

Staff Questions

Staff Question - 1

Ref 1: Appendix G - Auditor's Report

Ref 2: EB-2019-0062 Decision and Rate Order, December 12, 2019

In Oshawa Power's 2021 decision and order, the OEB directed Oshawa Power to review Accounts 1588 and 1589 at a minimum, by way of an external special-purpose audit engagement. The OEB stated:

The OEB expects the special purpose audit to assess the accounting process, as well as validate the accuracy of the Group 1 accounts... The special purpose audit of accounts 1588 and 1589 should include a review of the balances and principal adjustments in accordance with the new accounting guidance, **as well as Oshawa PUC's accounting and settlement processes** to ensure it has implemented the new accounting guidance appropriately. [Emphasis added by staff]

- a) In the Audit Report filed in this application, the Group 1 account balances for 2017 to 2019 were audited. Please clarify whether the audit also reviewed the accounting and settlement processes as well.
 - i) If a review of the accounting and settlement process was performed, please discuss the review that was performed or provide any supporting communication for such review from the auditor.
 - ii) If a review of the accounting and settlement process was not performed, please explain why not.

OPUCN Response:

The audit included a review of the accounting and settlement processes. We provided our auditors with a detailed description of our processes and they performed a walkthrough of these processes with us including a thorough review of our settlement through the excel models used for settlement.

Staff Question - 2

Ref 1: Appendix G - Auditor's Report

Ref 2: Tab 3 DVA Continuity Schedule – Rate Generator Model

The schedule of account balances in the Audit Report shows annual Group 1 account balances for 2017 to 2019.

- a) Please confirm that the Account 1580 amounts listed in the schedule from the Audit Report excludes Account 1580, Sub-account CBR Class B.
- a. If not confirmed, please explain why the Account 1580 amounts listed in the Audit Report agree to Account 1580 – WMS in the DVA Continuity Schedule, which should exclude balances pertaining to Account 1580, Sub-account CBR Class B. Please revise the evidence as necessary.

OPUCN Response:

The balances of Account 1580 listed in the schedule from the Audit Report include Account 1580, Sub-account CBR Class B. The balance reported for Account 1580 – WMS in the DVA Continuity Schedule also included balances pertaining to Account 1580, Sub-account CBR Class B due to an incorrect interpretation of footnote 5. Tab 3 DVA Continuity Schedule – Rate Generator Model has been revised to reflect Account 1580 WMS balances excluding Account 1580, Sub-account CBR Class B.

- b) There are differences in the 2017 principal and interest year-end balances between the Audit Report and the DVA Continuity Schedule. The differences are shown below. Please explain and reconcile the differences. Please revise the evidence as necessary.

Account	Principal 2017 Balance			Interest 2017 Balance		
	Per Audit Report	Per DVA Continuity Schedule	Difference (Staff Calculation)	Per Audit Report	Per DVA Continuity Schedule	Difference (Staff Calculation)
1551	(\$21,172)	(\$56,480)	\$35,308	(\$586)	(\$1,993)	\$1,407
1580	(\$1,215,596)	(\$4,088,746)	\$2,873,150	(\$9,152)	(\$76,097)	\$66,945
1584	(\$136,414)	\$2,319,490	(\$2,455,904)	(\$2,225)	\$54,312	(\$56,537)
1586	(\$12,873)	(\$1,292,551)	\$1,279,678	(\$1,993)	(\$32,402)	\$30,409
1588	\$26,425	(\$1,403,329)	\$1,429,754	\$167	(\$2,528)	\$2,695
1589	\$110,251	(\$786,259)	\$896,510	(\$3,360)	(\$32,659)	\$29,299

OPUCN Response:

The balances listed in the Audit Report do not reflect temporary timing differences. These temporary timing differences are detailed in the table below:

<i>Schedule of temporary differences</i>			
Account	Principal December 31, 2017	Interest December 31, 2017	Explanation
1551	35,308	1,407	Approved Disposition Jan 1, 2018 posted Dec 31, 2017
1580	2,873,150	66,945	Approved Disposition Jan 1, 2018 posted Dec 31, 2017
1584	(2,455,904)	(56,537)	Approved Disposition Jan 1, 2018 posted Dec 31, 2017
1586	1,279,678	30,409	Approved Disposition Jan 1, 2018 posted Dec 31, 2017
1588	127,700	2,695	Approved Disposition Jan 1, 2018 posted Dec 31, 2017
1588	1,302,054		Timing differences: Unbilled & Prior year true-up
1589	634,995	29,299	Approved Disposition Jan 1, 2018 posted Dec 31, 2017
1589	261,515		Timing differences: Unbilled

- c) There are differences in the Account 1588 and 1589 principal and interest year-end balances between the Audit Report and the DVA Continuity Schedule from 2017 to 2019. The differences are shown below. Please explain and reconcile the differences. Please revise the evidence as necessary.

		Account 1588	Account 1589
2017	Audit Report	26,425	110,251
	DVA Continuity Schedule	(1,403,329)	(786,259)
	Difference	(1,429,754)	(896,510)
2018	Audit Report	(444,886)	(482,681)
	DVA Continuity Schedule	(1,754,721)	(891,986)
	Difference	(1,309,835)	(409,305)
2019	Audit Report	(2,189,669)	(554,095)
	DVA Continuity Schedule	(2,375,935)	(609,876)
	Difference	(186,266)	(55,781)

OPUCN Response:

The balances listed in the Audit Report do not reflect temporary timing differences. These temporary timing differences are detailed in the table below.

Year	Account 1588	Account 1589	Explanation
2017	(127,700)	(634,995)	Approved Principal Disposition Jan 1, 2018 posted Dec 31, 2017
	(1,302,054)	(261,515)	Timing differences: Unbilled & Prior year true-up
	(1,429,754)	(896,510)	
2018	(1,309,835)	(409,306)	Timing differences: Unbilled & Prior year true-up
2019	(186,266)	(55,781)	Timing differences: Unbilled & Prior year true-up

Staff Question - 3

Ref 1: Tab 3 DVA Continuity Schedule – Rate Generator Model

Ref 2: GA Analysis Workform

There are differences in the 2018 principal adjustments between the DVA Continuity Schedule and the Principal Adjustment tab of the GA Analysis Workform, as shown below. Please explain and reconcile the difference. Please revise the evidence as necessary.

	Account 1588	Account 1589
DVA Continuity Schedule	\$87,928	(\$3,431,830)
GA Analysis Workform	\$215,627	(\$2,796,835)
Difference	(\$127,699)	(\$634,995)

OPUCN Response:

The GA Analysis Workform includes 2018 principal adjustments that represent 2018 approved disposition that was posted and reflected in the GL account balances December 31, 2017. For Account 1588, principal in the amount (\$127,699) posted December 31, 2017 was included in principal adjustments for 2017 and reversed in 2018, the actual year of disposition. For Account 1589, principal in the amount of (\$634,995) posted December 31, 2017 was included in principal adjustments for 2017 and reversed in 2018, the actual year of disposition. In the DVA Continuity Schedule, these differences representing approved principal disposed are reflected in column AA “OEB-Approved Disposition during 2018”. The total principal adjustments reflected in the GA Analysis Workform are detailed in column AA “OEB-Approved Disposition during 2018” and column AB “Principal Adjustments¹ during 2018”.

Staff Question - 4

Ref 1:2023 Tab 3 DVA Continuity Schedule – Rate Generator Model

Ref 2: 2018 DVA Continuity Schedule, EB-2017-0069

- a) In Oshawa Power’s 2018 rate application, Account 1580 – WMS was approved for disposition and Account 1595 (2015) was not disposed but shown for information purposes. There are differences in the Account 1580 – WMS and Account 1595 (2015) ending 2016 balance as shown in the 2018 DVA Continuity Schedule and the opening 2017 balances as shown in the 2023 DVA Continuity Schedule. The differences are shown in the table below. The differences for Account 1580 – WMS appear to equal to the ending 2016 balance in Account 1580, Sub-account CBR Class B. Please reconcile the difference and revise the evidence as needed.

	Account 1580 - WMS			Account 1595 (2015)		
	Principal	Interest	Total	Principal	Interest	Difference
2023 Continuity Schedule - ending 2016 balance	(2,873,150)	101,560	(2,771,591)	3,753,816	101,560	3,855,376
2018 Continuity Schedule – opening 2017 balance	(3,156,355)	139,205	(3,017,150)	3,761,629	139,205	3,900,834
Difference	283,205	(37,645)	245,559	(7,813)	(37,645)	(45,458)

OPUCN Response:

The above table provided appears to have some misstatements in the interest and total difference columns for both Account 1580 – WMS and Account 1595 (2015). The table has been recreated using evidence on record for EB-2017-0069

“OPUCN_2018_DVA_Continuity_Schedule_CoS_20170724_20180122” filed 2018-01-22 and EB-2022-0057 “OPUCN_2023_IRM_Rate_Generator_Model_20220803” filed 2022-08-03 in order to reconcile the differences.

	Account 1580 - WMS			Account 1595 (2015)		
	Principal	Interest	Total	Principal	Interest	Total
2023 Continuity Schedule - ending 2016 balance	(2,873,150)	(32,466)	(2,905,616)	3,753,816	101,560	3,855,376
2018 Continuity Schedule - opening 2017 balance	(3,156,355)	(35,902)	(3,192,257)	3,761,629	94,065	3,855,694
Difference	283,205	3,436	286,641	(7,813)	7,495	(318)

Account 1580 – WMS

The 2023 Continuity Schedule included sub-account CBR balances reported in Account 1580 RSVA – Wholesale Market Service Charge. The 2023 Continuity Schedule has now been revised to exclude sub-account CBR balances. As a result of this revision, there are no longer any differences.

Account 1595 (2015)

The 2018 Continuity Schedule included a misallocation between principal and interest in the amount of \$7,495. In addition, principal in the amount of (\$318) was excluded from the 2018 Continuity Schedule in error. The closing principal and interest balances as reported in the 2023 Continuity Schedule are as reported in RRR 2.1.7 for the year ending December 31, 2016.

- b) OEB staff identified differences between the 2018 OEB-approved interest disposition and the values entered into the 2023 continuity schedule. Please reconcile the differences.

Group 1 Account Description	Account Number	2023 IRM Model Interest Disposition during 2018	OEB Approved Interest Disposition during 2018	Difference
Smart Metering Entity Charge	1551	(1,408)	(984)	424
RTSR - Network	1584	56,536	27,065	(29,471)
RTSR - Connection	1586	(30,408)	(15,052)	15,356
Power	1588	(2,696)	(1,163)	1,533
Global Adjustment	1589	(29,299)	(21,679)	7,620
Total		(67,386)	(44,280)	23,106

OPUCN Response:

The differences in the table above represent projected interest on December 31, 2016 balances. As per OPUCN_2018_DVA_Continuity_Schedule_CoS_20170724_20180122" filed 2018-01-22, the total Interest for disposition includes projected interest in column BQ. The amounts reported in the table above in column "2023 IRM Model Interest Disposition during 2018" appear to be consistent with evidence filed.

Staff Question - 5

Ref: GA Analysis Workform

In the 2017, 2019 and 2020 GA tabs, the calculated loss factor in the Workform is greater than the approved loss factor by more than 1% (cell k63). Please explain the difference in loss factors.

OPUCN Response:

The historical reporting of RRR 2.1.5.4 Demand and Revenue for the years 2017-2020 included Non-RPP Class A consumption including losses in error (all other consumption excluded losses). This resulted in an understatement of Non-RPP Class B consumption. In addition, the historical reporting consisted of billed data for the year and did not include an unbilled adjustment. Beginning in 2021, Class A excluded losses and an unbilled adjustment was included to determine metered consumption.

The table below outlines the RRR 2.1.5.4 data revised to exclude losses from Class A consumption and include an unbilled adjustment for historical years 2017-2020. Based upon these adjustments, the difference between the calculated loss factor and approved loss factor falls within the 1% threshold.

		As Filed				
		2017	2018	2019	2020	2021
Total Metered excluding WMP	C=A+B	1,029,256,995	1,090,919,821	1,042,957,690	1,035,673,867	1,047,614,752
RPP	A	633,383,354	697,359,913	672,800,558	709,511,182	713,841,483
Non-RPP	B=D+E	395,873,641	393,559,908	370,157,132	326,162,685	333,773,269
Non-RPP Class A	D	67,594,546	92,817,186	90,242,032	83,195,958	82,987,741
Non-RPP Class B	E	328,279,095	300,742,722	279,915,100	242,966,727	250,785,528

Non-RPP Class B Including Loss Adjusted Consumption, Adjusted for Unbilled (kWh)		349,528,503	315,171,768	300,210,073	261,145,827	263,321,633
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Calculated Loss Factor	1.0647	1.0480	1.0725	1.0748	1.0500
Approved Loss Factor	1.0486	1.0486	1.0486	1.0486	1.0432
Difference	0.0161	-0.0006	0.0239	0.0262	0.0068

		As Revised				
		2017	2018	2019	2020	2021
Total Metered excluding WMP	C=A+B	1,040,787,575	1,084,242,606	1,043,590,331	1,033,675,549	1,047,614,752
RPP	A	639,531,719	693,279,156	672,644,349	711,689,745	713,841,483
Non-RPP	B=D+E	401,255,856	390,963,450	370,945,982	321,985,804	333,773,269
Non-RPP Class A	D	65,789,754	89,867,718	87,326,222	80,423,952	82,987,741
Non-RPP Class B	E	335,466,102	301,095,732	283,619,760	241,561,852	250,785,528

Non-RPP Class B Including Loss Adjusted Consumption, Adjusted for Unbilled (kWh)		349,528,503	315,171,768	300,210,073	261,145,827	263,321,633
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Calculated Loss Factor	1.0419	1.0467	1.0585	1.0811	1.0500
Approved Loss Factor	1.0486	1.0486	1.0486	1.0486	1.0432
Difference	-0.0067	-0.0019	0.0099	0.0325	0.0068

Staff Question - 6

Ref: **GA Analysis Workform**

Tab 3 DVA Continuity Schedule – Rate Generator Model

Manager's Summary, p.21, Table 16

Per the DVA Continuity Schedule, Account 1589 2021 transactions are \$902,735, and 2021 principal adjustments are (\$1,732,937). Per the Principal Adjustment tab of the GA Analysis Workform, the (\$1,732,937) includes adjustments to reallocate correcting journal entries recorded in the general ledger in 2021, back to the year in which the error relates (i.e. cells J145, J147, J148 in the Principal Adjustments tab of the GA

Analysis Workform). There are no principal adjustments shown to correct for errors relating to the 2021 balance as shown in Table 16.

a) Please confirm that any correcting journal entry to the 2021 balance has already been recorded in the general ledger in 2021, and therefore, included as 2021 transactions in the DVA Continuity Schedule.

i. If confirmed, please explain why the correcting journal entries to the 2021 balance are shown as reconciling items in the GA 2021 tab of the GA Analysis Workform when they have already been included in the transactions of \$902,735.

OPUCN Response:

Confirmed. The current year adjustments were shown as reconciling items in the GA 2021 as item 3a Significant prior period billing adjustments recorded in current year in the amount of \$202,239 included the total adjustment for the period of 2017-2021. The GA 2021 tab of the GA Analysis Workform has been revised to remove 2021 adjustments already included in the transactions balance of \$902,735. In addition, item 3a Significant prior period billing adjustments recorded in current year has been revised to remove adjustments related to the current period 2021.

ii. If not confirmed, please explain how correcting journal entries to the 2021 balance has been recorded in the general ledger and shown in the DVA Continuity Schedule.

b) As noted in part a) above, in the GA 2021 tab of the GA Analysis Workform, the reconciling items for 1b, 3a, 6 and 7 equal to the correcting journal entries to the 2021 balance. The reconciling items exclude the principal adjustments amounts to remove the correcting journal entries recorded in the general ledger in 2021, which pertain to an error from a prior year (i.e. J145, J147, J148 in the Principal Adjustments tab). Please explain why these principal adjustments are not reconciling items in the GA 2021 tab.

OPUCN Response:

As outlined in response to Question 6 a) i. above, the GA 2021 tab of the GA Analysis Workform has now been revised. The adjustments related to prior years 2017-2020 (i.e. J145, J147, J148 in the Principal Adjustments tab) are now reflected in tab GA 2021 item 3a Significant prior period billing adjustments recorded in current year.

Staff Question - 7

Ref: GA Analysis Workform

In the GA 2021 tab, \$202,239 was identified as reconciling item 3a – significant prior period billing adjustments recorded in the current year.

- a) Please explain whether this prior billing period adjustment pertained to any year from 2017 to 2020.
 - i. If yes, please explain why it has not been noted as a reconciling item in that prior year.

OPUCN Response:

As noted in Staff Question 6 above, the GA 2021 tab of the GA Analysis Workform has been revised. Reconciling item 3a Significant prior period billing adjustments recorded in current year has now been revised to remove any adjustments related to the current year. A reconciliation of the prior period billing adjustments are outlined in the table below. Each of these adjustments have been noted as reconciling items in each prior year to which they pertain and have been included in the Principal Adjustments tab and in the applicable GA tabs.

Year	Amount	Description
2017	850,452	CHP Embedded Generation adjustment in 2021
2017	(1,345,320)	CT 148 true-up of GA Charges based on actual Non-RPP volumes
2018	1,008,413	CHP Embedded Generation adjustment in 2021
2018	420,298	Class A adjustment in 2021
2018	(1,703,963)	CT 148 true-up of GA Charges based on actual Non-RPP volumes
2019	1,290,693	CHP Embedded Generation adjustment in 2021
2019	159,184	Class A adjustment in 2021
2019	(2,316,771)	CT 148 true-up of GA Charges based on actual Non-RPP volumes
2020	1,459,375	CHP Embedded Generation adjustment in 2021
2020	140,862	Class A adjustment in 2021
2020	(1,639,557)	CT 148 true-up of GA Charges based on actual Non-RPP volumes
Total	(1,676,334)	3a Significant prior period billing adjustments recorded in current year

Summary

2017-2020	4,608,932	CHP Embedded Generation adjustment in 2021
2017-2020	720,345	Class A adjustment in 2021
2017-2020	(7,005,611)	CT 148 true-up of GA Charges based on actual Non-RPP volumes
Total	(1,676,334)	3a Significant prior period billing adjustments recorded in current year