

GA and 1595 Workform Questions and Answers

Question #1

What is the difference between the effective date of the new accounting guidance of January 1, 2019 and the expectation to consider this guidance for 2018 balances?

Answer:

The new accounting guidance is expected to be implemented and applied starting January 1, 2019. The new accounting guidance is expected to be considered in the context of historical balances prior to 2019 that have yet to be disposed on a final basis. For historical balances that were approved on an interim basis, balances that were not previously requested for disposition and the 2018 balance, distributors are to assess if there were any systemic issues related to RPP settlement and accounting related processes. In the past, distributors may have had a different accounting approach that would produce the same results as the new accounting guidance. In such cases, distributors are not expected to go back and revise the accounting for the accounts. For further details, please refer to Q&A #28 in the Accounting Guidance for Accounts 1588 and 1589.

Question #2

For the 2018 year, we completed our RPP settlement true up with IESO on a billed basis (i.e. based on retail volumes), which is different from the new accounting guidance. Is there a need to revise the true up based on the new guidance?

Answer:

In the new accounting guidance, the first true up of RPP settlements is to true up estimated RPP volumes to actual wholesale RPP volumes determined by using retail RPP/non-RPP consumption proportions on the total wholesale volumes from the IESO. The proportions between the 2 tiers and TOU periods used in the RPP settlements are based on retail volumes. For 2018 balances, if RPP settlements relating to the first true up were based on total retail volumes, distributors should revise the RPP settlements to true up to actual wholesale volumes if the difference is material. Distributors can determine total wholesale volumes through settlement statements provided by the IESO. Distributors may be guided by the materiality threshold discussed in Q&A #29 in the Accounting Guidance for Accounts 1588 and 1589.

Question #3

If the end date for a 1595 rate rider is April 30, 2020, would it be correct that any residual balance in this account would not be eligible for disposition until 2021? If so, is there a requirement to complete the 1595 Workform for this account in a 2020 rate application?

Answer:

A 1595 Workform is only to be submitted for 1595 sub-accounts that are eligible for final disposition.

1595 sub-account residual balances are eligible for final disposition when one year has passed since the expiry of the associated rate riders and any balance that remains after that one-year period has been audited. Therefore, if a rate rider ends on April 30, 2020, one year after the expiry of the rider would be April 30, 2021 and the account would be eligible for disposition when December 31, 2021 audited balances are brought forth in a 2023 rate application.

Question #4

Regarding Account 1595, our rate rider ends on December 31, 2018 and the balance has been audited. We are in the process of filing our 2020 IRM with an August due date. Is this account considered eligible for disposition?

Answer:

The account is not considered eligible for disposition. 1595 sub-account residual balances are eligible for disposition when one year has passed since the expiry of the associated rate riders and any balance that remains after that one-year period has been audited. Therefore, if a rate rider ends on December 31, 2018, one year after the expiry of the rider would be December 31, 2019, and the account would be eligible for disposition when December 31, 2019 audited balances are brought forth in a 2021 rate application.

Question #5

If we have already given reasons for variances in our 1595 sub-accounts, but the sub-accounts were not disposed in a previous rate application, do we refile the same data as last year?

Answer:

Each 1595 sub-account residual balance must be evaluated on a stand-alone basis, irrespective of what rationale or evidence was provided with respect to previous 1595 sub-accounts.

For each 1595 sub-account that is eligible for final disposition in an application, distributors must complete the 1595 Workform and provide any supporting explanations, as identified by the Workform. Evidence should be provided in each application where a disposition request is made, on a standalone basis. If that evidence was provided in a prior application, the same evidence should be filed, provided that there has been no changes to the account and the related evidence.

Question #6

Will the OEB be releasing an instructional document for the 1595 Workform?

Answer:

There are no additional instructional documents with respect to how to complete the 1595 Workform, as the majority of the inputs are self-explanatory. For any clarification regarding the completion of the Workform, please submit an Industry Relations Enquiry.

Question #7

Will there be similar webinar presentations for the other 2020 models (CAS, RTSR, RRWF and others)?

Answer:

There are currently no plans to hold a webinar on the other models, however if there are questions on the models please email them to ratemodels@oeb.ca.

CDM and LRAM Changes Questions and Answers

Question #1

If an LDC is not opting to dispose of the LRAM balance, how does it distinguish this in the IRM rate generator to ensure that a rate rider is not created?

Answer:

LDCs are expected to provide a complete LRAMVA calculation as part of a Cost of Service application. However, LDCs can choose to dispose of the LRAMVA during an IRM application if the LDC determines that the amount is significant. If a LDC is not electing to dispose of the LRAMVA balance during an IRM application, it should leave the LRAMVA Workform blank and indicate that it is not seeking disposition of the LRAMVA balance at this time. If a distributor is not seeking recovery of its LRAMVA balance the LRAMVA balance in the IRM rate generator should not be populated. This will ensure that a rate rider is not created for a balance that is not being disposed at this time.

Question #2

For 2020 IRM applications, would we be using only January 1, 2018 to December 31, 2018 P&C reports, or would we also include up to March 31, 2019 P&C reports? Or would we use January 1, 2019 to March 31, 2019 in our 2021 IRM application?

Answer:

For 2020 rate applications, LDCs should only include lost revenues associated with CDM savings that took place up to and including December 31, 2018. The OEB is still considering the approach to lost revenues for 2019 and beyond and will provide further direction in the future.

Question #3

With regards to Street Light programs, our municipality undertook a Street light program in 2016. Would we still need to include the street light information you requested in the special tab?

Answer:

In the event a distributor is seeking to dispose of LRAMVA balances related to street light upgrades that were completed through an IESO CDM program, it should complete the street lighting tab of the LRAMVA Workform and provide all supporting documentation including reports from the municipality. If street lighting upgrades were completed in a previous year and the distributor is seeking disposition related to the lost revenues from persisting savings (for example, from a street light program completed in 2016), the street light tab in the LRAMVA Workform should be completed.

Question #4

If a distributor has exceeded its targets, which would result in recovery of lost revenues and the distributor elects not to recover the lost revenue does this detailed model still need to be completed?

Answer:

LDCs are not required to dispose of the LRAMVA balance as part of an IRM application. However, the OEB expects LDCs to provide complete LRAMVA calculations as part of a Cost of Service application. In the event the distributor has achieved greater CDM savings than what was included in its last approved load forecast and an amount is owing to the distributor, it may elect to not recover these amounts from customers.

Question #5

The filing guidelines do not specifically address the prior years' true up process for LRAMVA recovery. Can you briefly discuss?

Answer:

OEB decisions related to the request for recovery of LRAMVA balances are final. Therefore, the recovery of LRAMVA balances from savings adjustments that the IESO has verified in a subsequent program year can only be included in a future application. This is addressed in section 2.4.6.1 of the Chapter 2 Filing Requirements. LDCs cannot seek recovery of LRAMVA amounts related to savings adjustments for a year in which the corresponding LRAMVA amount has previously been approved by the OEB as the approval was made on a final basis. If an LRAMVA amount was approved and disposed, only the LRAMVA balances from the savings adjustment(s) that persist into a future year can be claimed on a go-forward basis.