

1 September 27, 2017  
2  
3 Kelli Benincasa  
4 Ontario Energy Board  
5 P.O Box 2310  
6 26<sup>th</sup> Floor – 2300 Yonge St  
7 Toronto, ON M4P 1E4  
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10 **Re: St. Thomas Energy Inc. "STEI" Responses to:**  
11 **GA Analysis Workform**  
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13  
14 Dear Ms. Benincasa,  
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16 **OEB Staff:**

17 1. Please fill out the columns G and H in the GA Analysis Workform.  
18

19 **STEI Response:**

20 As indicated in the "Notes and Comments" section on the Global Adjustment "GA" Analysis Workform,  
21 STEI records unbilled revenue annually. A true-up entry is recorded to adjust unbilled revenue at year-  
22 end. Monthly unbilled adjustments are not performed at this time, as such, columns G and H have not  
23 been reported on the GA Continuity schedule.  
24

25 **OEB Staff:**

26 2. Please fill out reconciling items 3 to 6.  
27

28 **STEI Response:**

29 STEI has updated the GA Analysis Workform to provide additional explanation on the reconciliation items  
30 referenced above.  
31

32 **OEB Staff:**

33 3. Has the reclassification entry been included in the \$1,291,251 in the GL?  
34

35 **STEI Response:**

36 No the reclassification entry of \$1,773,323 between Accounts 1588 and 1589 has not been recorded in  
37 the general ledger due to the pending outcome of the ongoing OEB audit.  
38

39 **OEB Staff:**

40 4. Please explain how the reclassification error impacts RPP settlement with the IESO?  
41  
42

43 **STEI Response:**

44 The adjustment resulted in a payable to the IESO in the amount of \$57,067 which will be adjusted on  
45 our September 2017 settlement submission. As highlighted in STEI's 2018 IRM, the reclassification  
46 entry was the result of a change in estimated RPP GA consumption. As this work was completed in

1 2017, it was not recorded as a prior period expense. This adjustment has been captured on STEI's  
2 updated 2015 GA Continuity Workform.

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4  
5 **OEB Staff:**

6 5. In booking expense journal entries for Charge Type 1142 (formerly 142), and Charge Type 148 from  
7 the IESO invoice, please confirm which of the following approach is used:

- 8 a) Charge Type 1142 is booked into Account 1588. Charge Type 148 is pro-rated based on RPP/non-  
9 RPP consumption and then booked into Account 1588 and 1589, respectively.  
10 b) Charge Type 148 is booked into Account 1589. The portion of Charge Type 1142 equalling RPP-  
11 HOEP for RPP consumption is booked into Account 1588. The portion of Charge Type 1142  
12 equalling GA RPP is credited into Account 1589.  
13 c) Another approach. Please explain this approach in detail.

14 **STEI Response:**

15 STEI uses option (c), another approach.

16 STEI records the above noted IESO charges to the appropriate cost of power expense accounts.  
17 Subsequently, monthly variance entries are booked that transfer the Global Adjustment cost on STEI's  
18 monthly IESO invoice reconciliations based on pro-rated RRP/non-RPP consumption. The GA revenue and  
19 expense accounts are then reconciled with the variance being booked to Account 1589.

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21 **OEB Staff:**

22 6. With regards to the Dec. 31 balance in Account 1589:

- 23 a. Please indicate whether the following items that flow into the account is based on  
24 estimates/accruals or actuals at year end.  
25 b. If there are reconciling items #1a, 1b in the GA Analysis Workform or if there are any proposed  
26 adjustments to Account 1589 in the DVA Continuity Schedule for the true up impacts, please  
27 quantify the adjustment that relate to each of the following items:  
28 i. Revenues (i.e. is unbilled revenues trued up)  
29 ii. Expenses - GA non-RPP (Charge Type 148) with respect to the quantum dollar amount  
30 and RPP/non-RPP pro-ratio percentages  
31 iii. Credit of GA RPP (Charge Type 142) if the approach under IR 1b is used.

32 **STEI Response:**

33 As referenced above, STEI does not record revenue and expenses directly to 1589 account. Monthly variance  
34 entries are booked to the 1589 account to reconcile the revenue and expenses based on actual monthly  
35 billings the pro-rated RRP/non-RPP consumption. At year-end STEI accrues unbilled revenue annually based  
36 on effective usage dates and actual consumption.

37  
38 As indicated on STEI's approved traffic sheets, the consumption for Street Lights and Sentinel Lights are  
39 estimated based on the calculated connected load times and the required lighting times established in the  
40 approved Ontario Energy Board template. The estimated load profile is used to determine STEI's  
41 distribution volumetric revenue and commodity cost.

42  
43 Loss factors are estimated by determining the difference between the total kilowatt-hours (kWh) purchased  
44 from the Independent Electricity System Operator (IESO) and embedded generators, and the total kWh  
45 sold to customers for the same period.  
46

1 On STEI's 2016 GA Continuity schedule, there was a credit adjustment of \$472,498. This was a timing  
2 difference related to 2016 STEI's monthly IESO invoice reconciliations that were performed subsequent to  
3 year-end. As referenced above, in 2015 there was a \$57,067 credit which is payable to the IESO for changes  
4 in consumption related to the 2015 reclassification entry which be an added expense to Global Adjustment  
5 cost of power.

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7

8 Yours Truly,

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Lisa Barker, CPA, CA

Manager of Finance and Regulatory

St. Thomas Energy Inc.

(519) 631-5550 x 5248

lbarker@sttenergy.com