Wasaga Distribution Inc.

OEB Staff Questions

 EB-2019-0070

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**Staff Question-1**

**Ref: Manager’s Summary, page 16**

It states that Wasaga Distribution is confident that after studying the new accounting guidance and reviewing Wasaga Distribution’s 2017 balance that the balances are accurate and complete. The new accounting guidance was effective January 1, 2019 and to be implemented by August 31, 2019.

1. Please confirm that Wasaga Distribution implemented the accounting guidance by August 31, 2019. If not, please explain when the accounting guidance was implemented.
2. Please confirm that the accounting guidance was implemented retroactive to January 1, 2019. If not, please explain when the retroactive implementation will be completed.
3. Please provide further details on the review that was completed, and any summary reports available (e.g. how the review was done).
4. Please confirm that there are no systemic issues with the Wasaga Distribution’s RPP settlement and related accounting processes noted during the review.
5. If not confirmed, please explain the systemic issues, describe and quantify any adjustments identified and provide an assessment on the materiality of the adjustments.

**Staff Question-2**

**Ref: Manager’s Summary, page 16**

 **Appendix 4 and 5, GA Methodology Description**

In response to 11a in Appendix 4 and 5 for 2017 and 2018, Wasaga Distribution indicated it uses the GA first estimate for RPP settlements. In response to 11d, true-ups are done on a quarterly basis. This approach is different than that described in the new accounting guidance, where GA second estimate is used for RPP settlements and true-ups are done on a monthly basis. Please confirm that Wasaga Distribution have revised these practices to be in line with the new accounting guidance for 2019 balances. If not, please further discuss, with consideration to the response provided in the above question (Staff-1).

**Staff Question-3**

**Ref: Tab 3, Rate Generator Model**

 **2018 GA Analysis Workform**

Wasaga Distribution last disposed its 2017 balances on an interim basis. Per the instructions of the DVA Continuity Schedule, the closing 2017 balances should be inputted into the 2017 Adjustments columns (columns AV and BA). The 2018 transactions (column BD) should only reflect 2018 transactions in Wasaga Distribution’s GL (separating out approved dispositions in column BE).

1. Please revise the DVA Continuity Schedule.
2. Please ensure that the “net change in principal balance in the GL” in the 2018 GA Analysis Workform agrees to the 2018 transactions in the DVA Continuity Schedule after the revision. Please revise the 2018 GA Analysis Workform as necessary.

**Staff Question-4**

**Ref: Tab 3, Rate Generator Model**

Account 1588 transactions for 2018 appears to be ($228,907) after removing the opening balance from the transactions shown in the DVA Continuity Schedule. Typically, large balances are not expected for Account 1588 as it should only hold the difference between actual and approved line losses. Please explain the high 2018 transactions for Account 1588 in consideration of line losses.

**Staff Question-5**

**Ref: Appendix 4 and 5, GA Methodology Description**

1. In the 2017 Account 1588 reconciliation, the 2017 balance is ($310,857). This agrees to the 2018 Account 1588 balance in the DVA Continuity Schedule. Please explain what is the correct 2017 Account 1588 balance and revise the evidence as needed.
2. In the 2018 Account 1588 reconciliation, the 2018 balance is ($228,906). Please confirm that this is the 2018 transactions and provide the Account 1588 2018 balance.

**Staff Question-6**

**Ref: Appendix 4 and 5, GA Methodology Description**

12b for 2017 and 2018 states that Wasaga Distribution does not find it necessary to true-up the GA related expenses because actual volumes from billing data are used to determine the split between RPP and non-RPP when posting GA costs.

1. Wasaga Distribution bills on a calendar month basis. Please explain the timing of when actual consumption from the billing data is available after the month-end.
2. Please confirm that when Wasaga Distribution receives the IESO invoice for the prior month and proceeds to split charge type 148 between Accounts 1588 and 1589, actual consumption data from the billing system for the prior month is available and is used for the pro-ration.
3. If actual consumption from the prior month is not available yet, please explain why there is no need for a true-up. Please quantify true-ups for 2017 and 2018 balances as needed.

**Staff Question-7**

**Ref: 2018 GA Analysis Workform**

The loss factor calculated on the GA Analysis Workform is 1.0043. Wasaga Distribution’s loss factor for secondary metered customer <5,000 kWh is 1.0802. There is a 0.0759 difference. Please explain the difference and revise the GA Analysis Workform as needed.

**Staff Question-8**

**Ref: Section 12, LRAMVA, Page 17**

Wasaga Distribution indicates it has a small principal balance of ($2,338.75) and interest balance of ($31.60) remaining from the previous disposal and that it has incorporated these balances into its current LRAMVA disposition request.

1. Please clarify if the residual principal balance and interest amount are credit or debit amounts.
2. Please explain how the residual balance of ($2,370.35) was derived and show all calculations.
3. Please discuss if Wasaga Distribution has considered disposing of the residual balance in the 1595 (2020) sub-account, considering the residual balance is related to a previous year and should only be cleared once.

**Staff Question-9**

**Ref: LRAMVA Workform, Tab 2, Table 2-b and 2-c, 2016 LRAMVA Threshold**

 **EB-2015-0107, Settlement Proposal, February 24, 2016, Load Forecast CDM Adjustment - Table 18, Page 29**

Wasaga Distribution has included the LRAMVA threshold from its 2016 COS application (EB-2015-0107).

1. Please reconcile the LRAMVA threshold values included within Tables 2-b and 2-c of the LRAMVA workform filed in this application with Table 18 of the 2016 COS Settlement Proposal.
2. Please discuss any variations and the supporting rationale for any differences.

**Staff Question-10**

**Ref: Rate Generator Model, Tab 20**

The total bill impact for the General Service 50 to 4,999 KW Service Class is greater than 10%. In addition, the RTSR rate changes for all rate classes exceed 4% from the previous year. As indicated in Tab 20, an explanation should be provided in the application if this is the case.

1. Please confirm that the bill impacts are correct and, if so, please explain whether Wasaga Distribution plans to implement a rate mitigation proposal for the GS 50 to 4,999 KW Service Class.
2. Please explain the cause for the RTSR rate increases by rate class, and quantify the reasons for the increase.