EPCOR Electricity Distribution Ontario Inc. (EPCOR)
EB-2018-0025

OEB Staff-1

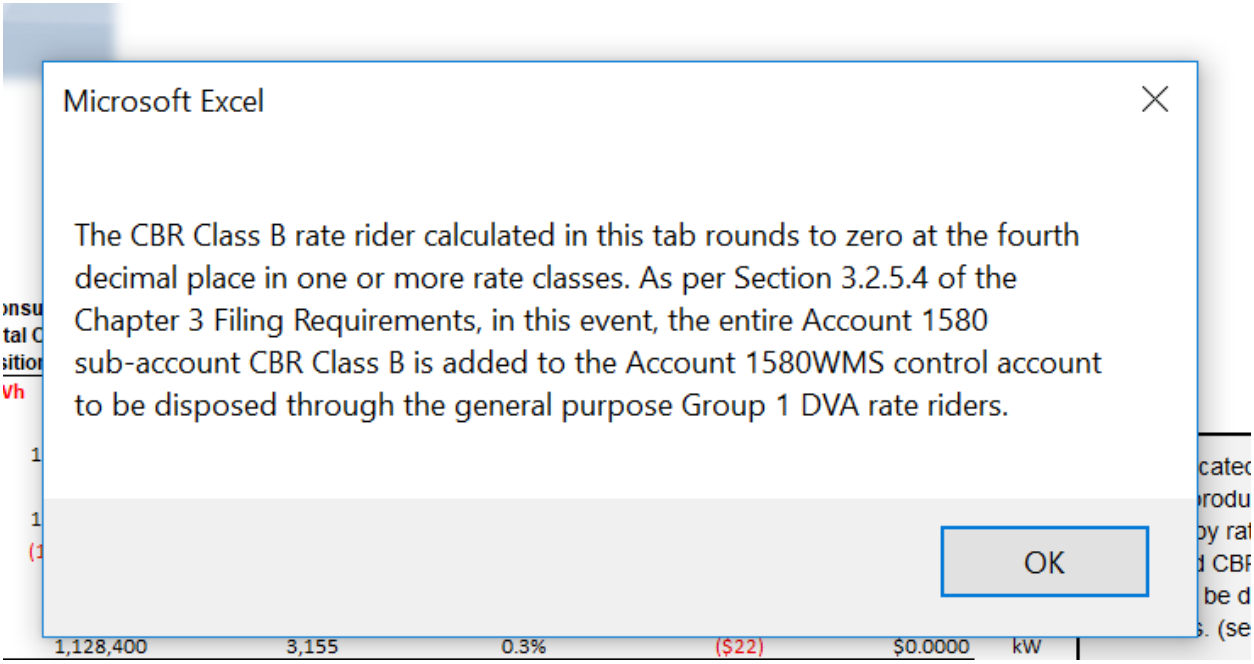
Ref: Tab 6.1a GA Allocation and Tab 6.2a CBR B_Allocation

OEB staff has done a calculation for the kWh's entered in Tab 6.1a GA Allocation and Tab 6.2a CBR B_Allocation. Please review below and confirm EPCOR agrees with OEB staff's calculation, if not please explain why. OEB staff confirms Tab 6.1a GA Allocation is correct.

Validation of Data used in Class B GA and CBR Allocations				
Total metered volume Excl WMP	A		288,676,433	Source I22 of tab 4. Billing Det. for Def-Var
Non-RPP excl WMP	B		132,308,382	Source C22 of tab 6.1 GA
Class A Full year	C		34,170,403	Source E22 of tab 6.1 GA
Class A Full Part year:				
While Class A	D	9,490,405		=+F-E
While Class B	E	9,137,946		Source D21 of tab 6.1a GA Allocation
	F		18,628,351	Source G22 of tab 6.1 GA
Total non-RPP excl WMP and full year volumes for class A customers who were class A for the full year, and the class A volumes who were class A part year	G= +B-C-D		88,647,574	Input in D20 of tab 6.1a GA Allocation
Total Class B Customers excl WMP and Full year volumes for customers who were class A for full year, and the class A customers who were class A part year	H=+A-C-D		245,015,625	Input in D20 of tab 6.2a CBR_B Allocation

OEB Staff-2

Ref: Tab 6.2a CBR_B Allocation and Tab 6.2 CBR B



The message above pops up on Tab 6.2 CBR B, therefore the amount in Account 1580 Variance WMS – Sub-account CBR Class B will roll up into Account 1580WMS control account. OEB staff will remove the kWh's entered in cell D20 of Tab 6.2a CBR B_Allocation, please confirm EPCOR agrees.

OEB Staff-3

Ref: Tabs 4 and 5 of LRAMVA Work Form (current LRAMVA in 2019 IRM)
Tabs 4 and 5 of LRAMVA Work Form (previous LRAMVA in 2018 IRM)

In the current LRAMVA application filed for 2016 lost revenues, EPCOR Electricity Distribution has claimed the following persisting savings amounts in the GS<50 kW class from 2011 to 2015:

2011 persistence in 2016: 183,473 kWh

2012 persistence in 2016: 553,023 kWh

2013 persistence in 2016: 700,543 kWh

2014 persistence in 2016: 886,424 kWh

2015 persistence in 2016: 621,911 kWh

In the 2018 IRM application, the persisting savings amounts in the GS<50 kW class from 2011 to 2015 were as follows:

2011 persistence in 2016: 232,534 kWh

2012 persistence in 2016: 1,201,088 kWh

2013 persistence in 2016: 1,189,278 kWh

2014 persistence in 2016: 1,085,614 kWh

2015 persistence in 2016: 933,254 kWh

a. Please clarify the reason for the change in historical persistence amounts claimed from 2011 to 2015 into 2016.

b. Are additional persistence adjustment amounts included? If yes, please highlight the additional savings amounts in the relevant tables in Tabs 4 and 5 of the LRAMVA workform to indicate what changed from the 2018 IRM and the current application.

c. Please discuss the appropriateness of claiming additional savings persistence from 2011 to 2014 period.

OEB Staff-4

Ref: Tab 6 of LRAMVA Work Form

In Tab 6, it appears that projected interest to the end of Q2 2019 has been included in the LRAMVA amount.

Please revise Table 6-a to ensure that projected carrying charges up to May 1, 2019 is included in the LRAMVA claim.

OEB Staff-5

If EPCOR Electricity Distribution made any changes to the LRAMVA work form as a result of its responses to these LRAMVA questions, please file an updated LRAMVA work form.

Please confirm any changes to the LRAMVA workform in response to these LRAMVA questions in “Table A-2. Updates to LRAMVA Disposition (Tab 2)”.

OEB Staff - 6

Ref: GA Analysis Workform

Under Note 4 of the GA Analysis Workform, Class B Non-RPP monthly consumption totals are calculated by inputting the current month's billed consumption (Column F), subtracting the prior month's closing unbilled consumption (Column G), and adding the current month's closing unbilled consumption (Column H). EPCOR's 2017 GA Analysis Workform includes data only for column H, and some of the data includes negative numbers.

a) Please explain what the figures in column H represent.
b) Please repopulate the GA Analysis Workform to include the unbilled consumption from the prior and current months (Column G and H, respectively). Alternatively, if the Workform been populated in such a way that Column I presents the actual kWh consumed each month (billed or unbilled), please explain.

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Ref: Application; Section 8. Global Adjustment ("GA") Page 15

EPCOR has indicated that, to determine the proportional percentages of RPP and Non-RPP consumption, the following calculation is used (Where A is the RPP consumption for conventional meters and B is the consumption for Smart Meters):

Power Purchased: (RPP) (A + B) / Total System Load

Charges GA: (Non-RPP) Total System Load – (A + B) / Total System Load

a) Please confirm that the denominator (Total System Load) does not include any Class A consumption. In addition, please explain how Total System Load is determined to ensure that no Class A consumption is included.
b) Please explain how Class A consumption is accounted for when determining the amounts in A and B above (conventional and smart meter consumption, respectively).
c) If Class A consumption has erroneously been included in any of the elements identified above, please prepare an analysis that calculates what the appropriate true-up of Charge Type (CT) 1142 and CT 148 would be and record these differences as 2017 principal adjustments in Tab 3 of the Rate Generator Model.

OEB Staff - 8

Ref: IRM Rate Generator Model, Tab 3 (re: Accounts 1588 and 1589)

Ref: Appendix A – GA Methodology Description

Ref: EB-2017-0034 Interrogatory Responses "Response toStaff GA Questions Collus Round 2 - CPS responses.docx" filed 2018-02-09

EPCOR stated that, in conjunction with its 2018 Rate Application (EB-2017-0034), principal adjustments in 2016 (Column AV in Tab 3 of the Rate Generator Model) were approved for disposition. These adjustments include a debit entry of $6,820,710 in Account 1588 and a credit entry of ($5,455,543) in Account 1589. EPCOR further stated that:

"These changes above were included as a result of the special purpose audit of the balances in its RSVA – Power and RSVA – GA accounts and were included in the 2017 financial statement balances. There is no reversal required."

In the 2018 Rate Application (EB-2017-0034), in responses to Interrogatory Question 9 c) filed on February 9, 2018 EPCOR stated:

"The entries for the billing error were recorded in the general ledger on December 31, 2016. The billing error exceeds materiality for the purposes of our audit and therefore the auditors required an adjusting entry to our 2016 balances and the restatement of the balance sheet. This was done in combination with the other auditor required restatement for 2016 related to the Power and Global Adjustment audit."

a) Please confirm that these adjusting journal entries were reflected in the restated 2016 financial statement balances.
b) Please confirm that if the Rate Generator Model was repopulated for 2016 based on the restated 2016 financial statements, the amounts in the 2016 principal adjustments (Column AV) would instead be reflected in the 2016 transactions for the year (Column AT).
c) Please confirm that these adjusting journal entries are <u>not</u> reflected in the 2017 transactions (Column BD of Tab 3 of the 2019 Rate Generator Model), and hence, why a reversing entry is not required to remove those adjustments from 2017 transactions.
d) If any of the above are not confirmed, please provide further explanation to clarify why reversing entries are not required for the 2016 Principal Adjustments.

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Ref: IRM Rate Generator Model, Tab 3 (re: LV Variance Account 1550)

OEB staff notes that the balance of EPCOR's USoA account 1550 is significant. The amount being requested for disposition is $538,661. These balances represent the principal and interest transactions during 2017 plus forecasted interest to April 30, 2019.

a. Please provide an explanation for the large size of the account balance.

b. Please provide a quantitative analysis for amounts paid and amounts collected through base distribution rates (or other means) that reconciles this large balance, if practicable.