**OEB Staff Follow-up Questions**

**2021 Electricity Distribution Rates Application**

**Essex Powerlines Staff Questions**

**EB-2020-0018**

**February 4, 2021**

**Staff Question - 1**

**Ref: Staff Question – 3, 4**

Per response to Staff Question #4, in the Principal Adjustment tab of the revised GA Analysis Workform, under Note 8 for 2017 Current Year Principal Adjustments for Account 1589, Essex Powerlines has removed the principal adjustment of $162,188. This amount was also removed as reconciling item 1a for the reversal of CT 148 true-up in the 2017 GA Analysis Workform.

Per response to Staff Question #3, Essex Powerlines confirmed that the Account 1589 principal adjustment “2016 True-Up (EB-2017-0039)” for ($368,285) shown in the Principal Adjustment tab of the revised GA Analysis Workform under Note 7, is for the CT 148 true-up that was recorded post January 2017. This principal adjustment is reversed in in the Principal Adjustment tab under Note 8 for Reversals of Prior Year Approved Principal Adjustments. It is indicated that this reversal was recorded in 2018 in the general ledger.

This reversal appears in the revised 2017 GA Analysis Workform as reconciling item 9.

1. Please confirm that the reversal of CT 148 for $368,285 was recorded in the general ledger in 2018 and is therefore, included in the 2018 transactions of ($897,020).
2. If confirmed, please explain why the reversal of the principal adjustment is not shown as reconciling item 1a in the revised 2018 GA Analysis Workform but shown as reconciling 9 in the revised 2017 GA Analysis Workform.
3. Please revise the GA Analysis Workform as necessary and explain any unresolved variances as a percentage of payments to the IESO that is above 1%.

**Staff Question - 2**

**Ref: Staff Question – 5**

In the revised DVA Continuity Schedule, the 2017 opening Account 1589 principal balance of $442,161 agrees to the 2016 ending principal balance that was approved for disposition in Essex Powerline’s 2018 cost of service proceeding. Per response to Staff Question #5, Essex Powerline confirmed that unbilled to actual revenue true-up of ($847,345) was not included in the approved $442,161 2016 Account 1589 balance. However, the unbilled to actual revenue true-up of ($847,345) was recorded in the 2016 general ledger.

1. Please confirm the true-up amount recorded in the 2016 general ledger is a credit amount.
2. Please confirm that a reversal entry of debit $847,345 was recorded in the 2017 general ledger.
	1. If not confirmed, please explain why a reversal entry was not recorded in 2017 as the true-up should automatically have been recorded in the 2017 general ledger as part of Essex Powerline’s normal billing practices and there would be double counting if the true-up entry recorded in the 2016 general ledger is not reversed in the 2017 general ledger.
3. Please confirm that the 2017 transaction of ($950,650) as shown in the revised 2017 GA Analysis Workform agrees to that in Essex Powerline’s 2017 general ledger.
	1. If part a and c above are confirmed, please explain why there is no principal adjustment shown in the Principal Adjustment tab of the revised GA Analysis Workform to remove the reversal entry of debit $847,345 that was recorded in the 2017 general ledger.

**Staff Question - 3**

**Ref: Staff Question – 7**

In response to Staff Question #7, Essex Powerlines provided the calculation of reconciling #7 for differences between actual system loss and billed TLF of $153,883 in the 2018 GA Analysis Workform.

1. In the calculation of the difference in loss factor, the billed TLF of 1.0602 is used. Essex Powerlines approved TLF was revised to 1.0355 effective May 1, 2018 in accordance with its Final Rate Order for May 1, 2018 rates.[[1]](#footnote-1) Please revise the calculation to use a weighted average approved billed TLF reflecting the loss factors pre and post May 1, 2018.
2. In the calculation of the difference in loss factor, Essex Powerlines uses an actual system loss equal to the loss factor calculated in the 2018 GA Analysis Workform. Please revise the calculation of the difference in loss factor to use Essex Powerline’s actual system loss factor, which may not necessarily equal to the loss factor calculated in the GA Analysis Workform.
3. Essex Powerlines noted that the actual system loss factor was greater than the billed TLF, and therefore, a debit reconciling item was needed. In the GA Analysis Workform, the reconciliation begins with the balance in the general ledger, which reflects actual costs related to actual system losses. The expected GA balance reflects costs based on the approved system losses. Therefore, to reconcile the higher costs in the general ledger to the lower costs of the expected GA balance, a credit reconciling item is needed. Please refer to Appendix in the Instructions for Completing the GA Analsis Workform – 2021 Rates for an example. Please revise the reconciling item in the 2018 GA Analysis Workform, as needed based on the above and the recalculated difference in loss factor.

**Staff Question - 4**

**Ref: Staff Question – 12**

In response to Staff Question #12 regarding the calculation of Account 1588 activity as a percentage of Account 4705, Essex Powerlines indicated it removed $659,903 from 2017 transactions for an additional IESO true-up for global adjustment and unbilled kWh relating to 2013 to 2015.

1. Please confirm that this is referring to a CT 142 true-up only.
2. If not confirmed, please explain each of the true-ups in further detail.
1. EB-2017-0039 [↑](#footnote-ref-1)