



December 10, 2019

Ontario Energy Board  
2300 Yonge Street  
P.O. Box 2319  
Suite 2700  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Elexicon Energy Inc. – Whitby Rate Zone  
2020 Annual IR Index Distribution Rate Application  
OEB File No: EB-2019-0130**

Elexicon Energy Inc. ("Elexicon") has reviewed the Ontario Energy Board ("OEB") draft Decision and Rate Order for its Whitby Rate Zone ("EW") and appreciates the opportunity to provide the following comments.

Draft Decision

Elexicon requests that the OEB consider additional language related to Section 7 – Group 1 Deferral and Variance Accounts, specifically related to the Accounting Guidance and methodologies. On page 7, the Decision outlines that

*Elexicon Energy has filed an analysis comparing the balances generated under the two methodologies and has concluded that the differences are within the materiality threshold.*

While the above comment is generally correct, the Decision does not acknowledge the modifications to EW's methodology and processes for 2019 going forward and that adjustments were made retroactive to January 1, 2019 to ensure the outcome reflected in EW's balances were fully aligned with the OEB's methodology. Specifically, on Appendix I, page 4, row 2-20, it states:

***To ensure EW's methodology is aligned with the OEB's accounting guidance for 2019 and going forward, the following steps have been taken:***

- ***Adjust the current EW process to incorporate a split of actual GA costs (CT 148) to reflect proportional split of UFE so that they reflect the costs at a Wholesale kWh level for both RPP and Non-RPP.***



- ***Complete a true-up review of the EW methodology results as compared to the OEB methodology results based on actuals. EW proposes to complete this a minimum of four times per year. Each review will result in a single journal entry to align the EW methodology outcome with the OEB accounting guidance outcome so to ensure the treatment of UFE is incorporated into the 1598 Final Settlement calculation. The OEB's Excel model has been refined to facilitate the comparison of outcomes using final actual data. A copy of the Excel model for 2019 Jan – Apr and 2018 have been included with this application (Elexicon\_Whitby RZ\_2020\_Accounting Guidance 2018 Analysis\_20190812 & Elexicon\_Whitby RZ\_2020\_Accounting Guidance 2019 Analysis\_20190812). Actual data has been incorporated into Tables 22-30 and Table 32 and a comparison is provided.***
- ***Timing related differences are naturally addressed as billing occurs (similar to other variance accounts). For the purpose of reviewing variance account balances as part of a future rate application which incorporate 2019, adjustments for timing differences will be reflected in the continuity schedule consistent with OEB accounting guidance. (Emphasis Added)***

Elexicon respectfully requests that the OEB considered modifying its wording to reflect additional accuracy and transparency in the Decision. While Elexicon defers to the OEB in any final edits, the following has been provided for consideration:

The evidence on the record indicates that Elexicon Energy followed a methodology for settlement and accounting of its commodity accounts, which differed from the OEB's methodology outlined in its February 2019 accounting guidance on Accounts 1588 and 1589. Elexicon identified steps taken in 2019 to modify its methodology going forward to ensure outcomes were aligned with those provided for in the OEB's accounting guidance. Elexicon filed an analysis for 2019 to support any adjustments required on a retroactive basis to January 1, 2019 to align the commodity account balances with the OEB's accounting guidance. Elexicon Energy also filed an analysis for 2018 comparing the balances generated under the two methodologies which concluded that the differences are within the materiality threshold. Elexicon Energy has proposed the continuation of its revised methodology.

This modified wording would serve to clarify that Elexicon's methodology (revised as indicated in the application) is now aligned with the outcome of the OEB's accounting guidance methodology. Permitting differences in the operational mechanics of



Elexicon's process to arrive at the same outcome required by the OEB's accounting guidance should be considered reasonable.

Elexicon is unclear from reviewing the draft Decision, whether the OEB requires all LDCs to strictly follow the highly prescriptive process and steps outlined in the accounting guidance. For example, whether the accounting guidance operational processes and mechanics of journal entries, timing of individual true-up components etc. must be strictly adhered to, or if the OEB permits some flexibility to utilize existing systems and processes as long as they have been appropriately analyzed to ensure the outcomes are aligned to those in the accounting guidance. Elexicon has outlined both pros and cons in its application of its revised approach and provided comprehensive analyses. Given there are no direct impacts or clear benefits to customers (as outcomes are identical), Elexicon requests the OEB accept its revised approach. This will provide for consideration of efficiencies; reasonable flexibility of operating practices; and permit options in designing future system setups and processes with the understanding that outcomes should be fully aligned with those in the OEB accounting guidance.

On this basis, Elexicon also requests that the wording of the "Findings" (final paragraph) be similarly adjusted to accept EW's revised methodology and process as a reasonable approach consistent with the outcome and requirements of the OEB's accounting guidance.

#### Draft Rate Order

Elexicon provides the following comments regarding minor corrections to the Rate Order:

- The page header should be adjusted to:
  - Remove the word "Former" from the line "For the Former Whitby Hydro Rate Zone"
  - Add in a line "Tariff of Rates and Charges"

Please contact me if you have any questions.

Sincerely,

Susan Reffle  
Manager, Regulatory Affairs  
Elexicon Energy Inc.