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Renfrew Hydro Inc.
2024 Cost of Service Application
EB – 2023 – 0049

Exhibit 9: Deferral & Variance Accounts

Rates Effective: January 1, 2024
Date Filed: May 24, 2023

Renfrew Hydro Inc.
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Renfrew, Ontario
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2 **Table of Contents**

1. **2.9 Deferral and Variance Accounts 4**

2. **2.9.1 Disposition of Deferral and Variance
 Accounts 4**

3 List of Outstanding DVAs 4

4 DVA Continuity Schedule Model..... 4

5 Energy Sales & Cost of Power Balances 5

6 Accounts not Requested for Disposition 5

7 Forecast Carrying Charges 5

8 OEB Commodity Pass Through Account Guidance 6

9 DVA Continue/Discontinue/Commence 6

10 DVA Account balances requested for disposition 6

11 RECONCILIATION TO RRR AND FINANCIAL STATEMENT..... 8

12 GROUP 2 ACCOUNTS..... 9

13 ADJUSTMENTS TO PREVIOUSLY APPROVED ACCOUNT
 BALANCES 9

15 ENERGY SALES AND COST OF POWER EXPENSES 9

16 GA ANALYSIS WORKFORM..... 10

17 ACCOUNTS 1588 AND 1589 10

2.9.1.1 Disposition of Accounts 1588 and 1589 11

18 GA Analysis Workform 11

2.9.1.2 Disposition of CBR Class B Variance..... 12

2.9.1.3 Disposition of Account 1595 12

2.9.1.4 Disposition of Retail Service Charges..... 13

2.9.1.5 Disposition of Account 1592, Sub-Account CCA
Changes..... 14

2.9.1.6 Disposition of Account 1509, Impacts Arising for the
COVID-19 Emergency..... 17

3. **2.9.2 Establishment of New Deferral and Variance
Accounts 18**

4. **2.9.3 Lost Revenue Adjustment Mechanism
Variance Account 18**

5. **Appendix..... 18**
List of Appendices..... 18

6. **Appendix A..... 19**

7. **Appendix B..... 21**

1
2

1 2.9 Deferral and Variance Accounts

2 Renfrew Hydro Inc. (RHI) has included in this Application a request for approval for disposition of Group
3 1 and Group 2 Deferral and Variance Account (DVA) balances as of December 31, 2022 and the
4 forecasted interest through December 31, 2023.

5 RHI has followed the OEB's guidance in the Accounting Procedures Handbook (APH), the related
6 documents to the APH, and the Report of the Board on Electricity Distributors' Deferral and Variance
7 Account Review Initiative (EDDVAR Report).

8 RHI has provided a continuity schedule of the Group 1 and Group 2 DVAs in the DVA Continuity Schedule
9 in the live Excel format model.

10 2.9.1 Disposition of Deferral and Variance Accounts

11 *List of Outstanding DVAs*

12 Table 9.1 contains the list of DVAs. RHI is seeking disposal for the DVAs presented in this table in this
13 proceeding. Table 9.1 contains descriptions and the balances of all the outstanding Group 1 DVAs and
14 Group 2 DVAs. RHI confirms that it has used the DVAs in the same manner as described in the APH.

15 The Group 1 DVA balances presented in Table 9.1 reconcile with RHI's trial balance underpinning its
16 December 31, 2022, audited Financial Statements, in addition carrying charges are forecasted for the full
17 year of 2023.

18 The Group 2 DVAs are based on the December 31, 2022, audited balances plus a forecast for the net
19 principal transactions and carrying charges to the end December 31, 2023. RHI provides explanations
20 for all the Group 2 DVAs which were forecasted below in Table 9.1 Request for Disposal of Group 2
21 DVAs, also in Table 9.3, Reconciliation of Variance Between DVA Schedule and Audited Account
22 Balances, RHI explains all variances to the 2022-year end Trial Balance amounts.

23 *DVA Continuity Schedule Model*

24 RHI has provided the OEB 2024 DVA Continuity Schedule model which includes the continuity schedules
25 for all DVA accounts, the cost allocations of each of the DVA balances to the respective customer classes,
26 and the computations for each of the rate riders, and customer specific charges or credits.

27 See Appendix A for the model and see file "RHI_2024_DVA_Continuity_Schedule_CoS_1.0_20230519" for
28 the live excel spreadsheet file. RHI accepts and has relied on the default approach used by the 2023 DVA

1 Continuity Schedule model including the customer class allocation rationale for each DVA account, the
2 default proposed billing determinants including a charge type (fixed or variable) for recovery purposes,
3 and the calculations of the rate riders. An exception to this is amortizing Group 2 Accounts over a 2-year
4 period as these credits were compiled over the previous 5 years and have created a large credit in the test
5 year. This credit would, if used in one year would create a large swing in year 2 as the first-year impact
6 for an average Residential bill would be a credit of \$3.61, whereas spreading this over 2 years gives a
7 credit of \$2.07 in year 1, when combined with group 1 accounts, and \$1.54 in year 2. RHI confirms that it
8 used the load data included in the load forecast section of the Application in the DVA Continuity Schedule
9 model to calculate the DVA disposition rate riders.

10 *Energy Sales & Cost of Power Balances*

11 In Table 9.3 RHI provides a breakdown of energy sales and Cost of Power ("COP") balances, as reported in
12 the audited financial statements, mapped and reconciled to the USoA account numbers. There are no
13 differences between the reported energy sales and COP expenses.

14 *Accounts not Requested for Disposition*

15 As per Group 2 DVA continuity schedule of the DVA Continuity Schedule model, RHI is not requesting to
16 dispose of the balance of Account 1525 - Miscellaneous Deferred Debits in this Application. This account
17 is being used to record the one-time rate application preparation costs incurred in 2022, 2023, and 2024.
18 The balance of this account will be amortized over 5 years commencing in 2024 consistent with how RHI
19 is recovering the one-time costs to prepare this rate application.

20 *Forecast Carrying Charges*

21 RHI has forecasted interest on December 31, 2022 DVA principal balances calculated using the OEB's
22 currently prescribed rate of 4.73% as of January 1, 2023 for the first quarter of 2023, and RHI has used the
23 4.98% for the remainder of the year as posted as the OEB's prescribed rate effective April 1, 2023. RHI
24 confirms that it has used the OEB's prescribed interest rates to record carrying charges each year for DVA
25 accounts requested for disposition as required, as per Table 9.2.

26

1 *OEB Commodity Pass Through Account Guidance*

2 RHI confirms that it has complied with the OEB's February 21, 2019, guidance on the accounting for
3 Accounts 1588 - RSVA Power and 1589 - RSVA GA. RHI confirms that the balances being requested for
4 disposition have been recorded in accordance with this accounting guidance.

5 *DVA Continue/Discontinue/Commence*

6 In Table 9.3 RHI indicates which Group 2 DVA accounts it will continue or discontinue to use on a go-
7 forward basis. RHI is not requesting any new accounts or sub-accounts in this COS application.

8 *DVA Account balances requested for disposition*

9 Table 9.1 is a summary of the completed DVA continuity schedule for the period following last disposition
10 (December 31, 2016) to present (December 31, 2022). The completed DVA continuity schedule is filed
11 with this Application in live Excel format.

12

Table 9.1: DVA Requested for Disposal in 2024 Application

Deferral and Variance Account	USoA	2022 Actual Net Additions to Accounts			2023 Forecast Net Additions to Accounts			December 31, 2023 Balances		
		Principal	Carrying Charges	Total	Principal	Carrying Charges	Total	Principal	Carrying Charges	Total
LV Variance Account	1550	155,278	2,455	157,733	-	7,636	7,636	155,278	10,091	165,369
Smart Metering Entity Charge Variance Account	1551	(12,005)	(131)	(12,136)	-	(590)	(590)	(12,005)	(721)	(12,726)
RSVA - Wholesale Market Service Charge	1580	(47,578)	(909)	(48,487)	-	(2,340)	(2,340)	(47,578)	(3,249)	(50,827)
Variance WMS – Sub-account CBR Class B	1580	(8,823)	(169)	(8,992)	-	(434)	(434)	(8,823)	(603)	(9,426)
RSVA - Retail Transmission Network Charge	1584	141,778	1,651	143,429	-	6,972	6,972	141,778	8,623	150,401
RSVA - Retail Transmission Connection Charge	1586	10,167	141	10,308	-	500	500	10,167	641	10,808
RSVA - Power (excluding Global Adjustment)	1588	(57,637)	(986)	(58,623)	-	(2,835)	(2,835)	(57,637)	(3,821)	(61,458)
RSVA - Global Adjustment	1589	(42,770)	(932)	(43,702)	-	(2,103)	(2,103)	(42,770)	(3,035)	(45,805)
Disposition and Recovery/Refund of Regulatory Balances (2020)	1595	(5,493)	(5,840)	(11,333)	-	(270)	(270)	(5,493)	(6,110)	(11,603)
Group 1 Sub-Total		132,917	(4,720)	128,197	-	6,536	6,536	132,917	1,816	134,733
Pole Attachment Revenue Variance	1508	(150,138)	(4,578)	(154,716)	(25,742)	(8,649)	(34,391)	(175,881)	(13,227)	(189,108)
Customer Choice Initiative Costs	1508	5,000	127	5,127	-	246	246	5,000	373	5,373
Impacts Arising from the COVID-19 Emergency	1509	5,014	210	5,224	-	246	246	5,014	456	5,470
Retail Cost Variance Account - Retail	1518	(12,792)	(295)	(13,087)	-	(629)	(629)	(12,792)	(924)	(13,716)
Retail Cost Variance Account - STR	1548	5,697	471	6,168	-	280	280	5,697	751	6,448
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	1555	6,623	2,225	8,848	-	326	326	6,623	2,551	9,174
Accounting Changes Under CGAAP Balance + Return Component	1576	(77,771)		(77,771)	-	-	-	(77,771)	-	(77,771)
PIIs and Tax Variance for 2006 and Subsequent Years- Sub-account CCA Changes	1592	(71,317)	(1,456)	(72,773)	(14,343)	(4,212)	(18,555)	(85,660)	(5,668)	(91,328)
Group 2 Sub-Total		(289,685)	(3,296)	(292,981)	(40,085)	(12,392)	(52,477)	(329,770)	(15,688)	(345,458)
Total		(156,767)	(8,016)	(164,783)	(40,085)	(5,856)	(45,941)	(196,853)	(13,872)	(210,725)

1 RHI confirms that the DVA continuity schedule shows separate itemization of opening balances, annual
2 adjustments, transactions, dispositions, interest, and closing balances for all outstanding deferral and
3 variance accounts. This includes all Account 1508 sub-accounts.

4 **Table 9.2: Interest Rates Applied to Deferral and Variance Accounts**

Beginning Period	Ending Period	Prescribed Interest rate
January 1, 2016	September 30, 2017	1.10%
October 1, 2017	March 31, 2018	1.50%
April 1, 2018	September 30, 2018	1.89%
October 1, 2018	December 31, 2018	2.17%
January 1, 2019	March 31, 2019	2.45%
April 1, 2019	June 30, 2020	2.18%
July 1, 2020	March 31, 2022	0.57%
April 1, 2022	June 30, 2022	1.02%
July 1, 2022	September 30, 2022	2.20%
October 1, 2022	December 31, 2022	3.87%
January 1, 2023	March 31, 2023	4.73%
March 31, 2023		4.98%

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7 **RECONCILIATION TO RRR AND FINANCIAL STATEMENT**

8 RHI confirms that it has used the DVAs in the same manner described in the APH, and the account balance
9 in Table 9.2 reconciles with the Electricity Reporting and Record Keeping Requirements (RRR) 2.1.7 Trial
10 Balance that has been submitted and RHI's Audited Financial Statements.

11 **Table 9.3: Reconciliation to Financial Statement and RRR**

Deferral and Variance Account	USoA	Principal	Interest	Total	Balance per 2022 FS	Difference	Balance per RRR 2.1.7	Difference
LV Variance Account	1550	271,436	4,502	275,938	275,939	(1)	275,938	(0)
Smart Metering Entity Charge Variance Account	1551	(14,192)	(167)	(14,359)	(14,359)	-	(14,359)	(0)
RSVA - Wholesale Market Service Charge ⁵	1580	(103,610)	(1,904)	(105,514)	(105,515)	1	(105,514)	-
Variance WMS – Sub-account CBR Class B5	1580	(19,404)	(356)	(19,760)	(19,760)	-	(19,760)	-
RSVA - Retail Transmission Network Charge	1584	134,763	1,518	136,281	136,281	-	136,281	0
RSVA - Retail Transmission Connection Charge	1586	4,061	37	4,098	4,098	-	4,098	(0)
RSVA - Power (excluding Global Adjustment) ⁴	1588	(110,342)	(1,912)	(112,254)	(112,254)	-	(112,254)	0
RSVA - Global Adjustment ⁴	1589	(147,813)	(2,896)	(150,709)	(150,709)	-	(150,709)	(0)
Disposition and Recovery/Refund of Regulatory Balances (2019)	1595	(2,026)	(112)	(2,138)	(2,138)	-	(2,138)	-
Disposition and Recovery/Refund of Regulatory Balances (2020)	1595	(5,493)	(5,840)	(11,333)	(11,335)	2	(11,333)	-
Disposition and Recovery/Refund of Regulatory Balances (2021)	1595	1,315	2,365	3,680	3,680	-	3,680	-
Disposition and Recovery/Refund of Regulatory Balances (2022)	1595	6,884	(504)	6,380	6,381	(1)	6,381	-
Group 1 Sub-Total		15,579	(5,269)	10,310	10,309	1	10,312	(1)
Pole Attachment Revenue Variance ⁵	1508	(150,138)	(4,578)	(154,716)	(154,716)	(0)	(154,716)	-
Customer Choice Initiative Costs	1508	5,000	127	5,127	5,127	-	5,127	-
Impacts Arising from the COVID-19 Emergency	1509	5,014	210	5,224	5,225	(1)	5,224	0
Retail Cost Variance Account - Retail	1518	(12,792)	(295)	(13,087)	(13,087)	(0)	(13,087)	-
Retail Cost Variance Account - STR	1548	5,697	471	6,168	6,168	0	6,169	(0)
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	1555	6,623	2,225	8,848	8,847	1	8,848	(0)
LRAM Variance Account	1568	24,792	378	25,170	25,171	(1)	25,170	-
Accounting Changes Under CGAAP Balance + Return Component	1576	(77,771)		(77,771)	(77,770)	(1)	(77,771)	(0)
PLs and Tax Variance for 2006 and Subsequent Years- Sub-account CCA Changes	1592	(71,317)	(1,456)	(72,773)	(72,773)	-	(72,773)	0
Group 2 Sub-Total		(264,892)	(2,918)	(267,810)	(267,808)	(2)	(267,810)	(0)
Total		(249,313)	(8,187)	(257,500)	(257,499)	(1)	(257,498)	(1)

1 RHI’s financial statement balance is (\$12,577) different due to PILs tax calculated from 2022 changes in
 2 regulatory balances and their effect on 2022 PILs tax owing, this amount is for financial statement
 3 purposes only and clears in the following year.

4 ***GROUP 2 ACCOUNTS***

5 RHI has included a list of Group 2 accounts to continue or discontinue in Table 9.3 below.

6 **Table 9.4: Group 2 Accounts**

Account Description	USoA	Continue/Di scontinue	Explanation
Other Regulatory Assets	1508	Continue	Use if needed
Covid-19 Loss revenue	1509	Continue	Use if needed
Retail Cost Variance Account – Retail	1518	Discontinue	Close
Retail Cost Variance Account - STR	1548	Discontinue	Close
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	1555	Continue	Use if needed
LRAM Variance Account	1568	Continue	Use if needed
Accounting Changes Under CGAAP Balance + Return Component	1576	Discon	Use if needed
PILs and Tax Variance for 2006 and Subsequent Years- Sub-account CCA Changes	1592	Continue	Use if needed

8 ***ADJUSTMENTS TO PREVIOUSLY APPROVED ACCOUNT BALANCES***

9 RHI has not made any adjustments to the deferral and variance accounts that were previously approved
 10 by the OEB on a final basis.

11 ***ENERGY SALES AND COST OF POWER EXPENSES***

12 A breakdown of energy sales and cost of power expense balances, as reported in the audited financial
 13 statements, mapped to USoA account numbers is provided in the table below.

14
 15 The sale of energy is a flow through revenue and the cost of power is a flow through expense. Energy sales
 16 and the cost of power expenses by component are presented in Table 9.5 as reported in the Audited
 17 Financial Statements and the USoA within the RRR filing 2.1.7 Filing. RHI has no profit or loss resulting
 18 from the flow through of energy revenues and expenses.

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Table 9.5: Energy Revenue and Cost of Power Expenses

Energy Sales		2017	2018	2019	2020	2021	2022
4006	Residential Energy Sales	2,828,844	2,603,581	2,889,098	4,111,770	3,345,347	3,310,560
4025	Street Lighting Energy Sales	134,005	131,632	142,978	143,285	35,570	37,801
4035	General Energy Sales	5,364,689	5,124,066	5,404,310	5,276,840	4,477,192	4,404,606
4055	Energy Sales for Resale	1,031,235	881,286	953,817	959,100	959,712	1,048,512
4062	Billed WMS	356,492	314,450	309,573	281,822	283,330	302,307
4066	Billed NW	446,724	477,613	423,261	487,552	509,390	515,917
4068	Billed CN	280,919	301,197	282,005	355,622	337,326	383,002
4075	Billed - LV	171,939	170,499	164,716	165,792	167,508	170,709
4076	IESO Smart Meter Entity Billed	40,277	27,934	28,660	29,142	27,329	12,768
Total Energy Sales		10,655,126	10,032,257	10,598,417	11,810,925	10,142,702	10,186,182
As Per RRR, 2.1.7		10,655,126	10,032,257	10,598,417	11,810,925	10,142,702	10,186,182
As Per Audited Financial Statement*		10,655,126	10,032,257	10,598,417	11,810,925	10,142,702	10,186,182
4705	Power Purchased	4,874,472	4,916,429	5,050,520	6,482,913	5,962,443	6,852,145
4707	Global Adjustment	4,484,302	3,824,135	4,339,684	4,008,082	2,855,376	1,949,334
4708	Charges-WMS	356,492	314,450	309,573	281,822	283,330	302,307
4714	Charges-NW	446,724	477,613	423,261	487,552	509,390	515,917
4716	Charges-CN	280,919	301,197	282,005	355,622	337,326	383,002
4750	Charges - LV	171,939	170,499	164,716	165,792	167,508	170,709
4751	IESO Smart Meter Entity Expenses	40,277	27,934	28,660	29,142	27,329	12,768
Total Cost of Power		10,655,126	10,032,257	10,598,417	11,810,925	10,142,702	10,186,182
As Per RRR, 2.1.7		10,655,126	10,032,257	10,598,417	11,810,925	10,142,702	10,186,182
As Per Audited Financial Statement*		10,655,126	10,032,257	10,598,417	11,810,925	10,142,702	10,186,182
* Includes net movement in regulatory deferral accounts							

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3 **GA ANALYSIS WORKFORM**

4 The GA Analysis Workform has been completed and submitted.

5 **ACCOUNTS 1588 AND 1589**

6 RHI confirms that the Global Adjustment charge is prorated into the RPP and non-RPP portions. RHI is in
 7 compliance with the OEB’s February 21, 2019, guidance on the account for Accounts 1588 – RSVA Power
 8 and 1589 – RSVA Global Adjustment which is further described in Section 2.9.1.1.

9

1 **2.9.1.1 Disposition of Accounts 1588 and 1589**

2 On February 21, 2019, the OEB issued a letter providing accounting guidance related to Accounts 1588
3 Power, and 1589 RSVA Global Adjustment. This accounting guidance was effective January 1, 2019, and
4 was to be implemented by August 31, 2019. Based on this, the OEB expects that all transactions recorded
5 in these accounts during 2019 will have been accounted for in accordance with this guidance. RHI confirms
6 that it has fully implemented the OEB’s February 21, 2019, guidance effective from January 1, 2019. RHI
7 also considered this accounting guidance in the context of historical pre-2019 balances that were disposed
8 of on an interim basis. RHI confirms the transactions recorded in these accounts were in accordance with
9 this guidance. RHI received final approval of its 2021 historical balances in its 2023 IRM proceeding.

10 *GA Analysis Workform*

11 All distributors are required to complete and submit a GA Analysis Workform for each year that has not
12 previously been approved by the OEB for disposition (on an interim or final basis). The GA Analysis
13 Workform helps the OEB to assess if the total annual variance that is recorded to Account 1589 is
14 reasonable. The Workform compares the actual general ledger transactions recorded during the year to
15 an expected balance that is calculated based on monthly GA volumes, revenues, and costs. To further
16 support a conclusion that GA charges have been appropriately allocated between customer classes, the
17 Workform also contains a tab to perform a reasonability test for Account 1588.

18 RHI has completed the Board’s Account 1589 Global Adjustment Analysis Workform filed along with this
19 application which shows minimal unresolved differences from expected results. The differences reflect a
20 discrepancy that is less than +/- 1% of the total annual GA charges. RHI has completed the Account 1588
21 tab in the Workform, and the results reflect a difference of less than 1%.

22

1 **2.9.1.2 Disposition of CBR Class B Variance**

2 RHI confirms that it follows the OEB Accounting Guidance on CBR issued by the Board on July 25, 2016.
3 RHI bills its Class A customers their share of the monthly Ontario-wide total Capacity Based Recovery
4 amount costs by the customer’s Peak Demand Factor. These revenues match the costs, as charged to RHI
5 from its host distributor.

6 RHI records WMS revenues for CBR on all consumption effective January 1, 2016, and onwards for Class
7 B customers. The variance between the revenue billed to customers for Class B CBR and the costs are
8 tracked in Account 1580 WMS Sub Account CBR Class B. RHI reported the Class A consumption in the
9 model to ensure the rate rider calculation to dispose of the balance in Account 1580, Sub-account CBR
10 Class B is allocated to only those customers that contributed to the variance in the account (Class B portion
11 only). RHI confirms there were no customers that transitioned between Class A and Class B during the
12 period when the current Account 1580, Subaccount CBR Class B balance accumulated.

13 **2.9.1.3 Disposition of Account 1595**

14 LDCs are only eligible to seek disposition of the 1595 residual balances two years after the expiry of the
15 rate rider as identified in the Chapter 3 filing requirements. The earliest balance for which RHI could seek
16 disposition is Account 1595 (2020) for which the rate rider expired on December 31, 2020. RHI is
17 requesting the final disposal of the residual balance of (\$11,604), inclusive of carrying charges, for Account
18 1595 (2020) sub-account as part of the Group 1 DVA disposal request. The Group 1 DVA Rate Rider
19 approved in RHI's 2020 IRM Rate application had a sunset date of December 31, 2021. RHI had no
20 subsequent activity in this account in 2022. Now that the 2022-year end audit has been completed RHI
21 expects no further activity to this account and requests final disposal of the residual account balance, RHI
22 understands that it may request disposition for the residual balance of this account only once.

23 Table 9.6 below identifies the residual balances from the disposition of sub-account 1595 (2020).

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Table 9.6 Sub-account 1595 (2020) Residual balances

Components of the 1595 Account Balances:		Principal Balance Approved for Disposition	Carrying Charges Balance Approved for Disposition	Total Balances Approved for Disposition	Rate Rider Amounts Collected/(Returned)	Residual Balances Pertaining to Principal and Carrying Charges Approved	Carrying Charges Recorded on Net Principal Account Balances	Total Residual Balances	Collections /Returns Variance (%)
Total Group 1 and Group 2 Balances excluding Account 1589 - Global Adjustment		\$48,937	-\$5,445	\$43,492	\$39,195	\$4,297		\$4,297	9.9%
Account 1589 - Global Adjustment		-\$78,521	-\$1,428	-\$79,949	-\$67,293	-\$12,656		-\$12,656	15.8%
LRAM	ADDITION	\$16,986	\$995	\$17,981	\$18,654	-\$673		-\$673	-3.7%
Tax Sharing	ADDITION	-\$2,027	\$0	-\$2,027	\$0	-\$2,027		-\$2,027	100.0%
Carrying Charges Recorded on Net Principal Account Balances							-\$544	-\$544	
Total Group 1 and Group 2 Balances		-\$14,625	-\$5,878	-\$20,503	-\$9,444	-\$11,059	-\$544	-\$11,604	

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4 The only balance exceeding the +/- 10% collection vs returns variance is Account 1589-Global adjustment.

5 This was due to significant decline in 2020 actual consumption vs 2018 consumption.

6 Table 9.7 explains the variance. Tax sharing amount of (\$2,027) was approved in the 2020 IRM for
7 disposition at a later date, EB-2019-0065.

8

9

Table 9.7 Actual 2020 Consumption vs 2018 Consumption

		Plan	Actual	Difference
Class B Non RPP	Residential	598,004	404,701	-32.3%
	GS<50	2,053,522	2,306,095	12.3%
	GS>50	28,331,701	23,123,480	-18.4%
	USL	174,874	224,089	28.1%
	SL	1,095,474	1,073,512	-2.0%
Total		32,253,575	27,131,877	-15.9%

10

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12 **2.9.1.4 Disposition of Retail Service Charges**

13 Retail services refer to services provided by a distributor to a retailer or retailer customer related to the
14 supply of competitive electricity as set out in the Retail Settlement Code (RSC).

- 1 RHI records revenues received from retailers for retail-related services in two accounts:
- 2 a. 4082 – Retailer Services Revenues which contain the revenues derived from establishing service
- 3 agreements, distributor-consolidated billing, and retailer consolidated billing.
- 4 b. 4084 – STR Revenues which contain the revenues derived from the Service Transaction Request
- 5 services such as request fee, processing fee, information request fee, default fee, and other
- 6 associated costs fee.

7 As per the Filing Requirements:

- 8 1. RHI records its costs associated with providing these services in various accounts, most notably
- 9 customer service business units. RHI confirms that all costs incorporated into the variances
- 10 reported are incremental to providing the retail services.
- 11 2. The driver of these costs is due to customers contracted with retailers.
- 12 3. Table 9.8 below provides a schedule identifying all revenue and expenses listed by USoA
- 13 account numbers that are incorporated into the variances recorded in Account 1518 and 1548
- 14 4. RHI has followed the provisions of Article 490, Retail Services and Settlement Variances of the
- 15 APH for Accounts 1518 and 1548. In order to keep LDC’s whole, the OEB has authorized the use
- 16 of USoA accounts 1518 and 1548 to record the differences between the revenues collected from
- 17 retailers for services provided and the incremental costs of providing those services.

18 **Table 9.8: Account 1518 and Account 1548 Detail**

Year	1518 - RCVA - Retail			1548 - RCVA - STR		
	Revenue	Expenses	Variance	Revenue	Expenses	Variance
2017	4,968	5,148	(180)	34	2,441	(2,408)
2018	4,950	4,788	162	21	1,679	(1,658)
2019	8,200	9,651	(1,452)	16	-	16
2020	9,423	5,661	3,762	41	78	(37)
2021	9,532	4,996	4,536	17	145	(128)
2022	9,695	4,725	4,971	28	27	0

19

20 **2.9.1.5 Disposition of Account 1592, Sub-Account CCA Changes**

21 On July 25, 2019, the OEB released a letter “Accounting Direction Regarding Bill C-97 and Other Changes

22 in Regulatory or Legislated Tax Rules for Capital Cost Allowance” stating that for the purposes of

23 increased transparency, the OEB is establishing a separate sub-account specifically for the purposes of

24 tracking the impact of changes in CCA rules. Electricity distributors are to use this sub-account for the

1 impact of the Bill C-97 CCA rule changes as well as any future CCA changes instituted by relevant
 2 regulatory or taxation bodies. Table 9.9 below reconciles sub-account 1592 to the DVA continuity
 3 schedule.

4 **Table 9.9 PILS tax variance sub-account and DVA continuity schedule**

Tax Year	Accerated CCA	CCA without acceleration	Difference	Loss Carryforward	Net Difference	Tax Savings @ 26.5%	DVA Continuity
2019	594,982	529,981	65,001	0	65,001	17,225	
2020	604,517	538,265	66,253	0	66,253	17,557	28,814
2021	588,217	517,055	71,162	0	71,162	18,858	25,144
2022	581,525	514,581	66,944	0	66,944	17,740	17,359
2023	1,282,337	647,087	635,250	581,366	53,884	14,279	14,343
Totals	3,651,578	2,746,968	904,610	581,366	323,244	85,660	85,660

5
 6 RHI notes the loss carry-forward removed from this calculation will benefit customers on a go-forward
 7 basis by reducing PILs tax as presented in Exhibit 6. RHI confirms it has not applied for any ICM/ACM
 8 during the period covered in this application.

9 Tables 9.10 through 9.14 present the annual calculations of tax savings based on actual additions for 2019
 10 through 2022 and projected additions in 2023.

11

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Table 9.10: 2019 CCA Schedule

2019 CCA Schedule										
Class	Description	UCC, Begin	Acquisitions	POD	CCA Rate	CCA	Ending UCC	CCA without accelerated rates	Difference	Tax Savings
1	Builds, Trans & dist	3,424,701		13	4	136,988	3,287,700	136,988		
8	Office equip	11,363			20	2,273	9,090	2,273		
10	Computer Equip	6,425			30	1,928	4,497	1,928		
10	Transportation Equip	318,865			30	95,660	223,205	95,660		
8	Tools, shop & garg	34,073	4,175		20	8,067	30,181	7,232		
47	Hydro Distribution equip	2,972,842	732,727		8	325,755	3,379,814	267,136		
13	Leasehold improv	84,698	6,534		NA	14,851	76,381	14,851		
14.1	Land Rights	5,489	-		7	500	4,989	500		
12	Computer Software	-	2,565		100	2,565	-	1,283		
45	Computer Hardware	-	9,473		45	6,395	3,078	2,131		
		6,858,456	755,474			594,982	7,018,935	529,981	65,001	17,225

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Table 9.11: 2020 CCA Schedule

2020 CCA Schedule										
Class	Description	UCC, Begin	Acquisitions	POD	CCA Rate	CCA	Ending UCC	CCA without accelerated rates	Difference	Tax Savings
1	Builds, Trans & dist	3,287,700			4	131,508	3,156,192	131,508		
8	Office equip	9,090			20	1,818	7,272	1,818		
10	Computer Equip	4,497			30	1,349	3,148	1,349		
10	Transportation Equip	223,205	1,583		30	67,674	157,114	67,199		
8	Tools, shop & garg	30,181	20,579		20	12,210	38,550	8,094		
47	Hydro Distribution equip	3,379,814	492,728		8	329,512	3,543,030	290,094		
13	Leasehold improv	76,381			NA	14,306	62,075	14,306		
14.1	Land Rights	4,989	983		7	500	5,472	384		
12	Computer Software	-	44,255		100	44,255	-	22,128		
45	Computer Hardware	3,078			45	1,385	1,693	1,385		
		7,018,935	560,128			604,517	6,974,546	538,265	66,253	17,557

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Table 9.12: 2021 CCA Schedule

2021 CCA Schedule										
Class	Description	UCC, Begin	Acquisitions	POD	CCA Rate	CCA	Ending UCC	CCA without accelerated rates	Difference	Tax Savings
1	Builds, Trans & dist	3,156,192			4	126,248	3,029,944	126,248		
8	Office equip	7,272	1,423		20	1,881	6,814	1,597		
10	Computer Equip	3,148			30	944	2,204	944		
10	Transportation Equip	157,114	51,869	6,531	30	67,536	134,916	52,955		
8	Tools, shop & garg	38,550	975		20	8,003	31,523	7,808		
47	Hydro Distribution equip	3,543,030	571,354		8	352,005	3,762,379	306,297		
13	Leasehold improv	62,075			NA	14,306	47,769	14,306		
14.1	Land Rights	5,472			7	500	4,972	383		
12	Computer Software	-	2,470		100	2,470	-	1,235		
45	Computer Hardware	1,693	20,092		45	14,324	7,461	5,283		
		6,974,546	648,183	6,531		588,217	7,027,981	517,055	71,162	18,858

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Table 9.13: 2022 CCA Schedule

2022 CCA Schedule										
Class	Description	UCC, Begin	Acquisitions	POD	CCA Rate	CCA	Ending UCC	CCA without accelerated rates	Difference	Tax Savings
1	Builds, Trans & dist	3,029,944		38,500	4	119,658	2,871,786	119,658		
8	Office equip	6,814	1,511		20	2,874	5,451	1,514		
10	Computer Equip	2,204			30	661	1,543	661		
10	Transportation Equip	134,916			30	40,475	94,441	40,475		
8	Tools, shop & garg	31,522	14,619		20	20,923	25,218	7,766		
47	Hydro Distribution equip	3,762,379	590,342		8	371,831	3,980,890	324,604		
13	Leasehold improv	47,769			NA	14,306	33,463	14,306		
14.1	Land Rights	4,972			7	500	4,472	348		
12	Computer Software	-	1,200		100	1,200	-	600		
45	Computer Hardware	7,461	5,740		45	9,097	4,104	4,649		
		7,027,981	613,412	38,500		581,525	7,021,368	514,581	66,944	17,740

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Table 9.14: 2023 CCA Schedule

2023 Projected CCA Schedule										
Class	Description	UCC, Begin	Acquisitions	POD	CCA Rate	CCA	Ending UCC	CCA without accelerated rates	Difference	Tax Savings
1	Builds, Trans & dist	2,871,786			4	114,871	2,756,915	114,871		
8	General Office Equipmen	30,669	27,000		20	33,134	24,535	8,834		
8	Tools, shop & garg				20	-	-	-		
10	Transportation Equip	95,984	585,000		30	613,795	67,189	116,545		
12	Computer Software	-	70,000		100	70,000	-	35,000		
13	Leasehold improv	33,463			NA	14,306	19,157	14,306		
14.1	Land Rights	4,472			7	313	4,159	313		
45	Computer Hardware	4,104			45	1,847	2,257	1,847		
47	Hydro Distribution equip	3,980,890	730,000		8	406,071	4,304,819	347,671		
50	Computer Equip	-	28,000		55	28,000	-	7,700		
		7,021,368	1,440,000			1,282,337	7,179,031	647,087	635,250	
	Loss Carry forward (to be used in future years)								581,366	
	Difference after loss carryforward.								53,884	14,279

4

2.9.1.6 Disposition of Account 1509, Impacts Arising for the COVID-19 Emergency

On June 17, 2021, the OEB issued a Report of the Board in the OEB's Consultation on COVID-19 Deferral Account application. In March 2020 in response to the spread of COVID-19 in the province, the OEB established a deferral account in which rate-regulated utilities could record incremental costs related to the pandemic; the severity and duration of which was uncertain at that time. The OEB stated that its Report should be viewed as a set of guidelines – a roadmap to aid utilities in understanding the OEB's expectations with respect to their potential requests for relief associated with this Account. RHI requests to dispose of the balance of \$5,470.47 for Account 1509 COVID-19 Deferral Account. This amount is made up of Lost Revenue due to reduced/waived late payment fees of \$11,538.81, additional sanitization and masking requirements of \$2,617.34, billing changes \$1,890.00 and increased LEAP funding of \$1,202.07. These costs were offset by wage subsidy provided by the federal government of (\$12,234.20). The balance of the accounts was carrying charges.

1 RHI did not exceed the threshold of 12% earnings in 2020 as RHI’s ROE was 7.81% and inclusion of the
2 \$5,470.47 in Account 1509 COVID-19 deferral account would have increased RHI’s ROE to 7.97%.
3 RHI confirms there were no interactions between the COVID-19 account and other existing generic or
4 utility-specific accounts and no double-counting between multiple ratemaking mechanisms.
5 RHI confirms no forecast to record further entries to this account and proposes discontinuation of the
6 sub-account.

7 2.9.2 Establishment of New Deferral and Variance Accounts

8 RHI is requesting the following new deferral/variance account:

9 **Account 1595 – Sub-account 2024**

10 Rate Rider for Disposition of Deferral/Variance Accounts (2024) – effective until December 31, 2024.

11 Upon approval of disposition, RHI is requesting Board approval to establish 1595-Sub-account 2024 to
12 track costs, revenues and interest for amounts disposed of in RHI’s 2023 Application.

13 No other accounts are requested in this application.
14

15 2.9.3 Lost Revenue Adjustment Mechanism Variance Account

16 RHI is not proposing any Lost Revenue Adjustment Mechanism (LRAM), disposition or continuing use of
17 LRAM for new CDM activities in this application. That being said, Renfrew Hydro would like to reserve
18 the right to use the LRAM account should any future mandated CDM activities justify its use.
19

20 Appendix

21 List of Appendices

22

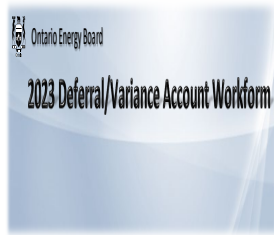
Appendix A	DVA Continuity Schedule Model
Appendix B	2024 GA Analysis Workform – 2022 G/L Balance

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Appendix A



Please see instructions tab for detailed instructions on how to complete the DVA Continuity Schedule. Column BV has been pre-populated from the most recent RRR Filing.

Account Descriptions	Account Number	2020								2021								2022								2023				Projected Interest on Dec-31-22 Balances							
		Opening Principal Amounts as of Jan-20	Transactions (Debit) / (Credit) during 2020	OEI-Approved Dispositions during 2020	Principal Adjustments during 2020	Closing Principal Balance as of Dec-31-20	Opening Interest Amounts as of Jan-20	OEI-Approved Dispositions during 2020	Interest Adjustments during 2020	Closing Interest Amounts as of Dec-31-20	Opening Principal Amounts as of Jan-21	Transactions (Debit) / (Credit) during 2021	OEI-Approved Dispositions during 2021	Principal Adjustments during 2021	Closing Principal Balance as of Dec-31-21	Opening Interest Amounts as of Jan-21	OEI-Approved Dispositions during 2021	Interest Adjustments during 2021	Closing Interest Amounts as of Dec-31-21	Opening Principal Amounts as of Jan-22	Transactions (Debit) / (Credit) during 2022	OEI-Approved Dispositions during 2022	Principal Adjustments during 2022	Closing Principal Balance as of Dec-31-22	Opening Interest Amounts as of Jan-22	OEI-Approved Dispositions during 2022	Interest Adjustments during 2022	Closing Interest Amounts as of Dec-31-22	Principal Disposition instructed by OEI	Interest Disposition instructed by OEI	Closing Principal Balance as of Dec-31-22	Projected Interest from January 1, 2023 to Dec-31, 2023	Total Interest	Total/Chg			
Group 1 Accounts																																					
J/V Variance Account	1500	\$0				\$0				\$0			\$220,194	\$220,194	\$0			\$1,300	\$1,300	\$220,194	\$192,208	\$104,058				\$271,436	\$1,302	\$4,094	\$994	\$4,322	\$116,159	\$2,047	\$155,276	\$2,452	\$7,606	\$10,061	\$66,882
Smart Metering Entry Charge Variance Account	1501	\$0				\$0				\$0			\$2,445	\$2,445	\$0			\$0	\$0	\$2,445	\$122,005	\$259				\$14,192	\$0	\$100	\$0	\$15	\$2,187	\$38	\$12,005	\$15	\$59	\$70	\$12,732
RSNA - Wholesale Market Service Charge ³	1502	\$0				\$0				\$0			\$116,666	\$116,666	\$0			\$797	\$797	\$116,666	\$47,578	\$69,554				\$103,910	\$767	\$1,714	\$691	\$1,934	\$69,002	\$695	\$47,578	\$695	\$2,240	\$3,249	\$60,820
Variance WMS - Sub-account CSR Class A ⁴	1503	\$0				\$0				\$0			\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Variance WMS - Sub-account CSR Class B ⁴	1504	\$0				\$0				\$0			\$21,655	\$21,655	\$0			\$141	\$141	\$21,655	\$0	\$0				\$19,404	\$141	\$207	\$110	\$129	\$10,581	\$187	\$8,823	\$184	\$464	\$603	\$8,425
RSNA - Retail Transmission Network Charge	1504	\$0				\$0				\$0			\$33,391	\$33,391	\$0			\$307	\$307	\$33,391	\$141,778	\$38,399				\$134,763	\$327	\$1,546	\$309	\$1,918	\$7,015	\$133	\$141,778	\$1,651	\$6,872	\$8,623	\$18,400
RSNA - Retail Transmission Connection Charge	1506	\$0				\$0				\$0			\$2,543	\$2,543	\$0			\$33	\$33	\$2,543	\$10,189	\$3,648				\$4,061	\$23	\$48	\$11	\$37	\$6,106	\$104	\$10,167	\$141	\$300	\$641	\$10,868
RSNA - Power (excluding Global Adjustment) ⁵	1508	\$0				\$0				\$0			\$442,502	\$442,502	\$0			\$1,163	\$1,163	\$442,502	\$67,607	\$80,787				\$110,342	\$1,053	\$1,776	\$871	\$1,912	\$62,705	\$338	\$67,607	\$338	\$2,244	\$3,021	\$61,497
RSNA - Global Adjustment ⁴	1509	\$0				\$0				\$0			\$138,538	\$138,538	\$0			\$236	\$236	\$138,538	\$42,770	\$31,488				\$147,813	\$246	\$2,599	\$145	\$2,869	\$105,043	\$1,094	\$42,770	\$1,022	\$2,103	\$3,025	\$46,948
Disposition and Recovery/Prolong of Regulatory Balances (2019) ⁶	1505	\$0	\$2,028			\$2,028		\$0		\$2,028				\$0	\$0		\$12	\$12	\$2,028						\$12	\$2,028	\$73	\$39	\$12	\$0	\$0	\$0	\$0	\$0	\$0		
Disposition and Recovery/Prolong of Regulatory Balances (2020) ⁶	1505	\$0	\$10,536	\$14,625		\$4,089	\$5,678	\$237		\$4,089	\$1,454			\$5,483	\$5,779	\$31	\$75	\$5,779	\$5,483						\$5,483	\$5,483	\$5,735	\$106	\$5,348	\$5,483	\$270	\$0	\$0	\$5,611	\$1,668		
Disposition and Recovery/Prolong of Regulatory Balances (2021) ⁶	1505	\$0				\$0				\$0	\$128,042	\$127,362		\$1,200	\$0	\$385	\$3,879	\$1,334	\$2,344	\$1,200	\$5					\$1,315	\$2,340	\$25	\$2,865	\$0	\$0	\$1,315	\$2,865		\$2,865	\$0	
Disposition and Recovery/Prolong of Regulatory Balances (2022) ⁶	1505	\$0				\$0				\$0				\$0	\$0				\$0	\$0	\$0	\$117,073	\$110,189				\$6,884	\$0	\$339	\$813	\$684		\$684	\$534		\$534	\$0
<i>Refer to the Filing Requirements for Account 1505 Disposition eligibility.</i>																																					
Group 1 total (including Account 1509)		\$0	\$8,500	\$14,625	\$0	\$8,065	\$0	\$199	\$5,678	\$237				\$5,943	\$6,365	\$1,074	\$1,273	\$6,365	\$6,365	\$1,074	\$1,273	\$6,365	\$6,365	\$6,365	\$6,365	\$6,365	\$6,365	\$6,365	\$6,365	\$6,365	\$6,365	\$6,365	\$6,365	\$6,365			
Group 1 total (excluding Account 1509)		\$0	\$8,500	\$14,625	\$0	\$8,065	\$0	\$199	\$5,678	\$237				\$5,943	\$6,365	\$1,074	\$1,273	\$6,365	\$6,365	\$1,074	\$1,273	\$6,365	\$6,365	\$6,365	\$6,365	\$6,365	\$6,365	\$6,365	\$6,365	\$6,365	\$6,365	\$6,365	\$6,365	\$6,365			
RSNA - Global Adjustment	1509	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$138,538	\$138,538	\$0	\$0	\$0	\$246	\$246	\$138,538	\$42,770	\$31,488				\$147,813	\$246	\$2,599	\$145	\$2,869	\$105,043	\$1,094	\$42,770	\$1,022	\$2,103	\$3,025	\$46,948

2

Appendix B

Ontario Energy Board
GA Analysis Workform

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

Year	2022			
Total Metered excluding WMP	C = A+B	86,116,714	kWh	100%
RPP	A	43,757,943	kWh	50.8%
Non-RPP	B = D+E	42,358,771	kWh	49.2%
Non-RPP Class A	D	13,397,355	kWh	15.6%
Non-RPP Class B*	E	28,961,416	kWh	33.6%

*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 Note that this GA rate for 2021 includes the GA recovery rate to recover the 2020 deferred Class B amount for non-RPP market participants and consumers.

Please confirm that the same GA rate is used to bill all customer classes. If not, please provide further details Yes No

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 No

Note 4 **Analysis of Expected GA Amount**

Year	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	2,720,886	2,720,886	2,952,618	2,952,618	0.04828	\$ 142,582	0.04353	\$ 128,527	\$ (14,054)	
February	2,952,618	2,952,618	2,663,058	2,663,058	0.05018	\$ 133,659	0.05246	\$ 139,704	\$ 6,045	
March	2,663,058	2,663,058	2,783,923	2,783,923	0.05208	\$ 153,116	0.05941	\$ 165,393	\$ 12,277	
April	2,783,923	2,783,923	2,420,542	2,420,542	0.05818	\$ 143,175	0.05293	\$ 200,736	\$ 57,560	
May	2,420,542	2,420,542	2,403,923	2,403,923	0.05968	\$ 143,466	0.08478	\$ 203,732	\$ 60,266	
June	2,403,923	2,403,923	2,430,379	2,430,379	0.08293	\$ 201,551	0.07868	\$ 191,222	\$ (10,329)	
July	2,430,379	2,430,379	2,561,557	2,561,557	0.08478	\$ 217,092	0.04008	\$ 102,667	\$ (114,425)	
August	2,561,557	2,561,557	2,692,099	2,692,099	0.04871	\$ 131,132	0.04091	\$ 13,434	\$ (117,698)	
September	2,692,099	2,692,099	2,443,935	2,443,935	0.04008	\$ 97,953	0.03241	\$ 79,208	\$ (18,745)	
October	2,443,935	2,443,935	2,511,547	2,511,547	0.04948	\$ 125,533	0.05771	\$ 144,941	\$ 19,408	
November	2,511,547	2,511,547	2,635,233	2,635,233	0.04739	\$ 124,884	0.06869	\$ 184,176	\$ 59,293	
December	2,635,233	2,635,233	2,810,807	2,810,807	0.05962	\$ 167,580	0.03427	\$ 96,326	\$ (71,254)	
Net Change in Expected GABalance in the Year (i.e. Transactions in the Year)	31,219,700	31,219,700	31,309,621	31,309,621		\$ 1,668,723		\$ 1,650,067	\$ (18,656)	

Annual Non-RPP Class B Wholesale kWh*	Annual Non-RPP Class B Retail billed kWh**	Annual Unaccounted for Energy Loss kWh	Weighted Average GA Actual Rate Paid (\$/kWh)***	Expected GA Volume Variance (\$)
O	P	Q=O-P	R	P=O*R
31,012,949	31,309,621	-296,672	0.05240	\$ (15,548)

*Equal to (AQEW - Class A + embedded generation kWh)/(Non-RPP Class B retail kWh/Total retail Class B kWh).

**Equal to the total Non-RPP Class B Including Loss Adjusted Consumption, Adjusted for Unbilled (i.e. cell F53), unless a reconciling item for "Impacts of GA deferral/recovery" is quantified and an alternative methodology for calculating the Expected GA Volume Variance is proposed.

***Equal to annual Non-RPP Class B \$ GA paid (i.e. non-RPP portion of CT 148 on IESO invoice) divided by Non-RPP Class B Wholesale kWh (as quantified in column O in the table above). The weighted average GA actual rate paid in 2021 is generally expected to include the GA recovery rate, unless a reconciling item for "Impacts of GA deferral/recovery" is quantified and an alternative methodology for calculating the Expected GA Volume Variance is proposed.

The weighted average GA actual rate paid in 2021 is generally expected to include the GA recovery rate, unless the distributor is proposing an alternative methodology in calculating the Expected GA Volume Variance and proposing to quantify the reconciling item for "Impacts of GA deferral/recovery."

Total Expected GA Variance \$ (34,201)

Calculated Loss Factor 1.0811
 Most Recent Approved Loss Factor for Secondary Metered Customer < 5,000kW 1.081
 Difference 0.0001

a) Please provide an explanation in the text box below if columns G and H for unbilled consumption are not used in the table above.

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

Note 5 **Reconciling Items**

Item	Amount	Explanation	Principal Adjustments
Net Change in Principal Balance in the GL (i.e. Transactions in the Year)	\$ (42,770)		
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 Significant prior period billing adjustments recorded in current year			
3b Significant current period billing adjustments recorded in other year(s)			
4 CT 2148 for prior period corrections			
5 Impacts of GA deferral/recovery			
6			
7			
8			
9			
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Note 6

Adjusted Net Change in Principal Balance in the GL	\$ (42,770)
Net Change in Expected GABalance in the Year Per Analysis	\$ (34,201)
Unresolved Difference	\$ (8,569)
Unresolved Difference as % of Expected GA Payments to IESO	-0.5%