

**London Hydro Inc.
OEB Staff Questions
EB-2022-0048
November 25, 2022**

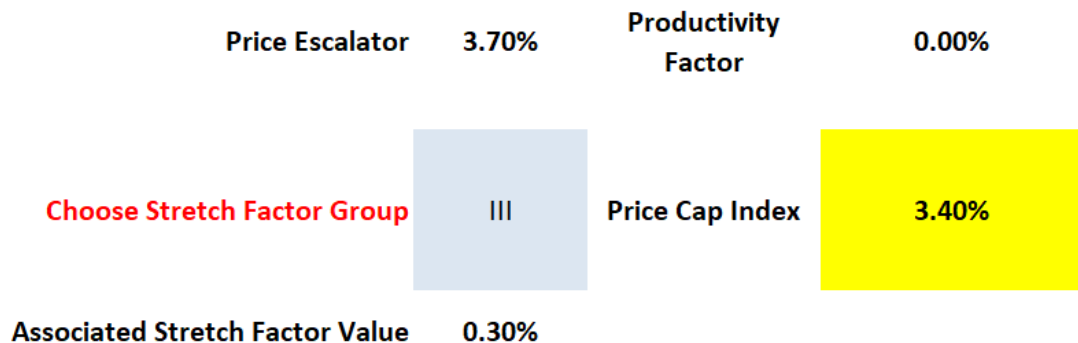
Staff Question-1

Ref: Rate Generator Model, Tab 16, Price Escalator

Ref: Rate Generator Model, Tab 17. Inflation Factor for Wireline Pole Attachment Charge and Retail Service Charges

On October 20, 2022, the Ontario Energy Board issued a [letter](#) indicating the 2023 inflation factor for electricity distributors to be 3.7%. OEB staff has made the following changes to Tab 16 and Tab 17 to reflect the updated inflation factor.

- Tab 16: Price Escalator (Cell B12) has been updated. As a result of the change to the Price Escalator, the Price Cap Index (Cell D13) has also been updated to 3.40%. Both changes are shown below.



- Tab 17: The Inflation Factor (Cell E39) for the Wireline Pole Attachment Charge has been updated resulting in an updated value for the proposed charge (Cell F39), as shown below.

Wireline Pole Attachment Charge	Unit	Current charge	Inflation factor *	Proposed charge ** / ***
Specific charge for access to the power poles - per pole/year	\$	34.76	3.70%	36.05

- Tab 17: The Inflation Factor (Cells E42 to E53) applicable to the Retail Service Charges has been updated resulting in updated values for the proposed charges, as shown below.

Retail Service Charges		Current charge	Inflation factor*	Proposed charge ***
One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	107.68	3.70%	111.66
Monthly fixed charge, per retailer	\$	43.08	3.70%	44.67
Monthly variable charge, per customer, per retailer	\$/cust.	1.07	3.70%	1.11
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.64	3.70%	0.66
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.64)	3.70%	(0.66)
Service Transaction Requests (STR)			3.70%	-
Request fee, per request, applied to the requesting party	\$	0.54	3.70%	0.56
Processing fee, per request, applied to the requesting party	\$	1.07	3.70%	1.11
Electronic Business Transaction (EBT) system, applied to the requesting party				
up to twice a year		no charge		no charge
more than twice a year, per request (plus incremental delivery costs)	\$	4.31	3.70%	4.47
Notice of switch letter charge, per letter (unless the distributor has opted out of applying the charge as per the Ontario Energy Board's Decision and Order EB-2015-0304, issued on February 14, 2019)	\$	2.15	3.70%	2.23

Question:

- a) Please confirm that the model attached to the staff questions reflects the updates noted.

Staff Question-2

Ref: Rate Generator Model, Tab 17. Time-of-Use RPP Prices and Smart Meter Entity Charge

On October 21, 2022, the Ontario Energy Board [announced](#) updated Time-of-Use RPP Prices that would be effective starting November 1, 2022. OEB staff has updated the Time-of-Use RPP Prices section in Tab 17 to reflect the announcement, as shown below.

Time-of-Use RPP Prices

As of	November 1, 2022	
Off-Peak	\$/kWh	0.0740
Mid-Peak	\$/kWh	0.1020
On-Peak	\$/kWh	0.1510

On September 8, 2022, the Ontario Energy Board issued a [Decision and Order](#) which approved the Smart Meter Entity Charge (SME) to be levied and collected by the Independent Electricity System Operator, in its capacity as the Smart Metering Entity, effective January 1, 2023. The new SME is \$0.42 per smart meter per month. OEB staff has updated the data in cell D33 to reflect the approved SMC of \$0.42 shown below:

Smart Meter Entity Charge (SME)

Smart Meter Entity Charge (SME)	\$	0.42
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Question:

- a) Please confirm that the model attached to the staff questions reflects the updates noted.

Staff Question-3

Ref: Rate Generator Model, Tab 3, Continuity Schedule

On September 14, 2022, the OEB [published](#) the 2022 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 2022 OEB-prescribed interest rate of 3.87%.

Staff Question-4

Ref: Rate Generator Model, Tab 3, Continuity Schedule

London Hydro recorded a Closing Principal Balance as of December 31, 2021 Adjusted for Disposition during 2022 in Account 1580 of \$2,678,155. OEB staff also note that in London Hydro's 2021 IRM rate application, the Closing Principal Balance as of December 31, 2019 Adjusted for Disposition during 2021 in Account 1580 was a credit of \$4,145,234.

London Hydro recorded a Closing Principal Balance as of December 31, 2021 Adjusted for Disposition during 2022 in Account 1584 of \$3,229,644. OEB staff also note that in London Hydro's 2021 IRM rate application, the Closing Principal Balance as of December 31, 2019 Adjusted for Disposition during 2021 in Account 1584 was a debit of \$2,097,956.

Question:

- a) Please explain the factors that have resulted in a substantial proposed balance in Account 1580 RSVA – Wholesale Market Service as compared to the balance in the 2021 application.
- b) Please explain the factors that have resulted in a substantial proposed balance in Account 1584 RSVA- Network as compared to the balance in the 2021 application.

Staff Question-5

Ref 1: Manager’s Summary, page 24

Ref 2: GA Analysis Workform, Tab GA 2021

London Hydro stated that it has initiated further analysis of IESO Global Adjustment charges and is not seeking recovery of \$665,239 of the principal amount at this time. London Hydro noted that there is the potential that it has been over-allocated Global Adjustment charges on embedded generation by the IESO during 2021.

On Tab GA 2021 and Tab Principal Adjustments of the GA Analysis Workform, London Hydro has referred to this credit of \$665,239 as a “potential CT 148 true-up with the IESO” and a “potential over allocated GA on embedded generation.”

Questions:

- a) Please provide a high level summary regarding the nature of the adjustment, the drivers of the adjustment, and how the \$665,239 credit principal adjustment to Account 1589 has been calculated.
- b) Please explain whether this issue identified by London Hydro does not impact Account 1588. If it does impact Account 1588, please explain and quantify the impact.
- c) Please confirm that London Hydro is not aware of any other issues potentially impacting the Account 1588 and Account 1589 balances being requested for disposition in the current proceeding. If there are other issues, please explain and quantify.
- d) Please explain whether London Hydro is seeking interim disposition of the Account 1589 balance (and potentially the Account 1588 balance) in this proceeding, as opposed to final disposition, given that London Hydro has indicated that this amount of a credit of \$665,239 is a “potential” CT148 true-up with the IESO.

- e) Please provide London Hydro's viewpoint on the interim disposition of Account 1588, due to the interconnectivity between Account 1588 and Account 1589.
- f) Please provide London Hydro's viewpoint on the interim disposition of all Group 1 DVAs, in the event that Account 1588 is cleared on an interim basis, given that Account 1588 is part of the Group 1 DVA rate riders.

Staff Question- 6

Ref 1: Manager's Summary- Lost Revenue Adjustment Mechanism Variance Account (LRAMVA), page 26

The 2021 CDM Guidelines (section 8) indicates that "Distributors filing an application for 2023 rates should seek disposition of all outstanding LRAMVA balances related to previously established thresholds. Distributors not rebasing for 2023 rates who have complete information on eligible savings (i.e., needing only to account for persistence of savings in future years) may seek a rate adjustment on a prospective basis to address amounts that would otherwise be recorded in the LRAMVA for all years until their next rebasing application." London Hydro also indicates on page 29 of their application that they do not request any lost revenues from CDM programs beyond Year 2021.

Question:

- a) Please confirm whether London Hydro is seeking prospective disposition. If not, please provide a rationale as to why.