

Table 13 – GA Workform Summary

Description	2017 Amount	2018 Amount
Principal Activity in RSVA_{GA} excluding dispositions	\$2,570,190	\$2,691,108
Add: Known Adjustments	(\$2,859,487)	(\$3,128,196)
Adjusted Principal Activity in RSVA_{GA}	(\$289,297)	(\$437,088)
Expected Principal Activity in RSVA _{GA}	(\$191,888)	(\$458,198)
Variance \$	(\$97,409)	\$21,110
Total IESO Purchases	\$36,731,567	\$29,088,370
Absolute Variance as a % of IESO Purchases	0.27%	0.07%

Description of the IESO Settlement Process

A distributor is required to support its GA claims with a description of its settlement processes with the IESO in accordance with page 14 of the Chapter 3 Filing Requirements. Oshawa Power's settlement process with the IESO is dependent on the type of consumer as identified in Table 14 below.

Customers (both A and B) are billed on a one month billing lag (i.e. January consumption would be billed to customers in February).

Table 14 – IESO Settlement Process by Customer

Consumer	Revenue (collected from customer by OPUCN)	Expense (paid to IESO by OPUCN)	Settlement Process	Impact to RSVA _{GA}
Class A	Billed actual GA	Pay actual GA	Oshawa Power pays the IESO the actual GA and bills the customers the actual GA - no further settlement with the IESO is required.	None
Class B non-RPP	Billed 1st estimate GA	Pay actual GA	Oshawa Power pays the IESO the actual GA and bills all customers 1st estimate GA. No further settlement with the IESO is required.	The difference between revenue and costs recorded to GA variance account in a monthly basis and recovered from/repaid to Class B non-RPP consumers on disposal of the RSVA _{GA}
Class B RPP	Billed RPP TOU or Tiered Rates	Pay actual GA	Oshawa Power pays the IESO actual GA and bills customers RPP rates. Oshawa Power settles with the IESO on a monthly basis via the RPP vs. Market Price Claim discussed in further detail below.	None. GA is not billed separately for Class B RPP consumers. It is incorporated into rates and any variances are recorded in RSVA _{POWER}

Class A Consumers

Oshawa Power bills Class A consumers GA based on their percentage contribution to the top five Ontario peak demand hours. Class A consumers are billed their proportion of actual GA as published by the IESO. Oshawa Power settles GA costs with Class A consumers on the basis of actual costs and as such, none of the variance in the GA account balance is attributed to these customers.

Class B non-RPP Consumers

Oshawa Power uses the IESO's 1st estimate for GA to invoice non-RPP Class B consumers and record unbilled revenue entries for these customers. Oshawa Power confirms that the same GA rate (1st estimate) is used for all non-RPP Class B consumers in all applicable rate classes for all billing and unbilled revenue transactions.

Class B RPP Consumers

Class B RPP consumers are billed by Oshawa Power throughout the month at RPP Time of Use (TOU) or Tiered Rates. The difference between how much Oshawa Power recovers from RPP consumers at these rates and the amount Oshawa Power pays to the IESO for the commodity and GA, is managed through the RPP vs. Market Price claim. OEB Account 1589 captures the difference between GA amounts billed to non-RPP customers, and the actual GA amount paid for those customers by the distributor to the IESO.

Monthly Settlement Submissions

Oshawa Power settles 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 previous months and is then added/subtracted from the next month's IESO submission. At the end of the fiscal year-, Oshawa ~~Power~~ Power accrues for any records -unbilled -usage for prior year consumption, by -using reports from the Customer Information System, Northstar. The true-up entry for the unbilled is posted to the period it relates to in the general ledger. Oshawa Power does 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.along with the settlement amount with the IESO for this unbilled usage.

The total kWh consumption for all of Oshawa Power's customers is equal to the sum of the kWh wholesale power purchased from the IESO plus embedded generation. Total non-RPP kWh consumption is deducted from this total kWh consumption to determine the kWh consumption attributable to RPP customers. As such, volumes related to embedded generation are included in the calculation. In order to determine the dollar amount of the RPP vs. Market Price Claim, the RPP kWh consumption must be allocated into TOU periods (on-peak, mid-peak and off-peak) and Tiered blocks (Tier 1 and Tier 2). Oshawa Power uses ~~its Customer Information System, NorthStar,~~ to determine this allocation. This allocation is based on billed data i.e. customers' meter read date range.

Description of Accounting Methods and Transactions for 2017 & 2018

Power purchases, GA purchases and the RPP vs. Market Price Claim included in one or both of the Cost of Power (Account 4705) and GA (Account 4707) year-end balances are updated in the current period for:

- the actual spot price of power and GA on the IESO invoices (charge types 101 and 148 respectively); and
- actual purchased volumes on IESO invoices.

All revenues and costs (Power, GA and the RPP vs. Market Price Claim) for RPP customers are recorded in Cost of Power (Account 4705). The difference between Cost of Power revenues and expenses are recorded in RSVA^{POWER} and the difference between GA revenues and expenses are recorded in RSVA^{GA}.

In accordance with page 15 of the Chapter 3 Filing Requirements, Oshawa Power has completed the GA Analysis Workform for 2017 and 2018, the fiscal years subsequent to the most recent year (2016) in which RSVA^{POWER} and RSVA^{GA} were approved for disposition on a final basis by the OEB. Oshawa Power confirms that it does not use the actual GA price to bill non-RPP Class B consumers. It uses the 1st estimate GA as previously identified. Therefore non-RPP Class B consumers are included in the allocation of the balance of RSVA^{GA} and the calculation of the resulting rate riders. GA Analysis Workform has been filed as live excel file: EB-2019-0062_2020_GA_Analysis_Workform_v1.9_20190812. Oshawa Power has completed GA methodology write up required as part of Appendix A, GA Methodology Description, Questions on Accounts 1588 and 1589. This can be found in Appendix E.

Management is knowledgeable in the methodologies pursuant to the OEB and the IESO requirements and is responsible for updating internal processes and procedures accordingly. Management is also responsible for the settlement spreadsheet and to meet changing OEB and IESO settlement requirements.

On February 21, 2019, the OEB issued an initial set of standardized requirements for regulatory accounting and RPP settlements. The new guidance is effective January 1, 2019. Distributors are expected to implement the new guidance no later than August 31, 2019 retroactive to January 2019. Oshawa Power is reviewing the accounting guidance to determine whether any changes to the current

1 process are necessary to align with the requirements. As of submission date, no material adjustments
2 have been noted, but Oshawa Power continues to complete its comprehensive review.
3

Commodity Accounts 1588 and 1589

RPP Settlement True-ups

Effective May 23, 2017, per the OEB's letter titled Guidance on Disposition of Accounts 1588 and 1589, applicants must record RPP Settlement true-up claims pertaining to the period that is being requested for disposition in the RSVAPOWER and the RSVAGA. Oshawa Power confirms it has followed the guidance in the above mentioned letter; specifically:

- RPP settlement true-up claims are conducted on a monthly basis;
- Oshawa Power uses 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.
- At year-end, a true-up entry is made to the prior year records to record the actual unbilled sales volume. Oshawa Power does 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.
- The balances in RSVAPOWER and RSVAGA that are requested for disposition in this Application reflect the RPP settlement amounts pertaining to the period that is being requested for disposition i.e. 2017 and 2018.
- ~~Oshawa Power has no true-up claims for either year, which have not already been reflected in their respective audited financial statements.~~

• ~~_____~~

Description of Internal Controls

Oshawa Power performs several internal control tests to validate estimated and actual consumption figures used in its RPP settlement process and subsequent true-up adjustments as follows:

- Comparison of IESO wholesale kWh purchased to Kinetiq data. Kinetiq is responsible for Oshawa Power's wholesale meter data collection and analysis;

• ~~_____~~ • ~~_____~~ Reconcile 1598 Claim on receipt of invoice;

- A monthly check is completed to ensure that the amount billed to Class A customers equals the amount billed by the IEO for Class A Global Adjustment.

- Monthly independent validation of kWh used for settlement by type of consumer; and
- Complete analysis of RSVAPOWER and RSVAGA on a monthly basis.

Oshawa Power confirms that it uses accrual accounting for financial reporting purposes each month and at year end.

Certification of Evidence

Oshawa Power provides VP Finance & Regulatory Compliance certification that it has robust processes and internal controls in place for the preparation, review, verification and oversight of the deferral and variance account balances being disposed of in Appendix C.

Capacity Based Recovery (CBR)

Oshawa Power confirms that it has followed the OEB's accounting guidance on the disposition of CBR variances. Oshawa Power confirms that it had Class A customers during 2017 and 2018, the period for which the Account 1580 CBR Class B Sub-account balance requested for disposition accumulated.

Oshawa Power completed tab "6.2a CBR B Allocation" in the Rate Generator Model to allocate the applicable portion of Account 1580 CBR Class B Sub-account balance to customers who transitioned between Class A and Class B during 2017 and 2018. This amount represented (\$260) of the total balance of (\$17,628). A separate rate rider to dispose of the remaining balance of (\$17,369) was calculated in Tab "6.2 CBR B" of the Rate Generator Model which would be applied to Class B customers only. Oshawa Power excluded the consumption and demand for transition customers and Class A customers that were Class A for the entire period that the CBR Class B balance accumulated. However, since the allocated Account 1580 Subaccount CBR Class B amount of \$17,369 does not produce a rate rider to four decimal places in any rate class, Oshawa Power proposes that the entire CBR Class B amount of \$17,628 be added to the Account 1580 WMS control account to be disposed of through the general purpose Group 1 DVA rate riders. This proposal is in accordance with the Chapter 3 Filing Requirements.

Application of Recoveries in Account 1595