



BY EMAIL

August 22, 2019

Amy La Selva  
Grimsby Power Incorporated  
231 Roberts Road  
Grimsby, ON L3M 5N2  
[amyl@grimsbypower.com](mailto:amyl@grimsbypower.com)

Dear Ms. La Selva:

**Re: EB-2019-0038 Application for 2020 Rates**

A preliminary review of the application has identified that certain sections of the evidence supporting the application do not comply with the Ontario Energy Board's Filing Requirements<sup>1</sup> for incentive rate-setting applications and/or the associated spreadsheets, models and workforms. As a result, the Ontario Energy Board (OEB) is unable to process Grimsby Power Incorporated's (Grimsby Power) application at this time. The OEB will commence processing the application after the noted information is filed.

The missing information includes:

Chapter 3 Filing Requirement Reference (page #)	Description
Pages 14 & 15	<p>A distributor must support its Global Adjustment (GA) claims with a description of its settlement process with the IESO or host distributor. The description in the application does not include the following:</p> <ul style="list-style-type: none"><li>• The distributor's treatment of volumes related to embedded generation customers.</li></ul>

<sup>1</sup> Chapter 3 of the *Filing Requirements for Electricity Distribution Applications Rate Applications*, dated July 12, 2018 and the Addendum to Filing Requirements For Electricity Distribution Rate Applications - 2020 Rate Applications, dated July 15, 2019

	<ul style="list-style-type: none"> <li>The distributor's internal control tests, if any, in validating estimated and actual consumption figures used in its RPP settlement process and subsequent true-up adjustments.</li> </ul>
Page 15	<p>Distributors must complete the GA Analysis Workform for each applicable fiscal year subsequent to the most recent year in which Accounts 1588 and 1589 were approved for disposition on a final basis by the OEB.</p> <p>Although Grimsby Power has provided a GA Analysis Workform for 2018 balances, it also needs to provide a GA Analysis Workform for 2017 balances, including explanations of reconciling items. 2017 balances were approved on an interim basis in Grimsby Power's 2019 proceeding.<sup>2</sup> The most recent year in which Accounts 1588 and 1589 were approved for disposition on a final basis related to 2016 balances in Grimsby Power's 2018 proceeding.<sup>3</sup></p> <p>The Deferral and Variance Account (DVA) Continuity Schedule, Tab 3, provided by Grimsby Power needs to be updated to reflect the opening DVA balances in this schedule as the closing December 31, 2016 balances, instead of the closing December 31, 2017 balances. This update needs to be done as the 2017 balances were cleared on an interim basis and will be reviewed in this proceeding. As a result, additional columns in Tab 3 will need to be populated.</p>
Addendum Pages 12-13	<p>On February 21, 2019, the OEB issued its letter entitled <i>Accounting Guidance related to Accounts 1588 Power, and 1589 RSVA Global Adjustment</i> as well as the related accounting guidance. The accounting guidance is effective January 1, 2019 and is to be implemented by August 31, 2019. Distributors are expected to consider the accounting guidance in the context of historical balances that have yet to be disposed on a final basis (including the 2018 balances that may be requested for disposition in this rate application). In their 2020 applications, distributors are to provide a status update on the implementation of the new accounting guidance, a review of historical balances, results of the review, and any adjustments made to account balances.</p> <p>The OEB set out its expectations for final disposition requests of commodity pass-through account balances as noted in the Addendum.</p>

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<sup>2</sup> EB-2018-0035

<sup>3</sup> EB-2017-0043

	<p>In its pre-filed evidence,<sup>4</sup> Grimsby Power stated that historical balances still need to be reviewed for 2017 and 2018. Grimsby Power stated that it will complete its review of Account 1588 and Account 1589 taking into consideration the new accounting guidance and make any adjustments required during 2019. Grimsby Power noted that after the review is complete it will request that the disposition of Account 1588 and Account 1589 be on a final basis. However, in contrast, Grimsby Power's 2020 DVA Continuity Schedule, 2020 proposed tariff sheet, and 2020 proposed bill impacts include DVA rate riders that clear Account 1588 and Account 1589.</p> <p>Grimsby Power should clarify whether its intent is to clear Account 1588 and Account 1589 in this proceeding, including on either an interim basis or on a final basis. If Grimsby Power plans to clear these DVAs in this proceeding, Grimsby Power needs to completely satisfy the OEB's expectations for final disposition requests of commodity pass-through account balances as noted in the Addendum. For example, more detail regarding its overall process of reviewing the historical Account 1588 and Account 1589 balances needs to be provided.<sup>5</sup></p>
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The OEB expects that Grimsby Power will file the above listed required information as soon as possible.

If any of the information that is identified as missing is located in sections other than those identified in the Filing Requirements, or if any of the information is not applicable in your circumstances, please provide an explanation when re-filing the application.

Any questions relating to this letter should be directed to Vince Mazzone, Advisor, at 416-544-5159 or [vince.mazzone@oeb.ca](mailto:vince.mazzone@oeb.ca). The OEB's toll-free number is 1-888-632-6273.

Yours truly,

*Original signed by*

Christine E. Long  
Registrar  
Office of the Registrar

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<sup>4</sup> Application, pages 22-23

<sup>5</sup> For example, Grimsby Power has not provided detail regarding its process of reviewing the section "Accounting Guidance related to Embedded Generation Settlement" outlined in the February 21, 2019 *Accounting Guidance related to Accounts 1588 Power, and 1589 RSVA Global Adjustment*.