

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:
  - 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.

## **RESPONSE**

Energy+ uses the approach a. in booking expense journal entries for Charge Type 1142 (formerly 142) and Charge Type 148 from the IESO invoice.

- 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.

2. **Please complete this below chart separately for 2015 and 2016 respectively.**

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)			
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			

## RESPONSE

	Component	a) Estimate or Actual	Notes/Comments	b) Quantify True Up Adjustment
i	Revenues (i.e. is unbilled revenues trued up by year end)	2015 – Actual	Unbilled revenues for 2015 have been fully trued up prior to disposition of the balances, computed as of December 31, 2016.	
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)	2015 – Actual	Energy + calculated GA non-RPP portion of charge type 148 based on the actual monthly billing non-RPP consumption.	
iii	Expenses - GA non-RPP: Charge Type 148 with respect and RPP/non-RPP pro-ration percentages	2015 – Actual	2015 - RPP/Non-RPP pro-ration average percentages were 36% and 64% respectively.	
iv	Credit of GA RPP: Charge Type 142 if the approach under IR 1b is used	N/A		

	Component	a) Estimate or Actual	Notes/Comments	b) Quantify True Up Adjustment
i	Revenues (i.e. is unbilled revenues trued up by year end)	2016 – Estimate at year-end	The variance in actual quantities related to 2016 as compared to the year-end accrual were < .08%. The resulting true-up variance related to GA was computed at \$2,114 and was considered immaterial.	\$2,114 This adjustment was not included on the GA Analysis Workform.
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)	2016 – Actual	Energy + calculated GA non-RPP portion of charge type 148 based on the actual monthly billing non-RPP consumption.	
iii	Expenses - GA non-RPP: Charge Type 148 with respect and RPP/non-RPP pro-ration percentages	2016 – Actual	2016 - RPP/ Non-RPP pro-ration average percentages were 39% and 61% respectively.	
iv	Credit of GA RPP: Charge Type 142 if the approach under IR 1b is used	N/A		

3. 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 (for both 2015 and 2016) 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. Any required true-up adjustments should be recorded in the "Principal Adjustments" column of the DVA continuity schedule.

## **RESPONSE**

Energy+ (Brant) confirms that all of the components of account 1589 were recorded based on actual prior to seeking disposition of the balance with the OEB, with the exception of the immaterial adjustment of \$2,114 noted in 2(b). These true-up adjustments have been recorded in the "Principle Adjustments" column of the DVA Continuity Schedule.

4. Please assess the impact on the unresolved difference in Note 5 of the GA Analysis Workform relating to the unaccounted for energy element of GA by comparing the actual system loss factor for each of the years 2015 and 2016 to the OEB approved loss factor for each of the years. If material please make an adjustment as a reconciling item in Note 5 of the GA Analysis workform. Please also provide the detailed calculation that quantifies the impact of this difference.

**RESPONSE**

Energy+ (Brant) has computed the actual system loss factor for each of the years 2015 and 2016, utilizing the OEB's loss factor model, and compared the computed loss factor to the OEB approved loss factor. The impact of the unaccounted energy element of GA has been estimated using the variance between these two loss factors for each of the years 2015 and 2016. The amounts do not appear to be material.

	<b>2015</b>	<b>2016</b>
a) Raw kWh Purchase - Non-RPP Class B	186,463,995	182,303,827
b) Raw kWh Sale - Non-RPP Class B	176,795,263	173,167,758
Loss Factor in Distributor's system a/b	1.055	1.053
Supply Facility Loss Factor	1.009	1.009
<b>Calculated Loss Factor</b>	<b>1.0643</b>	<b>1.0620</b>
Approved Loss Factor	<b>1.0495</b>	<b>1.0495</b>
Variance	0.0001	0.0001
\$ Consumption at GA Rate Billed (GA Workform)	\$ 14,074,910	\$ 17,906,981
<b>Total \$ Adjustment related to Loss Factor</b>	<b>\$ 2,088</b>	<b>\$ 2,245</b>

5. 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.

**RESPONSE**

Total GA amounts billed to non-RPP customers in 2015 and 2016 as recoded in GL excluding any transfer to RSVA were (\$13,395,331) and (\$17,920,927) respectively.

6. Starting on page 23 of the Manager's Summary, the applicant describes a series of adjustments that it has recorded in the 2015 portion of the DVA continuity schedule related to a \$1.1 million IESO credit that was received in 2015 but included in the December 31, 2014 ending balance for account 1589 that was approved for disposition in EB-2015-0054.

From the descriptions provided in the Manager Summary, it is not clear where each adjustment to accounts 1588 and 1589 is presented in the DVA continuity schedule, and it appears that the closing 2014 balance for account 1589 is presented in a manner that is not consistent with the balance that was approved in EB-2015-0054.

- a. Adjusting a balance that was previously approved by the OEB could represent retroactive ratemaking. Therefore, please update the DVA Continuity for 2014 (and opening balance for 2015) so that they are consistent with what was approved in EB-2015-0054.
- b. Once the DVA continuity has been updated, please complete the table below in order to reconcile the closing December 31, 2014 principal balances for accounts 1588 and 1589, as approved in EB-2015-0054, to the December 31, 2015 closing balances for each account as presented in the current DVA continuity schedule. Please itemize each adjustment required and include an explanation that outlines the purpose of each adjustment and also please indicate where the adjustment has been recorded in the current DVA continuity schedule (i.e. in the

	1588	1589	Explanations:
12/31/2014 Closing Bal. per the EB-20105-0054 Decision	(176,060)	1,030,148	Agrees to EB-2015-0054 and includes IESO credit of \$1,133,153 recorded against acct. 1589.
Transactions recorded in 2015	(1,342,594)	2,162,414	This should be the actual transactions for 2015 as recorded in your G/L and RRR. <b>Please confirm that the numbers included here are correct</b>
Dispositions Approved in 2015	(753,446)	1,013,523	Agrees to EB-2015-0054
Adjustment 1			
Adjustment 2			
Adjustment 3			
Adjustment 4			
12/31/2015 Closing Bal. per DVA continuity Schedule			



**RESPONSE**

- (a) Energy+ has updated the DVA Continuity Schedule for the closing balance as at December 31, 2014 and the opening balance for 2015 to be consistent with the closing balance as at December 31, 2014, as approved in EB-2015-0054.

Attached is the updated 2018 IRM Rate Generator Model – V2.0  
EnergyPlusBrant\_20180109.xls.

- (b) Energy+ has prepared the following table that provides a reconciliation of the closing December 31, 2014 principal balances for accounts 1588 and 1589, as approved in EB-2015-0054, to the December 31, 2015 closing balances for each account.

Energy+ has also provided a similar table for the December 31, 2016 closing balances for each account.

The 2015 reconciliation below represents an alternative approach to the recording of the \$1.1MM refund received from the IESO in 2015, compared to the approach used in the 2018 IRM Application as initially submitted.

The reversal of the \$1.1MM to Account 1589 is however, consistent with the OEB Staff submission (EB-2015-0054 Pg. 3), whereby OEB staff noted that the 2014 RRR Trial Balance did not reflect this adjustment, and that “if the credit adjustment was recorded during 2015, this may need to be offset by a debit entry in the OEB’s continuity schedule so as to ensure that the credit is not returned to customers twice”.

This approach results in account balances for Account 1588 and 1589 that vary from the balances included in the schedule of Group 1 Accounts 1588 and 1589 for the years ended December 31, 2015 and 2016 as audited by KPMG LLP, however, there is no overall net impact of the two accounts combined. Energy+ has reviewed the alternative approach with its auditor KPMG LLP and KPMG LLP has advised that they would be prepared to amend their Auditor’s Report to reflect this change in circumstances where the OEB approves this alternative for rate setting purposes.

Energy+’s view is the alternative approach would result in just and reasonable rates for customers.

**Energy+ (Brant)**  
**EB-2017-0030**  
**Responses to OEB Staff Questions**  
**Filed: January 11, 2018**

**2015 Continuity Schedule:**

	<u>Principle</u>		Explanations	Location in DVA Continuity Schedule
	Account 1588	Account 1589		
<b>12/31/2014 Account Balance, as per RRR Filing (Year-end Balance) and Audited Financial Statements</b>	\$ (176,060)	\$ 2,163,301		
Adjustment to Principle Balance prior to Disposition - \$1.1MM IESO Adjustment received in 2015 accrued in 2014		\$ (1,133,153)		
<b>12/31/2014 Closing Balance, per EB-2015-0054</b>	<b>\$ (176,060)</b>	<b>\$ 1,030,148</b>	Agrees to EB-2015-0054	2014 Closing Balance (Col. AM)
Transactions Recorded in 2015	\$ (2,475,747)	\$ 2,162,414	Actual transactions for 2015. Account 1588 Transactions includes the \$1,133,153 amount received from the IESO in 2015.	Transactions Dr. (Cr.) during 2015 (Col. AT)
Dispositions Approved in 2015	\$ (753,446)	\$ 1,013,523	Agrees to EB-2014-0058. Represents 2013 Balances.	OEB-Approved Disposition during 2015 (Col. AU)
Adjustment to Account 1589		\$ 1,133,153	Reversal of IESO Adjustment Accrual included in year-end December 31, 2014.	Principle Adjustments during 2015 (Col. AV)
Adjustment to 1588 and 1589	\$ 607,478	\$ (607,478)	Revised allocation of GA between RPP/Non-RPP Customers. Please refer to Energy+ Response to Question 7 for further explanation.	Principle Adjustments during 2015 (Col. AV)
<b>12/31/2015 Closing Balance, as per Revised Continuity Schedule</b>	<b>\$ (1,290,883)</b>	<b>\$ 2,704,714</b>		Closing Principle Balance (Col. AW)

**Energy+ (Brant)**  
**EB-2017-0030**  
**Responses to OEB Staff Questions**  
**Filed: January 11, 2018**

**2016 Continuity Schedule:**

	<u>Principle</u>		<u>Explanations</u>	<u>Location in DVA Continuity Schedule</u>
	<u>Account 1588</u>	<u>Account 1589</u>		
<b>12/31/2015 Closing Balance, as per Revised Continuity Schedule</b>	\$ (1,290,883)	\$ 2,704,714		Closing Principle Balance (Col. BC)
Transactions Recorded in 2016	\$ 1,037,798	\$ (624,037)	Actual transactions for 2016	Transactions Dr. (Cr.) during 2016 (Col. BD)
Dispositions Approved in 2016	\$ 577,386	\$ 16,625	Agrees to EB-2015-0054.	OEB-Approved Disposition during 2016 (Col. BE)
Adjustment to 1588 and 1589	\$ (333,169)	\$ 333,169	Revised allocation of GA between RPP/Non-RPP Customers. Please refer to Energy+ Response to Question 7 for further explanation.	
<b>12/31/2016 Closing Balance, as per Revised Continuity Schedule</b>	<u>\$ (1,163,640)</u>	<u>\$ 2,397,221</u>		

The following is a reconciliation to the above noted balances to the RRR filing as at December 31, 2016:

	<u>Principle</u>	
	<u>Account 1588</u>	<u>Account 1589</u>
<b>12/31/2016 Closing Balance, as per Revised Continuity Schedule</b>	<u>\$ (1,163,640)</u>	<u>\$ 2,397,221</u>
<b>RRR Filing Account Balances, as at December 31, 2016 (Principle)</b>	\$ (1,437,617)	\$ 2,671,530
Adjustment to 1588 and 1589 re RPP/Non-RPP Allocation		
2015	\$ 607,478	\$ (607,478)
2016	\$ (333,169)	\$ 333,169
<b>Adjusted Balances, as at December 31, 2016</b>	<u>\$ (1,163,308)</u>	<u>\$ 2,397,221</u>
Variance, due to small difference in 12/31/2014 Closing Balance	\$ (332)	\$ -
Net Variance due to small difference in 12/31/2014 Closing Balance		

7. The regards to the adjustments booked to Account 1589 in the DVA continuity schedule for 2015 (-614,722) and 2016 (336,833) related to the revised computation of the RPP vs. non-RPP proration:
- a. Please explain why the revision to the calculation was required and provide detail as to what was changed compared to the previous calculation.
  - b. Where does the information required to perform this calculation pulled from, and when is the actual data available to perform this calculation become available.

## **RESPONSE**

- (a) Energy+ (BCP) revised the computation of the RPP vs. Non-RPP proration to be consistent with the methodology utilized by Energy+ (CND). Energy+ determines the pro-ration between RPP and Non-RPP customers based upon the percentage of the kWh billed for each customer type, as a percentage of the total kWh billed.

The acquisition of the former Brant County Power Inc. (“BCP”) was completed on November 28, 2014. The financial and regulatory accounting continued to be performed by former BCP staff throughout 2015 based upon its past practices. As noted on Page 25 of the Application, Energy+ underwent staffing changes within its Finance and Regulatory department and certain information and knowledge pertaining to Brant County’s accounting and regulatory records was not fully transitioned. The financial and regulatory financial systems were integrated upon the legal amalgamation on January 1, 2016.

As part of the detailed internal review of the accounting for its RSVA accounts, as directed by the OEB in EB-2017-0030, Energy+ identified the following:

- In 2015, the pro-ration between RPP and Non-RPP customers was being computed based upon a percentage of the kWh billed for each customer type, as a percentage of the total kWh purchased. The adjustment for 2015 reflects the resulting change in the denominator used in determining the pro-ration.
- In 2016, the RPP vs. Non-RPP proration methodology was changed to align the methodology utilized by Energy+ (CND). As requested by the OEB, Energy+ undertook a detailed review of Accounts 1588 and 1589, including a detailed review, reconciliation, and audit of source documents. In agreeing the components of the total kWh billed used for the 2016 computation, with supporting billing registers, Energy+ noted an error in the Non-RPP quantities input in the excel spreadsheet used to prepare the pro-ration computation.

- (b) The information is obtained on a monthly basis (at the end of the month) as follows:

Total kWh billed information is obtained from a monthly billing statistics report produced from the Customer Information System.

The kWh billed for RPP Customers is also obtained from the monthly billing statistics report produced from the Customer Information System, and this information is also agreed to the IESO Form 1598 submission.

The billing statistics report is available one day following the month-end. The Form 1598 Form is available within 3 days of the month-end.

8. 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 a materiality threshold is not identified in engagement letter please provide the threshold used.

**RESPONSE**

Please refer to Energy+ (CND) Responses to OEB Staff Question #9 for a copy of the KPMG Engagement Letter.

A materiality threshold was not outlined in the engagement letter. KPMG LLP has advised Energy+ Inc. that the materiality threshold for the audit was set at \$190,000 for 2015 and \$210,000 for 2016.

9. Did KPMG provide any recommendations to the utility as to how their GA settlement process can be improved?
  - a. Please detail any of the processes that were updated as a result of the audit findings and explain what the changes were.

**RESPONSE**

KPMG LLP did not provide any recommendations with respect to improving the GA Settlement process.

Commencing in the latter part of 2017, Energy+ has incorporated the preparation of the GA Analysis Workform as part of the monthly regulatory accounting process to ensure the reasonableness of the balance in Account 1589.