

**PUC Distribution Inc. (PUC Distribution)
EB-2020-0051**

2021 IRM Application

OEB Staff Question Responses

February 2, 2021

Please note, PUC Distribution 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: Manager's Summary, p. 5

PUC Distribution stated that it is seeking disposition of Group 1 Deferral/Variance Accounts for the year 2017 (final), 2018 and 2019. Please indicate whether PUC Distribution is seeking disposition of its 2018 and 2019 Group 1 balances on an interim or final basis.

[PUC is seeking disposition of its 2018 and 2019 Group 1 balances on a final basis.](#)

Staff Question-2

Ref: Rate Generator Model, Tab 2

PUC Distribution's Group 1 accounts (with the exception of account 1588 and 1589) were last approved for interim disposition in the 2019 rate year (2017 balances). In Tab 2 (cells F40 and F42), PUC Distribution has selected 2018 as the year for when the accounts were last disposed. Please confirm whether the year should be 2017 and update tab 2 accordingly.

[PUC confirms year should be 2017 and tab 2 has been updated.](#)

Staff Question-3

Ref: Rate Generator Model, Tab 3

For 2017, PUC Distribution has included principal and interest adjustments for accounts 1551, 1580, and 1584. Also, for 2018, PUC Distribution has included a principal adjustment of \$10

for Account 1580 CBR A and has also included transaction amounts, OEB-approved disposition amounts (principal and interest), and interest for Jan 1, 2018 to Dec 31, 2018.

- a) Please provide an explanation for the nature of each of these adjustments.
 - b) Please explain why transactions, OEB-approved disposition amounts (principal and interest), and interest for Jan 1, 2018 to Dec 31, 2018 were included in the continuity schedule.
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- a) Due to cells AL22-AL26 being OEB protected, PUC entered opening balances in the Continuity Schedule to start 2017 with correct balances.
 - b) Amounts were included to show continuity of account balances to tie to annual amounts.

Staff Question-4

Ref: Rate Generator Model, Tab 6

In tab 6 of the Rate Generator Model cell C487, PUC Distribution did not enter the number of rate classes in which there were customers who were Class A for the full year during the period the account 1589 or account 1580 CBR B accumulated. Based on the information provided in this tab, there appears to be full year class A customers. Please confirm and update cell C487 and the corresponding table with the rate classes, if required.

The breakdown between transition customers and full year customers has been corrected in tab 6.

Staff Question-5

Ref: Rate Generator Model, Tab 3 GA Analysis Workform

Typically, large balances are not expected for Account 1588 as it should only hold the variance between commodity costs based on actual line losses and commodity revenues calculated using values for line losses approved by the OEB in the utility's last rebasing application. Based on RRR data filed for PUC Distribution for Account 4705 Cost of Power, OEB staff calculates the annual net activity (i.e. transactions plus principal adjustments) from the DVA Continuity Schedule as a percentage of annual Account 4705 to be as follows:

	Net Activity in Account 1588 (\$)	Account 4705 (\$)	% of net activity compared to Account 4705
2019	1,477,043	69,598,321	2.1%
2018	1,254,582	61,672,851	2.0%
2017	(617,008)	68,428,558	-0.9%
Cumulative	2,114,617	199,699,730	1.1%

- a) Please confirm this calculation or provide a revised calculation.
- b) For 2018 and 2019, as a percentage of total cost of power purchases, the net activity recorded in the account appears unusually large. Please provide an explanation for why the Account 1588 activity is so large, with due consideration to line losses.
- c) For the years 2018 and 2019 the Principal Adjustments captured in cells AV29 and BF29 of the Continuity Schedule reconcile with the information of cell C80 of the respective year in the PUC_APPL-Appendix E-2021_GA_Analysis_Workform_20201013. Please explain why this is not the case for 2017 where the information in cell AL29 of the Continuity Schedule does not match the information in tab GA 2019 cell C80 of the GA Workform.

- a) Please refer to the revised calculation below.

PUC recently completed a reconciling IESO liability adjustment in 2020. The liability estimate was recorded in 2017. The actual liability determined was lower than the estimate originally recorded, and an adjustment has been made in account 1588. This amount has been updated in 2017 principal adjustments in Tab 2 Continuity Schedule. As a result, the calculation of the annual net activity (i.e., transactions plus principal adjustments) from the DVA Continuity Schedule as a percentage of annual Account 4705 should be as follows:

Revised	Net Activity in Account 1588 (\$)	Account 4705 (%)	% net activity compared to Acct 4705
2019	1,477,043	69,598,321	2.12%
2018	1,254,582	61,672,851	2.03%
2017	(2,383,842)	68,428,558	-3.48%
Cumulative	347,783	199,699,730	0.17%

- b) The above net activity in 1588 compared to account 4705 is high is due to the timing of recording transactions. Corrections were made to 2017, 2018 and 2019 and going forward changes to the variance reporting process have now been made according to the accounting guidance¹, allowing PUC to reconcile and explain any unusually large variances going forward. In the revised table the cumulative variance from 2017 to 2019 is 0.17%.
- c) Please see revised tab GA 2017 cell C80 of the GA Workform.

¹ OEB's letter dated February 21, 2019, "Accounting guidance related to Accounts 1588 and 1589"

Staff Question-6

Ref: GA Analysis Workform, Tabs GA 2017, GA 2018, GA 2019

- a) Please provide an explanation for not using columns G (Deduct Previous Month Unbilled Loss Adjusted Consumption (kWh)) and H (Add Current Month Unbilled Loss Adjusted Consumption (kWh)) in Note 4 of each of Tabs GA 2017, GA 2018, and GA 2019.
 - b) The Principal Adjustments" on the DVA Continuity Schedule in a year must be reversed in the following year. Please explain why these reversals were not reflected in the GA Workform or the Continuity Schedule.
- a) PUC's consumption amounts in column F are actual billed amounts in that calendar month therefore an unbilled adjustment is not required.
- b) Amounts have been updated in the GA Workform.