**Cooperative Hydro Embrun Inc. - EB-2018-0026**

**Questions on Accounts 1588 & 1589[[1]](#footnote-1)**

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.

Response:

\*\*\* Please note that the Cooperative Hydro Embrun does not receive IESO invoice. They are invoiced by Hydro One. \*\*\*

In order to properly assess this question, we clarified the type of adjustments based on a Hydro One invoice, which was clarified by Raj Sabharwal, Project Advisor at the OEB, on October 5, 2017.

* Charge Type 1142 represents the declaration bill 100 adjustment
* Charge type 148 represents the Global adjustment

1. The following approach is used:
   1. 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
2. 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).
   2. 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.
   3. Has CT 1142 been trued up for with the IESO for all of 2017?
   4. Which months from 2017 were trued up in 2018?
   5. Have all of the 2017 related true-up been reflected in the applicant’s DVA Continuity Schedule in this proceeding?
   6. Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.
3. Refer to answers below for each sub-questions
   1. Hydro One invoices the Cooperative Hydro Embrun Inc. Each invoice contains the current month’s charge type 148 and the previous month’s charge type 1142. As such, demands are based on the previous month’s actual amounts.
   2. Hydro One invoices the Cooperative Hydro Embrun Inc. Each invoice contains the current month’s charge type 148 and the previous month’s charge type 1142. As such, demands are based on the previous month’s actual amounts. In other words, claims from the Cooperative Hydro Embrun Inc. already reflect actuals amounts and no true ups are necessary.
   3. Yes. RPP settlement true-up claims are conducted monthly. The year-end settlement true up claim was completed before the settlement claim with IESO for the final month of the first quarter of the following fiscal year.
   4. December
   5. Yes. At each year-end, the Cooperative Hydro Embrun will record accruals based on the Hydro One’s invoice of December. The month of December variation is reflected in accounts 1588 and 1589 for the year in question.
      1. Since there was no adjustments regarding the RPP settlement true-up claims, there is no differences between the variances of 1588 and 1589 and the audited financial statements. No adjustments were required in the DVA continuity schedule submitted.
   6. 2017 transactions were reflected in the columns “Transactions Debit / (Credit) during 2017” and “Interest Jan 1 to Dec 31, 2017”.
4. Questions on CT 148
5. Please describe the process for the initial recording of CT 148 in the accounts (i.e. 1588 and 1589).
6. 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.
7. 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?
8. 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?
9. Please indicate which months from 2017 were trued up in 2018 for CT 148 proportions between RPP and non-RPP.
10. Are all true-ups for 2017 consumption reflected in the DVA Continuity Schedule under 2017.
11. Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.
12. Refer to answers below for each sub-questions
    1. Hydro One invoices the Cooperative Hydro Embrun Inc. Each invoice contains the current month’s charge type 148 and the previous month’s charge type 1142. As such, demands are based on the previous month’s actual amounts.
       1. CHEI obtains the Hydro One invoice (power bill) mid-month following the billing period (ie. Received Jan 19, 2018 for the billing of December 2017). As such, CHEI uses the actual consumption amount as part of its RPP Settlement process.
       2. The Cooperative Hydro Embrun records an unbilled revenue only at year-end for its financial statements. The unbilled revenue recorded is based on the actual client consumption for December.
    2. See process described at 3a.
    3. Data used to determine the volume of RPP / non-RPP customers comes from the Billing stats exported directly from the billing system. Non-RPP customers’ cycles are identified in order to identify the Non-RPP volume. RPP volume is determined by difference.
    4. No. CHEI uses actual consumption during the initial recording of CT148.
    5. December
    6. Yes. At each year-end, the Cooperative Hydro Embrun will record accruals based on the Hydro One’s invoice of December. The month of December variation is reflected in accounts 1588 and 1589 for the year in question.
       1. Since there was no adjustments regarding the RPP settlement true-up claims, there is no differences between the variances of 1588 and 1589 and the audited financial statements. No adjustments were required in the DVA continuity schedule submitted.
    7. 2017 transactions were reflected in the columns “Transactions Debit / (Credit) during 2017” and “Interest Jan 1 to Dec 31, 2017”.
13. 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?
2. 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.).
3. Has the applicant reversed the adjustment approved in 2018 in its current proposed amount for disposition?
4. 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.
5. 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.
6. 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.
7. Refer to answers below for each sub-questions
   1. There has not been any principal adjustments approved for disposition in its 2018 rate proceeding. CHEI did make a claim for disposition in the 2019 IRM Rate Generator completed on August 13, 2018.
      1. 1588: Principal = $3,338; Interest = ($138)
      2. 1589: Principal = $1,034; Interest = ($14)
   2. None were approved. See 4a. for the breakdown of claim for disposition.
   3. No reversal of the adjustment since there has been no approval from OEB for disposition.
   4. DVA Continuity Schedule provided on August 13, 2018 properly reflect the year of 2017. No adjustments of true up is required.
      1. Since there was no adjustments regarding the RPP settlement true-up claims, there is no differences between the variances of 1588 and 1589 and the audited financial statements. No adjustments were required in the DVA continuity schedule submitted.
   5. The DVA Continuity Schedule provided on August 13, 2018 properly reflects the year of 2017.
   6. We can confirm that the amounts shown on the DVA Continuity Schedule are reflected in the GL transactions.
      1. Since there was no adjustments regarding the RPP settlement true-up claims, there is no differences between the variances of 1588 and 1589 and the audited financial statements. No adjustments were required in the DVA continuity schedule submitted.

1. In all references in the 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 transactions, but are rather booked to the cost of power USoA 4705 Power Purchased, and 4707, Charges – Global Adjustment, respectively. However, accounts 1588 and 1589 are impacted the same way as account 4705 and 4707 are for cost of power transactions. [↑](#footnote-ref-1)