

Appendix A

GA Methodology Description

Questions on Accounts 1588 & 1589¹

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

Reconciliation of Account 1588 - 2018

Response:

Please note, as the adjustments from the prior year (2019 IRM) DVA included some atypical one-time adjustments, BPI has provided the reconciliation for Account 1588 in a slightly different format, which still identifies the requirements in the original template but also addresses the special circumstances from the prior application.

Item	Adjustments		Previous Yr Adjustment ?
2018 Opening Balance per G/L	-\$ 70,437	A	
Reversal of CT 1142 true up from previous year	-\$ 127	B	Y
Reversal of ODS Issue (2019 IRM) related to 2017	-\$ 371,340	C	Y
Unbilled Adjustment from 2017	\$ -	D	N
2018 Opening Balance per DVA prior to Accounting Guidance	-\$ 441,904	E=A+B+C+D	
Add: Impacts of Accting Guidance to 2017 (2020 IRM)	\$ 666,597	F	N
Opening Balance in DVA Continuity (cell BC28)	\$ 224,693	G=E+F	
2018 Activity before adjustments from 2020 IRM	-\$ 585,514	H	
Adjustments due to Accounting Guidance for 2018 (2020 IRM)	\$ 953,855	I	N
True Up of RPP vs Non-RPP (2020 IRM)	\$ 27,741	J	N
True up of CT1142 (2020 IRM)	-\$ 36,809	K	N
Unbilled Adjustment	\$ -	L	
Closing Principal before disposition	\$ 583,966	M=G+H+I+J+K+L	
Add Back 2019 Disposition	\$ 441,904	N	
Closing Principal after disposition	\$ 1,025,870	O=M+N	
interest (incl. Projected , adjusted to disp)	\$ 24,177	P	
Total Claim	\$ 1,050,047	Q=O+P	
Total Adjustments made in 2020 IRM (variance from RRR, cell BW28)	\$ 1,611,384	F+I+J+K	
Principal Adjustments to 2018 made in 2019 (Cell BF28)	\$ 944,787	I+J+K	

2. 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:

¹In 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.



- 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.
- d. 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.

Response:

Option c) -Brantford Power books expense journal entries for Charge Type (CT) 1142 and CT 148 from the IESO invoice as follows:

- Charge Type 1142 – Ontario Fair Hydro Plan Eligible RP Consumer Discount Settlement Amount is booked to:
 - 4705 - Power Purchased for the settlement of the difference between spot price and RPP pricing for Time of Use and conventional meters for the current month settlement
 - 2220 - Accrued Liabilities for settlement of prior period true up amounts
- Charge Type 148 – Class B Global Adjustment Settlement Amount
 - CT 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 4705 Power Purchased and 4707 Charges-Global Adjustment respectively

On a monthly basis, Brantford Power compares the balances in the Sales of Electricity and Power Supply Expenses related to Power and Global Adjustment and books the differences to 1588 RSVA Power and 1589 RSVA Global Adjustment respectively.

3. 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).

Response:

BPI settles monthly with the IESO for the difference between spot and RPP pricing, for RPP customers with either (1) Time-Of-Use (TOU) meters or (2) Conventional meters. The settlement is completed within four business days of month end. This settlement amount is reflected in line 1142 of the IESO invoice.

(1) Time-Of-Use meters: At month end, read dates are obtained for that calendar month. The metered data is separated into on-peak, mid-peak, and off-peak data. BPI compares the smart

meter data with its Customer Information System (CIS) to determine which customers are billed on TOU rates. Any retailer customer consumption is then excluded, to ensure BPI is only settling for those customers billed on TOU, with the IESO.

(2) Conventional meters: Consumption for customers on conventional meters is estimated as follows:

Total kWh purchases (a) - kWh consumed by customers not on conventional meters (b)

= Estimated kWh consumption for customers on conventional meters

(a) Total kWh purchases is calculated by adding kWh purchased from the IESO, embedded generation and embedded distribution points.

(b) kWh consumed by customers not on conventional meters is calculated by adding consumption of customers on interval meters, smart meters (RPP only) and customers with retailers.

The estimated consumption for customers on conventional meters is then split between Tier 1 and Tier 2 pricing based on historical trending.

The total RPP consumption is then calculated by adding the consumption of customers on TOU rates to the consumption of customers on conventional meters, as calculated above. The RPP portion of the Class B Global Adjustment line (CT 148) from the IESO bill is then allocated to account 4705-Cost of Power, based on the estimated RPP consumption calculated, in comparison to total kWh purchased. The remaining portion of the Class B Global Adjustment line (CT 148) (relating to non-RPP customers) from the IESO bill is allocated to 4707-Global Adjustment.

BPI notes that its process for providing consumption estimates to the IESO contains some inherent assumptions, in part due to data timing and data limitations. BPI submits claims for monthly true-up amounts to provide adjustments for any variances from the initial estimates. These claims are also reflected on line 1142 of the IESO invoice. With the implementation of the new CIS in April 2019, the timing of BPI's true-up has incurred delays as new reporting is developed to assist in the calculation of consumption. BPI has committed to have all true-up reporting completed in conjunction with the August 31, 2019 deadline to implement the new Accounting Guidance related to 1588/1589.

- 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.

Response:

BPI reconciles the estimate of TOU, RPP and non-RPP consumption to actuals on a monthly basis. Consumption for RPP customers with conventional and TOU meters is trued-up using the actual commodity billings. Billings including the two months following month end are reviewed and prorated to the appropriate month based on read date. Final kWh purchased and related costs are used to calculate the actual average cost per kWh. The average cost per kWh and the final Global Adjustment price are used to calculate the difference between the submission to the IESO on the fourth business day and the actual amount owing to/from the IESO. This process is followed for truing up both CT 1142 and CT 148.

- c. Has CT 1142 been trued up for with the IESO for all of 2018?

Response:

Yes, BPI has trued up CT 1142 for all of 2018 at this time. The implementation of the new Accounting Guidance resulted in additional amounts for 2017 and 2018 that will be settled with the IESO on the August 2019 submission (to be submitted in September 2019).

- d. Which months from 2018 were trued up in 2019?

Response:

October, November and December 2018 were trued up with the IESO in 2019. With the implementation of the new Accounting Guidance, true ups for all months in 2017 and 2018 will be recorded and trued up in 2019.

- i. Were these true ups recorded in the 2018 or 2019 balance in the General Ledger?

Response:

\$36,809.71 was trued up in the 2019 General Ledger related to BPI's original true up. Additional amounts will be recorded in the 2019 General Ledger related to the implementation of the new Accounting Guidance.

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

Response:

Yes, all the 2018 related true ups have been reflected in the DVA continuity schedule, including amounts related to the implementation of Accounting Guidance amounting to \$953,855 for 2018 and \$666,597 for 2017.

4. Questions on CT 148

- a. Please describe the process for the initial recording of CT 148 in the accounts (i.e. 1588 and 1589).

Response:

As part of the process described in 2a above: The RPP portion of the Class B Global Adjustment line (CT 148) from the IESO bill is allocated to account 4705-Cost of Power, based on the estimated RPP consumption calculated, in comparison to total kWh purchased. The remaining portion of the Class B Global Adjustment line (CT 148) (relating to non-RPP customers) from the IESO bill is allocated to 4707-Global Adjustment.

- 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.

Response:

Please refer to the response provided for question 2b) above. During the true-up of line CT 1142, BPI calculates the total actual kWh purchased and the actual RPP customer consumption. The proportion of RPP to non-RPP consumption is applied to line CT 148 and the difference between what was recorded in the initial estimate and the actual split between RPP and non-RPP is recorded to 4705-Cost of Power and 4707-Global Adjustment.

- 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 the initial GA expense in Account 1589?

Response:

BPI uses meter read data plus an estimate of consumption for conventional meters, consistent with the process described in 3a) above.

- d. 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?

Response:

Yes, BPI trues 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 2018 were trued up in 2019 for CT 148 proportions between RPP and non-RPP

Response:

November and December 2018 were trued up in 2019 for CT 148 proportions. The implementation of the new Accounting Guidance, did not result in any differences in BPI's original true ups.

- i. Were these true ups recorded in the 2018 or 2019 balance in the General Ledger?

Response:

These amounts were recorded in the 2019 GL in the total amount of \$27,741.35.

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

Response:

Yes, all the 2018 related true ups have been reflected in the DVA continuity schedule.

5. 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 2019 rate proceeding which were approved for disposition?

Response:

Yes, BPI did have principal adjustments in its 2019 rate proceeding which were approved for disposition.

- b. 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.

Response:

The table below breaks out the total amount of principal adjustments that were approved.

Principal Adjustment Column	Description of Adjustment	1588	1589	Total	Year Adjustment made in G/L
AL - Principal adjustments for 2015	ODS Data Correction - Remapping GA/CoP	\$ -	\$ -	\$ -	2018
AL - Principal adjustments for 2015	ODS Data Correction - IESO settlement	\$ -	\$ -	\$ -	2017
Sub-total 2015		\$ -	\$ -	\$ -	
AV - Principal adjustments for 2016	ODS Data Correction - Remapping GA/CoP	\$ (371,340)	\$ 371,340	\$ -	2018
AV - Principal adjustments for 2016	ODS Data Correction - IESO settlement	\$ 375,315		\$ 375,315	2017
Sub-total 2016		\$ 3,975	\$ 371,340	\$ 375,315	
BF - Principal adjustments for 2017	December 2017 True up	\$ (127)	\$ (537)	\$ (664)	2018
Sub-total 2017		\$ (127)	\$ (537)	\$ (664)	
Total of all adjustments to Principal		\$ 3,848	\$ 370,803	\$ 374,651	

- c. 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.

Response:

BPI has ensured the balances included in the DVA Continuity Schedule do not double-count for the adjustments approved in prior years and has reversed the adjustments approved in the 2019 rates. The adjustments were separated from the “regular activity” for each year. In the 2019 application the adjustments were reported in the DVA schedule in the year to which they related. The ending approved balances in the DVA schedule for 2017 amounts include the adjustments approved in the 2019 rate application even though some of those adjustments were actually posted in 2018.

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

Response:

BPI confirms that the allocation between RPP and Non-RPP has been trued up to actuals in the general ledger.