**Appendix A**

**GA Methodology Description**

**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.

InnPower utilizes approach A.

1. 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.
2. If another approach is used, please explain in detail.
3. 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).

GA is a portion of the total claim resulting in the CT 1142 on the IESO invoice. InnPower uses a top down method for the initial filing. Wholesale kWhs are determined and amounts deducted (i.e. interval accounts, known non-RPP LTLT, WAP customers) to determine an estimated RPP kWh value. InnPower uses the second estimate posted by IESO as the GA rate in its calculation.

* 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.

InnPower trues up using actual billing data. True ups are done on a quarterly basis and generally 2 months after the quarter end to ensure all billings are completed and posted in the CIS system. The pricing used for the RPP and Tiered pricing is what is calculated in the actual bills (i.e. actual rates). InnPower’s CIS prorates the GA calculation in every billing so the actual kWh are used to calculate the actual GA based on the actiual GA posted by IESO.

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

Yes

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

Q4 of 2017 (Oct, Nov & Dec 2017) were trued up on the March 2018 IESO invoice filed on April 6, 2018.

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

No, not all related true-ups have been reflected in the Continuity Schedule. IPC is waiting on Board’s staff approval of the GA reconciliation.

* 1. Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.
1. Questions on CT 148
2. Please describe the process for the initial recording of CT 148 in the accounts (i.e. 1588 and 1589).

From the IESO invoice, IPC splits the CT 148 into both the 1588 and 1589. In the past when the monthly RPP filing was completed, the split of the RPP vs Non-RPP for CT 148 was determined based on the estimated RPP kWh x IESO 2nd estimate and applied to account 1588. The balance of CT 148 was posted to account 1589. IPC analyzed several years of actual non-RPP charges and determined the average is approx. 30% of CT 148. Moving forward IPC will be recording the IESO CT 148 accordingly (30% to 1589 and the balance to 1588). See calculations below.

Prior to June 30, 2018, the IESO CT 148 allocation was calculated as follows:

Total GA – GA RPP (adjusted NSL KwH (NSL less Non-RPP) \* 2nd estimate preliminary GA) = GA Non-RPP (posted to 1588 and balance to 1589)

Since July 1, 2018, we have used historical average GA for Non-RPP; therefore:

Total GA – GA Non-RPP (1589) = GA RPP (1588)

The entry to 1588 is the difference between GA estimate form CT 148 and billed GA from the previous calendar month. (See spreadsheet attached)

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.

IPC has never trued up GA to actual GA rates, however IPC was truing up monthly based on the previous months GA revenue billed to customers at the first estimate prices. IPC has always submitted monthly filings to IESO to remain whole for RPP billed customers and reconciled those filings using actual billed data. This was done annually until 2016 when the self-certification came into effect. IPC then adopted the quarterly true up for RPP portions and typically files 2 months after the quarter end to ensure all billings are up to date to reflect the reporting period. CT 1142 would be apllied to 1588 accordingly, however IPC did not true up the Non-RPP GA amounts (account 1589) with actual GA rates. IPC is implementing a process in 2018 to true up the Non-RPP GA quarterly at the same time RPP reconciliations are completed.

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?

Prior to June 30, 2018, the IESO CT 148 allocation was calculated as follows:

Total GA (CT 148) – GA RPP (estimated monthly RPP kWh \* 2nd estimate preliminary GA) = GA Non-RPP (posted to 1588 and balance to 1589) This data comes from the monthly IESO RPP filing calculations.

Since July 1, 2018, we have used historical average GA for Non-RPP; therefore:

Total GA – GA Non-RPP (1589) = GA RPP (1588)

IPC analyzed several years of actual non-RPP charges and determined the average is approx. 30% of CT 148. Moving forward IPC will be recording the IESO CT 148 accordingly (30% to 1589 and the balance to 1588).

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?

IPC has trued up the initial recording of CT 148 in accounts 1589, however only based on fiorst estimates and with previous months revenue at first estimate rates. In the past the IESO invoice was split into 1588 and 1589 using the methods as already described previously. Although IPC trues up with IESO for RPP consumption using actual billed data and actual GA rates, a process to true up the non-RPP GA was never implemented. IPC is correcting this in the disposal requests for 2015, 2016 and 2017 (as identified on the GA Analysis Workform) and moving forward a true up of Non-RPP consumption will be performed on a quarterly basis along with the quarterly RPP true up process.

Account 1588 is trued up with IESO RPP filing reconcilations. CT 1142 is always posted to the 1588 accordingly and quarterly reconciliations of RPP consumption is received via CT 1142 along with monthly submissions.

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

All months in 2015, 2016 and 2017 are to be trued up in 2018 since the true up of 1589 with actual GA rates was never done in the past. This true up accounts for a large portion of the allocation form 1589 to 1588.

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

The true ups for 1589 to actual GA rates have not been recorded to date in the financial records.

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

IPC has presented the reconciliation true-ups in the file named “IPC GA Reconciliation Proposed JE” and has provided a “GA 2015 2016 2017” spreadsheet which outlines the proposed entries to correct the balances between Account 1588 and 1589. If approved by Board Staff, IPC will adjust the continuity schedule to reflect the changes.

1. 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?

No

1. 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

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

N/A

1. 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.

No true ups have been reflected for Account 1589

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Never did a true up of 148 until July 2018.

1. 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

1. 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.

As responded to in 3 g) IPC intends to undertake the adjustments in 2018.

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)