50 kW rate class. Please refer to the response to Staff Question-7 for further information.](#)

Staff Question-10

Ref 1: 2025 GA Analysis Workform, GA 2023 Tab

Ref 2: InnPower's 2024 cost of service application EB-2023-0033, GA Analysis Workform, GA

In Reference 1, InnPower reports the following reconciling items in the GA 2023 Tab:

- A credit amount of \$72,890 is reported for item 5a - significant prior period billing adjustments recorded in the current year
- A debit amount of \$114,319 is reported for item 8 – unbilled revenue amount

Additionally, InnPower explains under item 8 that “unbilled revenue from December 2022 (\$264,223) and unbilled revenue from December 2023 \$378,551 - would be adjusted in table above, however, does not use the same method as GA Analysis Workform.” OEB staff notes that the sum of these two unbilled revenue amounts equal to \$114,319.

In Ref 2, OEB staff notes that InnPower did not report anything on the GA analysis workform for GA 2022 for the reconciling items 2a and 2b, as shown below:

2a	Remove prior year end unbilled to actual revenue differences	
2b	Add current year end unbilled to actual revenue differences	

Question(s):

Please note that InnPower has revised the GA analysis work form and has removed the unbilled revenue entry for \$114,319, as well as the \$72,890 for the prior period adjustments.

Due to turnover in staff in customer service/billing in 2023, InnPower's reporting processes have been impacted slightly. As such, the departments are working together to maintain procedures and verification processes performed in the past to ensure accurate and timely reporting. As a result of further analysis, InnPower Staff provided an updated explanation of the GA analysis work variances:

1. InnPower discovered a new retailer added in March of 2023 was missing from the Global Adjustment reconciliation file, which pulls consumption and billed data from the CIS. Although the costs and revenues were recorded in general ledger accounts, the reconciliation of global adjustment allocation between the 1588 and 1589 account was affected.
2. InnPower has revised the 2023 Non-RPP Class B Including Loss Factor Billed Consumption kWh, as well as the Annual Non-RPP Class B Wholesale kWh in the GA Analysis work form to include the consumption from the new retailer.
3. The following are the revised entries added to the GA analysis work form that require principal adjustments between the 1588 and 1589 GL accounts:

5b	Significant current period billing adjustments recorded in other year(s)	\$	1,364
7	Variance due to averaging of GA rate in cell J56	\$	(353)
8	Principal Adjustment - Loss Factor	\$	1,111
9	Principal Adjustment - Retailer GA Amount	\$	22,965
10	Principal Adjustment - GA Cost Variance	\$	(751)

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Recalculation of Expected GA Volume Variance amounts including new Retailer:

7.	Calculation in GA Workform (average cell K55)	174,182.35	A
	Amount calculated by InnPower (detailed)	174,535.45	B
	Difference	- 353.62	A-B
8.	Amount booked in GL accounts for 1589 losses	173,424.10	C
	Difference - additional amount to be booked	1,111.34	B-C

Recalculation of Expected GA amounts including new Retailer:

9. & 10.	Calendar Month	Non-RPP Class B Including Loss Factor Billed				\$ Consumption at Actual Rate Paid	Expected GA Price Variance (\$)
		Consumption (kWh)	GA Rate Billed (\$/kWh)	\$ Consumption at GA Rate Billed	GA Actual Rate Paid (\$/kWh)		
	January	-	0.03138	-	0.05377	-	-
	February	15,652.56	0.06285	983.76	0.08249	1,291.18	307.42
	March	17,261.07	0.06989	1,206.38	0.08031	1,386.24	179.86
	April	20,625.72	0.08249	1,701.42	0.09853	2,032.25	330.84
	May	36,448.07	0.08249	3,006.60	0.09962	3,630.96	624.36
	June	46,894.38	0.09853	4,620.50	0.08293	3,888.95	- 731.55
	July	40,758.82	0.09962	4,060.39	0.04949	2,017.15	- 2,043.24
	August	36,288.44	0.05377	1,951.23	0.07606	2,760.10	808.87
	September	37,897.51	0.05837	2,212.08	0.05093	1,930.12	- 281.96
	October	28,024.36	0.07332	2,054.75	0.08498	2,381.51	326.76
	November	16,594.96	0.07040	1,168.29	0.07090	1,176.58	8.30
	December	16,350.28	0.08340	1,363.61	0.06622	1,082.72	- 280.90
				24,329.01		23,577.76	- 751.25
			Amount posted in 2023	22,965.40			
			Amount posted in 2024	1,363.61			

InnPower has also answered OEB staff questions with respect to unbilled revenue below:

- a) Please confirm that a credit amount of \$264,223 for unbilled revenue from December 2022 is recorded in 2023 rather than 2022 and should have been recorded in last year's GA analysis workform.
 - i. If so, please address the rates retroactivity issue, given that the 2022 balance was final disposed of in the 2024 proceeding.
 - ii. If not, please explain in detail of this credit amount.

InnPower has recorded unbilled data for 2022 and 2023 as follows:

2022 Unbilled Entries:	2023 Unbilled Entries:
December 2021: \$273,690.58 – recorded in December 2021 and reversed in January 2022 (as actuals recorded)	December 2022: \$264,233.27 – recorded in December 2022 and reversed in January 2023 (as actuals recorded)
December 2022: (\$264,233.27) – recorded in December 2022 and reversed in January 2023 (as actuals recorded)	December 2023: (\$378,551.94) – recorded in December 2023 and reversed in January 2024 (as actuals recorded)
Difference: \$9,457.31	Difference: (\$114,319)

Please note, all unbilled entries have been recorded in the appropriate year, therefore, InnPower does not need to include principal adjustment entries within the GA Analysis Workform.

InnPower originally did not account for the offset of the unbilled amounts from the CIS system, the following is that calculation:

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5a. & 5b.	Financial Unbilled (General Ledger)	January	-	264,233.27	
		December		378,551.94	
				114,318.67	
	Billing Data Unbilled (CIS)	December posted	-	264,225.70	
		December		376,288.07	
				112,062.37	
		Calculated Difference		2,256.30	
		November 2022 billing adjustment posted in Jan 2023	-	7.57	Entry to corrected in 2023
		New retailer GA 2023 amount for Dec posted in Jan 2024		1,363.61	
		Prior period billing adjustments from Oct and Nov 2023 posted in Jan 2024		900.26	
		Calculated Difference		2,256.30	
		Remaining Difference	-	0.00	
		Amount for GA adjustment		2,263.87	Less \$7.57 adjustment already posted

The difference between the two amounts is the actual prior period adjustment in the amount of \$2,263.87.

b) Please clarify how the unbilled revenue amounts are derived.

The following tables show the differences in OEB versus InnPower's calculation of unbilled revenue (data used for illustration purposes only):

Table 1: GA Rates

Month	GA Rate Billed (\$/kWh)	Reference	GA Actual Rate (\$/kWh)	Reference
January	\$0.04829	A	\$0.04353	D
February	\$0.05019	B	\$0.05246	E
March	\$0.05500	C	\$0.05941	F

Table 2: Calculation of Expected GA Price Variance

	Non- RPP Class B Consumption (kWh) February	Deduct Previous Month Unbilled Consumption (kWh) January	Add Current Month Unbilled Consumption (kWh) March	Non-RPP Class B Consumption Adjusted for Unbilled (kWh)	Consumption at GA Rate Billed (\$)	Consumption at GA Actual Rate (\$)	Expected GA Price Variance (\$)
Reference	G	H	I	J	$J \times B = K$	$J \times E = L$	$L - K$
OEB	1,000,000	(1,800,000)	1,300,000	1,100,000	\$55,209	\$57,706	\$2,497
Reference	G	H	I	J	$(G \times B) + (H \times A) + (I \times C) = M$	$(G \times E) + (H \times D) + (I \times F) = N$	$N - M$
InnPower	1,000,000	(1,800,000)	1,300,000	1,100,000	\$50,190 + (\$86,922) + \$71,500 = \$34,768	\$52,460 + (\$78,354) +\$65,351 = \$39,457	\$4,689
Difference							\$2,192

As shown, InnPower utilizes the rates that correspond to the exact month in which they are incurred, rather than blending three months of consumption data together and using one rate for all.

Utilizing the OEB's method within the GA Analysis Workform, would likely result in an unresolved difference in the model.

As noted above, InnPower did not include unbilled revenue adjusting entry in the 2023 GA Analysis Workform, as it should not be included in the analysis.

- c) Please clarify what you mean by InnPower "does not use the same method as GA Analysis Workform"? Additionally, please elaborate on the reasons for this difference.

Please see the response in b) above.

- d) Please itemize and provide a detailed explanation of what the prior period billing adjustments of 72,890 relate to.

As noted above, InnPower has revised the GA Analysis workform, which excludes the \$72,890 prior period adjustment.

Staff Question-11

Ref 1: 2025 GA Analysis Workform, Account 1588 Tab

Ref 2: 2024 GA Analysis Workform, Account 1588 Tab

In Reference 1, the total activity reported for 2023 is a debit balance of \$1,141,903, which includes principal adjustments of a debit balance of \$4,092. This amount represents 4.7% of the cost of power purchased. InnPower states that the loss factor of 1.0604 as approved in its 2017 Cost of Service (COS) proceeding, is understated. In 2023, Innpower has not collected enough funds to recover losses, resulting in an accumulated balance in Account 1588. The understated loss factor has been approved to increase to 1.0821 in the 2024 COS application. Consequently, InnPower expects this issue to be resolved in the 2026 IRM submission.

OEB staff notes that the total activity reported for 2022 in Reference 2 is a debit balance of \$663,094, including principal adjustments of a debit balance of \$178,078, representing 2.4% of the cost of power purchased.

Question(s):

- a) Please further explain the significant increase in Account 1588 activity in 2023, considering it more than doubled compared to 2022, despite both years having the same loss factor of 1.0604.

The significant increase in Account 1588 in 2023, is due to InnPower's Supply Facilities Loss Factor.

InnPower has three IESO delivery points from the transformer stations (TS); **Alliston TS, Barrie TS and Everett TS**

To calculate the loss factor for each facility, the IESO uses a standard loss factor (currently 3.4% for 44KV metering installations). Where metering is performed on lower voltage installations (e.g. 8320 volts) there is an additional 1% Transformation Loss Adjustment (TLA) and added to the IESO standard loss factor making the total facility supply loss factor 4.4%, where applicable. In InnPower's case, this formula is applied to the Alliston TS and Everett TS facility supply losses.

However, the Barrie TS 13M3 installation has a site-specific loss factor with a radial line loss factor applied. This is an engineered calculation performed by InnPower's Meter Service Provider (MSP) and agreed upon by Hydro One and the IESO. In 2022 and 2023, the Barrie 13M3 loss factor was approximately 0.45%, which is significantly lower than the Alliston TS and Everett TS.

In 2023, InnPower transferred electricity from the Barrie TS to the Alliston TS from May 2nd to May 10th to upgrade main transformer of Stroud DS and from May 15th to July 12th to complete maintenance on some 44kV switches. As such, power was diverted from a facility with a small loss factor to a facility with a higher loss factor. As this was completed during a period of high demand (peak summer months), the **average** of facility supply losses increased in 2023 when compared to 2022.

The financial impact is displayed in the 1588 account, as the difference between the approved loss factor and actual loss factor increased. InnPower did not recover the increase in costs from customers, therefore, a higher balance accumulated in Account 1588.

A graph showing the change in 2022 and 2023 monthly kW demand for each delivery point has been provided below to illustrate the change in activity for each TS:

Table 1: 2022 Monthly kW Demand by Delivery Point

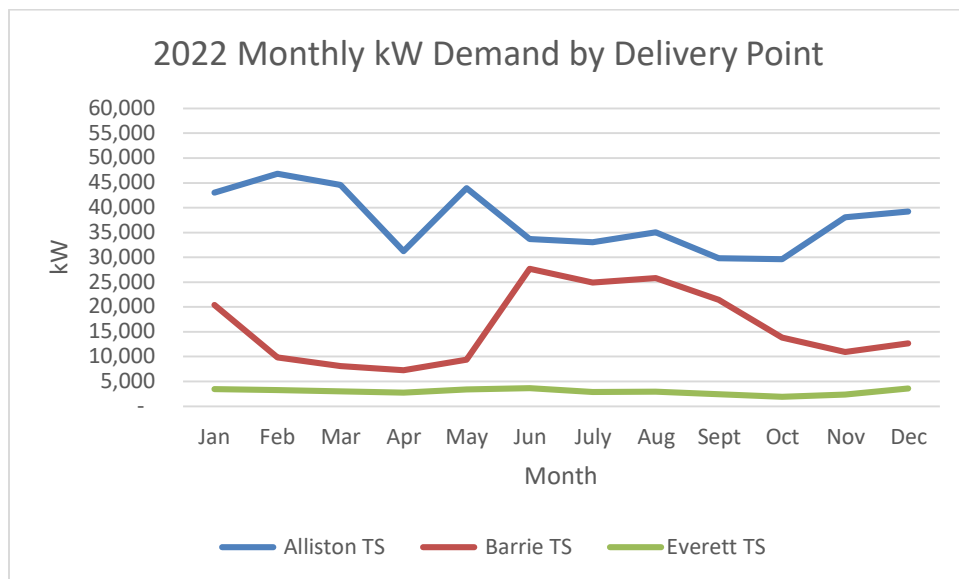
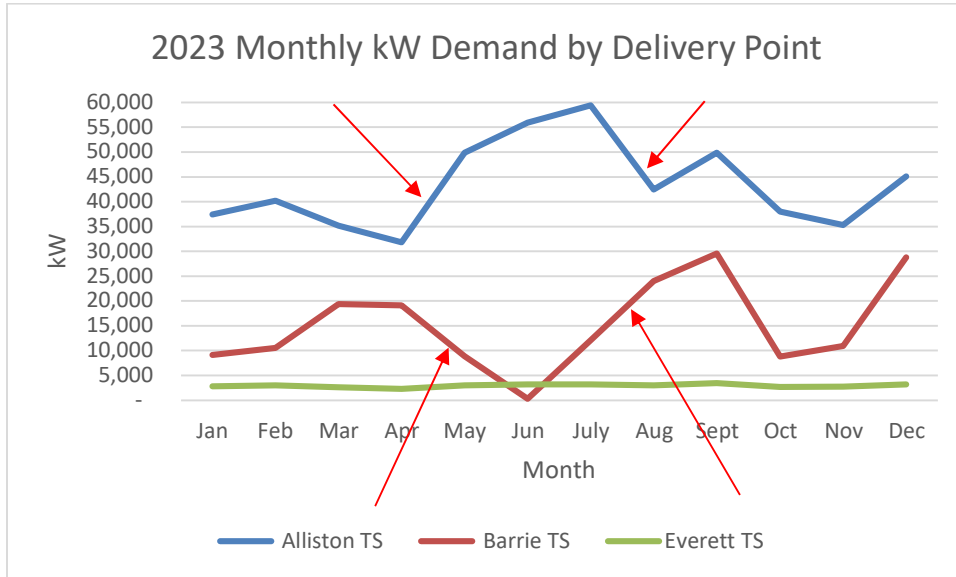


Table 2: 2023 Monthly kW Demand by Delivery Point



b) Please quantify the impact of the understated loss factor of 1.0604 on Account 1588 for 2023.

Given the complexity of this calculation and the time constraints, InnPower is not able to quantify the impact of the understated loss factor of 1.0604. InnPower also notes that the loss factor has already been dealt with in the Cost-of-Service application. However, InnPower is open to any suggestion from OEB Staff on how to provide this information in a quick and efficient manner.

Staff Question-12

Ref 1: Chapter 3 - Filing Requirement for Electricity Distribution Rate Applications Filed in 2024 for Rates Taking Effect in 2025, June 18, 2024, Pg. 16

Ref 2: 2025 IRM Rate Generator Model

Ref 3: EB-2022-0043, Decision and Rate Order, December 8, Page 9

Chapter 3 of the Filing Requirements in Reference 1 specifies that, when the OEB approves the disposition of Deferral and Variance Account (DVA) balances, the approved principal amounts and carrying charges are to be transferred to Account 1595 for the applicable rate year.

OEB staff observes that the principal and interest amounts in Sub-account 1595 (2024) in Reference 2 do not include the total amounts approved by the OEB for disposition.

Additionally, OEB staff notes that the approved disposition for Sub-account 1595 (2019), as outlined in Reference 3, is not reflected in Cells BE32 and BJ32.

Question(s):

- a) Please confirm OEB staff's observations and revise the schedule as applicable.

Complete.

Staff Question-13

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:

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

Complete.