

Hydro Hawkesbury's Description of Settlement Process

Monthly Settlement Submission to the IESO

HHI Inc. files its Class B customers based on the 1st estimate rate from the IESO web site. When the primary price is available, HHI compares the amount actually billed at the 1st estimate for all rate classes (i.e.: billed kWh x 1st estimate rate) to the amount that should have been billed using the actual rate (i.e. billed kWh x final rate) and the difference placed into Account 1589. Carrying charges are applied to this account.

At month end, HHI Inc. has four business days to settle with the IESO on its RPP settlement and other related settlements. HHI's staff complete the calculations in an excel settlement spreadsheet and enter the information into the IESO portal.

Upon receipt of the final IESO invoice, HHI checks to ensure the settlement charges on the IESO invoice agree to the settlement information submitted by HHI.

A separate excel spreadsheet is used to determine the various settlement amount required by the IESO, which includes:

1. RPP vs. Market Price Variance for Smart Meters and for Conventional Meters
2. RPP Final Variance Amount
3. Feed in Tariff Program
4. Ontario Clean Energy Benefit

RPP vs Market Price Variance from Smart Meters and Conventional Meters

HHI is required to settle its commodity pricing with the IESO for RPP customers. HHI receives payment from its RPP customers based on the three-tiered TOU pricing and on the residual two tiered RPP pricing. HHI must then settle with the IESO on the difference between revenues collected from customers and the wholesale cost of power, which includes the amount of the global adjustment allocated to this portion of a distributors load. This settlement process achieves the objective of settling with the IESO based on wholesale costs, with the under/over collected amounts from customers being recovered from/remitted to the IESO.

HHI obtain consumption and pricing data from the Utilismart website in terms of total load, retail (interval) load, streetlight and NSLS load data in order to determine the load (kWh) subject to RPP pricing.

RPP Final Variance Amount

The RPP final variance amount is one-time charge or credit that will appear on the electricity bill if you leave the Regulated Price Plan. It exists because customers have to settle their outstanding Regulated Price Plan account with their local utility.

For customers who exit the RPP price plan and either go to retailer or spot pricing, there is a true up settlement applied to their final bill. The OEB posts the monthly RPP final variance rate to be used to calculate and charge this amount to customer, which is entered into our CIS systems by billing staff. The billing system has the necessary programming in place to calculate and charge this amount on the customer's bill with the offset entry going to account #4705.

Feed in Tariff Program

As noted under RPP variance description, HHI is to settle its commodity pricing with the IESO based on the market (spot) price. HHI pays based on the OPA contracted Price, so the IESO owes back to HHI the difference between the approved price and the market price for the month.

Ontario Clean Energy Benefit

HHI calculates and pays the Ontario Clean Energy Benefit (OCEB) to eligible customers on their bill. As part of the month end settlement, HHI recovers from the IESO the total amount paid in the previous month to customers.

When the OCEB is applied to the customer's bill, the amount of payment (to be recovered from the IESO), is charged to a receivable account. At month end, reports are created from the CIS which shows for each OCEB reporting class the amount of OCEB paid and the associated kWh sales which are used for the Ministry of Energy OCEB reporting. These amounts are also reconciled to the GL account. to ensure the GL total and subsystems are in balance. The total reimbursement due to HHI from the IESO is then entered into the IESO portal.

Overall Process and Procedural Controls over the IESO Settlement Process

HHI staff and management are aware of the methodologies pursuant to the OEB and IESO requirements and are responsible for updating internal processes and procedures accordingly. HHI staff and/or management are responsible for the settlement spreadsheet and to meet changing OEB/IESO settlement requirements.

The process designed in the settlement process includes various reconciliation procedures to ensure the appropriate methodologies pursuant to the OEB and IESO requirements are met, and to ensure the accuracy and validity of the RPP claims.

Testing and Reconciliation Process

HHI Inc. follows a substantive approach using reconciliation procedures to ensure accuracy and completeness for the settlement submission process where possible. In addition, HHI does monthly bill testing for each class of customer, recalculates the various charges based on approved rates and ensure all correct GL accounts are used. HHI also has routine month end balancing processes to ensure sub ledger

RPP vs. Market Price Variance from Smart Meters and Conventional Meters – True-up Procedures – Reconciliation of estimated claim amounts to post-billing amounts

At the time of submission, the actual load data and pricing is fairly accurate as it is taken from the Utilismart settlement system and the actual IESO pricing and quantities.

Any corrections on a monthly or annual basis will be true-up on the next month's IESO submission.