

Ontario Energy Board



Questions and Answers on Annual RRR Filings for Electricity Distributors

From RRR Filing Guide Webinar held on April 13, 2015

Prepared By Audit & Performance Assessment

April 17, 2015

RRR 2.1.2 Customer Numbers

Q1: In RRR section 2.1.2 (customer numbers filing), there is now a separate table for reporting wholesale market participant information. Do we also include the wholesale market participants in their respective rate classes, i.e. large use, general service etc. in Table 1?

A1: Yes. The number of wholesale market participants (WMPs) that are distribution customers in the various rate classes (i.e. General Service >50 kW, Large User, etc.) of a distributor should be reported under those specific rates classes. However, for the purposes of the new separate table for WMPs, the amount to be reported is the aggregate of WMPs in the various rate classes (i.e. General Service >50 kW, Large User, etc.).

Q2: Regarding to RRR 2.1.2, will information on customer count also be required at the detailed rate class level?

A2: Yes. The form and structure of the reporting of RRR 2.1.2 customer counts by rate class will be similar to the approach used in RRR 2.1.5.4 Demand and Revenue. To transition this change in reporting, these changes will be reflected in the quarterly filing for Q1 2015 due May 31, 2015. In subsequent years, only the Q4 filing will require the distributor-specific rate class information.

RRR 2.1.4 Service Quality and Service Reliability

Q1: In RRR section 2.1.4.1, are we required to report telephone calls if we do not have an automated telephone system?

A1: Yes. The reporting of the telephone accessibility service quality is required regardless of whether or not a distributor has an automated telephone system. Please refer to sections 7.1 and 7.6 of the Distribution System Code for details of this requirement.

Q2: Regarding RRR 2.1.4.2 Service Reliability Indicators, what is the definition of "average number of customers" to be used in the Cause Code calculations?

A2: Page 11 of the Electricity RRR Document related to RRR 2.1.4.2 states: The "Average Number of Customers Served" by a distributor is the average number of customers served in the distributor's licensed service area during the month.

Q3: In RRR 2.1.4.2, how is the "Average Number of Customers Served" column for each cause code calculated?

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A3: The “Average Number of Customers Served” is calculated as the sum of the total number of customers served on the first day of the month and the total number of customers served on the last day of the month, divided by two.

Q4: In RRR section 2.1.4.2, are retailer customers included in the average number of customers reported on the Cause Code pages?

A4: Yes. The average number of customers in section 2.1.4.2 of the RRR reporting includes all distribution customers connected to the distribution system of a distributor for purposes of receiving the supply of electricity. Hence, this includes all retailer customers.

Q5: In RRR section 2.1.4.2, do I have to enter average number of customers on each Cause Code table and in the SAIDI/SAIFI tables?

A5: No. When data is inputted in the first selected cause code table (e.g., cause code 1), and the information on this table is saved, all the other cause code forms (e.g., cause codes 0 and cause codes 2 to 9) will be auto-populated so that the data in these forms will not need to be entered again.

Q6: Regarding RRR 2.1.4.2 Service Reliability Indicators, what is the difference among the “Number of Interruptions that occurred as a result on the Cause of Interruption”, “Number of Customer Interruptions” and “Number of Customer Hours of Interruptions”?

A6: Page 11 of the Electricity RRR Document related to RRR 2.1.4.2 states: An “Interruption” means the loss of electrical power, being a complete loss of voltage, of a duration of one minute or more, to one or more customers, including planned interruptions scheduled by the distributor but excluding part power situations, outages scheduled by a customer, interruptions by order of emergency services, disconnections for non-payment or power quality issues such as sags, swells, impulses or harmonics.

Customer Interruptions are the total number of customers affected by all interruptions. For example, if a distributor had 2 interruptions and the first affected 100 customers and the second affected 200 customers. The total customer interruptions would be 300.

“Customer Hours of Interruptions” are the total number of hours interruptions that all customers experienced for all hours of interruptions. For example, for the 2 interruptions, the first affected 100 customers for 1 hour and the second affected 200 customers for an 1.5 hours. The total customer hours of interruption would be 400 hours.

RRR 2.1.5 Performance Based Regulation (PBR)

Q1: For RRR section 2.1.5.2 A), please clarify the reporting requirements for changes in gross capital additions.

A1: The reporting of the “Changes in Gross Capital Assets” in Section A is required in two parts. In the first part, the information for reporting under RRR 2.1.5 Capital tab, Section A) “Total Capital Additions (including high voltage assets)” comprises the gross capital additions (not including CWIP), contributed capital, retirements/write offs/sales/asset impairment losses and other – value (if applicable). The amount in respect of each item is for the current year. In the second part, the information for reporting under RRR 2.1.5 Capital tab, Section A) “High Voltage Capital Additions Only”, the gross capital additions (not including CWIP), contributed capital, retirements/write offs/sales/asset impairment losses and other (if applicable) are reported only in relation to high voltage capital assets for the current year.

Q2: For RRR section 2.1.5.2 A) Change in Gross Capital Assets under Total Capital Additions, there are several related questions as follows:

- a) **Do Gross Capital Additions for the current year include Contributed Capital even though there is a separate box for Contributed Capital?**
- b) **Do we enter all amounts as positive numbers?**
- c) **Please provide an example showing the amounts to be included in the Section A of the form.**

A2: RRR 2.1.5 Capital tab, Section A) “Total Capital Additions (including high voltage assets)” should include gross capital additions for the current year, contributed capital and retirements/write offs/sales/asset impairment losses and exclude CWIP.

The example below illustrates how the capital assets data from a distributor’s records is used to calculate the “Change in Gross Capital Assets” under Total Capital Additions, and how this information is entered in the form.

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In 2014, assume a distributor’s records show capital assets information as follows: gross capital additions for the current year are \$700,000; contributed capital received is \$50,000; retirements in the current year are \$150,000 and there were no other values.

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The “Change in Gross Capital Assets” for the current year is calculated as follows:

i. Gross capital additions for the current year:	\$700,000
ii. Less: Retirements/write-offs/sales/asset impairment losses:	\$150,000
iii. Less: Contributed capital:	\$50,000
iv. Less: Other – value:	\$0
Change in Gross Capital Assets for the Current Year:	\$500,000

The information from the distributor’s records outlined above is entered in Section A) “Total Capital Additions (including high voltage assets)” of the form, as follows:

Gross capital additions for the current year:
Retirements/write-offs/sales/asset impairment losses:
Contributed capital:
Other:

Please note that the numbers in this example are inputted as positive numbers in the form.

Q3: Regarding RRR 2.1.5.3, does the geographic distributor who bills LTLT customers need to report?

A3: No, the physical distributor who delivers the LTLT load will report the supply and deliveries. The geographic distributor will not report LTLT since it did not deliver the LTLT kWh even though they settled with the physical distributor.

Q4: Regarding RRR 2.1.5.3, my utility is a physical distributor, but we do not have the LTLT kWh customer metered consumption. What should we do?

A4: In the absence of actual consumption for long term load transfers, an accrual is made for kWh customer metered consumption for the purposes of completing the audited financial statements based on the current rates applied to prior years’ consumption. As such, for completing the RRR 2.1.5.3 filing, please use the accrual as the basis for completing the LTLT information on the form. Please submit a revision request form when actual figures are available if the difference between actual and accrued figures is material.

Q5: Is it expected that there will be a difference in reporting the RRR 2.1.5.3 total kWhs of electricity delivered to all customers and the sum metered consumption of all rate classes in RRR 2.1.5.4?

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A5: Generally, it is recognized that there could be some differences between RRR 2.1.5.3 and RRR 2.1.5.4. RRR 2.1.5.3 is based on unbilled (estimated) kWhs whereas RRR 2.1.5.4 is reported based on actual consumption. It is expected that these differences should not be material.

Q6: In RRR section 2.1.5.4 (Demand & Revenue) for the new Table 0, do distributors need to send the OEB prior to April 30 (via email) breakdowns of their specific customer classes in order to customize the information for distributors?

A6: No. Data input forms for reporting RRR 2.1.5.4 demand and energy consumption contain a prepopulated listing of each distributor's OEB-approved set of rate classes. However, prior to April 30th annual RRR filing deadline, distributors must review their specific rate classes (RRR 2.1.5.4, Table 0) for accuracy and to also verify that the detailed rate classes have been rolled up correctly into the appropriate generic rate classes in Tables 1 and 2b. If there is a need to make corrections to the information in the tables, please notify OEB staff via the Industry Relations Enquiry (IndustryRelations@ontarioenergyboard.ca), using the subject line "RRR: detailed rate classes" and staff will work to resolve the issues.

Q7: For RRR section 2.1.5.4, a clarification is needed for 'Billed kWhs' in Table 4 for Wholesale Market Participants (WMP) information. We bill our WMPs on demand (kW) only. Do we leave this cell blank? Annual Billings (in dollars) are related to demand only.

A7: In Table 4, the Billed kWhs for WMPs refers to the kWhs that are used as the basis for calculating the distribution revenue for the WMPs. Please report the equivalent kWhs when kW is billed (do not leave this field blank). The "Annual Billings" box reports the distribution revenue earned.

Q8: Regarding RRR 2.1.5.4, how should wholesale market participants' demand and energy consumption be reported?

A8: For 2014 reporting, the energy and demand of any wholesale market participant (WMP) that is a distribution customer should be aggregated into the figures reported for the distributor's rate class in which the WMP belongs – i.e. GS, Large User, etc. There is also an additional table at the end of the RRR 2.1.5.4 form for WMP reporting.

Q9: Regarding RRR 2.1.5.4.2, does the "Annual Billings – Distribution Revenue (Account 4080)" need to match our dollar value in account 4080 on the trial balance?

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A9: Yes, the total distribution revenue for all rate classes reported in RRR 2.1.5.4.2 should equal the balance reported for Account 4080 on the trial balance. Refer to APH Article 220 for account definition.

Q10: Regarding RRR 2.1.5.4, does Table 0 “SSS Metered Consumption by Detailed Rate Class” include retailer customers? (i.e. “consumption for customers NOT on RPP”)

A10: No, Table 0 does not include any information for retailer-enrolled customers. Otherwise such inclusion would lead to double counting of information for retailer-enrolled customers in table 2.

Q11: Regarding RRR 2.1.5.4 - Demand and Revenue, do we report kW and kWh even if we are measuring kW but only billing the customer on kWh?

A11: In situations where kWh is billed, then only kWh should be reported. When kW is billed then both kW and kWh should be reported in the table.

Q12: Regarding RRR 2.1.5.5(b) and (c), for the calculation of peak load (with and without embedded generation), should the embedded generation be added to or subtracted from the peak load?

A12: Distributors are expected to be consistent with prior years' RRR 2.1.5.5 b) & c) filings and use the same calculation for 2014. However, OEB will explore the possibility for refinement to the definition and calculations for next year's filing.

Q13: Regarding RRR 2.1.5.5(e) and (f), can you provide guidance on how to calculate circuit kilometers of line?

A13: Please refer to the Canadian Electricity Association website for the definition of circuit kilometers of line. For clarity, circuit length is distinct from conductor length in that one or more conductors may be employed to create a circuit. CEA's intention is to report circuit length. The best analogy is to consider a single line diagram representation. For instance, a 1 km long three-phase grounded interconnection between two points which is built with one conductor per phase plus one neutral conductor has a total of 4 km of conductor; however, it is only 1 km long circuit (CEA). Submarine cables are reported in the underground cables category.

Q14: Regarding RRR 2.1.5.6, I had one-time income adjustment (i.e. PILS disposition amounts, LRAM, Smart meter dispositions, etc.). Should I remove these from regulatory net income in order to normalize the ROE calculation?

And

In RRR section 2.1.5.6 on the Regulated Return on Equity (ROE), it is my understanding that regulatory PILs should exclude the impact of regulatory variance and deferral account balances on reserve balances. Is this adjustment to PILs made in box C, non-regulated items when calculating the regulatory ROE?

A14: No, regulatory net income should include all one-time or unusual events. However the distributors are encouraged to use the comment boxes provided on the ROE form to explain and include financial information for any unusual items that would generally not otherwise be included as part of the information being reported.

RRR 2.1.6 Audited Financial Statements

Q1: For 2.1.6, our audited financial statements (AFS) are not approved by our Board of Directors by April 30. So we are filing Draft AFS by April 30. How do we file the Approved Audited Financial Statements?

A1: In accordance with the Reporting and Record-keeping Requirements, distributors are required and expected to have their Audited Financial Statements (AFS) ready for submission to the OEB by April 30th each year, which is a four-month period after the reporting year end. In exceptional circumstances, if for unusual reasons the AFS are not available by April 30th, a request for an extension should be made explaining the exceptional circumstances.

RRR 2.1.7 Trial Balance

Q1: In the RRR 2.1.7 Sub-Accounts tab, a new sub-account of Account 2105 has been added, what is the definition of specifically identified asset account?

A1: The specifically identified asset accounts for “Sub-account Accumulated Depreciation for Specifically Identified Asset Accounts” are listed on pages 113 and 114 of the RRR Filing Guide in the Tips section.

Q2: Regarding RRR 2.1.7, do I have to input account balances to two decimal places?

A2: No, distributors may input account balances rounded to the nearest dollar. Please ensure the figures are reconciled.

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Q3: We will be filing a 2016 Cost of Service Filing which will require clearance of these accounts since there are balances at December 31, 2014 in these accounts. Please provide clarifications regarding some of the accounts that are being deleted in RRR 2.1.7, namely the 1508 “Sub-account Incremental Charges”, 1592 “Sub-account HST” and the three Sub-accounts of Account 1595 (2013).

A3: The balances for all vintage years’ sub-accounts of 1595 are rolled up and reported in the control account 1595 of the RRR 2.1.7 trial balance. Although the “2013” vintage year’s three sub-accounts of Account 1595 are not required to be reported in the “Sub-Accounts” tab of RRR 2.1.7, the 2013 sub-accounts of 1595 are reported in aggregate in a new tab “Group 1 Accounts” (under the “Disposition and Recovery/Refund of Regulatory Balances (2013)”) of RRR 2.1.7. A distributor can use the “2013” account balance of Account 1595 at a sub-account level of detail for disclosure and disposition.

For reporting purposes, the 1508 Incremental Charges and 1592 HST sub-accounts have been removed for the reporting of these specific account balances because most distributors no longer have balances remaining in these accounts for disposition. In the event however that a distributor may still have balances in these accounts, the amounts should be rolled up and included in the balance reported in the control accounts of 1508 and 1592. A distributor can use the 1508 and 1592 account balances at the sub-accounts level of details for disclosure and disposition.

Q4: In the March 2015 APH Guidance, there is more clarification on how to record Hydro One Rate Riders. We will have to change which deferral accounts we have been recording these charges to for Q1 2015 in the RRR 2.1.1 reporting. Does this change/correction have to be made for the 2014 RRR 2.1.7 Annual Filing?

A4: OEB staff in the past has provided guidance on the treatment of the Hydro One Rate Riders through accounting inquiries received. Staff has generally advised distributors that the amounts arising from these rate riders should be recorded and reported in Account 4750 subject to the Board’s approval of this treatment in formal accounting guidance in the future. As a result, many distributors are already recording and reporting these amounts in Account 4750.

In order to maintain consistency in the reporting of these amounts, it is recommended that all distributors should report these amounts in Account 4750 for their 2014 year-end reporting under RRR 2.1.7. The reporting of these amounts under Account 4750 of RRR 2.1.7 for 2014 would also provide the adjustment required for reporting the 4750 account balance for Q1-2015 of RRR 2.1.1.

RRR 2.1.11 Service Agreements & Billing Options

Q1: In RRR section 2.1.11 when the form is prepopulated with data, can we add a new Retailer or delete a Retailer?

A1: Yes. Form 2.1.11 for the current reporting year is prepopulated with data from the prior year after the form has been saved. Distributors should review this data for accuracy and make any necessary corrections to ensure that the data is representative of the current year including adding or deleting of retailers, as applicable.

RRR 2.1.14 Net Metering & Embedded Generation

Q1: In RRR section 2.1.14, if we had a Net Metering account that closed during the course of the year, do we include it for reporting in RRR 2.1.14?

A1: No. RRR section 2.1.14 requires the reporting of the number of net metering facilities operating at the 2014 year-end. Thus, if the account has been closed in 2014, it should not be reported on RRR 2.1.1.4.

RRR 2.1.19 Evolving Performance Measures

Q1: Regarding RRR 2.1.19 (b) Billing Accuracy measure, what is the reporting period for 2014 given the fact the OEB approved the policy on July 17, 2014?

A1: Distributors are required to implement and start tracking the billing accuracy measure effective on October 1, 2014. The first reporting period (October to December 2014) of the measure will be due on April 30, 2015.

Q2: Regarding RRR 2.1.19 (c) Customer Satisfaction Survey Results measure, do I have to report this year?

A2: Distributors will be required to report their results on a biennial basis (i.e., every second year), at a minimum. If the distributor reported the performance result for 2013, please report the same performance result in 2014 as well. If the distributor did not report performance in 2013, then reporting is required for 2014.

Executive Certification for RRR Filings

Q1: If a RRR correction/revision was required and approved after April 30, should the CEO/CFO certify again the revised RRR?

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A1: No executive certification is required.

Q2: If a RRR Filer forgets his/her user ID or password, how can this issue be rectified?

A2: If you have forgotten your user ID or your password, you may enter the RRR portal and click on "Forgot your Password" below the log-in space. You will be asked to provide your email address registered with the OEB. Your User ID and password will be sent to that email within minutes.