**RATE**

**Appendix A**

**GA Methodology Description**

If a distributor has yet to fully implement the OEB’s February 21, 2019 accounting guidance effective from January 1, 2019, the distributor must complete and submit this Appendix A along with the GA Analysis Workform.

According to the Accounting Procedures Handbook, amounts are not booked directly to accounts 1588 and 1589, instead they are booked to the cost of power Account 4705 - Power Purchased, and Account 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. Therefore, the questions in this appendix refer to amounts being booked into accounts 1588 and 1589 for simplicity’s sake.

1. Approach to recording CT 1142/142 and CT 148

In booking expense journal entries for Charge Type (CT) 1142/142 and CT 148 from the IESO invoice, please confirm which of the following approaches is used:

* 1. CT 1142/142 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.
	2. CT 148 is booked into Account 1589. The portion of CT 1142/142 equaling RPP minus HOEP for RPP consumption is booked into Account 1588. The portion of CT 1142/142 equaling GA RPP is credited into Account 1589.
	3. If another approach is used, please explain in detail.
	4. Was the approach described in response to the above question used consistently for all years for which variances are proposed for disposition? If not, please discuss.

Response

Orangeville Hydro uses Approach A. CT 1142/142 is booked to 4705 – Power Purchased, which impacts account 1588. CT 148 is pro-rated based on RPP consumption data for the same month from the prior year. CT 148 is then booked to accounts 4705 and 4707 respectively, which affect account 1588 and 1589.

1. Questions on CT 1142/142
	1. Please describe how each component of the initial RPP claim (RPP, HOEP and GA) is determined for settlement forms submitted by day 4 after the month-end (resulting in CT 1142/142 on the IESO invoice).

Response

Orangeville Hydro uses the OEB accounting guidance to settle with the IESO. The AQEW, Microfit and Net Metering volumes are downloaded from Utilismart and entered into the model. RPP volumes from the same month of the prior year are entered to determined the estimated RPP volumes and Tiered and TOU splits. Tiered and TOU rates are confirmed to be correct for the current month of settlement. Global Adjustment 1st and 2nd estimates are entered in the model, and settlement takes place using GA 2nd estimate rate. The estimated RPP calculated energy price is calculated by dividing the estimated RPP consumption by the estimated RPP revenues. The estimated RPP revenues is calculated by multiplying the RPP revenues by the total estimated average unit cost of power sold for RPP & non-RPP for Initial Settlement by the RPP percentage of estimated volumes. The total estimated average unit cost of power sold for RPP & non-RPP for Initial Settlement is calculated using the Total System Load cost downloaded from Utilismart and the difference between the Estimated payments to embedded generators and the FIT program settlement amount. Both of these amounts are obtained by reports downloaded from Utilismart. The amount settled with the IESO is the difference between the estimated RPP revenue and the estimated RPP energy and estimated RPP GA dollars.

* 1. Please describe the process for truing up CT 1142/142 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

Each month the 1st true up is completed using the one month prior settlement file, and the 2nd true up is completed using two months prior settlement file. For the 1st true up, the prior months settlement file is opened and the Actual AQEW volumes are entered based on a calculation from the IESO invoice of the Rural Rate Settlement Charge amount divided by the Rural Rate Settlement Charge rate. This is confirmed it is close to the AQEW used for initial settlement. The amounts from lines 148, 147 and 101 are entered from the IESO invoice. The 1st true up amount is then the difference between the original settlement and the same values calculated using actual amounts from the IESO invoice.

The 2nd true up is completed two months after the initial settlement. The original submission file is opened two months after, and the actual RPP sales quantities are obtained from a report run from Cognos in the billing system with only RPP bill codes, and prorates consumption based on meter read dates for the appropriate month. Actual Retail Revenue kWh Volumes are obtained from a report run from Cognos in the billing system, and prorates consumption for all bill codes based on meter read dates for the appropriate month. Class A amounts are removed from this value. The Tiered and TOU percentage values are also obtained from the same report run from Cognos in the billing system with only RPP bill codes, and prorates consumption based on meter read dates for the appropriate month. The 2nd true up calculates the difference between estimated RPP volumes and actual RPP volumes as well as the difference between calculated RPP Energy Price Difference.

c. Has CT 1142/142 been trued up for with the IESO for all of 2019?

**U**

Response

Yes, 2019 was trued up with the IESO on the February 2020 settlement.

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* 1. Which months from 2019 were trued up in 2020?

Response

All of 2019 was trued up in 2020.

1. Were these true ups recorded in the 2019 or 2020 balance in the General Ledger?

Response

The 2019 true up is recorded in the 2020 GL.

* 1. Have all of the 2019 true-ups been reflected in the applicant’s DVA Continuity Schedule in this proceeding?

Response

The 2019 true ups have been reflected in Orangeville Hydro’s DVA Continuity Schedule.

*Note questions c to f should be answered for each year that a GA Analysis Workform is completed.*

1. Questions on CT 148
	1. Please describe the process for the initial recording of CT 148 in the accounts 1588 and 1589.

Response

Orangeville Hydro receives the IESO bill and allocates CT 148 between 4705 and 4707 (respectively impacting 1588 and 1589) based on the percentages of actual RPP kWh volumes for the month, and Non-RPP kWh volumes (which is the difference between total kWh volumes less Class A volumes and actual RPP kWh volumes).

* 1. Please describe the process for truing up the GA cost to ensure that the amounts reflected in Account 1588 are related to RPP GA costs and amounts in Account 1589 are related to only non-RPP GA costs.

Response

After year end is complete, Orangeville Hydro re-runs all months of the OEB accounting guidance and determines if there is a difference between original submissions and using actual kWh volumes from the same Cognos queries. Any difference in volumes is then calculated and a final volume true up is posted between accounts 1588 and 1589.

* 1. 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 GA expense in Account 1589?

Response

The Non-RPP kWh volumes are the difference between total kWh volumes less Class A volumes less actual RPP kWh volumes. The actual RPP kWh volumes and total kWh volumes are both obtained from a Cognos query within the billing system and prorated based on meter read date.

* 1. 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

After year end is complete, Orangeville Hydro re-runs all months of the OEB accounting guidance and determines if there is a difference between original submissions and using actual kWh volumes from the same Cognos queries. Any difference in volumes is then calculated and a final volume true up is posted between accounts 1588 and 1589.

* 1. Please indicate which months from 2019 were trued up in 2020 for CT 148 proportions between RPP and non-RPP

Response

All of 2019 was trued up in 2020 for CT 148 proportions between RPP and Non-RPP.

* + 1. Were these true ups recorded in the 2019 or 2020 balance in the General Ledger?

Response

The 2019 true up is recorded in the 2020 GL.

b. Have all of the 2019 true-ups been reflected in the applicant’s DVA Continuity Schedule in this proceeding?

Response

The 2019 true ups have been reflected in Orangeville Hydro’s DVA Continuity Schedule.

*Note questions e to f should be answered for each year that a GA Analysis*

*Workform is completed.*