**Welland Hydro-Electric System Corp. (Welland Hydro)**

**Follow-up Question – February 19, 2020**

**EB-2019-0072**

## Staff-19

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

(2) Staff-17

(3) Addendum to Filing Requirements For Electricity Distribution Rate Applications - 2020 Rate Applications, dated July 15, 2019, pages 12 & 13

Preamble:

At the above-noted first 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.

At the above-noted second reference, Welland Hydro stated that:

Beginning in January 2019 Welland Hydro performs its final RPP settlements based on the invoiced GA price, as opposed to the final posted GA rate. Prior to 2019, Welland Hydro performed its final RPP settlements based on the final posted GA rate.

At the above-noted third reference, the OEB stated the following:

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…

Question:

1. Please describe how Welland Hydro has considered the above-referenced accounting guidance regarding the invoiced GA price in the context of historical balances that have yet to be disposed on a final basis (i.e. 2017 and 2018 balances).

**Response:**

**Welland Hydro has considered the above-referenced accounting guidance regarding the invoiced GA price in the context of historical balances. Welland Hydro calculated the difference between the final posted GA rate and the invoiced GA rate for each month in 2018. Welland Hydro multiplied the difference in the GA rates by the wholesale kWh for each month. The resulting difference in using the final posted rate compared to the invoiced GA rate amounted to $1,492 for RPP kWh and $716 for non-RPP kWh for a total difference of $2,208 for the 2018 year. Welland Hydro believes that the impact to the 2017 year would be immaterial as well.**