Rideau St. Lawrence Distribution Inc.

OEB Staff Questions

EB-2019-0066

**Rideau St. Lawrence Distribution Inc.**

**Follow-up Questions – February 18, 2020**

**EB-2019-0066**

**Staff Question-17**

Ref: (1) 2017 Global Adjustment (GA) Analysis Workform, January 31, 2020

 (2) 2018 GA Analysis Workform, November 4, 2019

 (3) EB-2017-0265, 2016 GA Analysis Workform, December 20, 2017

 (4) 2020 IRM Rate Generator Model, Tab 3, January 31, 2020

 (5) EB-2018-0065, 2019 IRM Rate Generator Model, Tab 3, March 28, 2019

 (6) EB-2017-0265, 2018 IRM Rate Generator Model, Tab 3, March 22, 2018

 (7) Staff-8

 (8) RSL\_Appendix\_A\_to\_GA\_Workform\_20191121\_20191122, page 1

**Preamble:**

At the above noted second reference (2018 GA Analysis Workform), Rideau St. Lawrence reflected an amount in line 3b “Add difference between current year accrual/forecast to actual from long term load transfers” of $18,205. Rideau St. Lawrence described this amount as “Deduct net LTLT Revenue.” This amount was also not shown as a 2018 principal adjustment at the above noted fourth reference (2020 IRM Rate Generator Model).

At the above noted first reference, Rideau St. Lawrence revised its 2017 GA Analysis Workform in the current proceeding to reflect a new amount in line 3b “Add difference between current year accrual/forecast to actual from long term load transfers” of $49,250. Rideau St. Lawrence described this amount as “Deduct net LTLT.” This amount was also not shown as a 2017 principal adjustment either at the above noted fourth reference (2020 IRM Rate Generator Model) or fifth reference (2019 IRM Rate Generator Model).

This amount of $49,250 was also not shown on the 2018 GA Analysis Workform on line 3a “Remove difference between prior year accrual/forecast to actual from long term load transfers.” A credit amount of $49,250 should have been reflected on the 2018 GA Analysis Workform (above noted second reference) on line 3a to reverse the amount shown on the revised 2017 GA Analysis Workform. This amount was also not shown as a 2018 principal adjustment at the above noted fourth reference (2020 IRM Rate Generator Model).

At the above noted third reference (2016 GA Analysis Workform), an amount of $14,156 was recorded line 3b “Add difference between current year accrual to forecast from long term load transfers.” However, this amount was not included as a 2016 principal adjustment at the above noted sixth reference (2018 IRM Rate Generator Model). Therefore there is nothing to reverse in the 2017 GA Analysis Workform.

**Questions:**

1. Please explain whether the sign of the $18,205 amount shown on the 2018 GA Analysis Workform should be a credit or a debit, given Rideau St. Lawrence’s explanation that the net LTLT was deducted and not added.

Answer: The sign of the $18,205 amount on the 2018 GA Analysis Workform should be a debit, as shown in the original submission. The net LTLT revenue was recorded in our GL calculation correctly. It was the current year actual net LTLT. The expected balance calculated in the GA Workform does not include the net LTLT revenue. The LTLT amount was recorded directly to the GL.

1. Please confirm that the amount of $14,156 that was recorded line 3b on the 2016 GA Analysis Workform does not need to be reversed on line 3a on the 2017 GA Analysis Workform, as this amount was not included as a 2016 principal adjustment in the 2018 IRM Rate Generator Model, where the 2016 balances were cleared on a final basis.

Answer: Confirmed.

1. Please explain whether the sign of the $49,250 amount shown on the revised 2017 GA Analysis Workform should be a credit or a debit, given Rideau St. Lawrence’s explanation that the net LTLT was deducted and not added.

Answer: The sign of the $49,250 amount on the revised 2017 GA Analysis Workform should be a debit, as shown in the original submission (January 31, 2020). Please see answer to a) for the explanation.

1. Please update the 2018 GA Analysis Workform to reflect the reversal of the 2017 accrual of $49,250.

Answer: There is no need to update the 2018 GA Analysis Workform. Please see answer to c).

1. Please revise Tab 3 of the 2020 IRM Rate Generator Model to reflect the amounts of $49,250 as both 2017 and 2018 principal adjustments as both an accrual and a reversal.

Answer: There is no need to revise the 2020 IRM Rate Generator. The amount was the current year actual. Please refer to answer to c).

1. Please revise Tab 3 of the 2020 IRM Rate Generator Model to reflect the amount of $18,205 as a 2018 principal adjustment accrual.

Answer: There is no need to revise the 2020 IRM Rate Generator. The amount was the current year actual. Please refer to answer to a).

1. Please also update the Account 1588 tables as shown at the above noted seventh reference (Staff-8) and eighth reference (RSL\_Appendix\_A\_to\_GA\_Workform\_20191121\_20191122, page 1), as well as if any Account 1588 principal adjustments for 2017 and 2018 need to be made for LTLT on the 2020 IRM Rate Generator Model.

Answer: RSL is not aware of any changes that need to be made to the two references and the 2020 IRM Rate Generator Model.

**Staff Question-18**

Ref: (1) Staff-2

 (2) 2020 IRM Rate Generator Model, Tab 3, January 31, 2020

 (3) Staff-8

 (4) RSL\_Appendix\_A\_to\_GA\_Workform\_20191121\_20191122, page 1

(5) 2017 Global Adjustment (GA) Analysis Workform, January 31, 2020

 (6) 2018 GA Analysis Workform, November 4, 2019

**Preamble:**

At the above noted first reference, Rideau St. Lawrence listed 2017 and 2018 adjustments that are required to both Account 1588 and Account 1589, to reflect the differences between its original approach to RPP settlements and the OEB’s approach articulated in the new accounting guidance. However, these adjustments are not reflected as 2017 and 2018 principal adjustments at the above noted second reference. Although OEB staff notes that the net impact of the 2017 and 2018 principal adjustments would be small, each of these adjustments on a standalone basis are generally not small.

**Questions:**

1. Please revise Tab 3 of the 2020 IRM Rate Generator Model to reflect these amounts as 2017 and 2018 principal adjustments to both Account 1588 and Account 1589.

Answer: The 2020 IRM Rate Generator Model has been updated to reflect the review of our 2017- 2018 GL balances under the New Accounting Guidance, as shown in the response to Staff Question 2. Please see answer to c) for the details of all principal adjustments to Account 1588. The updated 2017 GA Workform and 2018 GA Workform (2020 IRM) provide the details of the principal adjustments to Account 1589.

1. Please also update the 2017 GA Analysis Workform and 2018 GA Analysis Workform.

Answer: The 2017 GA Analysis Workform and 2018 GA Analysis Workform have been updated as a result of the principal adjustments to the 2020 IRM Rate Generator Model (Continuity Schedule).

In the 2017 and 2018 GA Workforms, a new reconciling item $-44,796 for 2017 GA Workform and $32,177 for 2018 GA Workform have been added in line 8 to reflect the changes in RPP GA costs resulted from the review of our 2017-2018 GL balances under the New Accounting Guidance. Line 6 and line 7 have been adjusted accordingly since the RPP portions of line 6 and line 7 have been captured by line 8 RPP GA cost adjustment.

The total amount of the reconciling items on Note 6 remain unchanged from the models for both the 2017 and 2018 GA Workforms that were filed earlier with the OEB in this application.

1. Please also update the Account 1588 tables as shown at the above noted third reference (Staff-8) and fourth reference (RSL\_Appendix\_A\_to\_GA\_Workform\_20191121\_20191122, page 1).

Answer: Below is the updated Account 1588 reconciliations for 2017 and 2018.





**Staff Question-19**

Ref: (1) 2018 GA Analysis Workform, November 4, 2019

(2) Staff-8

 (3) RSL\_Appendix\_A\_to\_GA\_Workform\_20191121\_20191122, page 1

(4) 2020 IRM Rate Generator Model, Tab 3, January 31, 2020

**Preamble:**

At the above noted first reference (2018 GA Analysis Workform), Rideau St. Lawrence did not include an amount on line 1b “True-up of GA Charges based on Actual Non-RPP Volumes - current year.”

**Questions:**

1. Please explain why no amount was included on line 1b “True-up of GA Charges based on Actual Non-RPP Volumes - current year.”

Answer: A true-up amount of RPP GA charges based on 2018 actual Non RPP volumes has been recorded in GL 1588 and 1589 balances correctly during our 2018 year end process. Therefore there is no need to include this amount in the GA Workform.

1. Please update the 2018 GA Analysis Workform and 2020 IRM Rate Generator Model as 2018 principal adjustments, if required, as well as addressing any associated impacts on Account 1588 in the 2020 IRM Rate Generator Model.

Answer: There is no need to update the 2018 GA Workform or 2020 IRM Rate Generator Model. Please see answer to (a).

1. Please also update the Account 1588 tables as shown at the above noted second reference (Staff-8) and third reference (RSL\_Appendix\_A\_to\_GA\_Workform\_20191121\_20191122, page 1).

Answer: There is no need to update the second and third references. Please see answer to (a).

**Staff Question-20**

Ref: (1) 2017 GA Analysis Workform, January 31, 2020

 (2) EB-2017-0265, Staff 5-b, December 21, 2017

**Preamble:**

At the above noted first reference (2017 GA Analysis Workform), Rideau St. Lawrence included an adjustment of $47,286 on line 1a “True-up of GA Charges based on Actual Non-RPP Volumes - prior year.” Rideau St. Lawrence provided an explanation for this item as “True-up of Non-RPP GA charge for 2016 was recorded in the beginning of 2017. Not included in 2018 disposition.”

At the above noted second reference, Rideau St. Lawrence stated that this amount was booked in the 2017 GL.

**Question:**

1. Please provide more detail regarding this adjustment of $47,286 and why it is not included as a 2017 principal adjustment in the 2020 IRM Rate Generator Model, and if there are any impacts on Account 1588.

Answer: Our post 2016 year end analysis indicated a true-up amount of $47,286 for RPP GA cost. The amount was recorded in the 2017 GL, as our financial statements for 2016 had been completed. A debit amount and a credit amount were booked in 1588 and 1589 respectively in the 2017 GL.

The amounts have been removed as 2017 principal adjustments from the updated 2020 IRM Rate Generator Model, $-47,286 for 1588 and $47,286 for 1589. The adjustments are required although the amounts were not included in the 2018 disposition (2016 balance) in the 2018 IRM, because the 2018 disposition was on a final basis.