

**EXHIBIT 9**

**DEFERRAL AND VARIANCE ACCOUNTS**

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## **LIST OF ATTACHMENTS**

Attachment5\_IFRS\_OEB\_Chapter2Appendices\_BHI\_10302020

Attachment18\_DVA\_Continuity\_Schedule\_BHI\_10302020

Attachment23\_GA\_Analysis\_Workform\_BHI\_10302020

## EXHIBIT 9 – DEFERRAL AND VARIANCE ACCOUNTS

### 9.0 OVERVIEW

BHI seeks OEB approval in this Application to dispose of its Group 1 and Group 2 Deferral and Variance Account (“DVA”) balances as at December 31, 2019 including forecasted interest through April 30, 2021. BHI also seeks approval to dispose of principal activity to April 30, 2021 and associated carrying charges in certain Group 2 Deferral accounts as identified in Tables 3 and 4 below.

BHI is requesting disposition of all its DVA accounts except for Accounts 1595 (2018) and 1595 (2019) Disposition and Recovery/Refund of Regulatory Balances, as these accounts are still active.

BHI has followed the OEB’s guidance in the *Accounting Procedures Handbook and FAQ’s* (“APH”) for recording amounts in the deferral and variance accounts. In addition, BHI has followed guidance provided in the OEB’s *Report of the Board on Electricity Distributors’ Deferral and Variance Account Review Initiative (EDDVAR)*<sup>1</sup>, July 31, 2009 for assistance with account disposition.

#### 9.0.1 DVA Balances

Table 1 below identifies all deferral and variance accounts and sub-accounts with balances as at December 31, 2019, that have not been disposed of yet. BHI confirms that it has not used any account differently from that as described in the APH or other OEB document.

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<sup>1</sup> EB-2008-0046

**Table 1 – DVA Balances as at December 31, 2019**

Variance Account	USoA	Principal as at Dec 31, 2019 (as per RRRs)	Carrying Charges to Dec 31, 2019 (as per RRRs)	Total as at Dec 31, 2019 (as per RRRs)
<b>Group 1</b>				
Smart Metering Entity	1551	(\$77,461)	\$190	(\$77,271)
RSVA - Wholesale Market Service Charge	1580	(\$2,056,884)	(\$99,945)	(\$2,156,830)
RSVA - Wholesale Market Service Charge - CBR B	1580	(\$231,498)	(\$1,673)	(\$233,170)
RSVA - Retail Transmission Network Charge	1584	\$193,153	\$2,903	\$196,056
RSVA - Retail Transmission Connection Charge	1586	\$639,806	\$12,058	\$651,864
RSVA - Power	1588	\$1,142,065	\$97,198	\$1,239,263
RSVA - Global Adjustment	1589	\$2,637,149	\$144,730	\$2,781,879
Disposition and Recovery of Regulatory Balances 1595 (2016)	1595	(\$686,803)	\$680,273	(\$6,530)
Disposition and Recovery of Regulatory Balances 1595 (2017)	1595	(\$283,259)	(\$78,385)	(\$361,644)
<b>Total Group 1 Balances as at December 31, 2019</b>		<b>\$1,276,268</b>	<b>\$757,349</b>	<b>\$2,033,617</b>
<b>Group 2</b>				
Other Regulatory Assets - Deferred IFRS Transition Costs	1508	\$288,076	\$36,039	\$324,115
Other Regulatory Assets - Pole Attachment Charge Revenues Variance	1508	(\$316,414)	(\$1,688)	(\$318,101)
Other Regulatory Assets - Monthly Billing Incremental Costs	1508	\$814,631	\$23,937	\$838,568
Other Regulatory Assets - OEB Cost Assessment Variance	1508	\$329,543	\$12,092	\$341,635
Other Regulatory Assets - Collection Charges Lost Revenue	1508	\$275,350	\$1,258	\$276,608
ICM - Tremaine TS CCRA (Project 1) - Capital Expenditure	1508	\$568,000	\$0	\$568,000
ICM - Tremaine TS CCRA (Project 1) - Actual Rate Rider	1508	(\$171,924)	(\$442)	(\$172,366)
ICM - Tremaine TS Breakers (Project 2) - Capital Expenditure	1508	\$2,000,000	\$0	\$2,000,000
ICM - Tremaine TS Breakers (Project 2) - Actual Rate Rider	1508	(\$9,415)	\$0	(\$9,415)
RCVA - Retail Services	1518	(\$3,370)	(\$225)	(\$3,595)
RCVA - Services Transaction Requests	1548	\$2,464	\$95	\$2,559
Extraordinary Event Costs (Z Factor) - 2018 Wind Storm	1572	\$135,556	\$9,887	\$145,444
PILs & Tax Variance - CCA Changes - 100%	1592	(\$376,460)	(\$2,782)	(\$379,242)
Lost Revenue Adjustment Mechanism Variance Account ("LRAMVA")	1568	\$1,661,787	\$49,961	\$1,711,748
IFRS-CGAAP Transitional PP&E Amounts	1575	\$595,117	\$0	\$595,117
<b>Total Group 2 Balances as at December 31, 2019</b>		<b>\$5,792,939</b>	<b>\$128,134</b>	<b>\$5,921,073</b>
<b>Total DVA Balances as at December 31, 2019</b>		<b>\$7,069,207</b>	<b>\$885,483</b>	<b>\$7,954,690</b>

## 9.0.2 Continuity Schedule

BHI provides a continuity schedule for the period from the last disposition to April 30, 2021, showing a separate itemization of opening balances, annual adjustments, transactions, dispositions, interest and closing balances for all outstanding deferral and variance accounts in Tab "2a. Continuity Schedule" and Tab "2b. Continuity Schedule" of the DVA Continuity Schedule filed as Live Excel file Attachment18\_DVA\_Continuity\_Schedule\_BHI\_10302020 ("DVA Continuity Schedule"). This includes a reconciliation all accounts reported in the Electricity Reporting and Record-keeping Requirements ("RRRs").

## 9.0.3 Carrying Charges

The interest rate used for the calculation of all carrying charges for applicable DVAs is prescribed by the OEB and published quarterly on its website. Table 2 below provides a summary of these

interest rates up to Q4 2020. BHI confirms it has used these interest rates if applicable. BHI has used the Q4 2020 posted rate for any future periods.

**Table 2 – Interest Rates for Carrying Charges on DVAs**

Period	Interest Rate
Q3 2020 to Q4 2020	0.57%
Q2 2019 to Q2 2020	2.18%
Q1 2019	2.45%
Q4 2018	2.17%
Q2 2018 to Q3 2018	1.89%
Q4 2017 to Q1 2018	1.50%
Q2 2015 to Q3 2017	1.10%
Q1 2015	1.47%

#### **9.0.4 Reconciliation of Continuity Schedule to RRRs**

A reconciliation of the balances in the continuity schedule to the RRRs is provided in the DVA Continuity Schedule.

##### **9.0.4.1 Group 1 Accounts**

The balances in the continuity schedule for 2019 for the Group 1 accounts do not differ from the account balances in the trial balance reported through the RRRs. BHI is proposing to dispose of principal balances up to and including December 31, 2019 activity.

A variance of (\$233,170) is calculating in Tab “3. Appendix A” of the DVA Continuity Schedule for the RSVA – Wholesale Market Service Charge. This is not a difference between the continuity and the RRRs – the DVA Continuity is double counting the CBR Class B balance of (\$233,170) in the RSVA – Wholesale Market Service Charge. It is included in the main account and the sub-account. BHI is unable to change this formula.

##### **9.0.4.2 Group 2 Accounts**

The balances in the continuity schedule for 2019 for the Group 2 accounts differ from the account balances in the trial balance reported through the RRRs for three reasons:

1. BHI is proposing to dispose of principal balances for some accounts up to and including April 30, 2021 activity. The rationale for these proposals is provided in Section 9.0.5

1 below. In order to incorporate principal activity and the associated carrying charges  
2 beyond December 31, 2019, BHI entered the 2020 and 2021 activity in columns BF  
3 “Principal adjustments (1) during 2019” and column BK “Interest adjustments (1) during  
4 2019” of the DVA Continuity Schedule.

5 2. BHI is proposing to refund the difference between the calculated revenue requirement and  
6 rate rider collected for its Incremental Capital Module (“ICM”) projects as discussed in  
7 Section 2.2.4 of Exhibit 2. In accordance with the OEB’s APH, BHI recorded the actual  
8 rate rider collected from customers in its RRRs, and did not record the calculated revenue  
9 requirement. In order to refund customers the difference between the actual rate rider  
10 collected and the calculated revenue requirement (i.e. include this difference in the Group  
11 2 disposition amount), BHI included the calculated revenue requirement in the DVA  
12 continuity which consequently generates a variance between the DVA continuity and the  
13 RRRs.

14 3. BHI is proposing to refund 50% of the balance in Account 1592 PILs & Tax Variance -  
15 CCA Changes. This is consistent with the OEB’s long-standing practice with respect to  
16 the impact of changes in taxes due to regulatory or legislated tax changes during an  
17 incentive rate-setting period to share the impacts between distributor shareholders and  
18 ratepayers on a 50/50 basis.<sup>2</sup> However, BHI is required to record 100% of the balance in  
19 Account 1592 in its RRRs and consequently BHI made an adjustment to remove 50% of  
20 the balance in Account 1592 for the purposes of disposition. This generates a variance  
21 between the DVA continuity and the RRRs. Disposition of Account 1592 is discussed in  
22 Section 9.3.0.1.11 below.

23  
24 Table 3 below summarizes the dates for principal activity that BHI is proposing to include in its  
25 Group 2 disposition by account.

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<sup>2</sup> EB-2007-0673: *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario’s Electricity Distributors, Section 3 - Tax Changes in Relation to the Z-factor*, p.35.



1 **Table 3 – Principal Activity included in Group 2 Disposition**

Group 2 Account Description	USoA	Principal Amounts included in Proposed Disposition
Other Regulatory Assets - Deferred IFRS Transition Costs	1508	to December 31, 2016
Other Regulatory Assets - Pole Attachment Charge Revenues Variance	1508	to April 30, 2021
Other Regulatory Assets - Monthly Billing Incremental Costs	1508	to December 31, 2019
Other Regulatory Assets - OEB Cost Assessment Variance	1508	to April 30, 2021
Other Regulatory Assets - Collection Charges Lost Revenue	1508	to December 31, 2019
ICM - Tremaine TS CCRA (Project 1) - Actual Rate Rider	1508	to April 30, 2020
ICM - Tremaine TS Breakers (Project 2) - Actual Rate Rider	1508	to April 30, 2021
RCVA - Retail Services	1518	to April 30, 2021
RCVA - Services Transaction Requests	1548	to April 30, 2021
Extraordinary Event Costs (Z Factor) - 2018 Wind Storm	1572	to April 30, 2020
PILs & Tax Variance - CCA Changes	1592	to December 31, 2019
Lost Revenue Adjustment Mechanism Variance Account ("LRAMVA")	1568	to December 31, 2020
IFRS-CGAAP Transitional PP&E Amounts	1575	to April 30, 2021

2  
3

4 Table 4 below identifies:

5

- 6
- the 2019 RRR balances plus interest to April 30, 2021;
- 7
- additions to the 2019 RRR balances for the purposes of disposition (Column B)
- 8
- the 2020 and 2021 principal activity and associated carrying charges (Column G); and
- 9
- the total balance proposed for disposition (Column H).

1 Column I in Table 4 below (highlighted in grey) represents (i) the 2020 and 2021 principal activity recorded in 2019 in the DVA Continuity  
2 Schedule plus (ii) the additions to the 2019 RRR balances for the purposes of disposition, as identified above. These amounts in Column  
3 I account for the variances in Tab "3. Appendix A" of the DVA Continuity Schedule (i.e. the differences between the RRRs and the DVA  
4 Continuity Schedule).

5 **Table 4 – Group 2 Accounts**

Variance Account	Total as at Dec 31, 2019 (as per RRRs)	Amount not Recorded in RRRs/to be Removed from RRRs	Adjusted Closing Balances	Carrying Charges to 2021 on 2019 Activity	2020 and 2021 Activity	Carrying Charges on 2020 and 2021 Activity	Total Disposition due to 2020/2021 Activity	Total Proposed Disposition	RRR Variance (Variance - Tab 3. Appendix A)
Group 2	A	B	C = A + B	D	E	F	G = E+F	H = C+D+G	I = B+E
Other Regulatory Assets - Deferred IFRS Transition Costs	\$324,115	\$0	\$324,115	\$4,488	\$0	\$0	\$0	\$328,603	\$0
Other Regulatory Assets - Pole Attachment Charge Revenues Variance	(\$318,101)	\$0	(\$318,101)	(\$4,930)	(\$402,920)	(\$1,933)	(\$404,853)	(\$727,884)	(\$402,920)
Other Regulatory Assets - Monthly Billing Incremental Costs	\$838,568	\$0	\$838,568	\$12,692	\$0	\$0	\$0	\$851,260	\$0
Other Regulatory Assets - OEB Cost Assessment Variance	\$341,635	\$0	\$341,635	\$5,134	\$104,735	\$513	\$105,248	\$452,018	\$104,735
Other Regulatory Assets - Collection Charges Lost Revenue	\$276,608	\$0	\$276,608	\$4,290	\$0	\$0	\$0	\$280,898	\$0
ICM - Tremaine TS CCRA (Project 1) - Actual Rate Rider	(\$172,730)	\$0	(\$172,730)	(\$2,679)	(\$88,642)	(\$810)	(\$89,452)	(\$264,861)	(\$88,642)
ICM - Tremaine TS CCRA (Project 1) - Revenue Requirement <sup>1</sup>	\$364	\$56,843	\$57,207	\$886	\$28,596	\$317	\$28,913	\$87,006	\$85,439
ICM - Tremaine TS CCRA (Project 1) - Net	(\$172,366)	\$56,843	(\$115,523)	(\$1,793)	(\$60,045)	(\$493)	(\$60,538)	(\$177,855)	(\$3,203)
ICM - Tremaine TS Breakers (Project 2) - Actual Rate Rider	(\$9,415)	\$0	(\$9,415)	(\$147)	(\$186,995)	(\$787)	(\$187,782)	(\$197,344)	(\$186,995)
ICM - Tremaine TS Breakers (Project 2) - Revenue Requirement <sup>1</sup>	\$0	\$12,509	\$12,509	\$195	\$201,608	\$966	\$202,574	\$215,278	\$214,117
ICM - Tremaine TS Breakers (Project 2) - Net	(\$9,415)	\$12,509	\$3,094	\$48	\$14,613	\$179	\$14,792	\$17,934	\$27,122
RCVA - Retail Services	(\$3,595)	\$0	(\$3,595)	(\$53)	\$30	\$0	\$30	(\$3,617)	\$30
RCVA - Services Transaction Requests	\$2,559	\$0	\$2,559	\$38	\$1	\$0	\$1	\$2,598	\$1
Extraordinary Event Costs (Z Factor) - 2018 Wind Storm	\$145,444	\$0	\$145,444	\$2,112	(\$137,787)	(\$1,377)	(\$139,164)	\$8,391	(\$137,787)
PILs & Tax Variance - CCA Changes - 50% BHI	(\$189,621)	\$189,621	\$0	\$0	\$0	\$0	\$0	\$0	\$189,621
PILs & Tax Variance - CCA Changes - 50% Ratepayer	(\$189,621)	\$0	(\$189,621)	(\$2,933)	\$0	\$0	\$0	(\$192,553)	\$0
<b>Total Group 2 Balances before LRAM/1575</b>	<b>\$1,046,209</b>	<b>\$258,973</b>	<b>\$1,305,182</b>	<b>\$19,095</b>	<b>(\$481,374)</b>	<b>(\$3,110)</b>	<b>(\$484,484)</b>	<b>\$839,793</b>	<b>(\$222,401)</b>
Lost Revenue Adjustment Mechanism Variance Account ("LRAMVA") <sup>2</sup>	\$1,711,748	(\$1,180,000)	\$531,748	\$16,557	\$488,679	\$2,212	\$490,891	\$1,039,196	\$488,679
<b>Total Group 2 Balances before 1575</b>	<b>\$2,757,957</b>	<b>(\$921,027)</b>	<b>\$1,836,929</b>	<b>\$35,652</b>	<b>\$7,305</b>	<b>(\$898)</b>	<b>\$6,407</b>	<b>\$1,878,989</b>	<b>\$266,278</b>
IFRS-CGAAP Transitional PP&E Amounts <sup>3</sup>	\$595,117	\$0	\$595,117	\$0	\$234,345	\$0	\$234,345	\$829,462	\$234,345
<b>Total Group 2 Balances</b>	<b>\$3,353,073</b>	<b>(\$921,027)</b>	<b>\$2,432,046</b>	<b>\$35,652</b>	<b>\$241,650</b>	<b>(\$898)</b>	<b>\$240,753</b>	<b>\$2,708,451</b>	<b>\$500,623</b>

1. ICM revenue requirement is not recorded in RRRs; however BHI is proposing to dispose of the difference between the rate rider collected and the calculated revenue requirement

2. Column B for LRAMVA is the 2020 IRM application disposition amount

3. Column E includes the rate of return for 1575

## 1 9.0.5 Status of Group 2 Accounts

2 BHI identifies its active Group 2 accounts, as at December 31, 2019 in Table 1 above. Table 5 below identifies which Group 2 accounts  
3 BHI proposes to be continued and discontinued, including a brief explanation of these proposals. Disposition of these accounts is  
4 discussed in further detail in Section 9.3.0.1 in this Exhibit 9.

5 **Table 5 – Status of Group 2 Accounts**

Group 2 Account Description	USoA	Continue/ Discontinue	Amounts included in Proposed Disposition	Rationale
Other Regulatory Assets - Deferred IFRS Transition Costs	1508	Discontinue	to Dec 31, 2019 plus interest to Apr 30, 2021	IFRS conversion completed January 1, 2015; no more costs incurred after conversion
Other Regulatory Assets - Pole Attachment Charge Revenues Variance	1508	Discontinue	to Apr 30, 2021 plus interest to Apr 30, 2021	Account to be in effect until this rebasing Application per OEB <sup>2</sup> ; new pole attachment charge is incorporated into 2021 Test Year revenue requirement; there will be activity past December 31, 2019 until April 30, 2021; BHI has forecast activity to April 30, 2021
Other Regulatory Assets - Monthly Billing Incremental Costs	1508	Continue <sup>1</sup>	to Dec 31, 2019 plus interest to Apr 30, 2021	Account to be in effect until this rebasing Application per OEB <sup>3</sup> ; there will be activity past December 31, 2019 until April 30, 2021; BHI has not included principal activity past Dec 31, 2019
Other Regulatory Assets - OEB Cost Assessment Variance	1508	Discontinue	to Apr 30, 2021 plus interest to Apr 30, 2021	Discontinue effective April 30, 2021 until this rebasing Application <sup>4</sup> ; there will be activity past December 31, 2019 until April 30, 2021; BHI has forecast activity to April 30, 2021
Other Regulatory Assets - Collection Charges Lost Revenue	1508	Continue <sup>1</sup>	to Dec 31, 2019 plus interest to Apr 30, 2021	Account to be in effect until this rebasing Application per OEB <sup>5</sup> ; there will be no lost revenue after rates are reset without the inclusion of the Collection of Account revenue; there will be activity past December 31, 2019 until April 30, 2021; BHI has not included principal activity past Dec 31, 2019
ICM - Tremaine TS CCRA (Project 1) - Actual Rate Rider	1508	Discontinue	to Apr 30, 2020 plus interest to Apr 30, 2021	Rate rider in effect until April 30, 2020 <sup>6</sup>

1 **Table 5 – Status of Group 2 Accounts Continued**

Group 2 Account Description	USoA	Continue/ Discontinue	Amounts included in Proposed Disposition	Rationale
ICM - Tremaine TS Breakers (Project 2) - Actual Rate Rider	1508	Discontinue	to Apr 30, 2021 plus interest to Apr 30, 2021	Rate rider in effect until April 30, 2021 <sup>7</sup>
RCVA - Retail Services	1518	Discontinue	to Apr 30, 2021 plus interest to Apr 30, 2021	Account to be discontinued at this rebasing Application per OEB <sup>8</sup> ; final disposition at rebasing; BHI forecast activity to April 30, 2021
RCVA - Services Transaction Requests	1548	Discontinue	to Apr 30, 2021 plus interest to Apr 30, 2021	Account to be discontinued at this rebasing Application per OEB <sup>8</sup> ; final disposition at rebasing; BHI forecast activity to April 30, 2021
Extraordinary Event Costs (Z Factor) - 2018 Wind Storm	1572	Discontinue	to Apr 30, 2020 plus interest to Apr 30, 2021	Rate rider in effect until April 30, 2020 <sup>9</sup>
PILs & Tax Variance - CCA Changes	1592	Continue <sup>1</sup>	to Dec 31, 2019 plus interest to Apr 30, 2021	Account to be in effect until this rebasing Application per OEB; ; there will be activity past December 31, 2019 until April 30, 2021; BHI has not included principal activity past Dec 31, 2019
Lost Revenue Adjustment Mechanism Variance Account ("LRAMVA")	1568	Continue	to Dec 31, 2020 plus interest to Apr 30, 2021	BHI has claimed lost revenue on CDM programs to December 31, 2020; BHI expects lost revenue in 2021 due to the extension of CFF submission deadlines to June 30, 2021; and the MENDM announcement of a new CDM framework effect January 4, 2021 <sup>10</sup>
IFRS-CGAAP Transitional PP&E Amounts	1575	Discontinue	to Apr 30, 2021 plus rate of return	IFRS conversion completed January 1, 2015; BHI has estimated loss on disposals to April 30, 2021 so that it can propose final disposition of this account

1. BHI has recorded activity in these accounts up to December 31, 2019; BHI will record activity until April 30, 2021 prior to the rebasing of rates in May 1, 2021; there will be no additional principal balances after April 30, 2021
2. OEB Letter *Accounting Guidance on Wireline Pole Attachment Charges*, July 20, 2018
3. EB-2016-0384, Decision and Order. April 20, 2017
4. OEB Letter *Revisions to the Ontario Energy Board Cost Assessment Model*, February 9, 2016
5. EB-2018-0021, Decision and Rate Order, March 28, 2019, p19
6. EB-2019-0023, Decision and Rate Order, April 16, 2020, p27
7. EB-2019-0179, Decision and Rate Order, September 19, 2019, p7
8. EB-2015-0304, Report of the Ontario Energy Board - Energy Retailer Service Charges, p18
9. EB-2018-0021, Decision and Rate Order, March 28, 2019, p14
10. Exhibit 4, Section 4.6

BHI proposes that the following accounts be discontinued there is no activity beyond December 31, 2019

- Other Regulatory Assets - Deferred IFRS Transition Costs
- Extraordinary Event Costs (Z Factor) - 2018 Wind Storm

BHI proposes that the following accounts be discontinued as future activity is known or can be predicted with a reasonable amount of certainty and/or is immaterial. BHI has forecast principal activity up to April 30, 2021 if applicable. There will be no principal activity beyond April 30, 2021:

- Other Regulatory Assets - Pole Attachment Charge Revenues Variance
- Other Regulatory Assets - OEB Cost Assessment Variance
- Incremental Capital Module - Tremaine TS CCRA (ICM Project 1)
- Incremental Capital Module - Tremaine TS Breakers (ICM Project 2)
- RCVA - Retail Services
- RCVA - Services Transaction Requests
- IFRS-CGAAP Transitional PP&E Amounts

BHI proposes that the following accounts be continued, even though there will be no principal activity beyond April 30, 2021. Future activity is unknown and/or amounts are material and as such BHI is proposing to include principal up to and including December 31, 2019 only.

- Other Regulatory Assets - Monthly Billing Incremental Costs
- Other Regulatory Assets - Collection Charges Lost Revenue
- PILs & Tax Variance - CCA Changes

BHI proposes that the following accounts be continued as there may be principal activity beyond April 30, 2021

- Lost Revenue Adjustment Mechanism Variance Account ("LRAMVA")

### **9.0.6 New Accounts or Sub-accounts**

BHI is not proposing any new accounts or sub-accounts.

### **9.0.7 Adjustments to DVAs**

BHI confirms that it has not made any adjustments to any deferral and variance accounts previously approved by the OEB on a final basis.

### **9.0.8 Breakdown of Energy Sales and Cost of Power**

The sale of energy and the purchase of power are pass-through transactions. BHI records any difference between Energy Sales and Cost of Power on a monthly basis in Retail Settlement Variance Accounts ("RSVAs").

For OEB reporting, the net movement in RSVAs is recorded as either a debit to energy sales or a credit to cost of power – the higher of energy sales and cost of power is reduced. Under the adoption of IFRS, specifically IFRS 14 – Regulatory Deferrals Account, the impact of regulatory deferral account balances, including RSVAs, is presented as "Net movements in regulatory balances" on BHI's statement of comprehensive income. Energy Sales and Cost of Power are not adjusted by the net movement in RSVAs.

BHI provides a breakdown of energy sales and cost of power balances in Table 6 below, as reported in the audited financial statements, mapped to the USoA account numbers.

1 **Table 6 – Cost of Power Reconciliation**

		RRRs					
USoA	Description	2014	2015	2016	2017	2018	2019
<b>Energy Sales</b>							
4006	Residential Energy Sales	(\$62,497,030)	(\$68,719,523)	(\$60,496,767)	(\$48,448,342)	(\$45,588,543)	(\$45,832,457)
4025	Street Lighting Energy Sales	(\$930,114)	(\$1,018,678)	(\$1,190,978)	(\$1,097,045)	(\$840,479)	(\$395,293)
4035	General Energy Sales	(\$81,352,941)	(\$93,042,485)	(\$124,100,888)	(\$113,090,879)	(\$108,331,692)	(\$97,128,572)
4055	Energy Sales for Resale	(\$7,994,739)	(\$5,934,362)	(\$3,558,463)	(\$1,545,436)	(\$4,335,136)	(\$20,024,661)
4062	WMS	(\$9,316,616)	(\$6,466,897)	(\$8,684,206)	(\$6,696,923)	(\$6,271,661)	(\$5,750,388)
4076	Smart Meter Entity Charges	(\$609,744)	(\$619,473)	(\$618,071)	(\$620,550)	(\$435,984)	(\$446,585)
4066	NW	(\$12,230,533)	(\$12,260,332)	(\$12,372,721)	(\$11,300,970)	(\$11,958,443)	(\$11,515,121)
4068	CN	(\$9,266,900)	(\$9,659,320)	(\$10,141,856)	(\$9,495,390)	(\$10,906,670)	(\$10,471,510)
<b>Total Energy Sales</b>		<b>(\$184,198,618)</b>	<b>(\$197,721,069)</b>	<b>(\$221,163,950)</b>	<b>(\$192,295,536)</b>	<b>(\$188,668,608)</b>	<b>(\$191,564,588)</b>
<b>Cost of Power</b>							
4705	Power Purchased	\$152,774,824	\$168,715,047	\$106,660,609	\$86,580,144	\$89,918,884	\$85,146,095
4707	Global Adjustment	\$0	\$0	\$82,686,487	\$77,601,559	\$69,176,967	\$78,234,889
4708	WMS	\$9,316,616	\$6,466,897	\$8,684,206	\$6,696,923	\$6,271,661	\$5,750,388
4714	NW	\$12,230,533	\$12,260,332	\$12,372,721	\$11,300,970	\$11,958,443	\$11,515,121
4716	CN	\$9,266,900	\$9,659,320	\$10,141,856	\$9,495,390	\$10,906,670	\$10,471,510
4751	Smart Meter Entity Charges	\$609,744	\$619,473	\$618,071	\$620,550	\$435,984	\$446,585
<b>Total Cost of Power</b>		<b>\$184,198,618</b>	<b>\$197,721,069</b>	<b>\$221,163,950</b>	<b>\$192,295,536</b>	<b>\$188,668,608</b>	<b>\$191,564,588</b>
<b>(Profit)/Loss on Cost of Power</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

RRRs vs. Audited Financial Statements						
Description	2014	2015	2016	2017	2018	2019
<b>Energy Sales</b>						
As per RRRs	(\$184,198,618)	(\$197,721,069)	(\$221,163,950)	(\$192,295,536)	(\$188,668,608)	(\$191,564,588)
Net Movement in Regulatory Variance Accounts IFRS	(\$1,009,378)	(\$129,763)	(\$3,118,735)	(\$1,174,090)	\$827,747	(\$1,657,741)
<b>As per Audited Financial Statements</b>	<b>(\$185,207,996)</b>	<b>(\$197,850,832)</b>	<b>(\$224,282,685)</b>	<b>(\$193,469,626)</b>	<b>(\$187,840,861)</b>	<b>(\$193,222,328)</b>
<b>Cost of Power</b>						
As per RRRs	\$184,198,618	\$197,721,069	\$221,163,950	\$192,295,536	\$188,668,608	\$191,564,588
Net Movement in Regulatory Variance Accounts IFRS	\$1,009,378	(\$85,079)	(\$103,623)	\$4,795,586	\$497,763	\$1,884,154
<b>As per Audited Financial Statements</b>	<b>\$185,207,996</b>	<b>\$197,635,990</b>	<b>\$221,060,327</b>	<b>\$197,091,122</b>	<b>\$189,166,371</b>	<b>\$193,448,741</b>

  

Net movement in regulatory balances affecting CoP	\$0	(\$214,842)	(\$3,222,358)	\$3,621,496	\$1,325,510	\$226,413
Net movement in regulatory balances (Group 2/Carrying Charges)	\$0	(\$976,135)	(\$217,366)	\$350,110	\$1,020,118	\$419,738
Net movement in regulatory balances per AFS	<b>\$0</b>	<b>(\$1,190,977)</b>	<b>(\$3,439,724)</b>	<b>\$3,971,606</b>	<b>\$2,345,628</b>	<b>\$646,151</b>

3 **9.0.9 GA Analysis Workform**

4 BHI has completed the Global Adjustment (“GA”) Analysis Workform which is submitted as a live  
5 Excel file Attachment23\_GA\_Analysis\_Workform\_BHI\_10302020. GA disposition is discussed in  
6 detail in Section 9.3 of this Exhibit 9.

7 **9.0.10 Compliance with Account 1588/1589 Guidance**

8 BHI confirms that it has complied with the OEB’s February 21, 2019 guidance on the accounting  
9 for Accounts 1588 – RSVA Power and 1589 – RSVA Global Adjustment. Further details are  
10 provided in Section 9.3.2 of this Exhibit 9.

11 **9.0.11 1595 Analysis Workform**

12 BHI does not have any Account 1595 balances for which it is requesting disposition. LDCs are  
13 only eligible to seek disposition of the 1595 residual balances two years after the expiry of the  
14 rate rider as identified in *Appendix A – Application of Recoveries in Account 1595* of the Chapter

1     2 Filing requirements. The earliest balance for which BHI could seek disposition is Account 1595  
2     (2018) for which the rate rider expired on April 30, 2019. BHI cannot seek disposition of this  
3     account until its 2023 IRM application. As such, BHI is not required to complete the 1595 Analysis  
4     Workform.



## 9.1 ACCOUNT 1575, IFRS-CGAAP TRANSITIONAL PP&E AMOUNTS

BHI rebased under revised CGAAP (under the new capitalization and depreciation policies consistent with the OEB letter dated July 17, 2012)<sup>3</sup> in its last rebasing application (EB-2013-0115). As such, it disposed of its balances related to new capitalization and depreciation policies, as recorded in Account 1576 – Accounting Changes under CGAAP, at that time.

BHI is rebasing under IFRS for the first time in this Application. BHI has used Account 1575 IFRS-CGAAP Transitional PP&E amounts (“Account 1575”), to record the financial differences arising from the transition to IFRS, regarding disposition to PP&E. Under IFRS, retirement of assets (pool of like assets) must be recorded each year, whereas under CGAAP no such adjustment was required.

The change has been applied on a prospective basis, beginning in 2014, the transition year. This account therefore, represents the cumulative amounts for the losses on de-recognition of assets accumulated since the transition to IFRS. The loss on de-recognition principally relates to poles, meters and transformers requiring replacement before the end of their useful lives and have been disposed of before they were fully amortized. Early disposals are typically outside of BHI’s control and are related to road relocations, unexpected equipment failure or damage, or changes in technology. The loss on de-recognition is equal to the net book value of the assets at the time the dispositions occurred.

The balance included in Account 1575 represents the total loss on de-recognition of assets from the 2014 transition year, up to and including April 30 of the 2021 Test Year, totalling \$748,455. The 2020 Bridge Year and 2021 Test Year forecast losses of \$125,669 and \$27,669 respectively, were estimated based on BHI’s historical experience from 2014 to June 30, 2020. Table 7 below summarizes the losses on de-recognition recognized by BHI.

BHI confirms that no carrying charges have been applied to the balance in the account. The OEB requires that a rate of return component (i.e. weighted average cost of capital) is to be applied to

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<sup>3</sup> OEB Letter: *Regulatory accounting policy direction regarding changes to depreciation expense and capitalization policies in 2012 and 2013*, July 17, 2012

the balance of Account 1575.<sup>4</sup> Accordingly BHI has applied its proposed Weighted Average Cost of Capital (“WACC”) of 5.41% for the purpose of determining the disposition amount proposed for Account 1575. BHI will update the WACC value used in this calculation to reflect future cost of capital parameters issued by the Board prior to the issuance of the Board’s decision for this Application. BHI is proposing disposition of this balance over a period of two years. The return component is not recorded in Account 1575.<sup>5</sup> It is recorded in distribution revenues upon the collection or refund of rate rider billings associated with the approved balance.

**Table 7 – Summary of Losses on De-recognition of Assets**

Year	Gross Assets	Accum Deprn	Amount
2014 Actual <sup>1</sup>			\$82,451
2015 Actual	(\$308,247)	\$169,948	\$55,848
2016 Actual	(\$61,953)	\$28,932	\$33,021
2017 Actual	(\$80,067)	\$58,667	\$21,400
2018 Actual	(\$751,471)	\$419,336	\$332,135
2019 Actual	(\$192,142)	\$121,880	\$70,262
<b>Total to December 31, 2019</b>	<b>(\$1,393,879)</b>	<b>\$798,763</b>	<b>\$595,117</b>
2020 Bridge Year	(\$382,456)	\$256,787	\$125,669
2021 Test Year (4 months)	(\$84,206)	\$56,537	\$27,669
<b>Total to April 30, 2021</b>	<b>(\$1,860,541)</b>	<b>\$1,112,087</b>	<b>\$748,454</b>
Rate of Return			5.41%
<b>Total Return</b>			<b>\$81,007</b>
<b>Total Amount for Disposition</b>			<b>\$829,462</b>

1. 2014 recorded in 2015

<sup>4</sup> OEB Accounting Procedures Handbook Guidance, March 2015, FAQ #6

<sup>5</sup> Ibid

BHI is seeking recovery of the balance of \$829,462 up to April 30, 2021; comprised of the principal difference of \$748,454 plus the return on rate base of \$81,007 as identified in Table 7 above and in Tab “2-EA\_Account 1575” of the OEB’s Chapter 2 Appendices filed as Attachment5\_IFRS\_OEB\_Chapter2Appendices\_BHI\_10302020 (“Chapter 2 Appendices - IFRS”). OEB Appendix 2-EA\_Account 1575 is replicated for ease of reference in Table 8 below.

**Table 8 – OEB Appendix 2-EA Account 1575 IFRS-CGAAP Transitional PP&E Amounts**

Description	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
<b>PP&amp;E Values under CGAAP</b>								
Opening net PP&E	\$105,488,001	\$107,736,451	\$112,493,613	\$114,798,331	\$118,172,262	\$123,626,574	\$121,336,809	\$124,987,641
Net Additions	\$6,778,535	\$10,326,803	\$7,818,868	\$8,846,798	\$12,284,455	(\$1,637,837)	\$10,501,191	\$16,181,847
Net Depreciation (amounts should be negative)	(\$4,530,086)	(\$5,569,640)	(\$5,514,150)	(\$5,472,867)	(\$6,830,143)	(\$651,928)	(\$6,850,359)	(\$7,233,636)
<b>Closing net PP&amp;E</b>	<b>\$107,736,451</b>	<b>\$112,493,613</b>	<b>\$114,798,331</b>	<b>\$118,172,262</b>	<b>\$123,626,574</b>	<b>\$121,336,809</b>	<b>\$124,987,641</b>	<b>\$133,935,852</b>
<b>PP&amp;E Values under MIFRS</b>								
Opening net PP&E	\$105,488,001	\$107,736,451	\$112,355,315	\$114,627,012	\$117,979,543	\$123,101,720	\$120,741,692	\$124,266,855
Net Additions	\$6,778,535	\$10,018,556	\$7,756,916	\$8,766,731	\$11,532,983	(\$1,829,979)	\$10,118,736	\$16,097,640
Net Depreciation (amounts should be negative)	(\$4,530,086)	(\$5,399,692)	(\$5,485,218)	(\$5,414,200)	(\$6,410,807)	(\$530,048)	(\$6,593,572)	(\$7,177,098)
<b>Closing net PP&amp;E</b>	<b>\$107,736,451</b>	<b>\$112,355,315</b>	<b>\$114,627,012</b>	<b>\$117,979,543</b>	<b>\$123,101,720</b>	<b>\$120,741,692</b>	<b>\$124,266,855</b>	<b>\$133,187,397</b>
<b>Difference in Closing net PP&amp;E, former CGAAP vs. revised</b>	<b>\$0</b>	<b>\$138,299</b>	<b>\$171,319</b>	<b>\$192,720</b>	<b>\$524,855</b>	<b>\$595,117</b>	<b>\$720,785</b>	<b>\$748,454</b>

**Effect on Deferral and Variance Account Rate Riders**

Closing balance in Account 1575	\$748,454	<b>WACC</b>  <b># of years of rate rider disposition period</b>	<b>5.41%</b>  <b>2</b>
Return on Rate Base Associated with Account 1575 balance at WACC - Note 2	\$81,007		
<b>Amount included in Deferral and Variance Account Rate Rider Calculation</b>	<b>\$829,462</b>		

## 9.2 RETAIL SERVICE CHARGES

BHI has a credit balance, including carrying charges, of (\$3,595) and a debit balance of \$2,559, as at December 31, 2019 in Account 1518 RCVA Retail and Account 1548 RCVA STR respectively. BHI confirms that all costs incorporated into the variances reported in Account 1518 and Account 1548 are incremental costs of providing retail services. The driver for the balances in Account 1518 and Account 1548 is the difference between the amounts collected from retailers to process retailer transactions and services agreements; and the costs of providing those services. The balances are immaterial. BHI provides Table 9 below which identifies all revenues and expenses listed by USoA account numbers that are incorporated into the variances recorded in Account 1518 and Account 1548. BHI has followed Article 490, Retail Services and Settlement Variances of the APH for Account 1518 and Account 1548.

**Table 9 – Revenue and Expense for Retail Services by USoA**

Description	2013 Opening Balance	2014	2015	2016	2017	2018	2019	2020 Bridge Year	2021 Test Year
4082 - Retail Service Revenue		(\$28,564)	(\$29,655)	(\$26,345)	(\$22,661)	(\$19,869)	(\$22,890)	(\$23,520)	(\$7,840)
5315 - EBT Hub Service Costs		\$17,050	\$21,761	\$21,019	\$20,679	\$19,454	\$19,160	\$19,808	\$6,603
5315 - Other Retail Costs		\$8,785	\$14,290	\$16,177	\$17,778	\$23,978	(\$53,030)	\$3,735	\$1,245
1518 - RCVA Retail - Activity		(\$2,729)	\$6,397	\$10,850	\$15,796	\$23,563	(\$56,760)	\$23	\$8
<b>1518 - RCVA Retail - Balance</b>	<b>(\$486)</b>	<b>(\$3,216)</b>	<b>\$3,181</b>	<b>\$14,031</b>	<b>\$29,827</b>	<b>\$53,390</b>	<b>(\$3,370)</b>	<b>(\$3,347)</b>	<b>(\$3,339)</b>
4084 - Retail STR Revenue		(\$785)	(\$656)	(\$590)	(\$444)	(\$401)	(\$477)	(\$539)	(\$180)
5315 - EBT Hub Service Costs		\$866	\$1,125	\$1,087	\$594	\$1,006	\$991	\$540	\$180
1548 - RCVA STR - Activity		\$81	\$469	\$497	\$150	\$605	\$514	\$1	\$0
<b>1548 - RCVA STR - Balance</b>	<b>\$147</b>	<b>\$228</b>	<b>\$698</b>	<b>\$1,195</b>	<b>\$1,345</b>	<b>\$1,950</b>	<b>\$2,464</b>	<b>\$2,465</b>	<b>\$2,465</b>

BHI is proposing to dispose of the balances in Account 1518 RCVA Retail and Account 1548 RCVA STR in this Application; and to discontinue these accounts after April 1, 2021 on the assumption that BHI's 2021 rates are approved effective May 1, 2021. BHI has forecast 2020 and 2021 activity based on historical experience.

## 9.3 DISPOSITION OF DEFERRAL AND VARIANCE ACCOUNTS

### 9.3.0 Overview

BHI is seeking disposition of its deferral and variance accounts in the amount of \$5,141,798 as identified in Table 10 below and comprised of the following:

- Group 1 Accounts      \$2,433,347
- Group 2 Accounts      \$839,793
- LRAMVA                \$1,039,196
- Account 1575           \$829,462

BHI is not seeking disposition for Accounts 1595 (2018) and (2019) for the reasons identified in Section 9.0.11 above.

The balances proposed for disposition before forecasted interest are not consistent with the most current audited financial statements for the reasons identified in Section 9.0.4 above.

Similarly, the RRR balances do not balance to the year-end balances in the continuity schedule as identified in Section 9.0.4 above.

1 **Table 10 – Deferral and Variance Account Balances for Disposition**

Variance Account	Incorporate Principal Activity to:	USoA	Requesting Disposition (Y/N)	Principal as at Dec 31, 2019 (as per RRRs)	Carrying Charges to Dec 31, 2019 (as per RRRs)	Total as at Dec 31, 2019 (as per RRRs)	Principal Disposition (EB-2019-0023)	Carrying Charges Disposition (EB-2019-0023)	Closing Balances Adjusted for EB-2019-0023 Disposition
<b>Group 1</b>									
Smart Metering Entity	12/31/2019	1551	Y	(\$77,461)	\$190	(\$77,271)	\$66,730	\$1,165	(\$9,376)
RSVA - Wholesale Market Service Charge	12/31/2019	1580	Y	(\$2,056,884)	(\$99,945)	(\$2,156,830)	\$1,778,085	\$116,236	(\$262,509)
RSVA - Wholesale Market Service Charge - CBR B	12/31/2019	1580	Y	(\$231,498)	(\$1,673)	(\$233,170)	\$117,084	\$2,500	(\$113,586)
RSVA - Retail Transmission Network Charge	12/31/2019	1584	Y	\$193,153	\$2,903	\$196,056	(\$122,764)	(\$5,776)	\$67,516
RSVA - Retail Transmission Connection Charge	12/31/2019	1586	Y	\$639,806	\$12,058	\$651,864	(\$390,521)	(\$16,418)	\$244,925
RSVA - Power	12/31/2019	1588	Y	\$1,142,065	\$97,198	\$1,239,263	(\$601,170)	(\$78,626)	\$559,467
RSVA - Global Adjustment	12/31/2019	1589	Y	\$2,637,149	\$144,730	\$2,781,879	(\$777,450)	(\$93,105)	\$1,911,323
Disposition and Recovery of Regulatory Balances 1595 (2016)	12/31/2019	1595	Y	(\$686,803)	\$680,273	(\$6,530)	\$686,803	(\$675,323)	\$4,950
Disposition and Recovery of Regulatory Balances 1595 (2017)	12/31/2019	1595	Y	(\$283,259)	(\$78,385)	(\$361,644)	\$283,259	\$80,369	\$1,984
<b>Total Group 1 Balances</b>				<b>\$1,276,268</b>	<b>\$757,349</b>	<b>\$2,033,617</b>	<b>\$1,040,056</b>	<b>(\$668,979)</b>	<b>\$2,404,694</b>
<b>Group 2</b>									
Other Regulatory Assets - Deferred IFRS Transition Costs	04/30/2021	1508	Y	\$288,076	\$36,039	\$324,115			\$324,115
Other Regulatory Assets - Pole Attachment Charge Revenues Variance	04/30/2021	1508	Y	(\$316,414)	(\$1,688)	(\$318,101)			(\$318,101)
Other Regulatory Assets - Monthly Billing Incremental Costs	12/31/2019	1508	Y	\$814,631	\$23,937	\$838,568			\$838,568
Other Regulatory Assets - OEB Cost Assessment Variance	04/30/2021	1508	Y	\$329,543	\$12,092	\$341,635			\$341,635
Other Regulatory Assets - Collection Charges Lost Revenue	12/31/2019	1508	Y	\$275,350	\$1,258	\$276,608			\$276,608
ICM - Tremaine TS CCRA (Project 1) - Actual Rate Rider	04/30/2021	1508	Y	(\$171,924)	(\$806)	(\$172,730)			(\$172,730)
ICM - Tremaine TS CCRA (Project 1) - Revenue Requirement <sup>1</sup>	04/30/2021	1508	Y	\$56,843	\$364	\$57,207			\$57,207
ICM - Tremaine TS CCRA (Project 1) - Net	04/30/2021	1508	Y	(\$115,082)	(\$442)	(\$115,523)			(\$115,523)
ICM - Tremaine TS Breakers (Project 2) - Actual Rate Rider	04/30/2021	1508	Y	(\$9,415)	\$0	(\$9,415)			(\$9,415)
ICM - Tremaine TS Breakers (Project 2) - Revenue Requirement <sup>1</sup>	04/30/2021	1508	Y	\$12,509	\$0	\$12,509			\$12,509
ICM - Tremaine TS Breakers (Project 2) - Net	04/30/2021	1508	Y	\$3,094	\$0	\$3,094			\$3,094
RCVA - Retail Services	04/30/2021	1518	Y	(\$3,370)	(\$225)	(\$3,595)			(\$3,595)
RCVA - Services Transaction Requests	04/30/2021	1548	Y	\$2,464	\$95	\$2,559			\$2,559
Extraordinary Event Costs (Z Factor) - 2018 Wind Storm	04/30/2021	1572	Y	\$135,556	\$9,887	\$145,444			\$145,444
PILs & Tax Variance - CCA Changes - 50% Ratepayer	12/31/2019	1592	Y	(\$188,230)	(\$1,391)	(\$189,621)			(\$189,621)
<b>Total Group 2 Balances before LRAM/1575</b>				<b>\$1,225,618</b>	<b>\$79,564</b>	<b>\$1,305,182</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,305,182</b>
Lost Revenue Adjustment Mechanism Variance Account ("LRAMVA")	12/31/2020	1568	Y	\$1,661,787	\$49,961	\$1,711,748	(\$1,127,219)	(\$52,781)	\$531,748
<b>Total Group 2 Balances before 1575</b>				<b>\$2,887,405</b>	<b>\$129,525</b>	<b>\$3,016,929</b>	<b>(\$1,127,219)</b>	<b>(\$52,781)</b>	<b>\$1,836,929</b>
IFRS-CGAAP Transitional PP&E Amounts	04/30/2021	1575	Y	\$595,117	\$0	\$595,117			\$595,117
<b>Total Group 2 Balances</b>				<b>\$3,482,521</b>	<b>\$129,525</b>	<b>\$3,612,046</b>	<b>(\$1,127,219)</b>	<b>(\$52,781)</b>	<b>\$2,432,046</b>
<b>Total DVA Balances</b>				<b>\$4,758,789</b>	<b>\$886,874</b>	<b>\$5,645,663</b>	<b>(\$87,163)</b>	<b>(\$721,760)</b>	<b>\$4,836,740</b>

1. ICM revenue requirement is not recorded in RRRs; however BHI is proposing to dispose of the difference between the rate rider collected and the calculated revenue requirement

1 **Table 10 – Deferral and Variance Account Balances for Disposition continued**

Variance Account	Incorporate Principal Activity to:	USoA	Closing Balances Adjusted for EB-2019-0023 Disposition	Estimated Principal 2020 Activity	Carrying Charges 2020	Estimated Principal 2021 Activity	Carrying Charges 2021	Proposed for Disposition
<b>Group 1</b>								
Smart Metering Entity	12/31/2019	1551	(\$9,376)		(\$628)	\$0	(\$20)	(\$10,024)
RSVA - Wholesale Market Service Charge	12/31/2019	1580	(\$262,509)		(\$16,636)	\$0	(\$522)	(\$279,667)
RSVA - Wholesale Market Service Charge - CBR B	12/31/2019	1580	(\$113,586)		(\$2,411)	\$0	(\$214)	(\$116,212)
RSVA - Retail Transmission Network Charge	12/31/2019	1584	\$67,516		\$1,851	\$0	\$132	\$69,498
RSVA - Retail Transmission Connection Charge	12/31/2019	1586	\$244,925		\$6,231	\$0	\$467	\$251,624
RSVA - Power	12/31/2019	1588	\$559,467		\$11,748	\$0	\$1,014	\$572,229
RSVA - Global Adjustment	12/31/2019	1589	\$1,911,323		\$31,092	\$0	\$3,485	\$1,945,901
Disposition and Recovery of Regulatory Balances 1595 (2016)	12/31/2019	1595	\$4,950		(\$4,950)	\$0	\$0	\$0
Disposition and Recovery of Regulatory Balances 1595 (2017)	12/31/2019	1595	\$1,984		(\$1,984)	\$0	\$0	(\$0)
<b>Total Group 1 Balances</b>			<b>\$2,404,694</b>	<b>\$0</b>	<b>\$24,313</b>	<b>\$0</b>	<b>\$4,341</b>	<b>\$2,433,347</b>
<b>Group 2</b>								
Other Regulatory Assets - Deferred IFRS Transition Costs	04/30/2021	1508	\$324,115	\$0	\$3,948	\$0	\$540	\$328,603
Other Regulatory Assets - Pole Attachment Charge Revenues Variance	04/30/2021	1508	(\$318,101)	(\$302,190)	(\$5,632)	(\$100,730)	(\$1,230)	(\$727,884)
Other Regulatory Assets - Monthly Billing Incremental Costs	12/31/2019	1508	\$838,568		\$11,165		\$1,527	\$851,260
Other Regulatory Assets - OEB Cost Assessment Variance	04/30/2021	1508	\$341,635	\$78,735	\$4,864	\$26,000	\$783	\$452,018
Other Regulatory Assets - Collection Charges Lost Revenue	12/31/2019	1508	\$276,608		\$3,774		\$516	\$280,898
ICM - Tremaine TS CCRA (Project 1) - Actual Rate Rider	04/30/2021	1508	(\$172,730)	(\$88,642)	(\$3,000)		(\$488)	(\$264,861)
ICM - Tremaine TS CCRA (Project 1) - Revenue Requirement <sup>1</sup>	04/30/2021	1508	\$57,207	\$28,596	\$1,043		\$160	\$87,006
ICM - Tremaine TS CCRA (Project 1) - Net	04/30/2021	1508	(\$115,523)	(\$60,045)	(\$1,958)	\$0	(\$328)	(\$177,855)
ICM - Tremaine TS Breakers (Project 2) - Actual Rate Rider	04/30/2021	1508	(\$9,415)	(\$137,130)	(\$624)	(\$49,865)	(\$310)	(\$197,344)
ICM - Tremaine TS Breakers (Project 2) - Revenue Requirement <sup>1</sup>	04/30/2021	1508	\$12,509	\$151,037	\$819	\$50,571	\$342	\$215,278
ICM - Tremaine TS Breakers (Project 2) - Net	04/30/2021	1508	\$3,094	\$13,907	\$195	\$706	\$32	\$17,934
RCVA - Retail Services	04/30/2021	1518	(\$3,595)	\$23	(\$46)	\$8	(\$6)	(\$3,617)
RCVA - Services Transaction Requests	04/30/2021	1548	\$2,559	\$1	\$34	\$0	\$5	\$2,598
Extraordinary Event Costs (Z Factor) - 2018 Wind Storm	04/30/2021	1572	\$145,444	(\$137,787)	\$739	\$0	(\$4)	\$8,391
PILs & Tax Variance - CCA Changes - 50% Ratepayer	12/31/2019	1592	(\$189,621)		(\$2,580)		(\$353)	(\$192,553)
<b>Total Group 2 Balances before LRAM/1575</b>			<b>\$1,305,182</b>	<b>(\$407,358)</b>	<b>\$14,504</b>	<b>(\$74,016)</b>	<b>\$1,481</b>	<b>\$839,793</b>
Lost Revenue Adjustment Mechanism Variance Account ("LRAMVA")	12/31/2020	1568	\$531,748	\$488,679	\$17,638		\$1,132	\$1,039,196
<b>Total Group 2 Balances before 1575</b>			<b>\$1,836,929</b>	<b>\$81,321</b>	<b>\$32,141</b>	<b>(\$74,016)</b>	<b>\$2,613</b>	<b>\$1,878,989</b>
IFRS-CGAAP Transitional PP&E Amounts	04/30/2021	1575	\$595,117	\$125,669	\$0	\$108,676	\$0	\$829,462
<b>Total Group 2 Balances</b>			<b>\$2,432,046</b>	<b>\$206,990</b>	<b>\$32,141</b>	<b>\$34,660</b>	<b>\$2,613</b>	<b>\$2,708,451</b>
<b>Total DVA Balances</b>			<b>\$4,836,740</b>	<b>\$206,990</b>	<b>\$56,454</b>	<b>\$34,660</b>	<b>\$6,954</b>	<b>\$5,141,798</b>

1. ICM revenue requirement is not recorded in RRRs; however BHI is proposing to dispose of the difference between the rate rider collected and the calculated revenue requirement

### 9.3.0.1 Group 2 Accounts

As identified In Table 10 above, BHI is requesting disposition of \$2,708,451 related to its Group 2 accounts including LRAMVA and Account 1575. A description of each account balance is identified below.

#### **9.3.0.1.1 Account 1508 Other Regulatory Assets - Deferred IFRS Transition Costs**

In accordance with the APH, BHI has utilized this sub account to record one-time administrative incremental IFRS transition costs, which are not already approved and included for recovery in distribution rates. BHI has not previously applied to the OEB for approval to include any IFRS transition costs in distribution rates. BHI confirms the following:

- i) there are no one-time administrative incremental IFRS transition costs embedded in its proposed 2021 Test Year revenue requirement;
- ii) there are no capital costs or ongoing IFRS compliance costs recorded in this account; and
- iii) The impacts arising from the financial differences arising from the transition to IFRS are recorded in Account 1575.

Table 11 below identifies the principal costs and carrying charges recorded in this account. BHI provides details with respect to the costs incurred below.

**Table 11 – IFRS Transition Costs**

Description	pre-2014	2015	2016	Total
Professional accounting fees	\$127,488	\$11,937	\$40,000	\$179,425
Professional legal fees	\$0			\$0
Salaries, wages and benefits of staff added to support the transition to IFRS	\$94,377			\$94,377
Associated staff training and development costs	\$1,196			\$1,196
Costs related to system upgrades, or replacements or changes				\$0
Other	\$13,078			\$13,078
<b>Total Principal Amount</b>	<b>\$236,139</b>	<b>\$11,937</b>	<b>\$40,000</b>	<b>\$288,076</b>
<b>Total Carrying Charges</b>				<b>\$40,527</b>
<b>Total Proposed for Disposition</b>				<b>\$328,603</b>



1 ***Professional Accounting Fees***

2 KPMG was used as an IFRS consultant for the implementation of the IFRS project. KPMG  
3 assisted with the identification and analysis of accounting policy differences between CGAAP and  
4 IFRS, which supported the development of IFRS compliant policies by BHI staff. The KPMG  
5 consulting support assisted BHI with the development of financial reports, including note  
6 disclosures, which conformed to IFRS. These costs would not have been incurred if BHI had not  
7 been required to transition to IFRS. The costs incurred in 2015 and 2016 related to the  
8 development of IFRS and CGAAP financial statements and note disclosures.

9 ***Salaries, Wages and Benefits***

10 Temporary staff was hired to assist with the transition to IFRS in 2009 and 2010.

11 ***Other***

12 Other includes the cost of a study to determine the service lives of fixed assets for the transition  
13 to IFRS. BHI partnered with Enersource, Oakville Hydro, Milton Hydro and Halton Hills Hydro to  
14 contract Kinectrics Inc. to prepare this study.

15  
16 BHI identifies its one-time Incremental IFRS Transition Costs in Tab "App.2-YA\_IFRS Transition  
17 Costs" in the Chapter 2 Appendices - IFRS. BHI completed its conversion to IFRS as of January  
18 1, 2015. Accordingly, there are no additional costs to be recorded in this account and BHI is  
19 proposing to discontinue this Group 2 Account, as identified in Table 5.

20  
21 **9.3.0.1.2 Account 1508 Other Regulatory Assets - Pole Attachment Charge Revenues**  
22 **Variance**

23 The OEB set a new province-wide wireline pole attachment charge for carriers of \$43.63 per pole  
24 per year effective January 1, 2019 in its Report of the Ontario Energy Board – Wireline Pole  
25 Attachment Charges dated March 22, 2018.<sup>6</sup> The new charge applied to all local distribution  
26 companies (LDCs) that had not received OEB approval for a distributor-specific pole attachment  
27 charge. As a transitional measure, to help mitigate the impact of the increase from the previous  
28 charge of \$22.35 to the new charge of \$43.63, LDCs without a distributor-specific charge were

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<sup>6</sup> EB-2015-0304

directed to charge a province-wide pole attachment charge of \$28.09 per pole per year effective from September 1, 2018 until December 31, 2018.

BHI's last rebasing application was in 2014 at which time it was charging the province wide pole attachment charge of \$22.35 per pole per year. The specific service charge revenues associated with this pole attachment charge were recorded as a revenue offset. As such, with the increase in the province-wide wireline pole attachment charge for carriers effective September 1, 2018, BHI would be collecting incremental revenue as compared to that which was approved in rates. In a letter issued March 22, 2018<sup>7</sup>, the OEB instructed distributors to record the excess incremental revenue as of September 1, 2018 until the effective date of its rebased rates in a new variance account related to pole attachment charges. It also directed distributors to refund the closing balance in the distributor's next cost of service application. The OEB provided accounting guidance in its letter Accounting Guidance on Wireline Pole Attachment Charges, dated July 20, 2018; and created a new variance account, Account 1508 – Sub Account – Pole Attachment Revenue Variance to record the incremental revenue arising from the changes to the pole attachment charge. BHI adhered to this accounting guidance and has recorded incremental revenue from September 1, 2018 to December 31, 2019 of (\$316,414) and carrying charges of (\$1,688). BHI has forecast activity up until April 30, 2021 prior to the rebasing of rates in May 1, 2021. There will be no additional principal balances after April 30, 2021. The amount associated with principal activity in this account can be predicted with a high degree of certainty; and the balance represents a refund to customers. Therefore BHI proposes to dispose of the balance identified in Table 12 below; and requests that this Group 2 account be discontinued as identified in Table 5 above.

**Table 12 – Pole Attachment Charge Revenues Variance**

Period	Principal	Carrying Charges	Amount
Total to December 31, 2019	(\$316,414)	(\$1,688)	(\$318,101)
2020 Bridge Year	(\$302,190)	(\$5,632)	(\$307,822)
2021 Test Year (4 months)	(\$100,730)	(\$1,230)	(\$101,960)
<b>Total to April 30, 2021</b>	<b>(\$719,334)</b>	<b>(\$8,550)</b>	<b>(\$727,884)</b>

<sup>7</sup> OEB Letter - Updated Pole Attachment Charge for Wireline Pole Attachments OEB File Number: EB-2015-0304, March 22, 2018

**9.3.0.1.3 Account 1508 Other Regulatory Assets - Monthly Billing Incremental Costs**

On April 15, 2015 the OEB announced that by the end of 2016, all electricity distributors in Ontario will be required to bill their customers on a monthly basis.<sup>8</sup>

The net incremental costs associated with this transition were outside of the base on which BHI's distribution rates were set in its 2014 Cost of Service (EB-2013-0115), and as such BHI applied to the OEB to establish a deferral account to record these costs. The OEB approved this request and directed BHI *"to record the costs and savings incurred from the transition to monthly billing in a deferral sub-account of Account 1508"* until its next cost-based rate order<sup>9</sup>.

BHI attaches the accounting order associated with this decision as Appendix C – Accounting Order - Monthly Billing Transition Costs in this Exhibit 9.

The OEB, in its Decision, also indicated that the costs recorded in this account will be subject to a prudency review at the time of BHI's next rebasing application, which is this Application.

The costs associated with the transition to monthly billing were partially offset by the conversion of customers from paper billing to e-billing; and a reduction in working capital requirements. Furthermore, BHI has not increased its headcount in the Billing department since 2014; incremental effort required to produce monthly bills was absorbed within the existing headcount in the department.

BHI has continued to promote e-billing to all of its customers to mitigate the impact of increased billing, printing, and postage costs from the implementation of monthly billing. At September 14, 2016, prior to the implementation of monthly billing, 15,650 of BHI's customers were enrolled in e-billing. Since that time and up to January 1, 2020, BHI conducted two paperless e-billing campaigns – 'Plant-a-Tree in a Community Park' in 2016/2017 and the 'Joseph Brant Museum

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<sup>8</sup> [https://www.oeb.ca/sites/default/files/news\\_release\\_Monthly\\_Bill\\_20150415\\_0.pdf](https://www.oeb.ca/sites/default/files/news_release_Monthly_Bill_20150415_0.pdf)

<sup>9</sup> Decision and Rate Order EB-2016-0384, April 20, 2017, p15

Transformation Project' from June 1, 2019 to January 31, 2020. These campaigns not only increased paperless billing uptake, but supported and provided meaningful donations for popular community initiatives. As at the conclusion of the 'Joseph Brant Museum Transformation Project', BHI had 24,854 customers enrolled in e-billing as identified in Table 13 below, an increase of 9,204 customers since September 14, 2016; representing a cost savings of approximately \$100k per year. These savings are netted against the incremental costs recorded in the deferral account.

**Table 13 – Customers Enrolled in E-billing**

Description	Time Period			
Start Date	06/2011	09/15/2016	10/01/2017	06/01/2019
End Date	09/14/2016	09/30/2017	05/31/2019	01/31/2020
Campaign	n/a	Plant a Tree	n/a	Joseph Brant Museum
# E-bill Enrollments - Period	15,650	3,456	4,194	1,554
# E-bill Enrollments - Ending	15,650	19,106	23,300	24,854

BHI provides a summary of the costs recorded in Account 1508 Other Regulatory Assets - Monthly Billing Incremental Costs up to December 31, 2019, including carrying charges in Table 14 below. Entries recorded in the account are comprised of:

- Postage/Mail Service/Stationery
- Reduction in Working Capital Allowance
- Revenue Requirement associated with Monthly Billing Software

**Table 14 – Monthly Billing Costs**

DR/(CR)	2017	2018	2019	2020 Bridge Year	2021 Test Year	Total
Postage/Mail Service/Stationery Costs	\$339,341	\$256,409	\$238,819			\$834,569
Working Capital Allowance Savings	(\$44,875)	(\$26,592)	(\$18,543)			(\$90,011)
Revenue Requirement <sup>1</sup>			\$70,073			\$70,073
<b>Sub-Total to be Recovered from Customers</b>	<b>\$294,466</b>	<b>\$229,817</b>	<b>\$290,349</b>	<b>\$0</b>	<b>\$0</b>	<b>\$814,631</b>
Carrying Charges	\$1,366	\$7,700	\$14,871	\$11,165	\$1,527	\$36,629
<b>Total to be Recovered from Customers</b>	<b>\$295,832</b>	<b>\$237,517</b>	<b>\$305,220</b>	<b>\$11,165</b>	<b>\$1,527</b>	<b>\$851,260</b>

1. for RRR reporting BHI recorded the cumulative revenue requirement (from 2016 to 2019) in 2019

**Postage/Mail Service/Stationery**

BHI determined incremental costs by multiplying the number of additional paper bills generated by the adoption of monthly billing by the per invoice postage, mail service and stationery costs.

1 The savings from any transition to e-billing is factored into this number by using the number of  
2 paper bills only.

3 ***Reduction in Working Capital Allowance***

4 BHI has offset the incremental costs associated with the transition to monthly billing by (\$90,011).  
5 These savings are a result of lower average working capital requirements due to the shortening  
6 of the period from provision of service to payment. BHI calculated this amount by multiplying (i)  
7 the interest rate earned on cash balances by (ii) the decrease in accounts receivable attributable  
8 to the conversion to monthly billing. This difference was calculated annually from January 1, 2017  
9 to December 31, 2019.

10 ***Revenue Requirement – Monthly Billing Software***

11 BHI incurred \$139,126 in capital expenditures to install software in its legacy Customer  
12 Information System ("CIS") to transition its residential customers from bi-monthly billing to monthly  
13 billing. This expenditure was outside of the base upon which rates were set and as such BHI has  
14 included the revenue requirement associated with this expenditure in the deferral account. BHI  
15 provide the calculation of revenue requirement in Table 15 below. The cumulative revenue  
16 requirement to December 31, 2019 is \$70,073.

**Table 15 – Monthly Billing Software – Revenue Requirement**

Description	2017	2018	2019
<b>Fixed Asset Continuity</b>			
Opening Balance	\$139,126	\$125,213	\$97,388
Depreciation	(\$13,913)	(\$27,825)	(\$27,825)
Closing Balance	\$125,213	\$97,388	\$69,563
Average Balance (Rate Base)	\$132,169	\$111,301	\$83,475
<b>UCC Continuity</b>			
Opening Balance	\$139,126	\$69,563	\$0
CCA	(\$69,563)	(\$69,563)	\$0
Closing Balance	\$69,563	\$0	\$0
<b>Revenue Requirement</b>			
Depreciation	\$13,913	\$27,825	\$27,825
Cost of Capital Debt	\$3,612	\$3,042	\$2,282
Cost of Capital Equity	\$4,948	\$4,167	\$3,125
PILs Gross-Up	(\$18,280)	(\$13,546)	\$11,159
<b>Annual Revenue Requirement</b>	<b>\$4,193</b>	<b>\$21,488</b>	<b>\$44,391</b>
<b>Cumulative Revenue Requirement</b>	<b>\$4,193</b>	<b>\$25,682</b>	<b>\$70,073</b>
<b>PILs Calculation</b>			
Cost of Equity Capital	\$4,948	\$4,167	\$3,125
Add: Depreciation	\$13,913	\$27,825	\$27,825
Deduct CCA	(\$69,563)	(\$69,563)	\$0
PILs Income	(\$50,702)	(\$37,571)	\$30,950
PILs before Gross-Up	(\$13,436)	(\$9,956)	\$8,202
PILs Gross-Up	(\$18,280)	(\$13,546)	\$11,159

BHI will record activity until April 30, 2021 prior to the rebasing of rates in May 1, 2021 and as such requests that this Group 2 account be continued as identified in Table 5 above. There will be no additional principal balances after April 30, 2021.

#### **9.3.0.1.4 Account 1508 Other Regulatory Assets - OEB Cost Assessment Variance**

The OEB revised its Cost Assessment Model effective April 1, 2016<sup>10</sup> which materially changed the amount charged to LDCs for the OEB Annual Assessment. The OEB established a sub account of Account 1508 - OEB Cost Assessment Variance - for LDCs to record any material differences between the OEB Annual Assessment currently built into rates, and Annual

<sup>10</sup> OEB Letter re *Revisions to the Ontario Energy Board Cost Assessment Model*, February 9, 2016

Assessments that resulted from the application of the new cost assessment model effective April 1, 2016. Table 16 below identifies the amounts recorded in this account since 2016 and up to April 30, 2021. BHI has forecast activity up until April 30, 2021 prior to the rebasing of rates in May 1, 2021 and as such requests that this account be discontinued. There will be no additional principal balances after April 30, 2021.

**Table 16 – OEB Cost Assessment Variance**

Description	Amount in Rates	Amount Billed	Principal Amount Recorded in DVA
2016	\$154,500	\$226,832	\$72,332
2017	\$206,000	\$305,720	\$99,720
2018	\$206,000	\$283,368	\$77,368
2019	\$206,000	\$286,124	\$80,124
<b>Total to Dec 31, 2019</b>	<b>\$772,500</b>	<b>\$1,102,044</b>	<b>\$329,543</b>
2020 Bridge Year	\$206,000	\$284,735	\$78,735
2021 Test Year	\$68,667	\$94,667	\$26,000
<b>Total Principal Requested for Disposition</b>	<b>\$1,047,167</b>	<b>\$1,481,446</b>	<b>\$434,278</b>
<b>Total Carrying Charges</b>			<b>\$17,740</b>
<b>Total Amount Requested for Disposition</b>			<b>\$452,018</b>

#### **9.3.0.1.5 Account 1508 Other Regulatory Assets - Collection Charges Lost Revenue**

The Collection of Account charge was intended to cover the field costs, or part of the costs, of additional collection activities that are beyond the routine of a distributor as a result of an individual customer's non-payment of its account.<sup>11</sup> On February 23, 2017, the OEB issued a letter<sup>12</sup> indicating its intent to launch a review of customer service rules for the electricity and gas sectors, including the development of disconnection rules. On the same day, the OEB issued its decision and order<sup>13</sup> to amend all electricity distribution licenses to ensure that residential customers were not disconnected for non-payment during the February 24, 2017 to April 30, 2017 winter period. During that same period, the Collection of Account charge was also to be waived. In its

<sup>11</sup> Report of the Ontario Energy Board - Review of Customer Service Rules for Utilities, Phase 1, EB-2017-0183, September 6, 2018

<sup>12</sup> Letter regarding Winter Disconnections and Launch of Review of Customer Service Rules, February 23, 2017

<sup>13</sup> Decision and Order, EB-2017-0101, Amending Electricity Distributor Licenses to Prohibit Disconnection of Residential Customers and Related Matters, February 23, 2017

subsequent decision and order<sup>14</sup> on November 2, 2017, the OEB further amended all electricity distributors' licenses to prohibit the disconnection of residential customers for reason of non-payment from November 15 to April 30 (Disconnection Ban Period) on a go forward basis. The waiving of the Collection of Account charge was also to apply on a go forward basis during the Disconnection Ban Period.

BHI included revenue associated with the Collection of Account charge as part of its revenue offsets in its 2014 cost of service rate application. The inability to recover this revenue due to the Disconnection Ban Period and the elimination of the Collection of Account charge results in a shortfall in revenue requirement until BHI's next rebasing. As such, BHI applied to establish a deferral account to record lost revenues resulting from the elimination of the Collection of Account charge. The OEB approved the establishment of the deferral account effective July 1, 2019.<sup>15</sup>

BHI attaches the accounting order associated with this decision as Appendix D – Accounting Order - Lost Revenue from Collection of Account Charge in this Exhibit 9.

BHI proposes to dispose of the balance of \$280,898 in this account to December 31, 2019; comprised of \$275,350 in principal and \$5,548 in carrying charges as identified in Table 17 below.

**Table 17 – Collection Charges Lost Revenue**

Description	Jul 1/2019 - Dec 31/2019
# of Collection Notices issued	9,925
\$ Charge/Collection notice	\$30
Total Collection Charges Lost Revenue	\$297,750
Savings from Process Changes	(\$22,400)
<b>Total Principal Amount Recorded in DVA</b>	<b>\$275,350</b>
Carrying Charges	\$5,548
<b>Total Amount Requested for Disposition</b>	<b>\$280,898</b>

<sup>14</sup> Decision and Order, EB-2017-0318, Amending Electricity Distributor Licenses to Prohibit the Disconnection of Residential Customers and Related Matters, November 2, 2017

<sup>15</sup> EB-2019-0179 Decision and Order, September 19, 2019



BHI will record activity until April 30, 2021 prior to the rebasing of rates in May 1, 2021 and as such requests that this Group 2 account be continued as identified in Table 5 above. There will be no additional principal balances after April 30, 2021.

***Questions Arising from the OEB's Decision and Order<sup>16</sup>***

BHI confirms that it changed its process for field collection services to (i) move to an hourly versus piece rate and (ii) eliminate hand delivery in order to offset the lost revenue as a result of the elimination of the collection of account charge. This amount is identified in Table 16 above under "Savings from Process Changes".

BHI also confirms that the \$30 collection of account charge was applied to only the number of collection notices issued by BHI and no other activity. The OEB questioned why BHI has such a high number of notices issued each year (approximately 17,000)<sup>17</sup>. This translates to approximately 1,400 notices issued per month which represents approximately 2% of BHI's customer base – this percentage is reflective of the number of customers with an overdue balance greater than 17 days. BHI issues a collection of account notice each time a customer fails to make a payment arrangement on their past due account by the 17<sup>th</sup> day.

**9.3.0.1.6 Account 1508 Incremental Capital Module - Tremaine TS CCRA**

BHI is requesting disposition of this account in the amount of (\$177,855) representing a refund to customers. The rate rider associated with this account expired on April 30, 2020 and as such, amounts required to determine the balance in this account are known and BHI is proposing that this Group 2 account be discontinued. Rationale for the amount requested for disposition is provided in Section 2.2.4 of Exhibit 2 - Addition of Previously Approved ACM and ICM Project Assets to Rate Base.

**9.3.0.1.7 Account 1508 Incremental Capital Module - Tremaine TS Breakers**

BHI is requesting disposition of this account in the amount of \$17,934 representing a charge to customers. The rate rider associated with this account expires on April 30, 2021. BHI has estimated the amount to be collected from customers until the sunset date. This amount has

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<sup>16</sup> Ibid

<sup>17</sup> Decision and Order, EB-2019-0179, September 19, 2019, p 6 (\$512,000 divided by \$30/collection of account notice)

1 been incorporated into the amount requested for disposition. The difference between the  
2 calculated revenue requirement and the amount collected from customers is immaterial. As such,  
3 BHI proposes that this Group 2 account be discontinued as identified in Table 5 above. Rationale  
4 for the amount requested for disposition is provided in Section 2.2.4 of Exhibit 2 - Addition of  
5 Previously Approved ACM and ICM Project Assets to Rate Base.

6  
7 **9.3.0.1.8 Account 1518 RCVA - Retail Services**

8 Disposition of this account is discussed in Section 9.2 above.

9  
10 **9.3.0.1.9 Account 1548 RCVA - Services Transaction Requests**

11 Disposition of this account is discussed in Section 9.2 above.

12  
13 **9.3.0.1.10 Account 1572 Extraordinary Event Costs (Z Factor) - 2018 Wind Storm**

14 On May 4, 2018, a windstorm struck southern and central Ontario bringing down trees and power  
15 lines. The storm impacted approximately 46% of BHI's customers. BHI was able to restore power  
16 to more than 90% of the affected customers within 26 hours of the first interruption. To aid in  
17 restoring power, BHI obtained assistance from GridSmartCity partners and other third party  
18 contractors.

19  
20 BHI filed a Z-factor claim in the amount of \$323,245 which the OEB approved March 28, 2019.<sup>18</sup>  
21 BHI requested that the amount be recovered by means of a fixed rider, allocated on the basis of  
22 distribution revenue, using the last OEB approved distribution revenue proportions, for a period  
23 of 12 months beginning May 1, 2019 and ending April 30, 2020. The balance remaining in this  
24 account is \$8,391 for which BHI is requesting disposition. BHI requests that this Group 2 account  
25 be discontinued as identified in Table 5 above as there was no more principal activity after April  
26 30, 2020.

27  
28 **9.3.0.1.11 Account 1592 PILs & Tax Variance - CCA Changes**

29 Account 1592 per the APH is used to record the tax impact of differences related to legislative or  
30 regulatory changes to tax rates or rules or disclosure of a new assessing or administrative policy

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<sup>18</sup> Decision and Order, EB-2018-0021

published by federal or provincial public tax bulletins. The balance in BHI's Account 1592 PILs & Tax Variance relates only to changes in CCA as described below.

In June 2019, Bill C-97, also known as the *Budget Implementation Act, 2019, No.1*, was passed by the Parliament of Canada and received Royal Assent in June 2019. The legislation provides for accelerated Capital Cost Allowance ("CCA") deductions for eligible property available for use and acquired after November 20, 2018. The OEB released guidance on July 25, 2019 which instructed utilities to record 100% of the impact of the rule change in a Sub-Account of 1592 - PILs and Tax Variances - CCA Changes, effective November 21, 2018 until the effective date of the utility's next cost-based rate order. The guidance states that "*the OEB therefore expects that all Utilities will record the full revenue requirement impact of any changes in CCA rules that are not reflected in base rates.*"<sup>19</sup>

As directed, BHI has recorded the full revenue requirement impact of the legislative change for 2018-2019 in Sub-Account 1592 - PILs and Tax Variances - CCA Changes. The change in revenue requirement reflected in base rates for 2018-2019 due to accelerated CCA is summarized in Table 18 below.

In accordance with the Chapter 2 Filing Requirements, BHI is bringing forward the balance tracked in Sub-Account 1592 - PILs and Tax Variances - CCA Changes for review and disposition in this Application.<sup>20</sup> BHI is proposing to dispose of 50% of the balance in this account to the end of December 2019, including carrying charges. The OEB has not determined yet whether this particular account will be shared on a 50/50 basis between distributor shareholders and ratepayers.<sup>21</sup> However, the OEB's long-standing practice with respect to the impact of changes in taxes due to regulatory or legislated tax changes during an incentive rate-setting period has been to share the impacts between distributor shareholders and ratepayers on a 50/50 basis.<sup>22</sup>

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<sup>19</sup> OEB Letter: *Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance* (July 25, 2019), p2

<sup>20</sup> Chapter 2 Filing Requirements, May 14, 2020, p 37

<sup>21</sup> Ibid

<sup>22</sup> EB-2007-0673: *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors, Section 3 - Tax Changes in Relation to the Z-factor*, p.35

BHI has made an adjustment in the DVA continuity schedule to remove 50% of the 2018/2019 principal in the amount of \$188,230 as identified in Table 18 below.

**Table 18 – Impact to Revenue Requirement of CCA Changes**

Description	2018	2019	Total
Prior CCA	\$444,452	\$1,173,802	\$1,618,254
Accelerated CCA	\$787,863	\$1,874,539	\$2,662,402
Difference in CCA	(\$343,411)	(\$700,737)	(\$1,044,148)
Tax Impact @ 26.5%	(\$91,004)	(\$185,694)	(\$276,698)
<b>Grossed up PILs</b>	<b>(\$123,815)</b>	<b>(\$252,645)</b>	<b>(\$376,460)</b>
Remove 50% of Principal Amount			\$188,230
Add Carrying Charges			(\$4,323)
<b>Total Payable to Ratepayers</b>			<b>(\$192,553)</b>

BHI will record activity until April 30, 2021 prior to the rebasing of rates in May 1, 2021 and as such requests that this Group 2 account be continued as identified in Table 5 above. There will be no additional principal balances after April 30, 2021.

**9.3.0.1.12 Account 1568 Lost Revenue Adjustment Mechanism Variance Account ("LRAMVA")**

The disposition of the LRAMVA and proposed rate riders is discussed in Section 4.6.2 of Exhibit 4. BHI requests that this Group 2 account be continued as identified in Table 5 above. BHI could experience lost revenue after April 30, 2021 due to the announcement by the Minister of Energy, Northern Development and Mines ("MENDM") of its plans to implement a 2021-2024 Conservation and Demand Management Framework launching the week of January 1, 2021.<sup>23</sup> BHI is proposing to dispose of principal balances up to December 31, 2020 in accordance with the Chapter 2 Filing Requirements which state that "*Distributors should strive to dispose of all CFF-related LRAMVA balances as part of its 2021 rate application*".<sup>24</sup>

**9.3.0.1.13 Account 1575 IFRS-CGAAP Transitional PP&E Amounts**

Disposition of this account is discussed in Section 9.1 above.

<sup>23</sup> <http://www.ieso.ca/en/Corporate-IESO/Ministerial-Directives> (September 30, 2020)

<sup>24</sup> Chapter 2 Filing Requirements, May 14, 2020, p 40

1 **9.3.0.1.14 Account 1509 Impacts Arising from the COVID-19 Emergency**

2 On March 25, 2020 the OEB issued an *Accounting Order for the Establishment of Deferral*  
3 *Accounts to Record Impacts Arising from the COVID-19 Emergency*. These accounts did not exist  
4 at the end of 2019 and therefore are not included in BHI's DVA Continuity Schedule. BHI  
5 acknowledges that there is an ongoing consultation<sup>25</sup> to establish the rules on the operation of the  
6 deferral accounts. BHI intends to seek recovery of any balances in these sub accounts in  
7 accordance with the guidance developed through this consultation.

8  
9 **9.3.0.1.15 Group 2 Account Allocation and Disposition**

10 Allocation of each account, proposed billing determinants, and proposed rate riders are discussed  
11 in Section 9.3.0.3 below.

12 **9.3.0.2 Group 1 Accounts**

13 BHI disposed of its Group 1 deferral and variance account balances as at the end of December  
14 2018, on an interim basis in its 2020 IRM Application (EB-2019-0059).

15  
16 BHI is proposing to dispose of its Group 1 deferral and variance account balances in this  
17 Application on an interim basis as at December 2019, including interest to April 30, 2021.

18  
19 On July 20, 2018, the OEB issued a letter "*OEB's Plan to Standardize Processes to Improve*  
20 *Accuracy of Commodity Pass-Through Variance Accounts*" in which it announced an initiative to  
21 standardize the accounting processes used by distributors relating to Regulated Price Plan  
22 ("RPP") wholesale settlements and accounting procedures (including the treatment of unbilled  
23 revenue) to improve the accuracy of the Retail Settlement Variance Accounts: RSVA<sub>POWER</sub> and  
24 RSVA<sub>GA</sub>. The OEB stated that it would not approve Group 1 rate riders on a final basis pending  
25 the development of this further guidance. Whether the riders will be approved on an interim basis  
26 or not approved at all (i.e. no disposition of account balances) would be determined on a case by  
27 case basis, until such time as the OEB finalized the new standardized requirements for regulatory  
28 accounting and RPP settlements.

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<sup>25</sup> OEB Letter Consultation on the Deferral Account – Impacts Arising from the COVID-19 Emergency  
Ontario Energy Board File Number: EB-2020-0133, May 14, 2020

1 On February 21, 2019, the OEB finalized the new standardized requirements for regulatory  
2 accounting and RPP settlements and issued its letter entitled “*Accounting Guidance related to*  
3 *Accounts 1588 Power, and 1589 RSVA Global Adjustment*” as well as the related accounting  
4 guidance. LDCs can still avail themselves of the option to dispose of Group 1 balances on an  
5 interim basis.

6  
7 In BHI’s 2020 IRM application (EB-2019-0023), the OEB approved BHI’s proposal to dispose of  
8 its Group 1 account balances on an interim basis given that it was implementing new processes  
9 with its new CIS. BHI committed to address two issues with its calculation of its Group 1 DVA  
10 balances during that time<sup>26</sup>:

- 11  
12 i) not recording different rates for RPP and non-RPP cost of power; and  
13 ii) not re-estimating unbilled revenue at the end of each month;  
14

15 BHI has not implemented its CIS as of the date of filing this Application. As such it is unable to  
16 address the two issues identified above and these continue to be deviations from the OEB’s  
17 Accounting Guidance related to Accounts 1588 Power, and 1589 RSVA Global Adjustment. As  
18 such, BHI proposes to dispose of its Group 1 deferral and variance account balances in this  
19 Application on an interim basis until such time as it can finalize its processes for the Commodity  
20 Pass-Through Variance Accounts using its new CIS.

21 The Group 1 balances have been calculated in accordance with the EDDVAR Report and the  
22 letter from the OEB dated May 23, 2017 re: *Guidance on Disposition of Accounts 1588 and 1589*.  
23 The Group 1 balances as of December 31, 2019, in the amount of \$2,033,617 have been adjusted  
24 for certain items to determine the amount for disposition of \$2,433,347 as identified in Table 19  
25 below. The interest rates used to record carrying charges are identified in Table 2 above.

---

<sup>26</sup> EB-2019-0023, Decision and Rate Order, April 16, 2020, p12

**Table 19 – Group 1 Account Balances for Disposition**

Description	Amount
<b>Group 1 Balances as at December 31, 2019</b>	<b>\$2,033,617</b>
Subtract 2019 IRM Filing Disposition	(\$371,076)
Add 2020 Projected Carrying Charges	\$24,313
Add 2021 Projected Carrying Charges	\$4,341
<b>Adjusted Group 1 Balances for Disposition - Recovery from Customers</b>	<b>\$2,433,347</b>

### 9.3.0.3 Disposition

BHI proposes the mechanism for disposition including the allocation of each account, the proposed billing determinants, the proposed rate riders and the disposition period below. BHI has used the load data identified in Exhibit 3 of this Application to calculate the DVA disposition rate riders. Disposition of Account 1580 sub-account CBR Class B has been calculated in accordance with the CBR Accounting Guidance. BHI does not have a balance in Account 1580 sub-account CBR Class A. The rate rider calculated for Account 1580 sub-account CBR Class B, identified in Tab “7.Rate Rider Calculations” of the DVA Continuity Schedule rounds to zero in one or more rate riders. As such, BHI has added the entire balance to Account 1580 WMS and disposed of the balance through the general DVA rate rider in accordance with OEB guidance.

BHI confirms that the last OEB-Approved balance of (\$371,076) has been transferred to Account 1595 (as identified in BHI’s IRM application EB-2019-0023<sup>27</sup>).

Table 20 summarizes the proposed disposition of the Group 1 balances by category.

---

<sup>27</sup> Ibid, p14

**Table 20 – Group 1 Disposition by Category**

Description	Amount
Smart Metering Entity	(\$10,024)
RSVA - Wholesale Market Service Charge	(\$279,667)
RSVA - Wholesale Market Service Charge - CBR B	(\$116,212)
RSVA - Retail Transmission Network Charge	\$69,498
RSVA - Retail Transmission Connection Charge	\$251,624
RSVA - Power	\$572,229
<b>Deferral and Variance Accounts (including CBR B)</b>	<b>\$487,447</b>
Global Adjustment - Rate Rider	\$1,890,425
Global Adjustment - Manual Adjustment	\$55,476
<b>Total Group 1 Disposition</b>	<b>\$2,433,347</b>

Table 21 summarizes the allocation of Group 1 balances excluding GA and the associated rate riders by rate class. The balance of \$487,447 recoverable from rate payers has been allocated to rate class using the following allocators from the 2021 Load Forecast. These allocations are identified in Tab “5. Allocation of Balances” in the DVA Continuity Schedule.

- Smart Metering Entity Charge Variance Account - # of customers
- RSVA - Wholesale Market Service Charge - kWh
- RSVA - Retail Transmission Network Charge - kWh
- RSVA - Retail Transmission Connection Charge - kWh
- RSVA - Power (excluding Global Adjustment) - kWh

**Table 21 – Group 1 Balances Excluding GA – Allocation and Rate Riders**

Rate Class	Billing Determinant	kWh/kWs	Allocated Group 1 Balance (excluding 1589)	Rate Rider for Deferral/ Variance Accounts
Residential	kWh	529,231,270	\$162,839	\$0.0002
GS<50 kW	kWh	167,003,174	\$53,463	\$0.0002
GS>50 kW	kW	2,267,945	\$268,325	\$0.0592
Unmetered Scattered Load	kWh	3,103,371	\$1,009	\$0.0002
Street Lighting	kW	15,528	\$1,811	\$0.0583
<b>Total</b>			<b>\$487,447</b>	



Table 22 summarizes the allocation of the GA and the associated rate riders by rate class. The balance of \$1,890,425 recoverable from rate payers through a rate rider has been allocated to rate class using the non-RPP kWh from the 2021 Load Forecast. This allocation is identified in Tab “5. Allocation of Balances” in the DVA Continuity Schedule.

**Table 22 – GA Balance – Allocation and Rate Riders**

Rate Class	Billing Determinant	non-RPP kWhs	Allocated GA Balance	Rate Rider for GA
Residential	kWh	6,880,007	\$24,380	\$0.0018
GS<50 kW	kWh	22,879,435	\$81,077	\$0.0018
GS>50 kW	kWh	498,180,741	\$1,765,388	\$0.0018
Unmetered Scattered Load	kWh	-	\$0	\$0.0000
Street Lighting	kWh	5,525,087	\$19,579	\$0.0018
<b>Total</b>			<b>\$1,890,425</b>	

BHI is seeking a two year disposition period for the Group 1 balances. This approach is not consistent with the EDDVAR Report which states on page 6 that “*the default disposition period used to clear the account balances through a rate rider should be one year*”. BHI provides the rationale for this proposal below.

The balance in BHI’s Group 1 accounts for which it is requesting disposition is \$2,433,347, primarily driven by a proposed recovery from customers related to the Global Adjustment (“GA”) in the amount of \$1,945,901. BHI’s GA costs charged by the Independent Electricity System Operator (“IESO”) in 2019 were higher than that collected from customers. In addition, the balance in BHI’s Group 2 accounts for which it is requesting disposition is \$2,708,451. The magnitude of these proposed dispositions - in conjunction with a net refund to customers in 2020 for commodity pass through accounts - results in a significant bill impact to BHI customers. BHI is proposing to dispose of its Group 1 and Group 2 DVAs over two years, in order to mitigate the bill impact of this disposition. Were BHI to dispose of its Group 1 and Group 2 accounts over one year (excluding LRAMVA and Account 1575), the total bill impact for a typical GS>50 kW customer would be 6.14% as compared to 4.14% under its proposed two year disposition period.

A comparison of the rate riders effective from May 1, 2019 to April 30, 2020 to the proposed rate riders effective from May 1, 2020 to April 30, 2022 is provided in Table 23 below.

**Table 23 – Comparison of Rate Riders**

Rate Class	DVA Rate Rider			CBR B Rate Rider			GA Rate Rider		
	Unit	Effective May 1, 2020	Effective May 1, 2021	Unit	Effective May 1, 2020	Effective May 1, 2021	Unit	Effective May 1, 2020	Effective May 1, 2021
RESIDENTIAL	kWh	(\$0.0008)	\$0.0002	kWh	(\$0.0001)	\$0.0000	kWh	\$0.0014	\$0.0018
GENERAL SERVICE LESS THAN 50 kW	kWh	(\$0.0007)	\$0.0002	kWh	(\$0.0001)	\$0.0000	kWh	\$0.0014	\$0.0018
GENERAL SERVICE 50 TO 4,999 kW	kW	(\$0.2452)	\$0.0592	kWh	(\$0.0300)	\$0.0000	kWh	\$0.0014	\$0.0018
UNMETERED SCATTERED LOAD	kWh	(\$0.0007)	\$0.0002	kWh	(\$0.0001)	\$0.0000	kWh		
STREET LIGHTING	kW	(\$0.2623)	\$0.0583	kWh	(\$0.0300)	\$0.0000	kWh	\$0.0014	\$0.0018

### 9.3.0.4 Wholesale Market Participants

A Wholesale Market Participant (“WMP”) refers to any entity that participates directly in any of the Independent Electricity System Operator (“IESO”) administered markets; and therefore should not be allocated balances related to transmission network and connection charges and disposition/refund of regulatory balances. BHI confirms that none of its customers are WMPs and therefore separate rate riders do not apply.

### 9.3.0.5 Capacity Based Recovery (“CBR”)

BHI confirms that it has followed the OEB’s accounting guidance on the disposition of CBR variances. BHI confirms that it had Class A customers during 2019, the period for which the Account 1580 CBR Class B Sub-account balance requested for disposition accumulated.

BHI completed Tab “6.2a CBR B\_Allocation” in the DVA Continuity Schedule to allocate the applicable portion of Account 1580 CBR Class B Sub-account balance to customers who transitioned between Class A and Class B during 2019. This amount represented (\$3,313) of the total balance of (\$116,212). A separate rate rider to dispose of the remaining balance of (\$112,899) was calculated in Tab “7. Rate Rider Calculations” of the DVA Continuity which is applied to Class B customers only. As stated above, since the rate rider rounds to zero in one or more rate classes, the entire balance of (\$116,212) was transferred to Account 1580 - Wholesale Market Service Charges. BHI excluded the consumption and demand for transition customers and Class A customers that were Class A for the entire period that the CBR Class B balance accumulated.

## 9.3.1 Disposition of Global Adjustment Variance

### 9.3.1.0 Class B and A Customers

BHI settles GA costs with Class A customers on the basis of actual GA prices and therefore has not allocated any of the GA variance balance to these customers for the period that they were designated Class A.

For non-RPP Class B customers, the  $RSVA_{GA}$  captures the difference between the amounts billed (or estimated to be billed) by the distributor and the actual amount paid by the distributor to the IESO for those customers. The manner in which the balance in the  $RSVA_{GA}$  is disposed of is dependent on whether a customer was a non-RPP Class B customer for the full year the  $RSVA_{GA}$  balance relates to or whether they transitioned between Class A and Class B during that year.

The customers who transitioned between Class A and Class B in 2019 are identified in Table 24 below.

**Table 24 – Class A/B Transition**

Description	2017	2018	2019
Class A to Class B	0	5	5
Class B to Class A	24	4	4
Class A since ICI inception	2	2	2
<b>Total Class A at July 1</b>	<b>26</b>	<b>25</b>	<b>24</b>

These transition customers are responsible for the GA variance balance which accrued during the period for which they were non-RPP Class B customers. BHI completed tabs “6. Class A Consumption Data”, “6.1a GA Allocation” and “6.1 GA” in the DVA Continuity to allocate the applicable portion of  $RSVA_{GA}$  to these customers, based on customer specific consumption levels. This amount represents \$55,476 of the total  $RSVA_{GA}$  balance which will be recovered from these transition customers in 12 equal monthly payments. The remaining balance of \$1,890,425 will be recovered from customers who were non-RPP Class B customers for all of 2019 through a separate rate rider as described above. Rate riders for the GA are calculated on a consumption basis (kWhs).

### 9.3.1.1 GA Analysis Workform

The GA Analysis Workform for 2019 is provided as Appendix A and is filed as a live Excel file: Attachment23\_GA\_Analysis\_Workform\_BHI\_20201030.

The GA Analysis Workform compares the principal activity in the general ledger for the RSVA<sub>GA</sub> to the expected principal balance based on monthly GA volumes, revenue and costs. The GA Analysis Workform provides a tool to assess if the principal activity in the RSVA<sub>GA</sub> in a specific year is reasonable.

The principal activity in the RSVA<sub>GA</sub> recorded in 2019 was \$1,859,698 excluding dispositions, as identified in Table 25 below. The principal activity, adjusted for known adjustments of (\$405,955) was \$1,453,743. This is compared to the expected principal balance in the RSVA<sub>GA</sub> of \$1,237,556 calculated in Tab “GA 2019” of the GA Analysis Workform, which results in an unreconciled difference of \$216,186. This represents 0.3% of BHI’s 2019 IESO purchases which is within the OEB’s threshold (+/- 1% of IESO purchases).

**Table 25 – GA Analysis Workform Summary**

Description	2019
<b>Principal Activity in RSVA<sub>GA</sub> excluding dispositions</b>	<b>\$1,859,698</b>
Add Known Adjustments	(\$405,955)
<b>Adjusted Principal Activity in RSVA<sub>GA</sub></b>	<b>\$1,453,743</b>
<b>Expected Principal Activity in RSVA<sub>GA</sub></b>	<b>\$1,237,556</b>
<b>Variance \$</b>	<b>\$216,186</b>
Total IESO Purchases	\$63,668,693
<b>Absolute Variance as a % of IESO Purchases</b>	<b>0.3%</b>

### 9.3.2 Commodity Accounts 1588 and 1589

On February 21, 2019, the OEB issued its letter entitled *Accounting Guidance related to Accounts 1588 Power, and 1589 RSVA Global Adjustment* as well as the related accounting guidance.<sup>28</sup> This accounting guidance was effective January 1, 2019 and was to be implemented by August 31, 2019. The OEB expects that all transactions recorded to these accounts during 2019 will have

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<sup>28</sup> *Accounting Procedures Handbook Update – Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589*, February 21, 2019.

1 been accounted for in accordance with this guidance. BHI confirms that it has fully implemented  
2 the OEB's February 21, 2019 guidance effective from January 1, 2019; specifically:

- 3
- 4 • RPP settlement true-up claims are conducted on a monthly basis;
  - 5 • The balances in  $RSVA_{POWER}$  and  $RSVA_{GA}$  that are requested for disposition in this  
6 Application reflect the RPP settlement amounts pertaining to the period that is being  
7 requested for disposition i.e. 2019.
  - 8 • BHI has no true-up claims for 2019 which have not already been reflected in the 2019  
9 audited financial statements.
- 10

11 BHI considered this accounting guidance in the context of pre-2019 historical balances that have  
12 yet to be disposed of on a final basis. In its 2020 IRM application BHI provided confirmation that  
13 these historical balances were considered and provided a summary of the review performed.<sup>29</sup>

14 BHI identified the following exceptions to the implementation of the guidance<sup>30</sup>:

- 15 • BHI does not record different rates for RPP and non-RPP cost of power
  - 16 • BHI does not re-estimate unbilled revenue at the end of each month; it does so at the  
17 end of the fiscal year. This approach has no impact to the RPP vs. Market Price Claim  
18 with the IESO (revenue for the purposes of calculating the RPP vs. Market Price Claim  
19 is based on the best estimate of actuals at the 2nd 4 true-up); nor does it have an  
20 impact to the balances in the DVA accounts since these are disposed at the end of the  
21 fiscal year. BHI updated unbilled revenue at year end.
- 22

23 As stated above, BHI is in the middle of a CIS conversion and plans to pursue implementing these  
24 changes in its new CIS.

25 BHI confirms that it is not seeking final disposition of its 2017/2018 commodity pass through  
26 accounts approved on an interim basis<sup>31</sup>; or of its 2019 commodity pass through accounts  
27 proposed for disposition in this Application.

---

<sup>29</sup> EB-2019-0023, p34

<sup>30</sup> Ibid, p30-31

<sup>31</sup> EB-2019-0023, Decision and Order, April 16, 2020, p13

1 Since BHI has implemented the OEB's February 21, 2019 guidance related to the accounting for  
2 commodity pass-through accounts 1588 and 1589 effective from January 1, 2019, it has not  
3 completed *Appendix A – GA Methodology Description* as part of this Application, in accordance  
4 with the Chapter 2 Filing Requirements.

5 **9.3.2.1 Certification of Evidence**

6 BHI provides CFO certification in Appendix B that it has robust processes and internal controls in  
7 place for the preparation, review, verification and oversight of the deferral and variance account  
8 balances being disposed of.

1    **9.4 ESTABLISHMENT OF NEW DEFERRAL AND VARIANCE**

2    **ACCOUNTS**

3    BHI is not proposing any new accounts or sub-accounts.

## **APPENDICES**



## **Appendix A – GA Analysis Workform**



# GA Analysis Workform

Version 1.9

## Account 1589 Global Adjustment (GA) Analysis Workform

Input cells

Drop down cells

Utility Name BURLINGTON HYDRO INC.

### Note 1

For Account 1589,

a) If the account was last approved on a final basis, select the year that the balance was last approved on a final basis.

b) If the account was last approved on an interim basis, and

i) there are no changes to the previously approved interim balances, select the year that the balances were last approved for disposition on an interim basis. OR

ii) there are changes to the previously approved interim balances, select the year that the balances were last approved for disposition on a final basis. An explanation should be provided to explain the reason for the change in the previously approved interim balances.

(e.g. If 2017 balances reviewed in the 2019 rate application were to be selected, select 2017)

#### Instructions:

1) Determine which scenario above applies (a, bi or bii). Select the appropriate year to generate the GA Analysis Workform tabs and the Principal Adjustments tab.

For example:

- Scenario a - If 2018 balances were last approved on a final basis - Select 2018 and a GA Analysis Workform for 2019 will be generated.
- Scenario bi - If 2018 balances were last approved on an interim basis and there are no changes to 2018 balances - Select 2018 and a GA Analysis Workform for 2019 will be generated.
- Scenario bii - If 2018 balances were last approved on an interim basis, there are changes to 2018 balances, and 2017 balances were last approved for disposition - Select 2017 and GA Analysis Workforms for 2018 and 2019 will be generated.

2) Complete the GA Analysis Workform for each year generated.

3) Complete the Principal Adjustments tab. Note that the number of years that require principal adjustment reconciliations are all shown in one Principal Adjustments tab, depending on the year selected on the Information Sheet.

See the separate document GA Analysis Workform Instructions for detailed instructions on how to complete the Workform and examples of reconciling items.

Year	Annual Net Change in Expected GA Balance from GA Analysis	Net Change in Principal Balance in the GL	Reconciling Items	Adjusted Net Change in Principal Balance in the GL	Unresolved Difference	\$ Consumption at Actual Rate Paid	Unresolved Difference as % of Expected GA Payments to IESO
2019	\$ 1,237,556	\$ 1,859,698	\$ (405,955)	\$ 1,453,743	\$ 216,186	\$ 63,668,693	0.3%
<b>Cumulative Balance</b>	<b>\$ 1,237,556</b>	<b>\$ 1,859,698</b>	<b>\$ (405,955)</b>	<b>\$ 1,453,743</b>	<b>\$ 216,186</b>	<b>\$ 63,668,693</b>	<b>N/A</b>



Ontario Energy Board

## GA Analysis Workform

Note 2 **Consumption Data Excluding for Loss Factor (Data to agree with RRR as applicable)**

Year		2019		
Total Metered excluding WMP	C = A+B	1,530,473,908	kWh	100%
RPP	A	778,072,601	kWh	50.8%
Non RPP	B = D+E	752,401,307	kWh	49.2%
Non-RPP Class A	D	193,111,332	kWh	12.6%
Non-RPP Class B*	E	559,289,975	kWh	36.5%

\*Non-RPP Class B consumption reported in this table is not expected to directly agree with the Non-RPP Class B Including Loss Adjusted Billed Consumption in the GA Analysis of Expected Balance table below. The difference should be equal to the loss factor.

Note 3 **GA Billing Rate**

GA is billed on the

1st Estimate

Please confirm that the same GA rate is used to bill all customer classes. If not, please provide further details

Yes

Please confirm that the GA Rate used for unbilled revenue is the same as the one used for billed revenue in any particular month

Yes

Note 4 **Analysis of Expected GA Amount**

Year	2019								
Calendar Month	Non-RPP Class B Including Loss Factor Billed Consumption (kWh)	Deduct Previous Month Unbilled Loss Adjusted Consumption (kWh)	Add Current Month Unbilled Loss Adjusted Consumption (kWh)	Non-RPP Class B Including Loss Adjusted Consumption, Adjusted for Unbilled (kWh)	GA Rate Billed (\$/kWh)	\$ Consumption at GA Rate Billed	GA Actual Rate Paid (\$/kWh)	\$ Consumption at Actual Rate Paid	Expected GA Variance (\$)
	F	G	H	I = F-G+H	J	K = I*J	L	M = I*L	=M-K
January	45,432,885	48,236,617	49,372,863	46,569,131	0.06741	\$ 3,139,225	0.08092	\$ 3,768,374	\$ 629,149
February	52,563,895	49,372,863	43,799,633	46,990,665	0.09657	\$ 4,537,889	0.08812	\$ 4,140,817	\$ (397,071)
March	46,325,390	43,799,633	47,625,506	50,151,263	0.08105	\$ 4,064,760	0.08041	\$ 4,032,663	\$ (32,097)
April	48,615,484	47,625,506	44,578,685	45,568,663	0.08129	\$ 3,704,277	0.12333	\$ 5,619,983	\$ 1,915,707
May	45,429,963	44,578,685	43,709,036	44,560,314	0.12860	\$ 5,730,456	0.12604	\$ 5,616,382	\$ (114,074)
June	45,283,153	43,709,036	44,377,146	45,951,263	0.12444	\$ 5,718,175	0.13728	\$ 6,308,189	\$ 590,014
July	46,510,593	44,377,146	51,565,112	53,698,559	0.13527	\$ 7,263,804	0.09645	\$ 5,179,226	\$ (2,084,578)
August	56,034,014	51,565,112	51,061,139	55,530,041	0.07211	\$ 4,004,271	0.12607	\$ 7,000,672	\$ 2,996,401
September	55,698,109	51,061,139	46,973,258	51,610,228	0.12934	\$ 6,675,267	0.12263	\$ 6,328,962	\$ (346,305)
October	47,652,220	46,973,258	45,579,393	46,258,355	0.17878	\$ 8,270,069	0.13680	\$ 6,328,143	\$ (1,941,926)
November	46,168,010	45,579,393	45,805,045	46,393,662	0.10727	\$ 4,976,648	0.09953	\$ 4,617,561	\$ (359,087)
December	44,191,052	45,805,045	52,335,151	50,721,158	0.08569	\$ 4,346,296	0.09321	\$ 4,727,719	\$ 381,423
Net Change in Expected GA Balance in the Year (i.e. Transactions in the Year)	579,904,768	562,683,433	566,781,967	584,003,302		\$ 62,431,137		\$ 63,668,693	\$ 1,237,556

Calculated Loss Factor 1.0442  
Most Recent Approved Loss Factor for Secondary Metered Customer < 5,000kW 1.0373  
Difference 0.0069

a) Please provide an explanation in the textbox below if columns G and H are not used in the table above.

b) Please provide an explanation in the textbox below if the difference in loss factor is greater than 1%

Note 5 **Reconciling Items**

	Item	Amount	Explanation	Principal Adjustment on DVA Continuity Schedule	Principal Adjustments
	<b>Net Change in Principal Balance in the GL (i.e. Transactions in the Year)</b>	<b>\$ 1,859,698</b>			<b>If "no", please provide an explanation</b>
1a	CT 148 True-up of GA Charges based on Actual Non-RPP Volumes - prior year				
1b	CT 148 True-up of GA Charges based on Actual Non-RPP Volumes - current year				
2a	Remove prior year end unbilled to actual revenue differences				
2b	Add current year end unbilled to actual revenue differences				
3a	Remove difference between prior year accrual/unbilled to actual from load transfers				
3b	Add difference between current year accrual/unbilled to actual from load transfers		Not required - accrued to actual at year-end		
3	Significant prior period billing adjustments recorded in current year	\$ (69,933)	Remove 2018 Billing Adjustments (decrease to revenue) made in 2019	No	Immaterial
4	Differences in actual system losses and billed TLFs	\$ (336,022)			
5	CT 2148 for prior period corrections				
6	Others as justified by distributor				
7					
8					
9					
10					

Note 6	<b>Adjusted Net Change in Principal Balance in the GL</b>	<b>\$ 1,453,743</b>
	<b>Net Change in Expected GA Balance in the Year Per Analysis</b>	<b>\$ 1,237,556</b>
	<b>Unresolved Difference</b>	<b>\$ 216,186</b>
	<b>Unresolved Difference as % of Expected GA Payments to IESO</b>	<b>0.3%</b>

# GA Analysis Workform - Account 1588 and 1589 Principal Adjustment Reconciliation

Note 7 **Breakdown of principal adjustments included in last approved balance:**

Account 1589 - RSVA Global Adjustment			
	Adjustment Description	Amount	To be reversed in current application?
1			
2			
3			
4			
5			
6			
7			
8			
Total		-	
Total principal adjustments included in last approved balance			
Difference		-	

Account 1588 - RSVA Power			
	Adjustment Description	Amount	To be Reversed in Current Application?
1			
2			
3			
4			
5			
6			
7			
8			
Total		-	
Total principal adjustments included in last approved balance			
Difference		-	

Note 8 **Principal adjustment reconciliation in current application**

**Notes**

- 1) The "Transaction" column in the DVA Continuity Schedule is to equal the transactions in the general ledger (excluding transactions relating to the removal of approved disposition amounts as that is shown in a separate column in the DVA Continuity Schedule)
- 2) Any principal adjustments needed to adjust the transactions in the general ledger to the amount that should be requested for disposition should be shown separately in the "Principal Adjustments" column of the DVA Continuity Schedule
- 3) The "Variance RRR vs. 2019 Balance" column should equal principal adjustments made in the current disposition period. It should not be impacted by reversals from prior year approved principal adjustments.

Complete the table below for the current disposition period. Complete a table for each year included in the balance under review in this rate application. The number of tables to be completed is automatically generated based on data provided in the Information Sheet

Year	Account 1589 - RSVA Global Adjustment		
	Adjustment Description	Amount	Year Recorded in GL
	<i>Reversals of prior approved principal adjustments (auto-populated from table above)</i>		
	1		
	2		
	3		
	4		
	5		
	6		
	7		
	8		
	Total Reversal Principal Adjustments	-	
	<i>Current year principal adjustments</i>		
	1 CT 148 true-up of GA Charges based on actual Non-RPP volumes		
	2 Unbilled to actual revenue differences		
	3		
	4		
	5		
	6		
	7		
	8		
	Total Current Year Principal Adjustments	-	
	Total Principal Adjustments to be Included on DVA Continuity Schedule	-	

Year	Account 1588 - RSVA Power		
	Adjustment Description	Amount	Year Recorded in GL
	<i>Reversals of prior approved principal adjustments (auto-populated from table above)</i>		
	1		
	2		
	3		
	4		
	5		
	6		
	7		
	8		
	Total Reversal Principal Adjustments	-	
	<i>Current year principal adjustments</i>		
	1 CT 148 true-up of GA Charges based on actual RPP volumes		
	2 CT 1142 true-up based on actuals		
	3 Unbilled to actual revenue differences		
	4		
	5		
	6		
	7		
	8		
	Total Current Year Principal Adjustments	-	
	Total Principal Adjustments to be Included on DVA Continuity Schedule	-	

## **Appendix B – Certification of Evidence**



## **CERTIFICATION OF THE EVIDENCE**

**EB-2020-0007**

### **Deferral and Variance Account Balances**

As Chief Financial Officer of Burlington Hydro Inc., I certify, that to the best of my knowledge, Burlington Hydro Inc. has robust processes and internal controls in place for the preparation, review, verification and oversight of the deferral and variance account balances being disposed, consistent with the certification requirements in Ontario Energy Board's *Chapter 1 Filing Requirements for Electricity Distribution Rate Applications - 2020 Edition for 2021 Rate Applications* as issued on May 14, 2020

DATED this 30<sup>th</sup> day of **October, 2020**.

A handwritten signature in black ink, appearing to read "M. Kysley", is written over a horizontal line.

Michael Kysley  
Executive Vice President and Chief Financial Officer  
Burlington Hydro Inc.

## **Appendix C – Accounting Order – Monthly Billing Transition Costs**



**Schedule C**

**To Decision and Rate Order**

**Accounting Order**

**OEB File No: EB-2016-0384**

**DATED: April 20, 2017**

## Accounting Order

### Account 1508 Other Regulatory Assets, Sub-account Monthly Billing Transition Costs for Residential Customers

Burlington Hydro shall establish Account 1508 Other Regulatory Assets, Sub-account Monthly Billing Transition Costs for Residential Customers. This sub-account shall have an effective date of December 23, 2016. The sub-account will be used to record the incremental costs, incremental savings and the impact to the Revenue Requirement associated with changes in working capital experienced upon the transition from bi-monthly billing to monthly billing for its residential customers. These items will be recorded in the sub-account until the date of Burlington Hydro's next cost based rate order. This account is eligible for carrying charges at the OEB prescribed rate.

Sample accounting entries are provided below.

- A. To record on a monthly basis the incremental period expenses incurred by transitioning to or providing monthly billing to residential customers

*DR 1508 Other Regulatory Assets, Sub-account Monthly Billing Transition  
XXX  
Costs for Residential Customers*

*CR XXXX Operations, Maintenance, Administration  
XXX*

Records the incremental OM&A expenses related to the transition to or provision of monthly billing for Residential customers. Account 1508 Other Regulatory Assets, Sub-account Monthly Billing Transition Costs for Residential Customers shall use appropriate sub-accounts to record the costs incurred (e.g. incremental billing costs, incremental Call Centre costs).

- B. To record on a monthly basis the incremental savings realized by transitioning to or providing monthly billing to residential customers

*DR XXXX Operations, Maintenance & Administration  
XXX*

*CR 1508 Other Regulatory Assets, Sub-account Monthly Billing Transition  
XXX  
Costs for Residential Customers*

Records the realized savings related to the transition to or provision of monthly billing for Residential customers. Account 1508 Other Regulatory Assets, Sub-account

Monthly Billing Transition Costs for Residential Customers shall use appropriate sub-accounts to record the realized savings (e.g. avoided Call Centre costs, reductions to bad debt expense attributable to monthly billing of Residential customers).

- C. To record on a monthly basis the Revenue Requirement impact of changes in working capital experienced upon the transition to or providing monthly billing to residential customers

*DR 4080 Distribution Revenues  
XXX*

*CR 1508 Other Regulatory Assets, Sub-account Monthly Billing Transition Costs  
XXX  
for Residential Customers*

Records the impact on the Revenue Requirement associated with changes in working capital experienced upon the transition to or providing monthly billing to residential customers. Account 1508 Other Regulatory Assets, Sub-account Monthly Billing Transition Costs for Residential Customers shall use an appropriate sub-account to record the impact of changes to working capital.

- D. To record on a monthly basis the carrying charges associated with Account 1508 Other Regulatory Assets, Sub-account Monthly Billing Transition Costs for Residential Customers

*DR 1508 Other Regulatory Assets, Sub-account Monthly Billing Transition  
XXX  
Costs for Residential Customers: Carrying Charges*

*CR 4405 Other Interest Income  
XXX*

To record the carrying charges on the monthly opening balance recorded in Account 1508 Sub-account Other Regulatory Assets, Sub-account Monthly Billing Transition Costs for Residential Customers at the applicable OEB-approved prescribed accounting interest rate.

All records shall be maintained at an appropriate level to permit OEB review and verification of amounts recorded therein.

## **Appendix D – Accounting Order – Lost Revenue from Collection of Account Charge**

**SCHEDULE A**  
**ACCOUNTING ORDER**  
**BURLINGTON HYDRO**  
**EB-2019-0179**  
**SEPTEMBER 19, 2019**

**Burlington Hydro Inc.**  
**Accounting Order**  
**Account 1508 Other Regulatory Assets,**  
**Sub-account Lost Revenue from**  
**Collection of Account Charge**

Burlington Hydro shall establish deferral account: Account 1508 Other Regulatory Assets, Sub-account Lost Revenue from Collection of Account Charge, effective July 1, 2019. This account will record the lost revenue associated with elimination of the Collection of Account charge until its next rebasing application.

The account will be disposed at Burlington Hydro's next rebasing application. The account will be discontinued after Burlington Hydro's next rebasing application.

Carrying charges at the OEB's prescribed interest rates will be applied to this sub-account.

Burlington Hydro will calculate the lost revenue recorded in the deferral account by multiplying the number of collection notices issued but not charged, by the Collection of Account charge of \$30 per notice. The number of collection notices will be equal to all notices issued from July 1, 2019 to the effective date of Burlington Hydro's next cost-based rate order.

This amount will be capped at an annual maximum of \$512,305, which is equal to Burlington Hydro's revenue offset for the Collection of Account charge approved in its 2014 Cost of Service application.

Sample journal entries to be recorded in the account are:

DR Account 1508 Other Regulatory Assets, Sub-account Lost Revenue from Collection of Account Charge - Principal

CR Account 4235 Miscellaneous Services Revenue

*To record the lost revenue associated with the elimination of the Collection of Account charge.*

DR Account 1508 Other Regulatory Assets, Sub-Account Lost Revenue from Collection of Account Charge – Carrying Charges

CR Account 4405 Interest Income

*To record carrying charges on the principal balance in the sub-account Lost Revenue from Collection of Account Charge.*