



# 2018 IRM Application

## Responses to Staff Questions

EB-2017-0033

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## ATTACHMENTS

- A. 2018 IRM Rate Generator Model
- B. 2016 GA Analysis Workform

**QUESTION: 1**

**Reference: Manager’s Summary, page 11 of 22, Tab 3 “Continuity Schedule”**

A portion of Tab 3 “Continuity Schedule” is reproduced below.

|  |                | 2016  |   |                                      |  |  |
|--|----------------|---|---|--------------------------------------|--|--|
| Account Descriptions   | Account Number | Opening Principal Amounts as of Jan 1, 2016 | Transactions Debit / (Credit) during 2016 | OEB-Approved Disposition during 2016 | Principal Adjustments <sup>1</sup> during 2016 | Closing Principal Balance as of Dec 31, 2016 |
| <b>Group 1 Accounts</b>  |                |   |   |                                      |  |  |
| LV Variance Account  | 1500           | 1,778,058                                   | 672,857                                   | 318,174                              |  | 2,132,740                                    |
| Smart Metering Entity Charge Variance Account  | 1551           | (5,713)                                     | (2,037)                                   | (3,201)                              |  | (4,549)                                      |
| RSVA - Wholesale Market Service Charge <sup>2</sup>  | 1500           | (2,066,590)                                 | (833,187)                                 | (60,007)                             |  | (2,971,777)                                  |
| Variance WMS – Sub-account CBH Class A <sup>3</sup>  | 1580           | 11,229                                      | (11,229)                                  |                                      |  | 0  |
| Variance WMS – Sub-account CBR Class B <sup>1</sup>  | 1580           | 242,731                                     | 31,423                                    |                                      |  | 274,155                                      |
| RSVA - Retail Transmission Network Charge  | 1504           | (341,804)                                   | (44,960)                                  | 25,956                               |  | (412,720)                                    |
| RSVA - Retail Transmission Connection Charge   | 1588           | 488,848                                     | (72,941)                                  | 677,059                              |  | (211,152)                                    |
| RSVA - Power <sup>4</sup>  | 1588           | 223,303                                     | 649,546                                   | 378,537                              |  | 494,311                                      |
| RSVA - Global Adjustment <sup>1</sup>  | 1509           | 1,175,631                                   | 990,571                                   | 1,761,560                            |  | 412,642                                      |
| Disposition and Recovery/Refund of Regulatory Balances (2009) <sup>3</sup>                               | 1595           | 0   |   |                                      |  | 0  |
| Disposition and Recovery/Refund of Regulatory Balances (2010) <sup>3</sup>                               | 1595           | 0   |   |                                      |  | 0  |
| Disposition and Recovery/Refund of Regulatory Balances (2011) <sup>3</sup>                               | 1595           | 4,902                                       |   |                                      |  | 4,902  |
| Disposition and Recovery/Refund of Regulatory Balances (2012) <sup>3</sup>                               | 1595           | (0)   |   |                                      |  | (0)  |
| Disposition and Recovery/Refund of Regulatory Balances (2013) <sup>3</sup>                               | 1595           | (61,132)                                    | (25,253)                                  | (115,034)                            |  | 29,239                                       |
| Disposition and Recovery/Refund of Regulatory Balances (2014) <sup>3</sup>                               | 1595           | (7,072)                                     | (822)                                     |                                      | 822  | (7,072)                                      |
| Disposition and Recovery/Refund of Regulatory Balances (2015) <sup>3</sup>                               | 1595           | 695,318                                     | (666,207)                                 |                                      | (6,147)  | 22,964                                       |
| Disposition and Recovery/Refund of Regulatory Balances (2016) <sup>3</sup>                               | 1595           |   |   |                                      |  |  |
| <i>Not to be disposed of until a year after rate rider has expired and that balance has been audited</i> | 1595           | 0   | (2,658,547)                               | (4,003,983)                          |  | 1,345,617                                    |

In its Manager’s Summary, page 11 of 22, Entegrus Powerlines stated that “the second adjustment for \$6,147 is reducing the balance of the 2015 balances for purpose of segregating the rate rider balances that expired in April 2017 and therefore were not eligible for residual balance disposition of December 31, 2016.”

- Please provide a more detailed explanation of the \$6,147 adjustment Tab 3 DVA Continuity Schedule including why it is reducing the balance of the 2016 balances as described above.
- Please provide explanation the amount of \$822 shown in account 1595 (2014) of Tab 3 DVA Continuity Schedule under “Principal Adjustments during 2016”.

## Response

- a) In its 2015 IRM Application, Entegrus was approved to dispose of Group One DVA balances for all four of its rate zones that existed at that time. The balances for the CK, SMP and Dutton rate zones were disposed of over 12 months, whereas the balances related to the Newbury rate zone was disposed of over 24 months.

Since the CK, SMP and Dutton rate riders expired in 2016, the residual balances are eligible for disposition in this Application. The adjustment in Tab 3 of the Rate Generator Model of \$6,147 relates to the outstanding balances for the Newbury rate zone that continued until April 30, 2017 and accordingly will be requested for disposition in Entegrus' 2019 IRM Application.

Please see Table 1 below for further details.

**TABLE 1: RATE RIDER RECONCILIATION**

| Line No.  | Description   | OEB Reference | Duration  | Expiration | Balance at Dec31/16 |
|-----------|---|---------------|-----------|------------|---------------------|
| <b>1</b>  | <b>Expired Rate Riders:</b>                             |               |           |            |                     |
| 2         | 2015 IRM Group One Disposition for CK Rate Zone         | EB-2014-0064  | 12 Months | 30-Apr-16  | \$5,609             |
| 3         | 2015 IRM Non- RPP Disposition for CK Rate Zone          | EB-2014-0064  | 12 Months | 30-Apr-16  | \$18,979            |
| 4         | 2015 IRM Group One Special Disposition for CK Rate Zone | EB-2014-0064  | 12 Months | 30-Apr-16  | -\$6,194            |
| 5         | 2015 IRM Group One Disposition for SMP Rate Zone        | EB-2014-0064  | 12 Months | 30-Apr-16  | \$9,762             |
| 6         | 2015 IRM Non- RPP Disposition for SMP Rate Zone         | EB-2014-0064  | 12 Months | 30-Apr-16  | -\$5,850            |
| 7         | 2015 IRM Group One Disposition for Dutton Rate Zone     | EB-2014-0064  | 12 Months | 30-Apr-16  | \$551               |
| 8         | 2015 IRM Non- RPP Disposition for Dutton Rate Zone      | EB-2014-0064  | 12 Months | 30-Apr-16  | \$106               |
| <b>9</b>  | <b>Subtotal</b>   |               |           |            | <b>\$22,964</b>     |
| <b>10</b> | <b>Outstanding Rate Riders:</b>                         |               |           |            |                     |
| 11        | 2015 IRM Group One Disposition for Newbury Rate Zone    | EB-2014-0064  | 24 Months | 30-Apr-17  | \$6,372             |
| 12        | 2015 IRM Non- RPP Disposition for Newbury Rate Zone     | EB-2014-0064  | 24 Months | 30-Apr-17  | -\$225              |
| <b>13</b> | <b>Subtotal Amount Outstanding</b>                      |               |           |            | <b>\$6,147</b>      |
| <b>14</b> | <b>Grand Total</b>                                      |               |           |            | <b>\$29,111</b>     |

- b) In Entegrus' 2017 IRM Application (EB-2016-00163), approval was received for disposition of 2014 residual balances for a total credit of \$7,073. However, in 2016 an additional amount of \$822 was recorded due to historic bill adjustments (recorded in Column BD of Tab 3). Consistent with past practice, since 2014 residual balances have been disposed of and approved on a final basis, Entegrus is not seeking disposition of this amount (recorded in Column BF of Tab 3).

**QUESTION: 2**

**Reference: IRM Model – Tab 3 Continuity Schedule**

A portion of Sheet 3 “Continuity Schedule” is reproduced below.

|  |                | 2017  |  |  |
|--|----------------|---|--|--|
| Account Descriptions   | Account Number | Principal Disposition during 2017 - instructed by OEB | Interest Disposition during 2017 - instructed by OEB | Closing Principal Balances as of Dec. 31, 2016 adjusted for Dispositions during 2017 |
| <b>Group 1 Accounts</b>  |                |   |  |  |
| LV Variance Account  | 1550           | 1,450,884   | 16,059   | 672,857  |
| Smart Metering Entity Charge Variance Account  | 1551           | (2,512)   | (20)   | (2,037)  |
| RSVA - Wholesale Market Service Charge <sup>3</sup>  | 1580           | (2,008,590)   | (22,094)   | (803,167)  |
| Variance WMS – Sub-account CBR Class A <sup>5</sup>  | 1580           |   |  | 0  |
| Variance WMS – Sub-account CBR Class B <sup>5</sup>  | 1580           | 242,73  | 2,670  | 31,423   |
| RSVA - Retail Transmission Network Charge  | 1584           | (367,759)   | (1,046)  | (41,900)   |
| RSVA - Retail Transmission Connection Charge   | 1586           | (188,211)   | (2,070)  | (22,941)   |
| RSVA - Power <sup>1</sup>  | 1588           | (155,234)   | (1,706)  | 649,546  |
| RSVA - Global Adjustment <sup>4</sup>  | 1589           | (585,729)   | (1,143)  | 986,671  |
| Disposition and Recovery/Refund of Regulatory Balances (2009) <sup>3</sup>                                 | 1595           |   |  | 0  |
| Disposition and Recovery/Refund of Regulatory Balances (2010) <sup>3</sup>                                 | 1595           |   |  | 0  |
| Disposition and Recovery/Refund of Regulatory Balances (2011) <sup>3</sup>                                 | 1595           | 4,902   |  | 0  |
| Disposition and Recovery/Refund of Regulatory Balances (2012) <sup>3</sup>                                 | 1595           |   |  | (0)  |
| Disposition and Recovery/Refund of Regulatory Balances (2013) <sup>3</sup>                                 | 1595           |   |  | 26,239   |
| Disposition and Recovery/Refund of Regulatory Balances (2014) <sup>3</sup>                                 | 1595           | (7,072)   |  | 0  |
| Disposition and Recovery/Refund of Regulatory Balances (2015) <sup>3</sup>                                 | 1595           |   |  | 22,954   |
| Disposition and Recovery/Refund of Regulatory Balances (2016) <sup>3</sup>                                 | 1595           |   |  |  |
| <i>Not to be disposed of until a year after rate rider has expired and that balance has been surbilled</i> | 1595           |   |  | 1,345,617  |

The table from Entegrus Powerlines’ 2017 IRM Decision (EB-2016-0063), page 9) which identified the principal and interest amounts approved for disposition, is reproduced below.

| Account Name   | Account Number | Principal Balance (\$) A | Interest Balance (\$) B | Total Claim (\$) C=A+B |
|--|----------------|--------------------------|-------------------------|------------------------|
| LV Variance Account                                    | 1550           | 1,459,884                | 16,482                  | 1,476,365              |
| Smart Meter Entity Variance Charge                     | 1551           | (2,512)                  | (784)                   | (3,296)                |
| RSVA - Wholesale Market Service Charge                 | 1580           | (2,008,590)              | (16,238)                | (2,024,829)            |
| Variance WMS - Sub-account CBR Class B                 | 1580           | 242,731                  | 4,365                   | 247,097                |
| RSVA - Retail Transmission Network Charge              | 1584           | (367,759)                | (10,937)                | (378,697)              |
| RSVA - Retail Transmission Connection Charge           | 1586           | (188,211)                | (20,980)                | (209,191)              |
| RSVA - Power   | 1588           | (155,234)                | (11,277)                | (166,511)              |
| RSVA - Global Adjustment                               | 1589           | (585,729)                | (19,170)                | (604,899)              |
| Disposition and Recovery of Regulatory Balances (2011) | 1595           | 4,902                    | 72                      | 4,974                  |
| Disposition and Recovery of Regulatory Balances (2014) | 1595           | (7,072)                  | (104)                   | (7,176)                |

- a) OEB staff notes that the “Interest Disposition during 2017 – instructed by OEB” does not reconcile with the “Interest Balance” in the 2017 IRM Decision.

Please reconcile differences. If the input into the Rate Generator Model is an error please provide corrections and OEB staff will make the necessary changes to the model.

## Response

- a) The 2017 IRM (EB-2016-0063) approved interest for disposition is comprised of 3 interest calculations:
- i. Interest accumulated and recorded in the general ledger to December 31, 2015,
  - ii. Interest calculated for January 1 to December 31, 2016 and subsequently recorded in the general ledger in 2016, and
  - iii. Interest calculated for January 1 to April 30, 2017 and subsequently recorded in the general ledger in 2017.

Table 2 below shows the value of each of these interest calculations as reproduced from Tab 3 of the 2017 IRM Rate Generator Model and reconciling to Page 9 of the 2017 IRM Decision (EB-2016-0063).

**TABLE 2: 2017 IRM INTEREST CALCULATION**

| Line No. | Description   | General Ledger Interest to Dec31/15 | Calculated Interest Jan01/16 to 31Dec16 | Subtotal Interest to Dec31/16 | Calculated Interest Jan01/17 to Apr30/17 | Total Approved Interest |
|----------|---|-------------------------------------|---|-------------------------------|--|-------------------------|
|          |   | A                                   | B                                       | C = A + B                     | D  | E = C + D               |
| 1        | Source: 2017 IRM Rate Generator Model                         | Tab 3, Col BP                       | Tab 3, Col BQ                           |                               | Tab 3, Col BR                            | Tab 3, Col BS           |
| 2        | LV Variance Account   | -\$4,930                            | \$16,059                                | \$11,129                      | \$5,353                                  | \$16,482                |
| 3        | Smart Metering Entity Charge Variance Account                 | -\$747                              | -\$28                                   | -\$775                        | -\$9                                     | -\$784                  |
| 4        | RSVA - Wholesale Market Service Charge                        | \$13,221                            | -\$22,094                               | -\$8,873                      | -\$7,365                                 | -\$16,238               |
| 5        | Variance WMS – Sub-account CBR Class B                        | \$805                               | \$2,670                                 | \$3,475                       | \$890                                    | \$4,365                 |
| 6        | RSVA - Retail Transmission Network Charge                     | -\$5,544                            | -\$4,045                                | -\$9,589                      | -\$1,348                                 | -\$10,937               |
| 7        | RSVA - Retail Transmission Connection Charge                  | -\$18,220                           | -\$2,070                                | -\$20,290                     | -\$690                                   | -\$20,980               |
| 8        | RSVA - Power  | -\$9,000                            | -\$1,708                                | -\$10,708                     | -\$569                                   | -\$11,277               |
| 9        | RSVA - Global Adjustment                                      | -\$10,580                           | -\$6,443                                | -\$17,023                     | -\$2,148                                 | -\$19,171               |
| 10       | Disposition and Recovery/Refund of Regulatory Balances (2011) |                                     | \$54                                    | \$54                          | \$18                                     | \$72                    |
| 11       | Disposition and Recovery/Refund of Regulatory Balances (2014) |                                     | -\$78                                   | -\$78                         | -\$26                                    | -\$104                  |
| 12       | <b>Grand Total</b>  | <b>-\$34,995</b>                    | <b>-\$17,683</b>                        | <b>-\$52,678</b>              | <b>-\$5,894</b>                          | <b>-\$58,572</b>        |

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The calculation in the 2018 IRM Rate Generator Model takes the interest recorded in the general ledger at the end of 2016 (Column BL) and reduces it by the interest approved in the latest IRM decision (Column BN). However, consistent with its accounting policy, Entegrus did not book the 2017 interest previously approved, as reflected in Column D of Table 2, until the 2017 calendar year in which it was incurred. If the full amount of approved interest (Column E of Table 2 above) is included in Column BN of the 2018 Rate Generator Model, it will inherently reduce the interest by an amount not yet reflected in the general ledger but which will be truly incurred by April 30 of the following year. This will result in the interest disposition being lower than it should be, and results in further and perpetual one year lag in the disposition of January to April interest.

Upon reconciling, Entegrus notes the amount that should have been included in the Tab 3, Column BN of the 2018 IRM Rate Generator Model is Column C of Table 2 above. Entegrus has updated the 2018 Rate Generator Model accordingly.



### QUESTION: 3

**Reference**      **GA Analysis Workform – Reconciliation items 1a and 1b**

**2018 Rate Generator Model – Tab 3 Continuity Schedule**

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:

- 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<sup>1</sup>.
- b) Charge Type 1142 is booked into Account 1588. In relation to Charge Type 148, the non-RPP quantities multiplied by the GA rate is booked to account 1589 and the remainder of Charge Type 148 is booked to account 1588.
- c) 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.
- d) If another approach is used, please explain in detail.

### Response

Entegrus used approach (c) noted above for booking expense journal entries for IESO Charge Type 1142 and IESO Charge Type 148.

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<sup>1</sup> Note, the following in all references in OEB Staff questions relating to amounts booked to accounts 1588 and 1589. Amounts are not booked directly to accounts USoA 1588 and 1589 relating to power purchase and sale transactions, but are rather booked to the cost of power USoA 4705 Power Purchased/4707 Charges - Global Adjustment and the respective Energy Sales USoA accounts, respectively. However, accounts 1588 and 1589 are impacted the same way as accounts 4705/4707 are for cost of power transactions, and the same way as the Energy Sales accounts are for revenue transactions.

**QUESTION: 4**

**Reference GA Analysis Workform – Reconciliation items 1a and 1b**

**2018 Rate Generator Model – Tab 3 Continuity Schedule**

With regards to the amount being requested for disposition of USoA 1589 account balance as at Dec. 31, 2016, all components that flow into Account 1589 (i to iv in table below) should be based on actuals in the 2018 Rate Generator Model – Tab 3 Continuity. Please complete the following table to:

- a) Indicate whether each of the components are based on estimates or actuals at year end, and
- b) Quantify the adjustment amount pertaining to each component that is trued-up from estimate to actual.

|     | <b>Component</b>   | <b>Estimate or Actual</b> | <b>Notes/Comments</b> | <b>Quantify True Up Adjustment \$ Amount</b> |
|-----|--|---------------------------|-----------------------|--|
| i   | Revenue (i.e. is an unbilled revenue true-up adjustment reflected in the balances being requested for disposition?)                  |                           |                       |  |
| 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) |                           |                       |  |
| iii | Expenses - GA non-RPP: Charge Type 148 with respect to the RPP/non-RPP kWh volume proportions.                                       |                           |                       |  |

|    |   |  |  |  |
|----|---|--|--|--|
| iv | Credit of GA RPP: Charge Type 142 if the approach under Staff Question 1c is used |  |  |  |
|----|---|--|--|--|

- c) For each item in the table above, please confirm that the GA Analysis Workform for 2016 and the 2018 Rate Generator Model Tab 3 Continuity Schedule for 2016 have been adjusted for settlement true-ups where settlement was originally based on estimate and trued up to actuals subsequent to 2016.

## Response

Entegrus has completed the table as requested below.

**TABLE 3: GLOBAL ADJUSTMENT DETAILS**

| Component    |  | Estimate or Actual | Notes   | Quantify True Up Adjustment \$ |
|--------------|--|--------------------|---|--------------------------------|
| i.           | Revenue (i.e. is an unbilled revenue true-up adjustment reflected in the balances being requested for disposition?)                  | Estimate           | Not previously reported in the GA Workform or the Rate Generator Model.   | \$5,791                        |
| 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             | IESO expense was reported as actual.  | \$0                            |
|              |  | Estimate           | HONI expenses were reported at the 1st GA Rate. Previously reported in GA Workform Line 2b. Not included in Rate Generator Model. | -\$37,134                      |
| iii.         | Expenses - GA non-RPP: Charge Type 148 with respect to the RPP/non-RPP kWh volume proportions.                                       | Actual             |   | \$0                            |
| iv.          | Credit of GA RPP: Charge Type 142 if the approach under Staff Question 1c is used  | Actual             |   | \$0                            |
| v.           | Long Term Load Transfer  | Estimate           | Previously reported in GA Workform Line 3b, Not originally included in Rate Generator Model.                                      | -\$85,762                      |
| <b>Total</b> |  |                    |   | <b>-\$117,104</b>              |

The adjustment reflected on Line (i) of Table 3 was advertently missed on the original input of the GA Analysis Workform. Entegrus has updated Note 5, Line 2b of the attached GA Analysis Workform accordingly.

Entegrus has split Line (ii) of Table 3 to reflect the purchases from IESO and Hydro One Networks Inc. (“HONI”) respectively. The true up credit of \$37,134 was previously reported in Note 5, Line 2b of the GA Analysis Workform. The amount has been moved to Note 5, Line 8 in the attached GA Analysis Workform.

Entegrus has also added Line (v) to reflect true up adjustments related to Long Term Load Transfer arrangements.

The above noted true up amounts were not reflected in the 2018 IRM Rate Generator Model. Entegrus has updated the 2018 IRM Rate Generator Model, Tab 3, Cell BF29 to reflect a credit of \$117,104 to align the proposed disposition with actual known results.

**QUESTION: 5**

**Reference 2018 Rate Generator Model – Tab 3 Continuity Schedule**

With regards to the amount being requested for disposition of USoA 1588 account balance as at Dec. 31, 2016, all components that flow into Account 1588 (i to iv in table below) should be all 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

|     | <b>Component</b>   | <b>Estimate or Actual?</b> | <b>Notes/Comments</b> | <b>Quantify True Up Adjustment \$ Amount</b> |
|-----|--|----------------------------|-----------------------|--|
| i   | Revenues (i.e. is an unbilled revenue true-up adjustment reflected in the balances being requested for disposition?)             |                            |                       |  |
| ii  | Expenses – Commodity: Charge Type 101 (i.e. is expense based on IESO invoice at year end)  |                            |                       |  |
| ijj | Expenses - GA RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end) |                            |                       |  |
| iv  | Expenses - GA RPP: Charge Type 148 with respect to the RPP/non-RPP kWh volume proportions.                                       |                            |                       |  |
| v   | RPP Settlement: Charge Type 142 including any data used for determining the RPP/HOEP/RPP GA components of the charge type        |                            |                       |  |

- c) For each item in the table above, please confirm that the 2018 Rate Generator Model Tab 3 Continuity Schedule for 2016 have been adjusted for settlement true-ups where settlement was originally based on estimate and trued up to actuals subsequent to 2016.

## Response

Entegrus has completed the table as requested below.

**TABLE 4: COMMODITY ACCOUNT DETAILS**

| Component    |  | Estimate or Actual | Notes   | Quantify True Up Adjustment \$ Amount |
|--------------|--|--------------------|---|---------------------------------------|
| i.           | Revenue (i.e. is an unbilled revenue true-up adjustment reflected in the balances being requested for disposition?)              | Estimate           |   | -\$2,427                              |
| ii.          | Expenses – Commodity: Charge Type 101 (i.e. is expense based on IESO invoice at year end)  | Actual             | IESO expense was reported as actual.  | \$0                                   |
|              |  | Estimate           | HONI expenses were reported on estimate basis and true up occurred in 2017. | \$154                                 |
| iii.         | Expenses - GA RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end) | Actual             |   | \$0                                   |
| iv.          | Expenses - GA RPP: Charge Type 148 with respect to the RPP/non-RPP kWh volume proportions.                                       | Actual             |   | \$0                                   |
| v.           | RPP Settlement: Charge Type 142 including any data used for determining the RPP/HOEP/RPP GA components of the charge type        | Actual             |   | \$0                                   |
| vi.          | Long Term Load Transfer  | Estimate           |   | -\$16,030                             |
| <b>Total</b> |  |                    |   | <b>-\$18,303</b>                      |

Entegrus has split Line (ii) of Table 4 to reflect the purchases from IESO and Hydro One Networks Inc. (“HONI”) respectively.

Entegrus has also added Line (v) to reflect true up adjustments related to Long Term Load Transfer arrangements.

The above noted true up amounts were not reflected in the 2018 IRM Rate Generator Model. Entegrus has updated the 2018 IRM Rate Generator Model, Tab 3, Cell BF28 to reflect a credit of \$18,303 to align the proposed disposition with actual known results.

## QUESTION: 6

### Reference      Reconciliation Items for 2a and 2b

In the GA Analysis Workform, under note 5, for reconciling items 2a and 2b, please indicate the total amount of the accrued/estimated unbilled revenue and the total amount of the actual billed revenue associated with this accrual.

## Response

Please see Table 5 below for details.

**TABLE 5: SALES TRUE UP DETAILS**

| Line No. | Description                  | Amount          |
|----------|------------------------------|-----------------|
| <b>1</b> | <b>Item 2a</b>               |                 |
| 2        | December 2015 Sales Estimate | \$5,035,181     |
| 3        | December 2015 Actual Sales   | \$5,130,118     |
| <b>4</b> | <b>True Up</b>               | <b>\$94,937</b> |
| <b>5</b> | <b>Item 2b</b>               |                 |
| 6        | December 2016 Sales Estimate | \$489,109       |
| 7        | December 2016 Actual Sales   | \$483,318       |
| <b>8</b> | <b>True Up</b>               | <b>\$5,791</b>  |

Please note the significant difference in year-over-year true up is due to process changes that occurred in early 2017 for the 2016 year-end balances. In February 2017, an additional general ledger entry was completed prior to the close of the 2016 year-end to true up all year to date billed December consumption to actual. The remaining unbilled estimate of \$489k represents the 2016 estimated consumption to be billed in the first portion of February 2017.

**QUESTION: 7**

**Reference      Reconciliation Items for Long Term Load Transfers items 3a and 3b**

1. In the GA Analysis Workform, under note 5, for reconciling items 3a and 3b, please indicate whether the forecasted LTLT amounts in both 3a and 3b are revenue or expense items.
2. Please confirm the positive/negative sign of the dollar amounts in 3a and 3b. Should they both be negative or should one be a positive? Please confirm and revise if necessary.

**Response**

1. As noted in these line items of the GA Analysis Workform, Entegrus does not booked estimates for long term load transfers. The amount reported on 3a relates to 2015 LTLT activity reported in the 2016 general ledger balances and the amount reported on line 3b relates to 2016 LTLT activity reported in the 2017 general ledger balances. The following table provides details of the revenue and expense items.

**TABLE 6: LONG TERM LOAD TRANSFER DETAILS**

| Line Reference | Description                               | LTLT Revenue | LTLT Expense | Net Amount       |
|----------------|---|--------------|--------------|------------------|
| 3a             | 2015 LTLT Activity in 2016 General Ledger | -\$100,861   | \$33,695     | <b>-\$67,166</b> |
| 3b             | 2016 LTLT Activity in 2017 General Ledger | -\$124,461   | \$38,699     | <b>-\$85,762</b> |

2. The amount reported in Note 5, Line 3a should have been entered as a positive. Entegrus has updated the GA Analysis Workform accordingly. Entegrus confirms that negative sign in Note 5, Line 3b is correct.



## MODEL UPDATES

1. Noted.
2. Consistent with the letter submitted by Entegrus on December 20, 2017, Entegrus has removed the LRAMVA disposition request (Account 1568) from its 2018 IRM Rate Generator. Specifically, Entegrus has removed the amounts from Tab 3, Line 43 and Tab 4, Column S of the 2018 Rate Generator Model.