

- 1 **Q.** (Reference: May 1, 2024 Grant Thornton Supplemental Report). It is stated (page 2)
2 "We have noted that in the 2022/2023 GRA, the Company partially offset those
3 differences by excluding the energy supply cost variance account and the rate
4 stabilization account in the calculation of the cash working capital variance. In the
5 2025/2026 GRA the Company has also included offsetting adjustments to the cash
6 working capital variance in relation to the energy supply cost variance account and
7 the rate stabilization account in its calculation of the cash working capital variance."
8 **a)** Does Grant Thornton support this approach? Is this approach consistent
9 with generally accepted accounting principles and practice elsewhere in
10 Canada?
11 **b)** The report goes on to say (page 2)"An alternative approach to addressing
12 variances in the cash working capital amount is to consider if the methodology
13 used to calculate the allowance that is included in average rate base requires
14 a revision." What revisions would Grant Thornton recommend?
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16 **A.** **a)** Grant Thornton ("we", "us", "our") has reviewed the reconciling items between
17 the utility's invested capital and their use of the asset rate base methodology.
18 We found that the categories of reconciling items are consistent with the use
19 of the asset rate base methodology. The utility's use of the energy supply cost
20 variance account and the rate stabilization account to partially offset
21 differences in cash working capital is consistent with their past practice.
22
23 Generally accepted accounting principles provide a broad framework,
24 conventions, and rules pertaining to financial reporting. We are not aware of
25 any such principle which would address this specific matter. We are also not
26 aware of another jurisdiction in Canada where this specific scenario has been
27 considered.
28
29 **b)** The recommendation of specific revisions to the allowance calculation would
30 require a detailed analysis of the methodology used to derive the cash working
31 capital allowance. Therefore, Grant Thornton is not recommending any specific
32 revisions at this time.