

Appendix A  
GA Methodology Description  
Questions on Accounts 1588 & 1589

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

Reconciliation of Account 1588 - 2018		
	<b>Principal Adjustments</b>	<b>Was the amount a "Principal Adjustment" in the previous year? (Y/N)</b>
<b>Balance December 31, 2018</b>	97,470	N
<b>Reversals of Principal Adjustments - previous year</b>		
1. Reversal of Cost of Power accrual from previous year		
2. Reversal of CT 1142 true-up from the previous year		
3. Unbilled to billed adjustment for previous year		
4. Reversal of RPP vs. Non-RPP allocation	36,177	Y
<b>Sub-Total Reversals from previous year (A):</b>	36,177	Y
<b>Principal Adjustments - current year</b>		
5. Cost of power accrual for 2018 vs Actual per IESO bill		
6. True-up of CT 1142 for 2018 consumption recorded in 2019 GL		
7. Unbilled accrued vs. billed for 2018 consumption		
8. True-up of RPP vs. Non-RPP allocation of CT 148 based on actual 2018 consumption		
9. Other		
<b>Sub-Total Principal Adjustments for 2018 consumption (B)</b>	0	
<b>Total Principal Adjustments shown for 2018 (A + B)</b>	36,177	
<b>Bal. For Disposition - 1588 (should match Total Claim column on DVA Continuity Schedule)</b>	133,647	

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.

**Answer: RSL uses approach a.**

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).
- 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.
- Has CT 1142 been trued up for with the IESO for all of 2018?
- Which months from 2018 were trued up in 2019?
- Were these true ups recorded in the 2018 or 2019 balance in the General Ledger?
- Have all of the 2018 related true-up been reflected in the applicant's DVA Continuity Schedule in this proceeding?

**Answer:**

**a) At the time of the initial settlement, the actual amount of the RPP GA is unknown. We do a split of the GA based on the percentage of RPP billed during the prior month.**

**b) The true-up process for a given month takes place over three months. The first step is to determine the estimated Class B kWh. We take the IESO billing, add microFIT kWh, and deduct Class A kWh. We next split the Class B kWh between RPP and non-RPP. The method used is to take the actual percentage split of bills created during the prior month. This provides a reasonable starting split. From the data from the prior billing month we are able to create an initial split between the TOU and RPP tiers. We true-up from the first estimate of GA to the second estimate.**

The following month, we do our first real true-up for the same estimated data. A true up is done with the final GA rate.

In the third month, there is a final true up, using the actual RPP and non-RPP billings, the actual energy cost, and the final GA rate.

The model that we used is based on the methodology provided by the OEB in 2019. We have adapted the models to our preferences, and the end results agree with those of the OEB model.

c) CT 1142 was trued-up for 2018. The results were recorded in our 2018 financial statement.

d) No months for 2018 were trued-up in 2019. The physical work of truing up the account was done in 2019, but was recorded in the 2018 GL.

e) All of the 2018 transactions are reflected in the DVA Continuity Schedule.

### 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).
- 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 the initial GA expense in Account 1589?
- 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?
- e. Please indicate which months from 2018 were trued up in 2019 for CT 148 proportions between RPP and non-RPP
- f. Were these true ups recorded in the 2018 or 2019 balance in the General Ledger?
- g. Are all true-ups for 2018 consumption reflected in the DVA Continuity Schedule?

### **Answer:**

a) From the IESO invoice, CT 148 is recorded to account 1589. We estimate the amount of the billings related to RPP and non-RPP, and record an adjustment from account 1589 to 1588 for the estimated RPP portion.

b) The methodology used to true up GA is reflected in 11 b) above. The same model, as introduced by the OEB is used for both RPP and GA true ups. Although our model is slightly different than the OEB model, the end results are the same.

c) As described in 11 b), we determine the total of Class B kWh, based on an estimate for the first and second months, and then with actual kWh in the third month. We take the kWh from the IESO bill, add microFIT kWh, and deduct Class A kWh to get our starting point. We estimate the percentage split between RPP and non-RPP customers. We true up to the second GA estimate during the first initial reporting. We true up to the actual GA rate during the next two months.

d) The initial true up is based on the split of actual bills issued during the prior month, providing a reasonable estimate. We use the actual billings for the consumption period as they are completed over the following months. We adjust the RPP/non-RPP split accordingly.

e) All of 2018 was trued up in 2018.

f) Yes, the true-ups for 2018 are reflected in the DVA Continuity Schedule.

## 13. Questions regarding principal adjustments and reversals on the DVA Continuity Schedule:

### Questions on Principal Adjustments - Accounts 1588 and 1589

- Did the applicant have principal adjustments in its 2019 rate proceeding which were approved for disposition?
- 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.
- 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.
- Please confirm that the allocation of charge type 148 has been trued up to actual proportion of RPP/non-RPP consumption in the GL.

**Answer:**

## COMPLETING GA ANALYSIS WORKFORM



a) Yes.

b) An error was found in the 2017 RPP and non RPP GA split in the preparation of the GA work form for 2019 IRM. 2017 RPP GA cost was overstated by \$36,178. Adjustments of -36,177 and 36,177 was made to Accounts 1588 and Account 1589 respectively in column BF "Principal Adjustment 2017" in the continuity schedule to reflect this finding. The adjustment to the general ledger was done in 2018.

c) Yes.

d) The allocation of charge type 148 has been trued-up to the actual proportion of RPP/non-RPP consumption.