Grimsby Power Incorporated

OEB Staff Questions

EB-2019-0038

**Grimsby Power Incorporated**

**EB-2019-0038**

**Staff Question-1**

**Ref: IRM Model, Tab 3**

 **Manager’s Summary, p. 10**

On page 10 of the Manager’s Summary, Grimsby Power stated that it is seeking disposition of Account 1595 for 2017. However, Grimsby Power indicated that it is also seeking disposition of Account 1595 for 2018 in Tab 3 of the IRM Model.

1. Please confirm which year or years Grimsby Power is seeking disposition of Account 1595 for and please update the IRM Model accordingly.
2. If Grimsby Power is seeking disposition of Account 1595 (2018), please update the 1595 Workform to include the 2018 balance.

**Staff Question-2**

**Ref: GPI Reponse\_Incomplete\_Letter\_Grimsby\_2020IRM\_20190828**

At the above noted first reference Grimsby Power stated the following:

To clarify Grimsby Power is requesting the disposition of account 1588 and 1589 on an interim basis until such time as all balances are reviewed in consideration of the new guidance provided. The current settlement process for Grimsby Power, as noted above and in the application, uses estimated consumption to calculate costs and revenues. The true up then uses actual consumption to calculate costs and revenues. Grimsby Power is currently changing its process to model that of the illustrative example provided by OEB staff. Grimsby Power does not believe there are any systemic issues related to the RPP settlement and accounting related process but needs time to go back through 2017 and 2018 transactions to verify.

1. As noted above, Grimsby Power is “requesting the disposition of account 1588 and 1589 on an interim basis until such time as all balances are reviewed in consideration of the new guidance provided.” As Grimsby Power’s December 31, 2017 balances were cleared on an interim basis in its 2019 IRM proceeding,[[1]](#footnote-1) does Grimsby Power also mean that it is requesting to clear its December 31, 2018 balances on an interim basis in this proceeding?
2. Please provide an update on Grimsby Power’s plan to verify its RPP settlement and accounting related process back through 2017 and 2018.
3. Please confirm that adjustments to Group 1 DVA balances that have yet to be disposed on a final basis have not yet been quantified.
4. If adjustments have not been quantified, please provide a timeline as to when the applicant expects any discrepancies to be resolved. Does Grimsby Power expect its review to be completed before the completion of the record in the current proceeding?

After Grimsby Power completes its review and material adjustments are identified, for each adjustment please provide the following:

Quantification and nature of the adjustment

The period in which the adjustment relates to (i.e. in relation to the flow of kWh/ kW)

Detailed explanation of the adjustment, including how it was identified, the reason for the adjustment, the impact to each of Accounts 1588 and 1589 and any summary reports if available.

Show how it has been included as a principal adjustment to Account 1589 in the GA Analysis Workform and Account 1588 in Appendix A, Question 1

Describe the steps taken to include these adjustments in the DVA Continuity Schedule and balances requested for disposition in this proceeding. Please also provide the cells in the DVA Continuity Schedule where these adjustments were made.

**Staff Question-3**

**Ref: IRM Model, Tab 3, filed August 28, 2019**

At the above noted reference, Grimsby Power is requesting an Account 1588 balance of $106,233 as at December 31, 2018, plus forecasted interest, for clearance in the current proceeding on an interim basis. Account 1588 is not expected to have a high balance, as it is driven primarily by differences in line losses. Please explain the high balance of $106,233.

**Staff Question-4**

**Ref: Manager’s Summary, p. 15**

 **IRM Model, Tab 3, filed August 28, 2019**

At the above noted first reference Grimsby Power stated the following:

During Grimsby Power’s 2019 IRM Application the 1588 Power account was adjusted by $87,519. This amount represented a true up value for 1588 that was from 2017 but booked in 2018. Grimsby Power has reversed this adjustment in the 2018 portion of the continuity schedule in Tab 3 cell BF28. Further to the adjustment of ($87,519) Grimsby Power has also made an adjustment for $70,884 in the same cell (BF28) to account for a 2018 true up booked in 2019. This adjustment is a reconciling item from the GA Analysis Workform. The adjustments have resulted in a difference of ($16,635) from the trial balance submitted under RRR filing 2.1.7 for account 1588 RSVA - Power.

At the above noted second reference Grimsby Power filed a revised IRM Generator Model.

OEB staff has reviewed the revised IRM Generator Model and is unable to find the $87,519 adjustment in 2017 to Account 1588 that Grimbsy Power has referred to in the above noted first reference. OEB staff notes that a balance of ($80,995) is recorded in cell AV28 of the revised IRM Generator Model. Table 1 below summarizes the difference between these two references.

**Table 1 – Difference in Account 1588 2017 Principal Adjustments**



1. Please explain the differences shown in column C of the above noted Table 1.
2. If there is an impact on Account 1588 from the difference shown in column C of Table 1, please describe and quantify the impacts. Please also consider the Account 1588 balance shown in the application, Appendix A, GA Methodology Description, on page 115/162.

**Staff Question-5**

**Ref: Manager’s Summary, p.15**

 **IRM Model, Tab 3, filed August 28, 2019**

**GPI\_2020\_GA\_Analysis\_Workform\_20190828.XLSB**

At the above noted first reference Grimsby Power stated the following:

In the 2019 application Grimsby Power also made an adjustment to account 1589 RSVA – Global Adjustment. Account 1589 was adjusted in the 2019 application by an amount of $141,563. Grimsby Power has reversed this adjustment in the 2018 portion of the continuity schedule in Tab 3 cell BF28. In connection with the adjustment of 1588 in the amount of $70,884 an adjustment was also made to the continuity schedule for account 1589 RSVA – Global Adjustment. The 2018 true up booked in 2019 included a reduction in Global Adjustment costs for non RPP customers in the amount of $116,738. This adjustment was made in cell BF29 increasing the total claim by $24,825 ($141,563-$116,738) thereby creating a variance between the continuity schedule and the trial balance in 2.1.7 of $24,825.

At the above noted second reference Grimsby Power filed a revised IRM Generator Model.

OEB staff has reviewed the revised IRM Generator Model and is unable to find the $141,563 adjustment in 2017 to Account 1589 that Grimbsy Power has referred to in the above noted first reference. OEB staff notes that a balance of $0 is recorded in cell AV29 of the revised IRM Generator Model. OEB staff also notes that a principal adjustment in the above noted third reference shows a credit amount of $141,563.

Table 2 below summarizes the difference between these references.

**Table 2 – Difference in Account 1589 2017 Principal Adjustments**



As per the above noted first reference, OEB staff is also unclear whether Grimsby Power meant that it had recorded a credit amount of $141,563 in 2017, which was then reversed in 2018, with an offsetting debit amount. OEB staff notes that the 2017 GA Analysis Workform at the above noted third reference shows a reconciling credit amount of $141,563.

1. Please explain the differences shown in column F and column I of the above noted Table 2.
2. If there is an impact on Account 1589 from the differences shown in Table 2, please describe and quantify the impacts.
3. OEB staff requires clarification of Grimsby Power’s $141,563 adjustment. Grimsby Power stated at the above noted first reference that it made a $141,563 adjustment in 2017 and then stated that it “has reversed this adjustment in the 2018 portion of the continuity schedule in Tab 3 cell BF28.”
	1. In the above referenced statement, please clarify whether Grimsby Power meant to reference the cell BF29 instead of cell BF28.
	2. Please clarify whether Grimsby Power meant that it had recorded a credit amount of $141,563 in 2017, instead of a debit amount.
	3. If Grimsby Power instead meant to reference a debit amount of $141,563 in 2017, please explain why an additional debit amount of $141,563 was recorded in 2018.

**Staff Question-6**

**Ref: EB-2018-0035 GPI\_GA\_Analysis\_Workform\_20180813.xlsb**

 **GPI\_2020\_GA\_Analysis\_Workform\_20190828.XLSB**

At the above noted first reference Grimsby Power provided its GA Analysis Workform relating to 2017 balances in its 2019 IRM proceeding.

At the above noted second reference Grimsby Power provided its GA Analysis Workform relating to 2017 balances in its current 2020 IRM proceeding.

OEB staff has reviewed both GA Analysis Workforms relating to 2017 balances filed in the 2019 IRM proceeding and the current proceeding. OEB staff notes that there are differences between the two workforms. Table 3 below summarizes the difference between these two references.

**Table 3 – Discrepancies in 2017 Unresolved Differences between the GA Workforms**



1. Please explain the differences shown in column L of the above noted Table 3.
2. If there is an impact on Account 1589 from the difference shown in column L of Table 3, please describe and quantify the impacts.
3. Please quantify and explain how any other differences in the 2017 GA Workform filed in this proceeding are different than those filed in prior proceedings (i.e. relating to the same calendar year balances.)

**Staff Question-7**

**Ref: Manager’s Summary, Appendix A, p. 115/162**

At the above noted reference, the Account 1588 balance is described. Specifically, regarding the GA file “GA-Analysis-Workform-Instructions-20190715.docx”, “Appendix A GA Methodology Description Questions on Accounts 1588 & 1589” (or page 15 of the document), the table in Question 1 for Account 1588 requests the “Balance December 31, 2018”.

1. Please confirm that the first line of this table represents the Account 1588 general ledger balance as at December 31, 2018. If this is not the case, please explain.
2. Please explain why the last line of this table shows a balance of $106,234 when the closing principal Account 1588 balance as at December 31, 2018 in the DVA continuity schedule (cell BG28) is $147,380.
3. Please explain any differences between (a) and (b), considering any OEB-approved dispositions that occurred in the year
4. Please also repeat steps (a), (b), and (c) for Account 1588 balances as at December 31, 2017.
5. If the revised table shows a material change in the assessment of the Account 1588 balance, please quantify and explain.
6. Please also file a similar table relating to 2017 balances for Account 1588.
7. Please quantify and explain any large amounts shown in these tables relating to 2017 and 2018 balances.
8. Please also complete the attached spreadsheet “1588 Analytical Review” for both 2017 and 2018 balances respectively.

**Staff Question-8**

**Ref: Manager’s Summary, p. 17**

 **IRM Model, Tab 3, filed August 28, 2019**
At the above noted first reference Grimsby Power stated the following:

…The actual Global Adjustment amount Grimsby Power is billed by the IESO to service non-RPP Class B customers is tracked in USoA 4707. No accruals are used for expenses. Only actual expenses are booked for the expense portion of all variance accounts. Values are based on actual expense invoices for the current month.

1. Please describe whether Grimsby Power’s monthly general ledger is left open in time to book the actual invoice on an accrual basis. For example, please confirm that an invoice of amounts relating to power that flowed in October 2018 was booked in October 2018 in the GL (e.g. accrual basis) or in November 2018 when the invoice is received (e.g. cash basis).
2. If Grimsby Power’s practice is that an invoice of amounts relating to power that flowed in October 2018 was booked in November 2018 when the invoice is received, please describe and quantify the impacts on Account 1588 and Account 1589 from not recording these invoices on an accrual basis.
3. If there is an impact on Account 1588 and Account 1589 from the above noted statements, please describe and quantify the impacts.

**Staff Question-9**

**Ref: Manager’s Summary, page 22**

**Manager’s Summary, Appendix A, p. 117/162 and p. 119/162**

At the above noted first reference Grimsby Power stated the following:

Grimsby Power completes the RPP Settlement true up process on a regular basis which results in smaller variance amounts from true ups in subsequent years. Each month is accounted for in the current year with the exception of December.

At the above noted second reference Grimsby Power stated the following:

The true up is completed on a regular basis. All months are trued up within the year with the exception of December which is trued up in the following year…

…December 2018. This true up was recorded in the 2019 balance in the General Ledger.

1. At the above noted references, Grimsby Power stated true-ups relating to December are performed in the next year. Please confirm that the true-ups relating to December consumption are recorded in the following year’s GL (i.e. a true-up relating to December 2018 consumption is recorded in the 2019 GL.)
2. If so, please explain why these true-ups are not captured in the GL period associated with the flow of kWh or consumption of kWh. Is Grimsby Power considering to change its current practice?
3. If no, please explain.
4. If there is an impact on Account 1588 and Account 1589 from the above noted statements, please describe and quantify the impacts. Please also consider the Account 1588 balance shown in the application, Appendix A, GA Methodology Description, on page 115/162.

**Staff Question-10**

**Ref: IRM Model, Tab 3, filed August 28, 2019**

**IRM Model, Tab 3, December 13, 2018**

At the above noted first reference Grimsby Power provided its DVA Continuity Schedule relating to 2017 balances in its 2020 IRM proceeding.

At the above noted second reference Grimsby Power provided its DVA Continuity Schedule relating to 2017 balances in its 2019 IRM proceeding.

Table 4 below summarizes the difference between these two references.

**Table 4 – Discrepancies in 2017 Unresolved Differences between the GA Workforms**



1. Please explain the differences shown in the above table.
2. If there is an impact on Account 1588 and Account 1589 from the differences shown in the table, please describe and quantify the impacts.
1. EB-2018-0035 [↑](#footnote-ref-1)