EXHIBIT 9 – DEFERRAL AND VARIANCE ACCOUNTS

2018 Cost of Service

Westario Power Inc.
EB-2017-00084

9.1 TABLE OF CONTENTS

9.2 OVERVIEW

9.2.1 OUTSTANDING DVA AND SUB-ACCOUNTS[1]

As of December 31, 2016 WPI has principal balances in the following Board-approved deferral and variance accounts.

Group 1 Accounts

- 1550 – LV Variance Account
- 1551 – Smart Meter entity Charge Variance Account
- 1580 – Retail Settlement Variance Account – Wholesale Market Service Charges ("RSVAWMS")
- 1584 – Retail Settlement Variance Account – Retail Transmission Network Charges ("RSVANW")
- 1586 – Retail Settlement Variance Account – Retail Transmission Connection Charges ("RSVACN")
- 1588 – Retail Settlement Variance Account– Power ("RSVAPOWER")
- 1589 – Retail Settlement Variance Account – Global Adjustment ("RSVAGA")
- 1595 – Disposition and Recovery/Refund of Regulatory Balances

Group 2 Accounts

- 1508 – Other Regulatory Assets – Sub Account - Deferred IFRS Transition Costs
- 1518 – Retail Cost Variance Account –Retail ("RCVARetail)
- 1525 – Misc. Deferred Debits

[1] List of all outstanding DVA and sub-accounts; provide description of DVAs that were used differently than as described in the APH

- 1548 – Retail Cost Variance Account – STR (“RCVASTR)
- 1592 – PILs and Tax Variances for 2006 and Subsequent Years – Sub-Account HST/OVAT Tax Credits (ITCs)

Other Accounts

- 1568 – LRAM Variance Account
- 1532 – Renewable Generation Connection Capital Deferral Account
- 1555 – Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs
- 1575 – IFRS-CGAAP Transition PP&E Amounts Balance + Return Component

9.2.2 DVA CONTINUITY SCHEDULE

WPI has included a live Excel version of the Completed DVA Continuity Schedule for the period from the 2013 Cost of Service Application to Present.[2]

9.2.3 INTEREST RATES

The following Table 9.1 shows the interest rates that have been established by the OEB and have been used by WPI in the calculation of carrying charges for Deferred and Variance Accounts.[3]

Table 1: Interest Rates

Quarter by Year	Approved Deferral and Variance Accounts Interest Rate
Q3 2017	1.10%
Q2 2017	1.10%

[2] Completed DVA continuity schedule for period following last disposition to present - live Excel format
[3] Confirm use of interest rates established by the OEB by month or by quarter for each year

Q1 2017	1.10%
Q4 2016	1.10%
Q3 2016	1.10%
Q2 2016	1.10%
Q1 2016	1.10%
Q4 2015	1.10%
Q3 2015	1.10%
Q2 2015	1.10%
Q1 2015	1.47%
Q4 2014	1.47%
Q3 2014	1.47%
Q2 2014	1.47%
Q1 2014	1.47%

9.2.4 DIFFERENCES FROM TRIAL BALANCE IN RRR AND AFS

WPI confirms that there are no differences between the amounts requesting to be disposed of and the Trial Balance for RRR filing.[4]

9.2.5 GROUP 2 ACCOUNTS[5]

1508 – Other Regulatory Assets – Sub-Account - Deferred IFRS Transition Costs[6]

The OEB approved a deferral account for distributors to record one-time administrative incremental IFRS transition costs which were not already approved and included for recovery in distribution rates. These incremental costs were to be recorded in a sub-account of account 1508 – Other Regulatory Assets, Sub-account Deferred IFRS Transition Costs.

WPI has recorded its incremental costs in this account beginning in 2009. WPI's application for 2018 rates is being filed under IFRS and as such, the utility has completed all of its transition to IFRS with the exception of some system changes to reflect the change in contributed capital being netted against the corresponding asset.

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[4] Explanation if account balances in continuity schedule differs from trial balance in RRR and AFS

[5] Identification of Group 2 accounts that will continue/discontinue going forward, with explanation

[6] Request for disposition of Account 1508 sub-account IFRS Transition Costs if balances are still in account and not previously requested for disposition:
- completed Appendix 2-YA
-statement whether any one time IFRS transition costs are embedded in 2018 revenue requirement, where and why it is embedded, and the quantum
- if Account 1508 sub-accounts have been approved for disposition in a prior year, a statement indicating whether prior disposition included forecasted costs
-explanation for material variances in Account 1508 sub-account IFRS Transition Costs Variance
- explanation on why costs incurred after adoption of IFRS, if any, and the nature of the costs
- statement that no capital costs, ongoing IFRS compliance costs are recorded in 1508 sub-account; provide explanation if this is not the case

WPI has an audited balance in its IFRS transition cost account of $108,217. All costs included in the account are fully incremental and WPI does not have any IFRS transition costs in its current rate structure. All costs in the account are one-time costs related directly to the IFRS project.

The costs incurred are:

Table 2 – One Time IFRS Transition Costs

Nature of One-Time Incremental IFRS Transition Costs	Amount
Professional accounting fees	$65,518
Associated staff training and development costs	$4,338
Costs related to system upgrades, or replacements or changes where IFRS was the major reason for conversion	$71,873
Amounts, if any, included in previous Board approved rates (amounts should be negative)	($37,578)
Carrying Charges to December 31, 2016	$4,066
Total at December 31, 2016	**108,217**
Estimated further costs to system charges for 2017 & 2018	0
Estimated Carrying Charges to December 31, 2017	$1,146
Total for Disposition	**109,363**

WPI attests that no "one-time" administrative incremental IFRS transition costs are embedded in the proposed 2018 revenue requirement.

The October 2009 APH FAQ #3 regarding costs that are permitted to be recorded in the Account 1508 Other Regulatory Assets, sub-account Deferred IFRS Transition Costs Account and Account 1508 Other Regulatory Assets, sub-account IFRS Transition Costs Variance Account, states the following;

> "The costs authorized for recording in the deferral or variance account referenced in the answers to questions 1 and 2 above shall be incremental one-time administrative costs caused by the transition of accounting policies, procedures, systems and processes to IFRS. The

incremental costs eligible for inclusion in these accounts may include professional accounting and legal fees, salaries, wages and benefits of staff added to support the transition to IFRS and associated staff training and development costs.

These accounts are exclusively for necessary, incremental transition costs and shall not include ongoing IFRS compliance costs or impacts arising from adopting accounting policy changes that reflect changes in the timing of the recognition of income. The incremental costs in these accounts shall not include costs related to system upgrades, or replacements or changes where IFRS was not the major reason for conversion. In addition, incremental IFRS costs shall not include capital assets or expenditures.

The costs recorded in these accounts will be subject to a prudence review before disposition. The criteria of materiality, causation and prudence will be considered at the time of proposed disposition. Only costs that are clearly driven by the necessity of transitioning to IFRS and are genuinely incremental to costs that would have been otherwise incurred will be considered for approval for recovery in rates.

The transition to IFRS is effective for fiscal year-ends beginning on or after January 1, 2011. Accordingly, incremental transition costs incurred after the beginning of the year of adoption are expected to be minimal."

WPI's costs associated to the conversion to IFRS relate to professional accounting fees and system changes for IFRS only implementation and as such meet the criterions of the APH.

WPI notes that no other types of costs have been recorded in 1508 Other Regulatory Assets, sub-account IFRS Transition Costs Variance account. WPI also notes that no capital costs, ongoing IFRS compliance costs, or impacts arising from adopting accounting policy changes are recorded in Account 1508 Other Regulatory Assets, sub-account Deferred IFRS Transition Costs Account or Account 1508 Other Regulatory Assets, sub-account IFRS Transition Costs Variance Account.

With the adoption of IFRS in 2015, WPI is not planning on using this account once its disposition is complete. This statement is based on the utility's best known information at the time of the application.

Table 3: IFRS Transition Costs – Appendix 2-YA is presented on the following page and outlines all IFRS transition costs.

Table 3: IFRS Transition Costs – Appendix 2-YA

Nature of One-Time Incremental IFRS Transition Costs [1]	**Audited Actual Costs Incurred 2009-2012**	**Audited Actual Costs Incurred 2013**	**Audited Actual Costs Incurred 2014**	**Audited Actual Costs Incurred 2015**	**Audited Actual Costs Incurred 2016**	**Audited Carrying Charges To December 31, 2016**	**Forecasted Costs 2017**	**Forecasted Costs 2018**	**Carrying Charges January 1, 2017 to December 31, 2017**	**Total Costs and Carrying Charges**
Professional accounting fees	$40,518	$0	$0	$10,000	$15,000	$2,015	$0	$0	$531	$68,064
Professional legal fees	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Salaries, wages and benefits of staff added to support the transition to IFRS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Associated staff training and development costs	$4,338	$0	$0	$0	$0	$33	$0	$0	$34	$4,406
Costs related to system upgrades, or replacements or changes where IFRS was the major reason for conversion	$41,036	$10,975	$8,881	$7,263	$3,719	$2,017	$0	$0	$581	$74,471
Amounts, if any, included in previous Board approved rates (amounts should be negative) [2]	$0	($37,578)	$0	$0	$0	$0	$0	$0	$0	$(37,578)
Total	$85,892	($26,603)	$8,881	$17,263	$18,719	$4,066	$0	$0	$1,146	$109,363

WPI is requesting disposition of the December 31, 2016 audited balance, plus the forecasted interest to December 31, 2017. The balance requested for disposal, including carrying charges is a credit of ($109,363). The December 31, 2016 audited balance reconciles with filing 2.1.7 of the RRR.

1508 - Other Regulatory Assets - Sub-Account - Other

WPI is not requesting disposition any other 1508 Sub-accounts since the December 31, 2016 audited balance is $0. The December 31, 2016 audited balance reconciles with filing 2.1.7 of the RRR.

WPI is not planning on using this account past approval of this disposition. This statement is based on the utility's best known information at the time of the application.

1518 - Retail Cost Variance Account "RCVA Retail"

WPI is requesting disposition of the December 31, 2016 audited balance, plus the forecasted interest to December 31, 2017. The balance requested for disposal, including carrying charges is a credit of ($38,049). The December 31, 2016 audited balance reconciles with filing 2.1.7 of the RRR.

1525 - Misc. Deferred Debits

WPI is requesting disposition of the December 31, 2016 audited balance, plus the forecasted interest to December 31, 2017. The balance requested for disposal, including carrying charges is a credit of $0. In the past this account was mainly used to record the remaining balance of the Ontario Price Credit as well as carrying charges. The December 31, 2016 audited balance reconciles with filing 2.1.7 of the RRR.

1548 - Retail Cost Variance Account "RCVASTR"

WPI is requesting disposition of the December 31, 2016 audited balance, plus the forecasted interest to December 31, 2017. The balance requested for disposal, including carrying charges is a debit of $57,022. The December 31, 2016 audited balance reconciles with filing 2.1.7 of the RRR.

The sub-total balance of Group 2 is a debit of $128,336.

9.2.6 NEW ACCOUNTS

WPI is not requesting any new accounts or sub-accounts in this COS application.[7]

9.2.7 ADJUSTMENTS TO DVA BALANCES PREVIOUSLY APPROVED

WPI has not made any adjustments to deferral variance account balances that were previously approved by the Board on a final basis in both COS and Incentive Rate Mechanism (IRM) proceedings.[8]

9.2.8 BREAKDOWN OF ENERGY SALES

A breakdown of Energy Sales and Costs of Power expense balances, as reported in the Trial Balance reported through the Electricity Reporting and Record-keeping Requirements (RRR) and Audited Financial Statements by WPI, is provided in the following Tables 3-5. WPI confirms that Energy Sales accounts total match Cost of Power accounts total and therefore no profit or loss has been realized on commodity.

[7] Statement as to any new accounts, and justification.
[8] Statement whether any adjustments made to DVA balances previously approved by OEB on final basis; explanation, amount of adjustment and supporting documents

Table 4 - Energy Sales from Financial Statements

USoA	Description	Actual				
		2013	2014	2015	2016	
Energy Revenue						
4006	Residential Energy Sales	$27,264,515	$26,731,062	$33,225,545	$40,020,727	
4010	Commercial Energy Sales	$4,720,903	$5,163,320	$5,275,789	$5,965,941	
4020	Energy Sales to Large Users	$20,037	$22,208	$23,800	$23,449	
4025	Street Lighting Energy Sales	$0	$0	$0	$0	
4030	Sentinel Lighting Energy Sales	$71,942	$98,298	$21,615	$15,916	
4035	General Energy Sales	$1,088	$975	($167)	$453	
4040	Other Energy Sales to Public Authorities	$3,241,714	$4,140,813	$2,626,141	$2,520,802	
4050	Revenue Adjustment	$0	$0	$0	$0	Note 1
4055	Energy Sales for Retailers/Others	$2,781,822	$3,845,854	$3,037,404	$1,706,473	
4062	Wholesale Market Services	$2,428,811	$2,258,192	$1,689,331	$1,597,465	
4064	Wholesale Market Services One-Time	$0	$0	$0	$0	
4066	Network	$2,606,398	$2,762,792	$2,720,046	$2,501,101	
4068	Connection	$950,595	$1,515,637	$1,736,324	$1,809,240	
4075	Low Voltage Charges	$644,641	$745,456	$719,846	$711,571	
4076	Billed - Smart Metering Entity Charge	$142,588	$212,573	$212,561	$213,693	
Total		**$44,875,052**	**$47,497,179**	**$51,288,234**	**$57,086,831**	

Note 1: On 2013-2014 RRR 2.1.7 Distribution Service Revenue of $1,088, and $79,131 was grouped in USoA 4050 in error. This revenue was recorded correctly on the Audited Financial Statements and thus has not been included here under 4050.

Table 5 – Cost of Power from Financial Statements

USoA	Description	Actual				
		2013	2014	2015	2016	
Cost of Power Expense						
4705	Power Purchased	$38,102,019	$40,002,529	$29,474,151	$30,730,142	Note 2
4707	Charges Global Adjustment	$0	$0	$14,735,976	$19,523,620	
4708	Wholesale Market Services	$2,428,811	$2,258,192	$1,689,331	$1,597,465	
4710	Cost of Power Adjustments	$0	$0	$0	$0	
4712	Charges One-Time	$0	$0	$0	$0	
4714	Network	$2,606,398	$2,762,792	$2,720,046	$2,501,101	
4715	System Control and Load Dispatching	$0	$0	$0	$0	
4716	Connection	$950,595	$1,515,637	$1,736,324	$1,809,240	
4720	Other Expense	$0	$0	$0	$0	

4750	Low Voltage Charges	$644,641	$745,456	$719,846	$711,571
4751	Smart Metering Entity Charge	$142,588	$212,573	$212,561	$213,693
Total		**$44,875,052**	**$47,497,179**	**$51,288,234**	**$57,086,831**

Note 2: in 2013-2014 4707 Global Adjustment Charges were group under 4705 on RRR 2.1.7. It has been broken out and group separately in 2015

Table 6: Account 4705 vs. Account 4707 Breakdown

		2013	2014	2015	2016
4705	Power Purchased	26,904,136	30,245,951	29,474,151	30,730,142
4707	Charges Global Adjustment	11,197,883	9,756,578	14,735,976	19,523,620
	Total	**38,102,019**	**40,002,529**	**44,210,127**	**50,253,762**

In the comparison for the above power information, there is no difference between energy sales and cost of power expense reported numbers. Therefore, there has been no profit or loss on commodity.[9]

9.2.9 IESO GLOBAL ADJUSTMENT CHARGE

WPI confirms that the IESO Global Adjustment charge is pro-rated for RPP and non-RPP customers.[10]

[9] Breakdown of energy sales and cost of power by USoA - as reported in AFS mapped and reconciled to USoA. Provide explanation if making a profit or loss on commodity.
[10] Statement confirming that IESO GA charge is pro-rated into RPP and non-RPP; provide explanation if not pro-rated.

9.3 ACCOUNT 1575, IFRS-CGAAP TRANSITIONAL PP&E AMOUNTS

9.3.1 1575 - IFRS-CGAAP TRANSITION PP&E AMOUNTS BALANCE + RETURN COMPONENT

WPI revised depreciation expense and capitalization policies effective January 01, 2013. Although there were revisions to the LDC's capitalization policies, there were few accounting changes resulting from the adoption to IFRS and as such, the calculated and formed differences were minimal. The main drivers behind the change in net PP&E is the adoption of new depreciation rates and asset values to reflect the appropriate rate base in 2013. Since the utility capitalized burdens, the changes to the capitalization policy impacted the difference in closing net PP&E, former CGAAP vs. revised CGAAP. Capitalization policies and changes in depreciation rate are detailed in Exhibit 2.

WPI has disposed of this balance over a period of 3 years (2014 – 2016) leaving the account balance at Nil, therefore WPI is not seeking a disposition related to this account. The following table Appendix 2-AE displays the calculation of the amount that was determined for Account 1575.[11] No carrying charges were calculated on this account.

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[11] 1575 IFRS-CGAAP PP&E account
- Account 1575 and 1576 can't be used interchangeably
- breakdown of balance, including explanation for each accounting change; Appendix 2-EA
- listing and quantification of drivers
- volumetric rate rider to clear 1575; separate rider must be on a fixed basis for the residential class;
- rate of return component is to be applied to 1575 but not recorded in 1575
- statement confirming no carrying charges applied to 1575
- explanation for the basis of the proposed disposition period to clear Account 1575 rate rider
- show the balance in DVA continuity schedule

	2014	2015	2016	2017 Bridge Year	2018 Rebasing Year
Reporting Basis	**CGAAP**	**CGAAP**	**CGAAP**	**MIFRS**	**MIFRS**
	Actual	**Actual**	**Actual**	**Forecast**	**Forecast**
			$	$	
PP&E Values under CGAAP					
Opening net PP&E - Note 1		0	0	0	
Net Additions - Note 4					
Net Depreciation (amounts should be negative) - Note 4					
Closing net PP&E (1)	0	0	0	0	
PP&E Values under MIFRS (Starts from 2014, the transition year)					
Opening net PP&E - Note 1		0	0	0	
Net Additions - Note 4					
Net Depreciation (amounts should be negative) - Note 4					
Closing net PP&E (2)	0	0	0	0	
Difference in Closing net PP&E, former CGAAP vs. revised CGAAP	0	0	0	0	

Effect on Deferral and Variance Account Rate Riders

Closing balance in Account 1575	-	**WACC**	
Return on Rate Base Associated with Account 1575 balance at WACC - Note 2	-		
Amount included in Deferral and Variance Account Rate Rider Calculation	-	**# of years of rate rider disposition period**	

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9.4 ACCOUNT 1576, ACCOUNTING CHANGES UNDER CGAAP

9.4.1 1576 - ACCOUNTING CHANGES UNDER CGAAP BALANCE + RETURN COMPONENT

On July 17, 2012, the OEB issued a letter to all LDCs authorizing the use of Account 1576, Accounting Changes under CGAAP, for recording the financial differences arising as a result of a LDCs election to use revised depreciation expense and capitalization policies.

These differences were recovered in the 2013 Cost of Service. As stated in that application WPI did not plan on using this account past approval of the 2013 disposition. This has remained true, Account 1576 has not been used.[12]

[12] Changes to depreciation and capitalization in 2012 or 2013 - Account 1576 IFRS-CGAAP PP&E
- Appendix 2-BA must not be adjusted for 1576
- breakdown of balance related to 1576, Appendix 2-EB or 2-EC
- drivers of change in closing net PP&E identified and quantified
- volumetric rate rider to clear 1576; the rider for the residential class must be on a fixed basis
- rate of return component is to be applied to 1576 but not recorded in 1576
- statement confirming no carrying charges applied to 1576
- explanation for the basis of the proposed disposition period to clear Account 1576 rate rider
- show the balance in DVA continuity schedule

9.5 RETAIL SERVICE CHARGES

9.5.1 1518 – RETAIL COST VARIANCE ACCOUNT "RCVARETAIL"

WPI is requesting disposition of the December 31, 2016 audited balance, plus the forecasted interest to December 31, 2017. The balance requested for disposal, including carrying charges is a credit of ($38,049). The December 31, 2016 audited balance reconciles with filing 2.1.7 of the RRR.

With respect to Account 1518, APH Article 220 states:

> 1518 RCVARetail
>
> A. This account shall be used monthly to record the net of:
>
> i) Revenues derived, including accruals, from the following services:
>
> a. Establishing Service Agreements;
> b. Distributor-Consolidated Billing; and
> c. Retailer-Consolidated Billing.
>
> AND
>
> ii) The costs of entering into Service Agreements, and related contract administration, monitoring, and other expenses necessary to maintain the contract, as well as the incremental costs incurred to provide the services in (b) and (c) above, as applicable, and the avoided costs credit arising from Retailer-Consolidated Billing, including accruals.

WPI confirms that Article 490 of the APH has been followed.[13] The drivers for this account are the number of retailer customers and the costs associated with maintaining the contract.

The revenue account used in determining the net amount for this account are sub accounts of account 4082. The expense account is a sub account of 5315.

9.5.2 1548 – RETAIL COST VARIANCE ACCOUNT "RCVASTR"

WPI is requesting disposition of the December 31, 2016 audited balance, plus the forecasted interest to December 31, 2017. The balance requested for disposal, including carrying charges is a debit of $57,022. The December 31, 2016 audited balance reconciles with filing 2.1.7 of the RRR.

With respect to Account 1548, APH Article 220 states:

1548 RCVASTR

A. This account shall be used monthly to record the net of:

i) Revenues derived, including accruals, from the Service Transaction Request services and charged by the distributor, as prescribed, in the form of

a. Request fee;
b. Processing fee;
c. Information Request fee;
d. Default fee; and

[13] Retail Service Charges - zero balance in 1518 or 1548 - state whether Article 490 of APH has been followed; explanation if not followed

e. Other Associated Costs fee;

AND

ii) The incremental cost of labour, internal information system maintenance costs, and delivery costs related to the provision of the services associated with the above items.

Article 490 of the APH has been followed. The drivers for this account are the number of retailer customers and the costs associated with maintaining the contract.

The revenue account used in determining the net amount for this account are sub accounts of account 4084. The expense account is a sub account of 5315.[14]

[14] Retail Service Charges - material balance in 1518 or 1548
- confirm variances are incremental costs of providing retail services; identify drivers for balances
- provide schedule identifying all revenues and expenses listed by USoA for 2013, actual/forecast for bridge and test year
- state whether Article 490 of APH has been followed; explanation if not followed

9.6 DISPOSITION OF DEFERRAL AND VARIANCE ACCOUNTS

9.6.1 STATUS AND DISPOSITION OF DEFERRAL AND VARIANCE ACCOUNTS

Board policy states that: at the time of rebasing, all account balances should be disposed of unless otherwise justified by the distributor or as required by a specific Board decision or guideline. In accordance with the above statement, WPI proposes to dispose of all its balances, as of December 31, 2016 plus interest to December 31, 2017.

The 2018 DVAR Continuity Schedule which shows a continuity schedule for the period following the last disposition to the present, showing separate itemization of opening balances, annual adjustments, transactions, interest and closing balances is being filed in conjunction with this application.

WPI proposes to dispose of a debit of $4,166,032 related to Group 1 and Group 2 (excluding 1589) Variance/Deferral Account. This total debit of $4,166,032 includes carrying charges up to and including December 31, 2017. WPI proposes to dispose of a credit of $1,209,106 related to account 1589 – Global Adjustment. The overall total for Group 1 and Group 2 dispositions including account 1589 is a debit of $2,956,926. WPI also proposes to dispose of the following;

- A credit balance of ($6,590) recorded in account 1568 for the Lost Revenue Adjustment Mechanism Variance (LRAM) Account,
- A debit balance of $2,104 recorded in account 1532 for the Renewable Generation Connection OM&A Deferral Account,
- A credit balance of ($10,675) recorded in account 1555 for the Smart Meter Capital and Recovery Offset Variance – Sub account – Stranded Meter Costs, and
- A debit balance of $0.00 recorded in account 1575 IFRS-CGAAP Transition PP&E Amounts.

As per the 2013 Cost of Services approved disposition ending December 31, 2016 no variance is expected.

The following table 7 displays all balances that are being disposed of. There are no accounts that WPI is proposing not to dispose of.[15]

Table 7 – DVA Disposition by Account

	USoA	2016 Year End Balances (including Interest)	Previously Approved Dispositions for 2017	2017 Interest	Total Disposition Requested
LV Variance Account	1550	$1,379,141	$602,422	$8,511	$785,230
Smart Metering Entity Charge Variance Account	1551	($8,204)	($3,655)	($50)	($4,598)
RSVA - Wholesale Market Service Charge	1580	($1,399,606)	($817,103)	($6,399)	($588,902)
RSVA - Retail Transmission Network Charge	1584	$346,103	$134,664	$2,345	$213,784
RSVA - Retail Transmission Connection Charge	1586	$390,594	$183,038	$2,249	$209,805
RSVA - Power (excluding Global Adjustment)	1588	$2,691,608	$587,761	$22,969	$2,126,816
RSVA - Global Adjustment	1589	($1,903,275)	($707,166)	($12,997)	($1,209,106)
Disposition and Recovery/Refund of Regulatory Balances (2011)	1595	$0	$1,658	$0	($1,658)
Disposition and Recovery/Refund of Regulatory Balances (2012)	1595	$0	($1,884)	$403	$2,287
Disposition and Recovery/Refund of Regulatory Balances (2013)	1595	($517,656)	($523,826)	$34	$6,204
Disposition and Recovery/Refund of Regulatory Balances (2014)	1595	$0	$0	$0	$0
Disposition and Recovery/Refund of Regulatory Balances (2015)	1595	$286,432	$0	$2,456	$288,888
Disposition and Recovery/Refund of Regulatory Balances (2016)	1595	$1,014,576	$0	$8,426	$1,023,002
Disposition and Recovery/Refund of Regulatory Balances (2017)	1595	$0	$0	$0	$0
Total of Group 1 Accounts (including 1589)		**$2,279,713**	**($544,091)**	**$27,947**	**$2,851,751**
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508	$108,217	$0	$1,146	$109,363
Retail Cost Variance Account – Retail	1518	($37,649)	$0	($400)	($38,049)
Misc. Deferred Debits	1525	$0	$0	$0	$0
Retail Cost Variance Account – STR	1548	$56,427	$0	$595	$57,022
Total of Group 2 Accounts		**$126,995**	**$0**	**$1,341**	**$128,336**
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account)	1592	($25,241)	$0	($281)	($25,522)
Total of Account 1592		**($25,241)**	**$0**	**($281)**	**($25,522)**

[15] Identify all accounts for which LDC is seeking disposition; identify DVA for which LDC is not proposing disposition and the reasons why

Total Balance Allocated to each class (excluding 1589)		**$4,284,742**	**$163,075**	**$42,004**	**$4,163,671**
Total Balance Allocated to each class from Account 1589		($1,903,275)	($707,166)	($12,997)	($1,209,106)
Total Balance Allocated to each class (including 1589)		**$2,381,467**	**($544,091)**	**$29,007**	**$2,954,566**
LRAM Variance Account (Residential)	1568	$55,034	$0	$0	$55,034
LRAM Variance Account (General Services Less Than 50 kW)	1568	$210,588	$0	$0	$210,588
LRAM Variance Account (General Services Greater Than 50 kW)	1568	($6,527)	$0	$0	($6,527)
Total of Account 1568		**$259,094**	**$0**	**$0**	**$259,094**
Renewable Generation Connection OM&A Deferral Account	1532	$2,082	$0	$0	$2,082
Smart Meter Capital and Recovery Offset Variance – Sub Account – Stranded Meter Costs	1555	($10,472)	$0	$0	($10,472)
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component	1575	$0	$0	$0	$0
Total Balance Allocated to each class for Accounts 1532, 1548, 1555 and 1575		**($8,390)**	**$0**	**$0**	**($8,390)**
Total Balance Allocated (including 1589 and 1568)		**$2,632,171**	**($544,091)**	**$29,007**	**$3,205,270**

All account balances selected for disposition are as at December 31, 2016 being the most recent date the balances was subject to audit, and agrees to the December 31, 2016 RRR filing 2.1.7 filed as of April 30, 2017 for WPI.[16] [17] [18]

9.6.2 UTILITY SPECIFIC ACCOUNT DISPOSITIONS

WPI does not have any utility specific accounts requested for disposition.[19]

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[16] Statement whether DVA balances before forecasted interest match the last AFS; explain any variances

[17] Provide an explanation of variance > 5% between amounts proposed for disposition and amounts reported in RRR for each account.

[18] Provide explanations if variances are < 5% threshold if the variances in question relate to: (1) matters of principle (i.e. conformance with the APH or prior OEB decisions, and prior period adjustments); and/or, (2) the cumulative effect of immaterial differences over several accounts total to a material difference between what is proposed for disposition in total before forecasted interest and what is recorded in the RRR filings

[19] For any utility specific accounts requested for disposition, supporting evidence showing how balance is derived and relevant accounting order

9.6.3 ACCOUNT 1595 DISPOSITIONS

Dispositions for vintage 1595 accounts are only done once a year after the rate riders sunset date has expired.[20]

9.6.4 MECHANISMS FOR DISPOSITION

Group 1 and Group 2 DVA balances are proposed to be disposed of over 4 years through a rate rider. All accounts have been proposed to be disposed of this way[21]. Balances related to LRAMVA are also proposed to be disposed of over 4 year. The effects on the bill impacts for a 4 year disposition period have been reviewed and are considered reasonable.

WPI's viewpoint on the disposition period is that if money is owed to the customer, it should be repaid in the shortest period. If WPI must collect from the customer, an in depth analysis of bill impacts under various scenarios are reviewed and the scenario which offers the least impact on the customer bill while respecting WPI's investment is chosen. [22]

WPI confirms that rate riders where the volumetric rider is $0.0000 for one or more classes are not included in the tariff for those classes.[23]

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[20] Disposition of residual balances for vintage Account 1595 are only done once - distributors expected to seek disposition of the balance a year after a rate rider's sunset date has expired. No further dispositions of these accounts are generally expected unless justified by the distributor

[21] Proposed mechanisms for disposition with all relevant calculations: allocation of each account (including rationale), billing determinants for recovery purposes in accordance with Rate Design Policy

[22] Propose rate riders for recovery or refund of balances that are proposed for disposition. The default disposition period is one year; if the applicant is proposing an alternative recovery period must provide explanation.

[23] Rate riders where volumetric rider is $0.0000 for one or more classes not included in the tariff for those classes

9.6.5 IESO DIRECT SETTLEMENT CUSTOMERS

WPI only has one customer that settles directly with the IESO. This customer has not had separate rate riders determined for them. Given their total impact on WPI's load for the year and the size of the rate riders associated with RSVA accounts the impact is not significant. The customer that settles directly with the IESO makes up approximately 0.5% of WPI's total distribution load. The amount of work involved with determining and tracking a separate rate rider for this customer would result in costs that exceed the benefits to WPI's customer base.[24]

9.6.6 CAPACITY BASED RECOVERY

Proposed Disposition account 1580 sub account CBR Class B has been disposed of in accordance with CBR accounting guidance. As of December 31, 2016 WPI did not have any class A customers. In 2017 with changes in the calculation of Class A customers WPI now has 5 customers that have been changed to Class A customers or have elected to become Class A customers. WPI has not proposed any disposition of Class A CBR balances in this cost of service application as the amount is unknown and will not be significant. The DVA continuity schedule will allocate the portion of 1580 sub account CBR class B to both customers that transitioned to Class A and those that remain as Class B based on their actual consumption levels.[25]

[24] Establish separate rate riders to recover balances in the RSVA's from Market Participants who must not be allocated the RSVA balances related to charges for which the MP's settle directly with the IESO.

[25] Proposed disposition of Account 1580 sub-account CBR Class B in accordance with the CBR Accounting Guidance.
- embedded distributors who are not charged CBR (therefore no balance in sub-account CBR Class B) must indicate this is the case for them
- In the DVA continuity schedule, applicants must indicate whether they serve any Class A customers during the period where Account 1580 CBR Class B sub-account balance accumulated.
- Account 1580 sub-account CBR Class A is not to be disposed through rates proceedings but rather follow the OEB's accounting guidance.

9.7 GLOBAL ADJUSTMENT

WPI has set up a separate sub accounts for the delivery component of Global Adjustments for class A and Class B customers going forward. These accounts will be tracked separately so that separate rate riders can be set up for each class of customer.[26]

WPI is compliant in following guidance from the May 23, 2017 letter pertaining to the period that is being requested for disposition for accounts 1588 and 1589.[27]

The GA Analysis Workform in Live excel format has been included in this application.[28]

WPI will bill customers for global adjustment using IESO second estimate amounts. Any variances between the second estimate and the actual global adjustment amount will result in a variance that WPI will record to account 1589. The amounts in account 1589 will be cleared out during the IRM or Cost of Service Application on an annual basis.[29]

- The DVA continuity schedule will allocation the portion of Account 1580 sub-account CBR Class B allocated to customers who transitioned between Class A and Class B based on consumption levels

[26] Establishment of a separate rate rider included in the delivery component of the bill that would apply prospectively to Non-RPP Class B customers when clearing balances from the GA Variance Account

[27] RPP Settlement True-Up - distributors to follow guidance in May 23, 2017 letter pertaining to the period that is being requested for disposition for Accounts 1588 and 1589

[28] GA Analysis Workform in live Excel format- complete GA Analysis Workform; explain discrepancies

[29] Description of settlement process with IESO or host distributor, specify GA rate used for each rate class, itemize process for providing estimates and describe true-up process, details of method for estimating RPP and non-RPP consumption, treatment of embedded generation/distribution.

If distributor uses the actual GA rate to bill non-RPP Class B customers, a proposal must be made to exclude these customer classes from the allocations of the balance of Account 1589 and the calculation of the resulting rate riders

9.7.1 CONTROLS

The CFO of WPI confirms that WPI has robust processes and internal controls in place for the preparation, review, verification and oversight of account balances being proposed for disposition.[30]

[30] Certification by the CEO, CFO or equivalent that distributor has robust processes and internal controls in place for the preparation, review, verification and oversight of account balances being proposed for disposition

9.8 ESTABLISHMENT OF NEW DEFERRAL AND VARIANCE ACCOUNTS

9.8.1 REQUEST FOR NEW ACCOUNTS

WPI is not requesting any new accounts or sub-accounts at this time. WPI will continue to monitor OEB directives and implement new accounts as set out by the OEB and identified in the Accounting Procedures Handbook or other sources of information as required complying with regulation. [31]

[31] New DVA - information provided which addresses that the requested DVA meets the following criteria: causation, materiality, prudence; include draft accounting order.