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October 20, 2018

via EMAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge Street, 27th floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: Toronto Hydro-Electric System Limited ("Toronto Hydro")
Application to Finalize 2019 Electricity Distribution Rates and Charges – Interrogatory Responses
OEB File No. EB-2018-0071

Please find attached Toronto Hydro's responses to interrogatories received from OEB Staff on October 12th, 2018.

Yours truly,

Andrew J. Sasso

cc: Donald Lau, Case Manager, OEB
Anila Dumont, Legal Counsel, Toronto Hydro

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-1:

Reference(s): **Earning Sharing Mechanism**
Tab 2 - Schedule 1 – C. Earnings Sharing Mechanism
ESM Accounting Order approved in EB-2014-0116
EB-2017-0077 Interrogatory Responses 1-Staff-1

THESL stated that the ESM threshold was not triggered in the 2017 fiscal year and no amount was recorded in the variance account. For calculating the ESM only non-capital related revenue requirement is considered in calculating actual earnings.

a) Please provide the calculations for the ESM.

RESPONSE:

For the purpose of Toronto Hydro's ESM calculation, non-capital related revenue requirement ("non-CRRR") represents the net balance of OM&A and revenue offsets.[1] Refer to Table 1 for the calculation of the ESM calculation for the year ended 2017.

For 2017, OM&A and revenue offsets (per section 2.1.7 of the RRR, the trial balance) were $250.6 million and $51.7 million, respectively. In determining the non-CRRR for the ESM threshold test, all adjustments to OM&A and revenue offsets included in the OEB's ROE threshold test ($0.7 million) were adopted. For 2017, these adjustments are reflected in boxes

[1] EB-2014-0116, Exhibit 1B, Tab 2, Schedule 3, page 10 of 18, Table 3 presents the capital related revenue requirement components of total revenue requirement. The remaining two components, OM&A and revenue offsets have been considered to be the non-capital related revenue requirement.

"*ak*", "*an*" and "*be*" of the ROE work form (RRR 2.1.5.6). The resulting actual non-CRRR for 2017 was $198.2 million.

Non-CRRR in rates for 2017 was $208.3 million, as determined by multiplying the approved 2015 non-CRRR in rates of $202.6 million (OM&A of $243.9 million less revenue offsets of $41.3 million) by the approved inflation less productivity factor values for 2016 (2.1% less 0.6%, respectively)[2] and 2017 (1.9% less 0.6%, respectively).[3]

The funded non-CRRR variance in excess of actual was $10.1 million ($208.3 million less $198.2 million).

The actual regulated deemed equity per box "*x1*" of the ROE work form (RRR 2.1.5.6) is $1.540.4 million, this result contributes sixty five basis points to the difference in actual versus approved ROE and is below the +/- 100 basis-point threshold.

Table 1: ESM Test Calculations

	Amount	
OM&A as per TB 2.1.7	250.6	A
Revenue offset as per TB 2.1.7	- 51.7	B
Total non-CRRR as per TB 2.1.7	198.9	C=A+B
Adjustment as per 2.1.5.6 (box "ak")	- 0.0	D
Adjustment as per 2.1.5.6 (box "an")	- 0.4	E
Adjustment as per 2.1.5.6 (box "be")	- 0.2	F
Total non-CRRR as per 2.1.5.6	198.2	G=∑C:F
Non-CRRR approved	- 208.3	H
Non-CRRR approved vs. Non-CRRR actual	- 10.1	I=G+H
Actual regulated deemed equity as per 2.1.5.6 (box "x1")	1,540.4	J
ESM test +/- 1%	-0.65%	K=I/J

** Rounding differences may exist*

[2] EB-2014-0116, Update to Draft Rate Order dated February 29, 2016, page 6 of 10, Table 3.
[3] EB-2016-0254, Decision and Rate Order dated December 15, 2016, Page 6.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-2:

Reference(s): **Continuity Schedule**
Tab 3 – Continuity Schedule
EB-2017-0077 Tab 3 – Continuity Schedule

In the EB-2017-0077 continuity schedule for the 2016 rate year there was an OEB approved balance of $5,967,910 for Sub-account CBR Class B but it appears THESL has rolled up that balance to Wholesale market service charge.

a) Please explain why THESL has chosen to do this.

RESPONSE:

This interrogatory was retracted by OEB Staff on October 12, 2018.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-3:

Reference(s): **Class A consumption**
Tab 6 – Class A Consumption Data
RRR 2.1.5.4 Class A consumption

The Class A consumption data reported in RRR 2.1.5.4 was 3,698,003,210 kWh and the total Class A consumption in Tab 6 was 3,689,327,382 kWh.

a) Please reconcile the difference for the Class A consumption.

RESPONSE:

The difference is due to the erroneous inclusion in the RRR of consumption for one customer that transitioned out of Class A. The correct value (3,689,327,382 kWh) is included in the application, as referenced above.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-4:

Reference(s): **RTSR**
Tab 10 – RTSR Current Rates
RRR 2.1.5.4 Total Consumption and Annual Billings

a) Please confirm if the metered kW in Tab 10 or the metered kW filed in RRR is the most up to date.

RESPONSE:

a) The values in the 2017 RRR filings and the values represented in Tab 10 – RTSR Current Rates are both current and accurate.

The metered kW values reported included in the 2017 RRR are actually metered kVA, because THESL's demand based variable distribution rates are billed on metered kVA, not kW.

However, because the RTSR rates for General Service rate classes are based on metered kW, THESL has used metered kW for the design of these rates in Tab 10.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-5:

Reference(s): **Bill Impacts**
Tab 2/Schedule 1 Page 10 to 11

THESL claimed that the $4 threshold in 2020 would be exceeded if Toronto Hydro was to shift the transition percentage.

a) Please confirm that the example of shifting the transition, THESL meant it tried to calculate the $4 threshold with less of a transition in 2019 and more in 2020.

b) Please provide the assumptions and the 2020 bill impact table before the transition and after the transition.

c) Please explain how THESL can be confident the $4 threshold will be exceeded when the application for 2020 rates is still with the OEB.

THESL claimed that by extending the transition period, the average rate increase for Toronto Hydro's 10th percentile customers would see an increase while other customers in the class would experience a decrease.

d) Please explain how THESL calculated that.

RESPONSE:

a) Confirmed.

b) There are two years left to transition to fully fixed rates, with full transition to fixed rates achieved in 2020. With the current planned transition, half of the remaining transition

increase in the fixed rate occurs in 2019 and half in 2020. For mitigation purposes, THESL assumed one third of the increase occurs in 2019 with the remaining two thirds occurring in 2020. This would effectively reduce the 10th percentile rate impacts from 11.6% to 10.2% in 2019.

However, in 2020 this would result in a year over year Residential fixed rate change of $4.65, exceeding the $4 threshold test, even though the rate impact on the 10% percentile is well below the 10% threshold (from 0.6% to 2.8%).

Bill Impacts Summary		Year Over Year Change (%)			
		Without Mitigation		With Mitigation	
Rate Classes	**Charge Totals**	**2019 IRM**	**2020 CIR**	**2019 IRM**	**2020 CIR**
Residential TOU - 212 kWh	Distribution Only	10.7%	9.1%	8.4%	12.9%
Residential TOU - 212 kWh	Distribution Subtotal A	16.6%	1.1%	14.3%	4.6%
Residential TOU - 212 kWh	Distribution Subtotal B	17.9%	1.0%	15.7%	4.4%
Residential TOU - 212 kWh	Delivery Subtotal C	17.2%	0.9%	15.1%	4.0%
Residential TOU - 212 kWh	Total Bill on TOU (Before Taxes & Rebate)	11.6%	0.6%	10.2%	2.8%
Residential TOU - 212 kWh	**Total Bill on TOU (After Taxes & Rebate)**	**11.6%**	**0.6%**	**10.2%**	**2.8%**

c) THESL used its proposed 2020 CIR distribution rates to assess the $4 threshold in 2020.

d) For this scenario, THESL extended the transition period by an additional year by increasing the fixed component of the fixed variable split in equal increments. The table below shows the rate impacts of this scenario.

Bill Impacts Summary		Year Over Year Change (%)			
		Without Extension		**With Extension**	
Rate Classes	**Charge Totals**	**2019 IRM**	**2020 CIR**	**2019 IRM**	**2020 CIR**
Residential TOU - 750 kWh	Distribution Only	2.5%	1.3%	2.9%	3.5%
Residential TOU - 750 kWh	Distribution Subtotal A	8.2%	-6.8%	8.7%	-4.7%
Residential TOU - 750 kWh	Distribution Subtotal B	12.9%	-6.7%	13.3%	-4.8%
Residential TOU - 750 kWh	Delivery Subtotal C	12.1%	-5.5%	12.4%	-3.9%
Residential TOU - 750 kWh	Total Bill on TOU (Before Taxes & Rebate)	5.4%	-2.6%	5.5%	-1.9%
Residential TOU - 750 kWh	**Total Bill on TOU (After Taxes & Rebate)**	**5.4%**	**-2.6%**	**5.5%**	**-1.9%**
Residential TOU - 212 kWh	Distribution Only	10.7%	9.1%	8.4%	6.8%
Residential TOU - 212 kWh	Distribution Subtotal A	16.6%	1.1%	14.3%	0.8%
Residential TOU - 212 kWh	Distribution Subtotal B	17.9%	1.0%	15.7%	0.7%
Residential TOU - 212 kWh	Delivery Subtotal C	17.2%	0.9%	15.1%	0.6%
Residential TOU - 212 kWh	Total Bill on TOU (Before Taxes & Rebate)	11.6%	0.6%	10.2%	0.4%
Residential TOU - 212 kWh	**Total Bill on TOU (After Taxes & Rebate)**	**11.6%**	**0.6%**	**10.2%**	**0.4%**
Residential TOU - 650 kWh	Distribution Only	3.8%	2.7%	3.8%	4.4%
Residential TOU - 650 kWh	Distribution Subtotal A	9.6%	-5.5%	9.6%	-3.8%
Residential TOU - 650 kWh	Distribution Subtotal B	13.7%	-5.4%	13.7%	-3.8%
Residential TOU - 650 kWh	Delivery Subtotal C	12.8%	-4.5%	12.8%	-3.2%
Residential TOU - 650 kWh	Total Bill on TOU (Before Taxes & Rebate)	6.0%	-2.3%	6.0%	-1.6%
Residential TOU - 650 kWh	**Total Bill on TOU (After Taxes & Rebate)**	**6.0%**	**-2.3%**	**6.0%**	**-1.6%**

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-6:

Reference(s): GA Analysis Workform

The Applicant has not completed and submitted its responses to Appendix A of the GA Analysis Workform Instructions. The document can be found on the OEB's website. Please prepare and submit the required responses.

RESPONSE:

Please see Appendix A to this response.

Appendix A
GA Methodology Description
Questions on Accounts 1588 & 1589[1]

1. **In booking expense journal entries for Charge Type (CT) 1142 and CT 148 from the IESO invoice, please confirm which of the following approaches is used:**
   a. **CT 1142 is booked into Account 1588. CT 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589 respectively.**
   b. **CT 148 is booked into Account 1589. The portion of CT 1142 equaling RPP minus HOEP for RPP consumption is booked into Account 1588. The portion of CT 1142 equaling GA RPP is credited into Account 1589.**
   c. **If another approach is used, please explain in detail.**

Toronto Hydro confirms that the first method (1a) is used. CT 1142 is booked into account 1588. CT 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589, respectively.

2. **<u>Questions on CT 1142</u>**
   a. **Please describe how the initial RPP related GA is determined for settlement forms submitted by day 4 after the month-end (resulting in CT 1142 on the IESO invoice).**

The initial RPP related GA settlement included in the settlement forms submitted by day 4 after the month-end is calculated as:

i. The RPP Customer Revenue Earned at Regulated Price Plan (RPP) prices (prorated based upon RPP purchased kWh consumption)
ii. Less: the IESO Purchased GA and Power costs attributable to RPP Customers (based upon RPP purchased kWh consumption).

[1] In all references in the questions relating to amounts booked to accounts 1588 and 1589, amounts are not booked directly to accounts USoA 1588 and 1589 relating to power purchase transactions, but are rather booked to the cost of power USoA 4705 Power Purchased, and 4707, Charges – Global Adjustment, respectively. However, accounts 1588 and 1589 are impacted the same way as account 4705 and 4707 are for cost of power transactions.

Note, the question only asks in relation to GA, but Toronto Hydro confirms that the RPP Settlement submitted relates to both GA and Power for RPP customers. Toronto Hydro follows accrual accounting for the RPP settlement amounts calculation.

b. Please describe the process for truing up CT 1142 to actual RPP kWh, including which data is used for each TOU/Tier 1&2 prices, as well as the timing of the true up.

Toronto Hydro calculates the true-up of CT 1142 using the same methodology as outlined in 2a but is updated to reflect the final GA and Power costs in accordance with the IESO final invoice received mid-month. The true-up is recorded in the subsequent month. For example, in July, Toronto Hydro will calculate the true-up for the previous month's balance (June that was recorded using preliminary IESO data) to reflect the final cost in accordance with the IESO final invoice mid-month (e.g., July). At each quarter-end month, the final invoice is trued-up in the quarter-end month.

The actual RPP kWh purchased is prorated based on kWh consumption for each TOU/Tier 1&2 classes, which is derived from data from the billing system and on billing cycle dates. Toronto Hydro settles the calculated monthly true-up RPP amounts with the IESO on a quarterly basis.

c. Has CT 1142 been trued up for with the IESO for all of 2017?

Yes – CT 1142 has been trued up with the IESO for all of 2017.

d. Which months from 2017 were trued up in 2018?

All months from 2017 were trued-up and reflected in Toronto Hydro's financial statements for December 31, 2017. October to December true-up amounts would have been settled in the Q1 2018 IESO settlement process.

e. Have all of the 2017 related true-up been reflected in the applicant's DVA Continuity Schedule in this proceeding?

All true-ups for 2017 consumption are reflected in the DVA Continuity Schedule for 2017.

f. Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.

Toronto Hydro interprets this question which refers to "the amount" to mean the true-up for RPP settlement for actual December 2017 from the December estimate. The true-up for RPP Settlement for December 2017 was $73,624.28 and is reflected in column BO of the DVA Continuity Schedule. The true-up is included in the total for non-RPP GA RSVA for Account 1589 is reflected in the total amount of $(3,337,116) for account 1588 in column BO of the DVA Continuity Schedule.

3. <u>Questions on CT 148</u>

a. Please describe the process for the initial recording of CT 148 in the accounts (i.e. 1588 and 1589).

The initial CT 148 is pro-rated based a percentage split calculated on the RPP/non-RPP class' respective monthly consumption as a percentage of total kWh consumption and then booked into Account 1588 and 1589 respectively.

b. Please describe the process for true up of the GA related cost to ensure that the amounts reflected in Account 1588 are related to RPP GA costs and amounts in 1589 are related to only non-RPP GA costs.

Toronto Hydro calculates the true-up of CT 148 using the same methodology as outlined in 3a to reflect the final GA costs in accordance with the IESO final invoice received mid-month. The true-up is recorded in the subsequent month. For example, in July, Toronto Hydro will calculate the true-up for the previous month's balance (June estimate) to reflect the final cost in accordance with the IESO final invoice mid-month (e.g., July). At each quarter-end month, the final invoice is trued-up in the quarter-end month.

The split between RPP and non-RPP GA costs are based on the respective kWh consumption for Non-RPP and RPP classes as a percentage of total Class B monthly kWh consumption.

c. What data is used to determine the non-RPP kWh volume that is multiplied with the actual GA per kWh rate (based on CT 148) for recording as expense in Account 1589 for initial recording of the GA expense?

Toronto Hydro interprets this question as requesting the process on how the expense in Account 1589 for the initial GA expense is recorded. Refer to the response in 3a and b. The non-RPP kWh volume used in the calculation described in response 3a and b is based on data from our billing system.

d. Does the utility true up the initial recording of CT 148 in Accounts 1588 and 1589 based on estimated proportions to actuals based on actual consumption proportions for RPP and non-RPP?

Toronto Hydro confirms that a true-up of the initial CT 148 in Accounts 1588 and 1589 split is recorded based on the receipt of the actual IESO final invoice amounts. The calculation of the true-up is described in response 3b.

e. Please indicate which months from 2017 were trued up in 2018 for CT 148 proportions between RPP and non-RPP.

All months from 2017 were trued-up and reflected in Toronto Hydro's financial statements for December 31, 2017 based on the accrual method.

f. Are all true-ups for 2017 consumption reflected in the DVA Continuity Schedule under 2017?

All true-ups for 2017 consumption are reflected in the DVA Continuity Schedule for 2017.

g. Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.

Toronto Hydro interprets this question which refers to "the amount" to mean the true-up for RPP and non-RPP split for actual December 2017 from the December estimate. The true-up for December 2017 was $7,171,824 and is reflected in column BO of the

DVA Continuity Schedule. The true-up is included in the total for non-RPP GA RSVA for Account 1589 is reflected in the total amount of $56,920,193 in column BO of the DVA Continuity Schedule.

4. **Questions regarding principal adjustments and reversals on the DVA Continuity Schedule:**

<u>Questions on Principal Adjustments - Accounts 1588 and 1589</u>

a. **Did the applicant have principal adjustments in its 2018 rate proceeding which were approved for disposition?**

Toronto Hydro had no principal adjustments in 2018 rate proceeding related to 1588 and 1589. All numbers in 1588 and 1589 were trued-up under the accrual method prior to Toronto Hydro receiving approval for disposition.

b. **Please provide a break-down of the total amount of principal adjustments that were approved (e.g. true-up of unbilled (for 1589 only), true up of CT 1142, true up of CT 148 etc.).**

n/a

c. **Has the applicant reversed the adjustment approved in 2018 in its current proposed amount for disposition?**

n/a

d. **Please provide a breakdown of the amounts shown under principal adjustments in the DVA Continuity Schedule filed in the current proceeding, including the reversals and the new true up amounts regarding 2017 true ups.**

n/a

e. Do the amount calculated in part d. above reconcile to the applicant's principal adjustments shown in the DVA Continuity Schedule for the current proceeding? If not, please provide an explanation.

n/a

f. Please confirm that the principal adjustments shown on the DVA Continuity Schedule are reflected in the GL transactions. As an example, the unbilled to actual true-up for 1589 would already be reflected in the applicant's GL in the normal course of business. However, if a principal adjustment related to proportions between 1588 and 1589 was made, applicant must ensure that the GL reflects the movement between the two accounts.

n/a

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-7:

Reference(s): GA Analysis Workform

The Applicant has included an amount for Adjustment 2b in Note 5 of the GA Analysis Workform.

a) Please confirm that the amount presented was actually recorded in the Applicant's 2018 books (and therefore not already captured in the "Transactions During 2017").

b) If a) above confirm that it is recorded in 2018, then please update the DVA continuity schedule to include this amount as a "Principal Adjustment During 2017" in order to appropriately adjust the 2017 claim amount for account 1589. If the Applicant feels that an adjustment to the claim amount for account 1589 is not warranted, then please explain why.

c) Why has the Applicant not proposed an adjustment amount for 2a of Note 5 in the GA Analysis Workform? Wouldn't the difference between the accrual and actual for 2016 need to be adjusted out balance for 2017? If not please explain why. If yes, please quantify and include in the Workform.

RESPONSE:

a) Confirmed.

b) Revenue is recorded on an accrual basis, which naturally reverses in a following period when billed revenue is recorded. Toronto Hydro does not true up the balances based on actualisation in the current year (FY 2017) under the accrual method. The variance of $1,761,152 between accrued and actual billed represents the net difference due to timing for the 2016 and 2017 years. As a result, the DVA continuity schedule does not need to be adjusted.

c) As described above, the reported $1,761,152 adjustment in line 2b of the workform incorporates both the revenue differences for 2a and 2b. Toronto Hydro calculated the adjustment on an aggregate basis instead of individually determining the prior year end (2016 – adjustment 2a) and the current year end (2017 - adjustment 2b) difference between accrued and actual bill revenues. As a result, the DVA continuity schedule does not need to be adjusted.

	$
Earned non-RPP Class B Global Adjustment Energy Sales for January 1, 2017 to December 31, 2017 (based on accrued calculation)	1,033,169,971
Actual billed non-RPP Class B Global Adjustment Energy Sales from January 1, 2017 to December 31, 2017	1,034,931,123
Unbilled revenue differences for 2017	1,761,152

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-8:

Reference(s): GA Analysis Workform

The Applicant has included an amount for Adjustment 4 in the GA Analysis Workform to account for a timing difference for its class A customers between Class A GA charges from the IESO and billings to Class A customers:

a) The explanation provided does not include enough detail to support the direction of the adjustment. Please include further detail that explains why a debit to account 1589 is appropriate in this case.

b) Please explain how this balance was quantified.

c) Please update the DVA Continuity Schedule to include this amount as a "Principal Adjustment During 2017" in order to appropriately adjust the 2017 claim amount for account 1589. If the Applicant feels that an adjustment to the claim amount for account 1589 is not warranted, then please explain why

RESPONSE:

a) After further review, Toronto Hydro concludes that the values in "C69" of the GA Analysis workform should be a credit of $3,542,616 instead of a debit, which reduces the variance to -0.28% from 0.4%.

b) The amount has been calculated as follows:

	$
Earned Global Adjustment Class A Energy Sales for January 1, 2017 to December 31, 2017 (based on accrual method)	252,206,744
Actual billed Global Adjustment Class A Energy Sales for January 1, 2017 to December 31, 2017	255,749,360
Unbilled revenue difference - Accrual vs Actual	(3,542,616)

c) The DVA Continuity Schedule is accurate; the reporting error noted above applies to the GA Workform only.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-9:

Reference(s): GA Analysis Workform

The Applicant has recorded an amount in Adjustment 8 of Note 5 of the GA Analysis Workform:

a) Please provide further explanation as to what this adjustment relates to, how it was quantified and how / why it impacts the balance recorded in account 1589 as at December 31, 2017.

b) As part of its 2018 rates proceeding, the Applicant sought disposition of its 2016 GA variance in account 1589. In the GA Analysis Workform completed as part of that proceeding, the Applicant quantified a similar adjustment for 2016, however it was significantly lower than what is being proposed in 2017. Please explain why the amount proposed for 2017 is significantly higher.

c) Please update the DVA Continuity Schedule to include this amount as a "Principal Adjustment During 2017" in order to appropriately adjust the 2017 claim amount for account 1589. If the Applicant feels that an adjustment to the claim amount for account 1589 is not warranted, then please explain why.

RESPONSE:

a) The adjustment of $33,028,847 reflects the variance between the GA analysis work form column H of $1,066,198,818 and non-RPP Class B Global Adjustment Energy Sales recorded in the GL for 2017 of $1,033,169,971. The variance represents the difference between the GA Analysis Workform using a single billing GA rate per calendar month

versus the actual cyclical billings which use a blended rate as a result of certain customers having billing cycles spanning more than one calendar month.

	$
Non-RPP Class B Global Adjustment Energy Sales recorded in the general ledger for 2017 (at blended rates)	1,033,169,971
$ Consumption at GA work form (column H)	1,066,198,818
Difference in revenue recorded due to cyclical billing of non-RPP Class B customers	(33,028,847)

b) Due to cyclical billing, the resulting blended rate (as compared to the single rate in the workform) is the main driver for the adjustment. The adjustment difference between 2016 and 2017 is a function of the variance between the blended rate and the single rate in those respective years. The magnitude of those variances were more significant in 2017. Toronto Hydro confirms that the same methodology was used in calculating the adjustment for the 2018 and 2019 rates proceedings.

c) An adjustment to the claim amount for account 1589 is not warranted because the RSVA balance reflects the earned Energy Sales which was calculated using the true blended rates.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-10:

Reference(s): DVA Continuity Schedule, Account 1588

a) The Applicant is seeking disposition of approximately a $3.5 million credit in account 1588.

Given that the variance between RPP revenue and the cost of energy attributable to RPP customers is settled with the IESO on a monthly basis, the expectation is that any remaining amounts in account 1588 would be relatively small and close to zero (primarily comprised of the difference between amounts billed at the approved total loss factor versus actual system losses for the year).

Accordingly, please explain what comprises the balance in account 1588 that the Applicant is seeking disposition of as part of its current application.

RESPONSE:

As per the Accounting Procedures Handbook ("APH"), the RSVA Power account is established for the purpose of recording the "net difference" in energy cost only. "Net difference" refers to the difference between the amount charged by the IESO, host distributor or embedded generator based on the settlement invoice for the energy cost and the amount billed to customers for the energy cost, including month-end accruals. Note that these differences could be composed of differences in energy price and/or energy quantities as well as the difference between estimated and actual line loss factors.

As per the APH, it is important to note that all components of energy differences shall be recognized and recorded in this account. These components include price and quantity

differences (e.g. using the IESO preliminary data compared to the monthly settlement invoices for billing) and the difference between the Board-approved historic loss factor and the actual loss experienced by the distributor.

Toronto Hydro confirms that the variance of $3.5 million (including carrying charges) is due to

a) Differences between approved loss factors applied in customer bills and the actual loss factor experienced; and
b) Differences between the (i) actual cost of purchased energy from the IESO (based on a calendar year) and (ii) estimated cost of billed energy delivered to Toronto Hydro customers (based on billing periods), which includes accruals to align with the calendar year.

The RSVA is calculated as follows:

	$
Total COP Energy Revenue from Customers:	1,343,610,592
Total COP Energy expenses paid to IESO:	1,340,273,476
RSVA Power RSVA	3,337,116
% Variance	0.249%

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-11:

Reference(s): LRAMVA
Tab 6 of LRAMVA Workform

Tab 6 of the LRAMVA workform includes the calculation of carrying charges associated with the LRAMVA claim. Toronto Hydro is claiming $286,747.52 in carrying charges from Jan. 2017-Dec. 2018 associated with its 2017 LRAMVA balance.

a) Please update the Q4 2018 interest rate in Table 6 to reflect the OEB's most recently approved prescribed interest rate for deferral and variance accounts.

b) If Toronto Hydro made any changes to the LRAMVA work form as a result of its responses to interrogatories, please file an updated LRAMVA work form. Please confirm any changes to the LRAMVA workform in "Table A-2. Updates to LRAMVA Disposition (Tab 2)".

RESPONSE:

The updated excel version of the LRAMVA workform is attached as Appendix A to this response. Other than the updates noted above, no additional changes have been made.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1-STAFF-12:

Reference(s): **LRAMVA**
3-a. Rate Class Allocations

Toronto Hydro provided a detailed table that documented percentage allocations by rate class for each program from 2015 to 2017. Toronto Hydro notes in Tab 1-a that some of its rate class allocations in 2015 and 2016 were adjusted to incorporate IESO verified savings in the 2017 report.

a) For each program sector, please discuss how the rate class allocations were calculated.

b) For the Home Assistance Program, 12 months of demand savings are claimed in 2017. This includes the persistence of demand savings attributed to 40% of bulk metered customers from 2015, the persistence of demand savings attributed to 21% of bulk metered customers in 2016, and 30% of bulk metered customers in 2017. Please discuss the types of customers (under the GS<50 kW and GS 50-999 kW classes) participated in the Home Assistance Program, and rationale for the rate class allocations to change from 2015 to 2017.

RESPONSE:

a) The following table provides an explanation for the rate class allocations for each program.

Table 1: 2015-2017 LRAMVA Claim: Rate Class Savings Allocation Details

Program	Rate Class Allocation Methodology
Retrofit Program/Equipment Replacement Incentive Initiative	The account number and corresponding rate class assignments are identified for projects completed in 2015, 2016 and 2017.
High Performance New Construction/New Construction and Major Renovation Initiative	The account number and corresponding rate class assignments are identified for projects completed in 2015, 2016 and 2017.
Audit Funding Program	The account number and corresponding rate class assignments are identified for projects completed in 2015, 2016 and 2017.
PUMPsaver Local Program	The account number and corresponding rate class assignments are identified for projects completed in 2016 and 2017.
Existing Building Commissioning Program	The account number and corresponding rate class assignments are identified for all projects in the IESO's 2015-2017 Preliminary Projects Lists.
Program and Systems Upgrades Program	The account number and corresponding rate class assignments are identified for the two projects in the IESO's 2015-2017 Preliminary Projects Lists.
Energy Manager Program	The account number and corresponding rate class assignments are identified for all projects in the IESO's 2015-2017 Preliminary Projects Lists.
Energy Performance Program for Multi-Site Customers	The account number and corresponding rate class assignments are identified for all projects in the IESO's 2017 Preliminary Projects List.

Program	Rate Class Allocation Methodology
Program Enabled Savings	The account number and corresponding rate class assignments are identified for all approved projects.
Direct Install Lighting and Water Heating/Small Business Lighting	The account number and corresponding rate class assignments are identified for all approved projects.
EnerNoc Conservation Fund Pilot	A pilot participant list was provided by IESO. The account number and corresponding rate class assignments are identified for each participant and the savings were allocated accordingly.
Loblaw P4P Conservation Fund Pilot	A pilot participant list was provided by IESO. The account number and corresponding rate class assignments are identified for each participant and the savings were allocated accordingly.
Direct Install - Hydronic Pilot Program	The account number and corresponding rate class assignment for each pilot participant was identified.
P4P for Class B Office Pilot	The account number and corresponding rate class assignment for each pilot participant was identified.
Direct Install - RTU Controls Pilot Program	The account number and corresponding rate class assignment for each pilot participant was identified.
Strategic Energy Group Pilot	A pilot participant list was provided by IESO. The account number and corresponding rate class assignment was identified for each participant and the savings are allocated accordingly.

Program	Rate Class Allocation Methodology
Residential New Construction and Major Renovation Initiative	Projects are completed using the residential rate class.
Coupon Program/Bi-Annual Retailer Event Initiative	This program was targeted and assigned to residential rate class customers.
Heating and Cooling Program	Projects were completed using the residential rate class.
Home Assistance Program	The rate class allocation of savings for this program presents a challenge as much of the project-level data does not match with internal customer segmentation data (eg. missing account numbers, addresses that did not match, etc.). However, each project contains a "Dwelling-Type" assignment, and assumptions of rate class are developed based on comparing this information against a sample of building types from our internal customer segmentation data. For example, all single family households are assigned to the residential rate class, portions of townhouse complexes and other low-rise multi-family are allocated to both residential and general service rate classes, while high-rise multi-family projects are assigned to various General Service rate classes based on sample distributions from comparably-sized multi-unit residential buildings found in internal data.
Toronto Hydro – Enbridge Joint Low-Income Program LDC Innovation Fund Pilot Program	A pilot participant list was provided by IESO. The account number and corresponding rate class assignments were identified for each participant and the savings were allocated accordingly. However, this Pilot experienced the same challenge as the Home Assistance Program. Therefore, the IESO's pilot participant list was compared to Toronto Hydro's business segmentation data (GS <50 and GS>50 customers). Unidentified customers were then assumed to be residential (~82%).

Program	Rate Class Allocation Methodology
Whole Home Pilot Program	A pilot participant list was provided by IESO. The account number and corresponding rate class assignment was identified for each participant and the savings were allocated accordingly.
PoolSaver Program	This program was targeted and assigned to residential rate class customers.
Social Benchmarking Program	This program was targeted and assigned to residential rate class customers.
Truckload Program Pilot	The Truckload Program Pilot is a delivery variation of the Coupon Program, therefore, the same assumptions are applied for the rate class allocation of savings.
Appliance Retirement Initiative	In lieu of project-level data, and due to the fact that this program targets large appliances of considerable vintage, it is assumed that participation is limited to the residential rate class.
Electronics Takeback Pilot	As the pilot was delivered at the "Home and Garden Show," it is assumed that all attendees would be homeowners within the residential rate class.

b) The Home Assistance Program serves participating low-income properties which range across the Residential, GS<50 kW, and GS 50-999 kW classes. This includes single family homes, townhouses, multi-unit low-rise, and multi-unit high rise properties. As noted above, program project lists for each year were collected from the Home Assistance Program vendor, where each project was assigned a "Dwelling Type." A portion of the participants matched the internal customer list, and in these cases, savings were directly assigned to the corresponding account and rate class. Where participants did not match the internal customer list, the dwelling type was used to establish a best estimate of rate class by comparing against similar patterns of known dwelling types from the matched participants, as well as relationships between dwelling types and rate class taken from internal segmentation data. As this exercise is carried out for each year – leveraging actual participant data – the rate class allocations change annually.