

**Wasaga Distribution Inc. - EB-2017-0079**  
**GA Analysis Workform Questions**

**November 20, 2017**

1. In Note 2 of the GA Analysis Workform for 2015, the consumption data entered cannot be reconciled with Wasaga Distribution's 2015 RRR data. (Please note the Total Metered and Non-RPP kWh in Note 2 should exclude WMP consumption.)
    - a. Please reconcile the consumption data in Note 2 with the RRR and make necessary updates.
    - b. Please recalculate the TLF using data in the GA workform (cell F59/D26) and explain any significant difference between the calculated TLF and the TLF in the Tariff and Rate Order.
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Wasaga Distribution Inc Response:

- a) WDI amounts entered into Table 1 of 2.1.5 and Table 3B agree to the workform. Wholesale Market Participants were excluded.
  - b) There are no significant differences
2. In Note 2 of the GA Analysis Workform for 2016, the total Non-RPP consumption 21,162,360 kWh is allocated fully to Class A (cell D25). As noted in the manager's summary, all of Wasaga Distribution's customers are referred to as Class B customers.
    - a. Please confirm that the 21,162,360 kWh Non-RPP consumption should be entered in D26 for Class B customers and update the GA Analysis Workform.
    - b. If confirmed, please update the GA Analysis Workform and recalculate the TLF using data in the GA Analysis Workform (cell F59/D26) and explain any significant difference between the calculated TLF and the TLF in the Tariff and Rate Order.
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Wasaga Distribution Inc Response:

- a) WDI confirms that the consumption should be entered in Cell D26 for Class B customers. WDI will remit a revised 2016 GA Analysis workform based on all of the responses submitted.
  - b) There are no significant differences.
3. In Note 4 of both 2015 and 2016's GA Analysis Workforms, Wasaga Distribution did not enter any previous/current month unbilled consumption amounts (column G & H).
    - a. Please confirm whether or not each consumption amount entered in column F was the actual consumption for the given calendar month. (e.g.

In the 2015 workform, the first number 2,330,839 kWh was billed in February for consumption in January.)

- b. Do any of the consumption amounts entered in column F include a portion where the billing period spanned more than one month? If yes, how was this part of consumption allocated into the months? And please provide the total kWh consumption for which the billing period spanned more than one month.
  - c. If any numbers provided in column F are not for the calendar month consumption, please update the table to provide consumption data as required in the table, i.e. completing the volumes for billings by month, prior period unbilled, and current period unbilled.
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Wasaga Distribution Inc Response:

- a) WDI confirms that Column F was the actual consumption for the given calendar month.
- b) WDI bills all customers during the calendar month. On occasion transfer of accounts from one occupant to another would result in a difference between periods once the account is finalised. WDI confirms that this amount is not significant.
- c) N/A based on answer b) above

**Please note that the applicant must provide a separate answer to questions 4-11 below for 2015 and 2016 respectively.**

4. In booking expense journal entries for Charge Type 1142 (formerly 142), and Charge Type 148 from the IESO invoice, please confirm which of the following approach is used:
    - a. Charge Type 1142 is booked into Account 1588. Charge Type 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589, respectively
    - b. Charge Type 148 is booked into Account 1589. The portion of Charge Type 1142 equalling RPP-HOEP for RPP consumption is booked into Account 1588. The portion of Charge Type 1142 equalling GA RPP is credited into Account 1589.
    - c. Another approach. Please explain this approach in detail.
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Wasaga Distribution Inc Response:

For both 2015 and 2016 WDI confirms that approach a) Charge Type 1142 is booked into Account 1588. Charge Type 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589, respectively-is used.

5. In regards to the Dec. 31 balance in Account 1589; for all components that flow into Account 1589 (see items i to iv in the table below), please complete the table below and indicate whether the items listed have been recorded based on estimates or actuals at year-end. Where an item has been recorded based on an estimate, quantify the adjustment required for true up from estimate to actual.

	<b>Component</b>	<b>a) Estimate or Actual</b>	<b>Notes/Comments</b>	<b>b) Quantify True Up Adjustment</b>
i	Revenues (i.e. is unbilled revenues trued up by year end)			
ii	Expenses - GA non-RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end)			
lii	Expenses - GA non-RPP: Charge Type 148 with respect and RPP/non-RPP pro-ration percentages			
iv	Credit of GA RPP: Charge Type 142 if the approach under IR 1b is used			

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Wasaga Distribution Inc Response:

The chart required is filled out below. Please note the answers are the same for both 2015 and 2016.

	<b>Component</b>	<b>a) Estimate or Actual</b>	<b>Notes/Comments</b>	<b>b) Quantify True Up Adjustment</b>
i	Revenues (i.e. is unbilled revenues trued up by year end)	Actual	Unbilled revenue at year end is recorded based on actual data.	
ii	Expenses - GA non-RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end)	Actual	Expenses related to commodity are based on the actual IESO invoice at year end.	
iii	Expenses - GA non-RPP: Charge Type 148 with respect and RPP/non-RPP pro-ration percentages	Actual	Expenses related to the split between the GA for RPP customers and the GA for non-RPP customers are prorated based on actual data at year end.	
iv	Credit of GA RPP: Charge Type 142 if the approach under IR 1b is used	N/A		

6. All components of Account 1589 should be recorded based on actual prior to seeking disposition of the balance with the OEB. For any items in Account 1589 that are currently based on estimates, please update Note 5 of the GA Analysis Workform with the required adjustments for true-up to actual, and update the DVA continuity schedule such that these adjustments are reflected in the Account 1589 balance being sought for disposition (including adjustment 7 already disclosed in Note 5). Any required true-up adjustments should be recorded in the "Principal Adjustments" column of the DVA continuity schedule.

**Wasaga Distribution Inc Response:**

There are no items on the continuity schedule for both 2015 and 2016 that are based on estimates. Based on questions below WDI has submitted revised GA Analysis Workforms for both 2015 and 2016.

7. Item 3) in the instructions tab of the GA Analysis Workform requires the applicant to provide certain information to be populated in Note 3 of the GA Analysis Workform. Please provide a narrative in the text box that addresses all requirements listed in 3).
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Wasaga Distribution Inc Response:

WDI will be submitting revised GA Analysis Workforms for both 2015 and 2016 which will address this issue.

8. The starting point used by the applicant in cell D65 of Note 5 of the GA Analysis Workform should equal the balance in the “Transactions debit / (credit) during 2016 (or 2015 for the 2015 GA Analysis Workform)” column of the DVA continuity schedule for Account 1589. Currently the balance used by the applicant in this cell does not reconcile to the DVA continuity schedule submitted. Please update the GA Analysis Workform accordingly, or explain why the applicant believes that the balance currently being presented is appropriate and provide a reconciliation to the balance in the DVA continuity schedule.
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Wasaga Distribution Inc Response:

WDI used the approach that we should start with the “old” continuity schedule numbers before the Special Purpose Audit Engagement as the revisions had not yet been completed for RRR 2.1.1 for 2015 and 2016. Since the 2.1.1 revisions have been completed WDI is resubmitting revised GA Analysis Workforms for both 2015 and 2016.

9. In regards to adjustment 7 of Note 5 in the GA Analysis Workform, please provide more details as to what this adjustment relates to. Please explain the nature of this adjustment and why it is required in order to present a more accurate balance in Account 1589. Please also explain how the applicant has quantified the impact of the adjustment required (also provide the calculation). Please also confirm that the amount recorded as an adjustment only pertains to the impact on the GA for the specific year (and not the cumulative impact including previous years already disposed).
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Wasaga Distribution Inc Response:

This item is not an issue now based on the response to Question 8 above.

10. Please provide the actual system loss factor for each of the years and compare it to the OEB approved loss factor? Please also provide the detailed calculation that quantifies the impact of this difference. Would this difference need to be presented as a reconciling item in Note 5 of the GA Analysis Workform?
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Wasaga Distribution Inc Response:

WDI has provided a detailed calculation below that quantifies the impact of the difference between actual and approved loss factors. An approved secondary metered loss factor during WDI's 2016 COS of 1.0802 was used for 2016 (change effective May 1, 2016). The calculated difference provided is insignificant. No adjustment has been made to the GA Analysis Workform.

	Distribution Loss Factor	Specific Facility Loss	Total Loss Factor	Approved Loss Factor	Difference	Metered	Variance
	(DLF)	(SFLF)	(TLF)	(Secondary Metered)		kWh	kWh
	[A]	[B]	[C] = [A] * [B]	[D]	[E] = [C] - [D]	[F]	[F] * [E]
2015	1.0470	1.0324	1.08097	1.08100	0.0000	123,943,738	- 3,378.88
2016	1.0469	1.0324	1.08087	1.08020	0.0007	124,439,604	83,313.58

11. Please provide the total GA amounts billed to non-RPP customers in 2015 and 2016 as recorded in the applicant's revenue G/L accounts excluding any transfers to RSVA GA if applicable.

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Wasaga Distribution Inc Response:

WDI confirms that the GA amounts billed for non-RPP customers in 2015 and 2016 are the same as the GA Analysis Workform.

12. In regards to the KPMG audit of Accounts 1588 and 1589 for 2015 and 2016, please provide the engagement letter from KPMG which outlines the parameters of the work that was performed. If materiality threshold is not identified in engagement letter please provide the threshold used.

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Wasaga Distribution Inc Response:

WDI has attached KPMG's engagement letter. Please note that before the Special Purpose Audit Engagement was completed, Lois Ouellette from KPMG had a meeting with Dan Gopic from the OEB to discuss the audit and what steps were being performed.

13. On page 12 of Manager's Summary, the applicant lists a number of adjustments that were booked for both 2015 and 2016 as a result of the Account 1588 and 1589 audits. Has the applicant updated the required processes to ensure accuracy of the accounts so that similar adjustments are not required in the future?

- a. How have the audit adjustments been reflected in the DVA Continuity schedule? Please itemize the adjustments for each year according to the field (column) in the DVA Continuity schedule where the audit adjustments were made.

- b. Please detail the processes that were updated as a result of the audit findings and explain what changes were made.
  - c. Please provide a description of the GA Settlement Process that includes all changes that have been made since the audit.
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Wasaga Distribution Inc Response:

- a) The audit adjustments have all been taken into account in the DVA continuity schedule for both years. As these adjustments were completed under the RRR 2.1.1 Revision process the continuity schedule does not reflect those adjustments. When WDI made the request to revise the RRR 2.1. filings a spreadsheet was sent to the OEB RRR Performance Assessment team. WDI has included that spreadsheet with these responses.
- b) WDI did not update any processes specifically as the process itself was sound. WDI was misinformed in 2015 that we were billing our customers on second estimate when WDI was actually billing our customers on first estimate. The same issue did not reoccur in 2016. WDI also discovered that the GS>50 class was being over allocated into non-RPP (essentially being counted twice). WDI has found another report to rectify this error. The reconciliation amounts for 2015 and 2016 were also removed as KPMG felt that since we bill from the beginning to the end of the month, the quarterly reconciliation was not necessary as the formula rounds the monthly data and skews the results for WDI; therefore, these amounts were removed and the 1598 Power reconciliation will no longer be part of WDI's process. WDI has also created some redundancy in report verification.
- c) There have been no changes made to the GA Settlement process as the process itself is sound – the process has been explained in WDI's 2016 Cost of Service Application (EB-2015-0107) and WDI's 2017 IRM Rate Application (EB-2016-0108).

All of which is respectfully submitted.