

Rideau St. Lawrence Distribution Inc. (Rideau St. Lawrence)
EB-2019-0066

Staff Question-1

Ref: (1) Response to Incomplete Letter, November 21, 2019, page 4
(2) Manager's Summary, page 25

At the above noted first reference Rideau St. Lawrence stated the following:

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.

At the above noted second reference Rideau St. Lawrence stated the following:

The guidance was effective January 1, 2019, and was to be implemented by August 31, 2019. RSL has complied with the guidance, using the model provided by the OEB. The 2019 transactions recorded in the general ledger reflect the changed process.

Questions:

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

Answers:

- a) RSL confirms that the accounting guidance was implemented retroactive to January 1, 2019, and that the task was completed prior to August 31, 2019.

- b) The accounting guidance instructed LDCs to implement the changes retroactively to January 1, 2019, not January 1, 2017.

Staff Question-2

Ref: (1) Response to Incomplete Letter, November 21, 2019, page 3
(2) 2018 Global Adjustment (GA) Analysis Workform, November 4, 2019
(3) EB-2018-0065, Staff-4 Interrogatories

At the above noted first reference Rideau St. Lawrence stated the following:

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).

At the above noted second reference, Rideau St. Lawrence described a debit amount of \$39,311 that was included on line 6 of the 2018 GA Analysis Workform as a reconciling item. Rideau St. Lawrence stated the following:

During the 2019 *[sic]* IRM preparation we found errors in reporting *[sic]* of Class A and Microfit kWh which had caused higher GA charges on IESO invoices for period 2017 - 2018. As instructed by the IESO, an adjustment was made to 2018 December actual Class A and Microfit kWh to fix previous incorrect reporting. The GA rate variance contributed \$39,311 to the difference of actual 1589 and expected 1589.

At the above noted third reference, Rideau St. Lawrence discussed an error it made where it “reported Class A kWh to the IESO one month behind and the non-loss adjusted kWhs were used incorrectly.”

Questions:

- a) Building on the response in the above noted interrogatory, please confirm that Rideau St. Lawrence has completed its review of the new Accounting Guidance

and any required changes to the accounting for Account 1588 and Account 1589 have been implemented related to its 2017 and 2018 historical balances.

- b) Please explain if there are any systemic issues with the RPP settlement or related accounting processes for Group 1 DVAs have been identified from the review of the new accounting guidance issued on February 21, 2019. In Rideau St. Lawrence's response, in addition to its treatment of retail volume kWh versus wholesale volume kWh, please also consider:
 - i. its error described at the above noted second reference
 - ii. whether this error described at the above noted second reference is the same as the error described at the above noted third reference
 - iii. its treatment of unbilled revenue which is explored at an interrogatory below
 - iv. its treatment of the invoiced GA price which is explored at an interrogatory below
 - v. any other factors
- c) If there are systemic 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 in on an interim basis or not cleared at all in a prior proceeding.
- d) If adjustments have not been quantified, please provide a timeline as to when the applicant expects any discrepancies to be resolved.
- e) If material adjustments were identified, for each adjustment please provide the following:
 - 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, 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.
- f) 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).

Answers:

- a) RSL confirms that it has reviewed historical balances for 2017 and 2018 in the context of the new accounting guidance. RSL has not made any changes to its balances in accounts 1588 and 1589, as the variance between the historical balance and calculations based on the new accounting guidance is below the materiality threshold.
- b) RSL has not identified any systemic issues with the RPP settlement or related accounting processes.

Retail volume kWh vs wholesale volume kWh: this difference is not considered a systemic issue by RSL.

- i. RSL identified a systemic issue in 2018, during the completion of the GA Workform. We discovered that there was a timing issue in the reporting of Microfit generation and Class A consumption. RSL was filing the data in the month that it was billed, rather than in the month of generation and consumption. In our filing to the IESO for December 2018 data, we filed the equivalent of two months of Microfit and Class A kWh, to bring the totals up to date as of the end of the year. RSL reported the timing issue in its 2019 IRM application.
- ii. The errors in the second and third references relate to the same issue.
- iii. RSL has an accurate method of recording unbilled revenue. Consumption to the end of December is billed by mid-February of the following year. Once all of the billings are completed in February, we run reports that provide us with RPP, GA, and Energy totals for the prior year. We calculate the split between the prior and new year by setting up rates

effective January 1 of the new year. Our billing software prorates the consumption between the “old” prior year rate and the “new” current year rate. Although RSL’s actual rates do not actually change at the new year, the software believes that different rates exist, and prorates the consumption between the “old” and “new” year/rates. This is our methodology for determining the unbilled revenue. It is true that there may be some small adjustments after the unbilled revenue has been calculated, due to rebillings, but the amount would be too small for concern.

- iv. RSL wishes to clarify its billing of GA to its customers. RSL bills at the first estimate of GA to all of its Class B customers. Invoiced GA rates are used in the RPP True-up Settlement calculation. Class A customers are billed their portion of the Class A GA charge from the IESO based on their individual Peak Demand Factor (PDF).
- v. Not applicable.
- c) RSL is of the opinion that there are no systemic issues other than the historical corrected Microfit and Class A error described above. As all of the kWh related to this issue were reported to the IESO, the cost impact to Class B has already been included in our calculations. As described earlier, we have reviewed the balances in accounts 1588 and 1589 for the two-year period of 2017 and 2018. The variance that resulted from the review is below the materiality threshold.
- d) There are no material adjustments.
- e) There are no material adjustments.
- f) The review of 2017 and 2018 balances uses a “whole-year” approach using the new accounting guidance. The following table summarizes the analysis, and shows that the 2-year total change represents 0.15% of energy cost and 0.16% of GA cost.

Comparison of True-up Between Original RPP Billed Approach and the Wholesale Purchase Approach (New Accounting Guidance)									
				Impact on 1588			Impact on 1589		
2018	Accounting Guidance	RPP Billed Approach	Variance	Variance	Energy Cost	Materiality	Variance	GA Cost	Materiality
Adjustment Items	a	b	c = a - b	d = c	e	f = d/e	g = -c	h	i = g/h
RPP True up Amount	(2,093,257)	(2,091,201)	(2,056)	(2,056)					
RPP GA Cost	5,968,584	6,000,762	(32,177)	(32,177)			32,177		
Total	3,875,328	3,909,560	(34,233)	(34,233)	6,218,545	-0.55%	32,177	3,374,439	0.95%
				Impact on 1588			Impact on 1589		
2017	New Accounting	RPP Billed Approach	Variance	Variance	Energy Cost	Materiality	Variance	GA Cost	Materiality
Adjustment Items	a	b	c = a - b	c = a - b	d	e = c/d	f = -c	g	h = f/g
RPP True up Amount	(1,213,572)	(1,182,923)	(30,649)	(30,649)					
RPP GA Cost	6,185,601	6,140,804	44,796	44,796			(44,796)		
Total	4,972,029	4,957,882	14,147	14,147	6,762,075	0.21%	(44,796)	4,282,034	-1.05%
				Impact on 1588			Impact on 1589		
Two Years	New Accounting	RPP Billed Approach	Variance	Variance	Energy Cost	Materiality	Variance	GA Cost	Materiality
Adjustment Items	a	b	c = a - b	c = a - b	d	e = c/d	f = a - b	g	h = f/g
RPP True up Amount			-	(32,705)					
RPP GA Cost			-	12,619			(12,619)		
Total			-	(20,085)	12,980,620	-0.15%	(12,619)	7,656,473	-0.16%

Staff Question-3

Ref: (1) Response to Incomplete Letter, November 21, 2019, page 3
(2) 2018 GA Analysis Workform, November 4, 2019
(3) EB-2018-0065, 2017 GA Analysis Workform, October 15, 2018

Preamble:

At the above noted first reference Rideau St. Lawrence stated the following:

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%

OEB staff has prepared the following table based on data provided at the above noted three references.

OEB Staff Table 1 – Differences in RPP Retail kWh

	2017 kWh as per page 4 of the November 21, 2019 Incomplete Letter Response	2017 kWh as per the 2017 GA Analysis Workform and RRR 2.1.5.4	2017 Difference kWh	2017 Difference %		2018 kWh as per page 4 of the November 21, 2019 Incomplete Letter Response	2018 kWh as per the 2017 GA Analysis Workform and RRR 2.1.5.4	2018 Difference kWh	2018 Difference %
RPP retail kWh	62,098,848	57,793,632	4,305,216	7.4%		66,653,619	62,057,846	4,595,773	7.4%

At the above noted first reference, Rideau St. Lawrence provided Account 4705 balances as at December 31, 2017 and 2018, however, these balances do not reconcile to the amounts reported to the OEB in the Reporting and Record Keeping Requirements (RRR) 2.1.7. Although the differences do not materially change the outcomes listed in the “Response to Incomplete Letter,” OEB staff has listed these discrepancies below:

OEB Staff Table 2 – Discrepancies in Account 4705

	December 31, 2017 Balance as per page 4 of the November 21, 2019 Incomplete Letter Response	December 31, 2017 Balance as per the RRR 2.1.7	Difference \$	Difference %		December 31, 2018 Balance as per page 4 of the November 21, 2019 Incomplete Letter Response	December 31, 2018 Balance as per the RRR 2.1.7	Difference \$	Difference %
Account 4705	6,772,967	6,697,181	75,786	1.1%		6,245,882	6,582,825	-336,943	-5.1%

Questions:

- Please confirm whether Rideau St. Lawrence is in agreement with OEB staff’s calculations in the above noted OEB Staff Table 1 and OEB Staff Table 2.
- If this is not the case, please explain.
- Please explain the kWh reported at line “B” of the table provided by Rideau St. Lawrence at the above noted first reference, as it does not reconcile to the RPP kWh recorded on a retail basis shown in OEB Staff Table 1.
- Please provide supporting analysis to explain how the analysis in the table provided by Rideau St. Lawrence at the above noted first reference is reasonable, considering the discrepancies shown in OEB Staff Table 1.

- e) If the table provided by Rideau St. Lawrence at the above noted first reference needs to be restated, please consider the discrepancies noted at the above OEB Staff Table 2.

Answers:

- a) RSL agrees that the RRR numbers are accurate in OEB Staff Table 2, but it is important to remember that the balance in 4705 also includes variance adjustments to match the amount of Energy Cost to Energy Sales. RSL does not agree with the calculations in OEB Staff Table 1. Please see answer 3 b).
- b) In OEB Staff Table 1, the numbers being compared are not the same. The kWh from RRR 2.1.5.4 represents metered kWh. The RPP retail kWh is loss-adjusted.
- c) The kWh variance has been explained in answer 3 b).
- d) RSL does not believe that it is necessary to provide additional analysis, as the numbers being used in the OEB Staff Table are not comparable.
- e) RSL does not believe that its table needs to be restated.

Staff Question-4

**Ref: (1) Accounting-Guidance-on-Accounts-1588-1589-QA-20190711, Q6
(2) Accounting-Guidance-on-Accounts-1588-1589-QA-20190711, Q30**

Preamble:

At the above noted first reference, the OEB stated that distributors should use the best data available for recording unbilled revenues. Whether a distributor records unbilled revenue at year end based on estimates as a journal entry would depend on a utility's timing and practices. The key is that any estimated revenue is ultimately trued up to actuals.

At the above noted second reference, the OEB stated that not truing up estimated revenues to actuals and not truing up RPP settlements would fall in the category of systemic issues. The OEB noted that distributors must assess whether these issues have resulted in material errors or discrepancies.

Questions:

- a) Please describe Rideau St. Lawrence's treatment of unbilled revenue.
- b) Please explain whether any amounts related to unbilled revenue need to be included in line 2 of the GA Analysis Workform as a reconciling item, as well as principal adjustments to Account 1588 and Account 1589 in the DVA Continuity schedule.

Answer:

- a) As described in answer 2 b) iii, RSL uses the effective dates of rates in our billing system to prorate kWh between the current and prior year. The billing for the prior year is completed in mid-February. At this time, we run reports that provide amounts billed in the current year with rates that were effective in the prior year. We do a journal entry to record the unbilled revenue, and reverse the entry from the prior year.
- b) RSL does not believe that amounts related to unbilled revenue need to be included in line 2 of the GA Analysis Workform as a reconciling item.

Staff Question-5

Ref: (1) Chapter 3 of the Filing Requirements for Electricity Distribution Applications Rate Applications, dated July 12, 2018, page 15

Preamble:

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.

Questions:

- a) Although Rideau St. Lawrence 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 Rideau St. Lawrence's 2019 proceeding.¹ The most recent year

¹ EB-2018-0065

in which Accounts 1588 and 1589 were approved for disposition on a final basis related to 2016 balances in Rideau St. Lawrence's 2018 proceeding.²

- i) Please provide a revised 2017 GA Analysis Workform and explain any difference between the 2017 GA Analysis Workform described below.
 - ii) Alternatively, please confirm that the OEB can rely on the 2017 GA Analysis Workform filed on October 15, 2018 in Rideau St. Lawrence's 2019 proceeding.³ If confirmed, please file this spreadsheet on the record of the current proceeding.
- b) The Deferral and Variance Account (DVA) Continuity Schedule, Tab 3, provided by Rideau St. Lawrence 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, as well as updates to Tab 1. Please refile the DVA Continuity Schedule accordingly.

Answer:

- a) i) RSL is submitting a revised 2017 GA Analysis Workform with our response. The revised Workform shows more reconciliation items, which better explains the variance between recorded GA variance and expected GA variance.
 - ii) Not applicable.
- b) The update is reflected in the revised DVA Continuity Schedule.

Staff Question-6

Ref: (1) 2020 IRM Rate Generator Model, Tab 3, November 4, 2019
(2) EB-2018-0065 2019 IRM Decision and Rate Order, Tab 3, March 28, 2019, page 9

Preamble:

² EB-2017-0265

³ EB-2018-0065

At the above noted first reference, Rideau St. Lawrence has included a credit balance of \$55,862 in cell BM28, representing the Account 1588 principal balance cleared in 2019 IRM. However, at the above noted second reference, the OEB approved a debit balance of \$55,862 and not a credit balance.

Questions:

- a) Please explain whether Rideau St. Lawrence agrees that a debit balance and not a credit balance of \$55,862 was approved in 2019 IRM.
- b) Please update Tab 3 of the 2020 IRM Rate Generator Model to rectify the above noted discrepancy, as required.

Answer:

- a) RSL agrees that the approved balance was a debit amount of \$55,862 in the 2019 IRM.
- b) The update is reflected in the revised DVA Continuity Schedule.

Staff Question-7

Ref: (1) 2020 IRM Rate Generator Model, Tab 3, November 4, 2019
(2) EB-2018-0065 2019 IRM Rate Generator Model, Tab 3, March 28, 2019

Preamble:

At the above noted first reference, Rideau St. Lawrence has shown closing December 31, 2017 balances for Account 1588 of \$51,141 in cell AV28 and Account 1589 of \$67,847 in cell AV29. However, at the above noted second reference, Rideau St. Lawrence has shown closing December 31, 2017 balances for Account 1588 of \$14,964 in cell BG28 and Account 1589 of \$104,024 in cell BG29.

Questions:

- a) Please explain whether Rideau St. Lawrence agrees that the closing December 31, 2017 balances shown in the 2020 IRM Rate Generator Model (Tab 3) should reflect an Account 1588 balance of \$14,964 and an Account 1589 balance of \$104,024.

- b) Please update Tab 3 of the 2020 IRM Rate Generator Model to rectify the above noted discrepancies, as required.

Answers:

a) RSL agrees that the closing balance of Account 1588 as of December 31, 2017 should be \$14,964, which includes a manual adjustment of (\$36,177) from RSL's 2019 IRM. The closing balance of account 1589 should be \$104,024, which includes a manual adjustment of \$36,177. The manual adjustments have been reversed as a manual adjustment in 2018.

b) The update is reflected in the revised DVA Continuity Schedule.

Staff Question-8

Ref: (1) RSL_Appendix_A_to_GA_Workform_20191121_20191122, page 1

At the above noted first reference, Appendix A GA Methodology Description Questions on Accounts 1588 & 1589, page 1, the table in Question 1 for Account 1588 requests the "Balance December 31, 2018". Rideau St. Lawrence has provided an analysis of its 2018 Account 1588 balance.

Questions:

- a) Please confirm that the first line of this table represents the Account 1588 general ledger balance as at December 31, 2018.
- b) OEB staff has confirmed that last line of this table represents the closing principal Account 1588 balance as at December 31, 2018 in the DVA continuity schedule (cell BG28).
- c) OEB staff has confirmed that the difference between (a) and (b), relates to an offsetting \$36,177 principal credit adjustment shown on the 2018 GA Analysis Workform.
- d) Please also repeat steps (a), (b), and (c) for Account 1588 balances as at December 31, 2017, in a similar table, considering any OEB-approved dispositions that occurred in the year.

- e) Please quantify and explain any large amounts shown in these tables relating to a 2017 balance.
- f) If the table needs to be revised and shows a material change in the assessment of the Account 1588 balance, please quantify and explain.

Answers:

- a) RSL confirms that the first line of the table represents the principal balance of Account 1588 as of December 31, 2018.
- d) The following table has been created for 2017 as requested:

Reconciliation of Account 1588 - 2018		
	Principal Adjustments	Was the amount a "Principal Adjustment" in the previous year? (Y/N)
Balance December 31, 2017	51,141	N
Reversals of Principal Adjustments - previous year		
1. Reversal of Cost of Power accrual from previous year		
2. Reversal of CT 1142 true-up from the previous year		
3. Unbilled to billed adjustment for previous year		
4. Reversal of RPP vs. Non-RPP allocation		
Sub-Total Reversals from previous year (A):	-	
Principal Adjustments - current year		
5. Cost of power accrual for 2017 vs Actual per IESO bill		
6. True-up of CT 1142 for 2018 consumption recorded in 2019 GL		
7. Unbilled accrued vs. billed for 2017 consumption		
8. True-up of RPP vs. Non-RPP allocation of CT 148 based on actual 2018 consumption	(36,177)	
9. Other		
Sub-Total Principal Adjustments for 2017 consumption (B)	(36,177)	
Total Principal Adjustments shown for 2017 (A + B)	(36,177)	
Bal. For Disposition - 1588 (should match Total Claim column on DVA Continuity Schedule)	14,964	

e) The principal adjustment was reported in RSL's 2019 IRM. The amount is offset by a matching debit to Account 1589. The adjustments have been reversed in 2018.

f) Changes are not required.

Staff Question-9

Ref: (1) Chapter 3 of the *Filing Requirements for Electricity Distribution Applications Rate Applications*, dated July 12, 2018, page 13
(2) Manager's Summary, page 13
(3) Manager's Summary, page 23

Preamble:

As per the above noted first reference, distributors that settle GA costs with Class A customers on the basis of actual GA prices, shall allocate no GA variance balance to these customers for the period that customers were designated Class A.

At the above noted second reference, Rideau St. Lawrence stated that “uses the 1st estimate GA rate estimate when billing its customers in all rate classes.”

At the above noted third reference, Rideau St. Lawrence stated that its Class A “customers are billed specific Class A GA costs and have therefore not contributed to any of the balance accumulated in 1589 RSVA GA for the period they were Class A customers.”

Questions:

- a) Please confirm that the Class A customers were billed at the actual GA rate, versus the 1st estimate GA rate.
- b) If this is not the case, please explain.

Answers:

- a) Class A customers were billed at the actual Class GA rate based on their individual Peak Demand Factor.
- b) Not applicable.

Staff Question-10

Ref: (1) RSL_Appendix_A_to_GA_Workform_20191121_20191122, page 3
(2) Accounting-Guidance-on-Accounts-1588-1589-QA-20190711, Q20

Preamble:

At the above noted first reference, Rideau St. Lawrence stated the following:

In the third month, there is a final true up, using the actual RPP and non-RPP billings, the actual energy cost, and the final GA rate.

At the above noted second reference, the OEB confirmed that the GA price used for RPP settlements should be the invoiced GA price. However, the OEB noted that the invoiced GA price should generally equal the posted price, except in some circumstances.

Questions:

- a) Please confirm that Rideau St. Lawrence performs its RPP settlements based on the invoiced GA price, versus the final posted GA rate.
- b) If this is not the case, please explain.

Answers:

- a) RSL performs its RPP settlements on the invoiced GA price when the invoiced GA price is different from the final posted GA rate. This approach is consistent with the new Accounting Guidance.
- b) Not applicable.

Staff Question-11

Ref: (1) RSL_Appendix_A_to_GA_Workform_20191121_20191122, page 2
(2) RSL_Appendix_A_to_GA_Workform_20191121_20191122, page 3

Preamble:

At the above noted first reference, Rideau St. Lawrence confirmed that it uses approach “A”, where CT 1142 is booked into Account 1588. CT 148 is then pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589 respectively.

OEB staff notes that 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.

At the above noted second reference, Rideau St. Lawrence stated the following:

From the IESO invoice, CT 148 is recorded to account 1589. We estimate the amount of the billings related to RPP and non-RPP, and record an adjustment from account 1589 to 1588 for the estimated RPP portion.

Questions:

- a) Please confirm that Rideau St. Lawrence is actually using approach “B”, which is a deviation from the OEB’s methodology (i.e. approach “A”).
- b) If this is not the case, please explain.
- c) Please explain whether Rideau St. Lawrence plans on changing its approach to the OEB’s methodology which is approach “A”.

Answers:

- a) RSL confirms that it uses Method “A”. While it is true that we record CT 148 to 1589 (for simplicity when entering the IESO invoice into our financial software), we do a journal entry in the same month to split the cost between RPP and non-RPP. The result is the same.
- b) Not applicable.
- c) Not applicable.

Staff Question-12**Ref: Rate Generator Model, Tab 3 Continuity Schedule**

Rideau St. Lawrence has entered a debit balance of debit balance of \$292 as interest adjustment in year 2018 and a credit of \$749 in account 1595 (2017) in year 2018.

- a) Please provide explanation for the adjustment amounts.

Account Descriptions	Account Number	OEB-Approved Disposition during 2018	Interest Adjustments ¹ during 2018	C
Group 1 Accounts				
LV Variance Account	1550	4,763		
Smart Metering Entity Charge Variance Account	1551	(9)		
RSVA - Wholesale Market Service Charge ⁵	1580	(3,814)		
Variance WMS – Sub-account CBR Class A ⁵	1580			
Variance WMS – Sub-account CBR Class B ⁵	1580	(128)		
RSVA - Retail Transmission Network Charge	1584	(5,321)		
RSVA - Retail Transmission Connection Charge	1586	(1,208)		
RSVA - Power ⁴	1588	(2,205)		
RSVA - Global Adjustment ⁴	1589	1,981		
Disposition and Recovery/Refund of Regulatory Balances (2013) ³	1595			
Disposition and Recovery/Refund of Regulatory Balances (2014) ³	1595		292	
Disposition and Recovery/Refund of Regulatory Balances (2015) ³	1595			
Disposition and Recovery/Refund of Regulatory Balances (2016) ³	1595			
Disposition and Recovery/Refund of Regulatory Balances (2017) ³	1595		(749)	
Disposition and Recovery/Refund of Regulatory Balances (2018) ³	1595	4,915		
Disposition and Recovery/Refund of Regulatory Balances (2019) ³	1595			
<i>Not to be disposed of until a year after rate rider has expired and that balance has been audited</i>				

Answer:

Adjustment of \$292: this amount is a combination of two adjustments, \$193 and \$98 made to clear small residual balances of 1595 RSVA (2014) and 1595 GA Sub (2014).

Adjustment of \$-749: when the rate rider for LRAMVA 1595 (2017) expired in 2018, there was a negative balance for principal and a positive balance of \$-749 for interest. The interest balance was transferred to the principal to offset its balance.

Staff Question-13**Ref: Rate Generator Model, Tab 3 Continuity Schedule, Account 1595 (2017)**

In Tab 3 of the IRM Model, Rideau St. Lawrence selected “yes” with respect to whether Account 1595 (2017) is being requested for disposition.

As stated in Chapter 3 Filing Requirements “Applicants are expected to request disposition of residual balances in Account 1595 Sub-accounts for each vintage year only once, on a final basis. Distributors are expected to seek disposition of the audited account balances a year after a rate rider’s sunset date has expired. No further transactions are expected to flow through the Account 1595 Sub-accounts once the residual balance has been disposed.”

As per the 2020 IRM Webinar Q&A #4, August 7, 2019:

“1595 sub-account residual balances are eligible for disposition when one year has passed since the expiry of the associated rate riders and any balance that remains after that one-year period has been audited. Therefore, if a rate rider ends on December 31, 2018, one year after the expiry of the rider would be December 31, 2019, and the account would be eligible for disposition when December 31, 2019 audited balances are brought forth in a 2021 rate application.”

- a) Please confirm that Rideau St. Lawrence agrees not to dispose of its Account 1595 (2017) in this application. If Rideau agrees, please update Tab 3 accordingly. If not, please explain.

Answer: RSL agrees not to dispose of its Account 1595 (2017) in this application. Tab 3 has been updated.

Staff Question-14**Ref: Rate Generator Model, Tab 3 – Continuity Schedule**

OEB staff notes that there was a formula error in the IRM Rate Generator Model posted on the OEB’s webpage.

On tab 3 the formula for cell BM41 is =Sum(BM39,BM40) - BM37. The last portion of the formula (i.e. – BM37) is an error.

OEB staff has made the necessary correction to the Rate Generator Model and provided it along with these questions.

Please confirm Rideau St. Lawrence's acceptance of the revised model.

Answer:

RSL confirms its acceptance of the revised model.

Staff Question-15

Ref: Rate Generator Model, Tab 19 - Proposed Tariff of Rates and Charges

As per the Rate Order in EB-2017-0183, OEB staff will update the tariff at the decision and rate order stage of this proceeding for the following changes to Non-Payment of Account Service Charges:

1. Removal of all "Collection of Account" charges
2. Removal of all "Install/Remove Load Control Device" charges
3. Change any reference of "Disconnect/Reconnect" to "Reconnection"
4. Alter the "Late Payment – per month" charge to "Late Payment – per month"
(effective annual rate 19.56% per annum or 0.04896% compounded daily rate)

Please confirm Rideau St. Lawrence's acceptance of the above.

Answer:

RSL confirms its acceptance of the above changes.

Staff Question-16

Ref: Rate Generator Model, Tab 3 Continuity Schedule, Tab 16 Rev2Cost GDPIPI and Tab 17 Regulatory Charges

OEB staff has made the following updates to the Rate Generator Model for Rideau St. Lawrence:

1. Tab 3 – Updated RRR data of 1595 (2018) in the amount of \$(50,295) in the “2.1.7 column”
2. Tab 16 – Updated Price Escalator 2%
3. Tab 17 – Updated Inflation factor of 2% for the Retail Service Charges and the Wireline Pole Attachment charge

Please confirm Rideau St. Lawrence’s acceptance of the revised model.

Tab 3 – Continuity Schedule

		2.1.7 RRR
Account Descriptions	Account Number	As of Dec 31, 2018
Group 1 Accounts		
LV Variance Account	1550	(86,400)
Smart Metering Entity Charge Variance Account	1551	(5,539)
RSVA - Wholesale Market Service Charge ⁵	1580	(124,776)
Variance WMS – Sub-account CBR Class A ⁵	1580	0
Variance WMS – Sub-account CBR Class B ⁵	1580	(4,401)
RSVA - Retail Transmission Network Charge	1584	(216,174)
RSVA - Retail Transmission Connection Charge	1586	(153,429)
RSVA - Power ⁴	1588	97,930
RSVA - Global Adjustment ⁴	1589	(22,486)
Disposition and Recovery/Refund of Regulatory Balances (2013) ³	1595	0
Disposition and Recovery/Refund of Regulatory Balances (2014) ³	1595	0
Disposition and Recovery/Refund of Regulatory Balances (2015) ³	1595	50,386
Disposition and Recovery/Refund of Regulatory Balances (2016) ³	1595	0
Disposition and Recovery/Refund of Regulatory Balances (2017) ³	1595	3,786
Disposition and Recovery/Refund of Regulatory Balances (2018) ³	1595	(50,295)
Disposition and Recovery/Refund of Regulatory Balances (2019) ³	1595	
<i>Not to be disposed of until a year after rate rider has expired and that balance has been audited</i>		

Answer:

RSL confirms its acceptance of the revised model.