



Ontario  
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de l'Ontario

**BY EMAIL**

December 9, 2020

Ms. Diane Taylor  
ERTH Power Corporation  
143 Bell Street, P.O. Box 157  
Ingersoll ON N5C 3K5  
[Diane.Taylor@erthpower.com](mailto:Diane.Taylor@erthpower.com)

Dear Ms. Taylor:

**Re: ERTH Power Corporation (ERTH Power)  
Application for 2021 Rates  
OEB File Number: EB-2020-0019**

Further to the Ontario Energy Board's (OEB) acknowledgment letter dated November 27, 2020, the OEB has completed its preliminary review of your 2021 Price Cap Incentive Rate-setting application.

Certain sections of the evidence supporting the application do not comply with the OEB's Filing Requirements<sup>1</sup> for your application. As a result, the OEB is unable to process ERTH Power's application at this time. The OEB will commence processing the application after the noted information is filed.

The missing information is noted below:

Chapter 3 Filing Requirement Reference	Description
Section 3.2.5.3 Commodity Accounts 1588 and	The OEB notes the following regarding the most recent Account 1588 and 1589 balances cleared on a final basis: <ul style="list-style-type: none"><li>• Main Rate Zone: December 31, 2014 balances in Erie Thames Powerlines Corporation's 2016 proceeding<sup>2</sup></li></ul>

<sup>1</sup> Chapter 3 of the *Filing Requirements for Electricity Distribution Applications Rate Applications*, dated May 14, 2020

<sup>2</sup> EB-2015-0067, Erie Thames Powerlines Corporation, Decision and Rate Order, March 17, 2016, page 8



Chapter 3 Filing Requirement Reference	Description
1589, pp. 13 & 14	<ul style="list-style-type: none"> <li>Goderich Rate Zone: December 31, 2014 balances in West Coast Huron Energy Inc.'s 2016 proceeding<sup>3</sup></li> </ul> <p>On February 21, 2019, the OEB issued a letter providing accounting guidance related to Accounts 1588 Power, and 1589 RSVA Global Adjustment.<sup>4</sup> This accounting guidance was effective January 1, 2019 and was to be implemented by August 31, 2019. Based on this, the OEB expects that all transactions recorded in these accounts during 2019 will have been accounted for in accordance with this guidance. A distributor must confirm as part of its application that it has fully implemented the OEB's February 21, 2019 guidance effective from January 1, 2019. ERT Power needs to provide this confirmation as part of its 2021 IRM application.</p> <p>Distributors are also expected to consider this accounting guidance in the context of historical pre-2019 balances that have yet to be disposed on a final basis. In order to request final disposition of these historical balances as part of the current application, distributors must provide confirmation that these historical balances have been considered and provide a summary of the review performed. Distributors must also discuss the results of the review, whether any systemic issues were noted, and whether any material adjustments to the account balances have been recorded. A summary and description of each adjustment made to the historical balances must be provided in the application.</p> <p>In its 2021 IRM application, ERT Power has not provided the required information noted above in relation to the accounting guidance for historical pre-2019 balances that are yet to be disposed on a final basis. (This information is relevant to the January 1, 2015 and forward balances for both rate zones).</p> <p>Please provide the information in respect of the accounting guidance and the noted summary of the review performed.</p>
Section 3.2.5.3 Commodity Accounts 1588 and	<p>The OEB's filing requirements address situations where utilities that did not receive approval for disposition of historical account balances due to concerns noted.</p> <p>In ERT Power's 2020 IRM application, EB-2019-0033, the OEB denied ERT Power's request to dispose of balances in Accounts</p>

<sup>3</sup> EB-2015-0111, West Coast Huron Energy Inc., Decision and Rate Order, March 17, 2016, page 6

<sup>4</sup> OEB Letter: "Accounting Guidance related to Accounts 1588 RSVA Power, and 1589 RSVA Global Adjustment", issued February 21, 2019



Chapter 3 Filing Requirement Reference	Description
1589, pp. 13 & 14	<p>1588 and 1589 for the Main rate zone on an interim basis.<sup>5</sup> In its decision, the OEB noted the following and directed ERT Power to provide certain information in respect of Accounts 1588 and 1589 in its 2021 IRM application:</p> <ul style="list-style-type: none"> <li>• The OEB noted that it was not satisfied that ERT Power had sufficiently addressed the issues for Account 1588; also given that adjustments to Account 1588 may lead to adjustments in Account 1589, the OEB did not approve disposition of Accounts 1588 and 1589 for the Main rate zone.</li> <li>• Amongst other things, the OEB directed ERT Power to discuss the results of its assessment of Account 1588 and 1589 balances, and to apply the lessons learned from the audit carried out in the Goderich rate zone to the Main rate zone.<sup>6</sup></li> </ul> <p>The OEB notes that ERT Power stated the following in its 2021 IRM application:<sup>7</sup></p> <p>Account 1588 is still under review by ERT staff and it is determining the impacts that the adjustments have upon the balances.</p> <p>Per the OEB's Decision in EB-2019-0033, please provide the information in relation to Accounts 1588 and 1589, including the results of ERT Power's assessment of the balances in the Accounts 1588 and 1589 and the application of lessons learned from Goderich audit.</p>
Section 3.2.5.3 Commodity Accounts 1588 and 1589, pp. 13 & 14	<p>The filing requirements reference interim and final disposition of balances.</p> <p>It is not clear whether ERT Power is requesting final or interim disposition of Account 1588 and 1589 balances for both rate zones in its 2021 IRM application. Please confirm whether ERT Power is proposing to dispose the 2015 through 2019 Account 1588 and 1589 balances for both rate zones on either a final or interim basis.</p>

<sup>5</sup> EB-2019-0033, ERT Power Corporation, Decision and Rate Order, Main Rate Zone, April 16, 2020, page 12 & 13

<sup>6</sup> Ibid., Pages 12 & 13

<sup>7</sup> Manager's Summary, November 25, 2020, page 6



The OEB expects that ERTH Power will file the above listed required information as soon as possible.

Please note, ERTH Power is responsible for ensuring that the documents it files with the OEB, such as its evidence, responses to interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Please direct any questions relating to this application to Marc Abramovitz, Advisor at 416-440-7690 or [Marc.Abramovitz@oeb.ca](mailto:Marc.Abramovitz@oeb.ca).

Yours truly,

*Original Signed By*

Christine E. Long  
Registrar