



## Jay Shepherd

Professional Corporation  
2300 Yonge Street  
Suite 806, Box 2305  
Toronto, ON M4P 1E4

**BY EMAIL and RESS**

March 27, 2015  
Our File: EB20140072

Ontario Energy Board  
2300 Yonge Street  
27th Floor  
Toronto, Ontario  
M4P 1E4

**Attn: Kirsten Walli, Board Secretary**

Dear Ms. Walli:

**Re: EB-2014-0072 – Essex Powerlines IRM – SEC Questions**

We are counsel to the School Energy Coalition (“SEC”). Pursuant to the *Partial Decision and Procedural Order No. 3*, we enclose additional questions SEC has in this matter.

Yours very truly,  
**Jay Shepherd P.C.**

*Original signed by*

Mark Rubenstein

cc: Wayne McNally, SEC (by email)  
Applicant and Intervenor (by email)

T. (416) 483-3300 F. (416) 483-3305

[mark.rubenstein@canadianenergylawyers.com](mailto:mark.rubenstein@canadianenergylawyers.com)

[www.canadianenergylawyers.com](http://www.canadianenergylawyers.com)

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**Questions to Essex Powerlines on behalf of the School Energy Coalition**

1. Please provide a detailed step-by-step explanation of how Essex Powerlines records information in Accounts 1588 and 1589. The answer should include, but in no way be limited by, responses to the following specific questions:
  - a. How often do the entries take place?
  - b. What accounting system is used?
  - c. Which member of Essex Powerlines staff makes the entry?
  - d. What type of relevant of qualification and training does that person have?
  - e. What type of verification process is conducted, if any?
  - f. Are there any materials that Essex Powerlines uses for training and/or on-going guidance on how to records amounts in deferral or variance accounts? If so, please provide copies.

2. [Reference: Response to Procedural Order #2 February 6, 2015, Submission of New Evidence, Response No. 2]:

*“The source of the error occurred in the use of forms to arrive at the RPP and non RPP split. The data input error was not detected initially as the nature of the 1588 and 1589 as well as all the other variance accounts in total were being monitored and overall they were not changing drastically. The continued increases in the global adjustment amounts appeared to be the reason for the accumulating amounts in the 1588 and 1589 accounts.”*

- a. Please provide copies of the forms Essex Powerlines uses to arrive at the RPP and non-RPP split.
  - b. Essex Powerlines says that the variance accounts “were being monitored” Please explain in detail the process of monitoring these accounts.
3. As part of Essex Powerlines annual external financial audit process, are the balanced of deferral and variance accounts audited? If so, why were the errors not detected during that process?
4. When was the last time the Ontario Energy Board Staff audited Essex Powerlines deferral and variance accounts? Please provide copies of any relevant audit reports.
5. Please explain Essex Powerlines process for prepared IRM applications, specifically the disposition of deferral and variance accounts. Does Essex Powerlines do any verification at that stage regarding the balances in those accounts?

6. Please provide Essex Powerlines actual regulatory return on equity (both as a percentage and in dollars) including all supporting calculations for 2013 and 2014. Please provide the same information on a forecast basis for 2015.
7. Please provide details on the impact to Essex Powerlines if it was required to refund to RPP customers:
  - a. The full amount that was over-collected.
  - b. 50% of the amount that was over-collected.
  - c. 10% of the amount that was over-collected.