

Instructions on Account 1589 RSVA - Global Adjustment (GA) Analysis Workform

Purpose:

To calculate an approximate expected balance in Account 1589 RSVA - GA and compare the expected amount to the amount in the general ledger. Material differences between the two need to be reconciled and explained on an annual basis. Materiality is assessed on an annual basis based on a threshold of +/- 1% of the annual IESO GA charges.

Notes to GA Analysis:

Refer to the GA Analysis Tab to complete the below steps.

Note that this is a generic analysis template, utilities may need to alter the analysis as needed for their specific circumstances. Any alternations to the analysis must be clearly disclosed and explained.

- 1
- Indicate which years the balance requested for disposition pertains to (e.g. 2016, or 2016 and 2015)
- 2
- Complete the Consumption Data Table for consumption (unadjusted for the loss factor) for each year that is being requested for disposition. The data should agree to the RRR data reported, where applicable (i.e. Total Metered excluding WMP, RPP and non-RPP).
- 3
- GA Billing Rate

- Indicate the GA rate that is used to bill customers (also used for unbilled revenue) in the drop down box. Note that the “Other” rate is to represent a combination of the first estimate, second estimate and/or actual rate.
 - In the GA Billing Rate Description textbox, provide a description of the GA billing rate that is used, i.e. first estimate, second estimate, or actual. Explain how the GA billing rate is determined for billing cycles that span more than one load month. Confirm that the GA rate that is used is applied consistently for all billing and unbilled revenue transactions for non-RPP Class B customers in each customer class.* In addition, where the same GA rate is not used for non-RPP Class B customers in all customer classes, explain what GA rate is applied to each customer class.
 - Where a distributor does not apply the same GA rate to all non-RPP Class B customers, the distributor must adapt the GA Analysis for this and breakdown the monthly non-RPP Class B volumes for each GA rate that was applied.

*O.Reg 429/04, section 16(3)

Note: Distributors should create a copy of the Analysis of Expected GA Amount table in a separate tab for each year that is being requested for disposition, calculate the net change in expected GA balance in the year, determine the reconciliation adjustments (see note 6) and assess materiality for each year requested for disposition.

- 4
- Analysis of Expected GA Amount

- The analysis calculates a balance in Account 1589 RSVA- GA that can be reasonably expected. Distributors are charged by the IESO on a calendar/load month basis at the actual GA rate for relevant volumes each month. The methodology used in the GA Analysis is based on the calendar/load month consumption from revenue amounts (derived from billed and unbilled consumption). This is done by taking the billed kWh volumes (which would not be expected to align with the calendar/load month) and deducting the unbilled kWh consumption from the prior month and adding the unbilled kWh consumption of the current month. This approach to calculating monthly kWh volumes is used to represent calendar/load month consumption.
 - Once calendar/load month kWh volumes are determined, the monthly GA rate(s) used to bill non-RPP Class B customers for each month as posted by the IESO can be multiplied by the consumption to determine expected GA revenue amounts. Therefore, a blended GA rate will not be required as the kWh volumes for revenues have been approximated on a calendar/load month basis as well. The expected GA revenues can then be compared to the actual GA rate charged by the IESO for each month multiplied by the consumption to determine a balance that can be expected in Account 1589 RSVA-GA.
 - This methodology expects volume differences would not be significant. However, if unbilled consumption is not estimated with adequate precision by a distributor, this could impact the expected balance in Account 1589 RSVA-GA, which may have to be considered in the analysis by the distributor.
 - Note that distributors who have more precise monthly kWh volume data available based on allocation of billing data by calendar/load month may propose to use this data in the GA Analysis to calculate the expected GA balance. However, any such methodology that differs from the one described above must be disclosed and explained.

- Column F :

The consumption column is for monthly non-RPP Class B (loss adjusted) consumption billed. Total annual consumption is expected to differ from the Consumption Data Table (note 2) by the loss factor. Utilities are expected to ensure that the difference in consumption between that in column F and the Consumption Data Table are reasonable.
- Column G, H :

Prior month unbilled consumption is to be deducted and current month unbilled consumption is to be added. Note that monthly non-RPP Class B unbilled consumption may not be readily available and may require estimates or allocations to be done.
- Column J :

Fill in the GA rate billed by linking the cells to the applicable cells in the GA Rates Per IESO Website Table.

Column L: Fill in the actual GA rate paid by linking the cells to the applicable cells in the GA Rates Per IESO Website Table.

5 Reconciling Items

Enter the net change in principal balance in the GL. This will equal to the transactions recorded in the account for the year. If multiple years are requested for disposition, the sum of the net changes in principal balance will equal the cumulative principal balance requested for disposition.

The purpose of this section is to ensure that reconciling items have been appropriately factored into the GA Analysis. Reconciling items must be considered for each year requested for disposition.

For each reconciling item, indicate whether the item is a reconciling item to the utility's specific circumstances using the column "Applicability of Reconciling Item". Explain how each item applies or does not apply as a reconciling item. Assess if each reconciling item is significant, if so they must be quantified.

Reconciling items may include:

- 1) Impacts to GA from RPP settlement true up amounts
Note that effective May 23, 2017, per the OEB's letter titled *Guidance on Disposition of Accounts 1588 and 1589*, applicants must reflect RPP Settlement true-up claims pertaining to the period that is being requested for disposition in Account 1588 and Account 1589. This would include true ups to the pro-ratio of the GA charge based on RPP vs. non-RPP volumes, true up of GA accrual expense to the actual expense per invoice.
 - a. Prior year impacts should be removed,
 - b. Current year impacts should be added.
- 2) Unbilled revenue differences between the unbilled and actual billed amounts, which could relate to rate used or consumption volumes
Analyses may have to be performed to identify the portion of the billed amounts that corresponded to the amount that was unbilled and recorded in the general ledger.
 - a. Prior year end unbilled revenue differences should be removed,
 - b. Current year end unbilled revenue differences should be added.
- 3) Accrual to actual differences in long term load transfers
Amounts pertaining to load transfers may be unknown at the end of the year and therefore, are accrued based on an estimate. A true-up to actuals would then be done in the following year. Note that per the December 21, 2015 Distribution System Code Amendment, all load transfer arrangements shall be eliminated by transferring the load transfer customers to the physical distributor by June 21, 2017.
 - a. Prior year end differences should be removed
 - b. Current year end differences should be added.
- 4) GA balances pertaining to Class A customers must be excluded from the GA balance as the GA balance should only relate to Class B.
Transactions pertaining to Class A customers are recorded in Account 1589 RSVA-GA and should net to zero. However, there may be balances pertaining to Class A included in the account at the end of the year due to timing issues. For example, a balance pertaining to Class A customers may exist if revenues are not accrued on the same basis as expenses.
If any such balances pertaining to Class A exist, the distributor must also ensure that these amounts are excluded from the Account 1589 RSVA-GA balance requested for disposition.
- 5) Significant prior period billing adjustments
Cancel and rebills for billing adjustments may be recorded in the current year revenue GL balance but would not be included in the current year consumption charged by the IESO.
- 6) Differences in GA IESO posted rate and rate charged on IESO invoice
If there are any differences between the GA IESO posted rate used in the Analysis of Expected GA Amount table above (note 4) and the GA rate that is actually charged per a distributor's invoice for non-RPP volumes Class B, the impact of this may need to be quantified. The monthly difference in rate should be multiplied by non-RPP Class B volumes.
- 7-10) Any other items that cause differences between the expected GA amount and the GA recorded in the general ledger.
Any remaining unreconciled balance that is greater than +/- 1% of the GA payments to the IESO annually must be analyzed and investigated to identify any additional reconciling items or to identify corrections to the balance requested for disposition.

6 Materiality Threshold

The net change in principal balance in the GL should be summed with the reconciling items to determine the adjusted net change in principal balance in the GL. This amount will be compared to the expected net change in the principal balance as calculated in the Analysis of Expected GA Amount table (note 4). The difference between the two will be compared to the annual GA payments to the IESO. If the difference is greater than +/-1%, then distributors may reassess the reconciling items to determine if there are additional reconciling items that could impact the difference.

7 Complete the table to obtain the annual GA expected transactions and cumulative GA balance in the GL using each of the Analysis of Expected GA Amount table (note 4) and Reconciling Items tables (note 6) completed for each year.

Please provide any additional details in the Additional Notes and Comments textbox.

Account 1589 Global Adjustment (GA) Analysis Workform

Input cells

Drop down cells

Note 1

Year(s) Requested for Disposition

2017

Note 2

Consumption Data Excluding for Loss Factor (Data to agree with RRR as applicable)				
Year		2017		
Total Metered excluding WMP	C = A+B	94,075,661	kWh	100%
RPP	A	56,941,840	kWh	60.5%
Non RPP	B = D+E	37,133,821	kWh	39.5%
Non-RPP Class A	D		kWh	0.0%
Non-RPP Class B*	E	37,133,821	kWh	39.5%

*Non-RPP Class B consumption reported in this table is not expected to directly agree with the Non-RPP Class B Including Loss Adjusted Billed Consumption in the GA Analysis of Expected Balance table below. The difference should be equal to the loss factor.

Note 3

GA Billing Rate

GA is billed on the

1st Estimate

GA Billing Rate Description

Kenora's GA methodology is detailed in the rate application word document accompanying this IRM.

Note 4

Analysis of Expected GA Amount									
Year	2017								
Calendar Month	Non-RPP Class B Including Loss Factor Billed Consumption (kWh)	Deduct Previous Month Unbilled Loss Adjusted Consumption (kWh)	Add Current Month Unbilled Loss Adjusted Consumption (kWh)	Non-RPP Class B Including Loss Adjusted Consumption, Adjusted for Unbilled (kWh)	GA Rate Billed (\$/kWh)	\$ Consumption at GA Rate Billed	GA Actual Rate Paid (\$/kWh) (IESO posted rate)	\$ Consumption at Actual Rate Paid	Expected GA Variance (\$)
	F	G	H	I = F-G+H	J	K = I*J	L	M = I*L	=M-K
January	3,736,905			3,736,905	0.06690	\$ 249,999	0.08230	\$ 307,547	\$ 57,548
February	3,272,965			3,272,965	0.10560	\$ 345,625	0.08640	\$ 282,784	-\$ 62,841
March	3,462,539			3,462,539	0.08410	\$ 291,200	0.07140	\$ 247,225	-\$ 43,974
April	2,967,784			2,967,784	0.06870	\$ 203,887	0.10780	\$ 319,927	\$ 116,040
May	2,806,091			2,806,091	0.10620	\$ 298,007	0.12310	\$ 345,430	\$ 47,423
June	2,865,244			2,865,244	0.11950	\$ 342,397	0.11850	\$ 339,531	-\$ 2,865
July	3,142,077			3,142,077	0.10650	\$ 334,631	0.11280	\$ 354,426	\$ 19,795
August	3,103,217			3,103,217	0.11500	\$ 356,870	0.10110	\$ 313,735	-\$ 43,135
September	2,990,712			2,990,712	0.12740	\$ 381,017	0.08860	\$ 264,977	-\$ 116,040
October	3,068,318			3,068,318	0.10210	\$ 313,275	0.12560	\$ 385,381	\$ 72,105
November	3,468,614			3,468,614	0.11160	\$ 387,097	0.09700	\$ 336,456	-\$ 50,642
December	3,634,751			3,634,751	0.08390	\$ 304,956	0.09210	\$ 334,761	\$ 29,805
Net Change in Expected GA Balance in the Year (i.e. Transactions in the Year)	38,519,217	-	-	38,519,217		\$ 3,808,960		\$ 3,832,181	\$ 23,221

Note 5 **Reconciling Items**

	Item	Applicability of Reconciling Item (Y/N)	Amount (Quantify if it is a significant reconciling item)	Explanation
Net Change in Principal Balance in the GL (i.e. Transactions in the Year)			-\$ 42,790	
1a	Remove impacts to GA from prior year RPP Settlement true up process that are booked in current year	N	\$ -	
1b	Add impacts to GA from current year RPP Settlement true up process that are booked in subsequent year	N	\$ -	
2a	Remove prior year end unbilled to actual revenue differences	N		
2b	Add current year end unbilled to actual revenue differences	N		
3a	Remove difference between prior year accrual to forecast from long term load transfers	N	\$ -	
3b	Add difference between current year accrual to forecast from long term load transfers	N	\$ -	
4	Remove GA balances pertaining to Class A customers	N	\$ -	
5	Significant prior period billing adjustments included in current year GL balance but would not be included in the billing consumption used in the GA Analysis	N	\$ -	
6	Differences in GA IESO posted rate and rate charged on IESO invoice	N		
7	Correction of posting in 2017	Y	\$ 34,676	A CR to RSVA was done at year end to correct posting error in May. The posting should not have been
8				
9				
10				

Note 6	Adjusted Net Change in Principal Balance in the GL	-\$ 8,114
	Net Change in Expected GA Balance in the Year Per Analysis	\$ 23,221
	Unresolved Difference	-\$ 31,334
	Unresolved Difference as % of Expected GA Payments to IESO	<u>-0.8%</u>

Note 7 **Summary of GA (if multiple years requested for disposition)**

Year	Annual Net Change in Expected GA Balance from GA Analysis (cell K47)	Net Change in Principal Balance in the GL (cell D57)	Reconciling Items (sum of cells D58 to D70)	Adjusted Net Change in Principal Balance in the GL	Unresolved Difference	Payments to IESO (cell J47)	Unresolved Difference as % of Expected GA Payments to IESO
					\$ -		0.0%
					\$ -		0.0%
					\$ -		0.0%
					\$ -		0.0%
Cumulative Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A

Additional Notes and Comments

The column "Non-RPP Class B Including Loss Factor Billed Consumption (kWh)" (= "F"), is the estimated kWh including the adjustments for prior and current unbilled consumption for each month. The report generat ed from the billing system does not give us the prior and current unbilled kWh, it prorates the bills by day each month and provides only the final number for kWh as adjusted for unbilled for that month. Therefore, no kWh data will be input into the "Deduct previous" or "Add current" kWh each month for each of the years analyzed.