**PUC Distribution Follow Up Questions #2**

**Staff Follow-Up Question-4**

**Ref: Staff Follow-Up Question – 2**

In response to Staff Follow-up Question 2, PUC Distribution revised the principal adjustment to $954,918 pertaining to the months of April to June 2020.

1. The $954,918 is calculated as the difference between the unadjusted GA rate paid to the IESO and $115/kWh. This appears to represent the sum of the principal adjustment and reconciling item. As PUC Distribution initially recorded GA costs in Account 1589 at the unadjusted rate, the inclusion of the principal adjustment should result in the GA costs in Account 1589 representing the net charge type 148 paid. Therefore,
* the principal adjustment will be equal to the difference between the unadjusted rate recorded in the general ledger and the actual adjusted rate paid to the IESO (which will not likely be $115/kWh).
* the reconciling item will then equal the difference between actual adjusted rate paid to the IESO and the posted adjusted rate of $115/kWh used in the Workform.

Please confirm this understanding.

Response:

 Yes, this understanding is correct and will result in the principal adjustment equaling the GA Deferral Credit received for the months of April, May and June.

1. PUC Distribution initially recorded GA costs in Account 1589 at the unadjusted rate. Please indicate whether PUC Distribution recorded GA costs in Account 1589 at the posted unadjusted rate or the actual unadjusted rate paid to the IESO.

Response:

 PUC Distribution recorded GA costs in Account 1589 at the actual unadjusted rate paid to the IESO.

1. The GA costs in Account 1589 in PUC Distribution’s general ledger should represent the adjusted rate paid to the IESO.
	* In response to part b above, if the GA costs were recorded in Account 1589 at the posted unadjusted rate, the principal adjustment should equal to the difference between the posted unadjusted rate and the unadjusted rate paid. The result should then be reduced by the rate of the GA deferral credit per the IESO invoice.
	* In response to part b above, if the GA costs were recorded in Account 1589 at the unadjusted rate paid, the principal adjustment should equal to the unadjusted rate paid reduced by the rate of the GA deferral credit per the IESO invoice.

Please revise the calculation of the principal adjustment as necessary.

Response:

 Yes, since PUC used the actual unadjusted rate as mentioned in part C above, the principal adjustment of ($759,501) is equal to the unadjusted rate paid reduced by the rate of the GA deferral credit per the IESO invoice.

1. After including this principal adjustment, the GA costs in Account 1589 should be equal to $4,428,368 for the months of April to June, as per Table 2 provided in response to Staff Question #4. Please confirm. If not confirmed, please revise the calculation of the reconciling item.

Response:

 Since the principal adjustment is now equal to the unadjusted rate paid reduced by the rate of the GA deferral credit per the IESO invoice, the reconciliation table has been updated in Table 1 below.

Table 1



1. In response to Follow-up Question-2, PUC Distribution also noted a principal adjustment of $63,554 for billing adjustments. Please clarify if this principal adjustment is still required. Please adjust the principal adjustment as necessary.

Response:

 Yes, a principal adjustment for billing adjustments is still required. The amount has been updated to $11,204. This was already calculated within the original variance so no further adjustment is needed.

The IRM Rate Generator Model and GA Workform has been updated to reflect the responses provided above and submitted with these responses.