Elexicon Energy – Veridian Rate Zone ("EV")

EB-2019-0252

<u>Accounts 1588 and 1589</u>

Staff-1

Ref: (1) Chapter 3 of the Filing Requirements for Electricity Distribution Applications Rate Applications, dated July 12, 2018, page 15
(2) Application, Manager's Summary, page 12

<u>Preamble:</u>

At the above-noted first reference, it is stated that 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.

At the above-noted second reference, Elexicon Energy stated the following (noted below), however the December 31, 2016 balances have not been addressed in the IRM Rate Generator Model. OEB staff notes that 2017 balances were cleared on an interim basis and will be reviewed in this proceeding.

> In keeping with the model instructions, the continuity starts with the balances as per the date for which approval was last received (i.e. 2017 closing balances).

<u>Questions:</u>

a) Although Elexicon Energy 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 the Veridian Rate Zone's 2019 rates proceeding.[1] The most recent year in which Accounts 1588 and 1589 were approved for disposition on a

[1] EB-2018-0072

final basis related to 2016 balances in the Veridian Rate Zone's 2018 rates proceeding.[2]

i) Please provide a revised 2017 GA Analysis Workform.

ii) Alternatively, please confirm that the OEB can rely on the 2017 GA Analysis Workform filed on January 15, 2019 in Veridian's 2019 rates proceeding.[3] If confirmed, please file this spreadsheet on the record of the current proceeding.

Response:
Elexicon-Veridian ("EV") confirms that the OEB can rely on the 2017 GA Analysis Workform filed on January 15, 2019 in Veridian's 2019 rates proceeding. This model {*Veridian_Att B_GA Analysis Workform_Updated_20190115*} has been included with the IR responses and uploaded through the Board's web portal.

b) The Deferral and Variance Account (DVA) Continuity Schedule, Tab 3, provided by Elexicon Energy 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.

Please make the required changes in Tab 1 of the 2020 IRM Rate Generator to refile the DVA Continuity Schedule accordingly.

Response:
The Deferral and Variance Account (DVA) Continuity Schedule, Tab 3, has been updated to reflect the opening DVA balances in this schedule as the closing December 31, 2016 balances. Tab 1 has been updated accordingly. The updated model {*Elexicon_Veridian RZ_2020_IRM-Rate-Generator-Model_20200114_IR Response*} has been included with the IR responses and uploaded through the Board's web portal.

Please note that in order to incorporate the closing December 31 2016 balances, the current model needed the following row inserted:

Disposition and Recover/Refund of Regulatory Balance (2012)

[2] EB-2017-0078
[3] EB-2018-0072

Upon discussion with Board staff, EV was advised that the easiest way to handle this would be to incorporate the 2012 balance into 2013. Per Board Staff, "adding a new line for 2012 will require the model to be retested as it will move a lot of the sums and other values". EV has therefore added the 2012 and 2013 balances together for the purpose of entering the balances in to the model.

Staff-2

Ref: (1) Application, Manager's Summary, page 6
(2) Application, Manager's Summary, page 13
(3) Application, Appendix F – Accounting Guidance, page 2
(4) Addendum to Filing Requirements For Electricity Distribution Rate Applications - 2020 Rate Applications, dated July 15, 2019, pages 12 & 13

Preamble:

In summary, Elexicon Energy is requesting final disposition of 2017 balances in the Veridian Rate Zone that was cleared on an interim basis in 2019 IRM. Elexicon Energy has requested that 2018 balances not be cleared in the current proceeding due to the materiality threshold not being met. Although Elexicon Energy indicated that it has used its January to June 2019 balances to review its existing processes against the accounting guidance, Elexicon Energy has not described whether its 2017 and 2018 balances have been reviewed.

At the above-noted first reference, Elexicon Energy stated that it is requesting the following:

> The final approval of Group 1 disposition that was approved in EB-2018-0072 as interim.

At the above-noted second reference, Elexicon Energy stated the following:

> The Group 1 Total Claim (2018 ending balances plus any identified adjustments and projected interest) does not exceed the threshold test. As a result, this application does not include a disposition request for the Total Group 1 DVA balance.

At the above-noted third reference, Elexicon Energy stated the following:

> Elexicon Energy has taken time to review its existing processes against the accounting guidance for 2019 using the completed period of January to June. This was done with a specific objective to identify differences and assess and compare the final outcome of each method to determine whether, in aggregate, there are any material differences.

At the above-noted fourth reference, the following was indicated:

> On February 21, 2019, the OEB issued its letter entitled *Accounting Guidance related to Accounts 1588 Power, and 1589 RSVA Global Adjustment* 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 this application, 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…
>
> …Some utilities may have received approval for interim disposition of historical account balances or did not request disposition of account balances in the 2019 rate application due to the threshold test. If these utilities have reviewed the balances in the context of the new accounting guidance and are confident that there are no systemic issues with their RPP settlement and related accounting processes, such utilities may request final disposition of account balances. If these utilities identified errors or discrepancies that materially affect the ending account balances, utilities should adjust their account balances prior to requesting final disposition…
>
> … Adjustments to account balances will be considered on a case by case basis. Utilities should provide a detailed discussion on any adjustments made, including the reason for an adjustment, how the adjustment was quantified and the journal entries to adjust the balances.

<u>Questions:</u>

a) Please confirm that Elexicon Energy has completed its review of the new Accounting Guidance and that any required changes to the accounting for

Account 1588 and Account 1589 have been implemented as it relates to its 2017 and 2018 historical balances.

Response:
The effective date of the accounting guidance is January 1, 2019. EV has reviewed the accounting guidance and completed a thorough review of 2019 January - June and made adjustments to ensure that the balances for 1588 and 1589 are consistent with the outcome of the OEB's approach as outlined in the accounting guidance. The review spreadsheet was provided with this application {*Elexicon_Veridian RZ_ 2020_Acctg Guidance 2019 Analysis_20191015}*. The review identified some differences between the OEB outcome and former EV outcome in terms of impact on the 1588 and 1589 balances. These were quantified and determined to be below the materiality level but were adjusted in 2019.

EV took the following items into consideration for its review of historical 2017 and 2018 balances:

- The accounting guidance effective date of January 1, 2019
- The 2019 detailed review which determined that any adjustments were below the materiality threshold
- The drivers of the 2019 differences between EV process and OEB guidance outcomes.
- A review of the impact of any process differences for 2017/2018 compared to 2019 and how they might affect the 1588 and 1589 balances ie. method to determine final RPP tiered kWhs (change from top down vs. bottom up change as described in the Settlement Process section of the Manager's Summary page 14-15). This difference was not considered to be significant or material.
- Time and resource requirements to complete a full detailed review for a 24 month period (2017/2018)

After considering these items, EV performed a detailed review of two months from each of 2017 and 2018 to quantify differences in EV and OEB approach and outcomes to confirm the expectation that differences were below materiality. The Excel files supporting the detailed review have been included with the IR response and uploaded through the Board's web portal:

- *Elexicon_Veridian RZ_2020_Acctg Guidance 01 2017 Analysis*
- *Elexicon_Veridian RZ_2020_Acctg Guidance 02 2017 Analysis*
- *Elexicon_Veridian RZ_2020_Acctg Guidance 04 2018 Analysis*
- *Elexicon_Veridian RZ_2020_Acctg Guidance 11 2018 Analysis*

These worksheets are in the same format as the original submission {*Elexicon_Veridian RZ_ 2020_Acctg Guidance 2019 Analysis_20191015}* and are consistent with the OEB's Excel model format for the key tables provided.

All elements of the review outlined above for 2017/2018 were completed prior to the rate application filing date of October 15, 2019 with the exception of the detailed review of the two months in each of 2017 and 2018. EV discussed with OEB Staff the expectation regarding review of historical balances for periods prior to 2019 and confirmed that its approach is reasonable and consistent with OEB's expectations specifically for historical transactions in Account 1588 and 1589 that have not been disposed of on a final basis prior to 2019.

b) Please confirm that the new accounting guidance was implemented retroactive to January 1, 2017 and that this task was completed by August 31, 2019. If this is not the case, please explain.

Response:
Please see response to a).

c) Please confirm that there are no systemic issues with the Veridian Rate Zone's RPP settlement and related accounting processes as it relates to its 2017 and 2018 historical balances.

Response:
EV's review has identified minor differences which result in impacts to 1588 and 1589 that are below the materiality level. Please see response to a).

d) If there are issues, please explain whether adjustments to Group 1 DVA balances that have yet to be disposed on a final basis have been quantified, including balances that have been cleared on an interim basis or not cleared at all in a prior proceeding

Response:
There are no adjustments required as differences are below the materiality threshold. Please see response to a).

e) If adjustments have not been quantified, please provide a timeline as to when the applicant expects any discrepancies to be resolved.

Response:
Not applicable. Please see response to a).

f) If material adjustments were identified, please provide the following for each adjustment:

i. Quantification and nature of the adjustment
ii. The period in which the adjustment relates to (i.e. in relation to the flow of kWh)
iii. Detailed explanation of the adjustment, including how it was identified, the reason for the adjustment, the impact to each of Accounts 1588 and 1589.
iv. Show how it has been included as a principal adjustment to Account 1589 in the GA Analysis Workform and Account 1588 in Appendix A GA Methodology Description Questions on Accounts 1588 & 1589, Question 1
v. 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.

Response:
Not applicable. Please see response to a).

g) Please provide further details on the review of 2017 and 2018 balances that was completed and any summary reports available (e.g. how the review was done).

Response:
Please see response to a).

Staff-3

Ref: (1) Application, Manager's Summary, page 15

Preamble:

At the above-noted reference, Elexicon Energy noted the following regarding changes to its methodology on the Tiered splits:

> The Veridian Rate Zone's Class B RPP claim is submitted monthly (Charge Type 1142). Consumption data for IESO Charge Type 1142 is based on actual metered RPP consumption data for the current month. The estimates for the split of TOU periods are based on the actual metered hourly data for each period. The Tier 1 and 2 split is based on the previous year's billed split for the same rate period. Effective September 2019, and retroactive to January 2019, the Tier split is based on actual metered hourly data for each period. Effective January 2019, a process change allowed for the implementation of categorized Tiered RPP data. The previous approach used a top-down methodology to arrive at residual consumption. Analysis was conducted during the period of 2018 to compare the two approaches; the results were immaterial.

Questions:

a) Elexicon Energy has described that it has performed a Tiered split analysis for 2018 but did not provide an explanation. Please provide an explanation, including how its analysis addresses the OEB's new accounting guidance.

Response:
To be clear, the Manager Summary outlined two separate changes made to the methodology:

1) RPP Tier 1 and 2 split: EV uses metering data for active RPP and non-RPP accounts each month to prepare estimated settlement claims and the associated true-ups. Prior to the review of the OEB's accounting guidance, the RPP Tiered kWhs ratios were not part of the true-up process. The split of tiered kWhs between Tier 1 and 2 was based on the previous year's billed split for the same month. Effective September 2019, and retroactive to January 2019, the Tier split is based on actual metered hourly data for each period. This data is available for true-up purposes. As per the analysis that was submitted {see: *Elexicon_Veridian RZ_ 2020_Acctg Guidance 2019 Analysis_20191015*, tab "Ver Settlement Comparison", rows 18 & 19 and 23} the actual vs estimated tier split is not material.

2) Tiered RPP Data: Starting January 2019, a process change allowed for the implementation of categorized Tiered RPP data. The previous approach used a top-

down methodology to arrive at RPP Tiered data. Before the process change was made, a full review of all the 2018 determinants was done using both the top-down and bottom-up methodology. The results of the review concluded that the difference between the two approaches was below the materiality threshold. The new approach, which started January 2019 was consistent with the OEB's new accounting guidance.

b) Building on the questions asked above regarding Elexicon Energy's review of the new accounting guidance; please further describe the scope of the above-noted analysis. Please confirm that the analysis was implemented retroactive to January 1, 2017 and that this task was completed by August 31, 2019. If this is not the case, please explain.

Response:
Please see Staff-2 a).

Staff-4

Ref: (1) Elexicon_Veridian RZ_2020_Acctng Guidance 2019 Analysis_20191015.XLSX
(2) OEB's Illustrative-Commodity-Model-20190221.xlsx

Preamble:

At the above-noted first reference, tab "Final RSVA Balances," Elexicon Energy provided calculations showing an Account 1588 balance as at December 31, 2017 of $222,256 and an Account 1589 balance as at December 31, 2017 of $3,498,002. However, OEB staff notes that the balances recorded through the RRR as at December 31, 2017 are a credit of $3,862,357 for Account 1588 and a credit of $793,539 for Account 1589.

Questions:

a) Please explain the discrepancies between the Account 1588 and Account 1589 December 31, 2017 balances noted at the above-noted first reference, tab "Final RSVA Balances," and the respective RRR 2.1.7 balances. Elexicon Energy provided calculations showing an Account 1588 balance as at December 31, 2017 of $222,256 and an Account 1589 balance as at December 31, 2017 of $3,498,002. However, OEB staff notes that the balances recorded through the

RRR as at December 31, 2017 are a credit of $3,862,357 for Account 1588 and a credit of $793,539 for Account 1589.

Response:
To clarify, the date identified in the tab “Final RSVA Balances” was not fully displayed and as a result it was not apparent that it incorrectly referenced the RSVA amounts as being for December 31, 2017. The tab pulls data from other areas of the spreadsheet, all of which are exclusively related to 2019 data/transactions for January to June 2019. On the basis that the information provided in the “Final RSVA Balances” tab related only to Jan – June 2019, the amounts are not comparable to the 2017 RRR 2.1.7 balances for 1588 or 1589.

b) At the above-noted first reference, it appears that Elexicon Energy has provided a spreadsheet that is designed to mirror the OEB’s illustrative commodity model issued on February 21, 2019 (as per the above-noted second reference). However, the distributor’s model does not fully capture all elements of the OEB’s model. Please explain the deviations from the OEB’s model.

Response:
As per follow up discussions with OEB staff, EV was given more clarity regarding this question and was advised to answer this question at a high level.

As outlined in Appendix F, based on a review of EV’s current methodology as compared to the OEB’s regulatory accounting guidance, the differences in methodology can be summarized generally as follows:

- Treatment of unaccounted for energy (UFE) - split between RPP and Non-RPP kWhs and the resulting dollar impact.
- Estimates of RPP Tiered kWh ratios vs. actuals RPP Tiered kWh ratios.
- Small differences in GA rates in months where posted rate is different from actual IESO invoice rate

In order to do the analysis, EV used a number of the OEB tables from the OEB’s illustrative commodity model (primarily “Data for 2nd TU” tab) issued on February 21, 2019. As indicated in its application, EV has taken the tables and populated them with final trued-up information for wholesale, retail energy, and commodity cost actuals from IESO or other suppliers of energy (Hydro One, embedded generation). This allowed EV to:

- Review the final outcome of the OEB's regulatory accounting guidance and compare it against the process used by EV.
- Identify and quantify any adjusting entries to ensure the RSVA balances are aligned with the OEB's accounting guidance outcome retroactive to January 1, 2019 and to adjust its processes going forward to maintain alignment.

To support the review which covered six months of data, small adjustments/changes to the OEB model were necessary primarily to incorporate the following items:

- Adding in additional supply of energy provided by Hydro One
- Inserting actual GA rate for customers (embedded distributors) with bi-lateral agreements
- Weighting energy and GA rates to support a multi-month timeframe for the analysis for RPP and non-RPP

EV has reviewed and prepared its model for accuracy and completeness. The model is consistent with the key tables, format and approach used for the Elexicon – Whitby RZ ("EW") application (EB-2019-0130). If there are elements that are not fully captured that OEB Staff has determined will materially impact the outcome and result of the analyses, Elexicon Energy would appreciate further details regarding any concerns so that they can be appropriately addressed.

Staff-5

Ref: (1) GA-Analysis-Workform-Instructions-20190715.docx
(2) Application, Appendix E-1: GA Methodology Description – Appendix A GA Methodology Description Questions on Accounts 1588 & 1589, page 1

Preamble:

At the above-noted first reference (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".

At the above-noted second reference, Elexicon Energy has provided an analysis of its 2018 Account 1588 balance.

Questions:

It appears that Elexicon Energy has filed the “Net Change in Principal Balance in the GL (i.e. Transactions in the Year)” for Account 1588 in the first row of this table:

a) Please confirm that the first line of this table or a credit of $639,483 represents the Account 1588 principal transactions in the general ledger for 2018, which ties to cell BD28 in the DVA Continuity Schedule. If this is not the case, please explain.

Response:
Confirmed

b) Please confirm that the last line of this table or a credit of $94,330 represents the Account 1588 principal transactions and adjustments for 2018 in the DVA continuity schedule, which tie to the sum of cell BD28 and cell BF28 in the DVA continuity schedule. If this is not the case, please explain.

Response:
Confirmed
The last line of this table or a credit of $94,330 also ties to cell BO28

c) Please explain any differences between (a) and (b).

Response:
The difference between (a) and (b) is $545,153 which is the unbilled to actual billed principal adjustments. Further details are provided below in response to Staff-6

d) Please also repeat steps (a), (b), and (c) for 2017 Account 1588 principal transactions.

Response:
The steps relating to the 2017 Account 1588 principal transactions are as follows:

a) Account 1588 principal transactions in the general ledger for 2017, which ties to cell AT28 in the DVA Continuity Schedule: ($1,154,906)
b) Account 1588 principal transactions and adjustments for 2017 in the DVA continuity schedule, which tie to the sum of cell AT28 and cell AV28 in the DVA continuity schedule: ($1,924,645)

c) The difference between (a) and (b) is $(769,739) which is the unbilled to actual billed principal adjustments. Further details are provided below in response to Staff-6

e) If the revised table shows a material change in the assessment of the Account 1588 balance, please quantify and explain.

Response:
There is no change in the assessment of the Account 1588 balance.

f) Please also file a similar table relating to 2017 balances for Account 1588.

Response:
A similar table relating to 2017 balances for Account 1588 is being included with the IR responses and uploaded through the Board's web portal {*Elexicon_Veridian RZ_2020_GA-Analysis-Workform-Instructions-2017*}

Staff-6

Ref:

(1) Application, Manager's Summary, page 16
(2) 2020 IRM Rate Generator Model, Tab 3, October 15, 2019
(3) 2018 GA Analysis Workform, October 15, 2019
(4) EB-2018-0072, 2017 GA Analysis Workform, January 15, 2019

Preamble:

At the above-noted first reference, Elexicon Energy stated the following:

> Adjustments for 2018 unbilled to actual billed revenue differences have been included in the continuity schedule. A true-up adjustment related to Account 1588 of $224,585 and Account 1589 ($22,333) are reflected in Tab 3 of the 2020 Rate Generator Model.

However, OEB staff could not reconcile the amounts in the above-noted first reference to any of the amounts recorded in the above-noted second, third, and fourth references. OEB staff also notes that, at the above-noted third reference, a debit amount of $22,333 is shown, instead of the credit amount described in the above-noted first reference.

At the above-noted second reference, cell BW28 and cell BW29 in Tab 3 show variances of the RRR versus the 2018 balances of $224,585 for Account 1588 and a credit of $22,332 for Account 1589.

<u>Question:</u>

a) Please explain these above-noted variances of $224,585 for Account 1588 and a credit of $22,332 for Account 1589, including how these true-up adjustments (as described in the first above-noted reference) reconcile to the amounts in the above-noted second, third, and fourth references.

Response:

As per Staff-1 b), the Deferral and Variance Account (DVA) Continuity Schedule, Tab 3, has been updated to reflect the opening DVA balances in this schedule as the closing December 31, 2016 balances. An updated IRM model {*Elexicon_Veridian RZ_2020_IRM-Rate-Generator-Model_20200114_IR Response*} has been included with this response and uploaded through the Board's web portal. The additional details regarding 2017 transactions will assist with the reconciliation of the first, second, third and fourth references. An excerpt from the <u>updated</u> model is below:

Table 1:

	Col AV Unbilled to Actual billed Adjustments during 2017	Prior Year		Current Year		Col BF Unbilled to Actual billed Adjustments during 2018	Col BW Variance RRR vs. 2018 Balance	
Row 28 Power (1588)	(769,739)	769,739	+	(224,586)	=	545,153	224,586	*
Row 29 GA (1589)	(574,821)	574,821	+	22,333	=	597,153	(22,332)	*

*$1 rounding

In 2018, the unbilled for Power Account 1588 was understated by $224,586 and the 2018 unbilled for GA was overstated by $22,333. Any true up adjustments done in one direction (debit or credit) will result in a variance to RRR in the opposite direction.

Table 1 demonstrates how the above-noted variances of $224,585 for Account 1588 and a credit of $22,332 for Account 1589 as described in the first above-noted reference reconcile to the amounts in the above-noted second reference (2020 IRM Rate Generator Model, Tab 3, October 15, 2019).

The above-noted variance of $224,585 for Account 1588 (Power) will not reconcile to the amounts in the above-noted third and fourth references since reference three and four are specific to GA.

The above-noted variance of a credit of $22,332 for Account 1589 (GA) will reconcile to the amounts in the above-noted third and fourth references as per Table 2 below:

Table 2:

Workfrom Reference		2017 GA Analysis Workform, January 15, 2019	2018 GA Analysis Workform, October 15, 2019
2a	Remove prior year end unbilled to actual revenue differences	* (156,497)	574,821
2b	Add current year end unbilled to actual revenue differences	(574,821)	22,333

* not in Continuity Schedule

Staff-7

Ref: (1) Application, Appendix E-1: GA Methodology Description – Appendix A GA Methodology Description Questions on Accounts 1588 & 1589, page 2

Preamble:

At the above-noted reference, Elexicon Energy stated that in booking expense journal entries for Charge Type (CT) 1142 and CT 148 from the IESO invoice, it utilizes approach "b." In approach "b" CT 148 is booked into Account 1589. The portion of CT 1142 equaling RPP minus HOEP for RPP consumption is booked into Account 1588. The portion of CT 1142 equaling GA RPP is credited into Account 1589.

Questions:

a) Please explain why Elexicon Energy is using approach "b", which is a deviation from the OEB's methodology.

Response:
It is unclear why approach "b" was chosen historically. However, based on our review and analysis, it is clear that there is no difference in Account 1588 and 1589 balances once the true-ups are complete. As EV currently uses actual metered data for

settlement claims with the IESO for CT1142, the actual split of CT 148 is known at the time the IESO invoice is received and booked into the applicable month. EV trues-up the final settlement claim with the IESO one month afterwards (for the 2nd estimate GA to actual GA rate per the IESO invoice), so there is very little time lag in trueing-up.

After careful review of the OEB accounting guidance, EV did a detailed review to ensure EV's 2019 outcomes and process going forward were adjusted so that Account balances in 1588 and 1589 were in alignment with the OEB's guidance. As a result, the rate riders for dispositions and customer impacts are appropriately handled. Despite there being no impact to balances or customers upon disposition, EV is prepared change the process going forward if the OEB requires it.

b) Please explain whether Elexicon Energy plans on changing its approach to the OEB's methodology which is approach "a". In approach "a" CT 1142 is booked into Account 1588 (i.e. Account 4705). CT 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589 respectively (i.e. Account 4705 and Account 4707).

Response:
Please see response a).

Staff-8

Ref: (1) EB-2018-0072, 2017 GA Analysis Workform, January 15, 2019

Preamble:

At the above-noted reference, Elexicon Energy showed a credit balance of $156,497 which is to remove prior year-end unbilled to actual revenue differences (line 2a of the GA Analysis Workform).

Question:

a) Please confirm that the above-noted credit balance of $156,497, which appears to be a reversal, was reflected as an offsetting debit amount in the 2016 Account

1589 balance that was cleared on a final basis in Veridian's 2018 rates proceeding[4]. If this is not the case, please explain.

Response:
See the response to Staff–6 above. The above-noted credit balance of $156,497 was included in the GA workform for the purpose of reconciliation. This amount was not a Principal Adjustment on the DVA continuity in 2016 or 2017.

Staff-9

Ref: (1) 2020 IRM Rate Generator Model, Tab 3, October 15, 2019
(2) 2018 GA Analysis Workform, October 15, 2019
(3) Application, Appendix E-1: GA Methodology Description – Appendix A GA Methodology Description Questions on Accounts 1588 & 1589, page 1
(4) EB-2018-0072, 2019 IRM Rate Generator Model, Tab 3, March 28, 2019
(5) EB-2018-0072, 2017 GA Analysis Workform, January 15, 2019
(6) EB-2018-0072, Veridian's Responses to Staff-5, December 11, 2018

<u>Preamble:</u>

At the above-noted first reference, OEB staff noted that 2018 principal adjustments for Account 1588 of debit $545,153 (cell BF28) and Account 1589 of debit $597,153 (cell BF29) were shown. These amounts tie to reconciling amounts shown at the above-noted third reference for Account 1588 and the above-noted second reference for Account 1589.

At the above-noted fourth reference, OEB staff noted that 2017 principal adjustments for Account 1588 of a credit of $769,739 (cell BF28) and Account 1589 of a credit of $574,821 (cell BF29) were shown. The Account 1589 amount does not tie to the sum of the reconciling amounts shown at the above-noted fifth reference. OEB staff was unable to reconcile the Account 1588 amount to documents currently on the record. However, OEB staff notes that an explanation was partly provided at the above-noted sixth reference.

[4] EB-2017-0078

Question:

a) Please explain and reconcile the 2017 principal adjustments for Account 1588 of a credit of $769,739 and Account 1589 of a credit of $574,821.

Response:
See the response to Staff-6 above. Account 1588 credit of $769,739 and Account 1589 credit of $574,821 are the 2017 unbilled to actual billed revenue differences.

The $769,739 is on record in EB-2018-0072, Veridian's Responses to Staff-2, December 11, 2018

The $574,821 is on record in

- EB-2018-0072, 2017 GA Analysis Workform, January 15, 2019 2b, current year end unbilled to actual revenue differences and
- 2018 GA Analysis Workform, October 15, 2019 2a, prior year end unbilled to actual revenue differences

Staff-10

Ref: (1) Application, Appendix E-1: GA Methodology Description – Appendix A GA Methodology Description Questions on Accounts 1588 & 1589, Questions on CT 1142, pages 2 & 3

Preamble:

At the above-noted reference, Elexicon Energy provided the following table which described the basis for truing up CT 1142 for 2018 and 2019.

	2018	2019
RPP TOU kWhs	Actual (retail)	Actual (wholesale)
RPP Tier 1& 2 kWhs	Actual (retail) With estimated tier ratio	Actual (wholesale) With actual tier ratio
RPP Global Adjustment	IESO published Class B actual GA rate	Actual Class B GA rate per IESO invoice
RPP Energy	IESO final settlement statement HOEP	IESO final settlement statement HOEP
Timing of True Up	Two calendar months post settlement month	One calendar month post settlement month

Question:

a) Please update the table to show a column for 2017 and explain any additional differences. Please file an updated version of the table in response to this question.

Response:
EV's 2017 true-up process was the same as 2018 and therefore there are no additional differences. The table has been updated to reflect 2017. The RPP Tier 1&2 kWhs line in the chart also includes modified wording for greater clarity and consistency with Staff-3 a) 2).

	2017	2018	2019
RPP TOU kWhs	Actual (retail)	Actual (retail)	Actual (wholesale)
RPP Tier 1& 2 kWhs	Top down (wholesale) With estimated tier ratio	Top down (wholesale) With estimated tier ratio	Actual (wholesale) With actual tier ratio
RPP Global Adjustment	IESO published Class B actual GA rate	IESO published Class B actual GA rate	Actual Class B GA rate per IESO invoice
RPP Energy	IESO final settlement statement HOEP	IESO final settlement statement HOEP	IESO final settlement statement HOEP
Timing of True Up	Two calendar months post settlement month	Two calendar months post settlement month	One calendar month post settlement month

DVA Request

Staff-11

Ref: (1) Application – Appendix G, pages 2 to 5 and Draft Accounting Order

(2) EB-2013-0174, 2014 COS Chapter 2 Appendices, App 2-H, October 31, 2013

(3) EB-2013-0174, 2014 Settlement Agreement, section 7.6, page 35

Preamble:

In the Draft Accounting Order, Elexicon Energy states that it seeks to establish a deferral account to recover lost revenues from the Collection of Account charge, effective July 1, 2019. The proposed account will be discontinued at its next rebasing application. The account is proposed to be disposed of periodically (i.e. annually) as part of the IRM rate application or as a stand-alone application. By disposing of the balance periodically, Elexicon Energy notes it will avoid the accumulation of significant balances over a ten-year period.

Appendix G (page 2, lines 16-18) indicates that the proposed variance account is intended to capture the financial impacts of OEB policy changes that have occurred, which has impacted the ability of electricity distributors to collect revenues from the Collection of Account charge.

Elexicon Energy provided the following tables:

Table G-1: Collection Costs

	2014 Approved	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Forecast
Costs:							
Collection Costs (USoA 5320)	1,030,456	1,124,613	1,130,375	1,194,458	1,040,639	1,033,366	1,045,876

Table G-2: Collection of Account Revenue

	2014 Approved	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Forecast
Revenue:							
Collection of Account Charges	1,143,711	1,281,336	1,203,753	1,098,828	491,889	346,290	111,857
# Collection Notices	*38,124*	*42,711*	*40,125*	*36,628*	*16,396*	*11,543*	*3,729*

Table G-3: Materiality Threshold

Revenue Requirement	COS (Settlement)
Base Revenue Requirement	**49,930,177**
Materiality %	0.5%
Materiality Threshold $	250,000

<u>Questions:</u>

a. Please discuss the rationale for an effective date of July 1, 2019 as it pre-dates the implementation of May 1, 2020 rates, and explain the distributor's views on rate retroactivity.

Response:
Elexicon Energy understands the principle of retroactive ratemaking to be an important part of the regulatory framework. It is fundamental for management to be able to properly manage the financial affairs of the LDC. However, the establishment of the

new DVA account with an effective date of July 1, 2019 (to correspond to the date of the change for the OEB removing the Collection of Account charge), does not violate the principle of no-retroactive ratemaking. Rates charged on and after July 1, will not be changed.

The timing of the OEB's Notice of Amendments in 2019 is directly linked to when EV had certainty that the ability to properly and fully recover the approved Collection of Account revenue in the future was completely lost for both the non-moratorium and winter moratorium periods. The effective date of July 1, 2019 represents the actual timing of the removal by the OEB of the Collection of Account charge.

EV requests the ability to recover revenue lost from the removal of this charge coupled with the revenue impact of the winter moratorium from July 1, 2019 going forward. EV identified and filed this application in 2019 which included a request for a new deferral/variance account for lost revenues with an effective date in 2019. The decision by the OEB to remove the approved Collection of Account charge was not provided for in advance of the 2019 rate filing (IRM) date and EV used the next opportunity of regular rate filings to request a deferral/variance account to address its lost revenue. In communications with OEB staff prior to July 1st, Elexicon Energy advised its intent to request a deferral/variance account and inquired whether this should be done as a stand-alone request or as part of its next IRM. OEB staff advised that the IRM process was appropriate.

It is Elexicon Energy's view that there are no retroactive rate making concerns. This is further supported by other recent OEB decisions, specifically Alectra's 2020 rate application (EB-2019-0018) where a deferral/variance account for the Collection of Account charge-related lost revenue was approved effective July 1, 2019 and Energy+'s 2020 rate decision (EB-2019-0031) which approved a similar effective date for lost revenue related to a Notification charge.

b. Please confirm whether Elexicon Energy is seeking to establish a deferral account (per the Draft Accounting Order) or a variance account (per Appendix G, page 2, line 15) for the Veridian Rate Zone.

Response:
The terms deferral and variance accounts are often referred on a collective basis (ie. DVAs) and EV apologizes for any confusion if differing terms were used within the application. In its review of other applications, EV has identified that the OEB has permitted and separately approved a deferral account in some applications but in other

applications approved a variance account related to similar lost revenues (ie. EB-2019-0018 and EB-2019-0031). EV believes that a variance account may be a more appropriate term given it is asking to recover the variance between approved and actual Collection of Account revenue. However, EV defers to the OEB's judgement as to which terminology is most appropriate to permit tracking of the lost revenue associated with the Collection of Account charge due to the moratorium and removal of the approved charge.

c. Elexicon Energy notes that it seeks to capture lost revenue associated with the elimination of the Collection of Account charge, as well as the impact of restricting collection (or disconnection) notices during the winter moratorium.

    i. Please confirm that it will only record the lost revenue associated with the elimination of Collection of Account charge in the account until it next rebases.

Response:
Elexicon Energy confirms its intention to only record the lost revenue associated with the elimination of the Collection of Account charge until it next rebases. The lost revenue is based solely on the difference between its approved Collection of Account charge revenue and any Collection of Account charge revenue collected.

    ii. Based on the description provided on page 3 of Appendix G (lines 17-24), please clarify the circumstances in which the distributor will continue to issue a disconnection notice. Please also confirm that the methodology employed to derive the forecast number of collection (or disconnection) notices is consistent with the approved methodology from the 2014 COS proceeding.

Response:
EV will continue to issue disconnection notices in accordance with the Distribution System Code, any electricity distributor licence conditions along with any other related regulatory requirements.

With respect to the methodology employed to derive the forecast number of collection (or disconnection) notices, the number is not consistent with the approved methodology from the 2014 COS proceeding. To clarify, the number of collection notices projected in Table G-2, are related strictly to those collection (disconnection) notices that had a Collection of Account charge applied in 2019. Due to the winter moratorium and the removal of the Collection of Account charge on July 1, 2019, the volumes associated with the reduced revenue are much lower than prior years as they only represent a subset of the total number of collection (disconnection) notices issued, and do not reflect the volume of additional or replacement collection activities/notices implemented during the winter moratorium in lieu of disconnection notices.

EV is in agreement with the OEB's general view that despite the winter moratorium, continued collection efforts are required during this timeframe. However, as a result of the moratorium, collection activities must take on a different form in order to replace the previous processes which permitted disconnection notices during the winter period. As a result, EV has taken these steps and will continue to do so in order to attempt to engage customers who are having difficulty making payments, and work with them to limit the potential loss of service in the future and further attempt to reduce the pressure and impact of the moratorium on bad debt expense.

In general, the incremental collection activity in 2019 included additional reminder notices and "non-disconnection" collection notices which are issued to residential customers during the moratorium. These notices are additional efforts to connect with customers and encourage them to contact us to discuss options and work towards solutions together. They are specifically in lieu of and replace the collection (disconnection) notices that were restricted during the winter moratorium period.

In 2019, there were approximately 12,000 disconnection notices issued in total. Further, significant volumes of additional reminder notices and "non-disconnection" collection letters were issued specifically during the moratorium months. Beginning in January, Elexicon is reviewing the plan to issue a further level of collection letters which will provide more detailed payment option information and will consider hand delivery of special collection notices during the moratorium period for customers with large arrear balances. Effective March 1, 2020, Elexicon will be required to issue additional volumes of reminder notices in order to be compliant with the DSC.

iii. In the Draft Accounting Order, Elexicon Energy stated that it will calculate lost revenues in the deferral account as follows: "Approved Collection of Account Revenue less Actual Collection of Account Revenue". Please confirm that the total net recovery from the charge, as well as lost revenues recorded in the account will equal the approved revenue offset.

Response:
Confirmed. The total amount calculated (net recovery) will equal the approved revenue offset.

iv. Please confirm that Elexicon Energy agrees to record revenues in the account based on the number of collection notices issued (or reconnections performed) and will be capped at the approved $1,143,711 amount [5] for Collection of Account charges. If not, please discuss.

Response:
EV did not propose to record revenues based on the number of collection notices issued (or reconnections performed). Instead, EV proposed that the "Approved Collection of Account Revenue less Actual Collection of Account Revenue" should be recorded in the proposed account. To simply record the revenue associated with the number of collection (specifically disconnection) notices issued (or reconnections performed) would not necessarily result in a proper calculation of lost revenue due to the OEB decision to introduce a winter disconnection moratorium coupled with the removal of the Collection of Account charge. As a result, the amount of $1,143,711 should be permitted to be recorded as lost revenue. This approach is similar to that identified in the Energy+ 2020 rate decision (EB-2019-0031), where the OEB considered the benefits of the regulatory efficiency of recording a known amount and the acknowledgement that the number of Notification Charges may have been affected by the requirement to change customer service collection practices mandated by the OEB. In EV's case, this would also include the need to replace collection (disconnection) notices with other collection notices and activities.

d. Please update Table G-2 to show 2019 to 2029 forecast lost revenues (i.e. current year to next rebasing period) broken down by the number of collection notices issued and the cost per collection notice.

i. Please explain how the number of collection notices in 2019 was determined, as there was a significant decrease in collection notices from 38,124 in 2014 to 3,729 in 2019.

Response:
As indicated in response c. ii., the number of collection notices in Table G-2 represents only those which the Collection of Account charge was applied. As a result, the volume

[5] Undertaking JT1.2 referenced in the 2014 approved settlement proposal

is significantly lower since the charge was only permitted to be applied from January – June 2019, and most of that timeframe was during the winter disconnection moratorium.

ii. As 2019 lost revenues are forecast to be about 10% of the offset amount approved to be collected from Collection of Account charges (i.e. $111,587/ $1,143,711), please discuss whether the lost revenues can potentially be negated through the avoided costs identified in Appendix G (pages 2 and 3) and/or operational efficiencies in coming years.

Response:
To clarify, the Collection of Account revenues for 2019 are identified in Table G-2 as $111,857 which is approximately 10% of the approved revenues. The lost revenues projected for 2019, are then calculated as $1,031,854 ($1,143,711 - $111,587) which accounts for 90% of the approved revenues.

EV anticipates that there are limited opportunities at this time to negate the lost revenue through avoided costs. This is clearly outlined in the Appendix G (pages 2 and 3) and also demonstrated through the relatively flat collection costs from 2014 approved through to the 2019 forecast. Collection costs have remained at similar levels despite the winter moratorium and removal of the Collection of Account charge. This is because collection activities must remain at similar levels or greater since the disconnection notices themselves have in the past, served as a strong collection tool to help initiate the necessary discussions with those customers who may be struggling at times to pay their bills. Disconnection notices prompt customers to respond and work together with EV to develop reasonable payment arrangements. With potential disconnection options limited during the winter period, other collection efforts in the field and with outside parties as well as with in-house staff require increased efforts to engage customers to discuss payment arrangements. In addition, third parties who previously worked on a per piece basis, now require flat daily fees in order to remain engaged in similar work since some form of financial stability is required for business continuity. Further, as noted in response to c) ii., collection process changes to replace the collection (disconnection) notices in the winter with other reminder and collection notices have been made. These items are all important aspects of why the avoided costs have been and are anticipated to be limited despite reviews for operational efficiencies.

e. Please clarify whether Elexicon Energy seeks to record any true-up amounts for collection activity costs (as per Table G-1) in this deferral or variance account.

i. If yes, please provide the rationale for doing so.

Response:
EV does not propose that the collection activity costs are considered in the deferral account. Collection costs were provided in the application and in previous responses solely to re-affirm that collection costs continued to be stable during the winter moratorium and should therefore not be considered as part of a true-up related to the new deferral/variance account request. EV's efforts to obtain cost savings are offset by the additional collection outreach required to limit the loss of service to customers struggling with their bills and to manage collection and bad debt during the winter moratorium. In addition, with the merger of Veridian and Whitby Hydro, it will become increasingly difficult to separate costs for collection as many of the OM&A costs will not be traceable by rate zone once the financial systems and various operational activities are more fully integrated. As a result, EV has proposed that it is reasonable to record the approved less actual Collection of Account charge revenue as lost revenue in the deferral account.

ii. If yes to i) above, please update Table G-1 with a breakdown of 2019 to 2029 costs (i.e. current year to next rebasing period) by the collection activities identified in Appendix G.

Response:
Not applicable.

f. Please file updates to Tables G-1 and G-2 in excel format in response to the DVA questions.

Response:
Table G-1: As per e) ii. and as supported by e) i., the forecast is not applicable.

Table G-2: Collection of Account Revenue - as per previous responses, and the request in this application, the Revenue - Collection of Account Charges will be forecasted at $1,143,711 (the approved 2014 amount less any actual revenue collected) for 2019-2029. As the # Collection Notices in the table are solely based on those notices which the Collection of Account Charge is applied, the 2019 forecast remains unchanged and the forecast of volumes for 2020-2029 would be zero, since the Collection of Account charge is no longer permitted.

Staff-12

Ref: (1) Application – Appendix G (Table G-4)

Preamble:

Table G-4 provides a comparison of the ROE in 2017 and 2018. The following table was provided:

Table G-4: ROE Comparison

ROE Comparison	2017	2018
Deemed	9.36%	9.36%
RRR	8.66%	9.21%
RRR Adjusted for Lost Revenue	9.12%	9.75%
Impact of Adjustment for Lost Revenue	0.46%	0.54%

Due to the removal of the Collection of Account charge effective July 1, 2019, Elexicon Energy notes that it will increase the ROE in 2019 and 2020.

Questions:

a) Please confirm that the "RRR Adjusted for Lost Revenue" under the ROE comparison heading of Table G-4 represents the ROE with lost revenues included.

Response:
Confirmed.

b) Please confirm whether the 54 basis point increase in 2018 ROE is associated with trueing up actual revenues to forecast based on the difference between $346,290 (2018 actual collection of account revenues) and $1,143,711 (2014 COS approved). If not, please explain.

Response:
Confirmed. A simplified forecast was done to include the additional revenue of $797,421 and tax impact.

c) Please update Table G-4 with 2019 and 2020 ROE estimates and explain the results. Please file an updated version of the table in response to this question.

Response:
Table G-4 relates to Veridian historical data only. Due to the timeline of year end activities and the recent merger, full year projections are not currently available for legacy Veridian or Elexicon Energy. However, Elexicon Energy does not anticipate excess earnings above the approved threshold.

Staff-13

Ref: (1) Application – Appendix G (pages 2-3)

Preamble:

Elexicon Energy states that cost savings are expected to be below materiality threshold due to the following reasons:

- Continued incremental costs related to other forms of collection activity, including internal and external resources, collection notices, out-bound calls, field activities and collection agencies
- Continued use of a third party service for other field activities, charged at a flat daily rate, irrespective of the fact the delivery notices are no longer hand delivered.

Elexicon Energy further notes there is limited ability to separate incremental costs and cost savings by rate zone, as OM&A activities in the Whitby and Veridian Rate Zones are becoming more integrated.

Questions:

a) Please quantify the cost savings in the Veridian Rate Zone based on the collection activities that are now avoided, as identified in Appendix G.

Response:
As identified in the application, and as demonstrated in the 2019 forecast provided in Table G-1, while EV has attempted to find cost savings, they are not material and have been limited and offset by the additional collection efforts required due to the winter moratorium. Going forward savings specific to the EV rate zone will not be quantifiable separately as collection activities become integrated under Elexicon Energy.

b) Please clarify whether Elexicon Energy plans on recording cost savings in the deferral or variance account.

Response:
Elexicon Energy is not planning to record cost savings in the deferral/variance account. As indicated in the application and interrogatory responses, the account will track approved revenue less actual revenue for Collection of Account charges.

EV is not expecting any significant cost savings and has demonstrated flat collection costs since 2014. Tracking of EV specific savings is expected to be immaterial and largely offset by other incremental costs for new collection activities and related regulatory requirements. These incremental activities replace previous collection (disconnection) notices for parts of the year impacted by the moratorium and/or are newly introduced requirements from the OEB's customer service rules directly related to the collection/disconnection process.

c) With regards to a) above, please explain what potential actions Elexicon Energy may undertake to achieve greater operational efficiencies and cost savings in the coming years.

Response:
With the recent merger Elexicon Energy continues to work through its transition in an attempt to integrate processes, resources and systems. However, there are no identifiable collection related operational efficiencies and cost savings associated with EV specifically.

Over time, Elexicon Energy anticipates the merger will provide some synergies in order to offset the incremental costs associated with merger and transition related activities. These are permitted and expected and a future Earning Sharing Mechanism will be prepared and reviewed as required in the MAADs decision to address.

Staff-14

Ref: (1) Application – Appendix G, Draft Accounting Order

a) Please re-file the Draft Accounting Order to reflect any changes that may result from the above DVA questions.

Response: The Draft Accounting Order in Appendix G has been modified (highlighted in red) to refer to a "variance" account instead of a "deferral" account as proposed in response to Staff-11 b). However, EV defers to OEB's view of the most appropriate terminology.

Draft Accounting Order

Account 1508 Other Regulatory Assets,

Sub-account Lost Revenue from Collection of Account Charge

EV shall establish deferral account: Account 1508 Other Regulatory Assets, Sub-account Lost Revenue from Collection of Account Charge, effective July 1, 2019. This account will record the lost revenue associated with elimination of the Collection of Account charge until its next rebasing application.

Due to the ten year deferral for re-basing approved as part of the recent merge, and the material value of anticipated annual balances in the account, EV proposes that the account be disposed of periodically (ie. annually) as part of an IRM rate application or as a stand-alone application. By disposing of the balance periodically, this will avoid the accumulation of significant balances over a ten year period. The disposition timing will allow for a more evenly paced approach which will smooth out bill impacts for customers and reduce inter-generational inequities. The account will be discontinued after EV's next rebasing application.

Carrying charges at the OEB's prescribed interest rates will be applied to this sub-account.

EV will calculate the lost revenue recorded in the variance account as follows:

Approved Collection of Account Revenue less Actual Collection of Account Revenue

Sample journal entries to be recorded in the account are:

1) DR Account 1508 Other Regulatory Assets, Sub-account Lost Revenue from Collection of Account Charge - Principal

   CR Account 4235 Miscellaneous Services Revenue

   To record the lost revenue associated with the elimination of the Collection of Account charge.

2) DR Account 1508 Other Regulatory Assets, Sub-Account Lost Revenue from Collection of Account Charge – Carrying Charges

   CR Account 4405 Interest Income

   To record carrying charges on the principal balance in the sub-account Lost Revenue from Collection of Account Charge.

IRM Questions

Staff-15

Ref: Application, page 15

Preamble:

Elexicon Energy states that it bills and records unbilled entries on the 1st estimate GA rate for Class B non-RPP GA customers, with the exception of two Class B embedded distributors for which it has a bilateral agreement to be billed on the actual GA rate.

Question:

a) Please confirm that Elexicon Energy has excluded the above-noted two customers from the allocation of the 2017 and 2018 GA balances and the calculation of the resulting rate riders.

Response:
Confirmed. The two noted customers were not included in the allocation of the 2017 GA balance. There is no request in this application to dispose of the 2018 GA balance. As a result, the allocation and rate rider calculations are not completed.

Staff-16

Ref: (1) 2020 IRM Rate Generator Model, Tab 16, October 15, 2019
(2) 2019 IRM Rate Generator Model, Tab 16, March 28, 2019

Preamble:

In the 2019 IRM Rate Generator Model, the billed consumption for the residential class was 968,772,164 kWh. However, in the 2020 IRM Rate Generator Model, it appears to be revised to 268,772,164 kWh.

Questions:

a) Please explain why an update to the residential class kWh consumption is required, and confirm whether the entry in the 2020 IRM Rate Generator Model is correct (tab 16, cell F13).

Response:
The billed Residential consumption from the last Cost of Service was 968,772,164. The entry in the 2020 IRM Rate Generator Model is incorrect due to a keying error. The correct amount is 968,772,164

b) Please confirm whether there are any changes to Tab 16 and the resulting rate riders.

Response:
See: Elexicon_Veridian RZ_2020_IRM-Rate-Generator-Model_20200114_IR Response

Tab 16 cell F13 has been updated to reflect the correct residential consumption. There is no change to the resulting rate riders.

Staff-17

Ref: All models filed with 2020 IRM rate application

a) Based on Elexicon Energy's responses to the above questions, please re-file all applicable models, workforms and/or appendices to reflect the updates.

Response:
Based on EV's responses to the above questions, all applicable models and workforms have been submitted with the IR's and uploaded through the Board's web portal.

b) Please summarize all updates to the application, model(s) and/or appendices submitted in this proceeding.

Response:
The following updates are being submitted in the proceeding:

Per Staff - 1a) the 2017 GA Analysis Workform filed on January 15, 2019 in Veridian's 2019 rates proceeding is being submitted with the IR's to be on record for the current proceeding

An updated version of the 2020 IRM Rate Generator Model has been submitted. Changes to the model are as follows:

- The Deferral and Variance Account (DVA) Continuity Schedule, Tab 3, has been 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 per Staff - 1b). Tab 1 of the 2020 IRM Rate Generator has been changed accordingly

- Per Staff - 16 the billed Residential consumption from the last Cost of Service was 968,772,164. The entry in the 2020 IRM Rate Generator Model was incorrect due to a keying error. Tab 16, cell F13 has been updated to reflect the correct residential consumption.

Per Staff - 2a), EV is submitting 4 additional files to test the Accounting Guidance for two months in each of 2017 and 2018

Per Staff - 5 f) GA-Analysis-Workform-Instructions-2017 is being submitted