**Orillia Power Distribution Corporation - EB-2018-0061**

**Reply to 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.
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.

Reply:

Orillia Power uses the approach described in (a). CT 1142 is posted to Account 4705 – Power Purchased. CT 148 is posted to Account 4707 – Global Adjustment Charges. CT 148 for the month is then pro-rated based on RPP and non-RPP consumption and the amount related to RPP consumption is reallocated to Account 4705. Balances in Account 4705 are booked to Account 1588 and balances in Account 4707 are booked to Account 1589. Through this process, only GA charges related to non-RPP Class B consumers flow to Account 1589.

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).

Reply:

In preparation for settlement with the IESO, Orillia Power calculates the difference between weighted average price (WAP) plus GA and RPP pricing based on unbilled kWh sold to RPP customers and the IESO 2nd estimate GA rate. The result includes the initial RPP related GA for settlement, CT 1142 on the IESO invoice.

* 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.

Reply:

TOU: True-up is usually monthly but quarterly at a minimum. Orillia Power bills on calendar month basis. A TOU settlement reconciliation file is created for the current year based on a bottom-up approach. In this file, unbilled KWh and 2nd estimate GA are updated with billed kWh and final GA rate to calculate the final claim for the month. The difference between preliminary and final claim (true-up amount) is captured in the preliminary claim amount for the following month. A final annual reconciliation is completed before fiscal year end is closed and final true-up amounts are captured as an accrual at December 31 in addition to the preliminary settlement claim for December. Accrued amounts are settled with the IESO in the following fiscal year.

Tier 1&2: True-up is usually monthly but quarterly at a minimum. Orillia Power bills on calendar month basis. A Tier 1&2 settlement reconciliation file is created for the current year based on a top-down approach. In this file, unbilled KWh and 2nd estimate GA are updated with billed kWh and final GA rate to calculate the final claim for the month. The difference between preliminary and final claims each month are tracked on a cumulative basis (true-up amount). If the true-up amount exceeds $10,000 (threshold reviewed periodically) during the year, a true-up adjustment is included with a preliminary claim amount. Mid-year adjustments are included in the reconciliation file. A final annual reconciliation is completed before fiscal year end is closed and a final true-up amount is captured as an accrual at December 31 in addition to the preliminary settlement claim for December. Accrued amounts are settled with the IESO in the following fiscal year.

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

Reply:

Yes, CT 1142 has been trued up for all of 2017 with the IESO.

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

Reply:

Accrued amounts settled with the IESO in 2018 include preliminary claim for December 2017, true-up for November and final true-up amounts resulting from the annual reconciliation process.

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

Reply:

Yes, all 2017 related true-up has been reflected in the DVA Continuity Schedule in the 2019 Rate Generator.

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

Reply:

TOU: Settlement with IESO related to 2017 claims completed in 2018 includes the preliminary claim ($559,546.36) for December 2017, true-up amount ($4,430.34) for November 2017, and a final annual true-up amount ($68,687.67). These amounts are reflected in the DVA Schedule in column BO Transactions Debit / (Credit) during 2017.

Tier 1&2: Settlement with IESO related to 2017 claims completed in 2018 includes the preliminary claim ($70,326.73) for December 2017, GA corrections ($8,714.85) for November and December 2017, and a final annual true-up amount ($40,930.00). These amounts are reflected in the DVA Schedule in column BO Transactions Debit / (Credit) during 2017.

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).

Reply:

In preparation of month end financial reporting, GA costs for Class B consumers (CT 148) are accrued based on an estimate of GA price, generally IESO 2nd estimate, multiplied by unbilled energy purchases plus embedded generation (kWh adjusted for losses), and reduced by kWh for Class A consumers. Orillia Power creates a GA Allocation and Reconciliation file for the current year. The initial recording of GA costs is pro-rated between RPP and non-RPP kWh and booked in Accounts 1588 and 1589 as described in reply to question 1.

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.

Reply:

Using the GA Allocation and Reconciliation file noted in 3(a), actual RPP kWh consumption, final GA rate and actual GA costs billed by IESO are used to true-up RPP GA costs allocated to Account 1588 and ensure that amounts in 1589 are related to only non-RPP GA costs.

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?

Reply:

See reply to 3(a) and 3(b). Unbilled data kwh for RPP and non-RPP consumption is used to record and allocate initial GA expense for Class B consumers captured in Accounts 1588 and 1589.

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?

Reply:

See reply to 3(b).

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

Reply:

Orillia Power uses billed kWh to true up CT 148 proportions between RPP and non-RPP for December 2017. Unbilled kWh accrued in 2017 financials is based on actual billed in January 2018 and no further true up in 2018 is required.

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

Reply:

Yes, all true-ups for 2017 consumption are reflected in the DVA Continuity Schedule under 2017.

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

Reply:

A true-up adjustment of $13,500 between RPP and non-RPP proportions was recorded 2017 financials and is reflected in the DVA Schedule in column BO Transactions Debit / (Credit) during 2017.

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?

Reply:

Amounts approved for disposition in its 2018 rate proceeding are based on balances at December 31, 2016 and did not include principal adjustments after this date.

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.).

Reply:

There were no principal adjustments approved in its 2018 rate proceeding.

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

Reply:

Not applicable.

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.

Reply:

Not applicable.

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.

Reply:

Not applicable.

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.

Reply:

Not applicable.

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)