

Niagara-On-The-Lake Hydro Inc. (EB-2017-0064)
Preliminary Questions
GA Analysis Workform

- 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:
- 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 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.
 - c) Another approach. Please explain this approach in detail.

NOTL Hydro uses approach b - Charge Type 148 is booked into Account 4707 Charges Global Adjustment. The portion of Charge Type 1142 equalling RPP-HOEP for RPP consumption is booked into Account 4705 Power Purchased. The portion of Charge Type 1142 equalling GA RPP is credited into Account 4707.

- 2) In regards to the Dec. 31 balance in Account 1589:

- a) 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)	Estimate	Please see item #3 in response to question #4	\$231,901
ii	Expenses - GA non-RPP: Charge Type 148 with respect to the	Actual	Total expense is based on the actual invoiced amounts from the IESO	

	quantum dollar amount (i.e. is expense based on IESO invoice at year end)			
iii	Expenses - GA non-RPP: Charge Type 148 with respect and RPP/non-RPP pro-ratio percentages	Actual	This amount is included in the year-end true up.	
iv	Credit of GA RPP: Charge Type 142 if the approach under IR 1b is used	Actual	This amount is included in the year-end true up.	

b) All components of Account 1589, as listed in the table above, should be recorded based on actual. In completing Note 5 of the GA Analysis Workform, the applicant had identified a number of reconciling items that impact that ending GA balance sought for disposition. Please update the DVA continuity schedule such that these required adjustments are reflected in the Account 1589 balance being sought for disposition.

The adjustments included in note 5 are required to explain the change in account 1589 during 2016. Some of the amounts in note 5 are not required to be adjustments for disposition purposes.

All adjustments that are required are included in the \$360,958 referred to in question 4. The amounts that are not included in the adjustment from note 5 are as follows:

2a – This amount was included in the year-end balance in 2015 that was approved for disposition. In 2016, the unbilled revenue accrual was reversed and actual revenues were recorded based on billed amounts. This difference is owed by customers and therefore should not be adjusted in the DVA continuity worksheet.

6 – this difference should be recovered from rate base and therefore is not adjusted.

7 – this amount is included in cell BE29 in the continuity schedule

- 3) Item 3) in the instructions tab of the GA Analysis Workform requires the applicant to provide certain information to be populated in Note 3 of the GA Analysis Workform. Please provide a narrative in the text box that addresses all requirements listed in 3).

3-1) All customers are billed on actual GA effective January 1st, 2016. Unbilled revenues are estimated based on the previous month's actual GA rate as the actual rate for the current month is not available at the time.

3-2) GA is billed on actual. NOTL Hydro bills on calendar month. For instances where the bill spans more than one month the GA billing rate is prorated based on the number of days. i.e. if a bill was for 34 days, 3 days in month 1 and 31 days in month 2 the calculation would be $\frac{3}{34} \times \text{total consumption} \times \text{month 1 GA rate} + \frac{31}{34} \times \text{total consumption} \times \text{month 2 GA rate}$. The GA rate is applied consistently for all rate classes. All rate classes are billed on the actual GA rate and unbilled is accrued based on the previous month's actual GA rate.

3-3) n/a

- 4) Please provide a breakdown of what makes up the \$360,958 that is being recorded in the "Principal Adjustments in 2016" column in the DVA continuity schedule for Account 1589. Please explain each component and why this adjustment was necessary. How does this balance reconcile to the reconciling items recorded in Note 5 of the GA Analysis Workform (if at all)?

Principal Adjustment of \$360,958 consist of the following:

Item #	Item	Amount	GA Workform Note 5 Reference
1	IESO Notice of Disagreement	(\$125,030)	
2	Legal Fees - IESO Notice of Disagreement	(\$5,042)	
	Total IESO Notice of Disagreement	(\$130,072)	8
3	Add current year end unbilled to actual revenue differences	\$231,901	2b
4	IESO Load vs. Actual Consumption (loss factor)	\$157,558	10
5	July Consumption Billed at June GA Rate	\$72,100	11
6	Generation Estimates	\$35,661	9
7	Unknown	(\$6,190)	Note 6
	Principal Adjustments in 2016	\$360,958	

Explanation by Item:

- 1) The principal adjustments for 2016 assumes IESO acceptance of NOTL Hydro's position that the March 2016 metering data on which the IESO invoice was based was incorrect and resulted in a total invoice (excluding HST) which is estimated to be \$139,807 (\$125,030 relating to account 1589) higher than it should have been for March 2016. Details were provided in the Notice of Dispute ("NOD") document that was filed as part of NOTL Hydro's 2017 IRM (EB-2016-0095)
- 2) Some Legal fees related to the NOD with the IESO were posted to account 1589
- 3) Add current year-end unbilled to actual revenue differences: \$231,901. The calculation of monthly GA revenue is as follows:

- GA Revenue = (reversal of prior month unbilled revenue) + revenue billed in the current month + unbilled revenue as of the end of the current month

December 2016 unbilled revenue estimates were \$231,901 higher than the actual amount that was billed in 2017 that related to 2016 consumption. December 2016 GA revenue was therefore overstated by \$231,901 resulting in a debit to GA revenue and an offsetting credit to account 1589. This amount will be corrected in 2017 when the unbilled revenue accrual is reversed and actual billed revenue is recorded in the GL.

- 4) The difference between the actual load and the actual amount billed to customers for the GA i.e. the difference between the OEB Lost Factor and the actual Loss Factor.
 - 5) Some customers were incorrectly billed the June GA rate of \$.09545 on their July consumption. The correct rate for July consumption was \$.08306. This resulted in an increase in revenue of \$72,100 and an additional credit to account 1589 for the same amount. This was corrected in August 2017 and the proper amounts were returned to the impacted customers.
 - 6) Monthly generation numbers reported as part of NOTL Hydro's monthly 1598 submissions during 2016 were based on estimates. This was due to the timing of the availability of generation data. NOTL Hydro has taken steps to improve the timeliness of the required data and began reporting based on actual monthly generation numbers in July 2017.
 - 7) Unexplained variance from Note 6 of the GA Workform
- 5) For reconciling item #8 in Note 5 of the GA Analysis Workform, why does the balance presented include legal fees? Legal fees are not recorded in Account 1589. Subsequent to our application legal fees were removed from account 1589. NOTL Hydro intends to recover these costs from a 3rd party once the IESO dispute is settled.
- a) Also please confirm that the dispute with the IESO is still unresolved and therefore no actual adjustment related to this dispute has actually been recorded in the GL for Account 1589.
The dispute is still unresolved.
 - b) When is this dispute expected to be resolved?
Q1 of 2018 with the IESO, however there may still be some issue outstanding with other parties.
 - c) Is the applicant seeking interim disposition of its Group 1 DVA balances pending the resolution of this issue is resolved, please explain.
NOTL Hydro is seeking to dispose of the amounts (adjusted for the IESO dispute) as submitted in our 2018 IRM. See EB-2017-0064 Manager's Summary pgs. 23 – 24. Any differences between the adjustments included in NOTL

Hydro's 2018 IRM and the actual settlement will be disposed of as part of the 2019 Cost of Service Application.

- 6) With respect to reconciling item #9 in Note 5 of the GA Analysis Workform:
- a) Does this adjustment not represent a component of the RPP settlement true-up? Please confirm. If so, these types of adjustments should be recorded as part of the settlement true ups in sections 1a and 1b of the table in Note 5. Also, please update GA Analysis Workform to incorporate an adjustment for both 1a and 1b. If not, why isn't Niagara on the Lake Hydro truing up these differences with the IESO?

This item is not captured in the RPP true-up process and is largely a timing difference. This amount should be settled with the IESO. NOTL Hydro is currently reviewing historical information to determine the total impact.

- 7) For reconciling item #10, please confirm that this adjustment relates to the difference in the actual system loss factor and the OEB approved TLF used to bill customers. Please provide the actual and OEB approved TLF and the detailed calculation used to arrive at the adjustment amount.

Loss Factor approved by the OEB in NOTL Hydro's 2017 IRM 1.0379

	Reference	January	February	March	April	May	June	July	August	September	October	November	December	Total
Total Load kWh (including generation)	A	17,438,811	16,051,963	15,870,266	14,799,390	15,828,807	17,776,236	22,288,293	23,605,615	18,178,655	15,439,605	14,899,240	17,440,027	209,616,907
Consumption kWh (Base Amount)	B	16,809,978	15,431,535	15,374,470	14,469,850	15,374,332	17,134,712	21,988,630	22,886,903	17,678,146	15,012,263	14,429,366	16,987,814	203,577,998
Actual Loss Factor	C = A / B	1.0374	1.0402	1.0322	1.0228	1.0296	1.0374	1.0136	1.0314	1.0283	1.0285	1.0326	1.0266	1.0297
OEB Approved Loss Factor	D	1.0379	1.0379	1.0379	1.0379	1.0379	1.0379	1.0379	1.0379	1.0379	1.0379	1.0379	1.0379	1.0379
Billed Consumption kWh @ OEB approved Loss Factor	E = B x D	17,447,076	16,016,390	15,957,162	15,018,257	15,957,019	17,784,118	22,821,999	23,754,317	18,348,147	15,581,228	14,976,239	17,631,653	211,293,604
Variance Total Load and Billed Consumption kWh	F = E - A	8,265	(35,573)	86,896	218,867	128,212	7,882	533,706	148,702	169,493	141,623	76,998	191,626	1,676,697
Actual GA Rate	G	0.09179	0.09851	0.1061	0.11132	0.10749	0.09545	0.08306	0.07103	0.09531	0.11226	0.11109	0.08708	
Difference between Total Load and Billed Consumption \$	H = F x G	\$759	(\$3,504)	\$9,220	\$24,364	\$13,782	\$752	\$44,330	\$10,562	\$16,154	\$15,899	\$8,554	\$16,687	\$157,558

The RPP amounts were trued up at year end based on amounts billed for 2016 consumption which included the approved loss factor of 1.0379. Therefore, the entire difference in the loss factor is included in account 1589.

- 8) 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 excluding any transfers to the RSVA – GA if applicable.

Total GA amounts billed to non-RPP customers in 2016 was \$8,976,571.