**Niagara-on-the-Lake Hydro Inc. (Niagara-on-the-Lake Hydro)**

**EB-2019-0056**

**OEB Staff Follow-up Questions**

**December 9, 2019**

**Please see responses below in blue**

**Follow-up Question - 1**

**Ref: Staff Question – 4**

Approach A and B produces the same end result, please explain why Niagara-on-the-Lake Hydro is choosing to deviate from the new accounting guidance by using approach B. Please explain whether Niagara-on-the-Lake Hydro is planning on changing its approach to approach A.

Based on the information available to NOTL Hydro at the time of the 1598 submission and the date of the IESO invoice, NOTL Hydro feels that approach B provides the best estimates for account 1588 and 1589 and therefore reduces the magnitude of the true-ups required. NOTL Hydro is not planning on changing its approach to approach A.

**Follow-up Question - 2**

**Ref: Staff Question – 5c**

The adjustment to settle estimated to actual embedded generation was recorded in Account 1589. Please explain why the entire amount is recorded in Account 1589.

Prior to 2019, NOTL Hydro trued-up accounts 1588 and 1589 annually based on billed data from it’s Northstar Billing System. Due to limitations in the available data the process was as follows:

1. Billed information for RPP customers was downloaded from the billing system
   1. Weighted Average Price (WAP)
   2. RPP Rates
   3. Usage (including losses at the OEB approved rate)
2. Data was prorated by month (where the billing period included more than one month)
3. The Revenue (RPP rates x Usage), Cost of Power (WAP x Usage) and Global Adjustment (Actual GA Rate x Usage) for RPP customers was determined from this data.

This method resulted in any differences in the total GA amount billed to all customers and the actual GA amount paid by NOTL Hydro to the IESO being recorded in account 1589. This would include any variance due to losses and, in this case, the difference between the estimated and actual embedded generation amounts. Therefore, the entire variance resulting from the difference due to estimated generation amounts was recorded in account 1589. The correction should therefore also flow through account 1589.

**Follow-up Question - 3**

**Ref: Staff Question** **7**

Please confirm that Niagara-on-the-Lake Hydro has implemented the new accounting guidance retroactive to January 1, 2019. If not, please explain why not.

NOTL Hydro has trued-up amounts in accounts 1588 and 1589 consistent with methodology from the new accounting guidance retroactive to January 1, 2019.

**Follow-up Question - 4**

**Ref: Staff Question** **8**

Niagara-on-the-Lake Hydro indicated that the only difference identified between its true ups and the revised true ups resulting from the new accounting guidance was the allocation difference between actual losses and approved losses. Please explain Niagara-on-the-Lake Hydro’s prior methodology in allocating the loss difference.

Please see response to follow-up question 2