

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

	Principal Adjustments	Was the amount a "Principal Adjustment" in the previous year? (Y/N)
Balance December 31, 2018	(\$2,939,022.75)	
Reversals of Principal Adjustments - previous year		
1. Reversal of Cost of Power accrual from previous year	NA	N
2. Reversal of CT 1142 true-up from the previous year	(\$132,606.83)	N
3. Unbilled to billed adjustment for previous year	\$1,091,179.78	N
4. Reversal of RPP vs. Non-RPP allocation	\$1,008,804.75	Y
Sub-Total Reversals from previous year (A):	\$1,008,804.75	
Principal Adjustments - current year		
5. Cost of power accrual for 2018 vs Actual per IESO bill	NA	
6. True-up of CT 1142 for 2018 consumption recorded in 2019 GL	(\$132,606.83)	Y
7. Unbilled accrued vs. billed for 2018 consumption	\$1,091,179.78	Y
8. True-up of RPP vs. Non-RPP allocation of CT 148 based on actual 2018 consumption		
9. Other		
Sub-Total Principal Adjustments for 2018 consumption (B)	\$958,572.95	
Total Principal Adjustments shown for 2018 (A + B)	\$1,967,377.70	
Bal. For Disposition - 1588 (should match Total Claim column on DVA Continuity Schedule)	(\$971,645.05)	

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.

10. 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:
- 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.
 - 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.
 - If another approach is used, please explain in detail.
 - 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.

[InnPower Response](#)

Method a. is utilized by IPC.

11. Questions on CT 1142

- 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).

[InnPower Response](#)

Estimates for kWh consumption volume data

- Usage data files are received from Savage for the month
- Total Net System Load Shape (NSLS) for the month calculated using:
 - Actual NSLS data for the first half of the month plus;
 - Calculated NSLS using actual interval metered consumption (not adjusted by a loss factor) less interval metered customer consumption for the remaining half of the month
- To determine RPP consumption, deduct consumption of Non-RPP in NSLS for the month. Calculated as:
 - Pass through customer consumption plus;
 - Retailer consumption
- RPP consumption amount is then allocated to TOU periods:
 - On-peak, Mid-peak and Off-peak percentages for the month are calculated based on Smart Meter unbilled data from Savage for the month
 - RPP consumption is prorated based on calculated TOU percentages

Rates/pricing and unit cost data

- Each of the three RPP TOU periods use actual rates
 - Estimated average energy price for RPP customers:
 - WAP without GA calculated as:
 - Total market price costs calculated as sum of Hourly Ontario Energy Price (HOEP) x Hourly kWh consumption for each period (hourly)
 - Total market price costs (calculated above) is then divided by estimated NSLS consumption for the month
 - WAP with GA calculated as:
 - Total market price costs calculated as sum of Hourly Ontario Energy Price (HOEP) + 2nd estimate preliminary global adjustment rate x Hourly kWh consumption for each period (hourly)
 - Total market price costs (calculated above) is then divided by estimated NSLS consumption for the month
 - GA 2nd Estimate
 - From IESO website
- 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.

InnPower Response

InnPower trues up using actual billing data. True ups will be done on a monthly basis and generally 2 months after month end to ensure all billings are completed and posted in the CIS system.

The pricing used for the RPP and Tiered pricing is what is calculated in the actual bills (i.e. actual rates) InnPower's CIS prorates the GA calculation in every billing so the actual kWh are used to calculate the actual GA based on the actual GA posted by IESO.

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

InnPower Response

Yes

- d. Which months from 2018 were trued up in 2019?
- i. Were these true ups recorded in the 2018 or 2019 balance in the General Ledger?

InnPower Response

Q4 of 2018 (October, November and December)

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

InnPower Response

Yes

12. Questions on CT 148

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

InnPower Response

From the IESO invoice, IPC splits the CT 148 into both the 1588 and 1589. In the past when the monthly RPP filing was completed, the split of the RPP vs Non-RPP for CT 148 was determined based on the estimated RPP kWh x IESO 2nd estimate and applied to account 1588. The balance of CT 148 was posted to account 1589. IPC realizes this was overstating CT 148 to the 1589 account and in 2018 have revised the allocation method.

IPC analyzed several years of actual non-RPP charges and determined the average is approx. 30% of CT 148. Moving forward IPC will be recording the IESO CT 148 accordingly (30% to 1589 and the balance to 1588). See calculations below.

- Prior to June 30, 2018, the IESO CT 148 allocation was calculated as follows:
$$\text{Total GA} - \text{GA RPP (adjusted NSL Kwh (NSL less Non-RPP) * 2nd estimate preliminary GA)} = \text{GA Non-RPP (posted to 1588 and balance to 1589)}$$
- Since July 1, 2018, we have used historical average GA for Non-RPP; therefore:
$$\text{Total GA} - \text{GA Non-RPP (1589)} = \text{GA RPP (1588)}$$

This proration will be reviewed annually to determine reasonableness.

- 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.

InnPower Response

The Non-RPP GA true-up is done **two months following** the initial RPP settlement claim. This would true-up:

- The estimated ratio of Non-RPP Cost of GA (30% allocated to 4707) with the actuals.

To determine the variance amount, the following will be calculated:

- i. Total billed consumption – total negate billed consumption = net GA Non-RPP
- ii. Total GA (\$) + total negate GA (\$) = net GA Non-RPP
- iii. Net GA Non-RPP Consumption x IESO actual GA/1,000 (\$) = Actual Non-RPP GA
- iv. Variance = iii. (above) – ii. (above)

Based on the variance calculated above, an entry is required to adjust for the actual proportion of costs allocated between RPP and non-RPP customers within the GL accounts.

The entry would debit/credit the following accounts:

- **4707** (IESO Global Adjustment Class B) **(1589)**
- **4705** (Power Purchased) **(1588)**

The set-up of the entry will depend on whether the allocations are under or over estimated.

- 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?

InnPower Response

Prior to June 30, 2018, the IESO CT 148 allocation was calculated as follows:

Total GA (CT 148) – GA RPP (estimated monthly RPP kWh * 2nd estimate preliminary GA) = GA Non-RPP (posted to 1588 and balance to 1589). This data comes from the monthly IESO RPP filing calculations.

Since July 1, 2018, we have used historical average GA for Non-RPP; therefore:
Total GA – GA Non-RPP (1589) = GA RPP (1588)

IPC analyzed several years of actual non-RPP charges and determined the average is approx. 30% of CT 148. Moving forward IPC will be recording the IESO CT 148 accordingly (30% to 1589 and the balance to 1588).

- 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?

InnPower Response

Yes

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

InnPower Response

All months in 2015, 2016, 2017 and 2018 were trued up in 2018 since the true up of 1589 was never done in the past.

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

The true ups were recorded in December 2018.

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

InnPower Response

Yes

13. 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?

InnPower Response

IPC had no dispositions approved in our EB-2018-0045 IRM application for January 1, 2019 rates.

- 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.
- 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.

InnPower Response

Question b & c is not applicable.

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

InnPower Response

IPC confirms that the allocation of charge type 148 has been trued up to actual proportion of RPP/Non-RPP consumption.