

EXHIBIT 9 – DEFERRAL AND VARIANCE ACCOUNTS

2024 Cost of Service

Westario Power Inc.
EB-2023-0058

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9.1. OVERVIEW

The purpose of WPIs exhibit is to identify the variance/deferral accounts that have been used, provide the principal balance recorded in each variance/deferral account, and derive the carrying charges on each account's balance up to and including December 31, 2022.

The exhibit also describes the methodology proposed to allocate account balances to customer classes, explains the rationale supporting the proposed disposition period, shows the proposed charge parameters, and quantifies the proposed rate riders that will dispose of the recorded balances.

All accounts are used in the Accounting Procedures Handbook. The account balance at the end of 2022 reconciles with the trial balance reported through the Electricity Reporting and Record-keeping Requirements and WPI's Audited Financial Statements. WPI has completed the OEB-provided DVA model with Group 1 and Group 2 balances. The model is filed in support of the information presented in WPIs exhibit.

WPI proposes to dispose of them.

- A debit of \$1,388,953 related to certain Group 1 Account.
- A credit of \$818,518 related to Group 2 Variance/Deferral Accounts.
- WPI is not disposing of the following accounts (1588,1589,1580,1580 Class B)

All of the balances sought for disposal include carrying charges up to and including December 31, 2023, are sought to be disposed on a final basis.

Group 1 and Group 2 DVA balances are proposed to be disposed of over one year. WPI has followed the OEB's guidance as provided by the OEB's Electricity Distributor's Disposition of Variance Accounts Reporting Requirements Report.

9.1.1 Certification of Evidence

I Volod Ivanov certify that, to the best of my knowledge or otherwise specified, the evidence filed in WPIs exhibit is complete and consistent with the requirements of the Chapter 2 Filing Requirements for Electricity Distribution Rate Applications issued on December 20, 2022, and other OEB policies. I also confirm that BDO has put in place a robust process for the preparation, review, verification, and oversight of any account balances that are being requested for disposal.

Volod Ivanov
CFO

9.2. DISPOSITION OF DEFERRAL AND VARIANCE ACCOUNTS

9.2.1 DVA Balances Sought for Disposition

Table 1 – Balances Sought for Disposition

Account		Total Claim incl interest	Allocator
LV Variance Account	1550	458,189	kWh
Smart Metering Entity Charge Variance Account	1551	(67,594)	# of Cust
RSVA - Wholesale Market Service Charge	1580	0	kWh
RSVA - Retail Transmission Network Charge	1584	819,565	kWh
RSVA - Retail Transmission Connection Charge	1586	178,793	kWh
RSVA - Power (excluding Global Adjustment)	1588	0	kWh
RSVA - Global Adjustment	1589	0	Non-RPP kWh
Total Group 1 accounts above (excluding 1589)			
Pole Attachment Revenue Variance	1508	(376,327)	Dist. Rev.
Retail Cost Variance Account - Retail	1518	90,391	# of Cust
Retail Cost Variance Account - STR	1548	26,322	# of Cust
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account)	1592		kWh
PILs and Tax Variance for 2006 and Subsequent Years- Sub- account CCA Changes	1592		kWh
LRAM Variance Account (Enter dollar amount for each class)	1568		
Total of Group 1 Accounts (1550, 1551, 1584, 1586 and 1595)		1,388,953	
Total of Account 1580 and 1588 (not allocated to WMPs)			
Account 1589 (allocated to non-WMPs)			
Group 2 Accounts (including 1592, 1532, 1555)		(818,518)	

All accounts in Groups 1 and 2 listed above comply with the Accounting Procedure Handbook. For definitions of each account listed below, please refer to the Accounting Procedure Handbook using the following link:

http://www.ontarioenergyboard.ca/oeb/Documents/Regulatory/Accounting_Procedures_Handbook_Elec_Distributors.pdf

WPI confirms that the 2022 balances sought for disposition are as of December 31, 2022, and have been audited.

GROUP 1 ACCOUNTS

WPI is seeking the following account balances for disposition.

1550 - LV Variance Account \$458,189

1551 - Smart Metering Entity Charge Variance Account -\$67,594

1584 - RSVA - Retail Transmission Network Charge \$819,565

1586 - RSVA - Retail Transmission Connection Charge \$178,793

WPI confirms that for all the Group 1 accounts listed above, it has followed the Accounting Procedure Handbook.

1595 - Disposition of Residual Balances. (N/A)

WPI is not proposing to dispose of any 1595 balances as part of WPIs application. None of the outstanding residual balances in account 1595 are eligible for disposition. Therefore, WPI is not filing the associated 1595 Worksheet for each of these balances sought for disposition.

WPI last disposed of its DVA balances in its 2023 IRM application. The table below shows historical residual balances eligible for disposition.

Table 2 – Disposition Status of Account 1595

Balances as of end of;	Rate Application	Disposition Period	Sunset Reached	Rate Ride Sunset Date	Audited	+ 2 Years
2021	EB-2022-0070	1 yr.	X	Dec 31,2023	X	X
2020	EB-2021-0065	1 yr.	✓	Dec 31,2022	✓	X
2019	EB-2020-0062	1 yr.	✓	Dec 31,2021	✓	X

WPI also confirms that there are no residual balances for vintage Account 1595 being disposed of and that all historical dispositions of 1595 have only been done once.

GROUP 2 ACCOUNTS

1518 and 1548 - Retail Service Charges. (N/A)

In compliance with the accounting order on regulatory asset, sub account retail service charges incremental revenue, WPI is currently recording the revenues and costs associated with retail services and Retail Cost Variance Accounts (RCVAs) in accounts 1518 and 1548 until its next rebasing application. WPI intends on using the new 1508 Other Regulatory Assets, Sub account Retail Service Charge Incremental Revenue and 1508 Other Regulatory Assets, Sub account Retail Service Charge Incremental Revenue Carrying Charges starting January 1, 2024.

WPI understands and acknowledges that only credit entries will be recorded in the new accounts.

1508 – Wire pole Attachments Charges. (\$376,327)

On July 20, 2018, The OEB issued Accounting Guidance on Wireline Pole Attachment Charges. The guidance stated that LDCs without a distributor-specific pole attachment charge LDCs must record the excess incremental revenues received from carriers for the new pole attachment charge in a new variance account, Account 1508 – Sub Account – Pole Attachment Revenue Variance.

In compliance with the guidance, WPI started recording, starting on September 1, 2018, and ending in December 2022; the excess revenue collected from the difference between revenue charged to carriers and new rates was recorded in 1508.

Carrying charges have been applied to the balance in WPIs account at the OEB prescribed interest rates and recorded in the new variance account.

The guidance states that once an LDC has had the new pole attachment charge incorporated in a cost-based rate application, the variance account would no longer be required and must be closed after the disposition of the last of the amounts that have been tracked.

Given that the amount changes on a yearly basis, the assumption is that utilities will continue to record the difference between the amount charged and collected. WPI proposes to dispose of the balances in account 1508 up to the end of 2022. It does not anticipate using the account going forward unless the OEB changes the provincial rate.

Table 3 – 2022 Wire pole Attachment Calculations

Entry Cells							
JE Required Cells							
2022	Activity	Monthly Variance	Cumulative Balance	Interest Rate	Number of Days in Month	Interest Calculation	
	N/A	150850	150850			150855	Opening Total
	Opening Balance	-	(294,026.40)			(3,809.15)	(297,835.55)
	Jan	-	(4,426.68)	(298,453.08)	0.57%	31	(142.34)
	IRM Adjustment	-	(298,453.08)	N/A		-	
	Feb	-	(4,426.68)	(302,879.76)	0.57%	28	(130.50)
	Mar	-	(4,426.68)	(307,306.44)	0.57%	31	(146.63)
	Apr	-	(4,426.68)	(311,733.12)	1.02%	30	(257.63)
	May	-	(4,426.68)	(316,159.80)	1.02%	31	(270.05)
	Jun	-	(4,426.68)	(320,586.48)	1.02%	30	(265.05)
	Jul	-	(4,426.68)	(325,013.16)	2.20%	31	(599.01)
	Aug	-	(4,426.68)	(329,439.84)	2.20%	31	(607.28)
	Sep	-	(4,426.68)	(333,866.52)	2.20%	30	(595.70)
Oct	-	(4,426.68)	(338,293.20)	3.87%	31	(1,097.37)	
Nov	-	(4,426.68)	(342,719.88)	3.87%	30	(1,076.05)	
Dec	-	(4,426.68)	(347,146.56)	3.87%	31	(1,126.47)	
Activity for the year	-	(53,120.16)				(6,314.08)	
Closing Balance		(347,146.56)				(10,123.23)	Cumulative Total
							(357,269.79)
	Monthly Variance Balance	Account			Monthly Variance Balance	Account	
	Credit Balance	421002	920-410		Credit Balance	603510	920-100
					Debit Balance	440510	920-100

Westario completed its Cost of Service application in 2018. Part of the settlement process included increasing revenue related to pole attachments. Per the Settlement report:

increase the forecast net increase the forecast net other revenue related to pole attachments by \$6,300 to reflect the increase to the pole attach increase to the pole attachment rate beginning September 1st 2017 as set out in the Report of the Ontario Energy Board: W Ontario Energy Board. Wireline Pole Attachment Charges (EB-2015-0304), dated March 22, 2018.

Poles WPI Rents to 3rd Parties	# Of Poles	Old Annual Rental Rate	# Of Poles	2022 Rate *	Old Annual Revenue	2022 Annual Revenue	Additional Revenue for 2022	
Bluewater Cable TV (Eastlink)	28	22.35	28	34.76	625.80	973.28		
Wightman	11	22.35	11	34.76	245.85	382.36		
Eastlink	3,570	22.35	3,570	34.76	79,789.50	124,093.20		
Kincardine Cable TV (Rogers)	883	22.35	883	34.76	19,735.05	30,693.08		
Bruce Telecom	31	22.35	31	34.76	692.85	1,077.56		
HONI	23	22.35	23	34.76	514.05	799.48		
Bell Aliant	765	22.35	767	34.76	17,097.75	26,660.92		
					118,700.85	184,679.88	65,979.03	
Poles Rented by WPI from 3rd Parties	# Of Poles	Old Annual Rental Rate	# Of Poles	2022 Rate	Old Annual Expense	2022 Annual Expense	Additional Expense for 2022	
HONI	745	22.35	348	47.82	16,650.75	16,641.36		
Bell Aliant	309	22.35	252	53.47	6,906.15	13,474.44		
					23,556.90	30,115.80	6,558.90	
							65,979.03	Additional Revenue
							6,558.90	Additional Expense
							59,420.13	
							6,300.00	Amount Factored in at 2018 CoS (Per above Settlement)
							53,120.13	2020 Pole Attachment Additional Revenue not factored into CoS
* number of poles can change yearly due to companies replacement projects							4,426.68	Monthly deferral amount

1592 - Accelerated CCA -\$503,607

As explained in Exhibit 6, WPI, with the assistance of its accounting firm, has complied with the Accelerated Investment Incentive program, which provides for the first-year increase in CCA deductions on eligible capital assets acquired after November 20, 2018.

WPI confirms that it has recorded the impact of the CCA rules changes in Account 1592 - PILs and Tax Variances – CCA Changes for November 21, 2018, up to Dec 31, 2022. The worksheet showing the calculations of the entire revenue requirement impact is filed along with WPIs application. The DVA model shows the full revenue requirement impact recorded in Account 1592.

WPI acknowledges the OEB's 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. WPI also understands that WPIs practice may not apply concerning CCA rules; therefore, the utility proposes to dispose 100% of its balances in the same manner as it disposes of its other deferral and variance accounts through the DVA rate rider mechanism.

WPI is not proposing to smooth the impact of the CCA rules changes and disposition over the IRM period. The utility is proposing not to continue using Account 1592 unless there are new changes to the CCA rules.

The calculations for WPI's impact of accelerated CCA has been filed along with WPIs application.

WPI confirms that for all the Group 2 accounts listed above, it has followed the Accounting Procedure Handbook.

An Accelerated CCA workbook prepared by KPMG can be found at Appendix A of this exhibit.

The following accounts show a variance between the trial balance filed as part of the RRR 2.1.7 and the results presented in the DVA model. In compliance with the filing requirements, WPI offers the following explanations.

2425 - Other Deferred Credits -\$1,428,790

The variance from the RRR was due to an entry error, the amount should have gone to account 2440.

1580 - RSVA - Wholesale Market Service Charge \$1,285,563

WPI is not seeking to dispose of the balance at this time. Concerned with the unusually large variance accumulated in 2022, the utility has asked Baker Tilly to review the accuracy of the entries in this particular account before disposing of the balances.

1580 - Variance WMS – Sub-account CBR Class B -\$77,192

The same rationale applies to this 1580 subaccount as was described above in the main 1580 account.

1588 - RSVA - Power (excluding Global Adjustment) \$2,289,319

WPI is not seeking to dispose of the balance at this time. Similar to account 1580, WPI is concerned with certain entries that were made in 2022 that are unusually large. Therefore, the utility has asked Baker Tilly to review the accuracy of the entries in this particular account before disposing of the balances.

1589 - RSVA - Global Adjustment -\$5,926

The same rationale applies to 1589 as it does with 1588. WPI is waiting for the results from its 3rd party auditor before it disposes of the balances.

1508 - Deferred IFRS Transition Costs -\$357,270

This variance is caused by an error populating the trial balance in the RRR. This represents the Pole Attachment charges and should have been recorded in a different 1508 sub account.

1592 - PILs and Tax Variance for 2006 and Subsequent Years -\$325,256

This variance was caused by WPI recorded preliminary effects of the Accelerated CCA in previous years. The amount is being replaced by the amount proposed in 1592 - Accelerated CCA - \$503,607 as calculated by Westario's accounting firm.

9.2.2 Group 2 Account Proposed to be Discontinued and Request for New Variance Account Going Forward.

WPI confirms that it is not requesting any new deferral or variance accounts, nor is it proposing to discontinue any Group 2 Account at WPI's time.

9.2.3 Accounting Orders for Previous Applications and Departure from Board Approved Balances

WPI confirms it was not instructed to apply for any specific accounting orders in its previous application. WPI has not made any adjustments to deferral and variance account balances that the Board previously approved on a final basis in either cost of service or IRM proceedings.

9.2.4 Interest Rates

The table below provides the interest rates by quarter applied to calculate actual and forecast carrying charges for each regulatory and variance account.

Table 4 – Interest Rates

Period	Interest Rate
Q1 2018 (Actual)	1.50%
Q2 2018 (Actual)	1.89%
Q3 2018 (Actual)	1.89%
Q4 2018 (Actual)	2.17%
Q1 2019 (Actual)	2.45%
Q2 2019 (Actual)	2.18%
Q3 2019 (Actual)	2.18%
Q4 2019 (Actual)	2.18%
Q1 2020 (Actual)	2.18%
Q2 2020 (Actual)	2.18%
Q3 2020 (Actual)	0.57%
Q4 2020 (Actual)	0.57%
Q1 2021 (Actual)	0.57%
Q2 2021 (Actual)	0.57%
Q3 2021 (Actual)	0.57%
Q4 2021 (Actual)	0.57%
Q1 2022 (Actual)	0.57%
Q2 2022 (Actual)	1.02%
Q3 2022 (Actual)	2.22%
Q4 2022 (Actual)	3.87%
Q1 2023 (Actual)	4.73%
Q2 2023 (Actual)	4.98%
Q3 2023 (Actual)	4.98%
Q4 2023 (Actual)	5.49%

WPI has used the latest OEB prescribed interest rates as published on the website at:
<https://www.oeb.ca/regulatory-rules-and-documents/rules-codes-and-requirements/prescribed-interest-rates>

9.2.5 Disposition and Rate Riders and Allocator

Board policy states that at the time of rebasing, all account balances should be disposed of unless otherwise justified by the distributor or as required by a specific Board decision or guideline. Per the above statement, WPI proposes to dispose of all its balances listed in the table below. The only account that is not sought for disposition is account 1595, which does not meet the OEB's criteria for disposition.

The 2023_DVA_Continuity_Schedule detailing each account is being filed in conjunction with WPI's application.

Table 5 – Balances Sought for Disposition (DVA Model - Tab 5 Allocation of Balances)

Account		Total Claim incl interest	Allocator
LV Variance Account	1550	458,189	kWh
Smart Metering Entity Charge Variance Account	1551	(67,594)	# of Cust
RSVA - Wholesale Market Service Charge	1580	0	kWh
RSVA - Retail Transmission Network Charge	1584	819,565	kWh
RSVA - Retail Transmission Connection Charge	1586	178,793	kWh
RSVA - Power (excluding Global Adjustment)	1588	0	kWh
RSVA - Global Adjustment	1589	0	Non-RPP kWh
Total Group 1 accounts above (excluding 1589)			
Pole Attachment Revenue Variance	1508	(376,327)	Dist. Rev.
Retail Cost Variance Account - Retail	1518	90,391	# of Cust
Retail Cost Variance Account - STR	1548	26,322	# of Cust
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account)	1592		kWh
PILs and Tax Variance for 2006 and Subsequent Years- Sub- account CCA Changes	1592		kWh
LRAM Variance Account (Enter dollar amount for each class)	1568		
Total of Group 1 Accounts (1550, 1551, 1584, 1586 and 1595)		1,388,953	
Total of Account 1580 and 1588 (not allocated to WMPs)			
Account 1589 (allocated to non-WMPs)			
Group 2 Accounts (including 1592, 1532, 1555)		(818,518)	

WPI confirms the following statements:

- The utility has not made any adjustments to DVA balances previously approved by the Board on a final basis in the previous Cost of Service or IRM proceedings.

- The utility has no balances for disposition for renewable generation and smart grid development.
- WPI does not have any Market Participants. As such, it does not need to establish separate rate riders to recover balances in the RSVA's from Market Participants who must not be allocated the RSVA balances related to charges for which the MP's settle directly with the IESO.
- WPI is proposing to dispose of balances where the values are entered in 2016 to 2022 and interest until end of 2024. WPI confirms that its balances proposed for disposition up to the end of 2022 are consistent with the last Audited Financial Statements.

The determination of the rate riders is shown in the tables below. Following OEB policy, WPI is seeking a one-year disposition period. WPI knows no account for which the OEB has not set an allocator.

Table 6 – Rate Riders for the Group 1

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Group 1 Balance (excluding 1589)	Rate Rider for Deferral/Variance Accounts
Residential	kWh	193,221,398	\$574,303	0.0030
General service < 50 kw	kWh	70,181,854	\$223,062	0.0032
General service > 50 to 4999 kw	kW	444,572	\$582,674	1.3106
Unmetered scattered load	kWh	213,149	\$700	0.0033
Sentinel lighting	kW	16	\$24	1.4798
Street lighting	kW	6,650	\$8,191	1.2317
Total			\$1,388,953	

Table 7 – Rate Riders for Group 2

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Group 2 Balance	Rate Rider for Deferral/Variance Accounts
Residential	# of Customers	21,879	-\$397,218	-\$ 1.51
General service < 50 kw	kWh	70,181,854	-\$137,553	-\$0.0020
General service > 50 to 4999 kw	kW	444,572	-\$288,056	-\$0.6479
Unmetered scattered load	kWh	213,149	-\$327	-\$ 0.0015
Sentinel lighting	kW	16	-\$14	-\$0.8565
Street lighting	kW	6,650	\$4,650	\$0.6993
Total			-\$818,518	

9.3. GLOBAL ADJUSTMENT

Given the high staff turnover in the past several years along with the discovery of out-of-the-ordinary journal entries, WPI decided to hire a third-party auditor to review its processes and verify the accuracy of its calculations prior to attempting to dispose of its balances.

Appendix 9B shows is a summary of Baker Tilly's directive to investigate the process and identify anomalies in the process, entries and variances. . . .

9.4. LRAMVA

WPI confirms that it disposed of its LRAM balances in previous applications using the IESO's final release of its verified results. WPI confirms that it is not seeking disposal of loss revenues related to conservation savings in WPIs proceeding therefore none of the LRAMVA filing requirements apply in WPIs case.

APPENDICES

List of Appendices

Appendix 9A	Accelerated CCA Calculations
Appendix 9B	Memorandum - Recommendation to Postpone Disposition of Accounts 1588 and 1589

APPENDICES 9A

Accelerated CCA Calculations

Westario Power Inc.
Comparison using ACTUAL additions
Account 1592 JE -- December 31, 2022

2018 No AIIP

Class No. [200]	2	3	3.1	4	5	6	7	9	10	11	12	13		
	UCC BOY [201]	Additions [203]	DIEP [232]	Adjustments [205]	Proceeds* [207]	UCC	1/2 of 3 -5 -3.1 [203] - [207] - [232] [211]	Rate % [212]	Recapture [213]	Terminal Loss [215]	CCA [217]	UCC EOY [220]	CCA As Filed	Difference
1	\$ 7,699,954	\$ 43,732				\$ 7,743,686	\$ 21,866	4	\$ -	\$ -	\$ 308,873	\$ 7,434,813	\$ 309,237	\$ (364)
1b	\$ 1,276,772					\$ 1,276,772	\$ -	6	\$ -	\$ -	\$ 76,606	\$ 1,200,166	\$ 76,606	\$ 0
2	\$ 3,183,165					\$ 3,183,165	\$ -	6	\$ -	\$ -	\$ 190,990	\$ 2,992,175	\$ 190,990	\$ (0)
8	\$ 1,617,115	\$ 340,004				\$ 1,957,119	\$ 170,002	20	\$ -	\$ -	\$ 357,423	\$ 1,599,696	\$ 400,861	\$ (43,438)
8	\$ 34,338					\$ 34,338	\$ -	20	\$ -	\$ -	\$ 6,868	\$ 27,470	\$ 6,868	\$ (0)
10	\$ 299,623	\$ 541,414			\$ (21,020)	\$ 820,017	\$ 260,197	30	\$ -	\$ -	\$ 167,946	\$ 652,071	\$ 167,946	\$ -
12	\$ 8,120	\$ 95,131				\$ 103,251	\$ 7,847	100	\$ -	\$ -	\$ 95,404	\$ 7,847	\$ 95,404	\$ -
14.1	\$ 569,729	\$ 2,851				\$ 572,580	\$ -	5	\$ -	\$ -	\$ 40,024	\$ 532,556	\$ 40,024	\$ -
45	\$ 41					\$ 41	\$ -	45	\$ -	\$ -	\$ 18	\$ 23	\$ 18	\$ 0
47	\$ 22,629,561	\$ 4,649,674			\$ (67,626)	\$ 27,211,609	\$ 2,291,024	8	\$ -	\$ -	\$ 1,993,647	\$ 25,217,962	\$ 2,270,244	\$ (276,597)
50	\$ 46,926	\$ 37,647			\$ (490)	\$ 84,083	\$ 18,579	55	\$ -	\$ -	\$ 36,027	\$ 48,056	\$ 42,554	\$ (6,527)
95						\$ -	\$ -	0	\$ -	\$ -	\$ -	\$ -		\$ -
	\$ 37,365,344	\$ 5,710,453	\$ -	\$ -	\$ -	\$ (89,136)	\$ 42,986,661	\$ 2,769,515	\$ -	\$ -	\$ 3,273,827	\$ 39,712,834	\$ 3,600,752	\$ (326,925)
													Tax Rate	\$ (86,635)
													Grossed-up	\$ (117,871)

2021 Rolled with NO AIP Applied

Class No. [200]	2	3	3.1	4	5	6	7	9	10	11	12	13		
	UCC						1/2 of 3 - 5 - 3.1			Terminal		UCC	CCA	Difference
	BOY	Additions	DIEP	Adjustments	Proceeds*	UCC	[203] - [207] - [232]	Rate %	Recapture	Loss	CCA	EOY	CCA	
	[201]	[203]	[232]	[205]	[207]		[211]	[212]	[213]	[215]	[217]	[220]	As Filed	
1	\$ 6,851,924					\$ 6,851,924	\$ -	4 %	-	\$ -	\$ 274,077	\$ 6,577,847	\$ 274,863	\$ (786)
1b	\$ 1,232,682	\$ 6,513				\$ 1,239,195	\$ 3,257	6 %	-	\$ -	\$ 74,156	\$ 1,165,039	\$ 73,908	\$ 248
2	\$ 2,643,886					\$ 2,643,886	\$ -	6 %	-	\$ -	\$ 158,633	\$ 2,485,253	\$ 158,633	\$ -
8	\$ 1,106,481	\$ 68,290	\$ 42,134		\$ (1,000)	\$ 1,173,771	\$ 12,578	20 %	-	\$ -	\$ 265,946	\$ 907,825	\$ 171,982	\$ 93,964
8	\$ 17,581					\$ 17,581	\$ -	20 %	-	\$ -	\$ 3,516	\$ 14,065	\$ 3,516	\$ -
10	\$ 409,475	\$ 371,220	\$ 249,005			\$ 780,695	\$ 61,108	30 %	-	\$ -	\$ 390,180	\$ 390,516	\$ 417,319	\$ (27,139)
12	\$ 18,850	\$ 17,000				\$ 35,850	\$ 8,500	100 %	-	\$ -	\$ 27,350	\$ 8,500	\$ 17,000	\$ 10,350
14.1	\$ 460,709	\$ 13,222				\$ 473,931	\$ 6,611	5 %	-	\$ -	\$ 32,531	\$ 441,400	\$ 33,192	\$ (661)
45	\$ 7					\$ 7	\$ -	45 %	-	\$ -	\$ 3	\$ 4	\$ 3	\$ -
47	\$ 29,295,279	\$ 2,618,674			\$ (13,619)	\$ 31,900,334	\$ 1,302,528	8 %	-	\$ -	\$ 2,447,825	\$ 29,452,510	\$ 2,645,799	\$ (197,974)
50	\$ 64,537	\$ 17,301	\$ 13,311			\$ 81,838	\$ 1,995	55 %	-	\$ -	\$ 49,904	\$ 31,934	\$ 28,504	\$ 21,400
95	\$ -					\$ -	\$ -	0 %	-	\$ -	\$ -	\$ -	\$ -	\$ -
95								0 %	-	\$ -	\$ -	\$ -		
	\$ 42,101,411	\$ 3,112,220	\$ 304,450	\$ -	\$ -	\$ (14,619)	\$ 45,199,012	\$ 1,396,577	\$ -	\$ -	\$ 3,724,120	\$ 41,474,892	\$ 3,824,719	\$ (100,599)
													\$ (26,659)	\$ (100,599)
													\$ (36,270)	\$ (100,599)

2022 Rolled with NO AIP Applied

1	\$	6,577,847				\$	6,577,847	\$	-	4	\$	-	\$	-	\$	263,114	\$	6,314,733	\$	263,868	\$	(754)		
1b		1,165,039					1,165,039	\$	-	6	\$	-	\$	-	\$	69,902		1,095,136	\$	69,278	\$	624		
2	\$	2,485,253					2,485,253	\$	-	6	\$	-	\$	-	\$	149,115		2,336,138	\$	149,115	\$	0		
8	\$	907,825	\$	80,447	\$	80,447		\$	988,272	\$	-	20	\$	-	\$	262,012		726,260	\$	181,810	\$	80,202		
8		14,065					\$	14,065	\$	-	20	\$	-	\$	-	\$	2,813		11,252	\$	2,813	\$	(0)	
10	\$	390,516	490,809	490,809			\$	881,325	\$	-	30	\$	-	\$	-	\$	607,964		273,361	\$	590,297	\$	17,667	
12	\$	8,500	\$	54,123	\$	54,123		\$	62,623	\$	-	100	\$	-	\$	-	\$	62,623		\$	54,123	\$	8,500	
14.1	\$	441,400					\$	441,400	\$	-						\$	30,594		410,806	\$	30,445	\$	149	
45	\$	4					\$	4	\$	-	45	\$	-	\$	-	\$	2		2	\$	2	\$	(0)	
47	\$	29,452,510	\$	5,403,998	\$	-	\$	(7,253)	\$	34,849,255	\$	2,698,373	8	\$	-	\$	2,572,071		32,277,184	\$	2,983,876	\$	(411,805)	
50	\$	31,934	\$	38,707	\$	38,707		\$	70,641	\$	-	55	\$	-	\$	-	\$	56,271		14,370	\$	44,447	\$	11,824
95	\$	-					\$	-	\$	-	0	\$	-	\$	-	\$	-		-	\$	-	\$	-	
	\$	41,474,892	\$	6,068,084	\$	664,086	\$	-	\$	-	\$	(7,253)	\$	47,535,723	\$	2,698,373	\$	-	\$	-	\$	4,076,480	\$	43,459,242
																				\$ 4,370,074		\$ (293,594)		
																				Tax Rate		\$ (77,802)		
																				Grossed-up		\$ (105,854)		

	Grossed Up - PILS
2018	\$ (117,871)
2019	\$ (129,235)
2020	\$ (114,378)
2021	\$ (36,270)
2022	\$ (105,854)
Total	\$ (503,607)

The advice contained herein is based on the facts and assumptions stated herein. You have represented to us that you have provided us with all facts and assumptions that you know or have reason to know are pertinent to this matter. If these facts and assumptions are not entirely complete and accurate, it could have a material effect on our advice. Our advice takes into account the applicable provisions and published judicial and administrative interpretations of the relevant taxing statutes, the regulations thereunder and applicable tax treaties. Our advice also takes into account all specific proposals to amend these authorities or other relevant statutes or tax treaties publicly announced prior to the date of our advice, based on the assumption that these amendments will be enacted substantially as proposed. Our advice does not otherwise take into account or anticipate any changes in law or practice, by way of judicial, governmental or legislative action or interpretation. These authorities are subject to change, retroactively and/or prospectively, and any such changes could have an effect on our advice and may result in incremental taxes, interest or penalties. Unless you specifically request otherwise, we will not update our advice to take any such changes into account. If you carry on business or reside in Québec, Québec introduced legislation that prohibits a taxpayer who has carried out a transaction, or series of transactions, that is subject to a Revenu Québec final assessment based on the general anti-avoidance rule, from being able to obtain authorization from the Autorité des marchés publics (AMP) to bid for or obtain public contracts. The taxpayer will be listed in the Register of Enterprises Ineligible for Public Contracts for a period of five years from the time the name is entered on the list.

Our advice is limited to the conclusions specifically set forth herein. We provide no advice and express no opinion with respect to any other federal, provincial or foreign tax aspect of the matters described herein, nor with respect to any legal or other matters other than those specifically addressed herein. The Canada Revenue Agency and/or any other relevant provincial tax authority and/or foreign tax authority and/or other governmental tax authority (collectively a Tax or Revenue Authority) could take a different position with respect to the matters addressed herein (including the general anti-avoidance rule (GAAR)), in which case it may be necessary for you to defend this position on appeal from an assessment or litigate the dispute before the courts, including one or more appellate courts, in order for our advice to prevail. It should be noted that filings by both the taxpayer and by the Tax Authorities before the tax courts are a matter of public record and that this public access to the details of your tax dispute could potentially lead to unwanted scrutiny and publicity by tax commentators and by the business and general news media. If a settlement were reached with a Tax or Revenue Authority or if such appeal and litigation were not, or were not entirely, successful, the result would likely be different from the advice we provide herein. Unless expressly provided for, our services do not include representation in the event of a challenge by a Tax or Revenue Authority or litigation before any court.

Our advice is for the sole use of our client. The advice is based on the specific facts and circumstances and the scope of our services and is not intended to be relied upon by any other person. We disclaim any responsibility or liability for any reliance that any person other than our client may place on this advice.

APPENDICES 9B

Memorandum - Recommendation to Postpone Disposition of Accounts 1588 and 1589

Baker Tilly KDN LLP
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To: Westario Power Inc.
385 Queen St,
Kincardine, ON,
N2Z 2R4

Attn: Volod Ivanov, Walter Malcolm

Memorandum - Recommendation to Postpone Disposition of Accounts 1588 and 1589

Dear Volod Ivanov and Walter Malcolm,

I am writing to you as an external consultant with knowledge in regulatory accounting and compliance with Modified International Financial Reporting Standards (MIFRS) in the context of local distribution companies regulated by the Ontario Energy Board (OEB). Our role is to provide guidance and recommendations to assist your organization in making informed decisions regarding the disposal of deferral and variance accounts (DVAs) 1588 and 1589.

Purpose

Our primary objective is to assist Westario Power Inc. management and staff with your internal audit of the historical periods of the balances in accounts 1588 and 1589 for your upcoming Cost of Service (COS) filing.

Disclaimer

We wish to emphasize that no external audit or assurance services have been conducted in the preparation of this memorandum. Our role is limited to providing advice and recommendations upon thoroughly examining the historical transactions in the aforementioned accounts, without materiality levels, for regulatory accounting and compliance purposes. This memorandum is intended for informational purposes only.

Recommendation and Rationale for Postponing Disposition of Accounts 1588 and 1589

We recommend postponing the disposition of accounts 1588 and 1589 in the upcoming COS application. Our rationale is based on the following key points:

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Significant Debit Balance in Account 1588:

Generally, account balances in 1588 are expected to be insignificant and we have observed a pattern of substantial debit balances accumulating in these accounts over the last few years. This pattern is logically inconsistent with expectations for balances in account 1588, primarily due to the monthly 1598 filings with the Independent Electricity System Operator (IESO). The filings resulting in the charge type (CT) 142 cost or credit should result in the remittance or claim of the majority of any difference in the cost of power and revenues obtained from RPP customers. These significant debit balances should be reviewed comprehensively to ensure their accuracy and consistency with regulatory requirements.

Errors identified in 1598 Filings:

Errors have been identified in the 1598 filings with the IESO. These errors have a direct impact on the balances in Account 1588 and could have an indirect impact on the balances in Account 1589. Therefore, a full review and reconciliation of the filings with IESO are essential to rectify discrepancies and ensure that the regulatory accounts accurately represent the financial position of the utility.

Lack of Comprehensive Examination:

A comprehensive examination of all aspects impacting Account 1588 and Account 1589 has not been completed to date. To ensure the utmost accuracy and regulatory compliance, it is prudent to undertake a more thorough examination of these accounts, considering all influencing factors. This approach will contribute to a more transparent and reliable financial reporting process.

This examination should include:

- An inspection of filings for Class A consumption data due to its impact on charge type 148 (GA) from the IESO.

- The 1598 monthly filings with the IESO.

- Journal entries impacting accounts 1588 and 1589. This would include entries and reversals of IESO invoice accrual, journal entries to relevant revenues, COP and DVA accounts, and consumption data used to determine the split of CT 148 from the IESO.

Conclusion

In light of these considerations, we recommend postponing the disposition of Accounts 1588 and 1589 in your upcoming COS application. Additional time will enable your organization to conduct a comprehensive review of these accounts, rectify any errors, and align them with regulatory


standards. We suggest including these accounts in the next Incremental Rate-Making (IRM) application once the examination and review has been completed.

We are committed to working with your organization to support the accuracy and integrity of your regulatory accounting practices.

Sincerely,

Baker Tilly KDN LLP

Per: Jeff Taylor, CPA, CA
Partner

A handwritten signature in black ink, appearing to be 'JT', written over a horizontal line.