

1 **TECHNICAL CONFERENCE UNDERTAKING RESPONSES TO**
2 **ONTARIO ENERGY BOARD STAFF**

3
4 **UNDERTAKING NO. JT5.13:**

5 **Reference(s): DVA Continuity Schedule**

6
7 To file an updated version of the complete DVA Continuity Schedule.

8
9 **RESPONSE:**

10 Please refer to Appendix A to this response for the updated DVA Continuity Schedule, which
11 includes the Group 1 rate riders. Toronto Hydro’s derivation of Group 2 rate riders are
12 provided as Appendix B. Below Toronto Hydro provides certain explanatory notes to assist
13 with the review of the appendices.

14
15 **Appendix A, Tab 2b – Innovation Fund**

16 The 2b Continuity Schedule tab of Appendix A does not show any balances for the proposed
17 Innovation Fund Variance Account (“IFVA”) during the 2020-2024 rate period because the
18 IFVA is a new Group 2 variance account that Toronto Hydro is proposing for the 2025-2029
19 rate period.¹ The utility has no balances to record in the IFVA for the current rate period.

20
21 **Appendix A, Tab 2b – Lost Revenue Adjustment Mechanism (“LRAM”) Variance Accounts**

22 The 2b Continuity Schedule tab of Appendix A only shows balances related to 2015-2019
23 LRAM Variance Account (“LRAMVA”) in the years 2017-2021. The reason for this is that
24 Toronto Hydro’s lost revenues in respect of conservation and demand management
25 (“CDM”) initiatives have crystallized as of 2022, following the wind-down of the

¹ Exhibit 1B, Tab 4, Schedule 2; Exhibit 9, Tab 1, Schedule 1, lines 16-26 at p. 41.

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1 Conservation First Framework (“CFF”)² and the OEB’s approval of Toronto Hydro’s proposal
 2 to defer the clearance of the balance from the 2023 incentive rate proceeding to its
 3 rebasing application.³ In addition, the calculation of the 2020-2024 LRAMVA balances will
 4 be subject to the resolution of the methodology question relating to the determination of
 5 the LRAMVA threshold that the utility has raised in its evidence.⁴

6
 7 **Appendix A, Tab 4 – Billing Determinants**

- 8 • Toronto Hydro has updated Section C under this tab with metered kWh values for
 9 wholesale market participants (“WMP”), which had been inadvertently omitted from
 10 an earlier version of Appendix A.
- 11 • Toronto Hydro notes that it relied on 2025 data from OEB Appendix 2-IB (“Customer,
 12 Connections, Load Forecast and Revenues Data and Analysis”) updated on April 2, 2024,
 13 to populate customer numbers under the Billing Determinants tab of Appendix A. Table
 14 1 below reconciles customer figures between the two sources.

15
 16 **Table 1: 2025 Customer Numbers Reconciliation**

Rate Class	OEB Appendix 2-IB (Update April 2, 2024)		DVA Continuity Schedule (Appendix A to JT5.13)	
	Customer Numbers	Devices/ Connections	Customer Numbers*	Devices/ Connections
Residential	618,693		618,693	
CSMUR	97,539		97,539	
GS < 50 kW	72,948		72,948	
GS 50-999 kW	9,941		9,941	
GS 1000-4999 kW	473		473	
Large User	44		44	
Street Lighting	n/a	172,781	1	n/a
Unmetered Scattered Load	n/a	12,873	791	n/a

17 *The proportion of customers for the Residential, CSMUR and GS<50 Classes are relied on to allocate Account 1551.

² Exhibit 9, Tab 1, Schedule 1 at page 19.

³ EB-2022-065, OEB Decision and Order (December 8, 2022) at p. 16-17.

⁴ Exhibit 9, Tab 2, Schedule 3.

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1 **Appendix A, Tabs 6 and 6.1**

- 2 • Toronto Hydro notes that under tab 6 "Class A Consumption Data," on row 14 the year
3 for account 1589 GA was last disposed remains as 2021. On row 17 of the same tab, the
4 year account 1580 CBR Class B was last disposed has been updated to 2022, which
5 previously incorrectly stated 2021.
- 6 • Upon further review of the 2024 DVA (Continuity Schedule) Workform utilized for 2025
7 Group 1 rate calculations, enabling macros in the files results in the deletion of 2022
8 Class A input data under the following tabs: "6. Class A Consumption Data" and "6.1a
9 GA Allocation", which resulted in the 2022 balances deferred from the 2024 incentive
10 proceeding to not appear properly. Toronto Hydro is refiling the continuity schedule
11 without the macros as Appendix A to this undertaking response to address the issue.

12

13 **Appendix B – Reconciliation with Appendix A and Rate Smoothing**

14 The calculation of rate riders in Appendix B to this response differs from the total DVA
15 balances in Appendix A due to rate smoothing. As Toronto Hydro arranged the timing of
16 dispositions to smooth out the customer rate impacts over the 2025-2029 rate period, this
17 created incremental carrying charges for those balances which are not being disposed in
18 2025. For example, the utility proposes to dispose PILs and Tax Variance in 2025, hence no
19 incremental carrying charges were calculated. However, Wireline Pole Attachments
20 Revenue is proposed to be disposed in 2027, and therefore incremental carrying charges
21 were calculated for years 2025 and 2026. In all cases Toronto Hydro calculated the
22 incremental carrying charges using the OEB-prescribed DVA interest rate of 5.49% on the
23 closing principal balance of each account as of December 31, 2023. The new Appendix C to
24 this undertaking response provides a reconciliation of the DVA Continuity Schedule in
25 Appendix A to the balances in the Rate Riders table in Appendix B.

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1 **TECHNICAL CONFERENCE UNDERTAKING RESPONSES TO**
2 **ONTARIO ENERGY BOARD STAFF**

3
4 **UNDERTAKING NO. JT5.14:**

5 **Reference(s): GA Analysis Workform**

6
7 To file an updated version of the GA Analysis Workform.

8
9 **RESPONSE:**

10 Toronto Hydro has further updated the Global Adjustment (“GA”) Analysis Workform based
11 on 2023 actuals and is filing it as Appendix A to this undertaking response. Below Toronto
12 Hydro provides certain explanatory notes to assist with the review of the appendices.

13
14 The updates to the GA Analysis workform are as follows:

- 15 1. Under tab GA 2023, for Note 5 (“Reconciling Items”) item 7 in row 86, the response
16 to Principal Adjustment on DVA Continuity Schedule in cell I86 changed from ‘No’
17 to ‘Yes’ and the explanation in cell D86 was updated accordingly.
- 18 2. Under tab Principal Adjustments, included \$2,237,906 as the third reversal in cell
19 J82 and adjusted cell J81 the second reversal item on unbilled to actual revenue
20 differences to \$405,528 from \$2,643,434, effectively splitting out the latter figure
21 into two current year principal adjustments.

22 Toronto Hydro has updated the GA Workform to clarify the adjusted net change in principal
23 balance in the GL line in cell C90 under the GA 2023 tab.

24
25 On a quarterly basis, Toronto Hydro trues up/down its general ledger (“GL”) to ensure Class
26 A GA costs to match its Class A GA revenues. However, when Toronto Hydro accrued GA

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1 revenue of approximately \$2.2 million in its GL in respect of a billing adjustment relating to
2 a large customer in December 2023, the true up/down did not occur until 2024 due to
3 timing. As a result, this amount was recognized under tab GA 2023 in cell C75 as a credit
4 to the net change in principal balance in the GL line, resulting in the balance being
5 approximately \$6.7 million. As the total expected GA variance in cell K60 of the same tab
6 does not capture the impact of this accrual, it is classified as a reconciling item under Note,
7 5 which resulted in Toronto Hydro having a reconciling item of approximately \$2.2 million
8 presented within the GA 2023 tab.

9

10 The impact of this accrual was also captured in the current year principal adjustment
11 amount, since Toronto Hydro trues up accounting accruals to actualized billing and
12 calculates the principal adjustment as the difference between the accounting accrual and
13 the actualized billing. Toronto Hydro's changes to cells J81 and J82 of the Principal
14 Adjustments tab is to clarify the impact of this amount i.e. a principal adjustment of the
15 same amount in the Principal Adjustments tab of the GA Analysis Workform.

16

17 This reconciliation difference will reverse for 2024. Toronto Hydro confirms that this was a
18 one-time occurrence that has not impacted previous years.

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