

OEB Staff Question – 6

Ref 1: 2024 IRM Rate Generator Model Goderich, Tab 3

Ref 2: 2024 Goderich GA Analysis Workform, Tab GA 2022

OEB staff finds the net change in principal balance in the GL stated in GA 2022 (\$11,331) does not agree to the transactions during 2022, a credit amount of \$27,100 stated in the continuity schedule.

Question(s):

- a) Please explain the discrepancies noted above.

ERTH Power has updated the Continuity schedule and the GA Workform for Goderich rate zone to reflect the proper transactions for 2022.

- b) Please update the relevant schedule/model as applicable.

ERTH Power has updated the Goderich Rate model Continuity schedule and the GA Workform and have filed with these responses.

OEB Staff Question – 7

Ref 1: 2024 ERTH Main GA Analysis Workform

Ref 2: 2024 Goderich GA Analysis Workform

Ref 3: Manager’s Summary, Page 5-6

Ref 4: EB-2022-0029, Decision and Rate Order, 2023 GA Analysis Workform Main, Principal Adjustments Tab

Ref 5: OEB letter “Adjustments to Correct for Errors in Electricity Distributor “Pass-Through” Variance Accounts After Disposition” October 31, 2019

In Reference 3, ERTH Power states that the balances reported in RRR 2.1.7 for the year ending 2021 were reported on a consolidated basis for the ERTH Power Main and ERTH Power Goderich rate zones. The LDC provides a reconciliation of the difference between the 2.1.7 RRR and the Continuity Schedules for Account 1588:

Account 1588 Difference Explanation	
Total Difference	-\$ 1,504,938
ERTH Main True-up of GA between RPP and Non-RPP	-\$ 148,816
CT 1142/142 true-up based on actuals 2018-2020 Rec'd in 2022	-\$ 2,462,982
CT 1142/142 true-up based on actuals 2021 Rec'd in 2022	\$ 1,106,860

OEB staff has compiled the principal adjustments (PAs) recorded in Reference 1 and Reference 2 for Account 1588 in the table below.

Account 1588	Main RZ	Goderich RZ	Total
PAs included in the last approved balance:			
CT 148 true-up of GA Charges based on actual RPP volumes	(2,558,635)	(15,769)	(2,574,404)
Reversal of CT 1142/142 true-up based on actuals	170,134		170,134
CT 148 true-up of GA Charges based on actual RPP volumes	2,207,333		2,207,333
Reversal of CT 1142/142 true-up based on actuals	1,106,860		1,106,860
Reversal of prior year approved PAs	(1,106,860)	15,769	(1,091,091)
Current Year PAs:			-
CT 148 true-up of GA Charges based on actual Non-RPP volumes	148,816		148,816
CT 1142/142 true-up based on actuals	420,966		420,966
Total Principal Adjustments to be Included on DVA Continuity Schedule/Tab 3 - IRM Rate Generator Model	(537,078)	15,769	(521,309)

Reference 5 states that “Where an accounting or other error is discovered after the balance in one of the above-listed variance accounts has been cleared by a final order of the OEB, the OEB will determine on a case-by-case basis

whether to make a retroactive adjustment based on the particular circumstances of each case, including factors such as:

- whether the error was within the control of the distributor
- the frequency with which the distributor has made the same error
- failure to follow guidance provided by the OEB
- the degree to which other distributors are making similar errors

Question(s):

- a) Please provide the details and composition of the credit amount of \$2,462,982 for the CT 1142/142 true-up based on actuals 2018-2022 Rec'd in 2022, as outlined in Reference 3.
- i. Please confirm whether CT 1142/142 true-up based on actuals 2018-2022 Rec'd in 2022, has been included as part of the principal adjustments reported in Reference 4.

No, the CT 1142/142 true-up based on actuals 2018-2022 rec'd in 2022 was not included as part of the principal adjustments reported in Reference 4. The transactions amount were netted to include the principal adjustments.

- ii. If yes, please reconcile the principal adjustment amounts reported in the 2023 GA Analysis Workform for 2018-2020 CT 1142/142 true-ups.

Total Principal Adjustments to be included in DVA Continuity Schedule	
Adjustments in last approved IRM-2023	
CT 1142/142 true-up based on actuals -2018	(419,979)
True-up of RESOP Generaiton Settlement Amount-2018	299,303
Reversal of CT 1142/142 true-up based on actuals-2019	2,797,565
Reversal of CT 1142/142 true-up based on actuals -2020	(457,025)
Reversal of CT 148 true-up of GA Charges based on actuals-2021	(2,207,333)
Reversal of CT 1142/142 true-up based on actuals -2021	(1,106,860)
RPP Settlement True-up -received in 2022	(662,462)
Total Principal Adjustments included in last approved IRM -2023	(1,756,790)

- iii. If not, please explain why.

As above the True-ups based on actuals for 2018-2021 that were received in 2022 were not included in the Principal adjustments as they were netted out of the transactions for 2022.

- iv. Please provide details on why the principal adjustment amounts reported in the 2023 GA Analysis Workform for 2018-2020 CT 1142/12 true-ups are not reported in the 2024 GA Analysis Workform.

ERTH Power has corrected the 2024 GA analysis workform to include the 2018-2020 CT 1142/142 true-ups as reversals as they were received in the GL in 2022.

- v. Please confirm in which year the true-up of the credit amount of \$2,462,982 was recorded in the GL.

ERTH confirms the true-up was recorded in the GL in 2022, this amount has been adjusted to

- b) If these adjustments are included in the 2022 GL (i.e. included in the 2022 transactions/net transactions), please list these adjustments as reconciling items on the GA Analysis Workforms of the respective rate zones. Please provide the updated GA Analysis Workforms and provide explanations if the 1% thresholds are exceeded.

These adjustments are included in the 2022 GL and have been included in the GA Analysis Workforms in each rate zone on a net basis. The GA Analysis Workform and the 2024-IRM-Rate-Generator-Model has been corrected to reflect this.

- c) The OEB staff notes the main component of the variance between the RRR balances and the continuity schedule for Account 1588 results from the CT1142/142 true-up based on actuals 2018-2021 rec'd in 2022.
 - ii. Please confirm the OEB staff's observation.

Not confirmed. These true ups are reversing what was claimed in ERTH Power's 2023 IRM. ERTH Power has revised all forms to include required true-ups that impacted 2022 balances.

Please provide ERTH's consideration regarding the rates retroactivity issues raised in the OEB's Oct 31, 2019 letter in Reference 5, given that the 2021 balances were disposed of on a final basis in the 2023 IRM Decision and Order.

These true-ups do not create rate retroactivity issues since they are reversing true-ups already claimed in the 2023 IRM. The complexity of multiple rate zone balances being split out makes the process difficult to isolate and track.

- iii. Please provide comments on the four factors outlined in Reference 5.

N/A

- d) Please confirm and explain whether the following items are affected by the error. If not, why not?

- iii. 1588 balance
- iv. Intergenerational inequity
- v. ERTH Power's financial viability

ERTH Power notes that there is no error as detailed in c iii) above.

- h) Please describe ERTH's procedures that have been implemented to prevent mistakes like those mentioned in b) and Reference 3.

Reference 3 inadvertently missed deleting language from a previous rate application and no such mistake exists in the 2024 IRM application.

- i) Please clarify why the debit amount of \$420,996 for the CT 1142/142 true-up based on actuals recorded in the GL in 2023 is not included in the reconciliation table provided in Reference 3.

The debit amount \$420,996 for the true-up is recorded as net figure of the above adjustments.

j) ERTH Power notes in Reference 1 that the reversal of the CT 1142/142 true-up based on actuals (credit amount of \$1,106,860) was recorded in the GL in 2022. Please explain why this item is not reflected in the 2022 RRR balance, given that it is included in the reconciliation table.

k) Please provide itemized explanations for the variance identified in the reconciliation table below provided by the OEB staff.

Account 1588	Main RZ	Goderich RZ	Total
2022 balance (Cell BG28+ Cell BL28) from Continuity Schedule/Tab 3- IRM Rate Generator Model	571,005	16,439	587,444
Less: Principal adjustments recorded in the 2023 GL			
CT 148 true-up of GA Charges based on actual Non-RPP	148,816	-	
CT 1142/142 true-up based on actuals	420,966	-	
Adjusted 2022 Continuity Schedule balance	1,223	16,439	17,662
2.1.7 RRR Balance			(917,495)
Variance			(935,157)

ERTH Power has revised the 1588 GA Workform.

OEB Staff Question – 8

Ref 1: 2024 ERTH Main GA Analysis Workform

Ref 2: 2024 Goderich GA Analysis Workform

Ref 3: Manager’s Summary, Page 5-6

In Reference 2, ERTH Power provides a reconciliation of the difference between the 2.1.7 RRR and the Continuity Schedules for Account 1589:

Account 1589 Difference Explanation	
Total Difference	\$ 2,403,204
ERTH Main True-up of GA between RPP and Non-RPP	\$ 2,207,333
Reversal of Goderich True-up of GA between RPP and Non-RPP	\$ 47,055
ERTH Main True-up of GA between RPP and Non-RPP	\$ 148,816

OEB staff has compiled the principal adjustments (PAs) recorded in Reference 1 and Reference 2 for Account 1589 in the table below.

Account 1589	Main RZ	Goderich RZ	Total
PAs included in the last approved balance:			
CT 148 true-up of GA Charges based on actual Non-RPP volumes	(2,207,333)	15,769	(2,191,564)
Reversal of prior year CT-148 true-up of GA Charges based on actual Non-RPP volumes	2,558,635		2,558,635
Reversal of prior year approved PAs	-	(15,769)	(15,769)
Current Year PAs:			-
CT 148 true-up of GA Charges based on actual Non-RPP volumes	(148,816)		(148,816)
Total Principal Adjustments to be Included on DVA Continuity Schedule/Tab 3 - IRM Rate Generator Model	(148,816)	(15,769)	(164,585)

Question(s):

- a) Please clarify why the principal adjustments included in the last approved balance of \$(2,207,333) for Account 1588 and \$2,207,333 for Account 1589 in the first table in Reference 1 Tab Principal Adjustments have not been reversed in the current application.

These balances were netted out between the 1588 and 1589 and were included in the 2022 transactions.

- b) Why is the principal adjustment of \$2,207,333 for Account 1589 included in the reconciliation table for Account 1589 but not for Account 1588?
- c) OEB staff notes a principal adjustment (\$15,769) for the reversal of Goderich true-up of GA between RPP and Non-RPP as reported in Reference 2. However, this amount is different from the amount (\$47,055) recorded in the reconciliation table. Please provide an explanation for the variance.

The principal adjustment amount should be the (\$47,055) and has been corrected.

- d) Please provide itemized explanations for the variance identified in the reconciliation table below provided by the OEB staff.

Account 1589	Main RZ	Goderich RZ	Total
2022 Balance (Cell BG29+ Cell BL29) from Continuity Schedule/Tab 3- IRM Rate Generator Model	1,395,913	44,516	1,440,429
Less: Principal adjustments recorded in the 2023 GL			
CT 148 true-up of GA Charges based on actual Non-RPP volumes	(148,816)	-	
Adjusted 2022 Continuity Schedule balance	1,544,729	44,516	1,589,245
		2.1.7 RRR Balance	3,843,491
		Variance	2,254,246

Account 1589 Difference Explanation	
Total Difference	\$ 2,403,204
ERTH Main True-up of GA between RPP and Non-RPP	\$ 2,356,149
Reversal of Goderich True-up of GA between RPP and Non-RPP	\$ 47,055