

From: Jessy Richard [<mailto:jrichard@hearstpower.com>]
Sent: February-22-17 2:38 PM
To: Kelli Benincasa
Subject: RE: Confirmation of our Discussion

Hi Kelli,

This explains it quite well....the only small detail is the residual amount of 1595 (2012) as of December 31, 2015, which is a principal balance of 97,057\$ and closing interest of 1,063\$. The number 99,541\$ which is requested for disposal includes projected interest of 1,068\$ from Jan 1st 2016 to Dec 30th 2016 and 353\$ projected interest from Jan 1st 2017 to April 30th, 2017.

See my small change **in red** in your statement below.

Thanks a lot for your assistance on the matter.

Sincerely

Jessy Richard
Directeur Général
General Manager

La Corporation de distribution électrique de Hearst
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From: Kelli Benincasa [<mailto:Kelli.Benincasa@ontarioenergyboard.ca>]
Sent: February-22-17 1:13 PM
To: 'Jessy Richard' <jrichard@hearstpower.com>
Subject: Confirmation of our Discussion

Hi Jessy

Can you please confirm that statement below is correct and if not please explain where we have gone wrong? This is what Dan and I have come up with from our conversation last week.

Thanks Kelli

The OEB notes that the proposed debit balance of \$99,451 for account 1595 (2012) is a residual balance flowing from a previously approved credit balance of \$627,950 from Hearst Power's 2012 rate proceeding. This original balance was approved for disposition^[1] over three years commencing May 1, 2012. Hearst Power transferred the approved balances to account 1595 (2012) for the purpose of tracking the disposition period consistent with the OEB's accounting guidance.

Hearst Power brought forward for disposition the residual balance in this account in its 2015 cost of service proceeding, prematurely. The OEB requires deferral and variance account balances to be audited before being brought forward for disposition. For 2015 cost of service filers, most utilities brought forward their year ending 2013 balances. Due to the lateness of Hearst Power's cost of service application, Hearst Power proposed to dispose of the year ending 2014 balances because Hearst Power was able to provide audited balances to support its request for disposition given the passage of time.

Included in the group of accounts whose balances were proposed for disposition was account 1595 (2012), which as of December 31, 2014 had not been completely drawn down (the approved rate riders continued to be in effect for another four months, to April 30, 2015).

The residual balance as of December 31, 2014 was a credit of \$65,290^[2]. The balance had been audited and was consistent with Hearst Power's RRRs. With the disposition of the \$65,290 residual credit balance, and the continuation of the original credit riders for another four months, Hearst Power over refunded its customers by a significant amount. The company has calculated an updated residual debit balance of \$99,541 in account 1595 (2012) as of ~~December 31, 2015~~ **April 30, 2017** and in the original application asked for recovery in this proceeding.

Kelli Benincasa

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^[1] Decision and Rate Order, EB-2011-0171, issued April 4, 2012

^[2] Decision and Rate Order, EB-2014-0080, issued January 21, 2016

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