**Welland Hydro Questions**

1. Welland Hydro indicated that the billed loss factor is 1.0532 and the actual loss factor is 1.0451 for 2016. The difference between the loss factor used to bill and the actual loss factor has been included as reconciling item 7. In the GA Analysis Workform, the calculated loss factor (cell F59/D26) is 1.017. Please compare the calculated loss factor of 1.017 to the actual loss factor of 1.0451 and revise the reconciling item and/or the monthly non-RPP Class B customer consumption volume data as necessary.

**Response:**

**After reviewing the Consumption Data Excluding for Loss Factor, Welland Hydro identified a classification error between RPP and non-RPP Class B customer consumption volume data in the 2016 RRR reporting. An RPP customer class within interval metered customers was incorrectly recorded as non-RPP Class B consumption. Welland Hydro has revised the GA Analysis Workform for this adjustment. The revised loss factor (cell F59/D26) is 1.0362. The non-RPP Class B consumption includes both primary and secondary metered customers which would result in a lower loss factor compared to the overall loss factor of 1.0451. Welland Hydro has adjusted item #7 in the GA Analysis Workform to reflect the revised loss factor for non-RPP Class B consumption.**

**As a result of this classification error, Tab 4 of the 2018 IRM Rate Generator Model has been updated to reflect the revised non-RPP consumption. Metered kWh for Non-RPP Customers (excluding WMP) for the General Service 50 to 4,000 KW Service Classification has been revised to 125,475,310 compared to the previous amount of 128,010,710. Tab 6.1a of the Model has also been updated to reflect the revised Total Class B Consumption for Years During Balance Accumulation (Non-RPP Consumption less WMP Consumption and Consumption for Class A customers who were Class A for partial and full year) to 136,194,657 from 138,730,057.**

**The impact of these revisions is described in Question 3 below.**

1. For reconciling 3a and 3b, long term load transfers, please explain the relationship of the long-term load transfers and how the amounts are accounted for in the financial records.

**Response:**

**Welland Hydro supplies approximately 30 customers of three neighbouring LDC’s via load transfers. Welland Hydro supplies all customers within its original service territory. The power consumed by these load transfer customers is charged to Welland Hydro on the IESO invoice on a monthly basis. Welland Hydro does not accrue for load transfer amounts billable to other LDCs in the current year. In the first quarter of every year, Welland Hydro bills the load transfer LDC for the cost of power for the entire preceding year. The amount included in line 3a of the GA Analysis Workform represents amounts charged to LDCs for Global Adjustment charges for 2015 which was billed in 2016. The amount included in line 3b represents amounts charged to LDCs for Global Adjustment charges for 2016 billed in 2017.**

 **These adjustments will not be required going forward as these customers were transferred to Welland Hydro in the third quarter of 2017. Cost of Power from January 1, 2017 to the date of transfer will be billed to LDCs in 2017.**

1. For reconciling item 4, a balance of $7,879 pertaining to Class A is included in Account 1589. Please remove this balance from the balance requested for disposition.

**Response:**

**Welland Hydro has removed the balance of $7,879 pertaining to Class A from the amount requested for disposition and adjusted all models accordingly. This has been reflected as a “Principal Adjustment during 2016” on Tab 3 of the IRM Rate Generator Model. Tab 6.1 Global Adjustment reflects the revised Total Global Adjustment balance to be disposed of as a credit of $1,008,810 compared to the previous credit amount of $1,016,804.**

**The impacts of removing the balance pertaining to Class A customers, and revising the Non-RPP consumption as described in Question 1 above are shown below:**

* **The Transition customer’s portion of total consumption is 4.53% compared to the 4.45% previously calculated**
* **The Transition customer’s portion of the Global Adjustment balance is revised to a credit of $45,723 ($3,810 per month) compared to the previous credit of $45,243 ($3,770 per month)**
* **The Global Adjustment Balance to be disposed to Current Class B customers through Rate Rider is revised to a credit of $963,086 compared to the previous credit of $971,561**
* **The Global Adjustment Rate Rider for all Class B Non-Transition Customer Classes is revised to -$0.0074 per kWh compared to the previously filed Rate Rider of -$0.0073 per kWh**

**This change has also been reflected on the GA Analysis Workform as a revision to the “Net Change in Principal Balance in the GL”. The revised balance is a credit of $988,409 compared to the previously filed credit of $996,288. Reconciling item 4 has also been removed as it is no longer applicable.**

1. In booking expense journal entries for Charge Type 1142 (formerly 142), and Charge Type 148 from the IESO invoice, please confirm which of the following approaches is used:
2. Charge Type 1142 is booked into Account 1588. Charge Type 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589, respectively
3. Charge Type 148 is booked into Account 1589. The portion of Charge Type 1142 equalling RPP-HOEP for RPP consumption is booked into Account 1588. The portion of Charge Type 1142 equalling GA RPP is credited into Account 1589.
4. Another approach. Please explain this approach in detail.

**Response:**

**Welland Hydro can confirm that it uses method (b) above to record Charge Type 1142 (formerly 142), and Charge Type 148 from the IESO invoice.**

1. With regards to the Dec. 31, 2016 balance in Account 1589,
	1. Please indicate whether the following items that flow into the account are based on estimates/accruals or actuals at year end.

i. Revenues (i.e. is unbilled revenues trued up)

**Response:**

**Revenue is based on accruals and is not trued up in the current year. The unbilled journal entry reverses the following month and is replaced by actual billing amounts.**

ii. Expenses - GA non-RPP (Charge Type 148) with respect to the quantum dollar amount

**Response:**

**GA non-RPP (Charge Type 148) quantum dollar amount represents the actual amount for the entire year at year end.**

iii. Expenses - GA non-RPP (Charge Type 148) with respect to the RPP/non-RPP pro-ration percentages

**Response:**

**GA non-RPP (Charge Type 148) with respect to the RPP/non-RPP pro-ration percentages are based on actual at year end.**

* 1. If there are reconciling items #1a, 1b in the GA Analysis Workform or if there are any proposed adjustments to Account 1589 in the DVA Continuity Schedule for the true up impacts, please quantify the adjustment that relate to each of the items under ai to aiii.

**Response:**

**Welland Hydro does not have any reconciling items in #1a and #1b in the GA Analysis Workform.**

**Although Welland Hydro has not proposed any adjustments to Account 1589 in the DVA Continuity Schedule for the true up impacts, consideration should be given to moving the impact of item 2b to 2017 as the unbilled over stated Global Adjustments revenues in 2016 (ai). No adjustments are required for (aii) or (aiii).**