**Hearst Power (EB-2017-0046)**

**GA Analysis Follow-Up Questions (Second Round)**

1. Based on the response provided for question 3a to OEB staff’s follow-up questions on November 13, 2017, it appears that approach A is in fact being used as this is the only method that would require an accounting entry to prorate charge type 148 between accounts 1588 and 1589.
2. Please re-confirm your response as to what approach is being used.
3. Under Approach B, wouldn’t the entire IESO GA invoice for charge type 148 (both RPP and non-RPP) get recorded into account 1589?
4. If so, then doesn’t the RPP- GA component of that invoice then get offset by the IESO settlement credit for RPP-GA, which would also get recorded in account 1589 under approach B (therefore only leaving the non-RPP GA amount in Account 1589)?
5. If so, then under approach B, why would an accounting entry be necessary to move the CT 148 cost of GA attributable to RPP customers to account 1588 when it has already been zeroed out in account 1589 through recording the IESO settlement?

We found the wording of approach A and B confusing as they seem to suggest Charge Type 1142 and 148 are booked directly into Account 1588 or 1589. Since we don’t transfer directly those charges to Accounts 1588 or 1589 but instead follow a process which end results are transferred to those accounts, we would like to change our answer to Question 1, from b) to c) “Another approach”.

Our step by step approach is the following:

1. Charge types 1142, 1412, 101 and other Power expense items (including H1 and generators electricity purchase costs) are booked into Account #4705 – Power expense (a)
2. Charge type 148 and other Global Adjustment expense items (including H1) are booked into Account #4707 – GA Expense (b)
3. The actual Non-RPP usage (kWh), provided by our billing system, is multiplied by the Actual IESO posted GA rate to obtain the “Non-RPP GA Cost” (c)
4. The difference of the “GA expense” (b) less the “Non-RPP GA Cost” (c) is credited from Account #4707 and debited in Account #4705. For easier identification, this difference is named “GA RPP portion transferred to Power” (d) in the steps below.

Account #1589

1. We calculate the billed-to-actual variance of Non-RPP by deducting the Billed GA in our billing system (which is actual consumption multiplied by 1st estimate in 2016) to the “Non-RPP GA cost” (c). The difference is the monthly GA variance.
2. The monthly GA variance is then added to the yearly total GA variance which results in a credit or debit of account #1589

Account #1588

1. For the Power billed-to-actual variance, account #1588, we deduct the actual monthly power billed in our billing system to the sum of actual Power expense (a) + the “GA RPP portion transferred to power” (d). The difference is the monthly Power variance.
2. The monthly Power variance is then added to the yearly total Power variance which results in a credit or debit of account #1588.

Please note all consumptions used in the steps above are actuals, not as billed. (ex: consumption billed in September are August actuals)