ONTARIO ENERGY BOARD

EMAILS PROVIDING ADDITIONAL INFORMATION

2018 ELECTRICITY DISTRIBUTION RATES

Erie Thames Powerlines Corporation

EB-2017-0038

June 14, 2018

Erie Thames Powerlines Corporation

EB-2017-0038

Emails Providing Additional Information

ETPL email #1 - Re Accounting Consistency Questions 13Nov17 1140 AM

From: Barb Lindsay [mailto:blindsay@eriethamespower.com]
Sent: Monday, November 13, 2017 11:40 AM
To: Martin Davies <Martin.Davies@oeb.ca>
Cc: Graig Pettit <gpettit@eriethamespower.com>
Subject: Accounting Consistency Questions

Good Morning Martin,

I have a few questions for you, please see my comments in red font below:

Thanks,

Barb

From: Martin Davies <Martin.Davies@oeb.ca>
Date: November 7, 2017 at 2:55:40 PM EST
To: Graig Pettit <gpettit@eriethamespower.com>
Subject: Accounting Consistency Questions

Graig:

As discussed, see below:

Checklist: 20 & 21

Exhibit 2, Tab 6, Schedule 1, Attachment 1, 2-A Appendix 2-BA

For Appendix 2-BA

a) The ending costs and accumulated depreciation for 2012 do not agree to the opening costs and accumulated depreciation for 2013. It appears that the difference is due to smart meters. Please confirm whether this is the case, provide a reconciliation between the ending 2012 and opening 2013 balances and update the evidence as needed. You are correct the difference relates to both the stranded meter disposal and the smart meter transfer to fixed assets. Would you prefer that I make the entries on the 2012 Continuity Schedule and then update the 2013 opening balances?

b) The ending accumulated depreciation for 2015 does not agree to the opening accumulated depreciation for 2016 by $195k. Please explain the difference and revise Appendix 2- BA as needed The difference is simply because the balances were not recorded properly, and have been corrected.

c) In the 2016 MIFRS schedule, the additions sub-total is different from the additions total. It appears that this is due to socialized renewable energy generation investments. Please explain the difference and revise Appendix 2-BA for 2016 to 2018 as needed. You are correct it was the socialized rewable energy, however to correct this issue, I also need to add the socialized energy generation the schedule, see OEB acct 1910, in order to delete it from the Sub-Total. Do you agree with this approach?

Checklist: 41

Exhibit 4, Tab 9, Schedule 1, Page 1

Exhibit 4, Tab 9, Schedule 3, Pages 1-2

In Schedule 1, it states that Erie Thames Powerlines confirms that the useful lives for its asset groups fall within the ranges provided in the Kinetrics Report. However, Table 4-41 in Schedule 3 show a list of assets that are outside the useful life range of the Kinetrics report. In Schedule 3, it also states that in many cases, Erie Thames Powerlines would not have any of the assets listed employed in its Distribution System. We have erroneously stated that the useful lives for all asset groups fall within the ranges provided in the Kinetrics Report. That being said, our Overview of Exhibit 4 needs to be corrected, however the remaining document that relates to the useful lives is correct.

a) Please confirm that the above means that Erie Thames does not have any of the assets in asset classes with useful lives that are identified as being outside the Kinetrics range except for smart meters. I believe this has been explained in Exhibit 4, Tab 9, Schedule 9, Page 2. Please confirm if you agree.
b) If the above is confirmed, please explain how the revised useful lives were determined as Erie Thames Powerlines would not have had experience with these assets. I believe this has been explained in Exhibit 4, Tab 9, Schedule 3, Page 2. Please confirm if you agree.
c) For Table 4-41 in Schedule 3, please explain the difference in useful lives for assets that are outside the range of the useful lives of the Kinetrics report. The majority of the items that are outside the Kinetrics useful life, we have extended the expected useful life based on our historical data. The for two item which we have shortened the useful life again it is based on our historical data, which shows our underground conductor and devices are showing signs of failure prior to the Kinetrics 60 year minimum. We are also see our new meters failing much earlier showing a useful life expectancy of 5 years.

Barb Lindsay

Accounting Supervisor

T : 519-485-1820 Ext:234
TF: 877-850-3128
M : 519-521-7323
F : 519-485-5838

143 Bell Street, PO Box 157
Ingersoll, ON N5C 3K5

ETPL email #2 - Re Nov 7 OEB Questions-Responses 20Nov17 438 PM

From: Diane Taylor [mailto:dtaylor@eriethamespower.com]
Sent: Monday, November 20, 2017 4:38 PM
To: Martin Davies <Martin.Davies@oeb.ca>
Cc: Graig Pettit <gpettit@eriethamespower.com>; Barb Lindsay <blindsay@eriethamespower.com>
Subject: Nov 7 OEB Questions-Responses

Good Afternoon Martin

See below ETPL's answers/comments to your questions regarding the DVA Continuity Schedule. We are still working on your questions regarding the GA Workform and will reply as soon as we are complete.

Regards,

Diane

Checklist: 64, 68
Exhibit 9, Tab 2, Schedule 1, Attachment 1, 9-A DVA Continuity Schedule
Exhibit 9, Tab 1, Schedule 1, Page 2
There are no balances in Accounts 1518 and 1548.

a) Please explain whether or not Erie Thames Powerlines has tracked balances in Accounts 1518 and 1548 as required by the APH. If yes, please provide the information for these two accounts as per page 64 of the Chapter 2 Filing Requirements for Electricity Distribution Rate Applications for 2018. If not, please explain why the account balances are not tracked.
Erie Thames Powerlines has never tracked balances in Accounts 1518 and 1548. ETPL feels that the costs associated with STR's are immaterial and difficult to isolate the direct costs and feels that no quantifiable incremental costs are borne by completing these transactions. ETPL notes that if it tracked incremental costs to

handle its retailer transactions then all customers would bear these costs in 1518 and 1548 recoveries.

b) In Tab 1, it states that Erie Thames Powerlines will discontinue the use of all Group 2 accounts on a go-forward basis, except Account 1568 LRAMVA. Please clarify whether Erie Thames Powerlines is requesting to discontinue the use of Accounts 1518 and 1548,
ETPL has never tracked balances in Accounts 1518 and 1548 and does not propose to ever start tracking balances in these accounts.

Checklist: 69

Exhibit 9, Tab 2, Schedule 1, Attachment 1, 9-A DVA Continuity Schedule

In the DVA Continuity Schedule,

a) In the Principal and Interest OEB Approved for Disposition columns under 2014, 2015 and 2016, Accounts 1595 (2014), (2015) and (2016) only show the total approved for disposition in the Principal column. Please separate out the approved disposition amounts by principal and interest and confirm that the accounting guidance for Account 1595 in the APH FAQ October 2009 is being adhered to in terms of drawing down the sub-account balances.
The approved disposition amounts have been split out between Principal and Interest on the revised Continuity Schedule. Erie Thames splits out the Principal and Interest on a separate spreadsheet to ensure that there is no interest calculated on the approved interest disposition.

b) The OEB Approved for Disposition columns during 2014 and 2016 for Accounts 1595 (2014) and (2016) do not agree to the total approved Group 1 balances in Erie Thames Powerlines 2014 and 2016 IRMs. Please explain the difference and revise the evidence as needed.
The OEB Approved for Disposition column for 2014 includes the amount disposed of in ETPL's 2014 IRM ($2,507,501) as well as the disposition approved in ETPL's PILS disposition approval EB-2013-0225 ($365,146.04) which totals $ 2,872,648. As well there was an error in the 2014 Disposition columns which included some of the recovery transactions from 2014. This has been corrected and included in the revised Continuity Schedule.
The OEB Approved for Disposition column for 2016 includes the amount disposed of in ETPL's 2016 IRM ($3,121,073) as well as the tax sharing disposition of ($27,775) for a total of $3,148,848.

c) In the instructions to the DVA Continuity Schedule, it states "For each Account 1595 sub-account, start inputting data from the year the sub-account started to accumulate a balance (i.e. the vintage year)". For Account 1595 (2012), please provide the continuity schedule for the sub-account starting in 2012.
ETPL revised the continuity schedule for Account 1595 (2012) to show the disposition starting in 2013. ETPL's 2012 COS application (EB-2012-0121) was not approved until late in 2012 for rates to begin January 1, 2013.

d) Per the Chapter 2 Filing Requirements for Electricity Distribution Rate Applications for 2018, distributors are expected to seek disposition of the audited account balance a year after a rate rider's sunset date has expired. Accounts 1595 (2012), (2014), and (2015) are being requested for disposition. The rate riders for these sub-accounts expired in 2016. These sub-accounts should not be requested for disposition until 2017 balances are requested for disposition in 2019 rate applications. Please remove the disposition request for these sub-accounts in the DVA Continuity Schedule.
All of ETPL's rate riders for Accounts 1595 (2012), (2014) and (2015) expired on April 30, 2016. The balances that remained in the above accounts were all audited as of December 31, 2016. As the net value of the 3 accounts above is a total of -$14,952 which is an immaterial balance, ETPL would like to request to dispose of these balances in this application to simplify the rates for its' customers. Accordingly, ETPL understands that there will be no allowance given to dispose of any remaining balances that may occur in these account due to adjustments after December 31, 2016.

Diane Taylor

EA, Regulatory and Accounting Analyst

T : 519-485-1820
TF: 877-850-3128
F : 519-485-4703

143 Bell Street, PO Box 157
Ingersoll, ON N5C 3K5