

**EPCOR Electricity Distribution Ontario Inc. (EPCOR)**  
**EB-2020-0018**  
**March 1, 2021**

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**OEB Staff Follow-up Question #1**

**Ref:** (1) 2021 IRM Rate Generator Model, February 23, 2021  
(2) GA Analysis Workform, Principal Adjustments Tab, October 9, 2020  
(3) RRR 2.1.7  
(4) February 26, 2021 Email between OEB Staff and EPCOR  
(5) EB-2019-0027, Decision and Rate Order, April 16, 2020

**Preamble:**

From data as per the above noted first to fourth references, OEB staff has prepared a table to explain the variance in the December 31, 2019 RRR 2.1.7 versus the December 31, 2019 balance (principal and interest) in the 2021 IRM Rate Generator Model. OEB Staff Table 1 below reflects data from these sources.

**OEB Staff Table 1 –  
Explanation of Variance in the RRR 2.1.7 Versus the Balance in the 2021 IRM Rate  
Generator Model – December 31, 2019**

	31-Dec-19 RRR 2.1.7	31-Dec-19 2021 IRM Rate Generator Model February 23, 2021			31-Dec-19 Variance	2021 IRM Rate Proceeding February 23, 2021		
		Principal	Interest	Total		2019 GL Adjusting Journal Entry	GA Analysis Workform Oct 9, 2020: 2019 Principal Adjustments Current Year	Total
	A	B	C	D = B + C	E = A - D	G	H	I = G - H
Account 1588	-50,781	-68,028	-12,711	-80,739	29,959	256,790	226,831	29,959
Account 1589	104,107	320,998	25,163	346,161	-242,054	-256,819	-14,765	-242,054

**Questions:**

- a) Please confirm whether EPCOR is in agreement with OEB staff's calculations in the above noted OEB Staff Table 1, which explain the variance.

EPCOR Response: EPCOR is in agreement with the calculations.

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

N/A

- c) As per the above noted fourth reference, EPCOR confirmed the following:

- i. EPCOR made a journal entry in its 2019 general ledger which did not correspond with the OEB's findings in EPCOR's 2020 IRM decision, as per the above noted fifth reference. This discrepancy resulted from a timing difference between the closing of EPCOR's December 31, 2019 year-end books and the issuance of EPCOR's 2020 IRM decision.
- ii. In its 2019 general ledger, EPCOR reversed a journal entry that was made in its 2018 general ledger, even though this 2019 reversing journal entry did not match the 2020 IRM decision findings.<sup>1</sup> The 2018 general ledger entry was made to credit Account 1588 and debit Account 1589 of \$256,790. The 2019 general ledger entry was made to debit Account 1588 by \$256,790 and credit Account 1589 by \$256,819.
- iii. The "Transactions Debit / (Credit) during 2019" in the 2021 IRM Rate Generator model, cells BD28 (i.e. \$64,843) and BD29 (i.e. \$39,565), did not include the above noted 2019 general ledger entry (i.e. did not include the debit of Account 1588 by \$256,790 and credit of Account 1589 by \$256,819.)
- iv. Therefore, there was no need in the 2021 IRM Rate Generator Model for the 2019 principal adjustments of \$43,069 for Account 1588 (BF28) and \$112,906 for Account 1589 (BF29) to reflect a reversal of this 2019 general ledger entry (i.e. no need to do a reversing adjustment to credit Account 1588 by \$256,790 and debit Account 1589 by \$256,819.)

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<sup>1</sup> Page 9 of the 2020 IRM decision stated that "the OEB will not require the distributor to reverse the general ledger entry relating to a true-up of 2016 consumption in tab 3 of the 2020 IRM Rate Generator Model."

d) If any of the above are not the case, please explain.

EPCOR Response: EPCOR agrees with the above statements.

e) It is OEB staff's understanding that the 2019 principal adjustments of \$43,069 for Account 1588 (BF28) and \$112,906 for Account 1589 (BF29) also did not reflect the 2019 general ledger entry itself (i.e. a debit to Account 1588 by \$256,790 and a credit to Account 1589 by \$256,819.) If this is not the case, please explain.

EPCOR Response: EPCOR agrees that the 2019 principal adjustments of \$43,069 for Account 1588 (BF28) and \$112,906 for Account 1589 (BF29) also did not reflect the 2019 general ledger entry itself (i.e. a debit to Account 1588 by \$256,790 and a credit to Account 1589 by \$256,819.)

f) No further adjustments are required. However, as per OEB Staff Table 1, to arrive at the same December 31, 2019 RRR balances (column A), the following hypothetical adjustments to the December 31, 2019 2021 IRM Rate Generator Model balances (column D) would need to be considered for explanatory purposes only:

- i. 2019 GL Adjusting Journal Entry (column G) would hypothetically need to be added because these amounts are in the RRR 2.1.7, but not in the 2021 IRM Rate Generator Model balances
- ii. 2019 Principal Adjustments Current Year (column H) would hypothetically need to be subtracted because these amounts are not in the RRR 2.1.7, but are in the 2021 IRM Rate Generator Model balances

g) If any of the above are not the case, please explain.

EPCOR Response: Regarding statement (f), while no further adjustments are required in 2019, in order to properly reflect the EB-2019-0027 decision and order findings, EPCOR would need to reverse the general ledger entry that was referenced in point (c) part ii above in fiscal year 2020. If this entry is not made, there would be an ongoing variance between the general ledger and the OEB continuity schedule.