

Orangeville Hydro – Preliminary GA Questions

November 8, 2017

- 1) In Note 2 of the GA analysis work form, the Total Metered excluding WMP consumption (kWh) is in amount of 244,695,490 and the Total Non-RPP consumption is in amount of 124,366,197. However, in the RRR 2.1.5.4 filing, Orangeville Hydro reported Total Metered excluding WMP consumption in amount of 241,665,675 and Total Non-RPP (excluding WMP) in amount of 124,366,491. The consumption data in Note 2 should agree with the RRR filing.
 - a) Please reconcile the consumption data in Note 2 and RRR and make necessary updates.

Orangeville Hydro's Response

- a) We have reconciled the consumption data in Note 2 and RRR and have made the necessary updates to the GA analysis work form. Please find the revised work form attached.
- b) Please recalculate the TLF using data in the GA work form (cell F59/D26) and explain any significant differences (comparing to the approved TLF in the Tariff)

Orangeville Hydro's Response

- b) We have recalculated the TLF using data in the GA work form (cell F59/D26) and there are no significant differences (comparing to the approved TLF in the Tariff). The recalculated TLF is 1.048.
- 2) Please indicate which GA rate Orangeville Hydro uses for unbilled revenue. Does Orangeville Hydro use the same GA rate for unbilled purposes for each class?

Orangeville Hydro's Response

The GA rate Orangeville Hydro uses is the first estimate for unbilled revenue. Orangeville Hydro uses the same GA for unbilled purposes for each rate class.

- 3) When the billing cycles span more than one calendar/load month, how does Orangeville Hydro derive the \$GA for invoicing purposes?

Orangeville Hydro's Response

Orangeville Hydro derives at the \$GA for invoicing purposes by prorating the consumption over the \$GA rate change.

- 4) 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 approach is used:
- a) 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
 - b) Charge Type 148 is booked into Account 1589. The portion of Charge Type 1142 equaling RPP-HOEP for RPP consumption is booked into Account 1588. The portion of Charge Type 1142 equaling GA RPP is credited into Account 1589.
 - c) Another approach. Please explain this approach in detail.

Orangeville Hydro's Response

Orangeville Hydro uses approach a) 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.

- 5) With regards to the Dec. 31, 2016 balance in Account 1589, all components that flow into Account 1589 (i to iv in table below) should all be based on actuals at year end. Please complete the following table to a) indicate whether the component is based on estimates or actuals at year end and b) quantify the adjustment pertaining to each component that is trued up from estimate to actual

	Component	a) Estimate or Actual	Notes/Comments	b) Quantify True Up Adjustment
i	Revenues (i.e. is unbilled revenues trued up by year end)	Actuals		n/a
ii	Expenses - GA non-RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end)	Actuals		n/a

iii	Expenses - GA non-RPP: Charge Type 148 with respect and RPP/non-RPP pro-ration percentages if the approach under 1a is used	Estimate/Actual	Orangeville Hydro trues up monthly based on final GA rates. In December 2016 this process was not completed hence the reconciling item in note 5 1b. We are in the process of moving to calendar monthly billing to ensure more accurate reporting of our data	-\$68,409 see note 5 1b
iv	Credit of GA RPP: Charge Type 142 if the approach under IR 1b is used	n/a		n/a

- 6) In the GA Analysis Work form, reconciling item 1a is not applicable as it was accrued in the prior year. However, reconciling item 1b is applicable as December reconciliation receivable amount was posted in 2017. Please explain whether Orangeville Hydro’s process changed between 2016 and 2017. Otherwise, please explain why 1a would not be a reconciling item and 1b would be a reconciling item.

Orangeville Hydro’s Response

Our process did not change from 2016 and 2017. In 2015 the GA was trued up as part of our 2015 year end, hence there is no reconciling item in 1a. In 2016, due to an oversight, the GA was not trued up in fiscal 2016. This was caught subsequent to financial statements being issued, as we were working on the GA Analysis Work form.

- 7) On page 13 Orangeville Hydro’s application, it states:

The billed RPP and non-RPP including unbilled prior and current year consumption generated from the billing system is recorded monthly on a spreadsheet. The total billed volume is subtracted from the total charged volume including embedded generation to calculate the actual line loss factor. The monthly billed consumption is up-lifted or reduced by the loss factor difference and then multiplied by the monthly billed 1st estimate rate. The result is the dollar amount to remain in the variance. The total dollars billed to non-RPP customers and the total IESO claim amount which includes all true-ups of the 1st estimate to actual GA rate are subtracted to determine the payment to or the payment from the IESO.

- a) Where it states “the billed RPP and non-RPP consumption including unbilled prior and current year”, please explain whether unbilled prior year amounts are deducted from current year consumption. If not, please explain the reasoning for this.

Orangeville Hydro's Response

Orangeville Hydro's unbilled prior year amounts are deducted from current year consumption. The unbilled is a reversing journal entry.

- b) Where it states, "total billed volume is subtracted from the total charged volume...", please explain how this is a calculation of the actual line loss factor.

Orangeville Hydro's Response

We also include in the calculation of the actual line loss factor; long term load transfers, generation, unbilled from current year, and unbilled from previous years amounts.

- c) Where it states "the monthly billed consumption is up-lifted or reduced by the loss factor difference", please explain the calculation of the loss factor difference.
 - i. Please confirm that the loss factor difference is the difference between the approved and actual loss factor. If not, please explain how the loss factor difference is calculated.
 - ii. Please also explain why the monthly billed consumption is up-lifted by the loss factor difference and not the approved loss factor.

Orangeville Hydro's Response

- i. Orangeville Hydro may have been unclear in our explanation regarding the calculation of the loss factor difference. The monthly billed consumption is uplifted by the actual loss factor that was approved in our 2014 Cost of Service.
 - ii. The monthly billed consumption is up-lifted by the approved loss factor.
- d) Where it states "the result is the dollar amount to remain in the variance",
 - i. Please also explain what is the calculation of the variance.
 - ii. Please explain whether the variance is referring to Account 1588 or Account 1589.

Orangeville Hydro's Response

- i. The net difference between the energy amount billed to customers, including accruals and the energy charge from the IESO is recorded monthly in either 1588 for net differences in power, or in account 1589 for net difference in GA for non-RPP customers.
 - ii. The variance referring to Account 1588 or Account 1589 is as follows:
 - Account 1588 is the difference in power
 - Account 1589 is the difference in GA for non-RPP customers
- e) Where it states "The total dollars billed to non-RPP customers and the total IESO claim amount which includes all true-ups of the 1st estimate to actual GA rate are subtracted to determine the payment to or the payment from the IESO",

- i. The IESO claim should be the same as the IESO payment or recovery. Please explain how the total dollars billed to non-RPP and the total IESO claim amount would equal the payment to or from the IESO.
- ii. Please also explain why non-RPP dollars billed is used to calculate the RPP settlement calculation for RPP consumption.

Orangeville Hydro's Response

Could you please elaborate on question e) i. and e) ii?