

2020 IRM Application

Follow Up Interrogatory Responses

EB-2019-0034



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1 **List of Attachments**

2 1-B. Essex_2020_GA_Analysis_Workform_v19_Essex_Powerlines_022420.xlsb

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Staff Question #1

Ref: Staff Question #7

In the Account 1588 and Account 1589 tables, it appears that the amounts shown are for Account 4705 Power Purchased and Account 4707 Charges – Global Adjustment.

- a) Please confirm. If not confirmed, please explain what the balances represent.
- b) The “GL Amount” do not appear to agree to the amounts reported in the 2017 and 2018 RRRs. Please explain the difference and explain why the RRR amounts are not used for materiality purposes.
- c) In the Q&A’s for Accounting Guidance on Accounts 1588 and 1589, #29 discusses the guidance for adjustments required to historical balances. The materiality threshold to be used in assessing total adjustments for Account 1588 is 0.5% of Account 4705, and for Account 1589 is 0.5% of Account 4707. In the tables provided in response to Staff Question #7, it appears that a comparison is done for the calculated vs. recorded amounts for Accounts 4705 and 4707, not the calculated vs. recorded amounts for Account 1588 and 1589. Please revise the response as needed

Response

- a) Confirmed.
- b) The tables provided did not match 2017 and 2018 RRR as a subaccount of 4705 and 4707 were incorrectly omitted.
- c) EPLC implemented the new accounting guidance August 31, 2019 effective January 1st, 2019. EPLC utilized the OEB commodity Model and actual IESO invoices to calculate the amounts for each historical month in 2017 and 2018, compared the results to the GL balances and assessed these results against the materiality threshold prescribed by the guidance. This analysis resulted in a net variance of \$144,991 in 2017 and \$-35,602 in 2018, which are both within the threshold for materiality.

Staff Question #2

Ref: Staff Question #7

Please confirm whether Essex is proposing to dispose its 2017 and 2018 balances on an interim or final basis.

Response

EPLC is proposing to dispose of its 2017 and 2018 balances on a final basis.

Staff Question #3

Ref: 2018 GA Analysis Workform

In the 2018 GA Analysis Workform, there is a reconciling item under 1a for the reversal of the 2016 consumption billed after January 2017.

- a) Please confirm that this true-up adjustment was recorded in Essex Powerline's GL in 2018 and included in the (\$897,020).
- b) If not confirmed, please explain when it was recorded in the GL and why it is reconciling item for 2018.

Response

a) Confirmed.

b) N/A.

Staff Question #4

Ref: 2017 and 2018 GA Analysis Workform

The consumption data used in Note 4 uses unbilled consumption (columns G and H). Regarding reconciling items 2a and 2b,

- a) Please confirm that the unbilled to actual revenue difference at the 2017 year-end has been included in the (\$960,650).
- b) If yes to part a, then the 2017 (\$960,650) is based on actual revenues while the expected balance is calculated based on unbilled revenues. This difference should be a reconciling item in 2b, please quantify and adjust the GA Workform.
- c) If yes to part a, then the 2018 (\$897,020) would exclude then 2017 unbilled to actual revenues difference. However, this difference would be included in the consumption data used in Note 4. This difference should be a reconciling item in 2a in the 2018 GA Analysis Workform.
- d) Please explain whether the 2016 year-end balance was based on unbilled revenues or actual revenues.
- e) Considering whether the unbilled to actual revenues was included in the 2016 year-end balance or rolled into the 2017 balance, please explain whether reconciling 2a is applicable in the 2017 GA Analysis Workform.
- f) Considering the above, please explain whether reconciling 2a and 2b are applicable in the 2018 GA Analysis Workform. Please revise the Workform as needed.

Response

- a) EPLC does not book the unbilled to actual difference in the GL therefore the difference is not included in the \$950,650.
- b) N/A
- c) N/A
- d) The 2016 year-end balance was based on unbilled revenues.
- e) Reconciling item 2a is applicable in the 2017 GA Analysis Workform.
- f) Reconciling items 2a and 2b are applicable and are included in the revised GA Analysis Workform included as Attachment 1-A.

1 **Staff Question #5**

2 Aside from the under-collection of RTSRs from 2017 and 2018, why is Essex asking for disposition of its
3 DVAs when the threshold has not been met?

4 **Response**

5 EPLC is requesting disposition of its DVAs as it prefers not to carry balances for more than one
6 year at a time.