

## INSTRUCTIONS FOR COMPLETING 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.

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

### **Steps for completing the GA WorkForm:**

1. Complete Appendix A, GA Methodology description
  
2. Complete the Information Sheet:
  - a) From the drop-down box, select your Utility Name. This selection will result in pre-populating 2017 RRR data for Note 2, i.e. Consumption Data Excluding Loss Factor.

**NB:** The purpose of the Consumption Data table is to validate the accuracy of the kWh quantities used to calculate the expected net transactions in account 1589 RSVA -GA for the calendar year.

kWh Consumption data will auto-populate for 2017. For years before 2017, the kWh Consumption Data Excluding Loss Factor must be manually input. The data should agree to the RRR data reported, where applicable (i.e. Total Metered excluding WMP, RPP and non-RPP).
  - b) Check off the years over which GA balances have accumulated since they were last disposed, and are proposed for disposition in the current proceeding. A WorkForm sheet will open up for each year selected.
  
3. Under Note 3, from the drop-down box, select the GA Billing Rate (i.e. 1<sup>st</sup> Estimate, 2<sup>nd</sup> Estimate or Actual). This selection will result in populating Column J GA Rate Billed (\$/kWh). Also confirm that the utility uses the same rate for recording unbilled revenues entry by checking off the check box.

**NB:** The same GA rate is to be used for all non-RPP Class B customers within a customer class (per O.Reg 429/04, section 16(3)).

4. The WorkForm requires kWh volumes for revenues and expenses on a calendar month basis. It assumes kWh volumes sold adjusted for losses are equal to purchased kWh volumes based on the following formula: Billed kWh **minus** prior month unbilled kWh **plus** current month unbilled kWh.
5. Under Note 4, complete columns F, G and H of the Table based on calendar month consumption.
6. The WorkForm will calculate the Loss Factor based on the data in Note 4. The calculated loss factor should not be significantly different from the approved loss factor for that particular year.

### Description of Columns in the table:

- Column F* The consumption column is for monthly non-RPP Class B kWh consumption billed (including losses). 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* Prior month unbilled consumption is to be deducted. Note that not all monthly non-RPP Class B unbilled consumption may be readily available. Some estimates or allocations may be required to determine a portion of this data.
- Column H* Current month unbilled consumption is to be added. Note that not all monthly non-RPP Class B unbilled consumption may be readily available. Some estimates or allocations may be required to determine a portion of this data.
- Column J* GA rates billed to customers will be auto-populated once the distributor selects the billed rate in Step 3 above.
- Column L* The Actual GA rates billed by the IESO will be auto-populated.

## 7. Note 5: Reconciling Items

The purpose of this section is to reconcile the difference between:

- i. the expected net transactions for the year calculated in the WorkForm for Account 1589, and
- ii. the net transactions recorded in the distributor's General Ledger.

Reconciling items will be required for each year requested for disposition.

- a) Input the Net Change in Principal Balance in the GL:  
This should equal the GA flow-through transactions recorded in Account 1589 for the year. [**N.B.**: Please do not include dispositions in this number]

### **Reconciling items:**

#### **1a. True-up of GA Charges based on Actual Non-RPP Volumes – prior year:**

Prior year RPP settlement true-up claims impacting Account 1589 are to be shown as reconciling items and are to be determined as follows (assuming that the impact of prior year true-ups was not recorded in the GL until the current year):

- The monthly GA costs that would have been recorded in the General Ledger would have been initially accrued per Charge Type 148 Global Adjustment from the IESO bill, and based on estimated Class B non-RPP customer kWh volumes multiplied by the IESO actual GA price per kWh for that particular month.
- The reconciling item relating to the prior year's true up for Account 1589 would be calculated as the difference between i) the actual Class B non-RPP volumes for the prior year (determined in the current year) multiplied by the IESO Actual GA Rate per kWh, and ii) the estimated Class B non-RPP volumes from the prior year multiplied by the IESO Actual GA Rate per kWh.

**NB:** there may be multiple amounts included in this reconciling item depending on how many months of true-ups were not reflected in the balance of Account 1589.

Example:

Data used in true-up of Class B Non-RPP volumes for December 2016:

- Estimated Class B non-RPP volumes - 275,000,000 kWh
- Actual Class B non-RPP volumes - 296,759,443 kWh
- IESO Global Adjustment Actual Rate - \$0.1000/kWh

The estimate of GA costs for non-RPP Class B customers for December 2016 would have been \$27,500,000. The actual GA cost for non-RPP Class B customers for December 2016 was \$29,675,944. If the true-up was not reflected in the 2016 General Ledger, \$2,175,944 should be added as a true-up reconciling adjustment for in the 2016 GA Analysis WorkForm. In addition, \$2,175,944 should be included as a principal adjustment to the 2016 DVA Continuity Schedule of the Cost of Service or IRM rate application.

In the 2017 GA Analysis WorkForm, the \$2,175,944 adjustment would have to be reversed and shown as (\$2,175,944).

### **1b. True-up of GA Charges based on Actual Non-RPP Volumes – current year:**

Current year true-up of Class B Non-RPP GA volumes impacting Account 1589 Non-RPP are to be shown as reconciling items and are to be determined as follows (assuming that the impact of true-ups was not recorded in the GL until the following calendar year):

- The GA costs that would have been recorded in the General Ledger would have been initially recorded per Charge Type 148 Global Adjustment from the IESO bill, and based on initially estimated Class B non-RPP customer kWh volumes multiplied by the IESO actual GA price per kWh for the month.
- The reconciling item relating to the current year's true up for Account 1589 would be calculated as the difference between i) the actual Class B non-RPP volumes for the current year (determined in the subsequent year) multiplied by the IESO Actual GA Rate per kWh, and ii) the estimated Class B non-RPP volumes for the current year multiplied by the IESO Actual GA Rate per kWh.

**NB:** there may be multiple amounts included in this reconciling item depending on how many months of true-ups of volumes were not reflected in the balance of Account 1589.

Example:

Data used in the accrual of GA costs for December 2017:

- Estimated Class B non-RPP volumes - 263,000,000 kWh
- Actual Class B non-RPP volumes - 277,345,455 kWh
- IESO Global Adjustment Actual Rate - \$0.1100/kWh

The estimated GA costs for non-RPP Class B customers for December 2017 would have been \$28,930,000. The actual GA cost for non-RPP Class B customers for December 2017 was \$30,508,000. If the true-up claim was not reflected in the 2017 General Ledger, \$1,578,000 should be added as a true-up reconciling adjustment for 2017 in the GA Analysis WorkForm. In addition, \$1,578,000 should be included as a principal adjustment to the 2017 DVA Continuity Schedule of the Cost of Service or IRM rate application.

In the next year's GA Analysis WorkForm, the \$1,578,000 adjustment should be reversed and shown as (\$1,578,000).

## 2. Removal of unbilled to actual revenue differences:

- Distributors are required to follow accrual accounting for transaction recording and financial statement preparation. Revenue accrual accounting is performed by recording unbilled revenue for the electricity consumed by customers that they will eventually be billed for to the end of the reporting period. Unbilled revenue must be accrued for all components of a customer's bill that will be invoiced in the future to the end of the reporting period.
- Unbilled revenue must be based on best data available to ensure accurate data on the distributor's balance sheet and income statement. Generally speaking, accurate data includes kWh consumption volumes & kW demand volumes by customer and customer class using the billing rates for all items that will appear on the customer's bill.
- Although unbilled revenue is an estimate, the OEB expects it to be relatively accurate. Differences between unbilled revenue accruals for a given previous fiscal year should not be significantly different from the amounts billed to customers in the subsequent year that relate to the previous fiscal year.

- Distributors are to record the differences between i) unbilled revenue for the GA for all customer classes and ii) the GA revenue billed in the subsequent year for the previous fiscal period.
- Distributors should have an approach to accurately calculate such differences and record these amounts in the GA Analysis WorkForm.

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.

### **2a. Remove Prior year-end unbilled to actual revenue differences:**

The differences between prior year-end unbilled revenue and the associated billed revenue is to be identified and adjusted.

Example:

Data used to calculate the difference between in unbilled revenue for 2016 and billed revenue in 2017 relating to 2016 fiscal year (assuming the distributor records unbilled revenue using the GA 1<sup>st</sup> Estimate Rate):

- Estimated unbilled quantities for Class B non-RPP volumes December consumption month - 335,000,000 kWh as of December 31, 2016
- Estimated unbilled quantities for Class B non-RPP volumes November consumption month - 5,750,000 kWh as of December 31, 2016
- Billed quantities for Class B non-RPP volumes to customers in 2017 relating to December 2016 - 329,650,550 kWh
- Billed quantities for Class B non-RPP volumes to customers in 2017 relating to November 2016 - 4,225,750 kWh
- IESO Global Adjustment 1st Estimate Rate for December - \$0.0975/kWh
- IESO Global Adjustment 1st Estimate Rate for November - \$0.1230/kWh

The unbilled revenue accrual for Class B non-RPP customers at the end of 2016 was \$33,369,750 = [\$32,662,500 = (335,000,000 X \$0.0975/kWh)] + [\$707,250 = (5,750,000 X \$0.1230/kWh)], and the amount of GA billed in 2017 related to 2016 for non-RPP Class B customers was \$32,660,696 = [\$32,140,929 = 329,650,550 X \$0.0975/kWh] + [\$519,767 = (4,225,750 X \$0.1230/kWh)]. The difference between unbilled revenue and billed revenue is \$709,054.

2016 unbilled revenue was overstated in this example. A debit adjustment of \$709,054 for this reconciling item should be made in the 2016 GA Analysis WorkForm. \$709,054 should be included as a principal adjustment to the 2016 DVA Continuity Schedule of the Cost of Service or IRM rate application. In the 2017 GA Analysis Workform, the \$709,054 adjustment would have to be reversed and shown as (\$709,054).

### **2b. Add current year-end unbilled to actual revenue differences:**

The difference between current year-end unbilled revenue and the associated billed revenue is to be identified and adjusted.

Example:

Data used to calculate the difference between in unbilled revenue for 2017 and billed revenue in 2018 relating to 2017 fiscal year (assuming the distributor records unbilled revenue using the GA 1<sup>st</sup> Estimate Rate):

- Estimated unbilled quantities for Class B non-RPP volumes December Consumption month - 348,000,000 kWh as of December 31, 2017
- Estimated unbilled quantities for Class B non-RPP volumes November Consumption month - 7,750,000 kWh as of December 31, 2017
- Billed quantities for Class B non-RPP volumes to customers in 2018 relating to December 2017 - 335,750,750 kWh
- Billed quantities for Class B non-RPP volumes to customers in 2018 relating to November 2017 - 6,500,000 kWh
- IESO Global Adjustment 1st Estimate Rate for December - \$0.1075/kWh
- IESO Global Adjustment 1st Estimate Rate for November - 0.1185/kWh

The unbilled revenue accrual for Class B Non-RPP customers at the end of 2017 was \$38,328,375 = [\$37,410,000 = (348,000,000 X \$0.1075/kWh)] + [\$918,375 = (7,750,000 X \$0.1185/kWh)], and the amount of GA billed in 2018 related to 2017 for non-RPP Class B customers was \$36,863,527 = [\$36,093,206 = 335,750,750 X \$0.1075/kWh] + [\$770,250 = (6,500,000 X \$0.1185/kWh)].

The difference between unbilled revenue and billed revenue is \$1,464,919.

2017 unbilled revenue was overstated in this example. A debit adjustment of \$1,464,919 for this reconciling item should be made in the 2017 GA Analysis WorkForm. \$1,464,919 would be included as a principal adjustment to the 2017 DVA Continuity Schedule in the Cost of Service or IRM rate application. In the next year's



GA Analysis Workform, the \$1,464,848 adjustment would have to be reversed and shown as (\$1,464,848).

### 3. Removal of difference between accrual/forecast and actual relating to 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. **NB:** 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.
- This adjustment relates to long term and short-term load transfers as applicable. A distributor could have differences between accrued and actual cost as the geographic distributor or differences between accrued and billed revenue as the physical distributor. The examples are based on differences between accrued and billed revenue as physical distributor.

#### 3a. Remove difference between prior year accrual/forecast and actual relating to load transfers:

Example:

- Information related to load transfer revenue differences for December 2016: Actual geographic distributor's volumes used to calculate the difference between load transfer revenue for 2016 and billed revenue in 2017 relating to 2016 fiscal year:
  - 2016 accrued unbilled quantities - 2,500,000 kWhs
  - 2017 billed quantities for 2016 - 3,600,000 kWhs
  - IESO Global Adjustment weighted average 2016 Actual rate - \$0.1250/kWh

The accrued unbilled revenue amount related to geographic distributors was \$312,500 and the amount of GA billed to geographic distributors in 2017 related to 2016 was \$450,000. 2016 accrued revenue was \$137,500 lower than billed revenue in 2017 relating to 2016 fiscal year.



As the 2016 accrued unbilled revenue was lower than billed revenue, a credit adjustment of \$137,500 should be made to the 2016 GA Analysis WorkForm for this reconciling item.

In the 2017 GA Analysis WorkForm, the \$137,500 adjustment would have to be reversed and shown as a debit of \$137,500.

**3b. Add difference between current year accrual/forecast to actual from long term load transfers:**

Example:

- Information related to load transfer revenue differences for December 2017: Geographic distributor's volumes used to calculate the difference between load transfer revenue for 2017 and billed revenue in 2018 relating to 2017 fiscal year:
  - 2017 accrued quantities - 3,300,000 kWhs
  - 2018 billed quantities for 2017 - 2,100,000 kWhs
  - IESO Global Adjustment weighted average 2017 Actual rate - \$0.1165/kWh

The accrued revenue amount related to geographic distributors was \$384,450 and the amount of GA billed to geographic distributors in 2018 related to 2017 was \$244,650. 2017 accrued revenue was \$139,800 higher than billed revenue in 2018 relating to 2017 fiscal year.

As the 2017 accrued revenue was higher than billed revenue, a debit adjustment of \$139,800 should be made to the 2017 GA Analysis WorkForm for this reconciling item.

In the 2018 GA Analysis WorkForm, the \$139,800 adjustment would have to be reversed and shown as a credit of \$139,800.

**4. Remove GA balances pertaining to Class A customers:**

- Global Adjustment is billed to Class A customers based on their customer-specific peak demand factor (PDF).
- Class A customers are billed at actual GA costs. Monthly unbilled revenue relating to these customers should be accrued based on the estimated

amount accrued for Charge Type 147 as part of a distributor's cost of power accrual for GA. Therefore there should be no variances related to Class A customers in Account 1589.

- For those distributors that do not follow this accounting month-end practice, they may have balances relating to GA attributable to Class A customers included as part of the balance of Account 1589.
- Any amounts recorded in Account 1589 relating to Class A customers must be eliminated, as the balance of Account 1589 should only relate to Class B non-RPP customers. 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 customers 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.
- A distributor would need to do an analysis of all GA Class A transactions that would have been included in the balance of Account 1589. A distributor would need to compute the adjustment amounts relating to Class A GA by taking the sum of the following:
  - GA billed to Class A customers,
  - GA unbilled revenue accruals recorded relating to Class A customers
  - GA unbilled revenue reversals recorded relating to Class A customers
  - GA charged by the IESO for Charge Type 147
  - GA accrued as part of the cost of power accrual for Charge Type 147
- In this example, a distributor summed up all transactions relating to Class A customers and erroneously had a credit balance of \$1,750,000. This amount should be eliminated from the GA Analysis WorkForm by recording a debit adjustment of \$1,750,000. This adjustment is a permanent adjustment and is not reversed.

- If any such balances pertaining to Class A customers 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 recorded in current year:**

- 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.
- It is a normal part of business for distributors to make billing corrections, bill cancellations, and re-billings. Billing adjustments can be small or quite large, depending on the nature and cause of the billing adjustment.
- Where billing adjustments relate to prior calendar years pertaining to Class B non-RPP customers, there would be an impact to Account 1589.

**Example:**

- A distributor made significant billing adjustments in the current year of \$350,000 related to GA revenue for the prior two years:
- The revenue would have been recorded in the current period G/L and current period billing statistics, however,
- The GA costs relating to such revenue would have been paid to the IESO at actual rates in prior periods, i.e.: would not have been recorded as a cost in the current period.
- In this example there is a mismatch of GA revenue and costs, requiring a reconciling item to bring the expected GA balance in the GA Analysis WorkForm in line with the GA balance in the general ledger.
- In this case, a debit adjustment would be needed for \$350,000 in the current period GA WorkForm to explain the difference. This is a one-time permanent adjustment, and a reversal would not be required in future periods.

**6. Differences in GA charged by the IESO relating to prior period(s) or other adjustments:**

- Differences between the following would need to be quantified:
  1. the GA amount calculated based on the GA IESO actual posted rate X total GA wholesale billing quantities [same concept as with the Analysis of Expected GA Amount (Note 4 in the WorkForm)], and
  2. the GA amount that was actually charged by the IESO on the distributor's wholesale power bill Charge Type 148, for Class B non-RPP volumes.
- On occasion, the IESO makes Global Adjustment corrections as the result of distributor corrections to prior fiscal years or adjustments initiated by the IESO for various reasons.
- For example, there may be instances where the IESO bills distributors more/less than GA costs based on actual GA Rate. Distributors should be aware of such differences, which should be identified through a distributor's wholesale settlement processes and systems.
- Any amounts charged by the IESO for GA other than the distributor's wholesale volumes would need to be identified and recorded as a reconciling item in the GA Analysis WorkForm.
- For example, there may be instances where the IESO made adjustments on a distributor's monthly invoices during the year totaling \$425,000 and these adjustments would result in an effective GA rate which is different than the actual posted rate. A distributor would need to record a reconciling item in the GA Analysis WorkForm for this situation.
- The GA costs may have been recorded in the current period general ledger, however, the additional charge or credit amounts may not have been reflected in the calculation of the expected GA amount in the WorkForm. In this example, there is a mismatch of GA revenue and costs, requiring a reconciling item to bring the expected GA balance in the GA Analysis WorkForm in line with the GA balance in the general ledger.
- In this case, a credit adjustment would be needed for \$425,000 in the current period GA WorkForm to explain the difference. This is a one-time permanent adjustment, and a reversal would not be required in future periods.

**7. Differences between actual system losses and Approved Total Loss Factors (TLF) billed to customers in the calendar year:**

- Differences between actual system losses and TLFs billed to customers are not usually significant. However, there may be circumstances that would cause more significant differences. Where significant differences are identified, a reconciling item is required in the GA Analysis WorkForm and a distributor would be required to explain the operational reasons for the large differences.
- For example, where a distributor calculates the actual system losses to be significantly greater than billed TLF to Class B non-RPP customers, the following data is applicable:
  - Total metered volumes billed and unbilled to Class B non-RPP customers was 290,000,000 kWhs
  - Actual System Losses relating to Class B non-RPP customers is 5.50%
  - Billed TLF relating to Class B non-RPP customers was 4.50%
  - The weighted average actual GA rate for the year was \$0.1035/kWh
- In this case, the difference between the billed TLF and the actual system losses relating to Class B non-RPP customers is \$300,150.
- As the general ledger in Account 1589 would reflect the actual costs related to the actual system losses, the expected GA costs calculated in the GA Analysis WorkForm would be lower and a credit adjustment of \$300,150 would need to be recorded. This is a one-time permanent adjustment, and a reversal would not be required in future periods.

**8. 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 annual GA payments to the IESO must be analyzed and investigated to identify any

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additional reconciling items, or to identify corrections to the balance requested for disposition.

In its review of Account 1589, the OEB will utilize any meaningful evidence provided by the distributor that substantiates any unreconciled balance that is greater than +/- 1% of the annual GA payments to the IESO when making a decision to approve or deny disposition of this account.

**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.
  - 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.

**Response:**

Milton Hydro confirms that the approach set out in b) above is used. However, Milton Hydro follows the Accounting Procedures Handbook and records the amounts billed by the IESO and collected by Milton Hydro from customers through the revenue and expense accounts first with the variance cleared to 1588 and 1589.

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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.



**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).
- 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.
- c. Has CT 1142 been trued up for with the IESO for all of 2017?
- d. Which months from 2017 were trued up in 2018?
- e. Have all of the 2017 related true-up been reflected in the applicant's DVA Continuity Schedule in this proceeding?
- f. Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.

**Response:**

- a) RPP Quantities billed in the month & the corresponding WAHSP is captured within the 4 day window after month end. This average WAHSP for these RPP Quantities plus the current months First Estimate GA Rate is applied to these quantities. The difference between the amount billed (at fixed rate prices) and the WAHSP plus GA rate is one component of Charge Type (CT) 1142. In addition to this amount, the RPP Quantities billed in the previous month are trued up by applying the Actual GA rate that is now available. The difference between the initial amount calculated on the First Estimated and this Actual GA rate along with the current months calculation makes up Charge Type (CT) 1142.
- b) The RPP Quantities billed in the previous month are trued up by applying the Actual GA rate that is now available. The difference between the initial amount calculated on the First Estimated and this Actual GA rate along with the current months calculation makes up Charge Type (CT) 1142. This is performed monthly.
- c) Yes CT 1142 is trued up monthly based on the prior months billed quantities and applying the Actual GA rate that is now available
- d) December 2017 is trued up in January 2018 and a Journal Entry is done to allocate this amount into 2017.

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- e) Yes, all the 2017 related true-up been reflected in the applicant's DVA Continuity Schedule in this proceeding
- f) A journal in the credit amount of \$261,267.51 is reflected in the Dec 2017 DVA Continuity Schedule – Transactions column, for account 1589 Global Adjustment.

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### 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).
- 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.
- 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?
- 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?
- e. Please indicate which months from 2017 were true up in 2018 for CT 148 proportions between RPP and non-RPP.
- f. Are all true-ups for 2017 consumption reflected in the DVA Continuity Schedule under 2017.
- g. Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.

### Response:

- a) The amount billed on CT 148 (Class B Global Adjustment Settlement Amount) less the RPP portion calculated on the settlement form 4 days after month end is journalized first into OEB account 4707 global adjustment, then allocated to OEB account 1589 RSVA Global Adjustment.
- b) As stated in Question 1 – CT 148 is booked to Account 1589. The portion of CT 1142 equaling the RPP minus the HOEP for RPP consumption is booked into Account 1588. The portion of CT 1142 equaling GA RPP is credited to Account 1589. The RPP true up portion from the prior month is included in these amounts.
- c) The actual global adjustment related to the RPP is calculated based on billed quantities and is then subtracted from the CT 148 to determine the portion belonging to the non-RPP.

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- d) MHDH trues up monthly applying difference between the initial amount calculated on the First Estimate and the Actual GA rate based on the previous months billed consumption proportions for the RPP portion.
- e) December 2017 was trued up in January 2018 for CT148 and journalized into 2017.
- f) Yes, using our current method of truing up all adjustments are included in the DVA Continuity Schedule for 2017.
- g) A credit amount of \$261,267.51 is reflected in the DVA Continuity Schedule – Transactions column, representing the true up difference of First Estimate GA to Actual GA for December 2017.

**Note: Milton Hydro's recording of the Global Adjustment and true-ups has consistently resulted in an Unresolved Difference as % of Expected GA Payments to IESO of less than the 1% threshold and therefore meets the GA Model Criteria.**

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

**Response:**

- a. Milton Hydro did not have principal adjustments in its 2018 rate proceeding which were approved for disposition?
- b. N/A
- c. N/A
- d. If this question is referring to the 2017 principal adjustment of \$26,513 then this amount was an adjustment in the model only to reflect the difference in the IESO adjustments booked in 2016 for 2015 IESO adjustments and book in 2017 for 2016 IESO adjustments. This amount is included in the Reconciling Items approved for the 2016 GA Workform.

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- e. The amount calculated in part d. is the principal adjustments shown in the DVA Continuity Schedule for 2017. [2016 credit \$26,513; 2017 debit \$26,513 reversal]
  
- f. Milton Hydro confirms that the principal adjustments shown on the DVA Continuity Schedule are reflected in the GL transactions.