



Westario Power Inc.

March 22, 2018

Ontario Energy Board P.O.
Box 2319 27th Floor
2300 Yonge Street Toronto,
Ontario M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary
Regarding: EB-2017-0084 2018 Cost of Service Application

Dear Ms. Walli,

Please find attached Westario Power Inc's responses to interrogatories related to deferral and variance accounting. This document is being filed pursuant to the Board's e-Filing Services.

Yours truly,

Malcolm McCallum, CPA, CMA, MBA
Vice President Finance/CFO
Westario Power Inc.
24 Eastridge Road, RR 2
Walkerton, ON
N0G 2V0
519-507-6666 x-211
Malcolm.McCallum@westario.com

Contents

Exhibit 9 – Deferral and Variance Accounts	3
9-Staff-86	3
9-Staff-87	4
9-Staff-88	5
9-Staff-89	6
9-Staff-90	7
9-Staff-91	8
9-Staff-92	11
9-Staff-93	12
9-Staff-94	13
9-Staff-95	15
9-Staff-96	16
9-Staff-97	18
9-Staff-98	20
9-Staff-99	22
9-Staff-100	25
9-Staff-101	27
9-Staff-102	28
9-Staff-103	30
9-Staff-104	35
9-Staff-105	38
9-Staff-106	39
9-Staff-107	40
9-Staff-108	42
9-Staff-109	44
Exhibit 9 – Deferral and Variance Accounts (VECC)	45
9.0 –VECC -43.....	45

**Response to Interrogatories
2018 Cost of Service Rate Application
Westario Power Inc. (“Westario Power”, “WPI”)
EB-2017-0084**

Exhibit 9 – Deferral and Variance Accounts

9-Staff-86

Ref: Exhibit 4, p. 112 of 320
Tab 1 of LRAMVA work form

In Exhibit 4 of the application, Westario Power referred to the OEB’s decision in its 4th Generation IRM Decision (EB-2015-0112) that deferred its disposition of 2014 lost revenues until the OEB’s generic consultation on the treatment of demand savings was completed. Westario Power stated that it is not recognizing any LRAMVA impacts at this time, until the new guidelines related to this consultation are provided. However, Westario Power completed the LRAMVA work form to dispose of 2014, 2015 and 2016 lost revenues.

- a) Please confirm whether Westario Power is requesting disposition of the LRAMVA balance. If not, please provide the rationale for not doing so given that the OEB’s generic review on how the revenue from demand savings should be reflected in the LRAMVA account has already concluded in May 2016 and the updated CDM guidelines were issued August 2016.
- b) Please confirm that a total of \$259,094 is requested for disposition in 2018 rates.
- c) Please re-link the balances in Table 1-a (cells E27 to E32) so that the principal and total balances are displaying correctly by rate class.

WPI Response:

- a) WPI confirms that it is requesting disposition of the LRAMVA balances as calculated in the LRAMVA Workform filed along with these responses.
- b) The balance requested is \$293,029
- c) There appears to be an error in the OEB’s model. WPI has corrected the formula in the LRAMVA attached to these responses.

9-Staff-87

Ref: Tab 3 of LRAMVA work form

Please provide an explanation of how the allocations of CDM program savings by rate class were determined for 2014, 2015 and 2016.

WPI Response:

The CDM programs savings by rate class were determined by analyzing all of Westario's participants in each program and allocating savings by rate class.

9-Staff-88

Ref: Tab 5 of the LRAMVA work form

As part of Westario Power's LRAMVA claim, an LRAMVA balance of \$116,826.50 is requested for 2016 lost revenues. The 2016 lost revenue amount includes persisting savings from 2011 to 2014 in 2016.

- a) Please discuss the rationale for not including the persistence of 2015 savings in 2016.
- b) Please confirm whether the persistence of 2015 savings in 2016 was excluded in error.

WPI Response:

- a) & b) persistence of 2015 savings in 2016 was excluded in error.

9-Staff-89

Ref: Tab 5 of the LRAMVA work form (Table 5-b, row 354)

In Westario Power's claim for 2016 lost revenues, 413,538 kWh of energy savings from the Hydro Ottawa Residential Demand Response Wi-Fi Thermostat Pilot is proposed to be claimed.

- a) Please confirm whether savings from the Hydro Ottawa Residential Demand Response Wi-Fi Thermostat Pilot were confirmed by the IESO to be claimed by Westario Power.
- b) If yes, please discuss how the savings from this pilot program were allocated to the service territory of Westario Power.
- c) If these savings were incorrectly included in the LRAMVA work form, please remove them from the disposition of 2016 lost revenues.

WPI Response:

- a) b) & c) Residential Direct Install Pilot Program does not have a matching program in the LRAMVA model therefore WPI originally used the Ottawa residential pilot program as a placeholder. In the version of the LRAMVA model attached to these responses, WPI has overwritten one of the pilot programs with "Residential Direct Install Pilot Program"

9-Staff-90

If Westario Power has made any changes to the LRAMVA work form as a result of its responses to interrogatories, please file an updated LRAMVA work form.

WPI Response:

- a) A revised model is filed along with these responses

9-Staff-91

**Ref: EB-2017-0084 WPI 2018_DVA_Continuity_Schedule_20171122
Westario_IRR_EDDVAR Continuity Schedule_20130215
WPI_IRM_RateGen_Model_Final Decision_20170413
2013 CoS Decision and Order¹, April 11, 2013, Settlement Agreement
2016 IRM Decision and Rate Order², March 17, 2016, page 7
2017 IRM Decision and Rate Order³, April 13, 2017, page 8-11
Exhibit 9
Filing Requirements For Electricity Distribution Rate Applications -
2017 Edition for 2018 Rate Applications - Chapter 2 Cost of Service,
July 20, 2017, page 59
OEB staff's spreadsheet titled "WestarioPower discrepancies in DVA
balances", Tabs "Group 1" and "Group 2"**

Please note that some of the interrogatories below request that the 2018 DVA continuity schedule and GA Analysis Workform be resubmitted. Please use the most recent 2018 DVA continuity schedule that is posted on the OEB's 2018 Electricity Distribution Rate Applications webpage.

Page 59 of the Filing Requirements state the following:

A continuity schedule [must be provided] for the period from the last disposition to the present, showing separate itemization of opening balances, annual adjustments, transactions, interest and closing balances for all outstanding deferral and variance accounts...

In OEB staff's spreadsheet titled "WestarioPower discrepancies in DVA balances", tabs "Group 1" and "Group 2", OEB staff has noted discrepancies that require further clarification. There are inconsistencies in certain DVA balances reported in the 2013 CoS model, the 2016 IRM model, the 2017 IRM model, and the 2018 DVA Continuity model.

¹ EB-2012-0176

² EB-2015-0112

³ EB-2016-0113

- a) Please provide explanations for the variances noted in columns labelled “C”, “F”, “I”, “L”, “O”, and “R”, in Tab “Group 1” of the spreadsheet titled “WestarioPower discrepancies in DVA balances”.
- b) Please provide explanations for the variances noted in columns labelled “U”, “X”, “U”, “X”, “AA”, and “AD”, in Tab “Group 2” of the spreadsheet titled “WestarioPower discrepancies in DVA balances”.
- c) Please update Westario Power’s evidence as required to address these discrepancies.

WPI Response:

- a) Column C has a difference for account 1568. This difference is due to \$0 showing in the 2017 IRM model, however when comparing the 2017 IRM model and the 2018 CoS model both models show (\$8,164).
Column F has a variance of \$44,972 in account 1568. The amount that was submitted during the IRM was incorrect. The Cost of Service application reflects the correct amounts. No dispositions were recorded related to the IRM so there was no long term errors as a result of this filing.
Column I has variances in accounts 1589, 1595 (2012), 1595 (2016). These amounts were all errors on the 2018 Cost of Service filing and have been corrected on the DVA schedule to be resubmitted. These amounts now agree to the 2017 IRM filing.
Column L has variances in accounts 1589, 1595 (2011), and 1595 (2012). These amounts were all errors on the 2018 Cost of Service filing and have been corrected on the DVA schedule to be resubmitted. These amounts now agree to the 2017 IRM filing.
Column O and Column R are showing variances in 1595 (2015) for amounts approved to be disposed of. These amounts were not approved on the 2017 Decision and Rate Order and therefore the amounts reflected on the 2018 Cost of Service application model are correct to not include these dispositions.
- b) Column U has a variance of \$44,250 in account 1592. This difference was an error on the 2017 IRM filing, the GL balance at the end of 2011 was Nil.
Column X has a variance of \$452 in account 1592. This difference was an error on the 2017 IRM filing, the GL balance at the end of 2011 was Nil.
Column AA and AD had variances in account 1592 that were also errors on the 2017 IRM filing. These amounts were reported correctly on the 2018 Cost of Service filing.

c) Evidence has been updated

9-Staff-92

Ref: Exhibit 9
Filing Requirements For Electricity Distribution Rate Applications -
2017 Edition for 2018 Rate Applications - Chapter 2 Cost of Service,
July 20, 2017, page 59

Page 59 of the Filing Requirements state the following:

[Provide a] list of all outstanding deferral and variance accounts and sub-accounts. The applicant must provide a brief description of any account that the applicant may have used differently than as described in the APH.

However, OEB staff notes that Westario Power did not indicate in Exhibit 9 whether there are any DVAs that Westario Power may have used differently than as described in the Accounting Procedures Handbook (APH).

- a) Please confirm that Westario Power has not used any DVAs differently than as described in the APH.
- b) If this is not the case, please provide an explanation, including why Westario Power has deviated from the APH and the Filing Requirements.

WPI Response:

- a) Westario has not used any DVAs differently than as described in the APH.
- b) N/A

9-Staff-93

**Ref: EB-2017-0084 WPI 2018_DVA_Continuity_Schedule_20171122
RRR 2.1.7 December 31, 2016**

OEB staff notes that the Account 1580 balance as at December 31, 2016 in the RRR 2.1.7 is a credit balance of (\$1,347,764). The Account 1580 balance as at December 31, 2016 in the 2018 DVA Continuity Schedule is a credit balance of (\$1,399,605). The difference between these two numbers is a material discrepancy of \$51,841.

- a) Please explain the difference of \$51,841.
- b) Please update the 2018 DVA Continuity Schedule and other evidence to resolve this discrepancy as required.

WPI Response:

- c) The difference is due to an error on the RRR 2.1.7. The correct balance should have been \$1,397,245. This has been updated on the DVA Continuity Schedule submitted with 9-Staff-91
- d) 2018 DVA Continuity Schedule has been updated.

9-Staff-94

Ref: EB-2017-0084 WPI 2018_DVA_Continuity_Schedule_20171122
EB-2017-0084 WPI LRAMVA Work Form 20171122, Tab 1. LRAMVA
Summary
Exhibit 9, Table 7

When comparing Exhibit 9, Table 7, DVA Disposition by Account, to the 2018 DVA Continuity Schedule and LRAMVA Work Form, OEB staff notes two differences:

1. Account 1568 in Exhibit 9, Table 7 and the LRAMVA Work form show a balance of \$259,094, whereas Tab 5 of the DVA Continuity Schedule shows a balance of \$255,230. Although the difference is immaterial the three documents should reconcile.
2. Account 1555 (Stranded Meters) in Exhibit 9, Table 7, shows a credit balance of (\$10,472) whereas Tab 5 of the 2018 DVA Continuity Schedule shows a balance of \$0. OEB staff notes that the clearance of stranded meter balances has been approved in the 2013 CoS proceeding⁴ and a residual balance should be cleared in a distributor's next CoS proceeding. OEB staff notes that the APH Frequently Asked Questions (FAQ) July 2012 Q#10, states the following:

...The residual balance (net of total recoveries) in "Sub-account Stranded Meter Costs" and the balance in "Approved Stranded Meter Costs Carrying Charges" of Account 1555 should be submitted for review and finalization as part of the distributor's next cost of service application...

- a) Please update the evidence as required so that the Account 1568 balance reconciles between the three different source documents. Please update any other additional evidence, as required.
- b) Please update Tab 5 of the 2018 DVA Continuity Schedule show an Account 1555 balance of (\$10,472), as a residual balance should be cleared in this proceeding. Please update any other additional evidence, as required.

⁴ EB-2012-0176

- c) Please update file “WestarioPower discrepancies in DVA balances”, Tab “Group 2” to include a line for Account 1555. Please provide a reconciliation by filling out all of the columns in this worksheet to reflect the proposed Account 1555 balance that is being requested for disposition in this proceeding versus the Account 1555 amounts that were reflected in the 2013 Cost of Service DVA model. Please explain any differences.

WPI Response:

- a) The discrepancy has been rectified in the model filed with WPIs responses to interrogatories.
- b) Tab 5 does not allow for insertion of lines. Given the number of OEB created macros and links in this model, WPI believes that the revision to pick up missing accounts from Tab 5 should be done by the OEB.
- c) See response to b). In addition, WPI confirms that there are no discrepancies between in account 1555 between its balances and its trial balance reported in its RRR 2.1.7.

9-Staff-95

**Ref: EB-2017-0084 WPI 2018_DVA_Continuity_Schedule_20171122
Exhibit 9, Table 7
Filing Requirements For Electricity Distribution Rate Applications -
2017 Edition for 2018 Rate Applications - Chapter 2 Cost of Service,
July 20, 2017, page 64**

Page 64 of the Filing Requirements state the following:

Applicants are expected to only request disposition of residual balances for vintage Account 1595 sub-accounts once...

OEB staff notes that Westario Power is applying to clear residual balances in Account 1595 (2011), Account 1595 (2012), and Account 1595 (2013) in this proceeding. Although these balances are immaterial (see below), the Filing Requirements indicate that disposition of residual balances for vintage Account 1595 sub-accounts should only be made once.

- Account 1595 (2011) – (\$1,658) credit
- Account 1595 (2012) - \$2,287 debit
- Account 1595 (2013) - \$6,204 debit

Please update Exhibit 9, Table 7 and the 2018 DVA Continuity Schedule to exclude the Account 1595 (2011), Account 1595 (2012), and Account 1595 (2013) balances from clearance in this proceeding. OEB staff is of the view that Westario Power should write-off these balances. Please update any other additional evidence, as required.

WPI Response:

WPI has removed these balances from the 2018 DVA Continuity Schedule and will write off the balances in these accounts in 2018.

9-Staff-96

Ref: Exhibit 9, Table 4
Filing Requirements For Electricity Distribution Rate Applications -
2017 Edition for 2018 Rate Applications - Chapter 2 Cost of Service,
July 20, 2017, page 60
RRR 2.1.7
Westario Power Audited Financial Statements
OEB staff's spreadsheet titled "WestarioPower COP Analysis"

Page 60 of the Filing Requirements state the following:

[Provide] a breakdown of energy sales and cost of power expense balances, as reported in the audited financial statements, mapped to USoA account numbers. The distributor must reconcile the USoA numbers to the audited financial statements. If there is a difference between the energy sales and cost of power expense reported numbers, the distributor must explain why it is making a profit or loss on the commodity

In OEB staff's spreadsheet titled "WestarioPower COP Analysis", OEB staff has noted discrepancies between cost of power numbers reported in Exhibit 9 Table 4, RRR 2.1.7, and the audited financial statements.

- a) Please provide explanations for the variances noted in columns labelled "B", "D", "F", and "G" of the spreadsheet titled "WestarioPower COP Analysis".
- b) Please update Westario Power's evidence as required to address these discrepancies.

WPI Response:

- a) For Column B the differences all relate to the balances in account 4050. This revenue should have been grouped with Other Electric Revenues account 4220. Changes have been made to reflect this. For Column D the amount in table 4 for 2016 is incorrect. An updated tables 4 and 5 are included in part b) of this response. Columns F and G compare Westario Powers audited financial statements to Exhibit 9 and RRR 2.1.7. The reason that these do not match is that the audited financial statements prepared under MIFRS are required to remove changes in regulatory balances from the cost of power and sale of

power accounts and present them as a separate line on the Statement of Comprehensive Income.

b) See updated tables below

USoA	Description	Actual			
		2013	2014	2015	2016
Energy Revenue					
4006	Residential Energy Sales	\$27,264,515	\$26,731,062	\$33,225,545	\$40,020,727
4010	Commercial Energy Sales	\$4,720,903	\$5,163,320	\$5,275,789	\$5,965,941
4020	Energy Sales to Large Users	\$20,037	\$22,208	\$23,800	\$23,449
4025	Street Lighting Energy Sales	\$0	\$0	\$0	\$0
4030	Sentinel Lighting Energy Sales	\$71,942	\$98,298	\$21,615	\$15,916
4035	General Energy Sales	\$1,088	\$975	(\$167)	\$453
4040	Other Energy Sales to Public Authorities	\$3,241,714	\$4,140,813	\$2,626,141	\$2,520,802
4050	Revenue Adjustment	\$0	\$0	\$0	\$0
4055	Energy Sales for Retailers/Others	\$2,781,822	\$3,845,854	\$3,037,404	\$1,706,473
4062	Wholesale Market Services	\$2,428,811	\$2,258,192	\$1,689,331	\$2,039,104
4064	Wholesale Market Services One-Time	\$0	\$0	\$0	\$0
4066	Network	\$2,606,398	\$2,762,792	\$2,720,046	\$2,501,101
4068	Connection	\$950,595	\$1,515,637	\$1,736,324	\$1,809,240
4075	Low Voltage Charges	\$644,641	\$745,456	\$719,846	\$711,571
4076	Billed - Smart Metering Entity Charge	\$142,588	\$212,573	\$212,561	\$213,693
Total		\$44,875,052	\$47,497,179	\$51,288,234	\$57,528,470

USoA	Description	Actual			
		2013	2014	2015	2016
Cost of Power Expense					
4705	Power Purchased	\$38,102,019	\$40,002,529	\$29,474,151	\$30,730,142
4707	Charges Global Adjustment	\$0	\$0	\$14,735,976	\$19,523,620
4708	Wholesale Market Services	\$2,428,811	\$2,258,192	\$1,689,331	\$2,039,104
4710	Cost of Power Adjustments	\$0	\$0	\$0	\$0
4712	Charges One-Time	\$0	\$0	\$0	\$0
4714	Network	\$2,606,398	\$2,762,792	\$2,720,046	\$2,501,101
4715	System Control and Load Dispatching	\$0	\$0	\$0	\$0
4716	Connection	\$950,595	\$1,515,637	\$1,736,324	\$1,809,240
4720	Other Expense	\$0	\$0	\$0	\$0
4750	Low Voltage Charges	\$644,641	\$745,456	\$719,846	\$711,571
4751	Smart Metering Entity Charge	\$142,588	\$212,573	\$212,561	\$213,693
Total		\$44,875,052	\$47,497,179	\$51,288,234	\$57,528,471

9-Staff-97

**Ref: EB-2017-0084 WPI 2018_DVA_Continuity_Schedule_20171122
Exhibit 9, Section 9.27
Filing Requirements For Electricity Distribution Rate Applications -
2017 Edition for 2018 Rate Applications - Chapter 2 Cost of Service,
July 20, 2017, page 60**

Page 60 of the Filing Requirements state the following:

[Provide] a statement as to whether or not the applicant has made any adjustments to deferral and variance account balances that were previously approved by the OEB on a final basis in both cost of service and IRM proceedings (i.e. balances that were adjusted subsequent to the balance sheet date that were cleared in the most recent rates proceeding). The OEB expects that no adjustments will be made to any deferral and variance account balances previously approved by the OEB on a final basis. If adjustments were made, the applicant must provide explanations for the nature and amounts of the adjustments and include supporting documentation, under a section titled “Adjustments to Deferral and Variance Accounts.”

OEB staff notes that Westario Power had made adjustments to OEB approved balances in the adjustments column. For example, a \$255,785 adjustment was made to Account 1568 in “Principal Adjustments During 2016” column and a corresponding adjustment to the “Interest Adjustments During 2016” column of \$3,310.

OEB staff notes that this treatment is contrary to the Filing Requirements and Westario Power’s statement in Section 9.2.7 that it “has not made any adjustments to deferral variance account balances that were previously approved by the Board on a final basis in both COS and Incentive Rate Mechanism (IRM) proceedings.”

- a) Please provide an explanation for both the adjustments made to the DVA continuity schedule. Please also include a rationale as to why the OEB should approve any DVA balances that were adjusted as these DVAs were previously approved by the Board on a final basis in both CoS and IRM proceedings.

- b) Please provide an explanation as to why Westario Power has:
- i. Made such adjustments;
 - ii. Deviated from the Filing Requirements, in particular not including a section in Exhibit 9 titled “Adjustments to Deferral and Variance Accounts”; and
 - iii. Included a contrary statement in Section 9.2.7.

WPI Response:

- a) The \$255,785 and \$3,310 showing as owing in adjustment to 1568 was entered in error, this amount should be 0 and has been updated on the DVA Continuity Schedule to reflect this.
- b)
- a. No adjustments made, amount on Cost of Service Schedule was entered in error and has been corrected
 - b. No deviation from Filing Requirements
 - c. Section 9.2.7 was correct.

9-Staff-98

Ref: EB-2017-0084 WPI 2018_DVA_Continuity_Schedule_20171122
Exhibit 9, Table 7
Exhibit 9, section 9.6.3
Filing Requirements For Electricity Distribution Rate Applications -
2017 Edition for 2018 Rate Applications - Chapter 2 Cost of Service,
July 20, 2017, page 64
2016 IRM Decision and Rate Order⁵, March 17, 2016, page 7

Page 64 of the Filing Requirements state the following:

Applicants are expected to only request disposition of residual balances for vintage Account 1595 sub-accounts once. Distributors are expected to seek disposition of the audited account balance a year after a rate rider's sunset date has expired. No further transactions are expected to flow through the account.

Westario Power is requesting clearance in this proceeding of an Account 1595 (2016) balance of \$1,023,002, as at December 31, 2016, with carrying charges forecasted to December 31, 2017. However, the rate rider for 2016 OEB approved balances ended April 30, 2017. OEB staff notes that as per page 7 of the 2016 IRM decision and rate order, the DVA "balances are to be disposed through rate riders over a one-year period from May 1, 2016 to April 30, 2017." Westario Power is requesting disposition of the Account 1595 (2016) balance prematurely, which would give rise to a further residual balance in a subsequent rate application. In addition, the Account 1595 (2016) balance being requested for disposition is not the true residual account balance, as further transactions (e.g. recoveries/ refunds billed to customers) are expected to be posted to this sub-account.

The proposed clearance of this balance is contrary to the Filing Requirements and a statement made by Westario Power in section 9.6.3 that "Dispositions for vintage 1595 accounts are only done once a year after the rate riders sunset date 2 has expired."

⁵ EB-2015-0112

The balance in Account 1595 (2016) is to be audited as part of the December 31, 2017 audited financial statements, as the rate rider ended April 30, 2017. OEB staff is of the view that the Account 1595 (2016) balance would be cleared in an application related to the 2019 Rate Year (or subsequent rate year), with associated audited December 31, 2017 DVA balances, rather than cleared in the 2018 Rate Year, which would have associated audited December 31, 2016 DVA balances.

- a) Please explain why Westario Power has deviated from the Filing Requirements and is requesting disposition of Account 1595 (2016) at this time, rather than in a future rate application.
- b) Please update the 2018 DVA continuity schedule and Exhibit 9, Table 7, to remove the Account 1595 (2016) balance of \$1,023,002 being requested for disposition. Please update any other additional evidence, as required.

WPI Response:

- a) Disposition was requested in error, recovery of this account will be requested in a future rate application. This has been corrected on the 2018 Cost of Service DVA Continuity Schedule.
- b) DVA Continuity schedule has been updated to remove the request for this balance to be recovered in this application.

9-Staff-99

Ref: EB-2017-0084 WPI 2018_DVA_Continuity_Schedule_20171122
Exhibit 9, Table 7
2015 IRM Decision and Rate Order⁶, March 19, 2015, page 7

Westario Power is requesting clearance in this proceeding of an Account 1595 (2015) balance of \$288,888, as at December 31, 2016, with carrying charges forecasted to December 31, 2017. OEB staff is unclear why such a large Account 1595 (2015) balance is being requested for clearance. OEB staff notes that typically there should be minimal residual balances in the sub-accounts of Account 1595, once the rate rider period has been completed, as there would typically be relatively small differences between historical billing determinants used to calculate the rate riders and the actual billing determinants used to charge/refund the rate riders to customers.

OEB staff notes that the rate rider period relating to Account 1595 (2015) ended April 30, 2016. As per page 4 of the 2015 IRM decision and rate order, the DVA “balances are to be disposed over a one-year period from May 1, 2015 to April 30, 2016.”

OEB staff also notes that the residual balance of Account 1595 (2015) of \$288,888 is unusually large, as it represents approximately 11% of the total DVA debit balance of \$2,590,798 that was approved in the 2015 IRM decision and order.

- a) Please provide an explanation as to why Westario Power is requesting a large residual balance of \$288,888 relating to Account 1595 (2015).
- b) Please provide more support for this proposed balance, including references to:
 - i. all dollar amounts collected or refunded to customers for the applicable fiscal years included in Account 1595 (2015)
 - ii. OEB approved dispositions reflected in Account 1595 (2015)
 - iii. Adherence to specific APH FAQ guidance issued in August 2008 and October 2009.
- c) Please fill out the following table that may support the residual Account 1595 (2015) balance. The balance from this table should agree with the

⁶ EB-2014-0123

2018 DVA Continuity Schedule⁷. Please provide an explanation for differences.

Period	"A" OEB Approved Balance transferred to Account 1595 (excluding OEB approved carrying charges)	"B" Actual Billing Determinants (by Customer Class)	"C" OEB Approved Rate Riders in 2015 IRM (by Customer Class)	"D" = "B" X "C" Actual Dollar Amounts Collected or Refunded to Customers (by Customer Class)	"E" = "A" – "D" Difference
May 1, 2015 to December 31, 2015	\$2,543,774				
Sub-total	\$2,543,774				
January 1, 2016 to April 30, 2016	n/a				
Sub-total	0				
Total	\$2,543,774				

WPI Response:

- a) The large residual balance for account 1595 (2015) is to do with a load forecast that overestimated consumption/demand for May 2015 – April 2016 for a number of classes. The consumption estimated for residential customers was 206,340,893 while the actual was 176,965,524, a difference of 29,375,369. When multiplied by the \$0.0063/kWh rate rider for residential customers this is a difference of \$185,064 under collected for residential customers. Another large variance was the 479,272 kW of demand estimated for GS>50 customers compared to the 454,728 actual kW of demand. The difference of 24,544 multiplied by the rate rider of \$2.2173 results in under collecting an additional \$54,421.41.

- b) Draft Response here...

- a. Residential = \$1,114,883
GS <50 = \$394,495
GS>50 = \$1,008,268
USL = \$1,919
Sentinel = \$381
Street Light = \$7,879

- b.

	Estimated Load	Actual Load	Difference	Rate	\$ Value
Residential	206,340,893	176,965,524	29,375,369	0.0063	158,064
GS<50	65,583,143	63,628,240	1,954,903	0.0062	12,120
GS>50	479,272	454,728	24,544	2.2173	54,421
USL	275,664	284,784	(9,120)	0.0063	(57)

⁷ Note differences may arise where a distributor transferred principal balances to carrying charges based on the Account 1595 2009 FAQ guidance. Any such differences are to be accounted for and reconciled.

Sentinel	17	58	(41)	6.5765	(270)
Street Light	15,177	3,575	11,602	2.2039	25,570

c. WPI has followed APH FAQ guidance on the collecting of Disposal and variance accounts.

c) See table below

Period	"A" OEB Approved Balance transferred to Account 1595 (excluding OEB approved carrying charges)	"B" Actual Billing Determinants (by Customer Class)	"C" OEB Approved Rate Riders in 2015 IRM (by Customer Class)	"D" = "B" X "C" Actual Dollar Amounts Collected or Refunded to Customers (by Customer Class)	"E" = "A" – "D" Difference
May 1, 2015 to December 31, 2015	\$2,543,774	See tables below	See tables in part b)	\$1,621,289	\$857,309
Sub-total	\$2,543,774				
January 1, 2016 to April 30, 2016	n/a	See tables below	See tables in part b)	\$906,411	(947,017)
Sub-total	0				
Total	\$2,543,774			2,527,700	

2015 May - December

	Actual Load	Rate	\$ Value
Residential	108,161,277	0.0063	681,416
GS<50	40,073,860	0.0062	248,458
GS>50	305,995	2.2173	678,483
USL	193,164	0.0063	1,217
Sentinel	53	6.5765	349
Street Light	5,158	2.2039	11,366

2016 January - April

	Actual Load	Rate	\$ Value
Residential	68,804,247	0.0063	433,467
GS<50	23,554,380	0.0062	146,037
GS>50	148,733	2.2173	329,786
USL	91,620	0.0063	577
Sentinel	5	6.5765	33
Street Light	(1,583)	2.2039	(3,489)

The total amounts collected from customers between May of 2015 and April of 2016 totaled \$2,527,700, the total amount approved for disposition in 2015 including interest was \$2,814,400. The difference between these amounts is \$286,700. The remaining balance showing is \$288,888 a difference of \$2,188. This difference will be related to a combination of interest and billing adjustments that were done in later periods to correct bills during this IRM period.

9-Staff-100

Ref: EB-2017-0084 WPI 2018_DVA_Continuity_Schedule_20171122
Exhibit 9, Section 9.2.3

OEB is unclear of the interest rates applied to calculate the carrying charges for each DVA. Carrying charge rates were only listed from Q1 2014 to Q3 2017 in section 9.2.3 of the application.

OEB staff notes that the OEB prescribed interest rates⁸ should be used to calculate DVA balances.

- a) Please provide the carrying charge rates from Q1 2012 through Q4 2017 that were used to calculate the requested DVA balances.
- b) If the carrying charge rates used were different than the OEB prescribed rates:
 - i. Please provide an explanation.
 - ii. Please update the DVA balances in the 2018 DVA Continuity Schedule if the impact of using incorrect carrying charge rates in calculating the proposed DVA balances is material.

WPI Response:

- a) Updated Table 1 below

Quarter by Year	Approved Deferral and Variance Accounts Interest Rate
Q3 2017	1.10%
Q2 2017	1.10%
Q1 2017	1.10%
Q4 2016	1.10%
Q3 2016	1.10%
Q2 2016	1.10%
Q1 2016	1.10%
Q4 2015	1.10%
Q3 2015	1.10%
Q2 2015	1.10%
Q1 2015	1.47%
Q4 2014	1.47%
Q3 2014	1.47%
Q2 2014	1.47%
Q1 2014	1.47%
Q4 2013	1.47%
Q3 2013	1.47%

⁸ <https://www.oeb.ca/industry/rules-codes-and-requirements/prescribed-interest-rates>

Q2 2013	1.47%
Q1 2013	1.47%
Q4 2012	1.47%
Q3 2012	1.47%
Q2 2012	1.47%
Q1 2012	1.47%

- b) Interest rates used by Westario Power agree with prescribed interest rates for all periods, therefore no errors to correct.

9-Staff-101

Ref: Exhibit 9
Filing Requirements For Electricity Distribution Rate Applications -
2017 Edition for 2018 Rate Applications - Chapter 2 Cost of Service,
July 20, 2017, page 60

Page 60 of the Filing Requirements state the following:

Identification of which Group 2 accounts the distributor will continue and which will be discontinued on a going-forward basis [is required], with an explanation for these proposals.

OEB staff notes that Westario Power has not complied with this Filing Requirement.

Please identify which Group 2 accounts Westario Power will continue and which will be discontinued on a going-forward basis, with an explanation for these proposals.

WPI Response:

WPI will continue to use accounts 1518, 1548, and 1582 for going forward. 1518 is used to record all costs associated with administering and monitoring the use of retailers as well as the revenue collected from these retailers billed at the OEB approved rate. 1548 is used record the costs associated with billing retailer customers as well as the STR revenue collected from retailers billed at OEB approved rates. WPI would like to keep account 1582 active for any instances where one time costs from the IESO not normally invoiced are invoiced to WPI.

All other group 2 accounts can be discontinued.

9-Staff-102

**Ref: EB-2017-0084 WPI 2018_DVA_Continuity_Schedule_20171122
Filing Requirements For Electricity Distribution Rate Applications -
2017 Edition for 2018 Rate Applications - Chapter 2 Cost of Service,
July 20, 2017, page 65
Exhibit 9, section 9.6.5**

Page 65 of the Filing Requirements state the following:

[Distributors must] establish separate rate riders to recover the balances in the RSVA's from market participants who must not be allocated the RSVA account balances related to charges for which the market participants settle directly with the IESO (e.g. wholesale energy, wholesale market services).

OEB staff notes that in Section 9.6.5, Westario Power noted that it only has one customer that settles directly with the IESO, or one wholesale market participant (WMP). Westario Power stated that separate rate riders have not been determined for the sole WMP customer, as the customer's total impact on Westario Power's load for the year may be insignificant (approximately 0.5% of its total distribution load). Westario Power also indicated that if a separate rate rider is allocated to the sole WMP customer, the size of the rate riders associated with applicable RSVA accounts is not significant.

Westario Power is of the view that the amount of work involved with determining and tracking a separate rate rider for this customer would result in costs that exceed the benefits to its customer base.

However, OEB staff notes that in Tab 4. Billing Determinants, Westario Power has indicated that its "Metered kWh for WMP" is 402,697,138 and total WMP kW is 0. OEB staff is unclear whether Westario Power has recorded the correct numbers, as its "Total Metered kWh" is 415,205,538.

OEB staff also notes that Westario Power has not used a separate rate rider to allocate Account 1580 and Account 1588 for rate classes that contain the one WMP customer.

- a) Please confirm that Westario Power's one WMP customer does actually represent 0.5% of the distributor's total load, and would translate to an insignificant rate rider, with supporting calculations.
- b) If this is not the case, please explain.
- c) Please revise the 2018 DVA Continuity schedule with correct billing determinants and associated kWh and kW. A separate rate rider should be generated to allocate Account 1580 and Account 1588 for the rate class that contains the one WMP customer.

WPI Response:

- a) Westario has one WMP customer. The total load for this customer in 2017 was 1,827,725 kWh which is approximately 0.44% of Westario's total load of 409,297,707 kWh.
- b) N/A
- c) Westario Power remains of the view that the costs associated with tracking a separate rate rider for one customer that makes up less than 0.5% of its total load would result in costs that exceed the benefits to the customer base.

9-Staff-103

Ref: Exhibit 9, section 9.7
May 23, 2017 Letter from the OEB, Guidance on the Disposition of
Accounts 1588 and 1589
EB-2017-0084 WPI 2018_DVA_Continuity_Schedule_20171122

OEB staff notes that Westario Power has provided a GA Analysis Workform in both the DVA Continuity Schedule and as a stand-alone Excel spreadsheet. OEB staff notes that there are discrepancies between the GA Analysis Workform included in these two spreadsheets. For the purpose of analyzing the GA Analysis Workform, OEB staff is working off the GA Analysis Workform included in the DVA Continuity Schedule, and has provided interrogatories below relating to this spreadsheet.

As per section 9.7, Westario Power stated the following:

WPI is compliant in following guidance from the May 23, 2017 letter pertaining to the period that is being requested for disposition for accounts 1588 and 1589...
...WPI will bill customers for global adjustment using IESO second estimate amounts. Any variances between the second estimate and the actual global adjustment amount will result in a variance that WPI will record to account 1589.

The May 23, 2017 letter from the OEB indicates that distributors are “expected to do a true up to capture the difference between the forecast and actual amounts.”

OEB staff is unclear whether Westario Power performs a true-up of the GA incorporated into the variance reported in Account 1589 to the actual GA that is reported on the IESO website.

As per Note 5 of the GA Analysis Workform, Westario Power has not included any specific line items in the spreadsheet related to “Reconciling Items”. However, in the “Additional Notes and Comments” section, Westario Power stated the following:

For both 2014 and 2016 the actual amount billed was calculated differently from the above OEB models. WPI was basing the RPP customer portion

of GA based off the previous 2 years data rather than using the actual data for the current month in order to complete regulatory filing in a more timely manner. The result was that Non-RPP customer portion of consumption was often different from what the actual result ended up being and this resulted in variances that were different from the above calculated amounts.

For 2014 the result was that WPI's actual variance between global adjustment recovered from customers and the amount paid was only \$459,801 compared to the OEB calculated amount of \$1,415,082.

For 2016 there was also an error in the DVA schedule filed for the year resulting in a difference of \$(106,370), the transactions for the year should have been \$(721,707) instead of \$(615,337). This error has been corrected in 2017 and will be reflected as a principal adjustment in 2017. The result for 2016 using a different method of calculating GA was that the total for the year was \$434,186 further from balancing.

WPI will be adjusting the way GA variances are calculated going forward to be in line with the OEB model above.

Westario Power has a material "Unresolved Difference as % of Expected GA Payments to IESO" of -4.5%. However, OEB staff notes that the -4.5% is incorrect, as Westario Power indicated that it may not be following OEB regulatory accounting guidance, as per its comments in the "Additional Notes and Comments" section of the GA Analysis Workform.

- a) Please confirm that Westario Power performs a true-up of the GA incorporated into the variance reported in Account 1589 to the actual GA that is reported on the IESO website. If such a true-up is done by Westario Power, please explain how it is done.
- b) If this is not the case, please provide an explanation.
- c) Please explain why Westario Power indicated in section 9.7 that it is compliant with the May 23, 2017 letter from the OEB, yet in Note 5 of the GA Analysis Workform, section "Additional Notes and Comments", Westario Power stated that it made errors regarding the inputs used in calculating the Account 1588 and Account 1589 balances. For example, Westario Power stated that "for 2016 there was also an error in the DVA schedule filed for the year resulting in a difference of \$(106,370)."

- d) Westario Power has indicated above that the transactions for the 2016 “year should have been (\$721,707) instead of (\$615,337).” Westario Power also stated that “the result for 2016 using a different method of calculating GA was that the total for the year was \$434,186 further from balancing.”
- OEB staff notes that in Tab 2 2016 Continuity Schedule, column “Transactions Debit/Credit During in 2016”, cell BD32, shows an Account 1589 credit balance of (\$615,337).
- Please explain the differences and update the evidence as required, including why is the Account 1589 account balance off by a further \$434,186.
- e) Westario Power indicated that “the RPP customer portion of GA based off the previous 2 years data rather than using the actual data for the current month in order to complete regulatory filing in a more timely manner.”
- i) Has Westario Power found any more errors with respect to the accounting for Account 1588 and Account 1589, and associated IESO settlement practices? In particular, Westario Power should explicitly state deviations from the OEB’s APH and the OEB’s May 23, 2017 letter. Please provide an explanation.
 - ii) Please provide an analysis and explanation that supports what Westario Power believes the correct balances should be for Account 1588 and Account 1589, as at December 31, 2016.
 - iii) Please update the evidence as required.
- f) Westario Power indicated that “this error has been corrected in 2017 and will be reflected as a principal adjustment in 2017.” Please explain this error in more detail, including the cause. Please explain why this error should not be addressed in this proceeding when the December 31, 2016 Account 1588 and Account 1589 balances may be cleared by the OEB on a final basis. OEB staff notes that not making this adjustment to December 31, 2016 balances could result in retroactive ratemaking when subsequent balances are cleared in a future proceeding. Please update the evidence as required.
- g) OEB staff notes that the GA Analysis Workform is to be reconciled to within 1%. However, Westario Power has an unreconciled discrepancy of 4.5%. Please update Note 5 of the GA Analysis Workform, to include specific line items in the spreadsheet that describe “Reconciling Items” for 2016, including updating the columns “Applicability of Reconciling Item (Y/N)”, “Amount (Quantify if it is a significant reconciling item)”, and “Explanation.”

- h) Please confirm if Westario Power had any long term load transfers in either 2015 or 2016 impacting Account 1589. If so, please quantify the amounts if material and confirm whether a “Reconciling Item” is required in the GA Analysis Workform.
- i) Please confirm if Westario Power had any significant prior period billing adjustments impacting Account 1589. If so, please quantify the amounts and confirm whether a “Reconciling Item” is required in the GA Analysis Workform.
- j) Please confirm that the GA rate that is used for billing purposes is applied consistently for all billing and unbilled revenue transactions for non-RPP Class B customers for each customer class.
- k) Where the same GA rate is not used for billing non-RPP Class B customers in all customer classes, please explain what GA rate is applied to each customer class.

WPI Response:

- a) Westario does not perform a true-up of the GA.
- b) GA on the IESO invoice is split up between Cost of Power and Global adjustment expense accounts based on Westario’s calculation of RPP vs Non-RPP customers. The revenue is determined based on the amounts that are billed to customers in any given month. WPI will then reconcile any differences between the amounts expensed for GA vs the amounts received from customers and adjust the difference through account 1589.
- c) The amount reported on the DVA schedule was entered in order to make the year end balance for account 1589 agree to that of the GL. The GL amount had been misreported in the 2016 GL and therefore the transactions for the year showing on the DVA schedule didn’t match the actual transactions for the year. This has been corrected in 2017.
- d) Westario Power had included incorrect numbers in the DVA continuity schedule for account 1589 in 2016. These numbers have been updated in the revised schedule.
- e) i) Westario has deviated from the Board Approved calculation of the split of Global Adjustment between RPP customers and non-RPP Customers. This will be corrected in 2018. GA Analysis workform is being updated to reflect correct amounts

ii) The difference of \$987,065 is created by Westario not performing True-ups between RPP and Non-RPP customers for the allocation of ISEO

invoice line 148. The correcting entry would be to move \$987,065 between account 1588 and 1589 so that the ending balances were \$1,676,482 and \$(431,449) respectively.

- iv) GA analysis Workform has been updated
- f) Error is that no true-ups have been performed on GA Analysis. Workform is being updated to reflect the correct amounts. Westario Power understands the correct amounts should be used in this filing.
- g) Variation is due to deviation from Board Approved method of calculating GA analysis. This will be corrected going forward
- h) Westario Power does have Long Term Load Transfers that will impact the balance of account 1589. These have been factored into the corrected model.
- i) No significant prior period billing entries that will impact account 1589.
- j) Westario switched to using second estimate in June of 2016, previously using first estimate. This rate is used for billing and unbilled revenue transactions
- k) N/A

9-Staff-104

Ref: Exhibit 9, section 9.6.6
EB-2017-0084 WPI 2018_DVA_Continuity_Schedule_20171122
2016 IRM Decision and Rate Order , March 17, 2016, page 6 & 7
Filing Requirements For Electricity Distribution Rate Applications -
2017 Edition for 2018 Rate Applications - Chapter 2 Cost of Service,
July 20, 2017, page 60

OEB staff notes that page 6 of the 2016 IRM decision and order states:

The OEB approves the disposition of a debit balance of \$1,447,781 as of December 31, 2014, including interest projected to April 30, 2016 for Group 1 accounts.

Regarding the GA Analysis Workform, OEB staff notes:

1. As per Note 1, Westario Power indicated that it is requesting disposition of both 2014 and 2016 balances. OEB staff is unclear why Westario Power is requesting disposition of 2014 balances, when as per page 7 of the 2016 IRM decision and order, the 2014 Account 1589 balance was approved for disposition. OEB staff is also unclear why Westario Power is referring to both 2014 and 2016 balances in the GA Analysis Workform, and not addressing 2015 balances.
2. As per Note 2, Westario Power has provided 2016 “Total Metered excluding WMP” kWh of 423,909,862 and 2016 “Non-RPP” kWh of 194,377,353. OEB staff is unclear why these numbers are significantly different from the respective kWh noted in Tab 4 of the 2018 DVA Continuity Schedule. Tab 4 of the DVA Continuity Schedule contains the following kWh:
 - a. 12,508,399 kWh for “Total Metered kWh less WMP Consumption”
 - b. 226,150,254 kWh for “non-RPP Metered Consumption for Current Class B Customers (non-RPP Consumption excluding WMP, Class A, and Transition Customers’ Consumption)

As per Note 4, Westario Power has also included 2016 “Non-RPP Class B Including Loss Adjusted Consumption, Adjusted for Unbilled (kWh)” of 205,816,268.

OEB staff also notes that Westario Power’s RRR 2.1.5 for 2016 shows Total Metered Consumption kWh of 425,870,697.

3. As per Note 5, Westario Power has included an Account 1589 balance of the “Net Change in Principal Balance in the GL (i.e. Transactions in the Year)” of (\$459,801) credit. However, OEB staff notes that in Tab 2 2016 Continuity Schedule, column “Transactions Debit/Credit During in 2016”, cell BD32, shows a credit balance of (\$615,337) . OEB staff is unclear why different numbers are used in the GA Analysis Workform and Tab 2 of the DVA Continuity Schedule.
 - a) As noted in the interrogatories below, Westario Power needs to update the GA Analysis Workform included in the 2018 DVA Continuity Schedule, and also other tabs included in the 2018 DVA Continuity Schedule.
 - b) As the 2014 Account 1589 balance was disposed in the 2016 IRM decision order, please update the GA Analysis Workform to remove 2014 balances.
 - c) Please reconcile the differences in kWh noted above in bullet point #2 and update the 2018 DVA Continuity Schedule. Please update the GA Analysis Workform, and also Tab 4, Tab 5, and Tab 6 of the DVA Continuity Schedule, as required. Please also reconcile to the Load Forecast and Rate Design sections of Westario Power’s application.
 - d) Please reconcile the Account 1589 “Net Change in Principal Balance in the GL (i.e. Transactions in the Year)” of (\$459,801) credit and (\$615,337) credit, as noted above in bullet point #3. Please provide an explanation and update the GA Analysis Workform, and also Tab 2 of the DVA Continuity Schedule, as required.
 - e) OEB staff notes that the GA Analysis Workform is to be reconciled to within 1%. However, Westario Power has an unreconciled discrepancy of 4.5%. Please explain the unreconciled difference if the GA Analysis Workform, as updated through the interrogatories, shows an unreconciled difference greater than 1%.

WPI Response:

- a) When filling out the form Westario Power thought the form was a reconciliation of previous amounts that had been disposed. GA Analysis workform has been updated
- b) GA Analysis workform has been updated to remove 2014 balances
- c) GA Analysis workform has been updated
- d) Difference has been reconciled on updated GA Analysis Workform
- e) Difference was due to Westario not performing a True-up of GA analysis on a monthly basis.

9-Staff-105

Ref: Exhibit 9.7
EB-2017-0084 WPI 2018_DVA_Continuity_Schedule_20171122
Filing Requirements For Electricity Distribution Rate Applications -
2017 Edition for 2018 Rate Applications - Chapter 2 Cost of Service,
July 20, 2017, page 67

Page 67 of the Filing Requirements state the following:

Description of Settlement Process

A distributor must support its GA claims with a description of its settlement process with the IESO or host distributor. It must specify the GA prices it uses to bill (and to record unbilled entries) to its various customers classes (i.e. 1st estimate, 2nd estimate or actual), explain its process for providing consumption estimates to the IESO as part of its RPP settlement process, and describe the true-up process to true up estimated amounts to actual amounts. The description should detail the distributor's method for estimating RPP and non-RPP consumption, as well as its treatment of embedded generation or any embedded distribution customers. Distributors are reminded that they are expected to use accrual accounting.

However, OEB staff notes that Westario Power did not indicate in Exhibit 9 a full description of the IESO Settlement Process as required in the Filing Requirements. Instead, a very brief description was provided in section 9.7.1.

Please update Westario Power's evidence and provide a full description of the IESO Settlement Process as required in the Filing Requirements.

WPI bills customer based off second estimate from the IESO. GA Expense is derived by taking line 148 from the IESO invoice and applying an estimate of the portion related to RPP vs Non-RPP customers. The difference between the revenue from billing customers and the expense from the estimated split of the IESO invoice is allocated to account 1589 so as to balance revenue and costs.

9-Staff-106

**Ref: EB-2017-0084 WPI 2018_DVA_Continuity_Schedule_20171122,
including GA Analysis Workform**

OEB staff requires further clarification regarding the booking of expense journal entries relating to certain Charge Types that are included on the IESO invoice.

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 approaches 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, respectively⁹.
- b) Charge Type 1142 is booked into Account 1588. In relation to Charge Type 148, the non-RPP quantities multiplied by the GA rate is booked to account 1589 and the remainder of Charge Type 148 is booked to account 1588.
- c) Charge Type 148 is booked into Account 1589. The portion of Charge Type 1142 equaling RPP-HOEP for RPP consumption is booked into Account 1588. The portion of Charge Type 1142 equaling GA RPP is credited into Account 1589.
- d) If another approach is used, please explain in detail.

WPI Response:

- a) WPI books charge types 1142 and 148 to expense accounts 4705 and 4707. At the end of each month WPI will compare these expenses against the actual amounts billed to customers and charge the variance through either the revenue or expense side depending on which way the variance goes and offset it against accounts 1588 for cost of power or 1589 for global adjustment.

⁹ Note, the following in all references in OEB Staff questions relating to amounts booked to accounts 1588 and 1589. Amounts are not booked directly to accounts USoA 1588 and 1589 relating to power purchase and sale transactions, but are rather booked to the cost of power USoA 4705 Power Purchased/4707 Charges - Global Adjustment and the respective Energy Sales USoA accounts, respectively. However, accounts 1588 and 1589 are impacted the same way as accounts 4705/4707 are for cost of power transactions, and the same way as the Energy Sales accounts are for revenue transactions.

9-Staff-107

Ref: EB-2017-0084 WPI 2018_DVA_Continuity_Schedule_20171122

OEB staff requires further clarification regarding the Account 1589 balance that is recorded in the 2018 DVA Continuity Schedule.

With regards to the amount being requested for disposition of USoA 1589 account balance as at Dec. 31, 2016, all components that flow into Account 1589 (i to iv in table below) should be based on actuals in the 2018 DVA Continuity Schedule. Please complete the following table to:

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

	Component	Estimate or Actual	Notes/Comments	Quantify True Up Adjustment \$ Amount
i	Revenue (i.e. is an unbilled revenue true-up adjustment reflected in the balances being requested for disposition?)	Estimate	Unbilled revenue adjustment is made each month and reversed in the following month	N/A – No True-up completed
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	Split between RPP and Non-RPP is based off estimate when IESO invoice received. This amount is not trued-up	N/A
iii	Expenses - GA non-RPP: Charge Type 148 with respect to the RPP/non-RPP kWh volume proportions.	Estimate	Split between RPP and Non-RPP is based off estimate when IESO invoice received. This amount is not trued-up	N/A – No True-up completed
iv	Credit of GA RPP: Charge Type 142 if the approach under Staff Question 1c is used	N/A	N/A	N/A

- c) For each item in the table above, please confirm that the GA Analysis Workform for 2016 and the 2018 DVA Continuity Schedule for 2016 have been adjusted for settlement true-ups where settlement was

originally based on estimate and trued up to actuals subsequent to 2016.

WPI Response:

- a) Please see above table
- b) Please see above table
- c) No True-ups from initial estimate have been made by Westario Power for Global Adjustment.

9-Staff-108

Ref: EB-2017-0084 WPI 2018_DVA_Continuity_Schedule_20171122

OEB staff requires further clarification regarding the Account 1588 balance that is recorded in the 2018 DVA Continuity Schedule.

With regards to the amount being requested for disposition of USoA 1588 account balance as at 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 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?)	Estimate	Unbilled revenue adjustment is made each month and reversed in the following month	N/A – No True-up completed
ii	Expenses – Commodity: Charge Type 101 (i.e. is expense based on IESO invoice at year end)	Actual	Agrees to IESO invoice in the correct month	N/A
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)	Actual	Agrees to IESO invoice in the correct month	N/A
iv	Expenses - GA RPP: Charge Type 148 with respect to the RPP/non-RPP kWh volume proportions.	Estimate	Split between RPP and Non-RPP is based off estimate when IESO invoice received. This amount is not trued-up	N/A – No True-up completed
v	RPP Settlement: Charge Type 142 including any data used for determining the RPP/HOEP/RPP GA components of the charge type	Actual	Amount on line 142 is typically nil. If there is a balance on this line it is entered in the correct month.	N/A

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

WPI Response:

- a) Please see above table
- b) Please see above table
- c) No True-ups from initial estimate have been made by Westario Power for Global Adjustment.

9-Staff-109

Ref: Exhibit 9, section 9.3.1

In section 9.3.1 Westario Power stated that “there were few accounting changes resulting from the adoption to IFRS,” but Westario Power did not describe these changes in its evidence.

OEB staff is unclear whether these “few” changes made on the adoption of IFRS on January 1, 2015 for audited financial statement purposes, beyond the MIFRS impacts recorded in Account 1575 in the 2013 CoS, should be recorded in Account 1575.

- a) Please describe these “few” changes that were made on the adoption of IFRS on January 1, 2015 for audited financial statement purposes, beyond the MIFRS impacts recorded in Account 1575 in the 2013 CoS. Please explain and quantify.
- b) Does Westario Power agree that these additional “few” changes should be recorded in Account 1575 and cleared in this rate proceeding, if the changes are material?
 - i. If so, please update the evidence as required.
 - ii. If not, please explain.

WPI Response:

- a) This line was included in Exhibit 9 in error and should not have been included. The changes related to IFRS had to do with depreciation and capitalization policies as mentioned in the first line of this paragraph.
- b) No additional changes recorded through Account 1575, line was included in Exhibit 9 in error.

Exhibit 9 – Deferral and Variance Accounts (VECC)

9.0 –VECC -43

Reference: Exhibit 9, page 8

- a) What is the major cost driver of the \$41,036 related to IFRS transition costs?

- a) Programming of accounting software to accommodate changes related to the difference for overhead application under IFRS compared to GAAP