



# Exhibit 9

## Deferral & Variance Accounts

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## 1 **2.9.0 Status & Disposition of Deferral & Variance**

### 2 **Accounts**

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#### 3 **2.9.0.1 Overview**

4 The purpose of this exhibit is to identify the variance/deferral accounts that have been used,  
5 provide the principal balance recorded in each variance/deferral account and derive the carrying  
6 charges on each account's balance up to and including December 31, 2023. The exhibit also  
7 confirms the methodology proposed to allocate account balances to customer classes and  
8 describes the proposed disposition period.

## 2.9.0.2 Summary Table of Active Deferral Accounts with Balances

**Table 9.1: List of Deferral Accounts with Balances**

Account Description	USoA	Closing Principal Balance as of Dec 31, 2022	Closing Interest Balance as of Dec 31, 2022	OEB- Approved Disposition during 2023	Closing Balance as of Dec 31, 2022 adjusted for 2023 OEB approved dispositions	Projected Interest for 2023 on 2022 balance adjusted for dispositions during 2023	Total Claim Proposed for Disposition	Account to be continued / discontinued
Smart Metering Entity Charge Variance Account	1551	(33,439.11)	(409.14)	6,225.14	(27,623.11)	(1,343.52)	(28,966.63)	Continue
RSVA - Wholesale Market Service Charge	1580	572,644.51	9,209.83	(147,337.96)	434,516.38	21,032.89	455,549.27	Continue
Variance WMS – Sub-account CBR Class B	1580	(43,669.55)	(950.72)	24,020.19	(20,600.08)	(988.21)	(21,588.29)	Continue
RSVA - Retail Transmission Network Charge	1584	455,487.28	6,810.33	(150,315.41)	311,982.20	15,127.60	327,109.80	Continue
RSVA - Retail Transmission Connection Charge	1586	(29,481.65)	(1,250.19)	66,449.55	35,717.71	1,749.47	37,467.18	Continue
RSVA - Power	1588	40,665.76	744.10	(19,843.54)	21,566.32	1,048.10	22,614.42	Continue
RSVA - Global Adjustment	1589	34,564.59	268.35	(4,679.08)	30,153.86	1,459.67	31,613.53	Continue
Disposition and Recovery/Refund of Regulatory Balances (2018)	1595	41,897.30	15,353.94	(57,076.33)	174.91	-	-	Discontinue
Disposition and Recovery/Refund of Regulatory Balances (2019)	1595	-	12,720.38	-	12,720.38	-	-	Continue
Disposition and Recovery/Refund of Regulatory Balances (2020)	1595	36,043.87	16,566.61	-	52,610.48	1,772.46	-	Continue
Disposition and Recovery/Refund of Regulatory Balances (2021)	1595	8,839.72	-	-	8,839.72	434.69	-	Continue
Disposition and Recovery/Refund of Regulatory Balances (2022)	1595	(25,559.40)	(10,392.36)	-	(35,951.76)	(1,256.88)	-	Continue
<b>Total of Group 1 Accounts (including 1589)</b>		<b>1,057,993.32</b>	<b>48,671.13</b>	<b>(282,557.44)</b>	<b>824,107.01</b>	<b>39,036.26</b>	<b>823,799.28</b>	
OEB Cost Assessment	1508	14,771.00	824.68	-	15,595.68	726.36	16,322.04	Continue
Other Regulatory Assets - Sub-Account - Pole Attachments	1508	5,649.81	(1,207.61)	-	4,442.20	277.83	4,720.03	Continue
Other Regulatory Assets - Sub-Account - Large Use	1508	110,020.75	866.72	14,028.97	124,916.44	6,083.58	131,000.02	Continue
Other Regulatory Assets - Sub-Account - Customer Choice	1508	17,421.65	379.76	-	17,801.41	856.71	18,658.12	Continue
Other Regulatory Assets - Sub-Account - Green Button	1508	327.64	5.98	-	333.62	16.11	349.73	Continue
Retail Cost Variance Account - Retail	1518	8,590.14	607.76	-	9,197.90	422.42	9,620.32	Discontinue
Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential	1522	(146,600.42)	-	-	(146,600.42)	-	-	Continue
Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Contra Account	1522	146,600.42	-	-	146,600.42	-	-	Continue
Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	1522	-	(8,949.73)	-	(8,949.73)	-	(8,949.73)	Continue
Retail Cost Variance Account - STR	1548	9,595.87	682.71	-	10,278.58	471.88	10,750.46	Discontinue
<b>Group 2 Sub-Total</b>		<b>166,376.86</b>	<b>(6,789.73)</b>	<b>14,028.97</b>	<b>173,616.10</b>	<b>8,854.89</b>	<b>182,470.99</b>	
LRAM Variance Account	1568	8,454.00	180.00	(8,634.00)	-	-	-	Continue
Accounting Changes Under CGAAP Balance + Return Component	1576	145,840.36	-	-	145,840.36	-	145,840.36	Discontinue
<b>Total</b>		<b>1,378,664.54</b>	<b>42,061.40</b>	<b>(277,162.47)</b>	<b>1,143,563.47</b>	<b>47,891.16</b>	<b>1,152,110.63</b>	

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**2.9.0.3 Accounts not Proposed for Disposition**

**Table 9.2: Accounts not Proposed for Disposition**

Account Description	USoA	Closing Balance as of Dec 31, 2022 adjusted for 2023 OEB approved dispositions	Explanation
Disposition and Recovery/Refund of Regulatory Balances (2018)	1595	174.91	Balance was approved for disposition in 2023, amount is due to difference in interest charges and will be written off
Disposition and Recovery/Refund of Regulatory Balances (2019)	1595	12,720.38	Two year rate rider ended April 30, 2021 - eligible for disposition in 2025.
Disposition and Recovery/Refund of Regulatory Balances (2020)	1595	52,610.48	Rate rider ended April 30, 2021 - eligible for disposition in 2025.
Disposition and Recovery/Refund of Regulatory Balances (2021)	1595	8,839.72	Rate rider ended April 30, 2022 - eligible for disposition in 2026.
Disposition and Recovery/Refund of Regulatory Balances (2022)	1595	(35,951.76)	Rate rider ended December 31, 2022 - eligible for disposition in 2026.
Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential	1522	(146,600.42)	Only interest charges are eligible for disposition.
Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Contra Account	1522	146,600.42	Only interest charges are eligible for disposition.

**2.9.0.4 Group 2 Account Proposed to be Discontinued**

NOTL Hydro is proposing that the following Group 2 accounts be discontinued.

Account 1518 – Retail Cost Variance Account – Retail. NOTL Hydro agreed to discontinue use of this account effective May 1, 2019 in its 2019 Cost of Service Settlement agreement (EB-2018-0056) in accordance with the expected outcome from the OEB’s report on energy retail service charges.

Account 1548 – Retail Cost Variance Account – STR. NOTL Hydro agreed to discontinue use of this account effective May 1, 2019 in its 2019 Cost of Service Settlement agreement (EB-2018-0056) in accordance with the expected outcome from the OEB’s report on energy retail service charges.

Account 1576 – Account Changes Under CGAAP Balance + Return Component. The rate rider for this account expired April 30, 2019 and there will be no further transactions in this account once the balance is disposed.

1 **2.9.0.5 Compliance with the Accounting Procedures Handbook (APH)**

2 NOTL Hydro is in compliance with the OEB's Uniform System of Accounts for electricity  
3 distributors. All accounts are used in accordance with the Accounting Procedures Handbook

4 **2.9.0.6 DVA Continuity Schedule**

5 The DVA continuity schedule has been filed separately in excel format. Note that NOTL Hydro  
6 utilized the 2023 version as it was the most recent version available at the time of this filing.

7 **2.9.0.7 Reconciliation with RRR Reporting**

8 Table 9.3 contains a reconciliation of Group 1 and Group 2 account values with the corresponding  
9 RRR DVA balances as of December 31, 2022. NOTL Hydro confirms that the account balances  
10 in Table 9.3 reconcile with the trial balance reported through the Electricity Reporting and Record-  
11 keeping Requirements and NOTL Hydro's Audited Financial Statements for all accounts except  
12 for Account 1508 – Sub-account Pole Attachment Revenue, Account 1522 – Pension & OPEB  
13 Forecast Accrual versus Actual Cash Payment Differential Carrying Charges Account and  
14 Account 1576 – Accounting Changes Under CGAAP Balance + Return Component.

15  
16 The variance in Account 1508 – Sub-account Pole Attachment Revenue is the result of a  
17 calculation error when determining retroactive billing of Bell attachments for January and February  
18 2022 after the number of pole attachments was revised. The error resulted in an additional  
19 principal debit of \$1,333 in account 1508 plus interest of \$32 for total variance of \$1,365. This  
20 will be corrected in 2023.

21  
22 The variance in Account 1522 – Pension & OPEB Forecast Accrual versus Actual Cash Payment  
23 Differential Carrying Charges Account was due to not including the 2018 ending balance in the  
24 interest calculations for 2019 and 2020. The impact of this was a credit of \$60 in 2019 and a  
25 credit of \$11 in 2020 for a total variance of \$71. This will be corrected in 2023.

26  
27 The variance in Account 1576 – Accounting Changes Under CGAAP Balance + Return  
28 Component is the result of a principal adjustment by NOTLH Hydro to recover the portion of the  
29 over-refunded rate rider that was included in the return component as described in section  
30 2.9.1.0.3 below.

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**Table 9.3: December 31, 2022 Group 1 & 2 Audited/RRR Balances – DVAs**

Account Description	USoA	Closing Balance as of Dec 31, 2022	RRR 2.1.7 as of Dec 31, 2022	Variance
Smart Metering Entity Charge Variance Account	1551	(33,848.25)	(33,848.25)	-
RSVA - Wholesale Market Service Charge	1580	581,854.34	581,854.34	-
Variance WMS – Sub-account CBR Class B	1580	(44,620.27)	(44,620.27)	-
RSVA - Retail Transmission Network Charge	1584	462,297.61	462,297.61	-
RSVA - Retail Transmission Connection Charge	1586	(30,731.84)	(30,731.84)	-
RSVA - Power	1588	41,409.86	41,409.86	-
RSVA - Global Adjustment	1589	34,832.94	34,832.94	-
Disposition and Recovery/Refund of Regulatory Balances (2018)	1595	57,251.24	57,251.24	-
Disposition and Recovery/Refund of Regulatory Balances (2019)	1595	12,720.38	12,720.38	-
Disposition and Recovery/Refund of Regulatory Balances (2020)	1595	52,610.48	52,610.48	-
Disposition and Recovery/Refund of Regulatory Balances (2021)	1595	8,839.72	8,839.72	-
Disposition and Recovery/Refund of Regulatory Balances (2022)	1595	(35,951.76)	(35,951.76)	-
<b>Total of Group 1 Accounts (including 1589)</b>		<b>1,106,664.45</b>	<b>1,106,664.45</b>	<b>-</b>
OEB Cost Assessment	1508	15,595.68	15,595.68	-
Other Regulatory Assets - Sub-Account - Pole Attachments	1508	4,442.20	5,807.71	1,365.51
Other Regulatory Assets - Sub-Account - Large Use	1508	110,887.47	110,887.47	-
Other Regulatory Assets - Sub-Account - Customer Choice	1508	17,801.41	17,801.41	-
Other Regulatory Assets - Sub-Account - Green Button	1508	333.62	333.62	-
<b>Account 1508 Sub-Total</b>	<b>1508</b>	<b>149,060.38</b>	<b>150,425.89</b>	<b>1,365.51</b>
Retail Cost Variance Account - Retail	1518	9,197.90	9,197.90	-
Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential	1522	(146,600.42)		
Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Contra Account	1522	146,600.42		
Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	1522	(8,949.73)		
<b>Account 1522 Sub-Total</b>	<b>1522</b>	<b>(8,949.73)</b>	<b>(8,879.41)</b>	<b>70.32</b>
Retail Cost Variance Account - STR	1548	10,278.58	10,278.58	-
<b>Group 2 Sub-Total</b>		<b>159,587.13</b>	<b>161,022.96</b>	<b>1,435.83</b>
LRAM Variance Account	1568	8,634.00	8,634.00	-
Accounting Changes Under CGAAP Balance + Return Component	1576	145,840.36	116,220.15	(29,620.21)
<b>Total</b>		<b>1,420,725.94</b>	<b>1,392,541.56</b>	<b>(28,184.38)</b>

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1 **2.9.0.8 DVA Balances Previously Approved by the OEB**

2 NOTL Hydro has not made any adjustments to DVA balances that were previously approved by  
 3 the Board on a final basis in any Cost of Service and/or IRM proceedings.

4

5 **2.9.0.9 Carrying Charges**

6 NOTL Hydro confirms that it uses the interest rates established by the OEB. The following rates  
 7 have been used:

8

**Table 9.4: OEB Prescribed Interest Rates**

Quarter by Year	Approved Deferral and Variance Accounts - Prescribed Interest Rate	CWIP Account - Prescribed Interest Rate
2018 - Q1	1.50%	2.99%
2018 - Q2	1.89%	3.35%
2018 - Q3	1.89%	3.35%
2018 - Q4	2.17%	3.35%
2019 - Q1	2.45%	3.82%
2019 - Q2	2.18%	3.39%
2019 - Q3	2.18%	2.88%
2019 - Q4	2.18%	2.88%
2020 - Q1	2.18%	2.88%
2020 - Q2	2.18%	2.48%
2020 - Q3	0.57%	2.48%
2020 - Q4	0.57%	2.03%
2021 - Q1	0.57%	2.03%
2021 - Q2	0.57%	2.29%
2021 - Q3	0.57%	2.29%
2021 - Q4	0.57%	2.29%
2022 - Q1	0.57%	2.72%
2022 - Q2	1.02%	3.31%
2022 - Q3	2.20%	4.66%
2022 - Q4	3.87%	5.01%
2023 - Q1	4.73%	5.01%
2023 - Q2	4.98%	5.01%
2023 - Q3*	4.98%	
2023 - Q4*	4.98%	
* forecast based on 2023 Q2 prescribed rate.		

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## 1 **2.9.1 Disposition of Deferral and Variance Accounts**

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### 2 **2.9.1.0.1 DVA Allocators**

3 NOTL Hydro is proposing to dispose of Deferral and Variance Account (“DVA”) balances over a  
4 period of one year. The rate rider calculations are calculated in the OEB’s DVA Continuity  
5 Schedule model.

6  
7 NOTL Hydro is requesting to amend the accounting order for the Large Use Customer Variance  
8 Revenue Account (EB-2022-0158) such that the allocation across customers within each  
9 customer class is consistent with the treatment of other Group 2 Accounts. Specifically, that the  
10 rate riders for the Residential Service Class be a fixed rate, General Service less than 50kW  
11 Service Class and Unmetered Scattered Load Service Class be based on kWh and General  
12 Service 50 to 4,999 kW Service Class, Large Use Service Class and Street Lighting Service Class  
13 be based on kW. NOTL Hydro has used this approach in this application and has not proposed  
14 a billing determinant that is different than the OEB standards for any other accounts. The  
15 amended draft accounting order is included as Appendix 9A.

### 16 17 **2.9.1.0.2 Rate Riders and Disposition Period**

18 NOTL Hydro is proposing a disposition period of one year.

### 19 **2.9.1.0.3 Determination of Group 2 Balances**

#### 20 **1508 – Other Regulatory Assets, Sub-account Pole Attachment Revenue Variance**

21 This account is used to track the difference between the pole attachment revenue calculated using  
22 the prevailing charge approved by the OEB and the charge incorporated into the distributors rate  
23 base. Table 9.5 below shows the breakdown of those variances.

**Table 9.5: Pole Attachment Revenue Variance**

	Annual Charge Approved in Rates	Annual Charge Invoice Amount	Difference	Months	# Pole Attachemnts	Variance Account
Sept - Dec 2018	\$22.35	\$28.09	(\$5.74)	4	3,281	(\$6,278)
Jan - Apr 2019	\$22.35	\$43.63	(\$21.28)	4	3,248	(\$23,039)
May - Dec 2019	\$43.63	\$43.63	\$0.00	8	3,248	\$0
Jan - Apr 2020	\$43.63	\$43.63	\$0.00	4	3,248	\$0
May - Dec 2020	\$44.50	\$44.50	\$0.00	8	3,247	\$0
Jan - Apr 2021	\$44.50	\$44.50	\$0.00	4	3,296	\$0
May - Dec 2021	\$44.50	\$44.50	\$0.00	8	3,376	\$0
Jan - Dec 2022	\$44.50	\$34.76	\$9.74	12	3,590	\$34,967
<b>Total principal as of December 31, 2022</b>						<b>\$ 5,650</b>
<b>Total interest through December 31, 2023</b>						<b>\$ (930)</b>
<b>Total requested for disposition</b>						<b>\$ 4,720</b>

**1508 – Other Regulatory Assets, Customer Choice Initiative Costs**

This account is used to record incremental costs directly attributable to the customer choice initiative. Carrying charges apply at the OEB’s prescribed rates. Most costs related to enhancements to our billing system to allow automatic switching of rate type. NOTL Hydro also incurs annual support cost on those enhancements. Table 9.6 below shows the breakdown of those costs.

**Table 9.6: Customer Choice Initiative Costs**

Year	Description	Amount
2020	Billing system enhancements to support customer choice	\$ 6,500
2020	Bill inserts	776
2021	Annual support through October 2021	3,250
2021	Annual support through October 2022	3,348
2022	Annual support through October 2023	3,548
<b>Total principal as of December 31, 2022</b>		<b>\$ 17,422</b>
<b>Total interest through December 31, 2023</b>		<b>\$ 1,236</b>
<b>Total requested for disposition</b>		<b>\$ 18,658</b>

**1508 – Other Regulatory Assets, OEB Cost Assessment**

This account is used to record any material differences between OEB cost assessments currently built into rates, and cost assessments that resulted from the application of the new cost assessment model effective April 1, 2016. Table 9.7 below shows the breakdown of the amounts booked to this account.

1

**Table 9.7: OEB Assessment Costs**

	Invoice Amount	Approved in OEB Rates	Variance Account
Q1 - 2018	\$ 9,757	\$ 7,575	\$ 2,182
Q2 - 2018	9,960	7,575	2,385
Q3 - 2018	9,140	7,575	1,565
Q4 - 2018	9,140	7,575	1,565
Q1 - 2019	9,139	7,575	1,564
Q2 - 2019	9,960	7,575	2,385
Q3 - 2019	10,033	9,960	73
Q4 - 2019	10,033	9,960	73
Q1 - 2020	10,032	9,960	72
Q2 - 2020	9,936	9,960	-
Q3 - 2020	9,822	9,960	-
Q4 - 2020	9,823	9,960	-
Q1 - 2021	9,822	9,960	-
Q2 - 2021	9,459	9,960	-
Q3 - 2021	9,503	9,960	-
Q4 - 2021	9,524	9,960	-
Q1 - 2022	9,524	9,960	-
Q2 - 2022	11,195	9,960	1,235
Q3 - 2022	10,817	9,960	857
Q4 - 2022	10,775	9,960	815
<b>Total principal as of December 31, 2022</b>			<b>\$ 14,771</b>
<b>Total interest through December 31, 2023</b>			<b>\$ 1,551</b>
<b>Total requested for disposition</b>			<b>\$ 16,322</b>

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4 **1508 – Other Regulatory Assets, Large Use Variance Account**

5 NOTL Hydro was approved for a 1508 Sub-account – Specific Customer Variance in its 2019  
 6 Cost if Service (EB-2018-0056). Due to uncertainty around the actual demand for this customer  
 7 at the time, NOTL Hydro proposed and was approved for the use of a variance account to track  
 8 variances in distribution revenue compared to the 5,000 KW demand estimated in the application.  
 9 Consistent with the draft accounting order, following the audit of each year’s accounts, the amount  
 10 is to be recovered/returned to customers. NOTL Hydro subsequently filed an application and was  
 11 approved to amend the Specific Customer Variance Account into a generic variance account  
 12 applicable to all future Large Use customers (EB-2022-0158).

13

14 On a monthly basis the aggregate demand revenue from all Large Use Customers is reviewed  
 15 and any variance from an aggregate demand of 5,000 kW results in a journal entry in the account.  
 16 The amount recorded will be the difference between actual revenue collected from the Customers  
 17 and the amount of revenue associated with monthly billing demand of 5,000 kW, based on the  
 18 approved fixed and variable rates in effect during that period.

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**Table 9.8: Disposition of Large Use Variance Account**

	Principal	Interest	Total
Opening Balance 2022	(\$64,080)	(\$590)	(\$64,669)
OEB Approved Dispositions 2022	\$50,388	\$458	\$50,845
Transactions during 2022	\$123,713	\$999	\$124,711
OEB Approved Dispositions 2023	\$13,692	\$337	\$14,029
Projected Interest to Dec 31, 2023	\$0	\$6,084	\$6,084
<b>Total requested for disposition</b>	<b>\$123,713</b>	<b>\$7,287</b>	<b>\$131,000</b>

**Table 9.9: Calculation of Large Use Variance 2022**

	Customers	Actual Fixed Distribution Revenue	Actual Demand (kW)	Actual Variable Distribution Revenue	Actual Distribution Revenue	Distribution Revenue at 5,000 kW	Variance Account 1508
January	1	\$4,017	6,317	\$11,895	\$15,912	\$13,432	(\$2,480)
February	1	\$3,628	336	\$633	\$4,261	\$13,043	\$8,783
March	1	\$4,017	784	\$1,476	\$5,493	\$13,432	\$7,939
April	1	\$3,887	383	\$721	\$4,608	\$13,303	\$8,694
May	1	\$4,017	323	\$631	\$4,648	\$13,799	\$9,151
June	1	\$3,887	383	\$749	\$4,636	\$13,669	\$9,033
July	0	\$0	0	\$0	\$0	\$13,799	\$13,799
August	0	\$0	0	\$0	\$0	\$13,799	\$13,799
September	0	\$0	0	\$0	\$0	\$13,699	\$13,699
October	0	\$0	0	\$0	\$0	\$13,799	\$13,799
November	0	\$0	0	\$0	\$0	\$13,699	\$13,699
December	0	\$0	0	\$0	\$0	\$13,799	\$13,799
							<b>\$123,713</b>

**1518 RCVA Retail**

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

- i) Revenues derived, including accruals, from the following services:
  - a. Establishing Service Agreements;
  - b. Distributor-Consolidated Billing; and
  - c. Retailer-Consolidated Billing.

AND

- ii) the costs of entering into Service Agreements, and related contract administration, monitoring, and other expenses necessary to maintain the contract, as well as the incremental costs incurred to provide the services in (b) and (c) above, as

1 applicable, and the avoided costs credit arising from Retailer-Consolidated Billing,  
2 including accruals.

3  
4 With respect to Account 1548, APH Article 220 states:

5  
6 **1548 RCVASTR**

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

- 8  
9 i) Revenues derived, including accruals, from the Service Transaction Request  
10 services and charged by the distributor, as prescribed, in the form of  
11 a. Request fee;  
12 b. Processing fee;  
13 c. Information Request fee;  
14 d. Default fee; and  
15 e. Other Associated Costs fee;

16 AND

- 17  
18 ii) The incremental cost of labour, internal information system maintenance costs,  
19 and delivery costs related to the provision of the services associated with the  
20 above items.

21  
22 NOTL Hydro is requesting disposition of the debit balances of \$9,620 in account 1518 and  
23 \$10,750 in account 1548. These variances are incremental costs of providing retail services.

**Table 9.10: Income/Expense of Providing Retail Services 1518**

Year	Revenue - 4082	Expenses 5305/5315	Variance Account 1518
2013	\$5,696	\$7,756	\$2,060
2014	6,933	5,574	(1,359)
2015	7,288	9,973	2,685
2016	6,962	11,781	4,819
2017	7,100	13,659	6,559
2018	6,171	11,690	5,519
2019	1,519	4,590	3,071
<b>Sub-total</b>	<b>41,669</b>	<b>65,023</b>	<b>23,354</b>
2019 OEB Approved Principal Disposition			(14,764)
Interest			1,749
2019 OEB Approved Interest Disposition			(719)
<b>Total</b>			<b>\$9,620</b>

All of NOTL Hydro’s expenses for retail services are labour expenses and are recorded in sub-accounts of USoA accounts 5305 and 5315. In 2015, the performance of both the service and transaction activities were given to one person where previously they had been split. As a result, all the time was booked to one account which was 1518.

**Table 9.11: Income/Expense of Providing Retail Transactions 1548**

Year	Revenue 4084	HUB Expense 5315	Labour Expense 5315	EFT Expense 5315/5320	Total Expenses	Variance Account 1548
2013	\$41	\$9,830	\$10,707	\$221	\$20,758	\$20,717
2014	175	8,058	9,402	147	17,607	17,432
2015	81	9,454	2,603	100	12,157	12,076
2016	49	6,465	-	142	6,607	6,558
2017	39	5,818	-	120	5,938	5,899
2018	31	7,248	-	150	7,399	7,368
2019	17	2,192	-	52	2,244	2,228
<b>Sub-total</b>	<b>433</b>	<b>49,065</b>	<b>22,712</b>	<b>932</b>	<b>72,709</b>	<b>72,277</b>
2019 OEB Approved Principal Disposition						(62,683)
Interest						5,342
2019 OEB Approved Interest Disposition						(4,187)
<b>Total</b>						<b>10,750</b>

The HUB expense is the retail transaction services provided by ERT as NOTL Hydro’s retail transaction service provider and is recorded in a sub-account of USoA account 5315. EFT are the bank charges incurred by NOTL Hydro and is recorded in a sub-account of USoA account 5315. Labour expense is the internal resources allocated to retail transaction processing and is recorded in a sub-account of USoA accounts 5315 and 5320. As noted above, with the

1 combination of the duties related to retail services and transactions with one staff person, all the  
 2 time since mid-2015 has been booked solely to the 1518 account.

3  
 4 **1522 – Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential**  
 5 This account tracks the differences between the forecast accrual amounts recovered in rates and  
 6 the actual cash payments made for both pension and OPEBs in one account. Interest on the  
 7 account is calculated using the OEB-prescribed Construction Work in Progress (“CWIP”) rate.

**Table 9.12: Calculation of Pension & OPEB Forecast Accrual versus Actual Cash Payment  
 Differential**

2018	Open	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Accrual in Rates - 2014 Cost of Service		\$2,041	\$2,041	\$2,041	\$2,041	\$2,041	\$2,041	\$2,041	\$2,041	\$2,041	\$2,041	\$2,041	\$2,041	\$24,494
Cash Expenses - Actual		\$1,072	\$3,158	\$1,272	\$1,390	\$1,631	\$3,660	\$1,261	\$1,188	\$2,108	\$2,358	\$1,513	\$897	\$21,508
Monthly Difference	\$0	\$969	(\$1,117)	\$769	\$651	\$410	(\$1,619)	\$780	\$854	(\$67)	(\$316)	\$528	\$1,144	\$2,986
Ending Balance		\$969	(\$148)	\$622	\$1,273	\$1,683	\$64	\$844	\$1,698	\$1,631	\$1,314	\$1,842	\$2,986	
OEB Prescribed CWIP Rate		2.99%	2.99%	2.99%	3.35%	3.35%	3.35%	3.35%	3.35%	3.35%	3.35%	3.35%	3.35%	
Interest (on previous month ending balance)			\$2	(\$0)	\$2	\$4	\$5	\$0	\$2	\$5	\$5	\$4	\$5	\$33
<b>2019</b>	<b>Open</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Total</b>
Accrual in Rates - 2014 Cost of Service		\$2,041	\$2,041	\$2,041	\$2,041		\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$24,494
Accrual in Rates - 2019 Cost of Service							\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$34,530.04
Cash Expenses - Actual		993.06	914.98	1,089.43	1,410.42	703.92	901.55	919.21	703.01	680.63	895.92	534.50	1,445.80	\$11,192
Monthly Difference	\$2,986	\$1,048	\$1,126	\$952	\$631	\$3,751	\$3,553	\$3,535	\$3,751	\$3,774	\$3,559	\$3,920	\$3,009	\$32,608
Ending Balance	\$2,986	\$4,034	\$5,160	\$6,112	\$6,743	\$10,493	\$14,046	\$17,581	\$21,333	\$25,107	\$28,665	\$32,585	\$35,594	
OEB Prescribed CWIP Rate		3.82%	3.82%	3.82%	3.39%	3.39%	3.39%	2.88%	2.88%	2.88%	2.88%	2.88%	2.88%	
Interest (on previous month ending balance)		\$10	\$13	\$16	\$17	\$19	\$30	\$34	\$42	\$51	\$60	\$69	\$78	\$439
<b>2020</b>	<b>Open</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Total</b>
Accrual in Rates - 2019 Cost of Service		\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$34,530.04
Cash Expenses - Actual		1,030.51	1,082.71	(965.84)	766.81	915.48	757.52	2,038.17	1,617.44	2,224.42	2,907.31	957.18	850.96	\$14,183
Monthly Difference	\$35,594	\$3,424	\$3,372	\$5,420	\$3,688	\$3,539	\$3,697	\$2,416	\$2,837	\$2,230	\$1,547	\$3,497	\$3,603	\$39,270
Ending Balance	\$35,594	\$39,018	\$42,389	\$47,810	\$51,497	\$55,036	\$58,733	\$61,149	\$63,986	\$66,216	\$67,763	\$71,261	\$74,864	
OEB Prescribed CWIP Rate		2.88%	2.88%	2.88%	2.48%	2.48%	2.48%	2.03%	2.03%	2.03%	2.03%	2.03%	2.03%	
Interest (on previous month ending balance)		\$85	\$94	\$102	\$99	\$106	\$114	\$99	\$103	\$108	\$112	\$115	\$121	\$1,258
<b>2021</b>	<b>Open</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Total</b>
Accrual in Rates - 2019 Cost of Service		\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$34,530.04
Cash Expenses - Actual		1,247.50	640.51	780.81	(454.02)	2,865.40	1,302.90	1,899.96	686.68	672.96	2,132.06	2,143.76	1,944.89	\$15,863
Monthly Difference	\$74,864	\$3,207	\$3,814	\$3,674	\$4,908	\$1,589	\$3,152	\$2,554	\$3,768	\$3,781	\$2,322	\$2,311	\$2,510	\$37,590
Ending Balance	\$74,864	\$78,071	\$81,885	\$85,559	\$90,467	\$92,056	\$95,208	\$97,762	\$101,530	\$105,311	\$107,634	\$109,944	\$112,454	
OEB Prescribed CWIP Rate		2.03%	2.03%	2.03%	2.29%	2.29%	2.29%	2.29%	2.29%	2.29%	2.29%	2.29%	2.29%	
Interest (on previous month ending balance)		\$127	\$132	\$139	\$163	\$173	\$176	\$182	\$187	\$194	\$201	\$205	\$210	\$2,087
<b>2022</b>	<b>Open</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Total</b>
Accrual in Rates - 2019 Cost of Service		\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$4,454	\$34,530.04
Cash Expenses - Actual		767.77	785.39	3,878.64	2,327.70	850.28	604.47	1,496.10	1,162.63	1,891.24	1,186.21	2,060.69	2,295.23	\$19,306
Monthly Difference	\$112,454	\$3,687	\$3,669	\$576	\$2,127	\$3,604	\$3,850	\$2,958	\$3,292	\$2,563	\$3,268	\$2,394	\$2,159	\$34,147
Ending Balance	\$112,454	\$116,140	\$119,809	\$120,385	\$122,512	\$126,116	\$129,966	\$132,924	\$136,216	\$138,779	\$142,047	\$144,441	\$146,600	
OEB Prescribed CWIP Rate		2.72%	2.72%	2.72%	3.31%	3.31%	3.31%	4.66%	4.66%	4.66%	5.01%	5.01%	5.01%	
Interest (on previous month ending balance)		\$255	\$263	\$272	\$332	\$338	\$348	\$505	\$516	\$529	\$579	\$593	\$603	\$5,133

**1576 – Accounting Changes Under CGAAP Balance + Return Component**

This account was used to record the financial differences arising as a result of accounting changes to depreciation expense and capitalization policies permitted by the Board under CGAAP in 2012 or as mandated by the Board in 2013. NOTL Hydro made these changes in 2013.

In its 2014 Cost of Service (EB-2013-0155), NOTL Hydro was approved for an account 1576 closing balance for 2013 of \$671,921 and a return component of \$221,940 for a total of \$893,861 which was used to determine the appropriate rate riders.

In its 2016 IRM application (EB-2015-0091) NOTL Hydro applied and was approved for a Supplemental Rate Rider for account 1576 adding a supplemental balance of \$202,238 to this account. This balance was incurred as its 2013 rates remained in effect, and continued to recover the higher depreciation expense, for the four-month period from January 1 until May 1, 2014. Both rate riders ended April 30, 2019.

**Table 9.13: OEB Approved 1576 Balances and Return Portions**

Application	Account 1576	Return on Rate Base Associated with Account 1576 at WACC	Total Amount for Rate Riders
2014 Cost of Service	(\$671,921)	(\$221,940)	(\$893,861)
2016 IRM	(\$242,879)	\$40,641	(\$202,238)
<b>Total</b>	<b>(\$914,800)</b>	<b>(\$181,299)</b>	<b>(\$1,096,099)</b>

**Table 9.14: Total Refunded through Rate Riders**

Year	Account 1576	Return on Rate Base Associated with Account 1576 at WACC	Total Refunded
2014	\$96,075	31,734.37	\$127,810
2015	\$145,981	48,238.69	\$194,220
2016	\$200,950	44,965.35	\$245,915
2017	\$239,782	33,484.89	\$273,267
2018	\$258,239	37,887.85	\$296,127
2019	\$89,993	14,608.06	\$104,601
<b>Total</b>	<b>\$1,031,020</b>	<b>\$210,919</b>	<b>\$1,241,939</b>



**Table 9.15: Difference between OEB Approved Balance and Refunded**

	<b>Account 1576</b>	<b>Return on Rate Base Associated with Account 1576 at WACC</b>	<b>Total</b>
OEB Approved	(\$914,800)	(\$181,299)	(\$1,096,099)
Actual Refunded	\$1,031,020	\$210,919	\$1,241,939
Difference	\$116,220	\$29,620	\$145,840

The balance in NOTL Hydro Account 1576 at the end of 2022 was \$116,220. NOTL Hydro is seeking disposition of this amount plus an additional \$29,620 for the portion of the over-refunded rate rider that was a direct offset to return on rate base. This account is not eligible for carrying charges.

### **2.9.1.1 Disposition of Accounts 1588 and 1589**

NOTL Hydro has implemented the accounting guidance related to Account 1588 Power, and 1589 RSVA Global Adjustment that was issued on February 21, 2019. NOTL Hydro's 2021 balances for accounts 1588 and 1589 were approved for final disposition as part of its 2023 IRM application (EB-2022-0052). NOTL Hydro is seeking final disposition of its 2022 balances in this application.

#### **2.9.1.1.0 GA Workform**

The GA Workform has been submitted separately in excel format. Note that NOTL Hydro utilized the 2023 version as it was the most recent available at the time of this filing.

NOTL Hydro bills non-RPP customers on the actual GA rate. The actual GA rate is also used to calculate unbilled revenue. December unbilled revenue is trued-up to the actual amount billed. The unresolved difference as a percent of expected GA payments to the IESO is 0.7% which is within the +/-1% and is not considered material.

The expected GA amount for non-RPP Class B Customers for 2022 was \$4,333,055.

1

**Table 9.16: Expected GA Amount**

Analysis of Expected GA Amount										
2022										
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 Price Variance (\$)	
	F	G	H	I = F-G+H	J	K = I*J	L	M = I*L	N=M-K	
January	6,914,469			6,914,469	0.04353	\$ 300,987	0.04353	\$ 300,987	\$ -	
February	6,392,505			6,392,505	0.05246	\$ 335,351	0.05246	\$ 335,351	\$ -	
March	6,647,179			6,647,179	0.05941	\$ 394,909	0.05941	\$ 394,909	\$ -	
April	5,977,493			5,977,493	0.08293	\$ 495,713	0.08293	\$ 495,713	\$ -	
May	6,619,144			6,619,144	0.08475	\$ 560,972	0.08475	\$ 560,972	\$ -	
June	7,179,656			7,179,656	0.07968	\$ 564,895	0.07968	\$ 564,895	\$ -	
July	8,415,258			8,415,258	0.04008	\$ 337,284	0.04008	\$ 337,284	\$ -	
August	8,680,051			8,680,051	0.00499	\$ 43,313	0.00499	\$ 43,313	\$ -	
September	7,206,986			7,206,986	0.03241	\$ 233,578	0.03241	\$ 233,578	\$ -	
October	6,475,962			6,475,962	0.05771	\$ 373,728	0.05771	\$ 373,728	\$ -	
November	6,533,477			6,533,477	0.06989	\$ 456,625	0.06989	\$ 456,625	\$ -	
December	6,877,718			6,877,718	0.03427	\$ 235,699	0.03427	\$ 235,699	\$ -	
<b>Net Change in Expected GA Balance in the Year (i.e. Transactions in the Year)</b>	<b>83,919,898</b>			<b>83,919,898</b>		<b>\$ 4,333,055</b>		<b>\$ 4,333,055</b>	<b>\$ -</b>	

2

3

4 As all Class B non-RPP customers are billed at the actual GA rate the expected GA variance is  
 5 zero. The net change in account 1589 for 2022 excluding OEB approved dispositions during the  
 6 year was \$29,683. There were no reconciling items identified for the year.

7

8 NOTL Hydro completed the account 1588 reasonability test contained in the GA workform and  
 9 the resulting unresolved difference was 0.1% which is within the +/-1% and is not considered  
 10 material.

11

12 **2.9.1.2 Disposition of Account 1580 sub-account CBR Class B**

13 NOTL Hydro had one customer transition to from Class A to Class B and two customers transition  
 14 from Class B to Class A during the period when the Account 1580 sub-account CBR Class B  
 15 balance accumulated. NOTL Hydro completed tabs 6 through 6.2 of the Deferral and Variance  
 16 Account (Continuity Schedule) Work Form to allocate the customer specific amounts for these  
 17 transition customers. The tables below show the allocation calculations which resulted in (\$178)  
 18 of the variance allocated to the transition customers which will be returned in 12 equal monthly  
 19 payments totalling (\$15) for all customers impacted.





1 For account 1518, RCVA Retail. NOTL Hydro is requesting disposition of the December 31, 2022,  
2 audited balance plus carrying charges.

3  
4 The balance requested for disposal is a debit of \$9,620.

5  
6 Section 2.9.1.3 contains details of the calculation of the account balance.

7  
8 For account 1548, RCVA STR. NOTL Hydro is requesting disposition of the December 31, 2022,  
9 audited balance plus carrying charges.

10  
11 The balance requested for disposal is a debit of \$10,750.

12  
13 Section 2.9.1.3 contains details of the calculation of the account balance.

14  
15 **2.9.1.5 Disposition of Account 1592, Sub-account CCA Changes**

16 NOTL Hydro elected not to take accelerated CCA for tax purposes and concluded that there  
17 should be no regulatory adjustment as there were no immediate savings to be had by the  
18 Corporation as a result of electing not to take the accelerated CCA for tax purposes. It is NOTL  
19 Hydro's view that the accelerated CCA is a timing issue that is giving a benefit to current rate  
20 payers at the expense of future rate payers.

21  
22 **2.9.1.6 Disposition of Account 1509 Impacts Arising from the COVID-19**  
23 **Emergency**

24 NOTL Hydro does not have a balance in Account 1509, Impacts Arising from the COVID-19  
25 Emergency. NOTL Hydro elected not to track the difference in revenue or attempt to recover any  
26 lost revenue from its customers. NOTL Hydro incurred reduced revenues and increased  
27 expenses as a result of the pandemic, and it was NOTL Hydro's view that as many of our business  
28 and residential customers were experiencing similar situations it would be inappropriate to attempt  
29 to recover any of the lost income.

30  
31 In addition, during this period NOTL Hydro was proactive and provided \$59,663 in relief to its  
32 customers through the CEAP Residential and CEAP Small Business programs. NOTL Hydro  
33 also implemented additional credit card payment options for customers to alleviate the

1 inconvenience of having to close our offices either due to public health restrictions or staffing  
2 shortages. All fees were waived on those credit card transactions.

3  
4 Finally, NOTL Hydro opted to defer the implementation of its approved distribution rates for its  
5 2020 rate order from May 1, 2020 to November 1, 2020. NOTL Hydro was also one of a limited  
6 number of LDCs that opted not to recover the lost revenue due to the deferral. This was covered  
7 under the hearing EB-2019-0056.

8

### 9 **2.9.1.7 Disposition of Account 1508, Sub-account Pole Attachment**

#### 10 **Revenue Variance**

11 For account 1508, Sub-account Pole Attachment Revenue Variance. NOTL Hydro is requesting  
12 disposition of the December 31, 2022 audited balance plus carrying charges.

13

14 The balance requested for disposal is a debit of \$4,720.

15

16 NOTL Hydro has not forecast the balance of this account to the effective date of its new rates.  
17 Section 2.9.1.3 contains details of the calculation of the account balance and differences to RRR  
18 balances.

19

### 20 **2.9.1.8 Disposition of Distributor Specific 1508 Account, Sub-account Large**

#### 21 **Use Variance**

22 For account 1508, Sub-account Large Use Variance. NOTL Hydro is requesting disposition of  
23 the December 31, 2022 audited balance plus carrying charges.

24

25 The balance requested for disposal is a debit of \$131,000.

26

27 Section 2.9.1.3 contains details of the calculation of the account balance.

28

## 29 **2.9.2 Request for New Accounts**

---

30 NOTL Hydro is not requesting any new Deferral and Variance Accounts in this application.

31

## 1 **2.9.3 Lost Revenue Adjustment Mechanism Variance** 2 **Account**

---

### 3 **2.9.3.1 Disposition of the LRAMVA**

4 NOTL Hydro is not requesting the disposition of any LRAMVA amounts in this application. NOTL  
5 Hydro was approved for disposition of its 2021 and 2022 LRAMVA amounts as well as prospective  
6 disposition for its 2023 amounts (EB-2023-0052). The balance in the LRAMVA is following OEB  
7 approved dispositions in 2023 is zero, and no further entries will be made.

### 8 **2.9.3.2 Continuing Use of the LRAMVA for New CDM Activities**

9 Consistent with the decision in its 2023 IRM Application EB-2022-0052, NOTL Hydro requests  
10 that the LRAMVA not be discontinued in the event that NOTL Hydro requests the use of the  
11 LRAMVA for a CDM activity in a future application, which the OEB will consider on a case-by case  
12 basis.

### 13 **2.9.4. Certification of Evidence**

14 I, Jeff Klassen, Vice President Finance for NOTL Hydro certify to the best of my knowledge that  
15 NOTL Hydro has robust processes and internal controls in place for the preparation, review,  
16 verification, and oversight of the account balances being disposed, consistent with the certification  
17 requirements in Chapter 1 of the filing requirements.

18

# 1 Appendix

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## 2 List of Appendices

3

<b>Appendix 9A</b>	Draft Accounting Order – Large Use Customer Revenue Account
<b>Appendix 9B</b>	NOTLH_2024__DVA_Continuity_Schedule_CoS_(2023_OEB_Model) – filed in excel
<b>Appendix 9C</b>	NOTLH_2024_GA_Analysis_Workform_(2023_OEB_Model) – filed in excel

4





## **APPENDIX 9A**

Draft Accounting Order Large  
Use Customer Revenue Account

Niagara-on-the-Lake Hydro Inc.

DRAFT ACCOUNTING ORDER

Large Use Customer Revenue Variance  
Account

On a monthly basis the aggregate demand revenue from all Large Use Customers will be reviewed and any variance from an aggregate demand of 5,000 kW will result in a journal entry in the account. Demand revenue will include any standby revenue billed due to a User's behind-the-meter generation displacing demand revenue. The amount recorded will be the difference between actual revenue collected from the Customers and the amount of revenue associated with a monthly billing demand of 5,000 kW, based on the approved fixed and variable rates in effect during that period.

If the demand exceeds 5,000 kW then the entry is:

Dr. 4305 Regulatory Debit

Cr. 1508- sub-account Large Use Customer Revenue Variance Account

If the demand is lower than 5,000 kW then the entry is:

Dr. 1508 – sub-account Large Use Customer Revenue Variance Account

Cr. 4310 Regulatory Credit

Following the audit of the account's year-end balance, NOTL Hydro will request disposition of the account via a rate rider which will be in effect for one year. A rate rider will be determined for all customer classes including the Large User class.

Assuming the variance account has a credit balance, the monthly recording of the billing of the rate rider will be:

Dr. 1508-sub-account Customer Revenue Variance Account

Cr. 4305 Regulatory Debit

Dr. 4080 Distribution Revenue

Cr. 1100 Customer Accounts Receivable

If the variance account has a debit balance, the entries would be:

Dr. 4310 Regulatory Credit

Cr. 1508-sub-account Customer Revenue Variance Account

Dr. 1100 Customer Accounts Receivable

Cr. 4080 Distribution Revenue

Following the audit of the year in which the last month of the rate rider was billed, any remaining balance in the variance account will be included in the balance requested for disposition in a future period. The rate rider will be determined by allocating the balance of the variance account across customer classes based on customer class revenue.

Within each customer class it will be allocated across customers based on allocators consistent with the disbursement of other Group 2 balances. Specifically;

Residential Service Classification be a Fixed rate

General Service less than 50kW Service Classification be based on kWh

General Service 50 to 4,999 kW Service Classification be based on kW

Unmetered Scattered Load Service Classification be based on kWh

Street Lighting Service Classification be based on kW