

## **GA Analysis Workform Q&A**

The GA Analysis Workform webinar was held on July 19, 2017. The following is a summary of the questions asked and the answers provided during the webinar.

### **Q1: Do utilities need to create additional tabs for an account balance containing multiple years being requested for disposition?**

A1: The analysis is to be performed for each year that is being requested for disposition. Distributors should create copies of the template for each additional year and submit all years in one excel workbook.

### **Q2: Does the workform need to be submitted every year or only when disposition of Account 1589 is requested?**

A2: As per the Filing Requirements for 2018 Rate Applications, all distributors must complete and submit the analysis in its rate application. It would be required even if disposition for the account is not requested.

### **Q3: Is a reconciliation analysis required even if the initial difference between the expected GA amount and GA amount in the general ledger before any reconciling items is less than the 0.1% materiality threshold?**

A3: An assessment of the reconciling items must be done even if the initial difference between the expected GA amount and GA amount in the general ledger is less than +/- 1%. The purpose of the reconciling items is to confirm that the items have been appropriately accounted for in the GA balance. The difference between expected GA and GA in the general ledger as a percentage of annual GA payments may not actually be at or below +/-1% once the reconciling items have been appropriately accounted for in the general ledger.

### **Q4: Is the completion of the workform required for the 2018 cost of service applications that are being filed on August 31st?**

A4: Yes, the workform is to be completed by all 2018 rate applicants. If a distributor needs a few more weeks to complete this analysis, it can be submitted after your cost of service application has been filed. Your application will not be deemed incomplete as long as it is filed shortly after the submission of your application.

**Q5: If there are adjustments to a current IESO invoice that pertain to a past month, should the GA rate from that past month or the GA rate from the invoice month be used in the analysis?**

A5: If there is an adjustment on a current IESO invoice pertaining to a past month within the same year (i.e. the year the analysis is being completed for), the analysis would not have to be adjusted as the consumption in the analysis uses billing statistics and not the IESO consumption. There would also be no reconciling item for this in the GA Analysis Workform. The general ledger balance of Account 1589 would initially be affected as the IESO would have invoiced the distributor GA charges in the prior months that are not in line with that calculated in the GA analysis based on billing statistics. However, the recording of the IESO adjustment will adjust the balance in the general ledger and bring the balance in the general ledger back in line with the GA analysis. This approach may differ depending on the specific circumstance of the situation, but if there is an adjustment pertaining to the same year, this is not expected to be considered a reconciling item.

**Q6: Are utilities to adjust the audited commodity balances being requested for disposition for RPP settlement true up claims that pertain to the year, but are recorded in the subsequent year?**

A6: As per the OEB letter issued May 23, 2017 *Guidance on the Disposition of Accounts 1588 and 1589*, the OEB requires distributors to complete RPP settlement true up claims and reflect the true up claims and resulting impacts to Accounts 1588 and 1589, if any, in the years requested for disposition. If the audited balance does not include the true up in the balance requested for disposition, then an adjustment would have to be made in the amount requested for disposition to reflect the true up claim and resulting impacts to the account balances. If the true up has not been completed at the time of disposition, then utilities should consider not seeking disposition of the account balance.

**Q7: The GA charge on the IESO invoice is calculated based on IESO purchased consumption multiplied by the GA rate, less RPP consumption at the GA rate. This IESO consumption is not the same as the consumption invoiced to customers when the actual OEB approved losses are different than the actual losses incurred. How is this difference accounted for?**

A7: Typically, on the IESO invoice, the GA charge should pertain to RPP and non-RPP customers. This charge is then to be allocated to RPP and non-RPP customers and recorded in Accounts 1588 and 1589. Volume differences from the approved loss factor compared to the actual loss factor billed may exist. However, the volume differences are not expected to be significant and are not expected to have a material impact to the expected GA amount that is calculated in the workform. The materiality threshold is

expected to be high enough to absorb this volume difference. If that is not the case and the difference is material, distributors should investigate why this is the case and explain it in the analysis.

**Q8: The earned load for December has a portion that is unbilled. Does the earned load need to be adjusted for the accrued unbilled portion in December so that it aligns with financial records?**

A8: The methodology in the workform starts with the billed/earned December consumption then removes the consumption for prior month's accrual for unbilled revenues and adds the consumption for the current month's accrual for unbilled revenues. This is expected to approximate the December consumption on a calendar/load month basis for non-RPP Class B customers. Note that a distributor will also have to consider differences between the unbilled accrual for December and the actual billings for December as a reconciling item.

**Q9: If the unresolved difference as a percentage of expected GA payments to the IESO is less than the 1%, is the GA balance acceptable?**

A9: If the reconciling items have been appropriately considered and accounted for and the unsolved difference for each year is less than +/-1%, no further analysis would need to be done.

**Q10a): Does non-RPP Class B consumption in the analysis include embedded LDC consumption?**

**b) As an LDC is charged by the IESO at the actual GA rate but non-RPP Class B customers are charged at the first GA estimate. How can the two be differentiated in the analysis?**

A10: Non-RPP Class B consumption in the analysis should include consumption from embedded LDCs. In the situation where different customers are charged at different GA rates, then the analysis will have to be modified to account for this. For each month, the consumption should be broken down by each of the GA rates that are used. The workform is unlocked to allow for such modifications.

**Q11: In the example, the unresolved difference is not material. What would be the steps to take if the difference was material?**

A11: If the unresolved difference between the expected GA amount and the GA amount in the general ledger is material, distributors should try to identify and quantify any

additional reconciling items or any other factors impacting the calculation of the expected GA amount.

**Q12: If each reconciling item is not significant, does the reconciling items need to be added or deducted from the initial amount in the general ledger?**

A12: If each reconciling item is not significant and it would not alter the value of the materiality calculation at one decimal place, then these amounts would not have to be quantified. Therefore, the initial amount from the general ledger would not need to be adjusted for such reconciling items.

**Q13: The IESO is back billing GA for 2011, 2012 and 2013 in the current year 2017. How is this treated?**

A13: This would be considered a one-time item and should be considered a reconciling item as they pertain to back billings in previous years.

**Q14: How do you identify what amount is considered significant for the reconciling items? Is it based on the 1% threshold?**

A14: Judgment would be required in determining what is considered a significant reconciling item. At a minimum, if the reconciling item or sum of reconciling items would change the calculated materiality at one decimal place, this should be identified and quantified.