**InnPower Corporation**

**OEB Staff Questions**

[EB-2021-0036](https://www.rds.oeb.ca/CMWebDrawer/Record?q=CaseNumber=EB-2021-0036&sortBy=recRegisteredOn-&pageSize=400)

**Ref: Staff Question 2 & 3**

**InnPower\_2022\_GA\_Analysis\_Workform\_1.0\_20210722\_20210818.xlsb, Principal Adjustment tab**

In response to Staff Question 2.3 InnPower stated that: “The volume variances are recorded as a principal adjustment, as losses were not accounted for in both Account 1588 and 1589.” OEB Staff notes that accounts 1588 and 1589 would capture unaccounted for energy losses in accordance with the February 21, 2019, Accounting Guidance for Accounts 1588 and 1589.

Furthermore, as per the GA Analysis Workform Instructions applicable to 2022 rate applications, the GA deferral is expected to be a reconciling item for Account 1589. It is not expected to be a principal adjustment. The GA deferral was only applicable to non-RPP customers and therefore, is only expected to impact Account 1589.

1. Please explain why the Unaccounted for energy loss of $301,238 and the Impact of GA deferral of $26,939 were included as principal adjustments for Account 1589 in the reference above.

Please refer to the file InnPower\_2022\_EB-2021-0036\_Principal\_Adjustments\_20211122.

Although InnPower underwent an OEB investigation of the DVA accounts and closely following the February 21, 2019 Accounting Guidance for Accounts 1588 and 1589, it was discovered that the unaccounted for energy losses were recorded solely to the 1588 account.

As such, InnPower is requesting a principal adjustment of $301,238 between 1588 and 1589 to adjust the split of unaccounted for energy between RPP and Class B Non-RPP customers. InnPower has updated its processes to ensure future balances capture the allocations of unaccounted for energy appropriately.

Further to this, the adjusted rate ($115.00/MWh) was used in the CT148 true up of GA charges based on Non-RPP volumes, instead of the unadjusted rate (actual rates without deferral). Therefore, InnPower is requesting a principal adjustment of $26,939 between 1588 and 1589 to allocate the unadjusted GA charges to account 1589.

1. Please explain why the Unaccounted-for energy loss $(301,238) and the Impact of GA deferral $(26,939) were included as principal adjustments for Account 1588 in the reference above.

Please refer to 1a) above.

1. Please explain why the principal adjustments for Unaccounted for energy loss and the Impact of GA deferral are equal and offsetting between Accounts 1588 and 1589.

As indicated in 1a) above, the unaccounted for energy losses were allocated solely to the 1588 account. Additionally, the difference between the adjusted and unadjusted GA charges for the Class B Non-RPP customers was allocated to the 1588 account.

As such, the amounts should be transferred from the 1588 account to the 1589 account, creating an equal and offsetting entry.

**Reference: Staff Question -2**

In its response to OEB Staff Question-2, in the first paragraph InnPower stated that energy losses for the periods 2018 and 2019 were lower because of a substantial station maintenance.

In addition, as part of the same response, InnPower indicated that in the historical data submitted in EB-2016-0085, there were several factors inaccurately reported for the years 2012 to 2016, including the Supply Facilities Loss Factor and Wholesale Consumption. As such, the loss factor of 1.0604 for the period of 2017 to 2021 is understated.

**Question:**

The two statements above appear to conflict with one another, as far as whether the approved loss factor is over or under-stated. Please clarify.

The approved loss factor is under-stated. As there was significant station maintenance performed in 2018 and 2019 (which temporarily lowered losses), it was not apparent during this period that InnPower’s loss factor was understated.

In 2020, when normal operations resumed, InnPower’s approved loss factor did not appropriately collect funds to recover losses, resulting in an accumulation of costs in Account 1588.