

**August 23<sup>rd</sup>, 2019**

**Re: February 21, 2019 Accounting Procedures Handbook Update – Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589**

On February 21, 2019, the OEB issued detailed accounting guidance, Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589, in which it provides guidance to standardize the accounting processes used by distributors relating to Regulated Price Plan (RPP) wholesale settlements and accounting procedures (including the treatment of unbilled revenue) to improve the accuracy of the Retail Settlement Variance Accounts: RSVAPower and RSVAGA. The OEB expects that the standardization of processes would minimize the risk of inaccurate balances being disposed.

Oshawa Power has reviewed the accounting guidance to determine whether any changes to the current process is necessary to align with the requirements.

The following are the review procedures undertaken:

- Read OEB issued document on accounting guidance related to commodity pass-through variance accounts: Account 1588 RSVA Power and Account 1589 RSVA GA
- Attended OEB training on Accounting Guidance in April 2019
- Reviewed current process for recording and posting 1598 monthly settlement journals
  - We settle monthly with the IESO for the difference between spot and RPP pricing for RPP customers that are billed TOU or Tiered pricing. The settlement is filed with the IESO within four business days of month end and uses billed data to calculate a prorated amount of usage for settlement.
  - A true-up calculation is completed every month for the GA rate and is then added/subtracted from the next month's IESO submission.
  - We use NorthStar to determine the allocation between TOU and Tiered Blocks. This allocation is based on billed data i.e. customers' meter read date range.
- Reviewed current process for recording and posting IESO estimated invoice on a monthly basis
  - We use the 2nd GA estimate in the initial RPP settlement claim on day 4 after month-end, since the actual GA price is not known until the IESO issues its invoice for the calendar month. A true-up is recorded the month following the RPP settlement claim to update the GA 2nd estimate with the actual GA price.
  - The non-RPP and RPP split determined from the 1598 settlement filing is used to split the estimated CT 148 GA charge between RSVA Power and RSVA GA.
- Reviewed current process for recording and posting actual monthly IESO invoice
  - The proportion of Class B RPP kWh's reported to the IESO and the Class B Non-RPP kWh's is used to allocate the Global Adjustment dollar amounts billed by the IESO via Charge Type 148 between GL 4705 Power, and GL 4707 GA, respectively.
  - Class A Global Adjustment amounts billed via Charge Type 147 on the IESO Invoice are allocated directly to GL account 4707 GA.
- Reviewed current year-end process for recording and posting actual unbilled consumption
  - Contacted CIS provider to confirm the split of unbilled consumption at year-end between RPP and non-RPP GA

- Contacted CIS provider to determine feasibility of obtaining actual unbilled consumption on a monthly basis.
- At the end of the fiscal year, we record unbilled usage for prior year consumption, by using reports from the CIS, Northstar. The true-up entry for the unbilled is posted to the period it relates to in the general ledger. We perform the true up after all prior year billing is completed and this true up is included in the prior year financial statements and the prior year OEB filings.

Conclusion:

- Beginning 2019, it was identified that an adjustment will be prepared on an annual basis to true-up the RPP/ non-RPP allocation of Global Adjustment billed from the IESO between RSVA Power (1588) and RSVA GA (1589)
- By implementing the process change described above, Oshawa Power is confident its process is in line with the new guidance as of August 31, 2019.