Brantford - EB-2018-0020
Responses to Questions on Accounts 1588 & 1589[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:
   a. 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.
   b. 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.
   c. If another approach is used, please explain in detail.

Response:

Option c) -Brantford Power books expense journal entries for Charge Type (CT) 1142 and CT 148 from the IESO invoice as follows:

- Charge Type 1142 – Ontario Fair Hydro Plan Eligible RP Consumer Discount Settlement Amount is booked to:
  - 4705 - Power Purchased for the settlement of the difference between spot price and RPP pricing for Time of Use and conventional meters for the current month settlement
  - 2220 - Accrued Liabilities for settlement of prior period true up amounts
- Charge Type 148 – Class B Global Adjustment Settlement Amount
  - CT 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 4705 Power Purchased and 4707 Charges-Global Adjustment respectively

On a monthly basis, Brantford Power compares the balances in the Sales of Electricity and Power Supply Expenses related to Power and Global Adjustment and books the differences to 1588 RSVA Power and 1589 RSVA Global Adjustment respectively.

2. <u>Questions on CT 1142</u>
   a. 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.a Response:

BPI settles monthly with the IESO for the difference between spot and RPP pricing, for RPP customers with either (1) Time-Of-Use (TOU) meters or (2) Conventional meters. The settlement is completed within four business days of month end. This settlement amount is reflected in line 1142 of the IESO invoice.

(1) Time-Of-Use meters: At month end, read dates are obtained for that calendar month. The metered data is separated into on-peak, mid-peak, and off-peak data. BPI compares the smart meter data with its Customer Information System (CIS) to determine which customers are billed on TOU rates. Any retailer customer consumption is then excluded, to ensure BPI is only settling for those customers billed on TOU, with the IESO.

(2) Conventional meters: Consumption for customers on conventional meters is estimated as follows:

Total kWh purchases (a) - kWh consumed by customers not on conventional meters (b) = Estimated kWh consumption for customers on conventional meters

(a) Total kWh purchases is calculated by adding kWh purchased from the IESO, embedded generation and embedded distribution points.

(b) kWh consumed by customers not on conventional meters is calculated by adding consumption of customers on interval meters, smart meters (RPP only) and customers with retailers.

The estimated consumption for customers on conventional meters is then split between Tier 1 and Tier 2 pricing based on historical trending.

The total RPP consumption is then calculated by adding the consumption of customers on TOU rates to the consumption of customers on conventional meters, as calculated above. The RPP portion of the Class B Global Adjustment line (CT 148) from the IESO bill is then allocated to account 4705-Cost of Power, based on the estimated RPP consumption calculated, in comparison to total kWh purchased. The remaining portion of the Class B Global Adjustment line (CT 148) (relating to non-RPP customers) from the IESO bill is allocated to 4707-Global Adjustment.

BPI notes that its process for providing consumption estimates to the IESO contains some inherent assumptions, in part due to data timing and data limitations. BPI submits claims for monthly true-up amounts to provide adjustments for any variances from the initial estimates. These claims are also reflected on line 1142 of the IESO invoice.

b. 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.

2.b Response:

BPI reconciles the estimate of TOU, RPP and non-RPP consumption to actuals on a monthly basis. Consumption for RPP customers with conventional and TOU meters is trued-up using the actual commodity billings. Billings including the two months following month end are reviewed and prorated to the appropriate month based on read date. Final kWh purchased and related costs are used to calculate the actual average cost per kWh. The average cost per kWh and the final Global Adjustment price are used to calculate the difference between

the submission to the IESO on the fourth business day and the actual amount owing to/from the IESO. This process is followed for truing up both CT 1142 and CT 148.

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

2.c Response:

No, there is an outstanding amount owing from the IESO to BPI of $273,368.85. BPI intends to submit this amount to the IESO at its next opportunity (the August filing completed the first week of September).

d. Which months from 2017 were trued up in 2018?

2.d Response:

$273,368.85 (from the response to section c. above) related to 2017 was accrued for in 2017 financial statements and therefore has been reflected in the RRR 2017 year end balances in accounts 4705 and 1588. These amounts are related to true ups for October to December 2017 consumption.

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

2.e Response:

Yes, all the 2017 related true ups have been reflected in the DVA continuity schedule.

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

2.f Response:

The initial true up related to October to December 2017 of $(273,368.85) was booked in 1588 in the 2017 fiscal year and is therefore included in the transactions for 2017 in the DVA continuity schedule in column BD – Transactions Debit/(Credit) during 2017. The final true up for account 1588 of $(127) is reflected in column BF (Principal adjustments during 2017) of the continuity schedule. Please note, although this adjustment is reflected in the Principal adjustments during 2017 column, the adjustment was booked in BPI's 2018 general ledger.

3. Questions on CT 148

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

3.a Response:

As part of the process described in 2a above: The RPP portion of the Class B Global Adjustment line (CT 148) from the IESO bill is allocated to account 4705-Cost of Power, based on the estimated RPP consumption calculated, in comparison to total kWh purchased. The remaining portion of the Class B Global Adjustment line (CT 148) (relating to non-RPP customers) from the IESO bill is allocated to 4707-Global Adjustment.

b. 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.

3. b Response:

Please refer to the response provided for question 2b) above. During the true-up of line CT 1142, BPI calculates the total actual kWh purchased and the actual RPP customer consumption. The proportion of RPP to non-RPP consumption is applied to line CT 148 and the difference between what was recorded in the initial estimate and the actual split between RPP and non-RPP is recorded to 4705-Cost of Power and 4707-Global Adjustment.

c. 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?

3.c Response:

BPI uses meter read data plus an estimate of consumption for conventional meters as described in 2a) above.

d. 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?

3.d Response:

Yes, BPI trues 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.

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

3.e Response:

The true ups made in accounts 1588 and 1589 in 2018 primarily relate to the months of October to December 2017, as well as an adjustment to June 2017 and small adjustments for other months from 2017.

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

3.f Response:
Yes, all the 2017 related true ups have been reflected in the DVA continuity schedule.

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

3.g Response:
The initial true up related to June and October to December 2017 of $(648,798.32) to 1589 and an offsetting adjustment of 648,798.32 to 1588 was booked in the 2017 fiscal year and is therefore included in the transactions for 2017 in the DVA continuity schedule in column BD – Transactions Debit/(Credit) during 2017. The final true up amount for account 1589 is $(537) and is reflected in column BF (Principal adjustments during 2017) of the continuity schedule. Please note, although this adjustment is reflected in the Principal adjustments during 2017 column, the adjustment was booked in BPI's 2018 general ledger.

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

<u>Questions on Principal Adjustments - Accounts 1588 and 1589</u>

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

4.a Response:
No, BPI did not have any principal adjustments in its 2018 rate proceeding which were approved for disposition. Please note that BPI is not proposing to dispose of DVA balances in its 2018 rate proceeding.

b. 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.).

4.b Response:
Not applicable as the answer to part a) was no.

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

4.c Response:
Not applicable as the answer to part a) was no.

d. 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.

4.d Response:

The schedule below breaks out the adjustments made in the DVA continuity schedule in the Principal Adjustments columns for each of 2015, 2016 and, 2017. For a discussion on each of the adjustment amounts, please refer to the page number identified under the Application Reference column. For clarity, BPI has also provided the year in which the adjustment was posted to the general ledger.

Principal Adjustment Column	Description of Adjustment	1588	1589	Total	Year Adjustment made in G/L	Application Reference
AL - Principal adjustments for 2015	ODS Data Correction - Remapping GA/CoP	$(645,208)	$ 645,208	$ -	2018	Page 19
AL - Principal adjustments for 2015	ODS Data Correction - IESO settlement	$(279,884)		$(279,884)	2017	Page 18
Sub-total 2015		**$(925,092)**	**$ 645,208**	**$(279,884)**		
AV - Principal adjustments for 2016	ODS Data Correction - Remapping GA/CoP	$ 371,340	$(371,340)	$ -	2018	Page 19
AV - Principal adjustments for 2016	ODS Data Correction - IESO settlement	$ 375,315		$ 375,315	2017	Page 18
Sub-total 2016		**$ 746,655**	**$(371,340)**	**$ 375,315**		
BF - Principal adjustments for 2017	December 2017 True up	$ (127)	$ (537)	$ (664)	2018	Page 17
Sub-total 2017		**$ (127)**	**$ (537)**	**$ (664)**		
Total of all adjustments to Principal		**$(178,564)**	**$ 273,331**	**$ 94,767**		

e. 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.

4.e Response:

Yes, the amounts calculated in part d) above reconcile to the principal adjustments in the DVA continuity schedule.

f. 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.

4.f Response:

BPI confirms that the principal adjustments shown on the DVA continuity schedule are reflected in the GL transactions. Please note the year in which the transaction was booked is identified in the schedule provided in part d) above.