North Bay Hydro Distribution Ltd.

OEB Staff Questions

EB-2018-0057

**North Bay Hydro Distribution Ltd. (North Bay Hydro)**

**EB-2018-0057**

**Staff Question-1**

**Ref:** **Rate Generator Model, Tab 3 – Continuity Schedule**

OEB staff notes the sum of the accounts in column AK (OEB-Approved Disposition in 2015) is $669,328. Account 1595 (2015) shows an amount transferred to this account of ($610,668). Please provide a reconciliation of the two. Please also reconcile the interest amounts in column AP to the amount transferred into Account 1595 (2015).

**Response**

The Tab3 schedule only reconciles Account 1595 between Group 1 accounts (1551, 1551, 1580, 1584, 1586, 1588, 1589) and the total amount approved for disposition. In the 2015 Cost of Service application (EB-2014-0099), NBHDL’s Group 2 accounts were also approved for disposition and are included in Account 1595 (2015). See below for a reconciliation of both the principle and interest amounts for 2015.



**Staff Question-2**

**Ref:** **Rate Generator Model, Tab 3 – Continuity Schedule**

Similar to the question above, OEB staff that the sum of the accounts in column BE (OEB-Approved Disposition in 2017) is ($670,358). Account 1595 (2017) shows an amount transferred to this account of $484,954. Please provide a reconciliation of the two. Please also reconcile the interest amounts in column BJ to the amount transferred into Account 1595 (2017).

**Response**

The Tab3 schedule only reconciles between group 1 accounts (1551, 1551, 1580, 1584, 1586, 1588, 1589) and the total amount approved for disposition. In other years amounts from outside the stated accounts are approved for disposition through the 1595. In the 2017 IRM application (EB-2016-0214), NBHDL had an LRAMVA disposition to accompany the group 1 accounts and are included in Account 1595. See below for a reconciliation of both the principle and interest 1595 amounts for 2017.

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**Staff Question-3**

**Ref:** **Rate Generator Model, Tab 3 – Continuity Schedule**

Columns BN and BM of continuity schedule show principal and interest disposition amounts instructed by the OEB in 2018. Please explain why North Bay Hydro has not populated the Account 1595 (2018) line item with the applicable approved disposition amounts. For example, a principal balance of a credit of ($1,277,704) was approved for disposition in 2018 and as such a debit, in the same amount, should be shown in Account 1595 (2018). The same applies to the interest amount approved.

**Response**

NBHDL notes that the omission of Account 1595 (2018) information was an oversight. As described, the amounts of 1,277,704 and 22,943 should have been populated in cells BM37 and BN37 respectively. NBHDL will update the continuity schedule if required.

**GA Analysis Workform Questions**

**Staff Question-4**

**Ref: GA Analysis Workform; Rate Generator Model**

OEB staff notes that the Applicant has recorded an amount of ($635,749) in cell D65 (Net Transactions in the Year) in the GA Analysis Workform. However, the amount populated in the Rate Generator Model - Tab 3 Continuity Schedule, in Cell BD29 is ($213,350).

1. Please confirm that the $422,399 adjustment was recorded in the fiscal year 2017 (not 2018) in the Applicant’s general ledger, which is why it is included in the 2017 transactions column (BD), rather than in the principal adjustments column (BF). If not, please explain.

**Response**

Yes, NBHDL confirms that an accrual of $422,399 was recorded in the general ledger in fiscal 2017.

1. If the above is confirmed, please adjust the GA Analysis Workform so that the amounts recorded in cell D65 match the amounts in the continuity schedule cell BD29 of ($213,350). In addition, please remove the amount of $422,399 from reconciling item 1b, as this item would not be necessary since it was recorded in 2017, not a subsequent fiscal year. If the applicant disagrees with this presentation, please explain why.

**Response**

The GA Analysis Workform has been updated to reflect the accrual of $422,399 in the general ledger in 2017.

**Staff Question-6**

**Ref: GA Methodology Appendix A**

In response to question 4b) of the GA Methodology Appendix A, the Applicant indicated the following:

*“The reversal of last year’s principal adjustments would not be reflected in the GL. The application and requirement for true-ups with the use of DVA principle adjustments, came after the 2016 audited financial statements so the subsequent reversal would be reflected in the opening 2017 GL balance already.”*

OEB staff requires further clarification on what this means. Please answer the following:

1. In which fiscal year in the Applicant’s general ledger were the amounts actually recorded that represented the 2016 principal adjustments in EB-2017-0065 of ($92,482) in Account 1588 and ($485,369) in Account 1589?

**Response**

These amounts were recorded in NBHDL’s general ledger in the fiscal year 2017. To clarify, the adjusting amounts of ($92,482) and ($485,369) in were only recorded in the 2016 continuity schedule and not the 2016 general ledger. Hence, the requirement for offsetting principle adjustment in 2017’s continuity schedule.

1. Please explain how the reversal of 2016 principal adjustments can be reflected in 2017 opening balances? If the 2016 year in the rate generator model required a principal adjustment, it is assumed that these amounts were not recorded in regular 2016 GL transactions (and therefore cannot be reflected in the 2017 GL opening balances).

**Response**

NBHDL acknowledges the poor choice of wording of “opening balance”. To clarify, the adjusting amounts of ($92,482) and ($485,369) in were only recorded in the 2016 continuity schedule and not the 2016 general ledger.

1. OEB staff expects that the 2016 adjusting entries were recorded in the 2017 general ledger, and that a reversal in 2017 (Column BF in the rate generator model) would be required to remove these transactions from 2017 (as they were already reflected in the 2016 adjusted closing balances). If this is not the case, please explain the Applicant’s situation.

**Response**

NBHDL confirms that the 2016 adjusting entries were recorded in the 2017 general ledger.