**Appendix A**

**GA Methodology Description**

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

1. Please complete the Table below for principal adjustments on the DVA Continuity Schedule for Account 1588:

|  |  |  |
| --- | --- | --- |
| **Reconciliation of Account 1588 - 2018** |  |  |
|  |  |  |
|  | **Principal Adjustments** | **Was the amount a "Principal Adjustment" in the previous year? (Y/N)** |
| **G/L Balance December 31, 2018** | (42,789) |  |
| **Reversals of Principal Adjustments - previous year** | | |
| 1. Reversal of Cost of Power accrual from previous year |  |  |
| 1. Reversal of CT 1142 true-up from the previous year |  |  |
| 1. Unbilled to billed adjustment for previous year |  |  |
| 1. Reversal of RPP vs. Non-RPP allocation |  |  |
| **Sub-Total Reversals from previous year (A):** |  |  |
|  |  |  |
| **Principal Adjustments - current year** | | |
| 1. Cost of power accrual for 2018 vs Actual per IESO bill |  |  |
| 1. True-up of CT 1142 for 2018 consumption recorded in 2019 GL |  |  |
| 1. Unbilled accrued vs. billed for 2018 consumption |  |  |
| 1. True-up of RPP vs. Non-RPP allocation of CT 148 based on actual 2018 consumption |  |  |
| 1. Other |  |  |
| **Sub-Total Principal Adjustments for 2018 consumption (B)** |  |  |
| **Total Principal Adjustments shown for 2018 (A + B)** |  |  |
| **Bal. For Disposition - 1588 (should match Total Claim column on DVA Continuity Schedule (before projected interest)** | (42,789) |  |
|  |  |  |

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.
5. Was the approach described in response to the above questions used consistently for all years for which variances are proposed for disposition? If not, please discuss.

Renfrew Hydro Inc. (RHI) is an embedded distributor and therefore receives monthly invoices for power consumption from its host distributor Hydro One. RHI also submits the monthly settlement forms to Hydro One.

In booking expense journal entries, RHI confirms that approach (a.) is used to book electricity costs. Charge Type CT 1142 (OFHP RPP Settlement Amount) is booked into Account 1588 and CT 148 (Class B-Global Adjustment) is pro-rated based on RPP/non-RPP consumption and booked into Account 1588 and 1589 respectively.

RHI confirms the approach described above was used consistently for all years for which variances exist in the total claim column on the Deferral/Variance Continuity Schedule.

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).

When completing the monthly submissions for IESO settlements, RHI uses a top down approach. RHI starts by collecting the current month’s wholesale metering data from our third-party meter management vendor, Utilismart. The embedded generation is then added to calculate the total load (kWh) purchased. The current month’s Class A customer volumes are removed and can be determined directly from the meter management data. The remaining balance is the consumption for Class B customers. The split between RPP and non-RPP consumption of Class B customers must be estimated. The current month’s billing data is used to estimate the split. It is an estimate because the current month’s billing data is based on the prior month’s consumption. Actual volumes between RPP and non-RPP are not available at the time the settlement is due. RHI uses these estimated RPP volumes to calculate the RPP related GA costs. The first estimate of the GA is used for this initial calculation, but once the actual GA rate is known, an adjustment is made to true-up in the following month.

* 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.

RHI trues up the difference between the GA first estimate and actual GA the following month, once the final rate is known. RHI also calculates a true up on the estimated RPP volumes every quarter using actual volumes obtained from the CIS billing data. RHI is able to use actual TOU and Tier volumes for this true up.

* 1. Has CT 1142 been trued up for with the IESO for all of 2018?

RHI confirms CT1142 has been trued up with the IESO for all of 2018.

* 1. Which months from 2018 were trued up in 2019?

RHI trued up September, October, and December 2018 in 2019.

* + 1. Were these true ups recorded in the 2018 or 2019 balance in the General Ledger?

The 2018 true ups performed in 2019 were recorded in the 2018 General Ledger before the year end was finalized.

* 1. Have all of the 2018 related true-up been reflected in the applicant’s DVA Continuity Schedule in this proceeding?

RHI confirms that all of the 2018 related true-ups have been reflected in the DVA Continuity Schedule submitted in this proceeding.

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).

RHI uses actual monthly volumes obtained from the billing data within our CIS Northstar software to determine the RPP and Non-RPP kWhs. The Global Adjustment charges (CT 148) are then allocated proportionally between account 1588 and 1589.

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.

RHI does not find it necessary to true up the GA related expenses because actual volumes (from billing data) are used to determine the split when posting the GA costs between RPP and non-RPP. RHI does use the OEB GA model to ensure the GA variance each month is reasonable. RHI also tracks all consumption each month split between RPP, non-RPP, and Class A from the billing stats and compares the total to wholesale purchases to ensure there are no material differences.

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 the initial GA expense in Account 1589?

As mentioned in (a) and (b) RHI uses actual volumes from the billing data of the applicable consumption month to determine the non-RPP kWh volumes. These volumes are used and multiplied with actual GA per kWh rate to record the GA expense proportionally between account 1588 and 1589.

1. Does the utility true up the initial recording of CT 148 in Accounts 1588 and 1589 based on estimated RPP/non-RPP consumption proportions to actuals based on actual RPP-non-RPP consumption proportions?

RHI uses actual consumption data to calculate GA (CT 148) costs between 1588 and 1589 and therefore does not require true ups.

1. Please indicate which months from 2018 were trued up in 2019 for CT 148 proportions between RPP and non-RPP.

RHI did not require a 2018 true up in 2019 for CT 148 as explained in (a-d).

* + 1. Were these true ups recorded in the 2018 or 2019 balance in the General Ledger?

N/A - (see above).

1. Are all true-ups for 2018 consumption reflected in the DVA Continuity Schedule?

RHI confirms no true up for CT 148 was necessary (see above).

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 2019 rate proceeding which were approved for disposition?

RHI confirms there were no principal adjustments in its 2019 rate proceeding which were approved for disposition.

1. If yes, please provide a break-down of the total amount of principal adjustments that were approved (e.g. true-up of unbilled, true up of CT 1142, true up of CT 148 etc.) for each of Accounts 1588 and 1589.

RHI confirms no principal adjustments were included.

1. Has the applicant reversed the adjustment approved in 2019 rates in its current proposed amount for disposition?

***NB***: only the principal adjustments amounts that were disposed in the previous proceeding should be reversed in this proceeding. For example, if no amount related to unbilled to billed adjustment for 2018 consumption was included in 2019 proceeding, this amount should not be included as a “reversal” from previous year.

RHI confirms there were no adjustments approved in 2019 rates that required a reversal.

1. Please confirm that the allocation of charge type 148 has been trued up to actual proportion of RPP/non-RPP consumption in the GL.

RHI confirms that the allocation of charge type 148 has been posted to the GL based on the actual proportion of RPP/non-RPP.

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)