

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.

Thunder Bay Hydro uses the approach described under point b) above.

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).

Thunder Bay Hydro's RPP consumption (kWh) is calculated using a monthly average of total kWh for that month and the current month customer counts. Then the RPP kWh value is multiplied by the second estimate GA rate. This is the initial GA amount 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.

Thunder Bay Hydro's data for the RPP settlement true-up is extracted from the billing system and general ledger. The billed amount of RPP kWh and TOU and tiered pricing amounts is compared to the submitted corresponding weighted average HOEP. The difference is the fixed price debit. This recalculated fixed price debit is then booked to

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.

the general ledger in the month when the true-up takes place and the accrual is reversed.

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

Yes, Thunder Bay Hydro's CT 1142 has been trueed up for with the IESO for all of 2017.

- d. Which months from 2017 were trueed up in 2018?

Thunder Bay Hydro's October, November and December (3rd Quarter) were trueed up in 2018. The related journal entries were recorded in December 2017 as year-end adjustment entries.

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

Yes, Thunder Bay Hydro's 2017 related true-up has been reflected in the applicants' DVA Continuity Schedule in this proceeding.

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

Thunder Bay Hydro's closing principle balance as of December 31, 2017 adjusted for disposition during 2018 in column "BO" of the continuity schedule includes the true-up entries which are recorded under "Transactions Debit (Credit) during 2017" / "BD" column as part of the regular transactions for the year. The true-up portion included is the amount of \$113,045 for GA 1589 and (\$263,860) for Power 1588.

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).

Thunder Bay Hydro's CT 148 is booked directly into expense side of account 1589. The Global Adjustment Credit CT 1142 is also booked to Account 1589. The net result is equal to the non-RPP portion of the GA Cost.

- 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.

Thunder Bay Hydro's 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 the amounts in 1589 are related to only non RPP GA Costs is performed by truing up the price variance from the secondary GA estimate to final GA rate. Thunder Bay Hydro also does a quantity variance true up from the average estimated total kWh which is used at time of submission to the actual billed Non-RPP Class B consumption data. These true up adjustments are done on a quarterly basis and recorded every three months in the general ledger, except at year-end when the general ledger is open until the 4th quarter true-up adjustment is calculated and booked into December.

- 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?

Thunder Bay Hydro uses Class B billed kWh from the billing system query:
(Total kWh) – (Non-RPP billed kWh) = Total RPP billed kWh

- 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?

Yes, Thunder Bay Hydro uses the methodology described in section 1b to record the initial CT 148 in 1588 and 1589. Thunder Bay Hydro then performs a quarterly true-up process using the actual billed consumption proportions for the quarter and adjusts the original estimate within the 1588 and 1589 schedules.

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

Thunder Bay Hydro's October, November and December were trued up in 2018. The related journal entries were recorded in December 2017 as year-end adjustment entries.

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

Yes, Thunder Bay Hydro's 2017 related true-up has been reflected in the applicants' DVA Continuity Schedule in this proceeding.

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

Thunder Bay Hydro's closing principle balance as of December 31, 2017 adjusted for disposition during 2018 in column "BO" of the continuity schedule includes the true-up entries which are recorded under "Transactions Debit (Credit) during 2017" / "BD" column as part of the regular transactions for the year. The true-up portion included is the amount of \$113,045 for GA 1589 and (\$263,860) for Power 1588.

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?

Thunder Bay Hydro did not have any adjustments.

- 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.).

N/A

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

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.

N/A

- 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.

N/A

- 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.

All adjustments are reflected in the GL transactions in the normal course of business.