**Westario Power Inc.**

**EB-2024-0060**

**November 13, 2024**

Please note, Westario Power Inc. (Westario Power) is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff questions and any other supporting documentation, do not include personal information as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*, unless filed in accordance with rule 9A of the OEB’s *Rules of Practice and Procedure*.

**Follow Up Staff Question-1**

**Reference:**

1. EB-2024-0060, 2025 Rates Application, Rate Generator Model, Tab 11, Column L, Cells L22, L24, L26 and L35
2. EB-2024-0060, 2025 Rates Application, Rate Generator Model, Tab 18, Columns B-E and Rows 21-25
3. EB-2024-0244, Letter for 2025 Preliminary Uniform Transmission Rates and Hydro One Sub-Transmission Rates, issued November 1, 2024, Pg. 2 and Appendix B
4. [Time of Use (TOU) prices set by the OEB for November 1, 2024, issued October 18, 2024](https://www.oeb.ca/newsroom/2024/ontario-energy-board-announces-changes-electricity-prices-households-small-businesses)

Preamble:

Distributors must enter the applicable rates in Tab 11 and Tab 18 of the Rate Generator model, for the Uniform Transmission Rates (UTRs), Hydro One Sub-Transmission, TOU prices and Ontario Electricity Rebate (OER). These rates must align with the most recent charges issued by the OEB.

**Question(s):**

1. OEB staff has updated the current UTRs and Hydro One Sub-Transmission Rates in Ref (I). Please verify the update and ensure that all subsequent tabs are updated accordingly.
2. OEB staff has also updated the latest TOU prices and OER under the Regulatory Charges in Ref (II). Please verify the update and ensure that all subsequent tabs are updated accordingly.

**Follow Up Staff Question-2**

**Reference:**

1. EB-2024-0060, Replies to OEB staff Questions, Updated 2025 Rate Generator Model, Tab 3 Continuity Schedule, Columns BO and BP
2. EB-2024-0060, Original Application, 2025 Rate Generator Model, Tab 3 Continuity Schedule, Columns BO and BP
3. EB-2024-0060, Replies to OEB staff Questions, Staff Question 2

Preamble:

In the first round of questions, OEB staff requested clarification on the balances in the 1595 (2018 and pre-2018) and 1595 (2019) sub-accounts. Westario Power responded, explaining that the balances in sub-accounts 1595 (2018 and pre-2018) and 1595 (2019) had been approved for disposition in its 2023 IRM application and should have been zero as of December 31, 2023. However, interest was inadvertently applied in 2023 but was subsequently reversed in 2024. As a result, the balances in these sub-accounts are now zero.

**Question(s):**

1. OEB staff notes that the updated continuity schedule shows zero balances in sub-accounts 1595 (2018 and pre-2018) and 1595 (2019). Please provide additional details regarding the interest error mentioned in the response to OEB Staff Question 2 (Reff III). Additionally, include details on the reversal entry made to clear the balances from these sub-accounts.
2. OEB staff observes that the balance in the 1595 sub-account (2023) has changed in the updated Rate Generator model submitted in response to OEB staff's questions. Please explain the reason for this change, including any transfers made in response to OEB staff’s first round of questions. OEB staff requests that Westario Power provide a schedule of the entries for this account to show how the current balance was determined.

**Follow Up Staff Question-3**

**Reference:**

1. EB-2024-0060, Replies to OEB staff Questions, Staff Question 8

Preamble:

In Staff Question 8 filed on October 1, 2024, OEB staff asked Westario Power to elaborate further on the posting errors and misallocation journal entries that it stated had occurred in the last quarter of 2023. Westario Power explained that:

During posting of journal entries for power purchased accruals amounts were transferred into the incorrect line items resulting in overstatements in May and October 2023 and understatements in another month. Similar errors also occurred in October 2022 while inputting the unbilled revenue entry. These variances are recorded in the 1588 Reasonability test workbook under “accrual to actual expenses differences” along with the actual variances for accrued versus invoiced expenses for power.

Subsequently, after further investigation and an internal review, it was discovered that Westario also had errors on several RPP Claim Settlement submissions to the IESO. Errors occurred in the following months: August 2023, November 2023 and October 2022. The RPP Settlement Claim submissions amounts for October 2023 although submitted within allocated timeframe were not included in the invoice from the IESO for that period. These adjustments are recorded in the 1588 Reasonability test workbook under “CT 1142/142 true-up adjustments”. Post settlement claims for these periods will be submitted to the IESO in 2024.

Charge type 1142/142 represents the Ontario Fair Hydro Plan Eligible RPP Consumer Discount Settlement and is one of the commodity components of electricity service billed to distributors by the Independent Electricity System Operator (IESO).[[1]](#footnote-2)

**Question(s):**

1. Please explain in detail the reason(s) for the errors that occurred during the months noted in Westario Power’s response that led to the over/understatements of accruals for power purchased.
2. Please explain in detail the reason(s) for the errors on the RPP settlements with the IESO that were discovered in August and November 2023, and October 2022.
3. Please confirm whether Westario Power has submitted the correct RPP claims amount to the IESO that it stated would be submitted in 2024.
	1. If not, please provide a best estimate of when the settlement corrections will be submitted to the IESO.
4. Please confirm whether the adjustments recorded in the 1588 Reasonability test workbook “CT 1142/142 true-up adjustments” were based on the IESO invoice.
	1. If not, please change the description of those adjustments.

**Follow Up Staff Question-4**

**References:**

1. EB-2024-0060, Replies to OEB staff Questions, Staff Question 8
2. IESO Regulation Changes to Impact Online Settlement Forms, O. Reg 153/23: Limitation Periods
3. Adjustments to Correct for Errors in Electricity Distributor “Pass-Through” Variance Accounts After Disposition, October 2019

Preamble:

In Ref (I), Westario Power stated that it had made errors on RPP Claim Settlement submissions to the IESO for August and November 2023 and October 2022 and is seeking to resubmit those claims in 2024.

In Ref (II), the IESO issued a notice on July 27, 2023, informing LDCs of regulatory changes that affect the resubmission of settlement claims for non-RPP customers. These changes, effective July 1, 2023, impose a two-year limitation period on certain settlement amounts, including those related to non-RPP customers. Consequently, LDCs are no longer permitted to submit adjustment claims for settlement amounts pertaining to non-RPP customers if more than 24 months have elapsed since the amounts were invoiced or should have been invoiced.

In its October 31, 2019 letter, the OEB addressed its approach to accounting or other errors in respect of certain electricity distributor variance accounts through retroactive adjustments. Those accounts include

* Account 1550 (Low Voltage Charge Account)
* Account 1551 (Smart Meter Entity Charge Account)
* Account 1580 (Wholesale Market Service Charge Account)
* Account 1584 (Retail Transmission Network Charge Account)
* Account 1586 (Retail Transmission Connection Charge Account)
* Account 1588 (RSVA Power Account)
* Account 1589 (Global Adjustment)
* Account 1595 (Disposition and Recovery/Refund of Regulatory Balances)

The OEB stated 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):**

1. Please confirm that Westario Power is seeking final disposition of Account 1580, Account 1588 and 1589.
2. Please confirm whether Westario Power has noted any impacts relating to its non-RPP customers resulting from errors it discovered in 2022 and 2023.
3. Please confirm that Westario Power understands the regulatory guidelines from the IESO and the OEB summarized above.

**Follow Up Staff Question-5**

**References:**

1. 2025-IRM-Rate-Generator-Model\_V4\_WPI\_20241105 Excel
2. 2025\_GA\_Analysis\_Workform\_1.0\_WPI-20241105 Excel

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| --- | --- | --- |
|   | **Principal Adjustments - 2022** |   |
| **Account** | **DVA Continuity Schedule - RGM**  | **GA Analysis WF** | **Difference** |
| 1588 | (1,681,350) | (1,321,830) | **(359,520)** |
| 1589 | 829,640 | 64,629 | **765,011** |
|  | **Principal Adjustments - 2023** |  |
| **Account** | **DVA Continuity Schedule - RGM** | **GA Analysis WF** | **Difference** |
| 1588 | 1,320,801 | (173,498) | **1,494,299** |
| 1589 | 20,550 | (8,422) | **28,972** |

**Question(s):**

1. OEB staff notes the differences in principal adjustments for 2022 and 2023 between Ref (I) and Ref (II), as above. The principal adjustments in both worksheets should be the same. Please reconcile and update the Rate Generator Model to align with the GA Analysis workform.
1. [Accounting Guidance Update - Commodity Accounts](https://www.oeb.ca/sites/default/files/OEB-Accounting-Guidance-Update-Commodity-Accounts-20230523.pdf), p. 6 [↑](#footnote-ref-2)