

**Festival Hydro Inc.  
EB-2021-0024**

Please note, Festival Hydro Inc. 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-8**

**Reference:** (i) Response to Staff Question – 2 b)

(ii) EB-2019-0189, Assurance of Voluntary Compliance, August 19, 2019

In explaining the high balance in Account 1588. Festival Hydro states that:

1588 account balance exceeds 1% of account 4705 due to the voluntary compliance EB-2019-0189 as the account includes the adjustment for the \$808,809. If this amount were removed from the 1588 account balance, the remaining balance would be within 1% of 4705.

Page 3 of Reference 2 states that:

Festival Hydro Inc. further advised OEB staff that, as a result of the contravention, the utility over-collected approximately \$808,809 from its customers during the period of 2014 to 2017. During the same period, Festival Hydro Inc.'s settlement with the Independent Electricity System Operator, with respect to embedded generation, was understated by an equal dollar amount.

From an accounting perspective, Festival Hydro Inc. received no benefit from the error. The understated embedded generation settlement amount resulted in an overstated amount in the commodity pass-through account, Account 1588-RSVA Power which led to the over-collection. ....

Festival Hydro Inc. hereby assures the OEB that, within two weeks of receiving notice of the acceptance of this assurance by the OEB, Festival Hydro Inc. will record the amount of \$808,809 in Account 1588 and provide OEB staff with documentation evidencing the applicable accounting entries.

Pages 3 and 4 of Reference 2 states that:

Festival Hydro Inc. hereby assures the OEB that it will request that Account 1588 be disposed in a future rates proceeding and that such request include the

\$808,809 in determining the net balances to be refunded to customers. Festival Hydro Inc. will make such request for disposition to the OEB in a rate application to be filed by no later than for 2021 rates.

**Question(s):**

- a) Please explain why the adjustment pertaining to the assurance of voluntary compliance in Account 1588 was recorded in 2020 and included in the request for disposition as part of 2022 rates, rather than being recorded in 2019 requested for disposition as part of 2021 rates (as stated in the Assurance of Voluntary Compliance)?
- b) Please explain if Festival Hydro provided the adjusting entries in Account 1588 to the OEB Inspection & Enforcement group? If not, why not.
- c) Please explain why the entry resulted in a debit adjustment of \$808,809 in Account 1588, given that this amount represented an over-collection from customers during the period of 2014 to 2017.
- d) Please explain if Festival Hydro has settled this error with the IESO (i.e. included in the claim of an under-collected \$808,809)?
  - i) If so, please provide the details (when settled and the accounting entry of recording this settlement).
  - ii) If not, why not and what is Festival Hydro's plan to settle with the IESO for this under-collection?
- e) Please confirm if the cumulative impact to Account 1588 should be nil once Festival Hydro accounts for the under-collection from the IESO for this error. If not, why not.

**Staff Question-9**

**Reference:** (i) GA Deferral Reconciliation Item Calculation excel

Festival Hydro provides a spreadsheet for the GA deferral reconciliation item on the GA analysis workform as shown below:

	\$ Consumption at Actual Rate Paid (Column J in GA workform GA 2020 tab)	Non-RPP portion of CT148 IESO Invoice	
April	1,061,341.00	1,241,996.72	(180,655.72)
May	1,148,075.46	1,824,796.47	(676,721.01)
June	1,226,435.35	1,347,204.76	(120,769.41)
	3,435,851.82	4,413,997.95	(978,146.14)

**Question(s):**

- a) Please confirm that the figures in the column “Non-RPP portion of CT148 IESO Invoice” is the Non-RPP portion of CT148 net of the GA deferral credit.
- b) Please provide the CT148 figures and GA deferral credits from April to June as per the IESO’s invoices.
- c) Please explain why the Non-RPP portion of CT148 of \$1,824,796 in May 2020 is much higher than the one in April and June 2020?