**Orangeville Hydro Limited (Orangeville Hydro)**

**EB-2020-0046**

**January 15, 2021**

Please note, Orangeville Hydro is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff questions 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*.

**Staff Question-1**

**Ref: Account 1580 Sub-account CBR Class A; Tab 3 of IRM Rate Generator Model; Manager’s Summary, page 11**

According to the accounting guidance on Wholesale Market Services Accounting for Capacity Based Demand Response (CBDR) and new IESO Charge Type 9920 that OEB issued on March 29, 2016 (<https://www.oeb.ca/oeb/_Documents/Regulatory/OEBltr_CBDR_Charges_20160329.pdf>), distributors following the accounting guidance would have zero balance in Account 1580 Sub-account CBR Class A. As noted Tab 3 of the 2021 IRM model, Orangeville Hydro had non-zero transactions in this sub-account and the 2019 year-end balance is a debit of $1,242 (principal).

Please confirm whether or not Orangeville Hydro has followed the above noted accounting guidance in its accounting process, and provide explanation for the non-zero balances in Account 1580 Sub-account CBR Class A.

Response

Orangeville Hydro has followed the above noted accounting guidance in its accounting process. The variance amount showing in cell BW23 on Tab 3. Continuity Schedule for RSVA – Wholesale Market Service Charge is due to the fact in the RRR 2.1.7 2019 submission, the full GL balance of the 1580 WMS account was submitted of $369,892. The sub accounts were also submitted on the RRR Sub Accounts form for WMS – CBR Class A of $1,318 and WMS – CBR Class B of $(23,746). There is now a variance of $(22,428) showing for the 1580 Continuity Schedule line, as this amount includes both sub account lines.

**Staff Question-2**

**Ref: EB-2019-0060, 2020 IRM Decision and Rate Order, April 16, 2020, page 9**

Preamble:

As per the above noted reference, the 2020 IRM decision and rate order, the most recent year in which Accounts 1588 and 1589 were approved for disposition on a final basis related to 2016 balances in Orangeville Hydro’s 2020 proceeding. 2017, 2018, and 2019 balances for Account 1588 and 1589 were neither approved on an interim basis or final basis in any other Orangeville Hydro proceeding.

Question:

1. Please confirm whether Orangeville Hydro is proposing to dispose the 2017, 2018, and 2019 Account 1588 and 1589 balances in the current proceeding on either a final or interim basis.

Response

Orangeville Hydro proposes to dispose of the 2018 and 2019 Account 1588 and Account 1589 balances on an interim basis.

Orangeville Hydro does not propose to dispose of the 2017 1588 and 1589 balances at this time. Due to the fact that Orangeville Hydro is waiting to complete an enforcement and compliance review by the OEB, we feel it is prudent to not request disposition of 2017 balances, and request disposition on an interim basis for 2018 and 2019 balances until the review is completed.

Orangeville Hydro has cleared the transactions within Tab 3 of the Rate Generator Model for 2017 for Account 1588 and Account 1589, as we are not proposing to dispose of 2017 balances.

**Staff Question-3**

**Ref:** **(1) Chapter 3 of the Filing Requirements for Electricity Distribution Applications Rate Applications, dated May 14, 2020, page 14**

**(2) EB-2019-0060, 2020 IRM Decision and Rate Order, April 16, 2020, page 9**

 **(3) Manager’s Summary, November 2, 2020, page 13**

 **(4) Manager’s Summary, November 2, 2020, page 17**

 **(5) Manager’s Summary, November 2, 2020, page 18**

As per the above noted first reference, the OEB noted that utilities that did not receive approval for disposition of historical account balances due to concerns noted should apply the OEB’s February 21, 2019 accounting guidance to those balances and adjust them as necessary, prior to requesting final disposition. Adjustments to account balances will be considered on a case by case basis.

The OEB also noted that if a distributor has yet to fully implement the OEB’s February 21, 2019 accounting guidance effective from January 1, 2019, the distributor, in its application, must provide explanation as to why this guidance has not been implemented, the status of the implementation process, and the expected implementation date.

As per the above noted second reference, the OEB stated:

Once Orangeville Hydro has completed its review of its 2017 and 2018 transactions related to the commodity pass through account 1588 RSVA Power and account 1589 RSVA GA in the context of the accounting guidance issued by the OEB on February 21, 2019, it will bring forward amounts for disposition. Orangeville Hydro shall provide support for all adjustments made to the account balances and justification that the account balances are reasonable and should be disposed.

As per the above noted third reference, Orangeville Hydro stated that:

As directed by the Board, Orangeville Hydro has reviewed its process. Staff attended the OEB Accounting Guidance training. Orangeville Hydro has transitioned to utilize the OEB Accounting Guidance model for its monthly settlement and subsequent true-ups. Orangeville Hydro has also reviewed its General Ledger balances for errors and omissions. Orangeville Hydro’s improvements and adjustments to its settlement process as a result of the 2021 IRM submission of its 2017, 2018 and 2019 GA Work Form and the Board interrogatories are summarized below.

As per the above noted fourth reference, Orangeville Hydro stated that it had “reviewed its RPP Settlement process and identified certain process changes required for compliance with the new guidance.” However, the period to which Orangeville Hydro’s review pertained to is not clear.

As per the above noted fifth reference, Orangeville Hydro further stated that:

Orangeville Hydro utilized the OEB’s Illustrative Model issued with the new accounting guidance to assess the impact of the change in process on the 2017-2019 1588 and 1589 account balances. The analysis outlined adjustments that were required related to correct the consumption and the RPP / Non RPP split of GA costs that had originally been calculated. These adjustments have been included in the GA Workform for 1589 Global Adjustment and in the Appendix A of the GA Workform for 1588 Power. These corrections will be processed in 2020.

Questions:

1. Although Orangeville Hydro noted that the OEB’s Illustrative Model was used for 2017-2019 balances, please confirm whether the distributor has applied the OEB’s February 21, 2019 accounting guidance to both historical pre-2019 balances (i.e. 2017 and 2018) and 2019 balances that have yet to be disposed on a final basis.

Response

Orangeville Hydro confirms that the OEB’s February 21, 2019 accounting guidance has been applied to both historical pre-2019 balances (i.e. 2017 and 2018) and 2019 balances that have yet to be disposed on a final basis.

1. Please confirm whether these balances were adjusted as necessary.

Response

The adjustments identified in this submission to the accounts 1588 and 1589 will be accrued back to the December 31, 2020 balances.

1. Please indicate how the above items have been addressed, including providing explanations, as well as providing more information on the timing and details of Orangeville Hydro’s review.

Response

Orangeville Hydro completed a final review of the accounting guidance and the data being used to complete the accounting guidance immediately prior to submission of the response to the OEB staff questions. This was to ensure that all previously utilized data was correct and any changes required to be made were included in the most up to date IRM models. The accounting guidance was used in this process for historical balances of 2017, 2018 and 2019.

1. In accordance with the OEB’s findings in its 2020 IRM decision, please provide support for all adjustments made to the Account 1588 and 1589 balances and justification that the account balances are reasonable and should be disposed.

Response

Please see response to OEB Staff question #3h.

Please explain whether 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.

Response

Issues were identified with regards to the data used to complete the settlement as well as data used to complete the GA workform and related RRR reporting. For example, - the RPP and Non RPP Class B consumption being obtained from a report obtained from Orangeville Hydro’s billing system was originally incorrect, with some data not being included in the totals, or loss factors being applied incorrectly. Orangeville Hydro has corrected this reporting, and is now confident of its accuracy. This corrected data has been used through the process of this submission and completing the accounting guidance for balances of 2017-2019, and is therefore the reason there are additional adjustments being made to historical balances.

If yes, please explain whether adjustments to Group 1 DVA balances that have yet to be disposed on a final basis have been quantified (i.e. 2017, 2018, and 2019 balances).

Response

Adjustments to only accounts 1588 and 1589 balances have been identified and quantified. Please see OEB Staff question #3 h. for details.

If adjustments have not been quantified, please provide a timeline as to when the applicant expects any discrepancies to be resolved.

Response

The adjustments have been quantified in the answer to OEB Staff question #3 h.

If material adjustments were identified, for each adjustment please provide the following:

Quantification and nature of the adjustment

The period in which the adjustment relates to (i.e. in relation to the flow of kWh/ kW)

Detailed explanation of the adjustment, including how it was identified, the reason for the adjustment, the impact to each of Accounts 1588 and 1589.

Show how it has been included as a principal adjustment to Account 1589 in the GA Analysis Workform and Account 1588 in the “Principal Adjustments” tab of the GA Analysis Workform

Describe the steps taken to include these adjustments in Tab 3 of the IRM Rate Generator Model and balances requested for disposition in this proceeding. Please also provide the cells in Tab 3 of the IRM Rate Generator Model where these adjustments were made.

Response

Please see attached file called Orangeville Hydro\_Explanation of 1588 and 1589 variances.xls. Orangeville Hydro has endeavoured to include as much information as possible to assist in explaining the various adjustments to both accounts 1588 and 1589 for 2017-2019.

Orangeville Hydro has cleared the transactions within Tab 3 of the Rate Generator Model for 2017 for Account 1588 and Account 1589, as we are not proposing to dispose of 2017 balances.

**Staff Question-4**

**Ref: (1) EB-2019-0060, 2020 IRM Decision and Rate Order, April 16, 2020, page 9**

**(2) Chapter 3 of the Filing Requirements for Electricity Distribution Applications Rate Applications, dated May 14, 2020, page 14**

**(3) EB-2019-0060 2020 IRM application, Appendix F: GA Methodology Description (Appendix A GA Workform instructions), November 4, 2019**

Preamble:

As per the above noted first reference, the 2020 IRM decision and rate order, the most recent year in which Accounts 1588 and 1589 were approved for disposition on a final basis related to 2016 balances in Orangeville Hydro’s 2020 proceeding. 2017, 2018, and 2019 balances for Account 1588 and 1589 were neither approved on an interim basis or final basis in any other Orangeville Hydro proceeding.

As per the above noted second reference, the OEB indicated that when there is no disposition of historical balances and there are concerns noted by the OEB, distributors must complete and submit Appendix A – GA Methodology Description that can be found in the GA Analysis Workform instructions.

As per the above noted third reference, Appendix A – GA Methodology Description was filed as part of Orangeville Hydro’s 2020 IRM application.

Question:

1. Given that the OEB expected Orangeville Hydro to review its 2017, 2018, and 2019 transactions ahead of filing its 2021 IRM application, please submit an updated Appendix A – GA Methodology Description in the current proceeding, including an explanation of how this document has changed from the last filing in Orangeville Hydro’s 2020 IRM application. A template for Appendix A – GA Methodology Description was posted by the OEB on May 20, 2020.

Response

Orangeville Hydro has included an updated version of Appendix A – GA Methodology Description in Appendix A of this document. This document has changed from the last filing in Orangeville Hydro’s 2020 IRM application as the previous document explained Orangeville Hydro’s previous settlement methodology. Orangeville Hydro is now fully utilizing the OEB Accounting Guidance for current settlement, as well as for the purposes of completing a full review of historical years 2017-2019 for the IRM application.

**Staff Question-5**

**Ref: (1) GA Analysis Workform, OHL\_2021\_GA\_Analysis\_Workform\_20201102.xlsb**

**(2) Chapter 3 of the Filing Requirements for Electricity Distribution Applications Rate Applications, dated May 14, 2020, page 13**

Preamble:

At the above noted first reference, Orangeville Hydro presented the following “Unresolved Difference as % of Expected GA Payments to the IESO” in cell C93:

* Tab GA 2017 0.7%
* Tab GA 2018 -1.7%
* Tab GA 2019 -2.5%

At the above noted second reference, the OEB stated the following:

As part of Note 5 in the GA Analysis Workform, distributors are required to reconcile any discrepancy between the actual and expected balance by quantifying differences pertaining to factors such as an outstanding IESO settlement true-up payment. The explanatory items should account for the discrepancy and provide distributor-specific information to the OEB. Any remaining, unexplained discrepancy will be assessed for materiality and could prompt further analysis before disposition of the balance is approved. Any unexplained discrepancy that is greater than +/- 1% of the total annual IESO GA charges will be considered material and warrant further investigation.

Question:

1. Please explain why, in Orangeville Hydro’s view, the OEB should clear the distributor’s Account 1589 balances, as well as the interrelated Account 1588 balances, given that the GA Analysis Workform unresolved difference is greater than -1% for 2018 and 2019 and no explanation was provided by Orangeville Hydro.

Response

Orangeville Hydro has revised the GA workform and has included it in the response to the OEB staff questions. Unresolved differences are all below 1% for 2017-2019, with explanations of adjustments provided in OEB staff question #3h.

**Staff Question-6**

**Ref: (1) GA Analysis Workform, OHL\_2021\_GA\_Analysis\_Workform\_20201102.xlsb**

**(2) EB-2019-0060, OHL\_2020\_GA\_Analysis\_Workform\_20200219.xlsb**

Preamble:

OEB staff has prepared the following table based on data provided at the above noted first reference and second reference. This table shows differences in the 2017 GA Analysis Workform and 2018 GA Analysis Workform filed in the 2021 IRM proceeding and the 2020 IRM proceeding.

**OEB Staff Table 1 –**

**Change in GA Analysis Workforms Between the 2021 IRM Proceeding and the 2020 IRM Proceeding**



Questions:

1. Please confirm whether Orangeville Hydro is in agreement with OEB staff’s calculations in the above noted OEB Staff Table 1.

Response

Orangeville Hydro is in agreement with OEB staff’s calculations in the above noted OEB Staff Table 1.

1. If this is not the case, please explain, and update OEB Staff Table 1.

Response

Please see response to OEB Staff Question #6a, above.

1. Please explain why the numbers have changed, as shown in the “Difference” column.

Response

Please see response to OEB Staff Question #3h.

**Staff Question-7**

**Ref: (1) 2021 Rate Generator Model, Tab 3, cells AJ28, AJ29, AL28, AL29, AT28, AT29, AV28, AV29, BD28, BD29, BF28, BF29**

 **(2) Reporting and Record Keeping Requirements (RRR) 2.1.7**

**(3) Chapter 3 of the Filing Requirements for Electricity Distribution Applications Rate Applications, dated May 14, 2020, page 13**

Preamble:

OEB staff has prepared the following table based on data provided at the above noted first reference and second reference. OEB staff notes that the percentage of Account 1588 principal transactions divided by cost of power for each year (2017, 2018, 2019) is high at -3.2%, 6.5%, and -2.6%, respectively.

**OEB Staff Table 2 –**

**Analysis of Large Balance in Account 1588**







At the above noted third reference, the OEB described the following regarding material discrepancies for Account 1589:

Any unexplained discrepancy that is greater than +/- 1% of the total annual IESO GA charges will be considered material and warrant further investigation.

Although the above noted third reference relates to Account 1589, OEB staff has used the same materiality threshold of +/- 1% in analyzing the Account 1588 balance.

Questions:

1. Please confirm whether Orangeville Hydro is in agreement with OEB staff’s calculations in the above noted OEB Staff Table 2.

Response

Orangeville Hydro is in agreement with OEB staff’s calculations in the above noted OEB Staff Table 2.

1. If this is not the case, please explain, and update OEB Staff Table 2.

Response

Please see response to OEB Staff Question #7a, above.

1. Please provide additional analysis to support Orangeville Hydro’s request to clear its Account 1588 balances in this proceeding, considering the high computed ratios of at -3.2%, 6.5%, and -2.6%, noted in OEB Staff Table 2. A high level line loss variance analysis may also be helpful to support the claim.

Response

Please see table below.



**Staff Question-8**

**Ref:** (1) EB-2019-0060, 2020 IRM Rate Generator Model, Tab 3

(2) EB-2019-0060, 2020 IRM Decision and Rate Order, April 16, 2020, page 9

(3) 2021 Rate Generator Model, Tab 3, cells AC28 and AC29

Preamble:

OEB staff notes that at the above noted first reference, the 2020 IRM Rate Generator Model, the Account 1588 and Account 1589 claimed balances were adjusted to remove the impacts from 2017 and 2018 transactions. These balances were adjusted as the December 31, 2016 Account 1588 and Account 1589 balances were approved by the OEB in the 2020 IRM decision, as per the above noted second reference, rather than any subsequent year balances.

OEB staff notes the following discrepancies between the December 31, 2016 principal balances in the 2021 IRM Rate Generator Model, as per the above noted third reference, and the 2020 IRM Rate Generator Model, as per the above noted first reference. OEB staff notes no discrepancies in the December 31, 2016 interest balances.

**OEB Staff Table 3 –**

**Discrepancies in December 31, 2016 Account 1588 and Account 1589 Principal Balances**



Questions:

1. Please confirm whether Orangeville Hydro is in agreement with OEB staff’s calculations in the above noted OEB Staff Table 3.

Response

Orangeville Hydro agrees with the calculations above, the December 31, 2016 Account 1588 balance should be $203,157 and the December 31, 2016 Account 1589 balance should be $55,971.

1. If this is the case, please update the 2021 IRM Rate Generator Model.

Response

Orangeville Hydro has updated the 2021 IRM Rate Generator Model accordingly.

1. If this is not the case, please explain, and update OEB Staff Table 3 and the 2021 IRM Rate Generator Model as required.

**Staff Question-9**

**Ref: (1) GA Analysis Workform Instructions, May 20, 2020**

**(2) 2017 GA Analysis Workform, 2018 GA Analysis Workform, 2019 GA Analysis Workform, November 2, 2020**

**(3) EB-2019-0060 OEB Staff Question #3**

**(4) EB-2018-0060 OEB Staff IR#12**

**(5) 2017 GA Analysis Workform, 2018 GA Analysis Workform, 2019 GA Analysis Workform, January 15, 2021**

Preamble:

On page 3 of the above noted first reference, the OEB stated the following:

The Workform will calculate the Loss Factor based on the data in Notes 2 and 4. The calculated loss factor should be within +/- 1% of the approved loss factor for that particular year. If it isn’t, an explanation should be provided in the text box under Note 4, part b.

At the above noted second reference, the 2017 GA Analysis Workform shows that the calculated loss factor is not within +/- 1% of the approved loss factor and a difference of 0.3979 is shown. Orangeville Hydro provided the following explanation:

The RRR is incorrect, and a RRR revision had already been submitted previously. The Class A data above was for an entire year, and should have been for half a year.

At the above noted second reference, the 2018 GA Analysis Workform shows that the calculated loss factor is also not within +/- 1% of the approved loss factor and a difference of -0.0872 is shown. Orangeville Hydro provided the following explanation:

The RRR is incorrect, and a RRR revision will be submitted.

At the above noted third and fourth references, OEB staff also expressed concerns with Orangeville Hydro’s RRR balances.

At the above noted fifth reference, OEB staff has attached an updated GA Analysis Workform. The 2017 GA Analysis Workform and the 2018 GA Analysis Workform have been updated by OEB staff to include the RRR filing revisions previously made by Orangeville Hydro that were not reflected in Orangeville Hydro’s pre-filed evidence. No updates have been made to the 2019 GA Analysis Workform by OEB staff.

Questions:

1. Please confirm that Orangeville Hydro’s updated RRR filing for 2017 and 2018 is reflected in the revised 2017 GA Analysis Workform and 2018 GA Analysis Workform at the above noted fifth reference. If this is not the case, please explain.

Response

Orangeville Hydro has discovered discrepancies in the RRR data filed previously for 2017 and 2018. The GA Analysis Workform provided by OEB staff does not reflect the correct data. Please see the tables below for the corrected data. Orangeville Hydro will submit a RRR revision request for 2017, 2018 and 2019.



1. Please confirm that Orangeville Hydro does not need to update its RRR filing for 2019. If this is not the case, please explain.

Response

Orangeville Hydro has determined that the 2019 RRR does require revisions. Please see the updated table below. Orangeville Hydro will submit a RRR revision request.



1. Please explain why a RRR revision was required for 2017 and 2018, but not for 2019.

Response

Please see response to question 9b, above. All years 2017-2019 required revisions due to the updated consumption report used which provided Orangeville Hydro with correct metered data.

1. Even with the updated RRR filing revisions at the above noted fifth reference, OEB staff notes that the difference between the calculated loss factor and the OEB approved loss factor is still greater than 1%, at 0.7060 for 2017 and 0.6159 for 2018. Please explain the large differences, as they do not appear to be reasonable.

Response

Please see the tables below for revised calculations. Using correct RRR data, and correct non-RPP Class B consumption, the loss factors for 2017-2019 are all under 1% difference.







**Staff Question-10**

**Ref: (1) GA Analysis Workform Instructions, May 20, 2020, page 2 & 3**

**(2) 2017 GA Analysis Workform, 2018 GA Analysis Workform, 2019 GA Analysis Workform, November 2, 2020**

Preamble:

On page 2 & 3 of the above noted first reference, the OEB requested that the utility disclose the GA rate to bill customers (i.e. 1st Estimate, 2nd Estimate or Actual) and confirm that:

1. The utility uses the same GA rate to bill all customer classes
2. The utility uses the same GA rate for recording unbilled revenues entries

If the above noted statements were not confirmed by the utility, the OEB expected the utility to provide an explanation.

At the above noted second reference, Orangeville Hydro has not confirmed that it uses the same GA rate for recording unbilled revenues entries in cell G27 of each of the 2017 GA Analysis Workform, 2018 GA Analysis Workform, 2019 GA Analysis Workform. Cell G27 is blank.

Questions:

1. Please confirm that Orangeville Hydro uses the same GA rate for recording unbilled revenues entries. If this is not the case, please explain.

Response

Orangeville Hydro confirms it uses the same GA rate for recording unbilled revenue entries.

1. Please update cell G27 of each of the 2017 GA Analysis Workform, 2018 GA Analysis Workform, and 2019 GA Analysis Workform.

Response

Orangeville Hydro has updated cell G27 of each of the 2017 GA Analysis Workform, 2018 GA Analysis Workform, and 2019 GA Analysis Workform.

**Staff Question-11**

**Ref: (1) GA Analysis Workform Instructions, May 20, 2020, page 10 & 11**

**(2) Manager’s Summary, November 2, 2020, page 14**

**(3) 2017 GA Analysis Workform, 2018 GA Analysis Workform, 2019 GA Analysis Workform, November 2, 2020**

**(4) EB-2019-0060 OEB Staff Question #6**

**(5) Chapter 3 of the Filing Requirements for Electricity Distribution Applications Rate Applications, dated May 14, 2020, page 12**

Preamble:

On page 10 of the above noted first reference, the OEB stated:

Distributors are to record the differences between i) unbilled revenue for the GA

for all customer classes and ii) the GA revenue billed in the subsequent year for

the previous fiscal period in the year in which they relate for commodity account

disposition purposes. This is referred to as the unbilled to actual revenue true-up…

…Whether a reconciling item in the GA Analysis Workform and/or principal

adjustment in the DVA Continuity Schedule is required will depend on:

* 1. whether unbilled consumption is reflected in the calculated Expected GA Balance (i.e. unbilled consumption is incorporated in columns G and H of the Analysis of the Expected GA Amount table in the GA Analysis Workform) or whether calendar month consumption is used, and
	2. whether the unbilled to actual revenue true-up is included in the General Ledger at year-end.

On page 11 of the above noted first reference, the OEB provided a table titled “Reconciling item and Principal Adjustments” which describes scenarios where a reconciling item in the GA Analysis Workform and/or principal adjustment in the DVA Continuity Schedule is required with respect to unbilled revenue.

At the above noted second reference, Orangeville Hydro stated:

Orangeville Hydro uses the 1st estimate GA rate posted on the IESO website for billing and to record unbilled revenue to all customer classes on a calendar monthly basis. This rate is applied consistently for all billing and unbilled revenue transactions for non-RPP Class B customers in each customer class…

…Unbilled revenue was estimated for 2017 and 2018 using the prior year’s monthly billed data, and the GA rate used was based on an estimated value. Effective July 2017, the 1st estimate GA was used for unbilled revenue. Year-end unbilled revenue, however, was based on actual billed data for consumption up to December 31st of that year. Through a transition process, by the end of 2018, all customers were being billed on a calendar monthly basis.

At the above noted third reference, Orangeville Hydro has included unbilled to actual revenue differences as per the following table:

**OEB Staff Table 4 –**

**Unbilled to Actual Revenue Differences on the 2017, 2018, and 2019 GA Analysis Workforms**



For line 2a on the 2017 GA Analysis Workform and 2018 GA Analysis Workform, Orangeville Hydro explained that it had “removed difference from 1st estimate GA in unbilled to actual GA”. No explanation was provided for the 2019 GA Analysis Workform.

For line 2b on the 2017 GA Analysis Workform and 2018 GA Analysis Workform, Orangeville Hydro explained that it had “included difference from 1st estimate GA in unbilled to actual GA.” No explanation was provided for the 2019 GA Analysis Workform.

At the above noted fourth reference, Orangeville Hydro explained that the adjustments on Line 2a and Line 2b “pertain to the adjustment between the 1st estimate billed revenues and the Non-RPP revenues calculated at actual GA estimate.” OEB staff is not clear whether Orangeville Hydro means that the impact of billing Class A customers at the actual GA rate is reflected on Line 2a and Line 2b, when there should be no GA variance balance for Class A customers recorded in Account 1589. At the above noted fifth reference, the OEB stated that “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.”

Questions:

1. OEB staff has reviewed Orangeville Hydro’s description of unbilled revenue at the above noted second reference. Please provide more detail as OEB staff is not clear if Orangeville Hydro:

*Scenario i)*

In its general ledger at year-end, estimated accruals are made. For example, the unbilled amounts accrued in the general ledger at year-end incorporate the estimated post year-end billings made in a subsequent year (e.g. 2020) and estimated true-ups that reflect the consumption for the previous calendar year (e.g. 2019) - OR

*Scenario ii)*

Leaves its general ledger open long enough at year-end to make actual accruals. For example, the unbilled amounts accrued in the general ledger at year-end incorporate the actual post year-end billings made in a subsequent year (e.g. 2020) and actual true-ups that reflect the consumption for the previous calendar year (e.g. 2019)

Response

Orangeville Hydro uses the approach detailed in Scenario 2. The GL is left open long enough to use actual post year billings for its unbilled revenue.

1. Please explain why Orangeville Hydro has included balances in Line 2a and Line 2b of each of the 2017 GA Analysis Workform, 2018 GA Analysis Workform, and 2019 GA Analysis Workform, and whether these reconciling items and/or principal adjustments in Tab 3 of the 2021 IRM Rate Generator Model are required considering:
2. Whether Orangeville Hydro confirms the above Scenario i) or Scenario ii)
3. Orangeville Hydro has indicated in the 2017 GA Analysis Workform, 2018 GA Analysis Workform, and 2019 GA Analysis Workform that actual consumption is used in Note 4, “Analysis of Expected GA Amount”, rather than factoring in unbilled volumes
4. How Orangeville Hydro’s responses to the two bullet points directly above interrelate with the OEB table on page 11 of the above noted first reference, titled “Reconciling item and Principal Adjustments”
5. The difference between the 1st Estimate GA and the Actual GA may already be factored into both cell K53, “Expected GA Variance ($)”, and cell C73, “Net Change in Principal Balance in the GL (i.e. Transactions in the Year)”, of each GA Analysis Workform
6. No GA variance balance for Class A customers should be recorded in Account 1589.

Response

Orangeville Hydro has determined these adjusting entries are not required, and have removed them from the GA Workform.

1. If Orangeville Hydro is of the view that unbilled to actual adjustments are required for Account 1589, please explain why Orangeville Hydro has not recorded similar adjustments for Account 1588.

Response

Please see response to Staff Question 11 b. No adjustments are required for Account 1588 and Account 1589.

1. Please update the 2017 GA Analysis Workform, 2018 GA Analysis Workform, and 2019 GA Analysis Workform, as required.

Response

Please see response to Staff Question 11 b. No adjustments are required for Account 1588 and Account 1589.

**Staff Question-12**

**Ref: (1) EB-2018-0060, 2019 IRM Decision and Rate Order, March 28, 2019, page 11**

**(2) EB-2019-0060, 2020 IRM application, GA Analysis Workform, OHL\_2020\_GA\_Analysis\_Workform\_20200219.xlsb, Tab “GA 2017”, Line 4**

**(3) 2017 GA Analysis Workform, November 2, 2020**

**(4) 2021 Rate Generator Model, Tab 3, November 2, 2020 cell AL29**

Preamble:

As per the above noted first reference, the OEB stated the following regarding an issue with GA amounts recorded in Account 1589:

The OEB will not approve, in this proceeding, Orangeville Hydro’s request to recover $385,933 from its Class B customers, relating to the Class A GA administrative error discussed above. The consideration of this matter is beyond the scope of this proceeding as this issue pertains to the settlement of the GA which is a province wide charge. This matter should instead be addressed through a review of the legal and regulatory requirements associated with the GA and therefore this matter is being referred to the OEB’s compliance review process. Orangeville Hydro may bring this matter forward in a future rate proceeding, pending the conclusion of such review.

At the above noted second reference and third reference, a credit amount of $388,178 was listed as a reconciling item on line 4 in the 2017 GA Analysis Workform. This amount was also incorporated into a credit 2017 principal adjustment of $395,766 in cell AL29 of the 2021 IRM Rate Generator Model at the above noted fourth reference.

Questions:

1. Has the review been completed by the OEB’s Inspection & Enforcement department as ordered in EB-2018-0060? If so, please provide the results of this review, including the recommendations and findings.

Response

The review has not been completed by the OEB’s Inspection & Enforcement department as ordered in EB-2018-0060.

1. Please confirm that the $385,933 amount referenced in the 2019 IRM decision and rate order is related to the credit amount of $388,178 listed as a reconciling item on line 4 in the 2017 GA Analysis Workform and also incorporated into a credit 2017 principal adjustment of $395,766 in cell AL29 of the 2021 IRM Rate Generator Model.

Response

Orangeville Hydro confirms the credit amount of $388,178 listed as a reconciling item is related to the $385,933 amount referenced in the 2019 IRM decision and rate order.

1. If this is not the case, please explain.

Response

Please see response to Staff Question #12 b.

1. Please explain why this matter was not explicitly brought forward by Orangeville Hydro in either its 2020 IRM proceeding or the current proceeding.

Response

Orangeville Hydro did not explicitly bring this matter forward in the current proceeding as based on the section below in ***EB-2018-0060, 2019 IRM Decision and Rate Order:*** *The OEB will not approve, in this proceeding, Orangeville Hydro’s request to recover $385,933 from its Class B customers, relating to the Class A GA administrative error discussed above. The consideration of this matter is beyond the scope of this proceeding as this issue pertains to the settlement of the GA which is a province wide charge. This matter should instead be addressed through a review of the legal and regulatory requirements associated with the GA and therefore this matter is being referred to the OEB’s compliance review process. Orangeville Hydro may bring this matter forward in a future rate proceeding, pending the conclusion of such review.*

Orangeville Hydro believes that this amount will be not reviewed in an IRM as it is out of the scope of an IRM proceeding. Orangeville Hydro has included this amount as a reconciling amount in it’s 2017 GA Workform, and will leave it here until the legal and regulatory requirements have been reviewed by the OEB.

**Staff Question-13**

**Ref: (1) 2017 GA Analysis Workform, November 2, 2020**

 **(2) 2021 Rate Generator Model, Tab 3, November 2, 2020 cell AL28**

Preamble:

As per the above noted reference, Orangeville Hydro has included the following reconciling items on the 2017 GA Analysis Workform and 2017 principal adjustments on Tab 3 of the 2021 IRM Rate Generator Model, as well as the following explanations:

Line 8 $196,392

* Sept 2017 GA was posted to Power.
* The Class A amount should be 23,243,911, from RRR as Class A for half of the year.

Line 10 credit of $226,755

* Issue 847-Class A, corrected in 2018

OEB staff also notes that a credit of $196,392 was also recorded in the “Principal Adjustments” tab for Account 1588, cell V57, and also incorporated into a credit 2017 principal adjustment of $489,954 in cell AL28 of the 2021 IRM Rate Generator Model, at the above noted second reference.

OEB staff notes that the formula deriving the credit amount of $226,755 in the 2017 GA Analysis Workform is the difference between:

* A credit amount of $614,934
* A credit amount of $388,178, as also referenced in the OEB staff question directly above this question

Questions:

1. Please provide more sufficient explanations for the above noted reconciling items, including why there are required to be principal adjustments on Tab 3 of the 2021 IRM Rate Generator Model and whether or not they should be reversed in a subsequent period.

Response

Please see response to OEB Staff Question #3h where more sufficient explanations were provided for adjustments.

1. Please also provide more detail as to how the credit reconciling item of $226,755 in the 2017 GA Analysis Workform is interrelated with a reversal (i.e. debit amount) of the $388,178 credit amount referenced in the OEB staff question directly above this question.

Response

In 2017 Orangeville Hydro began billing Class A customers July 2017. The IESO was not notified in the required manner therefore the IESO billed Orangeville Hydro for these customers consumption at Class B rates. Therefore Orangeville Hydro paid $388,178 too much to the IESO, which was not recovered from the customers. See table below for details.



From September 2017 to December 2017 (and subsequently to March 2018), Orangeville Hydro submitted Class A consumption based on billed data, as opposed to consumed data. Therefore the amount of Class B GA that was billed to Orangeville Hydro by the IESO throughout this period was incorrect. The IESO termed this event as “Issue 847” and subsequently billed Orangeville Hydro in August 2018 to correct the incorrect Class B settlements amounts in CT148.



The amount attributable to 2017 consumption was an amount payable of $614,934. As this amount is to be split between accounts 1588 and 1589, it was included in the accounting guidance to attribute properly the amounts between the two accounts. This was done by doing 2 versions of the accounting guidance:

1. Accounting guidance in a perfect scenario. This scenario included all of the actual consumption amounts, and the CT148 amounts billed, adjusted for Issue 847 as described above.
2. Accounting guidance as it happened in the G/L scenario. This scenario included the flawed consumption amounts, and the CT 148 amounts billed in the actual fiscal year.

The comparison of the two versions permits the correct allocation of the GA charges between 1588 and 1589.



The correct amount to be adjusted is in the updated GA workform for $251,646 (changed from previous amount of $226,755).

The same 2-scenario approach was used for 2018.

1. Please explain whether any of the above adjustments made to Account 1589 should also be reflected as an adjustment to Account 1588 or if a different adjustment should be made to Account 1588.

Response

There are related adjustments that have been made to Account 1588. The Account 1588 adjustment related to this issue is $363,288. Please see response to OEB staff question #3h for more details.

**Staff Question-14**

**Ref: (1) GA Analysis Workform, Tab “Principal Adjustments”, November 2, 2020**

Preamble:

At the above noted reference, Orangeville Hydro has indicated that some “Reversals of prior year principal adjustments” and “Current year principal adjustments” were recorded in the GL in 2020.

Question:

1. Please explain if these amounts will be reflected as reconciling items in Orangeville Hydro’s 2020 GA Analysis Workform, as well as Account 1588 and Account 1589 2020 principal adjustments, in its future 2022 rate application.

Response

As shown in the table for response to OEB staff question #3h, there are items that will be included in the 2020 GA Workform. The same methodology will be applied to 2020 items to determine whether they will be included as principal adjustments as is used to determine if 2017-2019 items are included as principal adjustments, when the future 2022 rate application is completed.

**Staff Question-15**

**Ref: (1) GA Analysis Workform, Tab “Principal Adjustments”, November 2, 2020**

Preamble:

At the above noted reference, Orangeville Hydro has listed some adjustments to Account 1588, as listed below, but did not indicate which year these items were recorded in the GL.

* 2018 Principal Adjustment, CT 1142 true-up based on actuals, $527,640
* 2019 Principal Adjustment, CT 148 true-up of GA Charges based on actual RPP volumes, credit balance of $188,294
* 2019 Principal Adjustment, CT 1142 true-up based on actuals, credit balance of $344,201

Question:

1. Please update the tab “Principal Adjustments” to reflect which year these amounts were recorded in the GL and any other evidence, as required.

Response

Orangeville Hydro has updated the Principal Adjustments tab on the GA Workform included with the response to the OEB staff questions.

**Staff Question-16**

**Ref: (1) GA Analysis Workform, Tab Principal Adjustments, November 2, 2020**

Preamble:

As per the above noted reference, in cell J57, Orangeville Hydro has recorded $130,953 in the line 3a “Remove difference between prior year accrual/forecast to actual from long term load transfers”. Orangeville Hydro indicated that this amount had been recorded in the 2018 GL as per cell K57.

Questions:

1. Please confirm whether cell K57 should instead reference the 2017 GL, instead of the 2018 GL.

Response

Orangeville Hydro confirms cell K57 should have referenced 2017 GL. Orangeville Hydro has made the change on the updated GA Workform.

1. If this is not the case, please explain.

Response

Please see response to Staff Question #16 a).

**Staff Question-17**

**Ref: (1) 2018 GA Analysis Workform, November 2, 2020**

**(2) GA Analysis Workform Instructions, May 20, 2020, page 20**

Preamble:

As per the above noted first reference, Orangeville Hydro has included the following reconciling items on the 2018 GA Analysis Workform and 2018 principal adjustments on Tab 3 of the 2021 IRM Rate Generator Model, as well as the following explanations:

Line 6 credit of $187,186

* Difference in GA IESO posted rate and rate charged on IESO invoice

Line 8 $1,589,263

* Removed adjustments made in the G/L for prior years for 2016 to 2018

Line 9 credit of $107,745

* Issue 847

At the above noted second reference, the OEB indicated that differences in the GA IESO actual posted rate and rate charged on IESO invoice are a one-time adjustment on the GA Analysis Workform, and a reversal would not be required in future periods. The OEB also noted that this amount should not be a principal adjustment in Tab 3 of the 2021 IRM Rate Generator Model. Orangeville Hydro has recorded a credit of $187,186 relating to this matter, as described above on Line 6 of the 2018 GA Analysis Workform.

Questions:

1. Please provide more sufficient explanations for the above noted reconciling items, including why there are required to be principal adjustments on Tab 3 of the 2021 IRM Rate Generator Model and whether or not they should be reversed in a subsequent period.

Response

Please see response to OEB staff question #3h for adjustments relating to 1588 and 1589, which provides more explanation for all reconciling items as well as whether they are included in the IRM Rate Generator model.

1. Please explain whether any of the above adjustments made to Account 1589 should also be reflected as an adjustment to Account 1588 or if a different adjustment should be made to Account 1588.

Response

Please see response to OEB staff question #3h for providing more details on adjustments relating to 1588 and 1589.

**Staff Question-18**

**Ref:** **(1) 2017 GA Analysis Workform, 2018 GA Analysis Workform, 2019 GA Analysis Workform, November 2, 2020**

**(2) GA Analysis Workform, Tab “Principal Adjustments”, November 2, 2020**

Preamble:

At the above noted first reference, Orangeville Hydro has included the true-up of GA charges as per the following table:

**OEB Staff Table 5 –**

**True-up of GA Charges on the 2017, 2018, and 2019 GA Analysis Workforms**



At the above noted second reference, Orangeville Hydro indicated that all of the balances recorded in Line 1b were recorded in the GL in 2020.

Questions:

1. Please explain why Orangeville Hydro has included balances in Line 1b, but not Line 1a of each of the 2017 GA Analysis Workform, 2018 GA Analysis Workform, and 2019 GA Analysis Workform, as well as principal adjustments in Tab 3 of the 2021 IRM Rate Generator Model, for Account 1589, as well as related balances in Account 1588. Please update Line 1a and Line 1b as required.

Response

The amounts in Line 1b for 2017-2019 relate to the year of the GA workform they are contained in. Due to the fact that Orangeville Hydro completed the accounting guidance for all three years again in response to the OEB staff questions, with a corrected consumption report, there were new amounts calculated to be used for Line 148 true ups for 2017-2019. Only in the 2018 GL were there amounts that had been posted previously for the Power/GA true ups, and these now need to be reversed. The reversals are included in the 2018 GA Workform Line 1a for the 2016 and 2017 amounts, and the 2018 amount to be reversed is included in the Line 1b. All of these amounts will need to be posted to the 2020 and therefore included in the 2020 GA Workform in the next IRM submission. This applies to Accounts 1588 and Account 1589.

1. Please explain why all of the balances recorded in Line 1b were recorded in the GL in 2020 for Account 1589, as well as related balances in Account 1588.

Response

Please see response above to OEB Staff question #18a.

1. Please explain why balances related to Line 1a and Line 1b recorded in the GL in previous years were not reflected in the GA Analysis Workforms, including the tab “Principal Adjustments”, as well as principal adjustments in Tab 3 of the 2021 IRM Rate Generator Model, for Account 1589, as well as related balances in Account 1588.

Response

The amounts in Lines 1a and Line 1b are now included in the principal adjustments in the GA Workforms and Tab 3 of the IRM Rate Generator Model, for both Account 1588 and Account 1589.

1. Please provide an overview as to why the 2018 amount in OEB Staff Table 5 of a credit of $1,102,380 is so large.

Response

This amount noted was incorrect and the correct amount has been included in response to OEB staff question #3h.

1. Please explain why the 2019 credit amount of $168,098 is described as a “reversal” at the above noted second reference, tab “Principal Adjustments”.

Response

That description was incorrect. The description has been corrected in the updated GA Analysis Workform.

**Staff Question-19**

**Ref:** **(1) GA Analysis Workform, Tab “Principal Adjustments”, November 2, 2020**

Preamble:

At the above noted first reference, Orangeville Hydro provided 2017, 2018, and 2019 principal adjustments in Account 1588 such as:

* CT 148 true-up of GA charges
* CT 1142 true-up

Questions:

1. Please explain why each of the above noted true-ups have not been broken down between current year and prior year true-ups on the “Principal Adjustments” tab for Account 1588. Please also update the “Principal Adjustments” tab to provide a breakdown.

Response

Orangeville Hydro included the true up amounts for CT 148 and CT 1142 in each of the respective years on the GA Workform as well as in the principal adjustments tab.

1. Please explain why a zero amount has been shown for the 2018 CT 148 true-up of GA charges for Account 1588.

Response

Orangeville Hydro confirm this was an error and there should have been an amount included in the 2018 CT 148 true-up of GA charges for Account 1588.

**Staff Question-20**

**Ref: (1) 2021 IRM Rate Generator Model, Tab 3, cells BW28 and BW29**

 **(2) RRR 2.1.7**

Preamble:

At the above noted first reference, Orangeville Hydro has provided the following variance in the RRR versus the 2019 balance (principal and interest) in the 2021 IRM Rate Generator Model.

Account 1588 $494,810

Account 1589 $332,820

Question:

1. Please explain the above noted variances in Account 1588 and Account 1589 broken down by year.

Response

The variances have been modified since the original submission. Please see the table below to explain the variances calculated in cells BW28 and BW29 of the IRM Rate Generator Model.

