North Bay Hydro Distribution Inc.

OEB Staff Questions

EB-2017-0065

**North Bay**

**2016 GA Analysis Workform**

1. 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:
2. 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
3. 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.
4. Another approach. Please explain this approach in detail.

**Response**

NBHDL follows the approach explained in b).

1. In regards to the Dec. 31 balance in Account 1589:
	1. 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 to true up from estimate to actual.

**Response**

NBHDL has filled out the table below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Component** | **a) Estimate or Actual** | **Notes/Comments** | **b) Quantify True Up Adjustment** |
| i | Revenues (i.e. is unbilled revenues trued up by year end)  | Estimate | NBHDL’s revenues at year-end are recorded through accrual of unbilled data. The true-up for this is done in the following fiscal period ex; at Dec16 unbilled revenue is accrued – this reverses in Jan17 and actual billing for Dec16 consumption takes place primarily in Jan~Feb17. Any unbilled variances in revenue are then reflected in current fiscal year revenue. In this example, that would be 2017. | $79,016 |
| 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 | Charge Type 148 $ in Dec16 is based on IESO invoice for Dec16. | $0 |
| Iii | 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 | Estimate | NBHDL estimates the kWh for RPP customers and records credit amount based on 2nd estimate. The true-up amount represents both the increase in the actual GA rate from 2nd estimate and an increase in actual RPP kWh vs. accrual.  | $409,353 |

* 1. All components of Account 1589 should be recorded based on actuals prior to seeking disposition of the balance with the OEB. Where an item has been recorded based on an estimate, please update Note 5 of the GA Analysis Workform to include the impact of the true-up adjustment required to bring the balance in Account 1589 to actual. In addition, please update the DVA continuity schedule such that these true-up adjustments are reflected in the Account 1589 balance being sought for disposition. Note that of the adjustments that the applicant has already identified in Note 5 of the GA Analysis Workform, only 1b and 2b need to be reflected in the updated DVA continuity schedule.

**Response**

Please see Q3 below for additional information on the revisions made in the GA Analysis Workform in relation to Note 5 reconciling items.

NBHDL is not seeking to dispose of Account 1588 or 1589 at this time. NBHDL has proposed a one year deferral of disposition to enable the posting of 2017 true-ups for settlement in the proper fiscal period so that requested/approved disposition amounts align with audited financial statement balances. NBHDL’s preference is to avoid adjusting a proposed disposition amount with an unaudited adjustment from a current fiscal year. 2017 year-end processes will be revised in accordance with the OEB guidelines released in May 2017 and the cumulative 2017 balance will incorporate all 2016 and 2017 true-ups.

1. For the reconciling items already provided in 1a, 1b, 2a, and 2b of Note 5 of the GA Analysis Workform, please add a narrative in the “Explanation” column for each to explain the direction of the true-up (i.e. were unbilled revenues over/under accrued, or were the RPP settlements over/under accrued).

**Response**

NBHDL has included a revised GA Analysis Workform with an updated “Explanation” column to explain the direction of the true-ups listed above. NBHDL would note that the true-up amounts in 1b) and 2b) have also been revised after further analysis was completed in response to interrogatories.