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

**GA Analysis Workform 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

**NOW Inc. uses method a). Charge Type 1142 is booked through Account 1588. Charge Type 148 is booked to Account 1588 and 1589 based on RPP/non-RPP consumption.**

1. 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.

**N/A**

1. Another approach. Please explain this approach in detail.

**N/A**

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 | Actual revenues are used for unbilled revenue. Procedure uses the following month billing at allocates to proper period. | 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) | Actual | Expenses is based off IESO Invoice at year end. | N/A |
| Iii | Expenses - GA non-RPP: Charge Type 148 with respect and RPP/non-RPP pro-ration percentages | Actual | Actual GA Split using actual consumption for the month. Ie. January billing stats (December consumption) used to record December pro-ration. | N/A |
| iv | Credit of GA RPP: Charge Type 142 if the approach under IR 1b is used | N/A | Method not used. | N/A |

1. Please explain why the applicant has classified the true-up adjustments in 1a and 1b of Note 5 of the GA Analysis Workform as N/A.

**NOW Inc. classified true-up adjustments in 1a and 1b of Note 5 as N/A because the impacts of the RPP settlement true up process are booked in account 1588 and not 1589.**

* 1. When does the applicant record a true-up for the actual GA rate charged by the IESO?

**NOW records true ups for the actual GA rate charged by the IESO in the subsequent month. The monthly true up’s capture the Actual GA rate and the actual consumption for the month. As per the Board’s guidance, the true up’s are being accrued to reflect the period in which they relate. For the 2016 year end, this was done per guidance as an adjustment in account 1588.**

* 1. Do non-RPP quantities need to be trued-up (or the actual RPP/nonRPP split determined) for purposes of calculating the actual final GA balance for the year? If so, when do those adjustments happen and are they included in the 2016 activity for the year in the DVA continuity schedule?

**NOW Inc. does not true up the non-RPP consumption as the actual consumption for the period is used in calculating the RPP/non-RPP split. The RPP quantities are trued up as per response in 3a).**

* 1. How long are the books kept open in order to capture all of the required year-end GA true-up adjustments?

**NOW Inc. keeps the books open until approximately February-March of the following year in order to capture all the required year-end adjustments.**

1. In regards to adjustment 6, please explain why the applicant chooses to calculate their RPP/non-RPP consumption split using system load rather than billing consumption? Does the applicant plan to change their process in the future so that similar adjustments will not be required.

**NOW Inc.’s predecessor staff was responsible for the decision to utilize system load rather than billing consumption.**

**NOW Inc. intends to change the process for the 2017 year end so that similar adjustments are not required.**

1. In regards to adjustment 7 of Note 5 in the GA Analysis Workform, 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 was used to quantify the GA impact of the difference in the loss factor.

**The OEB approved loss factor based on a 5 year average is 1.0694 versus the 2016 Actual of 1.0659.**

**The method used to determine the quantity of GA impact resulting from loss factor was comparing the consumption utilized by the IESO to bill NOW Inc.’s GA with the loss adjusted consumption that was billed to customers. The consumption on the IESO invoice is approximately 1.27% less than the loss adjusted consumption billed to customers. The resulting adjustment on the GA Analysis Workform captures the variance that would otherwise be included in account 1589 as the expected values in the analysis use loss adjusted billed consumption for both $ Consumption at GA Rate Billed and $ Consumption at Actual Rate Paid.**

**If the GA Analysis used separate consumption values for the amount billed and paid, then the reconciling item due to losses would be eliminated.**

**For 2016 NOW Inc. purchased 126,117,560kWh and billed 127,734,625 loss adjusted kWh. The $86,560 variance for losses resulted from the monthly difference between consumption purchased and billed multiplied by the actual GA on the invoice at the Non-RPP split percentage.**

**Ie. January 2016. Non-RPP split (rounded) is 53.3% Non-RPP, 46.7% RPP, Non-RPP Class B Loss Adjusted consumption is 6,951,345kWh X GA Actual Rate Paid 0.09179 = $638,064.**

**Consumption per IESO Invoice is 12,925,600kWh X 53.3% (rounded) = 6,888,236kWh non-RPP X 0.09179 = $632,308**

**Variance in January is $5,756. This process is repeated monthly in order to reach the total of $86,560.**

**Alternatively, the Non-RPP split percentage can be multiplied by the GA amount charged by the IESO to achieve the same non-RPP value of $632,308.**

1. Explain what the manual adjustments charged by the IESO relate to.

**The manual adjustments relate to items identified by the IESO that pertain to true ups required by all distributors. The amount was determined by examining the settlement statements to determine NOW’s portion of the adjustment. These amounts would not reflect the current period’s consumption and GA rate, and hence are a reconciling item.**

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.

**The amount of GA billed to non-RPP customers in 2016 as recorded in the G/L account is $6,961,878.91 exclusive of unbilled revenue. With accrued unbilled revenue as recorded in the G/L the amount of GA billed to non-RPP customers would be $6,943,850.91.**

1. Please confirm that the applicant does not have any customers that are billed on a non-calendar month basis.

**NOW Inc. confirms that there are no customers that are billed on a non-calendar month basis.**