

## Ottawa River Power Corporation

EB-2023-0047

### Appendix H - Accounts 1588 and 1589 Principal Adjustments

Ottawa River Power Corporation has included principal adjustments to Accounts 1588 and 1589 under the following categories:

1. Non-RPP to RPP global adjustment true-ups;
2. Hydro One generator payment amount errors;
3. Unbilled revenue differences; and
4. Weighted Average Price Adjustments.

#### Non-RPP to RPP Global Adjustment True-Up

Following the inspection of Group 1 Deferral and Variance Accounts 1588 and 1589, the OEB issued a report with its findings in December 2021. Ottawa River Power Corporation followed the required actions contained in the report and analyzed and adjusted the 2015, 2016 and 2017 amounts and allocations between non-RPP and RPP customers in its 2023 IRM Application. In the current application for 2024 rates effective May 1<sup>st</sup>, 2024, the company analyzed the balances in accounts 2018, 2019, 2020, 2021 and 2022 by extracting RPP and non-RPP usage on a monthly basis and allocating GA charges paid to Hydro One based on the respective percentages of RPP and non-RPP based on total customer usage. Through this analysis, the following adjustments between RPP and non-RPP (Accounts 1588 and 1589) were identified:

Year	Principal Adjustment to Account 1588 relating to non-RPP vs RPP allocation	Principal Adjustment to Account 1589 relating to non-RPP vs RPP allocation
2018	\$(651,394)	\$651,394
2019	\$707,553	\$(707,553)
2020	\$(147,421)	\$147,421
2021	\$(1,836,134)	\$1,834,134
2022	\$(1,167,867)	\$1,167,867

The large differences in 2021 and 2022 were related to the accounting treatment of GA recovery rate charges paid to Hydro One from the fixed GA rates of \$0.115 that were implemented at the beginning of the pandemic resulting in differences between RPP and non-RPP amounts.

Ottawa River Power Corporation is now up-to-date on its account balances in Accounts 1588 and 1589 and will implement a monthly verification process comparing RPP and non-RPP usage against the total GA charges paid to Hydro One starting in 2023 to ensure that errors and adjustments are identified as they are incurred.

#### Hydro One Generator Payment Amount Errors

ORPC currently pays an embedded generator for all usage generated. If the usage generated exceeds the LDC's system requirements at the time, the excess will be generated into Hydro One's grid. If any is

generated, Hydro One will then issue a generator statement along with payment to credit ORPC for the related cost of power and global adjustment charges.

While performing its review of the balances in accounts 1588 and 1589 from 2018 to 2022, ORPC identified some discrepancies with its generation account and reached out to Hydro One in August 2023 for assistance. In October 2023, Hydro One identified errors in their generation usage formulas that commenced on April 11<sup>th</sup>, 2018 at 11:00 a.m. which coincided with the meter replacement performed by Hydro One in their system. Hydro One pays ORPC only if the aggregated meter readings at Almonte TS is POSITIVE, which should be calculated as: [Meter readings of Almonte PME minus Hope St. if greater than the combined meter readings of Almonte PME minus Hope St. minus Almonte MS3]. However, the actual formula implemented by Hydro One was: [Meter readings of Almonte PME minus Hope St. if greater than the combined meter readings of Almonte PME minus Hope St. **plus** Almonte MS3]. As a result, Hydro One presented the following adjustments that were reviewed and agreed by ORPC's metering department:

Year/Month	Actual Implementation (kWh)	Corrected Implementation (kWh)	Difference (kWh)
2018	6,244,248.75	2,101,492.81	4,142,755.94
4	1,739,308.36	769,801.69	969,506.67
5	2,329,485.56	1,091,418.93	1,238,066.64
6	404,979.46	35,930.92	369,048.54
7	1,431.04	0.00	1,431.04
8	0.00	0.00	0.00
9	19.40	0.00	19.40
10	137.26	0.00	137.26
11	1,202.52	0.00	1,202.52
12	1,767,685.14	204,341.27	1,563,343.87
2019	13,596,236.06	3,160,702.22	10,435,533.84
1	1,262,607.77	131,262.93	1,131,344.84
2	1,321,828.08	38,067.24	1,283,760.85
3	2,093,887.40	377,884.00	1,716,003.40
4	1,994,067.74	562,791.59	1,431,276.14
5	2,580,978.57	1,288,446.25	1,292,532.32
6	1,740,756.83	622,825.24	1,117,931.59
7	54,887.13	1,529.85	53,357.29
8	0.00	0.00	0.00
9	4,804.57	0.00	4,804.57
10	19,498.02	0.00	19,498.02
11	1,078,313.68	43,950.38	1,034,363.29
12	1,444,606.27	93,944.74	1,350,661.53
2020	12,783,262.55	2,944,723.37	9,838,539.18
1	1,408,677.62	151,832.20	1,256,845.42
2	1,497,512.22	168,212.82	1,329,299.40
3	2,320,808.89	587,975.79	1,732,833.10
4	2,275,535.98	803,109.10	1,472,426.88
5	2,252,864.58	917,622.16	1,335,242.43

6	243,060.10	29,116.24	213,943.86
7	0.00	0.00	0.00
8	44,168.24	0.00	44,168.24
9	148,572.21	0.00	148,572.21
10	184,230.59	749.55	183,481.04
11	479,610.27	7,903.86	471,706.41
12	1,928,221.84	278,201.64	1,650,020.20
2021	12,959,672.45	2,579,545.76	10,380,126.69
1	1,819,740.73	320,844.52	1,498,896.21
2	959,085.02	23,689.90	935,395.12
3	1,813,169.20	438,964.04	1,374,205.16
4	1,946,116.34	669,802.67	1,276,313.67
5	1,027,246.97	236,767.71	790,479.26
6	35.55	0.00	35.55
7	12.66	0.00	12.66
8	0.00	0.00	0.00
9	85,806.03	0.00	85,806.03
10	1,092,701.14	135,062.79	957,638.36
11	2,032,807.14	395,067.25	1,637,739.89
12	2,182,951.69	359,346.89	1,823,604.80
2022	9,542,003.52	1,847,391.05	7,694,612.47
1	1,084,382.54	62,819.70	1,021,562.84
2	744,242.69	0.00	744,242.69
3	1,927,582.40	316,460.40	1,611,122.00
4	2,430,061.56	906,953.81	1,523,107.75
5	1,333,376.90	339,443.24	993,933.66
6	1,188,546.71	195,059.66	993,487.04
7	85,344.56	1,112.09	84,232.47
8	4,187.70	0.00	4,187.70
9	90,850.28	0.00	90,850.28
10	104,353.92	0.00	104,353.92
11	72,122.45	0.00	72,122.45
12	476,951.83	25,542.15	451,409.68
2023	10,365,932.98	2,668,550.39	7,697,382.59
<u>1</u>	<u>2,156,210.09</u>	<u>300,140.48</u>	<u>1,856,069.61</u>
<u>2</u>	<u>1,226,415.67</u>	<u>143,148.69</u>	<u>1,083,266.98</u>
<u>3</u>	<u>2,345,139.76</u>	<u>494,550.72</u>	<u>1,850,589.03</u>
<u>4</u>	<u>2,179,107.40</u>	<u>725,057.52</u>	<u>1,454,049.87</u>
<u>5</u>	<u>2,357,677.39</u>	<u>1,005,652.97</u>	<u>1,352,024.42</u>
<u>6</u>	<u>66,660.58</u>	<u>0.00</u>	<u>66,660.58</u>
<u>7</u>	<u>34,722.10</u>	<u>0.00</u>	<u>34,722.10</u>

The above adjustments resulted in the following financial impacts:

Year /Month	Actual Global Adjustment	Actual Cost of Power	Corrected Global Adjustment	Corrected Cost of Power	Total Adjustment Required
<b>2018</b>	<b>\$ 604,013.63</b>	<b>\$ 117,587.02</b>	<b>\$ 213,865.16</b>	<b>\$ 29,435.66</b>	<b>\$ 478,299.83</b>
4	\$ 173,289.03	\$ 46,736.91	\$ 76,664.55	\$ 18,653.85	\$ 124,707.54
5	\$ 251,421.38	\$ 22,752.47	\$ 117,796.84	\$ 7,564.01	\$ 148,813.00
6	\$ 48,176.36	\$ 4,254.36	\$ 4,274.34	\$ 177.91	\$ 47,978.47
7	\$ 110.72	\$ 27.62	\$ -	\$ -	\$ 138.34
8	\$ -	\$ -	\$ -	\$ -	\$ -
9	\$ 1.67	\$ (0.03)	\$ -	\$ -	\$ 1.64
10	\$ 16.55	\$ (0.42)	\$ -	\$ -	\$ 16.13
11	\$ 118.51	\$ 13.38	\$ -	\$ -	\$ 131.89
12	\$ 130,879.41	\$ 43,802.73	\$ 15,129.43	\$ 3,039.89	\$ 156,512.82
<b>2019</b>	<b>\$ 1,447,751.89</b>	<b>\$ 207,481.79</b>	<b>\$ 374,946.77</b>	<b>\$ 22,109.52</b>	<b>\$ 1,258,177.39</b>
1	\$ 102,170.22	\$ 23,481.46	\$ 10,621.80	\$ 615.31	\$ 114,414.57
2	\$ 116,479.49	\$ 34,386.65	\$ 3,354.49	\$ 650.90	\$ 146,860.75
3	\$ 168,369.49	\$ 53,803.66	\$ 30,385.65	\$ 7,882.20	\$ 183,905.30
4	\$ 245,928.37	\$ 28,294.11	\$ 69,409.09	\$ 6,297.16	\$ 198,516.23
5	\$ 325,306.54	\$ 16,492.42	\$ 162,395.77	\$ 6,230.55	\$ 173,172.64
6	\$ 238,971.10	\$ 2,468.80	\$ 85,501.45	\$ (1,004.40)	\$ 156,942.85
7	\$ 5,293.86	\$ 259.28	\$ 147.55	\$ (5.89)	\$ 5,411.48
8	\$ -	\$ -	\$ -	\$ -	\$ -
9	\$ 589.18	\$ 50.09	\$ -	\$ -	\$ 639.27
10	\$ 2,667.33	\$ 111.46	\$ -	\$ -	\$ 2,778.79
11	\$ 107,324.56	\$ 19,862.05	\$ 4,374.38	\$ 331.00	\$ 122,481.23
12	\$ 134,651.75	\$ 28,271.81	\$ 8,756.59	\$ 1,112.69	\$ 153,054.28
<b>2020</b>	<b>\$ 1,445,661.27</b>	<b>\$ 128,907.34</b>	<b>\$ 336,437.87</b>	<b>\$ 19,140.62</b>	<b>\$ 1,218,990.12</b>
1	\$ 144,135.89	\$ 16,312.44	\$ 15,535.47	\$ 1,233.20	\$ 143,679.66
2	\$ 169,683.11	\$ 20,133.45	\$ 19,060.19	\$ 1,371.99	\$ 169,384.38
3	\$ 277,151.00	\$ 30,303.71	\$ 70,216.07	\$ 6,276.04	\$ 230,962.60
4	\$ 261,686.64	\$ 12,974.10	\$ 92,357.55	\$ 4,016.81	\$ 178,286.38
5	\$ 259,079.43	\$ 14,686.34	\$ 105,526.55	\$ 4,084.80	\$ 164,154.42
6	\$ 27,951.91	\$ 1,426.32	\$ 3,348.37	\$ 28.14	\$ 26,001.72
7	\$ -	\$ -	\$ -	\$ -	\$ -
8	\$ 4,570.53	\$ 381.68	\$ -	\$ -	\$ 4,952.21
9	\$ 18,090.15	\$ 1,606.53	\$ -	\$ -	\$ 19,696.68
10	\$ 23,592.57	\$ 1,944.93	\$ 95.99	\$ 7.84	\$ 25,433.67
11	\$ 56,138.38	\$ 2,091.07	\$ 925.15	\$ 3.39	\$ 57,300.91
12	\$ 203,581.66	\$ 27,046.77	\$ 29,372.53	\$ 2,118.41	\$ 199,137.49
<b>2021</b>	<b>\$ 984,236.69</b>	<b>\$ 299,660.84</b>	<b>\$ 214,642.99</b>	<b>\$ 39,281.41</b>	<b>\$ 1,029,973.13</b>
1	\$ 150,983.89	\$ 28,641.05	\$ 26,620.47	\$ 3,373.07	\$ 149,631.40
2	\$ 48,357.07	\$ 24,882.49	\$ 1,194.44	\$ 207.06	\$ 71,838.06
3	\$ 164,635.76	\$ 29,522.21	\$ 39,857.93	\$ 4,576.05	\$ 149,723.99

4	\$ 212,788.36	\$ 15,930.98	\$ 73,236.22	\$ 4,605.48	\$ 150,877.64
5	\$ 103,279.41	\$ 12,876.09	\$ 23,804.63	\$ 2,337.53	\$ 90,013.34
6	\$ 3.07	\$ 0.22	\$ -	\$ -	\$ 3.29
7	\$ 0.93	\$ 0.17	\$ -	\$ -	\$ 1.10
8	\$ -	\$ -	\$ -	\$ -	\$ -
9	\$ 6,491.23	\$ 2,166.50	\$ -	\$ -	\$ 8,657.73
10	\$ 57,301.25	\$ 35,694.81	\$ 7,082.69	\$ 2,752.75	\$ 83,160.62
11	\$ 110,117.16	\$ 77,578.13	\$ 21,400.79	\$ 11,892.28	\$ 154,402.22
12	\$ 130,278.56	\$ 72,368.19	\$ 21,445.82	\$ 9,537.19	\$ 171,663.74
<b>2022</b>	<b>\$ 642,601.36</b>	<b>\$ 294,109.64</b>	<b>\$ 141,784.13</b>	<b>\$ 39,318.02</b>	<b>\$ 755,608.85</b>
1	\$ 47,203.17	\$ 37,116.13	\$ 2,734.54	\$ 906.78	\$ 80,677.98
2	\$ 39,042.97	\$ 26,792.75	\$ -	\$ -	\$ 65,835.72
3	\$ 114,517.67	\$ 70,206.61	\$ 18,800.91	\$ 9,553.20	\$ 156,370.17
4	\$ 201,525.00	\$ 65,053.69	\$ 75,213.68	\$ 20,002.47	\$ 171,362.54
5	\$ 113,003.69	\$ 32,534.35	\$ 28,767.81	\$ 6,110.59	\$ 110,659.64
6	\$ 93,514.85	\$ 34,358.50	\$ 15,347.29	\$ 2,309.98	\$ 110,216.08
7	\$ 3,420.61	\$ 2,472.48	\$ 44.57	\$ 3.49	\$ 5,845.03
8	\$ 20.90	\$ 106.54	\$ -	\$ -	\$ 127.44
9	\$ 2,944.46	\$ 2,878.99	\$ -	\$ -	\$ 5,823.45
10	\$ 6,022.26	\$ 3,142.67	\$ -	\$ -	\$ 9,164.93
11	\$ 5,040.64	\$ 1,558.93	\$ -	\$ -	\$ 6,599.57
12	\$ 16,345.14	\$ 17,888.00	\$ 875.33	\$ 431.51	\$ 32,926.30
<b>2023</b>	<b><u>\$862,270.45</u></b>	<b><u>\$236,317.83</u></b>	<b><u>\$239,287.33</u></b>	<b><u>\$46,735.12</u></b>	<b><u>\$812,565.83</u></b>
<u>1</u>	<u>\$115,939.42</u>	<u>\$70,412.51</u>	<u>\$16,138.55</u>	<u>\$7,628.21</u>	<u>\$162,585.17</u>
<u>2</u>	<u>\$101,167.03</u>	<u>\$25,948.28</u>	<u>\$11,808.34</u>	<u>\$1,992.84</u>	<u>\$113,314.13</u>
<u>3</u>	<u>\$188,338.17</u>	<u>\$57,407.85</u>	<u>\$39,717.37</u>	<u>\$10,953.23</u>	<u>\$195,075.42</u>
<u>4</u>	<u>\$214,707.45</u>	<u>\$44,190.66</u>	<u>\$71,439.92</u>	<u>\$13,009.60</u>	<u>\$174,448.59</u>
<u>5</u>	<u>\$234,871.82</u>	<u>\$36,082.97</u>	<u>\$100,183.15</u>	<u>\$13,151.24</u>	<u>\$157,620.40</u>
<u>6</u>	<u>\$5,528.16</u>	<u>\$1,331.48</u>	<u>\$-</u>	<u>\$-</u>	<u>\$6,859.64</u>
<u>7</u>	<u>\$1,718.40</u>	<u>\$944.08</u>	<u>\$-</u>	<u>\$-</u>	<u>\$2,662.48</u>
<b>Total</b>	<b><u>\$ 5,124,264.84</u></b>	<b><u>\$ 1,047,746.63</u></b>	<b><u>\$ 1,281,676.92</u></b>	<b><u>\$ 149,285.23</u></b>	<b><u>\$ 4,741,049.32</u></b>
	<b><u>5,986,535.29</u></b>	<b><u>1,284,064.46</u></b>	<b><u>1,520,964.25</u></b>	<b><u>196,020.35</u></b>	<b><u>5,553,615.15</u></b>

On December 5<sup>th</sup>, 2023, Ottawa River Power Corporation received a signed letter from Hydro One indicating that invoices from August 2021 forward would be cancelled and rebilled capturing two years of the error in accordance with the limitation period imposed by the Retail Settlement Code Section 7.7. This letter is attached in Appendix H2. The amount of the corrected invoices of \$2,243,910.81 represents the sum of the Total Adjustment Required amounts from August 2021 onward plus 13% for HST minus \$297.20 for September 2023 generation credits.

Ottawa River Power Corporation proposes that the Hydro One overpayment of global adjustment and HOEP from April 2018 to July 2021 be remitted to ORPC customers with the principal adjustments required to Accounts 1588 and 1589 presented in Appendix H3. ORPC has segregated the generation value correction principal adjustments from the write off principal adjustments to facilitate review of the

~~adjustments and to demonstrate that the deviations above 1% in the reasonability tests are related to the forgone amounts by Hydro One. The total annual adjustments required were recorded as principal adjustments in Account 1588 and only in Account 1588 as the true-up of GA charges based on actual non-RPP and RPP volumes captured differences related to this revision in Account 1589.~~

~~Ottawa River Power Corporation has not recorded these transactions in its general ledger which has created deviations from the RRR filing amounts. Additionally, ORPC has not reported the year recorded in the general ledger in the Principal Adjustments tab of the GA Analysis Workform as, at this time, there is uncertainty regarding the actual repayment amount required to Hydro One as their team reviews the 2-year time limit on Global Adjustment corrections. Any decision formally documented by Hydro One will be reflected in ORPC's 2025 IRM application. ORPC has been assured that Hydro One will settle the entire amount with the IESO and will create payment arrangements with ORPC as ORPC has made financial decisions based on the assumed availability of cash flows.~~ Going forward, ORPC will implement a review process to ensure that the generation amount usage and amounts paid are verified against meter data.

### Unbilled Revenue Differences

Account 1589 presents unbilled revenue differences in 2018, 2019 and 2022.

For usage years 2017 and 2018, a single customer account was cancelled and re-billed resulting in global adjustment charges of \$63,153 and \$47,100 in 2017 and 2018 respectively. The general ledger transactions were recorded in 2019 and therefore ORPC has presented a principal adjustment of \$(47,100) in 2018 and the reversal of both years of \$110,253 in 2019.

For 2022, ORPC noted on the Managers Summary within the GA Analysis Workform discussion that in July 2023 one customer account had not been billed for November and December 2022 usage and the non-loss-adjusted usage for these months were 1,080,057.76 kWh and 518,047.52 kWh respectively. This resulted in a total global adjustment unbilled revenue difference of \$(86,165) for 2022 which has been presented as a principal adjustment in account 1589.

### Weighted Average Price Claim Adjustment

Account 1588 presents a weighted average price claim adjustment in 2019. In 2019, ORPC underclaimed \$373,201.92 from Hydro One in its monthly settlement claim. The difference, which will be adjusted in 2023, is calculated as follows:

Month	ORPC Weighted Average Price (\$/kWh)	Actual Monthly RPP Usage (kWh)	Corrected Weighted Average Price Claim Amount (\$)	Original Weighted Average Price Claim Amount (\$)	Difference (\$)
1	0.027217	13,710,543	\$373,159.84	\$359,283.05	\$13,876.79
2	0.027510	11,712,218	\$322,203.11	\$356,083.34	\$(33,880.23)
3	0.026850	11,590,533	\$311,205.81	\$382,826.39	\$(71,620.58)
4	0.015171	9,337,004	\$141,651.69	\$292,721.78	\$(151,070.09)

5	0.007014	8,234,453	\$57,756.45	\$128,204.07	\$(70,447.62)
6	0.004561	8,104,208	\$36,963.29	\$25,970.70	\$10,992.59
7	0.021502	10,892,656	\$234,213.89	\$15,233.10	\$218,980.79
8	0.015774	9,200,293	\$145,125.42	\$64,707.73	\$80,417.69
9	0.014023	7,679,750	\$107,693.13	\$52,918.39	\$54,774.74
10	0.006444	8,600,518	\$55,421.74	\$38,183.18	\$17,238.56
11	0.020295	11,049,811	\$224,255.92	\$45,401.35	\$178,854.57
12	0.021024	12,617,477	\$265,269.83	\$140,185.14	\$125,084.69
<b>Total</b>					<b>\$373,201.92</b>

The difference arose as a result of a calculation issue on RPP customers. The weighted average price was not calculated on RPP customers for the months of April through September which in turn translated to incorrect claims with Hydro One. ORPC has since implemented in 2020 a weighted average price review system to ensure amounts are calculating correctly but did not capture the error in 2019 due to the review of its 1588 and 1589 accounts starting from the year 2015. The 2019 year was not reviewed in full following the inspection report recommendations until this IRM application.