**Appendix A**

**GA Methodology Description**

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:**

**Welland Hydro uses method (b) above to record CT 1142 and CT 148 from the IESO invoice.**

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).

**Response:**

**Class B RPP customers are billed by Welland Hydro throughout the month at RPP TOU or Tiered Rates. The difference between how much Welland Hydro recovers from RPP customers at these rates and the amount Welland Hydro pays for the commodity supply in the wholesale market place to the IESO is submitted to the IESO on a monthly basis (“the RPP vs. Market Price claim”). The RPP consumption for the month is estimated using billed kWh from Welland Hydro’s billing system. RPP related GA is calculated on the estimated kWh for the month at the IESO posted 2nd estimate GA rate.**

* 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.

**Response:**

**Welland Hydro’s billing system is used to determine the actual kWh consumed by and billed to RPP customers. As Welland Hydro bills customers on a monthly basis a three-month lag is used to ensure that all amounts invoiced to RPP customers have been finalized. Welland Hydro recalculates the monthly RPP vs. “market claim” for each calendar month and submits the adjustment to the IESO on a quarterly basis for the difference between the estimated amount and the actual amount (based on the final GA rate posted by the IESO). As an example, Welland Hydro would true-up January to March estimates in the June IESO submission so that no more than three months’ worth of estimates is outstanding in the variance accounts at any time. This quarterly true-up is recorded separately from the monthly estimate to ensure proper coding between the cost of power and the GA variance accounts. A reconciliation is maintained between the amounts invoiced by the IESO and the GL to ensure that variance accounts are maintained accurately. Welland Hydro also ensures that the last true-up for the year (October to December) is booked in the same calendar year.**

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

**Response:**

**Welland Hydro confirms that CT 1142 has been trued up with the IESO for all of 2017.**

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

**Response:**

**October to December 2017 were trued up with the IESO in 2018. The true-ups were recorded into the 2017 year.**

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

**Response:**

**Welland Hydro confirms that all 2017 related true-ups have been reflected in its DVA Continuity Schedule in this proceeding.**

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

**Response:**

**Welland Hydro’s final 2017 true-up amounted to a credit of $1,538 for power and a credit of $174,750 for GA. Both these amounts were trued up with the IESO in 2018 and recorded in the 2017 year. On the DVA continuity schedule, all true-ups are included as transactions during 2017 in Column BD.**

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

**Response:**

**Welland Hydro records CT 148 into Account 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.

**Response:**

**Welland Hydro records the portion of CT 1142 equaling RPP minus HOEP for RPP consumption into Account 1588. The portion of CT 1142 equaling GA for RPP kWh is credited into Account 1589. When quarterly true-ups are made with the IESO (see question 2 above), the amount related to RPP GA is either debited or credited to Account 1589.**

* 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?

**Response:**

**Welland records all of CT 148 to account 1589. This is the actual GA charge for both RPP and non-RPP kwh volume. The estimated GA cost for RPP kWh (CT 1142) is credited to Account 1589. Final true-ups with the IESO for RPP GA is also debited or credited to Account 1589. As a result, the remaining variance in Account 1589 is related to Class B Non-RPP kWh volume.**

* 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?

**Response:**

**This is not applicable to Welland Hydro as CT 148 is entirely booked to Account 1589.**

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

**Response:**

**This is not applicable to Welland Hydro as CT 148 is entirely booked to Account 1589.**

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

**Response:**

**Please see response to question 2(e) above.**

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

**Response:**

**Please see response to question 2(f) above.**

1. 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.

**Response:**

**Welland Hydro had a principal adjustment related to the 2016 year in the amount of $169,907 in its 2018 rate proceeding.**

* 1. Please provide a break-down of the total amount of principal adjustments that were approved.

**Response:**

**Welland Hydro’s principal adjustment was comprised of two amounts. The first amount was an adjustment of $7,879 for the 2016 year which represented the GA variance for Welland Hydro’s only Class A customer. The variance was removed from the overall GA variance. The second amount was an adjustment of $162,028 which represented a GA true-up for unbilled revenues to actual revenues for the 2016 year.**

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

**Response:**

**The principal adjustment related to the Class A variance was reversed in the 2017 year. Welland Hydro accrues Class A GA amount based on actual (IESO invoice amount) and therefore there was no Class A variance at December 31, 2017. The variance related to unbilled revenues was also reversed in the GL in the 2017 year.**

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

**Response:**

**Welland Hydro has not included any principal adjustments in the current proceedings. The Class A GA variance, as indicated in (b) and (c) above, was removed from the overall 2016 GA variance balance in the 2018 rate application. As indicated in (c) above, there is no Class A GA variance at the end of 2017. The variance related to unbilled revenues was reversed in the GL in the 2017 year. There was no adjustment required for the unbilled GA revenue accrual for 2017.**

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

**Response:**

**Welland Hydro does not have any principal adjustments in the current proceedings.**

* 1. Please confirm that the principal adjustments shown in 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.

**Response:**

**Welland Hydro does not have any principal adjustments in the current proceedings.**