



November 21, 2019

Ontario Energy Board
Attention: Christine E. Long, Registrar and Board Secretary
2300 Yonge Street
27th Floor, P.O. Box 2319
Toronto, ON M4P 1E4

Rideau St. Lawrence Distribution Inc.
2020 Incentive Rate Mechanism Adjustment Application
Ontario Energy Board File Number EB-2019-0066

Dear Ms. Long,

Please find accompanying this letter, our response to your letter dated November 15, 2019, requesting additional information concerning the review of historical balances in accounts 1588 and 1589.

Yours truly,

A handwritten signature in dark ink, appearing to read 'Peter Soules', is written over a light blue horizontal line.

RIDEAU ST. LAWRENCE DISTRIBUTION INC.

Peter Soules, CPA, CMA
Chief Financial Officer
Phone: 613-925-3851
Fax: 613-925-0303
E-Mail: psoules@rslu.ca



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BY EMAIL

November 15, 2019

John Walsh
Rideau St. Lawrence Distribution Inc.
985 Industrial Road
P.O. Box 699
Prescott ON K0E 1T0
jwalsh@rslu.ca

Dear Mr. Walsh:

**Re: Rideau St. Lawrence Distribution Inc.
Application for 2020 Rates
Board File No. EB-2019-0066**

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 Requirements¹ 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 Rideau St. Lawrence Distribution Inc.'s (Rideau St. Lawrence) application at this time. The OEB will commence processing the application after the noted information is filed.

¹ 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

The missing information is noted below:

Chapter 3 Filing Requirement Reference (page #)	Description
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 for Accounts 1588 and 1589. 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). Further, as part of their 2020 rate applications, distributors are required 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>In the Addendum to Filing Requirements For Electricity Distribution Rate Applications - 2020 Rate Applications, dated July 15, 2019 (Addendum), the OEB sets out its expectations for final disposition of commodity pass-through account balances.</p> <p>Although Rideau St. Lawrence states that it has complied² with the accounting guidance, it has not provided any information with respect to its review of historical balances and related adjustments.</p> <p>Please provide an update on the status of Rideau St. Lawrence's review of historical balances in Accounts 1588 and 1589. Please also clarify whether Rideau St. Lawrence is proposing to dispose Accounts 1588 and 1589 on an interim or final basis. If final disposition is requested, please provide the information per the Addendum.</p>
Addendum Page 19	Please file Appendix A to the Instructions for Completing the GA Analysis Workform.

The OEB expects that Rideau St. Lawrence 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.

² Manager's Summary, pages 25 and 26

Any questions relating to this letter should be directed to Christiane Wong, Information Administrator, at 416-440-8115 or Christiane.Wong@oeb.ca. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Christine E. Long
Registrar and Board Secretary

RSL Response:

We have reviewed our previous process and the historical balances of Accounts 1588 and 1589, and have determined that the only difference between our previous process and the new accounting guidance is the reconciliation data basis of RPP billing volume (prior method) vs. RPP wholesale volume (new method).

The difference in volume for 2017 is 187,643 kWh, which would affect our 2017 annual RPP true-up amount by approximately \$3,574. This variance accounts for 0.05% of RSL's annual Cost of Power as recorded in Accounts 1588 and 4705.

The difference in volume for 2018 is 56,722 kWh, which would affect our 2018 annual RPP true-up amount by approximately \$1,780. This variance accounts for 0.03% of RSL's annual Cost of Power as recorded in Accounts 1588 and 4705.

Both years are much lower than the 0.5% of the annual Cost of Power threshold as per the OEB's Guidance, Q&A's for Accounting Guidance on Accounts 1588 and 1589, Q29. No adjustments related to the new Accounting Guidance are required. The detailed calculation is shown in the following table.

		2017	2018
Wholesale RPP Volume kWh	A	62,286,491	66,710,341
Annual RPP True-up Volume kWh	B	62,098,848	66,653,619
Variance kWh	C=A-B	187,643	56,722
Variance %	D=C/B	0.30%	0.09%
Annual RPP True-up Amount	E	(1,182,922)	(2,091,201)
Estimated Variance \$	F=E*D	(3,574)	(1,780)
Power Purchased in Account 4705 -1588	G	6,772,967	6,245,882
Materiality of Estimated Variance Amount	H=ABS(F/G)	0.05%	0.03%
Threshold - Q&A's for Accounting Guidance on Accounts 1588 and 1589, Q29		<0.5%	<0.5%

The result of the review of our previous RPP true-up process and historical balances in Accounts 1588 and 1589 further confirmed the accuracy and completeness of the balances in Accounts 1588 and 1589 for the years 2017 and 2018. RSL, therefore, is of the view that the 2017 balances of Accounts 1588 and 1589, which were approved for disposition on an interim basis in its 2019 IRM proceeding, should be deemed final disposition. RSL is also confirming its request as made in the original submission for a final disposition of its 2018 balances of Accounts 1588 and 1589.

Appendix A to the GA Workform has been submitted separately.