**Appendix A**

**GA Methodology Description**

**Questions on Accounts 1588 & 1589[[1]](#footnote-1)[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.

Response:

NPEI uses the following approach in booking Charge Type 1142 and Charge Type 148 from the IESO invoice:

* CT 1142 is booked into Account 1588.
* Beginning in February 2017, NPEI bills all non-RPP Class B customers using actual GA rates. Therefore, the GA billing to non-RPP class B customers should not result in any variance in Account 1589 RSVA – Global Adjustment. As a result of this, NPEI’s procedure for allocating CT 148 is:
1. Each month, after the monthly unbilled revenue accrual is posted, NPEI determines the total amount of non-RPP Class B GA revenue that has been recorded for the month.
2. NPEI records a portion of IESO Charge Type 148 Class B Global Adjustment Settlement Amount to Account 4707 Charges – Global Adjustment that exactly offsets the revenue amount determined in step 1). Unbilled revenue is reversed in the following month thereby any differences relating to the apportioning in Charge Type 148 is accounted for in the following month.
3. The amount determined in step 2) is subtracted from the total of IESO Charge Type 148 Class B Global Adjustment Settlement Amount. The remaining amount of charge type 148 is recorded in Account 4705 Charges – Power Purchased.
4. 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).
	2. 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.
	3. Has CT 1142 been trued up for with the IESO for all of 2017?
	4. Which months from 2017 were trued up in 2018?
	5. Have all of the 2017 related true-up been reflected in the applicant’s DVA Continuity Schedule in this proceeding?
	6. Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.

Response:

1. Each month, the RPP settlement claim that NPEI submits by day 4 for CT 1142 is based on the actual RPP consumption, actual spot price and actual GA rate for the month prior to the settlement month i.e. there is a one-month lag. For example, September 2017 actual RPP consumption, September 2017 actual spot price and the September 2017 actual GA rate were used in the RPP settlement claim that was submitted to the IESO by the 4th business day of November 2017 related to CT 1142 on the October 2017 IESO invoice.
2. Since the Actual GA rate and spot price that relate to the consumption period are utilized in the calculation of NPEI’s RPP claims, no subsequent true-ups are required for the RPP claim amounts.
3. Since NPEI submits its RPP settlement claims based on actual consumption and actual rates, no subsequent true-ups are required. CT 1142 has been settled with the IESO for all of NPEI’s 2017 RPP consumption.
4. CT 1142 relating to December 2017 RPP consumption was settled with the IESO on NPEI’s January 2018 IESO invoice.
5. All RPP settlement amounts related to 2017 RPP consumption have been reflected in the DVA continuity schedule.
6. The RPP settlement for December 2017 RPP consumption was settled with the IESO on NPEI’s January 2018 IESO invoice, resulting in a credit to NPEI of ($1,627,844) under CT 1142. This has been reflected in the DVA Continuity Schedule in the column ‘Principal Adjustments during 2017’.
7. Questions on CT 148
8. Please describe the process for the initial recording of CT 148 in the accounts (i.e. 1588 and 1589).
9. 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.
10. 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?
11. 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?
12. Please indicate which months from 2017 were trued up in 2018 for CT 148 proportions between RPP and non-RPP.
13. Are all true-ups for 2017 consumption reflected in the DVA Continuity Schedule under 2017.
14. Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.

Response:

1. Beginning in February 2017, NPEI bills all non-RPP Class B customers using actual GA rates. Therefore, the GA billing to non-RPP class B customers should not result in any variance in Account 1589 RSVA – Global Adjustment. As a result of this, NPEI’s procedure for allocating CT 148 is:
2. Each month, after the monthly unbilled revenue accrual is posted, NPEI determines the total amount of non-RPP Class B GA revenue that has been recorded for the month.
3. NPEI records a portion of IESO Charge Type 148 Class B Global Adjustment Settlement Amount to Account 4707 Charges – Global Adjustment that exactly offsets the revenue amount determined in step 1). Unbilled revenue is reversed in the following month thereby any differences relating to the apportioning in Charge Type 148 is accounted for in the following month.
4. The amount determined in step 2) is subtracted from the total of IESO Charge Type 148 Class B Global Adjustment Settlement Amount. The remaining amount of charge type 148 is recorded in Account 4705 Charges – Power Purchased.

This is recorded in the general ledger in the same month as consumption billed by the IESO. There is no one-month lag in recording charge type 148.

1. Not applicable.
2. Not applicable.
3. Not applicable
4. Not applicable.
5. Not applicable.
6. 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?
2. 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.).
3. Has the applicant reversed the adjustment approved in 2018 in its current proposed amount for disposition?
4. 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.
5. 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.
6. 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.

Response:

1. In NPEI’s 2018 IRM Rate Application (EB-2017-0063), the Group 1 balances approved for disposition included a principal adjustment to Account 1588 of ($55,378), and a principal adjustment to Account 1589 of $224,864.
2. Please see the table below for the break-down of the principal adjustments approved for disposition in 2018:



1. The reallocation between Accounts 1588 and 1589 was to correct invoice coding related to the settlement of Long Term Load Transfers. (See NPEI’s response to Board Staff additional questions in EB-2017-0063, filed February 14, 2018). This adjustment has not been reversed in the current amount proposed for disposition.

The adjustment of $169,486 to Account 1588 that relates to 2016 RPP settlement recorded in 2017 has been reversed in the current amount proposed for disposition.

1. Please see the table below for the break-down of the principal adjustments included in the current application:



1. The total amount shown in part d) above of ($1,797,330) agrees to the principal adjustment in the DVA Continuity Schedule in the current proceeding.
2. The principal adjustment to Account 1588 of ($1,797,330) shown in the DVA Continuity Schedule has been recorded in NPEI’s general ledger.
1. [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)