

Appendix A

GA Methodology Description

Questions on Accounts 1588 & 1589¹

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.

Answer: RSL uses approach a.

2. Questions on CT 1142
 - 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).
 - 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.
 - c. Has CT 1142 been trued up for with the IESO for all of 2017?
 - d. Which months from 2017 were trued up in 2018?
 - e. Have all of the 2017 related true-up been reflected in the applicant's DVA Continuity Schedule in this proceeding?
 - f. Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.

Answer: a: On a monthly basis, RSL uses a spreadsheet model created by EARTH. This model retrieves billing data specifically related to RPP customers. The data displays the kWh billed and the GA associated with the consumption.

¹In 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.

b: Monthly, we use the EARTH model to true up to the second estimate of GA for the billings for the current month. We also do a true up of GA from the prior month to the final published GA rate. As part of our year-end accounting cycle, we do an independent true up of the entire year of RPP. Any variance is reported to the IESO and recorded as a year-end entry. We began using the EARTH model in September 2017. Prior to using the model, we did an annual true-up during year-end.

c: Yes.

d: None. The 2017 true-up was included in our 2017 results.

e: Yes, all of the 2017 related true-up have been reflected in the DVA Continuity Schedule in this proceeding.

f: In preparing the GA work form for 2019 IRM an error was found in the RPP GA and non RPP GA split true-up. RPP GA cost was overstated by \$36,178. An adjustment was made to account 1588 and 1589 in the column BF Principal Adjustment during 2017 in the continuity schedule. This adjustment does not affect the RPP reconciliation with the IESO.

The initial RPP true-up to the final GA rate of \$49,418, recorded in account 1588 at 2017 year end and the overall RPP true up of \$-266,807 were incorporated in the amount entered on Column BD Transaction Debit/Credit during 2017 in the Continuity Schedule.

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).
- 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.
- 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?
- 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?

- e. Please indicate which months from 2017 were trued up in 2018 for CT 148 proportions between RPP and non-RPP.
- f. Are all true-ups for 2017 consumption reflected in the DVA Continuity Schedule under 2017.
- g. Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.

Answer: a: CT 148 is recorded in account 1589 initially. On a monthly basis, RSL determines the split between RPP and Non-RPP customers based on the percentage of kWh billed during the month. This percentage split is applied to the CT 148 Global Adjustment charge from the IESO bill for the month, and the resulting RPP dollar amount for GA is moved to account 1588 (Energy) from account 1589 (Global Adjustment).

b: Monthly, we true-up GA for RPP to the second estimate, and the following month we true-up to the final published GA rate. Annually, as part of RSL's year-end process, a complete reconciliation and true-up to RPP kWh is completed for global adjustment by month. The final GA rates then are applied to the trued up RPP kWh to achieve a trued up RPP GA cost for the year. An adjustment is made to Energy account 1588 and GA account 1589 for the variance between the trued up RPP GA cost and the amount recorded in GL.

c: Our billing software has the ability to provide consumption data specifically for non-RPP customers. We use this data to calculate the monthly split of kWh between RPP and non-RPP customers.

d: Yes.

e: All months in 2017 were trued-up in 2017.

f: Yes.

g: The RPP GA true up to the final published GA rate of \$-49,418 recorded in our GL during the 2017 year- end is reflected in the figure on column BD Transaction Debit/Credit during 2017. An adjustment of \$36,177 to the initial RPP GA split true-up was entered in column BF Principal Adjustment during 2017. Please refer to the answer to question 2 f.

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

Questions on Principal Adjustments - Accounts 1588 and 1589

- a. Did the applicant have principal adjustments in its 2018 rate proceeding which were approved for disposition?
- 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.).
- c. Has the applicant reversed the adjustment approved in 2018 in its current proposed amount for disposition?
- 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.
- 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.
- 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.

Answer: a: No.

B: Not applicable.

C: Not applicable.

D: The amount of \$-36,177 and \$36,177 shown under principal adjustments in the DVA Continuity Schedule filed in the 2019 IRM for account 1588 and 1589 respectively are an adjustment to correct an error in the RPP GA split true up that was recorded during 2017 year-end.

E: Yes.

F: As explained in the answer to 2 f, the adjustment under 2017 principal adjustment in the Continuity Schedule is to correct an error in 2017 RPP GA split true up that was found in the preparation of the 2019 IRM. It will be recorded in 1588 and 1589 in our GL in 2018.