**Tillsonburg Hydro Inc. - EB-2017-0076**

**GA Analysis Workform Preliminary Questions**

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 approach 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.

**Tillsonburg Hydro uses option a 3rd option. IESO charge type 142 and 1142 are charged to USoA 4705 (COP expense) and charge types 148 is prorated using the RPP / Non-RPP sales split into 4705 and 4707 (GA expense). 4705 and 4707 are then compared to the various revenue accounts and the difference is recorded in 1588 for COP and 1589 for GA expenses. This is closely aligned with option a) above, however, no expenses are directly booked into variance accounts.**

1. In regards to the Dec. 31 balance in Account 1589:
	1. For all components that flow into Account 1589 (see items i to iv in the table below), please complete the table below and indicate whether the items listed have been recorded based on estimates or actuals at year-end. Where an item has been recorded based on an estimate, quantify the adjustment required for to true 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)  | **Actual / Estimate** | **A full unbilled calculation is performed at year-end to move towards an “actual” value. Of course an unbilled calculation is just another estimate so the “actual” value is just an accepted “estimate”** | **unknown** |
| 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) | **Actual**  | **Actual Jan 1 to Dec 31 expenses from the IESO are used in our accounting.**  | **N/A** |
| Iii | Expenses - GA non-RPP: Charge Type 148 with respect and RPP/non-RPP pro-ration percentages | **Actual** | **The RPP / Non-RPP proration to place GA costs into 1588 or 1589 is the only potential area for “estimate”.****Actual values reported to the IESO are used to allocate the expenses.** | **N/A** |
| iv | Credit of GA RPP: Charge Type 142 if the approach under IR 1b is used |  | **N/A** |  |

1. All components of Account 1589 should be recorded based on actual prior to seeking disposition of the balance with the OEB. For any items in Account 1589 that are currently based on estimates, please update Note 5 of the GA Analysis Workform with the required adjustments to true-up to actual, and update the DVA continuity schedule such that these adjustments are reflected in the Account 1589 balance being sought for disposition (including adjustment 7 already disclosed in Note 5). Any required true-up adjustments should be recorded in the “Principal Adjustments” column of the DVA continuity schedule.

**Not applicable**

1. The starting point used by the applicant in cell D65 of Note 5 of the GA Analysis Workform should equal the balance in the “Transactions debit / (credit) during 2016” column of the DVA continuity schedule for Account 1589. Since the balance in the continuity schedule is a credit, this should be recognized in cell D65 by making the balance negative. Please update the GA Analysis Workform accordingly.

**See attached revised GA workform.**

1. In regards to adjustment 7 of Note 5 in the GA Analysis Workform, please provide details as to what this adjustment relates to. Please explain what the applicant was doing previously, why it was not correct, how the applicant quantified the impact of the error on the 2016 GA activity (also provide the calculation), and why the applicant is now sure that the updated process / methodology is appropriate. Please also confirm that the amount recorded as an adjustment only pertains to the impact on the GA transactions during 2016 (and not the cumulative impact including previous years already disposed).

**Through completion of the GA workform the first run through had a variance greater than 1% and required further investigation. In comparing the RPP / Non-RPP proration it was realized that the RPP portion (numerator) was metered (non-uplifted) and the AQEW (denominator) was based on billed (uplifted) kWh’s. This proration was not as accurate as it could have been.**

**THI revisited the 1588 / 1589 split for 2016 and 2017 (prior years were not adjusted as these variances had been dispositioned and would start down a path of retroactive rate making). For 2016 activity the AQEW was moved back to a non-uplifted value and generated a $215,000 adjustment. This difference would move $215,000 between 1588 and 1589 variance accounts and would not impact audited financial statements as variance accounts are rolled up on a net basis.**

**2017 has been corrected internally and 2016 values in RRR’s have not been adjusted.**

1. Please provide the actual system loss factor for 2016 and compare it to the OEB approved loss factor?  Please also provide the detailed calculation that quantifies the impact of this difference. Would this difference need to be presented as a reconciling item in Note 5 of the GA Analysis Workfrom?

**As reported in THI’s RRR total supply is 201,685,221 kWh and delivery of 195,592,255 kWh for total system losses of 6,092,966 kWh. Losses / Purchases = TLF = 3.02%.**

**Approve loss factor in rates = 3.33%**

**Difference between Actual 2016 losses and losses in rates is 0.31%. THI proposes this value to be immaterial and not required on the GA workform.**

1. Please provide the total GA amounts billed to non-RPP customers in 2016 as recorded in the applicant’s revenue G/L accounts for 2016.

**Total GA amounts billed to Non-RPP customers in 2016 (adjusted for unbilled revenue) was $11,796,319.68**

1. In Note 4 of the GA Analysis Workform, same Unbilled Loss Adjusted Consumptions were entered for previous month (Column G) and current month (Column H).
2. Please explain how Tillsonburg Hydro estimates the unbilled consumption for each month (i.e. 8,453,587 kWh).

**THI uses the assumption that unbilled values between the year-end processes are equal and off-setting. Full unbilled calculations are performed through the year-end process to ensure that external reporting is as accurate as possible.**

1. The calculated Total Loss Factor (TLF) using data in the GA Analysis Workform (cell F59/D26) is 1.0255, while the TLF in the Current Tariff Schedule is 1.0333.
2. Please explain the difference.

**Cell F59 is Non-RPP class B adjusted kWh and cell D26 is Non-RPP class B consumption. This is a subset of sales within THI and does not reflect the Total Loss Factor.**

**Questions 6 and the associated response uses the total supply and delivery values reported in RRR 2.1.5 and provides a 2016 experienced Loss Factor of 3.02%. This difference would be related to weather patterns (less losses with more moderate temperatures) and system improvements made from the time the 3.33% loss factor was approved.**