

EPCOR Electricity Distribution Ontario Inc.
February 23, 2022

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Staff Question-12

Ref: (1) Response to Staff Question-1
(2) OEB Staff Teleconference with EPCOR, February 16, 2022
(3) 2022 IRM Rate Generator Model, Tab 3, November 2, 2021
(4) 2022 IRM Rate Generator Model, Tab 3, February 11, 2022

Preamble:

As per Reference #1 (Response to Staff Question-1), EPCOR stated the following:

EPCOR did post the 2019 GL adjusting entry in December 2020 (and is included in the RRR value), but this was not reflected in the continuity schedule submitted in EPCOR's original application, in error. This has been corrected and as a result the only remaining variance from the continuity schedules to the RRR filing are the current year 2020 principal adjustments that were posted in 2021.

However, as per Reference #2 (teleconference), OEB staff's understanding is different than what was described at Reference #1.

OEB staff has defined the following terms, as follows:

- **Original 2019 General Ledger (GL) Entry** – debit Account 1588 by \$256,790 and credit Account 1589 by \$256,819
- **2020 Reversal GL Entry** – credit Account 1588 by \$256,790 and debit Account 1589 by \$256,819
- **Adjustment to Eliminate 2020 Reversal GL Entry** – debit Account 1588 by \$256,790 and credit Account 1589 by \$256,819

The November 2, 2021 version of the 2022 IRM Rate Generator Model (Reference #3) did not include the Original 2019 GL Entry. However, the November 2, 2021 version of the 2022 IRM Rate Generator Model (Reference #3) included the 2020 Reversal GL Entry.

The December 31, 2020 RRR 2.1.7 balance included both the Original 2019 GL Entry and the 2020 Reversal GL Entry, with a net impact of nil on the December 31, 2020 RRR 2.1.7. Therefore, there was a disconnect between the RRR balance and the November 2, 2021 2022 IRM Rate Generator Model (Reference #3). The RRR included both journal entries, whereas the November 2, 2021 2022 IRM Rate Generator Model only included the 2020 Reversal GL Entry.

This disconnect was rectified in the February 11, 2022 version of the 2022 IRM Rate Generator Model (Reference #4). The impact of the 2020 Reversal GL Entry was eliminated from this model via the Adjustment to Eliminate 2020 Reversal GL Entry.

Question:

- a) Please confirm that OEB staff's understanding as described in the entire Preamble to this question is correct. If this is not the case, please explain.

EPCOR Response: EPCOR confirms this understanding is correct.

Staff Question-13

Ref: (1) 2022 IRM Rate Generator Model, Tab 3, November 2, 2021
(2) 2022 IRM Rate Generator Model, Tab 3, February 11, 2022

Preamble:

OEB staff has prepared OEB Staff Table 3, which summarizes OEB staff's understanding of EPCOR's treatment of the disconnect in the November 2, 2021 version of the 2022 IRM Rate Generator Model (Reference #1) and its rectification in the February 11, 2022 version of the 2022 IRM Rate Generator Model (Reference #2).

As described in the Preamble to Staff Question-12, there was a disconnect between the December 31, 2020 RRR 2.1.7 and the November 2, 2021 2022 IRM Rate Generator Model (Reference #1).

The “Difference” column of OEB Staff Table 3 shows the impact of the Adjustment to Eliminate 2020 Reversal GL Entry captured in the February 11, 2022 2022 IRM Rate Generator Model (Reference #2). The impact of the “Difference” column incorporated into the model eliminates the above-noted disconnect.

OEB Staff Table 3
Adjustment to Eliminate RRR versus 2022 IRM Rate Generator Model Disconnect

		Nov 2/21 version of model (pre-filed evidence)	Feb 11/22 version of model (response to OEB Staff Questions)	Difference: Adjustment to Eliminate 2020 Reversal GL Entry
2022 IRM Rate Generator Model 2020 transaction balances				
Account 1588, Cell BD28		\$108,359	\$365,149	\$256,790
Account 1589, Cell BD29		\$679,204	\$422,386	(\$256,818)

Questions:

- a) Please confirm that OEB staff’s understanding as described in the entire Preamble to this question is correct. If this is not the case, please explain.

EPCOR Response: EPCOR confirms this understanding is correct.

- b) Please confirm whether EPCOR is in agreement with OEB Staff Table 3.

EPCOR Response: EPCOR is in agreement with OEB Staff Table 3.

- c) If this is not the case, please explain, and update OEB Staff Table 3, as required.

EPCOR Response: N/A based on the above response to Staff 13-b.