

**Presentation February 13, 2017**

**Ontario Energy Board**

**Mark F. Rosehart**

**Customer Submission**

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**London Hydro Rate Application**

**EB-2016-0091**

**Retail Settlement Variance Accounts**

**Global Adjustment Reviewed**

# *EB-2016-0091 RSVA-GA...*

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## **Presentation objectives:**

- High level review and evaluation of Mark F. Rosehart EB-2016-0091 *customer submission regarding overstated RSVA-GA financial discrepancy estimated to be approximately \$3.8 million.*
- RSVA-GA 2014 balances are defined in IRM rate application EB-2015-0087 - *What is in the London Hydro \$7,614,471 2014 IRM additions; to be validated?*

## **Presentation restrictions:**

- Customer interpretation of the OEB defined rules.

# *EB-2016-0091 RSVA-GA...*

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## **OEB EB-2016-0091 file name references:**

- Mark F. Rosehart – “*M F Rosehart\_Ltr of Comment\_London Hydro\_20161212\_Redacted*”
- London Hydro – “*London Hydro\_IRR\_Exhibit 1\_20170117*”
- Mark F. Rosehart – “*M F Rosehart\_Ltr of Comment\_London Hydro\_20170123\_Redacted*”

## **File location:**

- [http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/search/rec?sm\\_udf10=EB-2016-0091&sortd1=rs\\_dateregistered&rows=200](http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/search/rec?sm_udf10=EB-2016-0091&sortd1=rs_dateregistered&rows=200)

# *OEB distributor rate application customer engagement...*

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*The OEB (and Rosemarie T. Leclair Chair & CEO OEB) has made a commitment to the valued consumer to offer and accommodate greater participation in the rate application process.*

*Posting EB-2016-0091 customer submission comments has given greater credibility to the OEB initiative with transparency and disclosure being a key element to this process.*

*I appreciate the opportunity to participate in this process.*

*Mark F. Rosehart*

# *Global Adjustment Class B customer defined...*

*“The RSVA – GA Class B customer is defined as the General Service > 50 kW rate class (Approx. 1,600) and all retailer associated customers (Mostly Residential and small general service) that are non-Class A (non-transitioning), non-Regulated Price Plan (RPP) or non-Wholesale Market Participants (WMP) customers; approximately 47.6% of the energy sales...”*

Allocation Method for Class B RSVA-Global Adjustment.			
IRM Total Metered	3,224,235,609	kWh	100.0%
IRM RPP	1,516,213,901	kWh	47.0%
IRM Non RPP	1,708,021,708	kWh	53.0%
IRM Class A	174,829,076	kWh	5.4%
IRM Net Class B	1,533,192,632	kWh	47.6%
London Hydro 2016 IRM Rate Application EB-2015-087.			

- The above definition is for the purpose of this presentation -

# RSVA Global Adjustment EB-2015-0087 defined...

- London Hydro OEB Rate Order 2016 RSVA-GA 2014 *material balance of \$9,826,430* for clearance to Class B and transitioning Class A customers:

Group 1 Deferral and Variance Account Balances

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
LV Variance Account	1550	-	-	-
Smart Meter Entity Variance Charge	1551	80,290	3,688	83,978
RSVA - Wholesale Market Service Charge	1580	(7,310,725)	(334,430)	(7,645,155)
RSVA - Retail Transmission Network Charge	1584	2,306,449	90,691	2,397,140
RSVA - Retail Transmission Connection Charge	1586	1,492,407	54,283	1,546,690
RSVA - Power	1588	(467,081)	2,326	(464,755)
RSVA - Global Adjustment	1589	9,143,276	190,792	9,334,068
RSVA - Global Adjustment New Class A	1589	479,011	13,351	492,362
Disposition and Recovery of Regulatory Balances (2012)	1595	0	(298,342)	(298,342)
Disposition and Recovery of	1595	(577,224)	537,032	(40,192)

*Are the balances are materially high when considering historical trends?*

Transitioning Class A

# RSVA Global Adjustment Class B EB-2015-0087 defined...

Copy of London Hydro\_2016\_IRM\_RateGen\_20160317

		<b>2014</b>				
<b>Account Descriptions</b>	Account Num	Opening Principal Amounts as of Jan-1-14	Transactions Debit / (Credit) during 2014 excluding interest and adjustments <sup>2</sup>	Board-Approved Disposition during 2014	Adjustments during 2014 - other <sup>1</sup>	Closing Principal Balance as of Dec-31-14
<b>Group 1 Accounts</b>						
LV Variance Account	1550	0				0
Smart Metering Entity Charge Variance	1551	101,107	(20,817)			80,290
RSVA - Wholesale Market Service Charge	1580	(6,808,723)	(502,001)			(7,310,725)
RSVA - Retail Transmission Network Charge	1584	1,422,846	883,604			2,306,449
RSVA - Retail Transmission Connection Charge	1586	991,782	500,625			1,492,407
RSVA - Power (excluding Global Adjustment)	1588	(449,761)	(17,326)			(467,081)
RSVA - Global Adjustment	1589	1,977,886	7,614,471			9,592,357
Disposition and Recovery/Refund of Regulatory Balances (2008) <sup>4</sup>	1595_(200)	0				0
Disposition and Recovery/Refund of Regulatory Balances (2009) <sup>4</sup>	1595_(200)	0				0
Disposition and Recovery/Refund of Regulatory Balances (2010) <sup>4</sup>	1595_(201)	0				0
Disposition and Recovery/Refund of Regulatory Balances (2011) <sup>4</sup>	1595_(201)	0				0
Disposition and Recovery/Refund of Regulatory Balances (2012) <sup>4</sup>	1595_(201)	(811,533)	811,533			(0)
Disposition and Recovery/Refund of Regulatory Balances (2013) <sup>4</sup>	1595_(201)	(2,516,194)	1,938,970			(577,224)
Disposition and Recovery/Refund of Regulatory Balances (2014) <sup>4</sup>	1595_(201)	0				0
<i>Not to be disposed of unless rate rider has expired and balance has been audited</i>	1595_(201)					
<b>RSVA - Global Adjustment</b>	<b>1589</b>	1,977,886	7,614,471	0	0	9,592,357
<b>Total Group 1 Balance excluding Account 1589 - Global Adjustment</b>		(8,070,477)	3,594,594	0	0	(4,475,883)
<b>Total Group 1 Balance</b>		(6,092,591)	11,209,064	0	0	5,116,474
<b>LRAM Variance Account (only input amounts if applying for disposition of this account)</b>	<b>1568</b>	0				0
<b>Total including Account 1568</b>		(6,092,591)	11,209,064	0	0	5,116,474

*RSVA GA Balance 2014, to be validated...*

- London Hydro Rate Gen Model RSVA 2014 balance of \$7.6 million for clearance to Class B customers to be validated in Rate application IRM 2016.

## *Allocation methodology utilized to evaluate RSVA-GA...*

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*To evaluate - What is in the 2014 IRM \$7,614,471 additions?*

- A allocation methodology is utilized to validate the RSVA-GA 2014 balances (+/- 10% accuracy as a test for reasonableness).
- In lieu of actual monthly energy data, IESO monthly percent to total wholesale energy allocations are derived to determine monthly proportioned Class B energy totalling 1,533,192,632 kWh - Page 12 and 14 OEB Posted File: “*M F Rosehart\_Ltr of Comment\_London Hydro\_20170123\_Redacted*” .
- Please note that the distributors do have the actual Class B energy quantities available.



# Reasonableness Test - Allocation Method No.1...

Allocation Determination		Class B Global Adjustment charges at Wholesale Retail Rates vs. charges at Final IESO Posted Rates evaluated.							
Year	IESO MWh	Allocation %	Class B Allocation kWh	Retail Rate \$/kWh	Final Rate \$/kWh	Retail - Final \$/kWh	Class B @ Retail GA	Class B @ Final GA	Est. Variance Retail less Final
2014									
jan	13,613,596	9.7%	149,296,810	\$0.03626	\$0.01261	\$0.02365	\$5,413,502	\$1,882,633	\$3,530,870
feb	12,067,276	8.6%	132,338,716	\$0.02231	\$0.01330	\$0.00901	\$2,952,477	\$1,760,105	\$1,192,372
mar	12,672,074	9.1%	138,971,380	\$0.01103	(\$0.00027)	\$0.01130	\$1,532,854	(\$37,522)	\$1,570,377
apr	10,836,804	7.8%	118,844,445	(\$0.00965)	\$0.05198	(\$0.06163)	(\$1,146,849)	\$6,177,534	(\$7,324,383)
may	10,642,583	7.6%	116,714,474	\$0.05356	\$0.07196	(\$0.01840)	\$6,251,227	\$8,398,774	(\$2,147,546)
jun	11,228,548	8.0%	123,140,601	\$0.07190	\$0.06025	\$0.01165	\$8,853,809	\$7,419,221	\$1,434,588
jul	11,717,444	8.4%	128,502,198	\$0.05976	\$0.06256	(\$0.00280)	\$7,679,291	\$8,039,098	(\$359,806)
aug	11,718,183	8.4%	128,510,302	\$0.06108	\$0.06761	(\$0.00653)	\$7,849,409	\$8,688,582	(\$839,172)
sep	10,836,546	7.8%	118,841,616	\$0.08049	\$0.07963	\$0.00086	\$9,565,562	\$9,463,358	\$102,204
oct	10,819,854	7.7%	118,658,559	\$0.07492	\$0.10014	(\$0.02522)	\$8,889,899	\$11,882,468	(\$2,992,569)
nov	11,487,634	8.2%	125,981,931	\$0.09901	\$0.08232	\$0.01669	\$12,473,471	\$10,370,833	\$2,102,638
dec	12,163,283	8.7%	133,391,600	\$0.07318	\$0.07444	(\$0.00126)	\$9,761,597	\$9,929,671	(\$168,073)
TOTAL	139,803,825	100%	1,533,192,632	\$0.05762	\$0.06150	(\$0.00388)	\$80,076,251	\$83,974,753	(\$3,898,502)

\*Allocation method.

Transactions 2014: IRM Rate Gen 2015 Continuity Schedule **(\$7,614,471)**

Class B % to IRM Total Metered

Overstated Discrepancy **(\$3,715,969)**

Overstated Discrepancy 48.8%

Rule for Retail less Final: if Net Balance "+" pay customer (Payable) and if Net Balance "-" charge customer (Receivable).

**Overstated Discrepancy**

# Reasonableness Test - Allocation Method No. 2...

Determine maximum RSVA-GA exposure assuming all London Hydro customers (Approx. 150,000) are classified as Class B:

Allocation Determination			Class B Global Adjustment charges at Wholesale Retail Rates vs. charges at Final IESO Posted Rates evaluated.						
Year 2014	IESO MWh	Allocation %	Class B Allocation kWh	Retail Rate \$/kWh	Final Rate \$/kWh	Retail - Final \$/kWh	Class B Spot @ Retail GA	Class B Spot @ Final GA	Est. Variance Retail less Final
jan	13,613,596	9.7%	313,964,521	\$0.03626	\$0.01261	\$0.02365	\$11,384,354	\$3,959,093	\$7,425,261
feb	12,067,276	8.6%	278,302,407	\$0.02231	\$0.01330	\$0.00901	\$6,208,927	\$3,701,422	\$2,507,505
mar	12,672,074	9.1%	292,250,604	\$0.01103	(\$0.00027)	\$0.01130	\$3,223,524	(\$78,908)	\$3,302,432
apr	10,836,804	7.8%	249,924,559	(\$0.00965)	\$0.05198	(\$0.06163)	(\$2,411,772)	\$12,991,079	(\$15,402,851)
may	10,642,583	7.6%	245,445,324	\$0.05356	\$0.07196	(\$0.01840)	\$13,146,052	\$17,662,245	(\$4,516,194)
jun	11,228,548	8.0%	258,959,183	\$0.07190	\$0.06025	\$0.01165	\$18,619,165	\$15,602,291	\$3,016,874
jul	11,717,444	8.4%	270,234,382	\$0.05976	\$0.06256	(\$0.00280)	\$16,149,207	\$16,905,863	(\$756,656)
aug	11,718,183	8.4%	270,251,425	\$0.06108	\$0.06761	(\$0.00653)	\$16,506,957	\$18,271,699	(\$1,764,742)
sep	10,836,546	7.8%	249,918,609	\$0.08049	\$0.07963	\$0.00086	\$20,115,949	\$19,901,019	\$214,930
oct	10,819,854	7.7%	249,533,649	\$0.07492	\$0.10014	(\$0.02522)	\$18,695,061	\$24,988,300	(\$6,293,239)
nov	11,487,634	8.2%	264,934,372	\$0.09901	\$0.08232	\$0.01669	\$26,231,152	\$21,809,398	\$4,421,755
dec	12,163,283	8.7%	280,516,575	\$0.07318	\$0.07444	(\$0.00126)	\$20,528,203	\$20,881,654	(\$353,451)
<b>TOTAL</b>	<b>139,803,825</b>	<b>100%</b>	<b>3,224,235,609</b>	<b>\$0.05762</b>	<b>\$0.06150</b>	<b>(\$0.00388)</b>	<b>\$168,396,778</b>	<b>\$176,595,153</b>	<b>(\$8,198,376)</b>

\*Allocation method.

Transactions 2014: IRM Rate Gen 2015 Continuity Schedule

Class B % to IRM Total Metered

Transactions 2014 @ 93% of Total Maximum Exposure

Variance	(\$7,614,471)
IRM 2016 Net Class B	(\$583,905)
Overstated Discrepancy	92.9%
Overstated Discrepancy	47.6%
Overstated Discrepancy	45.3%
<b>Overstated Discrepancy</b>	<b>(\$3,451,310)</b>

Rule for Retail less Final: if Net Balance "+" pay customer (Payable) and if Net Balance "-" charge customer (Receivable).

**Overstated Discrepancy**

## *London Hydro response to customer submission ...*

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The following is London Hydro's EB-2016-0091 response to Mark F. Rosehart posted comments found in OEB File: "*MF Rosehart\_Ltr of Comment\_London Hydro\_20161212\_Redacted*".

17 London Hydro would like to address the letter from MF Rosehart. As indicated in the letter  
18 London Hydro has attempted to satisfy answering of the directed question with Mr. Rosehart.  
19 London Hydro would note that the transaction in question has been thoroughly vetted both by  
20 our independent third party annual financial auditors and also by the OEB during the 2016 IRM  
21 process. London Hydro does not agree with Mr. Rosehart's comments.

Board File "*London Hydro\_IRR\_Exhibit 1\_20170117*" comments.

## *London Hydro IRM reconciliations provided December 8, 2016...*

<b>RSVA GA Class B</b>	<b>Amount (\$Mil)</b>
Permanent price variance Year 2013	\$ 1.2
Permanent price variance Year 2014	\$ 5.1
Pending true-up of 1598 claim (Nov & Dec 2014)	\$ 1.9
Variation in accrual of unbilled non-RPP Class B due to quantity estimates at 2014 year-end	\$ 0.9
<b>Total Balance RSVA GA Class B</b>	<b>\$ 9.1</b>
G/L Balance at Dec 31, 2014	\$ 9.1
Diff	\$ -

*To evaluate - What is in the 2014 IRM \$7,614,471 additions?*

# Mark F. Rosehart and London Hydro reconciliations compared...

## RSVA Global Adjustment London Hydro IRM rate application EB-2015-0087 reconciliation final...

London Hydro provided:

RSVA GA Class B	Amount (\$M)
Permanent price variance Year 2013	\$ 1.2
Permanent price variance Year 2014	\$ 5.1
Pending true-up of 1598 claim (Nov & Dec 2014)	\$ 1.9
Variation in accrual of unbilled non-RPP Class B due to quantity estimates at 2014 year-end	\$ 0.9
<b>Total Balance RSVA GA Class B</b>	<b>\$ 9.1</b>
G/L Balance at Dec 31, 2014	\$ 9.1
Diff	\$ -

RSVA-GA 2013	(\$1,200,000)	Receivable
Nov. 2013 to Oct. 2014	(\$5,100,000)	Receivable
Nov. 2014 to Dec. 2014	(\$1,500,000)	Receivable
Accrual adjustment (unbilled)	(\$300,000)	Receivable
<b>Net</b>	<b>(\$9,100,000)</b>	Receivable

London Hydro  
\$1.9 million Receivable  
Nov. 2014 to Dec. 2014.

Mark F. Rosehart analysis:

London Hydro's 2014 IRM rate application EB-2015-0087 estimated RSVA-GA Nov. to Dec. 2014											
Dec 2014	IBSO MWh	Allocation %	Class B Spot \$/MWh	Retail GA \$/MWh	Final GA \$/MWh	Retail - Final \$/MWh	Class B Spot @ Retail GA	Class B Spot @ Final GA	Est. Variance Retail less Final		
Nov	11,481,614	8.2%	125,881,891	\$0.09901	\$0.08232	\$0.01669	\$12,471,471	\$10,370,833	\$2,100,638	Payable	
Dec	12,363,283	8.7%	131,391,800	\$0.07918	\$0.07484	(\$0.00434)	\$9,781,397	\$9,929,671	(\$148,274)	Receivable	
* TOTAL			259,373,335				\$22,252,868	\$20,300,503	\$1,954,365	Payable	
									Net Balance	\$1,954,365	Payable

Mark F. Rosehart  
\$1.9 million Payable  
Nov. 2014 to Dec. 2014.

- ✓ The overstated totals \$3.8 million as you have collected (or are going to collect) \$1.9 million doubling the outage, as \$1.9 million should have been netted in EB-2015-0087.

\*Retail less Final method utilized.

As outlined in my initial request,

*“The OEB outlined their primary role in London recently as the agency responsible for ensuring consumer protection and distributor regulatory compliance. As a rate payer paying for customer protection services through the OEB (and distributor), I therefore request the Board to consider the information within the attached OEB-EB-2016-0091-LONDON-HYDRO-RSVA-GA-REVIEW during your review of the London Hydro Cost of Service rate application and ensure that our Class B customers are protected from financial risk e.g. cross subsidization or otherwise.” - Mark F. Rosehart*

# *OEB customer engagement **additional considerations...***

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## ***IMPORTANT:***

*The following slides provide additional background information  
e.g. how did a material change in RSVA Global Adjustments go  
basically unchallenged?*

## *Variances can identify external and or internal business concerns!*

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- Although the LDC is held whole, as wholesale charges are treated as a pass-through, *variance issues directly impact our customers!*
- The global adjustment variance disposition impacts non-regulated price plan customers, while cost of power variances impact all retail rate classes - *variances are cleared to rate specific rate classes and future customers pay and departing and or delinquent customers don't!*
- There can be financial balance issues in the systems or data, which will reside in the variance accounts and *if issues are undetected they can be incorrectly cleared to customers!*



# *Wholesale settlements is not just a pass-through activity...*

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*“Variance accounts act as the financial statements for parties to identify how well a distributor is performing their regulatory financial obligations. Variances can identify issues within billing and accounting systems, cash flow concerns, trends, anomalies and business process deficiencies. You do not just look at the net of the two RSVA Global Adjustment and Cost of Power accounts or treat them as clearing houses. **Distributors need to incorporate adequate audit and controls, best practices and oversight (including Hydro Board) into wholesale settlement activities.** Distributors have not been wires only companies for over 15 years! They are both a wires and settlement company!”*

*RSVA balances act as the LDC wholesale settlement activity financial statements...*

*Retail Settlement  
Variance Account  
balance tracking  
can tell Hydro Board,  
OEB and Intervenors  
how LDC's  
are managing  
wholesale and retail  
settlements  
on the customers  
behalf.*

Statement of Regulatory Assets and Liabilities For The Six Months Ending June 30, 2015			
	Dec 31 2014	Jun 30 2015	\$ Variance
<b>Regulatory Assets</b>			
<b>GROUP 1* Settlement Variances</b>			
Rural Rate Assistance	\$ 1,013		\$ (1,013)
Transmission Network Services	15,859		(15,859)
Transmission Connection Services	22,347	12,588	(9,759)
Global Adjustment	434,522	1,601,849	1,167,327
Recovery of Regulatory Assets	90,972		(90,972)
<b>Total Settlement Variances</b>	<b>\$ 564,713</b>	<b>\$ 1,614,437</b>	<b>\$ 1,049,724</b>
<b>GROUP 2* Other Deferrals &amp; Variances</b>			
LRAM Variance Account	\$ 19,995	\$ 20,122	\$ 127
Smart Meter Entity	2,435		(2,435)
Stranded Meters	-	-	-
IFRS Costs	17,262	17,368	106
<b>Total Group 2 Variances Assets</b>	<b>\$ 39,692</b>	<b>\$ 37,490</b>	<b>\$ (2,202)</b>
<b>Total Regulatory Assets</b>	<b>\$ 604,405</b>	<b>\$ 1,651,927</b>	<b>\$ 1,047,522</b>
<b>Regulatory Liabilities</b>			
<b>GROUP 1* Settlement Variances</b>			
Wholesale Market Services	\$ 153,958	\$ 164,943	\$ 10,985
Rural Rate Assistance	-	1,165	1,165
Transmission Network Services	-	15,048	15,048
Transmission Connection Services	-	-	-
Power	227,880	633,818	405,938
Recovery of Regulatory Assets		31,669	
<b>Total Settlement Variances</b>	<b>\$ 381,838</b>	<b>\$ 846,644</b>	<b>\$ 464,806</b>
<b>GROUP 2* Other Deferrals &amp; Variances</b>			
Stranded Meters	253	209	(44)
Smart Meter Entity		2,426	
<b>Total Group 2 Variances Liabilities</b>	<b>\$ 253</b>	<b>\$ 2,635</b>	<b>\$ (44)</b>
<b>Total Regulatory Liabilities</b>	<b>\$ 382,091</b>	<b>\$ 849,279</b>	<b>\$ 467,188</b>

*Sample  
Illustration:  
Do we have  
an issue?*

Wholesale market charges represent approx. *\$365 million (84%) total and \$180 million in GA\$ of LH's business activity*; distributors are both a wires and settlements company...

## *Variances occur when there are...*

- Differences between the OEB approved fixed retail Total Loss Factor (TLF) and actual system losses.
- Differences between IESO trade day preliminary statement data used for billing and final adjusted data; distributors and generators perform wholesale validation and file disputes on preliminary IESO data (MTR/NoD).
- Differences between wholesale charges and retail revenue at the OEB approved fixed rates; global adjustment, transmission, WMSC, etc.
- *Errors and omissions*; manual inputs and automated system errors, metering errors, inaccurate accruals and reversing entries, etc.
- *Short-term Load Transfers (STLT)*; planned and unplanned, accruals, etc.
- Multiple distributor registered wholesale Delivery Point load transfers can create double billing's on wholesale transmission – applicable at LHI.

*You have to watch for these, don't assume all is ok!*

# *RSVA financial planning and management concerns...*

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- *Cash flow and financing*; working capital allowance has dropped from 15 – 13% to 7.5%, however the Town is the banker, so this risk has been downloaded to them.
- Are there system and process *issues and errors*?
- *Are there enough resources, audit and controls and oversight* on existing processes e.g. manual processes?
- Is there enough *KSA&O's* within to LDC manage settlement activities?
- The Ministry and OEB have *control on the disposition* of regulatory assets and have deferred clearance in the past.
- Wholesale charges are treated as a pass-through, however the *future rate class specific customers are impacted through rate riders*.
- Bad debt expense and customer churning exposure; *future customers pay and departing and or delinquent customers don't!*

# Reconciliations utilizing Final\$ less Retail\$ method...

Class B (Non RPP, Non Class A and Non WMP) RSVGA Analysis - Allocation Method										
	Date 2014	IESO MWh	Allocation %	Class B Spot kWh	Retail GA \$/kWh	Final GA \$/kWh	Retail - Final \$/kWh	Class B Spot @ Retail GA	Class B Spot @ Final GA	Est. Variance Final less Retail
E	jan	13,613,596	9.7%	149,296,810	\$0.03626	\$0.01261	(\$0.02365)	\$5,413,502	\$1,882,633	(\$3,530,870)
E	feb	12,067,276	8.6%	132,338,716	\$0.02231	\$0.01330	(\$0.00901)	\$2,952,477	\$1,760,105	(\$1,192,372)
E	mar	12,672,074	9.1%	138,971,380	\$0.01103	(\$0.00027)	(\$0.01130)	\$1,532,854	(\$37,522)	(\$1,570,377)
E	apr	10,836,804	7.8%	118,844,445	(\$0.00965)	\$0.05198	\$0.06163	(\$1,146,849)	\$6,177,534	\$7,324,383
E	may	10,642,583	7.6%	116,714,474	\$0.05356	\$0.07196	\$0.01840	\$6,251,227	\$8,398,774	\$2,147,546
E	jun	11,228,548	8.0%	123,140,601	\$0.07190	\$0.06025	(\$0.01165)	\$8,853,809	\$7,419,221	(\$1,434,588)
E	jul	11,717,444	8.4%	128,502,198	\$0.05976	\$0.06256	\$0.00280	\$7,679,291	\$8,039,098	\$359,806
E	aug	11,718,183	8.4%	128,510,302	\$0.06108	\$0.06761	\$0.00653	\$7,849,409	\$8,688,582	\$839,172
E	sep	10,836,546	7.8%	118,841,616	\$0.08049	\$0.07963	(\$0.00086)	\$9,565,562	\$9,463,358	(\$102,204)
E	oct	10,819,854	7.7%	118,658,559	\$0.07492	\$0.10014	\$0.02522	\$8,889,899	\$11,882,468	\$2,992,569
E	nov	11,487,634	8.2%	125,981,931	\$0.09901	\$0.08232	(\$0.01669)	\$12,473,471	\$10,370,833	(\$2,102,638)
E	dec	12,163,283	8.7%	133,391,600	\$0.07318	\$0.07444	\$0.00126	\$9,761,597	\$9,929,671	\$168,073
*	TOTAL	139,803,825	100%	1,533,192,632	\$0.05282	\$0.05638	\$0.00356	\$80,076,251	\$83,974,753	\$3,898,502

"E" Denotes Estimated Month

IRM Rate Gen 2015 Continuity Schedule

47.6% Class B % to Total Metered

Overstated Discrepancy

\$7,614,471  
 \$3,715,969  
 Subject to Data  
 Allocation Accuracy

Class B (Non RPP, Non Class A and Non WMP) RSVGA Analysis - Allocation Method										
	Date 2013		Allocation %	Class B Spot kWh	Retail GA \$/kWh	Final GA \$/kWh	Retail - Final \$/kWh	Class B Spot @ Retail GA	Class B Spot @ Final GA	Est. Variance Final less Retail
E	nov			125,981,931	\$0.06228	\$0.07855	(\$0.01627)	\$7,846,155	\$9,895,881	\$2,049,726
E	dec			133,391,600	\$0.07607	\$0.05068	\$0.02539	\$10,147,099	\$6,760,286	(\$3,386,813)
*	TOTAL			259,373,531				\$17,993,254	\$16,656,167	(\$1,337,087)

"E" Denotes Estimated Month

Net Balance

Nov. 2013 to Oct. 2014

(\$1,337,087)  
 Payable  
 \$4,495,980  
 Receivable

Class B (Non RPP, Non Class A and Non WMP) RSVGA Analysis - Allocation Method										
	Date 2014	IESO MWh	Allocation %	Class B Spot kWh	Retail GA \$/kWh	Final GA \$/kWh	Retail - Final \$/kWh	Class B Spot @ Retail GA	Class B Spot @ Final GA	Est. Variance Final less Retail
E	nov	11,487,634	8.2%	125,981,931	\$0.09901	\$0.08232	(\$0.01669)	\$12,473,471	\$10,370,833	(\$2,102,638)
E	dec	12,163,283	8.7%	133,391,600	\$0.07318	\$0.07444	\$0.00126	\$9,761,597	\$9,929,671	\$168,073
*	TOTAL			259,373,531				\$22,235,068	\$20,300,503	(\$1,934,565)

"E" Denotes Estimated Month

# IESO Global Adjustment Rates Historical...

## Final Rates:

### Global Adjustment Values - 2005-2014

2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
GA-OEFC-NUG (M\$)	87.8	41.7	34.6	62.4	62.3	54.3	58.5	66.2	53.7	79.1	80.1	83.1
GA-OPG (M\$)	-66.3	-138.1	-152.6	88.7	173.2	137	178.2	177.7	216.3	271	208.8	298.3
GA-OPA (M\$)	139.2	245.9	116.1	369.6	467.9	435.6	435.6	473.7	514.5	637.4	581.3	462.1
Total GA (M\$)	160.7	149.5	-1.9	520.7	703.4	626.9	672.3	717.6	784.5	987.5	870.2	843.5
GA (\$/MWh)	12.61	13.30	-0.27	51.98	71.96	60.25	62.56	67.61	79.63	100.14	82.32	74.44

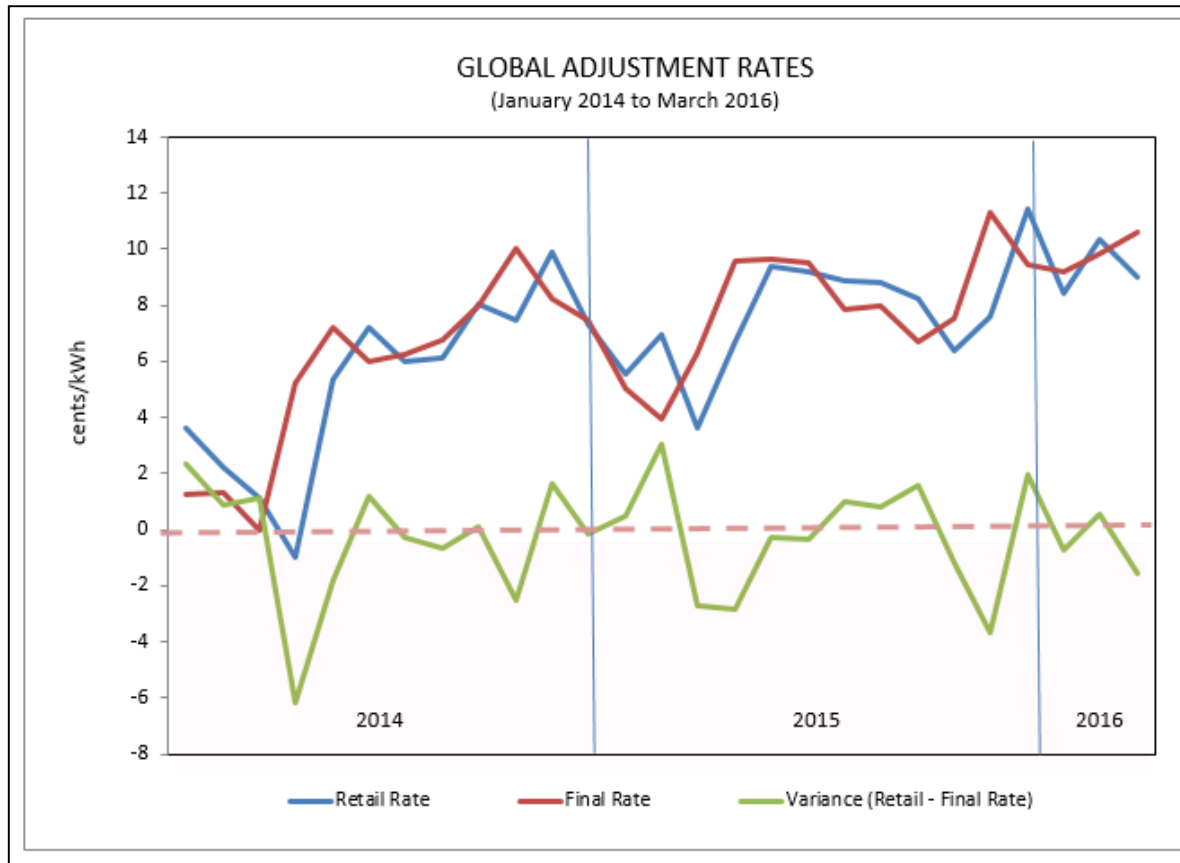
## Retail Rates:

### Estimated Global Adjustment - Effective January 1, 2011

2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1st Estimate (\$/MWh)	36.26	22.31	11.03	-9.65	53.56	71.90	59.76	61.08	80.49	74.92	99.01	73.18
2nd Estimate (M\$)	210.6	178.0	-67.7	476.7	675.3	651.6	673.2	724.4	795.2	1009.2	919.1	729.0
2nd Estimate (\$/MWh)	18.06	11.18	-8.00	54.53	73.52	66.64	57.53	68.97	80.72	101.35	85.04	57.89

# Global Adjustment rate trends defined...

- The RSVA\_GA account holds the financial billing difference between Global Adjustment billed at the first IESO estimated (retail) rate and the final posted wholesale global adjustment rate.



*When the Variance Rate is negative the Wholesale Global Adjustment Asset Receivable grows!*

# *Questions?*

*I have one – How much time does your Hydro Board spend discussing and monitoring the Retail Settlement Variance activities and account balances?*

*Ultimately they carry the most liability, especially when considering the new OEB rules on governance and due diligence...*