**GA Methodology Description**

**Questions on Accounts 1588 & 1589**

1. In booking expense journal entries for Charge Type (CT) 1142 and CT 148 from the IESO invoice, please confirm which of the following approaches is used:
2. CT 1142 is booked into Account 1588. CT 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589 respectively.
3. CT 148 is booked into Account 1589. The portion of CT 1142 equaling RPP minus HOEP for RPP consumption is booked into Account 1588. The portion of CT 1142 equaling GA RPP is credited into Account 1589.
4. If another approach is used, please explain in detail.

Renfrew Hydro Inc. (RHI) is an embedded distributor and therefore receives monthly invoices for power consumption from its host distributor Hydro One. RHI also submits the monthly settlement forms to Hydro One.

In booking expense journal entries, RHI confirms that approach (a.) is used to book electricity costs. Charge Type CT 1142 is booked into Account 1588 and CT 148 is pro-rated based on RPP/non-RPP consumption and booked into Account 1588 and 1589 respectively.

1. Questions on CT 1142
   1. Please describe how the initial RPP related GA is determined for settlement forms submitted by day 4 after the month-end (resulting in CT 1142 on the IESO invoice).

When completing the monthly submissions for IESO settlements, RHI uses a top down approach. RHI starts by collecting the current month’s wholesale metering data from our third-party meter management vendor, Utilismart. The embedded generation is then added to calculate the total load (kWh) purchased. The current month’s Class A customer volumes are removed and can be determined directly from the meter management data. The remaining balance is the consumption for Class B customers. The split between RPP and non-RPP consumption of Class B customers must be estimated. The current month’s billing data is used to estimate the split. It is an estimate because the current month’s billing data is based on the prior month’s consumption. Actual volumes between RPP and non-RPP are not available at the time the settlement is due. RHI uses these estimated RPP volumes to calculate the RPP related GA costs. The first estimate of the GA is used for this initial calculation, but once the actual GA rate is known, an adjustment is made to true-up in the following month.

* 1. Please describe the process for truing up CT 1142 to actual RPP kWh, including which data is used for each TOU/Tier 1&2 prices, as well as the timing of the true up.

RHI trues up the difference between the GA first estimate and actual GA the following month, once the final rate is known. RHI also calculates a true up on the estimated RPP volumes every quarter using actual volumes obtained from the CIS billing data. RHI is able to use actual TOU and Tier volumes for this true up.

* 1. Has CT 1142 been trued up for with the IESO for all of 2017?

RHI confirms CT1142 has been trued up with the IESO for all of 2017.

* 1. Which months from 2017 were trued up in 2018?

RHI trued up Q4-2017 on the February 2018 submission for January 2018 settlement. This true up was booked into RHI’s 2017 G/L to ensure balances in the 2017 DVA accounts were accurate.

* 1. Have all of the 2017 related true-up been reflected in the applicant’s DVA Continuity Schedule in this proceeding?

Yes, RHI confirms all of the 2017 related true-up has been reflected in the DVA Continuity Schedule submitted with this proceeding.

* 1. Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.

All quarterly true ups relating to 2017 volumes were included in the 2017 transaction column on the DVA Continuity Schedule.

1. Questions on CT 148
2. Please describe the process for the initial recording of CT 148 in the accounts (i.e. 1588 and 1589).

RHI uses actual monthly volumes obtained from the billing data within our CIS Northstar software to determine the RPP and Non-RPP kWhs. The Global Adjustment charges (CT 148) are then allocated proportionally between account 1588 and 1589.

1. Please describe the process for true up of the GA related cost to ensure that the amounts reflected in Account 1588 are related to RPP GA costs and amounts in 1589 are related to only non-RPP GA costs.

RHI does not find it necessary to true up the GA related expenses because actual volumes (from billing data) are used to determine the split when posting the GA costs between RPP and non-RPP. RHI does use the OEB GA model to ensure the GA variance each month is reasonable. RHI also tracks all consumption each month split between RPP, non-RPP, and Class A from the billing stats and compares the total to wholesale purchases to ensure there are no material differences.

1. What data is used to determine the non-RPP kWh volume that is multiplied with the actual GA per kWh rate (based on CT 148) for recording as expense in Account 1589 for initial recording of the GA expense?

As mentioned in (a) and (b) RHI uses actual volumes from the billing data of the applicable consumption month to determine the non-RPP kWh volumes. These volumes are used and multiplied with actual GA per kWh rate to record the GA expense proportionally between account 1588 and 1589.

1. Does the utility true up the initial recording of CT 148 in Accounts 1588 and 1589 based on estimated proportions to actuals based on actual consumption proportions for RPP and non-RPP?

RHI uses actual consumption data to calculate GA (CT 148) costs between 1588 and 1589 and therefore does not require true ups.

1. Please indicate which months from 2017 were trued up in 2018 for CT 148 proportions between RPP and non-RPP.

RHI did not require a 2017 true up in 2018 for CT 148 as explained in (a-d).

1. Are all true-ups for 2017 consumption reflected in the DVA Continuity Schedule under 2017?

RHI confirms no true up for CT 148 was necessary (see above).

1. Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.

N/A – see above.

1. Questions regarding principal adjustments and reversals on the DVA Continuity Schedule:

Questions on Principal Adjustments - Accounts 1588 and 1589

1. Did the applicant have principal adjustments in its 2018 rate proceeding which were approved for disposition?

RHI confirms there were no principal adjustments in its 2018 rate proceeding which were approved for disposition.

1. Please provide a break-down of the total amount of principal adjustments that were approved (e.g. true-up of unbilled (for 1589 only), true up of CT 1142, true up of CT 148 etc.).

RHI confirms no principal adjustments were included.

1. Has the applicant reversed the adjustment approved in 2018 in its current proposed amount for disposition?

RHI confirms there were no adjustments approved in 2018 that required a reversal.

1. Please provide a breakdown of the amounts shown under principal adjustments in the DVA Continuity Schedule filed in the current proceeding, including the reversals and the new true up amounts regarding 2017 true ups.

RHI confirms there are no principal adjustments in the DVA Continuity Schedule filed in the current proceeding.

1. Do the amount calculated in part d. above reconcile to the applicant’s principal adjustments shown in the DVA Continuity Schedule for the current proceeding? If not, please provide an explanation.

N/A – see above.

1. Please confirm that the principal adjustments shown on the DVA Continuity Schedule are reflected in the GL transactions. As an example, the unbilled to actual true-up for 1589 would already be reflected in the applicant’s GL in the normal course of business. However, if a principal adjustment related to proportions between 1588 and 1589 was made, applicant must ensure that the GL reflects the movement between the two accounts.

RHI confirms that there are no principal adjustments included on the DVA Continuity Schedule. RHI uses actual data to record unbilled revenues and therefore does not require a true up. RHI also confirms that all true ups relating to RPP settlement activity are recorded in the G/L in the correct year it relates to (i.e. Q4-2017 true up performed after all 2017 billing data is available (mid-January 2018) and recorded in the 2017 G/L).