

London Hydro Inc.
OEB Follow-up Staff Questions
EB-2022-0048
 January 13, 2023

Staff Question – 7

Ref: IRM Rate Generator Tab 17– Distribution Rate Protection Charge
Ref: Decision and Order, EB-2021-0186

OEB staff has made the following update to Tab 17 of the rate generator:

Distribution Rate Protection (DRP) Amount (Applicable to LDCs under the Distribution Rate Protection program):	\$	38.08
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Question:

- a) Please confirm the accuracy of the update in the rate generator.

Staff Question – 8

Ref: IRM Rate Generator Tab 11 – Retail Service Transmission Rates (RTSRs)
Ref: Decision and Order, EB-2021-0110

OEB staff made the following updates to Tab 11 of the rate generator model:

Uniform Transmission Rates		Unit	2021		2022		2023
Rate Description			Jan to Jun	Jul to Dec	Jan to Mar	Apr to Dec	Rate
Network Service Rate	kW	\$	4.67	4.90	5.13	5.46	5.60
Line Connection Service Rate	kW	\$	0.77	0.81	0.88	0.88	0.92
Transformation Connection Service Rate	kW	\$	2.53	2.66	2.81	2.81	3.10

Hydro One Sub-Transmission Rates		Unit	2021		2022		2023
Rate Description			Rate	Rate	Rate	Rate	
Network Service Rate	kW	\$	3.4778		4.3473	4.6545	
Line Connection Service Rate	kW	\$	0.8128		0.6788	0.6056	
Transformation Connection Service Rate	kW	\$	2.0458		2.3267	2.8924	
Both Line and Transformation Connection Service Rate	kW	\$	2.8586		3.0055	3.4980	

Question:

- a) Please confirm the accuracy of these updates in the rate generator.

Staff Question- 9

Ref 1: London Hydro's Response to Staff Question- 6

Questions:

- a) Please confirm that London Hydro will not be seeking any further disposition of LRAMVA for any year beyond 2021.
- b) Please confirm if London Hydro is seeking disposition of all outstanding LRAMVA balances and whether the LRAMVA will have a zero balance if the disposition is approved
- c) Please confirm that London Hydro will not be seeking to dispose of any balance in the LRAMVA due to LRAM-eligible CDM activities funded by the IESO through the Conservation First Framework or Interim Framework in a future year's application
- d) If not confirmed, please explain why a request for prospective disposition was not submitted as part of this application.

Staff Question- 10

Ref 1: London Hydro's Response to Staff Question- 5

London Hydro stated that it has initiated further analysis of IESO global adjustment charges and is not seeking recovery of a \$665,239 principal amount of Account 1589 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. London Hydro also suggested that Class A volumes submitted to the IESO were incorrect.

OEB staff refers to these issues as the "Identified Issue" in the OEB staff questions that follow.

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."

As per Table A below, London Hydro provided the following calculation of the credit \$665,239 Account 1589 principal adjustment in its response to OEB staff questions in the current proceeding related to the Identified Issue.

Table A: London Hydro’s Proposed Account 1589 Credit Principal Adjustment

	KWH	CT 148 on difference	RPP Portion	Remained in RSVA GA
Embedded Generation	23,685,609	\$ 1,745,561	\$ 1,142,785	\$ 602,777
Class A consumption	(2,063,028)	\$ 181,081	\$ 118,619	\$ 62,463
		\$ 1,926,642	\$ 1,261,403	\$ 665,239

London Hydro provided the following explanation for the Identified Issue:

- Embedded generation and Class A volumes are submitted to the IESO on a monthly basis.
- London Hydro reviewed its monthly submissions to the IESO and invoices received from the IESO. During this review, it was discovered that behind the meter generation volumes were being allocated global adjustment costs and that the final billed consumption for Class A customers changed after it was submitted to the IESO.
- Due to time constraints, the Class A current month consumption report submitted to the IESO is based on the initial meter read information that has not been finalized for billing.

London Hydro has submitted the proposed adjustments to CT 148 to the IESO. The RPP portion of the revisions that London Hydro will propose to the IESO via the RPP settlement true-up is dependent on how the IESO processes the submitted adjustments. This should be known in mid-December. Once the IESO reflects the CT 148 adjustments on an invoice, London Hydro can determine the RPP portion and make that submission to the IESO. How the IESO processes the RPP portion of the adjustments will not be known until early 2023.

London Hydro stated that the Identified Issue is expected to impact Account 1588. The actual amount of the impact can only be calculated once the IESO reflects the CT 148 adjustments London Hydro has submitted on an invoice. (i.e. London Hydro sees how the IESO processes the adjustments.)

Despite London Hydro’s statements, OEB staff notes that London Hydro has not provided an estimated dollar impact to Account 1588 of the Identified Issue on a “best efforts” basis.

Questions:

- a) Please confirm that there are two components of the Identified Issue, but if either is not the case, please explain:
 - i. Embedded generation of 23,685,609 kWh was allocated global adjustment amounts when it should not have been allocated such amounts, which is why this contributes to a proposed credit principal adjustment to Account 1589.
 - ii. Class A consumption was under allocated 2,063,028 kWh when it should have been allocated this consumption kWh, thereby causing CT 147 to be understated and CT 148 to be overstated, which is why this contributes to a proposed credit principal adjustment to Account 1589.
- b) Regarding the Identified Issue, please further describe on a high-level basis the impact on CT 147 and any associated DVAs and quantify on a “best efforts basis”, broken down by year.
- c) Please describe the period(s) that the Identified Issue \$665,239 amount impacts Account 1589 and revise Table A to show balances by year.
- d) Please also provide an additional table showing proposed Account 1588 impacts from the Identified Issue on a high-level basis, also showing balances by year, based on a “best efforts basis” to estimate these impacts.
- e) Please explain how the amounts in Table A and the Identified Issue impacts CT 1142 settlement and true-ups on a high-level basis and how this impacts the Account 1588 balance, also broken down by year.
- f) Has London Hydro received any response from the IESO regarding the proposed adjustments submitted? If so, please provide the IESO’s response and explain if, and how, the IESO’s response would change any proposed adjustments.

Staff Question- 11

Ref 1: London Hydro’s Response to Staff Question- 5

London Hydro stated that the Identified Issue is expected to impact Account 1588. The actual amount of the impact can only be calculated once the IESO reflects the CT 148 adjustments London Hydro has submitted on an invoice. (i.e. London Hydro sees how the IESO processes the adjustments.)

London Hydro stated that how the IESO processes the RPP portion of the adjustments will not be known until early 2023.

Regarding the Identified Issue, London Hydro stated that it does not know what adjustments the IESO will accept, and if any other accounts will be impacted by the revisions submitted to the IESO.

In its response to OEB staff questions, London Hydro revised its request to receive OEB's approval of all Group 1 accounts on an interim basis, as opposed to a final basis, in the current proceeding.

OEB staff notes that typically the record of an IRM proceeding would need to be closed in February, to provide enough lead-time to render an OEB decision for May 1 rates (with implementation on May 1), such that OEB decisions are typically issued in March.

Questions:

- a) As per London Hydro's statement that "how the IESO processes the RPP portion of the adjustments will not be known until early 2023", please provide the exact month in 2023 when London Hydro will be made aware of the impacts.
- b) Given that London Hydro has not quantified the impact to Account 1588 of the Identified Issue and the impact of a credit of \$665,239 to Account 1589 is material, if London Hydro will not be able to quantify more precise impacts to Accounts 1588 and 1589 until February 2023 or later, would London Hydro be agreeable to withdrawing its request to clear any Account 1588 and Account 1589 balances in the current proceeding? If this is not the case, please explain.
- c) Please explain and quantify on a high-level basis how the proposed adjustments to Accounts 1588 and 1589 from the Identified Issue may impact other Group 1 accounts, on a "best efforts basis", given that London Hydro is uncertain at this time if other accounts will be impacted.
- d) If there is significant uncertainty regarding the impacts of the Identified Issue to Group 1 accounts other than Accounts 1588 and 1589, would London Hydro be agreeable to withdrawing its request to clear any Group 1 balances in the current proceeding? If this is not the case, please explain.

Staff Question-12

Ref 1: London Hydro's Response to Staff Question- 5

Ref 2: [OEB Letter](#), Adjustments to Correct for Errors in Electricity Distributor "Pass-Through" Variance Accounts After Disposition, October 31, 2019

Ref 3: Manager's Summary, page 14

Ref 4: EB-2021-0041, 2022 Cost of Service Proceeding Settlement Proposal, February 24, 2022, p. 48

London Hydro suggested that the Identified Issue relates to the 2021 period. However, London Hydro has not explained whether other periods are impacted by the Identified Issue.

As a result, OEB staff is not clear whether the Identified Issue impacts any Group 1 balances that have been previously approved by the OEB on a final basis. However, OEB staff also acknowledges London Hydro's statement in its pre-filed evidence that it has not made any adjustments to DVA balances that were previously approved for disposition by the OEB on a final basis.

If balances that have been previously approved by the OEB on a final basis are impacted by the Identified Issue, OEB staff notes that London Hydro has not specifically addressed the OEB's October 31, 2019 letter (OEB Letter), regarding adjustments to correct for errors after disposition.

For example, the OEB outlined factors that it may consider to determine on a case-by-case basis whether to make a retroactive adjustment based on the particular circumstances of each case.

OEB staff notes that London Hydro's Accounts 1588 and 1589 balances were last disposed on a final basis in its 2022 cost of service proceeding, specifically December 31, 2020 balances.

Questions:

- a) Please confirm that when London Hydro stated that the Identified Issue relates to the 2021 period, it means the 2021 calendar year only, not any other period periods.
- b) If this is not the case, please provide the specific periods that the Identified Issue impacts.

- c) If this is not the case, such that the Identified Issue impacts balances that have been previously approved by the OEB on a final basis, please:
- i. Provide the dollar amounts related to the Identified Issue for each DVA for the impacted period(s) and the respective EB# where the DVA was approved on a final basis.
 - ii. Describe how London Hydro has satisfied the OEB's concerns noted in the OEB Letter (Reference 2).

Staff Question- 13

Ref 1: London Hydro's Response to Staff Question- 5

Regarding the Identified Issue, London Hydro stated that due to time constraints, the Class A current month consumption report submitted to the IESO is based on the initial meter read information that has not been finalized for billing.

OEB staff notes that London Hydro has not explained whether it has generated a solution to ensure that the Identified Issue does not occur going forward, including the correct allocation of global adjustment amounts related to embedded generation and the correct reporting of Class A volumes to the IESO.

Questions:

- a) Please explain how London Hydro has improved its processes and internal controls to ensure that the Identified Issue does not occur going forward.
- b) If this is not the case, please explain why not.