

From: Ian McKenzie <imckenzie@tillsonburg.ca>
Sent: Wednesday, March 13, 2019 8:32 AM
To: Marc Abramovitz <Marc.Abramovitz@oeb.ca>
Subject: RE: tillsonburg - follow-up IR

See responses below in blue text. I am available to discuss this afternoon or tomorrow morning. Please note, I will be out of the office on Friday March 15th.

Sincerely,

Ian McKenzie

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From: Marc Abramovitz [<mailto:Marc.Abramovitz@oeb.ca>]

Sent: Tuesday, March 12, 2019 4:10 PM

To: Ian McKenzie

Subject: FW: tillsonburg - follow-up IR

Ian,

Please answer the following OEB staff question below.

Marc

Excerpt from OEB staff question 3 e), and Tillsonburg Hydro's response is provided below:

e)→ Item 4 -- Does Tillsonburg's Account 1589 balance reflect Class A related variance? If it does, please remove this amount from the balance in the Continuity Schedule (but not from the GA Analysis Workform or the GL), and refile the appropriate amounts.¶

Response¶

No it does not, the Class A GA balance is always 0, however there is a billing delay in producing monthly invoices to Class A customers. This timing difference is accounted for in the unbilled revenue calculation at year end. The end result is an accurate Class B GA variance account balances at year end. Unbilled kWh adjustments are not made and hence the reference in the GA workform.¶

Follow-up questions:

1. Tillsonburg has shown a credit of \$350,994 as a reconciling item 4 on its GA workform, which indicates that this amount is in Tillsonburg's GL. So why has Tillsonburg not removed this amount from its DVA Continuity Schedule?

Response

Tillsonburg Hydro believes that THI GL and Continuity Schedule accurately reflects all VA balances including unbilled accruals. The Class A GA Variance is \$0 and the 1589 Class B Variance is accurately tracking any Class B GA Variance. Removing anything from the DVA Continuity schedule would cause the 1589 balance in the Continuity schedule and the GL to be out of alignment. Change to the GL would inaccurately move GA balances to other variances.

2. If there is an equal amount of unbilled recorded for Class A GA, then why is this adjustment needed on the GA Workform?

Response

Similar to other responses and conversations had with OEB Staff, it is apparent that there was confusion on Tillsonburg Hydro's approach to completing the GA Workform. Tillsonburg Hydro stands by our accounting practices with our DVA with the exception of the use of RPP kWh as an allocation of costs between GA and COP variances (as discussed with OEB Staff). Tillsonburg Hydro is of the belief that a re-work of the GA workform is required and will hopefully resolve

any Staff questions on the DVA balances. THI is open to when this occurs either during the 2019 IRM process, after the scheduled variance account training in April (THI scheduled for Apr 15), as a special application or as part of the 2020 IRM process.

3. OEB staff recalculated the unexplained difference after removing this amount from Tillsonburg's 2017 GA Workform, and found that the unexplained difference is 4.9%. Please provide an explanation for this variance.

Response

As discussed in question # 2 above, THI is of the belief that the GA workform needs to be re-evaluated and created as THI's understanding of the approach expected by OEB and OEB Staff have changed through this IRM process. THI is of the opinion that any attempt to explain variances of an inaccurately completed GA workform would be of little value. As discussed above, THI is open to when the re-work should be completed and will wait for guidance on this topic from OEB Staff.

Other Comments:

Previous Board Staff IR's requested the thought of disposing all Group 1 DVA's with the exception of 1588 and 1589. In light of the comments above and the GA workform needs to be reworked, THI is open to the proposal of disposing of Group 1 variances (with the exception of 1588 and 1589) through the 2019 IRM process. THI will await any comments from Board Staff before heading down this road.

Raj Sabharwal

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