**Northern Ontario Wires Inc – EB-2017-0066**

1. In adjustment 6 of Note 5 in the GA Analysis Workform, the applicant has indicated that there was an update to the methodology that was used to split RPP and non-RPP consumption, resulting in an adjustment of 77,780 (debit).
   1. Please confirm that the previous methodology was based on system load and the new methodology uses billing consumption as the basis of the allocation

**NOW Inc. confirms that the previous methodology was based on system load and the new methodology uses billing consumption as the basis of the allocation.**

* 1. Should there not be a corresponding credit adjustment of 77,780 recorded for account 1588? If not, please explain why.

**NOW Inc. confirms that there is a corresponding credit adjustment of $77,780 recorded in account 1588. On the continuity schedule in the 2018 IRM Rate Generator Model, the adjustment can be found in the formula in cell BF28.**

* 1. As a result of the adjusted allocation, would there not have to be a settlement true up adjustment with the IESO? If so, has that been quantified and presented anywhere in Note 5 of the GA Analysis workform? If not, please quantify and include.

**There would not be a settlement true up adjustment with the IESO as a result of the adjustment allocation. The adjustment allocation is only impacting account 1588 and 1589 in regards to GA Expense allocation. The resulting change in allocation will impact the deferral and variance account balance at year along with the disposition amounts when approved by the OEB.**

**NOW Inc.’s settlement true up’s with the IESO pertain to the difference arising from using billing consumption for the period and the actual GA rate. This adjusts the balance from the amount billed (1st estimate) and consumption reported to the IESO.**

**As the adjustment of $77,780 pertains to GA Expense rather than GA Billing, it does not impact the IESO true-up process. The $77,780 adjustment that does impact 1589 is already included in Note 5 adjustment (item 6), this is also reflected in the 2016 DVA balance requested for disposition. The unresolved difference is 0.1% and appears reasonable with the $77,780 adjustment and no settlement true up adjustment.**

* 1. Please confirm that a debit adjustment to account 1589 means that the revised allocation used has increased the percentage of the IESO GA Expense invoice that is allocated to account 1589 (i.e. GA non-RPP) compared to what was allocated under the previous methodology.

**NOW Inc. confirms that the revised allocation has increased the percentage of the IESO GA Expense invoice that is allocated to account 1589 (i.e. GA non-RPP) compared to the allocation under the previous methodology.**

1. The applicant responded to question 3 by stating that the RPP settlement true up only impacts account 1588. Given that IESO charge type 148 is prorated between accounts 1588 and 1589, doesn’t the RPP settlement process directly impact account 1589 as a result of this proration? Please explain why that wouldn’t be the case.

**The response to question 3 stating that the RPP settlement true up only impacts account 1588 is still accurate for NOW Inc.**

**Charge type 148 is prorated between accounts 1588 and 1589, however the RPP settlement process does not impact account 1589 as a result of the proration because the RPP settlement true up process adjusts shifts the billing consumption to the proper period at the actual GA rate. This results in the true up from the original IESO reporting that uses the previous months consumption and the GA 1st estimate. The settlement true up relates to NOW Inc.’s billing processes and not the amounts charged by the IESO for GA and the associated split.**

**The proration of charge type 148 between accounts 1588 and 1589 is accounted for in the year end balances in the accounts and is cleared through the DVA dispositions rather than the settlement true up process.**