

**Westario Power Inc.
EB-2024-0060
November 13, 2024**

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Follow Up Staff Question-1

Reference:

- I. EB-2024-0060, 2025 Rates Application, Rate Generator Model, Tab 11, Column L, Cells L22, L24, L26 and L35
- II. EB-2024-0060, 2025 Rates Application, Rate Generator Model, Tab 18, Columns B-E and Rows 21-25
- III. 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
- IV. Time of Use (TOU) prices set by the OEB for November 1, 2024, issued October 18, 2024

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.

[WPI Response: Westario confirms that the corrections made by board staff seems in line with the latest Decisions and Rate Order on Uniform Transmission Rates and TOU pricing.](#)

Follow Up Staff Question-2

Reference:

- I. EB-2024-0060, Replies to OEB staff Questions, Updated 2025 Rate Generator Model, Tab 3 Continuity Schedule, Columns BO and BP
- II. EB-2024-0060, Original Application, 2025 Rate Generator Model, Tab 3 Continuity Schedule, Columns BO and BP
- III. 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.

WPI Response: Westario Power acknowledges that monthly interest was erroneously calculated in 2023 on the December 31, 2022, principal balances of sub-accounts 1595 (2018 and pre-2018) and 1595 (2019) at the prescribed quarterly rates.

This occurred because the approved disposition values from the 2023 IRM application were not netted against the December 31, 2022, balances as they should have been. The interest applied during 2023 totaled \$5,580.11 which was reversed in 2024.

For 2019 a reversal was posted on May 1st, 2024, as follows:

Acct	Amount
159515	-6,336.13
603510	6,336.13

For 2018, first adjustment was posted January 31st, 2024, and second entry was posted on May 1st, 2024. Entries are as follows:

Entry #1

Acct	Amount
159589	1027.73
159585	3529.65
440510	-3529.65
440510	-1027.73

Entry #2

Acct	Amount
159592	-6.15
159528	655.51
159585	1,322.88
159589	514.74
440510	-2,493.13
603510	6.15

The continuity schedule has been updated to reflect these adjustments, ensuring the balances for these sub-accounts are now zero.

- 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.

WPI Response: The closing balances should not have changed. The discrepancy occurred due to an input error when transferring the disposition value to column BE. The IRM Rate Generator model has been corrected to reflect the transfer to Account 1595 (2023) and accurately show the related activities. A detailed schedule of the entries is provided below to outline how the current balance was determined.

All 2023 DVA Accounts			
	Principal	Interest	Total Activity
IRM	1,926,187	408,542	2,334,729
Jan	(177,173)	-	(177,173)
Feb	(214,070)	9,696	(204,374)
Mar	(209,952)	9,875	(200,077)
Apr	(186,795)	9,202	(177,593)
May	(179,898)	8,719	(171,179)
Jun	(183,202)	7,701	(175,501)
Jul	(203,293)	7,183	(196,110)
Aug	(193,858)	6,323	(187,535)
Sep	(185,692)	5,325	(180,367)
Oct	(182,779)	5,200	(177,579)
Nov	(191,925)	4,208	(187,717)
Dec	(217,056)	-	(217,056)
	(399,506)	481,974	82,468

Follow Up Staff Question-3

Reference:

- I. 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

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.

WPI Response: During the GL input phase for power purchased accruals, the Ontario Electricity Rebate (OER) value was inadvertently posted to account 4705, leading to an overstatement in that period. Similarly, in other months, the Global Adjustment (GA) value for non-RPP customers was posted to account 4705 instead of the estimated GA value for RPP customers, resulting in an understatement. These errors were due to manual data entry mistakes during the journal entry process. A lack of oversight and

¹ [Accounting Guidance Update - Commodity Accounts](#), p. 6

insufficient validation checks before closing the financial periods contributed to the errors.

The financial impact of these errors was as follows:

May 2023: Overstatement of \$137,148.90.

October 2023: Overstatement of \$765,420.21.

October 2022: Understatement of \$207,328.58.

The errors were identified during an internal review process in 2024 as part of the reconciliation for 1588 and 1589 accounts. Adjustments were subsequently recorded in the 1588 Reasonability Test Workbook under Accrual to Actual Expenses Differences.

These errors did not affect the accuracy of RPP Claim Settlement submissions but delayed true-up adjustments, which will be submitted to the IESO in 2024. No regulatory non-compliance occurred as a result of these errors.

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.

WPI Response: The errors occurred as a result of inaccuracies in calculating weighted averages and expected daily prices for the RPP group of rates. While the RPP prices matched the OEB-approved rates, the market rate used to reconcile the difference between purchased and billed amounts was incorrect. This incorrect value was applied only during the preliminary phase of the RPP settlement calculations. However, during the true-up process for the period, the actual purchase price was correctly used. This left a discrepancy between the initial estimate and the actual value, which remained unreconciled.

3. Please confirm whether Westario Power has submitted the correct RPP claims amount to the IESO that it stated would be submitted in 2024.
 - a. If not, please provide a best estimate of when the settlement corrections will be submitted to the IESO.

WPI Response: Westario confirms that they submitted the majority of the updated claims on November 6th to the IESO via the online portal. The remaining claim will be submitted on December 5th.

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.
 - a. If not, please change the description of those adjustments.

WPI Response: Although these adjustments relate to the RPP claim settlements which come through on the IESO invoice under line type 142 they were not initiated by the IESO therefore Westario has renamed the adjustment accordingly.

Follow Up Staff Question-4

References:

- I. EB-2024-0060, Replies to OEB staff Questions, Staff Question 8
- II. IESO Regulation Changes to Impact Online Settlement Forms, O. Reg 153/23: Limitation Periods
- III. 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.

WPI Response: Westario is seeking final disposition of Account 1580, Account 1588 and 1589 for 2022 & 2023 balances.

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.

WPI Response: The errors mentioned for 2022 and 2023 have no impact on non-RPP customers and effect RPP customers only.

3. Please confirm that Westario Power understands the regulatory guidelines from the IESO and the OEB summarized above.

WPI Response: Westario understands the above statements and will strive to meet OEB expectations going forward.

Follow Up Staff Question-5

References:

- I. 2025-IRM-Rate-Generator-Model_V4_WPI_20241105 Excel
- II. 2025_GA_Analysis_Workform_1.0_WPI-20241105 Excel

	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.

WPI Response: DVA continuity schedule in IRM Rate Generator Model has been updated and matches the GA Analysis workform.

	Principal Adjustments - 2022		
Account	DVA Continuity Schedule - RGM	GA Analysis WF	Difference
1588	(1,321,830)	(1,321,830)	0
1589	64,629	64,629	0
	Principal Adjustments - 2023		
Account	DVA Continuity Schedule - RGM	GA Analysis WF	Difference
1588	(173,498)	(173,498)	0
1589	(8,422)	(8,422)	0