

## Appendix A

### GA Methodology Description

#### Questions on Accounts 1588 & 1589<sup>1</sup>

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.

InnPower utilizes approach A.

- 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.

#### 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).

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.

- 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.

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<sup>1</sup>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.

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 actual GA posted by IESO.

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

Yes

d. 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.

e. 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.

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

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).

We record the pro-rated portion of GA for RPP customers to 1588 and GA for Non-RPP customers to 1589.

Prior to June 30, 2018, the pro-ratio was calculated as follows:

Total GA – GA RPP (adjusted NSL Kwh (NSL less Non-RPP) \* 2nd estimate preliminary GA) = GA Non-RPP

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

Total GA – GA Non-RPP = GA RPP

- 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.

Please refer to IPC's reconciliation process which has been updated to reflect the true up process.

- 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?

The CIS calculates and records the fixed global adjustment price to each customer billing even though it is included in the RPP pricing , this allows the calculation of the actual global adjustment from the monthly IESO invoices. Because the fixed rate is updated at the first of each month, exact usage by bill code date is stored in the pu\_stats table. Only the global adjustment negate stat codes is used since that represents RPP billed customers. Once usage is determined by calendar month, the actual Global Adjustment rate is calculated using the actual rates posted on the IESO website. Once the actual global adjustment rate is known, it is applied to the reconciliation as a contribution to the total wholesale pricing.

- 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?

Please refer to the response in C.

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

January to September 2017.

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

4<sup>th</sup> quarter has not been reflected.

- g. 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" 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.

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?

No

- 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?

N/A

- 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.

No true ups have been reflected for Account 1589

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- 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.

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