

Wasaga Distribution Incorporated

EB-2017-0079

Staff Questions: January 29, 2018

Responses Filed: February 05, 2018

Question #1

Ref: IRM Model Tab 3 Continuity Schedule – Input Starting Years

- a) According to the instruction note (cell C13) in Tab 3, for all Group 1 accounts, except for Account 1595, start inputting data from the year in which the GL balance was last disposed. In Wasaga Distribution's 2016 CoS application, DVA balances as at December 31, 2014 were approved for disposition. Therefore, Wasaga Distribution should start the continuity schedule from 2014 by entering the 2013 closing balances in the Adjustment column under 2013.

Please confirm the starting year for the continuity schedule and make necessary changes to the continuity schedule.

WDI Response:

WDI agrees with the statement above. WDI will make the necessary changes to the model and resubmit.

- b) According to the instruction note (cell C13) in Tab 3, for each Account 1595 sub-account, start inputting data from the year the sub-account started to accumulated a balance (i.e. the vintage year). For all Account 1595 sub-accounts, complete the DVA continuity schedule for each Account 1595 vintage year that has a GL balance as at December 31, 2016. Wasaga Distribution is requesting to dispose the balances in Accounts 1595 (2010), 1595 (2011) and 1595 (2014). Therefore, the data input (transactions, OEB-approved dispositions, etc.) for these accounts should start from the vintage year 2010, 2011 and 2014 respectively.

Please confirm the starting year for sub-accounts 1595 (2010) and 1595 (2011) and make necessary changes to the continuity schedule. (Wasaga Distribution may need to prepare a separate continuity schedule for 2010 as this year is not included in the continuity schedule in the IRM model.)

WDI Response:

The 1595 (2010) should actually be 1595 (2011) which was Rate Application EB-2010-0143. WDI discovered that the balance was being over recovered because of a mistake in the model and the new rates were approved in EB-2012-0171. WDI will enter the data starting at 2011 when the balance was originally approved for disposal.

The 1595 (2011) should actually start in 2012 as the disposition was approved during WDI's 2012 Cost of Service (EB-2011-0103) WDI will make the necessary adjustments to the Continuity Schedule.

The 1595 (2014) is correct, the approval was during our 2014 IRM rate application EB-2013-0175. No adjustments are required for this line item.

Question #2

Ref: IRM Model Tab 3: Account 1595 (2010) & Account 1595 (2014)

In tab 3 continuity schedule of the IRM model, Wasaga Distribution reported transaction amounts in both Principal and Interest in Account 1595 (2010) in year 2014, 2015 and 2016. As per the Decision and Rate Order for Wasaga Distribution's 2010 rates,¹ the DVA (2010) rate rider was effective from May 1, 2010 to April 30, 2013.

- a) Please provide an explanation for the transaction amounts in Account 1595 (2010) in 2014, 2015 and 2016 (after the DVA (2010) rate rider expired as at April 30, 2013).

WDI Response:

WDI has provided an explanation in Question 1b) above; the Account 1595 (2010) went through a further approval in 2013 (EB-2012-0171) for another three year disposition period which ended in 2016.

- b) OEB staff notes that the amount in Account 1595 (2010) that Wasaga Distribution requests for disposition is significant (in a credit amount of \$568,217). Once the continuity schedule has been updated by Wasaga Distribution for any necessary changes, if the total claim in Account 1595 (2010) is still large, please provide an explanation.

WDI Response:

This is a complicated issue due to the reapplication for approval due to over-recovery in the original application due to a mistake in the original model. WDI has noted in reading other rate applications that other LDC's had a similar issue. However, the over-recovery is from the rate rider having a debit and credit that equalled out and having no effect on the balance. WDI also discovered a mistake in the billing rate for the non-RPP classes in that the rider was being offset. That mistake was discovered in late 2015. WDI has ensured redundancy in the verifying of rates entered into the billing system to ensure this does not happen in the future.

¹ EB-2009-0209

- c) Wasaga Distribution requests to dispose of a total balance in Account 1595 (2014) in a debit amount of \$146,492. This amount shows a significant over-recovery. Please provide an explanation for the large balance in Account 1595 (2014).

WDI Response:

WDI has encountered this issue before, specifically during interrogatories for its 2015 IRM (EB-2014-0118). As stated then *“the volumetric rate disposition approval was based on WDI’s OEB approved EDR application’s volume and customer counts and since that time WDI’s customer count has increased significantly.”* This same statement holds true today, the customer count and volumes used for this disposition were based on our 2012 Cost of Service application (EB-2011-0103). Any LDC that has a growing customer base that has to rely on previous Cost of Service numbers will encounter this issue.

Question #3

Ref: IRM Model Tab 3: Account 1550 – OEB-approved Interest Disposition in 2016

The OEB-approved interest disposition in Account 1550 in 2016 that Wasaga Distribution reported in the continuity schedule is a debit amount of \$1,878. OEB staff notes that as per the Settlement Proposal (EDDVAR continuity schedule model) filed in Wasaga Distribution's 2016 cost of service proceeding,² the interest disposition in Account 1550 was a debit amount of \$2,295.

Please provide an explanation for the above noted discrepancy and make the necessary adjustment to the continuity schedule in the 2018 IRM model.

WDI Response:

WDI agrees and has made the adjustment to the continuity schedule.

² EB-2015-0107

Question #4

Ref: Balances in Account 1588 and Account 1589; RRR 2.1.1 Revision; IRM Model Tab 3

As noted in Wasaga Distribution's responses to the preliminary GA questions, Wasaga Distribution has revised the balances in Account 1588 and 1589 in RRR 2.1.1 for 2015 and 2016. The year-end balances of these two accounts are also reported in RRR 2.1.7. The Group 1 account balances in RRR 2.1.7 as of December 31, 2016 are used in the continuity schedule for reconciliation purposes.

Please revise the balances of Account 1588 and 1589 in RRR 2.1.7 accordingly. Once the revision is completed, please notify the case manager of the IRM application. OEB staff will then update the continuity schedule in the IRM model to reflect the changes.

WDI Response:

WDI made the necessary request February 02, 2018. However, WDI feels that it has provided sufficient documentation in the GA preliminary staff questions that it should not delay this Rate Application. WDI will advise the Case Manager once the revisions to 2.1.7 have been completed. The Group 1 balances that were reported in WDI's original continuity schedule for Accounts 1588 and Account 1589 are the revised amounts that were approved during the Special Purpose Audit Engagement. The documentation for the Special Purpose Audit Engagement were submitted with WDI's initial application and more documentation was submitted during the follow-up GA Analysis questions.

Question #5

Ref: IRM Model Tab 3 Continuity Schedule

With regards to the amount being requested for disposition of USoA 1588 account balance as at **Dec. 31, 2015 and Dec. 31, 2016**, all components that flow into Account 1588 (i to iv in table below) should be all based on actuals at year end. Please complete the following table for 2015 and 2016 to:

- a) Indicate whether the component is based on estimates or actuals at year end, and
- b) Quantify the adjustment pertaining to each component that is trued-up from estimate to actual

	Component	Estimate or Actual?	Notes/Comments	Quantify True Up Adjustment \$ Amount
i	Revenues (i.e. is an unbilled revenue true-up adjustment reflected in the balances being requested for disposition?)			
ii	Expenses – Commodity: Charge Type 101 (i.e. is expense based on IESO invoice at year end)			
iii	Expenses - GA RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end)			
iv	Expenses - GA RPP: Charge Type 148 with respect to the RPP/non-RPP kWh volume proportions.			
v	RPP Settlement: Charge Type 142 including any data used for determining the RPP/HOEP/RPP GA components of the charge type			

WDI Response:

WDI provided the answers to this chart in the Preliminary GA questions that were filed on the OEB portal as well as to the Case Manager.

- c) For each item in the table above, please confirm that the 2018 Rate Generator Model Tab 3 Continuity Schedule for 2015 and 2016 has been adjusted for settlement true-ups where settlement was originally based on estimate and trued up to actuals subsequent to 2015 and 2016.

WDI Response:

Confirmed.

All of which is respectfully submitted.