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Subject: TRIM: EB-2011-0123 Guelph Hydro - Communication to all parties
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Attachments: [All LDC PILs 1562 Disposition ltr 2012 EDR 20110913.pdf](#)
[Dec Order PILs 1562 20110624.pdf](#)

To All Parties:

Board staff is preparing questions for the technical conference. In the course of our review of the PILs 1562 evidence for Guelph, staff has identified areas of concern as follow. This list is not exhaustive but identifies those issues that have the potential to materially affect the final balance.

- The SIMPIL models filed for 2001 and 2003 are the old models that contain known errors. In its decision in the combined proceeding EB-2008-0381, the Board decided that all errors must be corrected. The models for 2002, 2004 and 2005 are also older models that did not allow for the segregation of regulatory assets as described below.
- Incorrect tax rates have been used to determine the PILs 1562 balance. Please see pages 13-19 of the decision in the PILs Combined proceeding.
- Regulatory assets should be excluded from the determination of the PILs 1562 balance. The newer models filed in several recent cases allow for the segregation of the regulatory asset and liability balances, collections from customers and changes in provisions for impairment. In Guelph's evidence, it appears that regulatory assets are included in reserves and true up to ratepayers.
- It is not clear how Guelph dealt with the PILs associated with the unbilled revenue accrual as at April 30, 2006.
- PILs billed to customers (collections from customers) appear to be based on only the variable charge for the period March 2002 through March 2004. The Board-approved rates in that period have PILs components related to the fixed charge and the volumetric rates. PILs recoveries have to be calculated based on both of the approved rate components.
- The SIMPIL models were completed in the summer of the year following the fiscal year end. Tax returns had to be filed before the SIMPIL model for that tax year could be completed. Guelph appears to have made the adjustment to its account 1562 with effect from January of the year rather than July or August. Most distributors recorded the entry in their general ledgers in the month when they made the calculations – in the summer. An interest burden is created by recording the entry with effect from January 1st.
- The financial statements that support the tax returns were not filed in evidence making it difficult for staff to assess the reasonableness of certain entries.

If Guelph Hydro agrees with these observations, Board staff is on the view that an update to the evidence should be filed as soon as possible and prior to the upcoming technical conference.

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