

EXHIBIT 9

DISPOSITION OF DEFERRAL AND VARIANCE ACCOUNTS

Table of Contents

EXHIBIT 9 – DISPOSITION OF DEFERRAL AND VARIANCE ACCOUNTS....	5
9.0 OVERVIEW	5
9.0.1 DVA Summary	6
9.0.2 Accounts Not Proposed for Disposition	8
9.0.3 Status of Group 2 Accounts	8
9.0.3.1 Account 1508, Sub Account Green Button Initiative Costs	8
9.0.3.2 Account 1508, Sub Account Capital Additions Dundas Street Road Widening Project	8
9.0.3.3 Account 1508, Sub Account Capital Additions Waterdown Rd Road Widening Project	8
9.0.3.4 Account 1508, Sub Account Collection Charge Lost Revenue	9
9.0.3.5 Extra-Ordinary Event Costs - 2022 Wind Storm (Z-Factor)	9
9.0.3.6 Account 1509 Impacts Arising from the COVID-19 Emergency	9
9.0.4 Account Usage	9
9.0.5 Continuity Schedule	9
9.0.6 Reconciliation of Continuity Schedule to RRRs	18
9.0.7 Adjustments to DVAs	18
9.0.8 Carrying Charges	18
9.1 DISPOSITION OF DEFERRAL AND VARIANCE ACCOUNTS	20
9.1.0 Overview	20
9.1.0.1 Group 1 Accounts	20
9.1.0.2 Group 2 Accounts	24
9.1.1 Disposition of Accounts 1588 and 1589	25
9.1.1.1 Global Adjustment	26
9.1.1.2 Commodity Accounts Analysis Workform	26
9.1.2 Disposition of Account 1580, Sub-account CBR Class B Variance	28
9.1.3 Disposition of Account 1595	28
9.1.4 Disposition of Retail Service Charges Related Accounts	29
9.1.5 Disposition of Account 1592, Sub-account CCA Changes	29
9.1.5.1 Impact to Account 1592 in 2021 and 2026	30
9.1.6 Disposition of Account 1509 Impacts Arising from the COVID-19 Emergency	31
9.1.6.1 Means Test	32
9.1.6.2 Prudence	33
9.1.6.3 Causation	35

9.1.6.4 Materiality	35
9.1.6.5 Discontinuation of the COVID-19 Account	36
9.1.7 Disposition of Account 1508, Sub-account Pole Attachment Revenue Variance	36
9.1.8 Disposition of Account 1511 Incremental Cloud Computing Implementation Costs	37
9.1.9 Disposition of Account 1508, Sub-account Customer Choice Initiative Costs	38
9.1.10 Disposition of Account 1508, Sub-account Green Button Initiative Costs	39
9.1.11 Disposition of Account 1508, Sub-account Capital Additions Dundas Street Road Widening Project - Revenue Requirement Differential Variance Account	40
9.1.11.1 OEB-Approved Principal and Interest Dispositions	42
9.1.11.2 Reconciliation and Clarification of the Record in EB-2024-0010	43
9.1.12 Disposition of Account 1508, Sub-account Capital Additions Waterdown Rd Road Widening Project - Revenue Requirement Differential Variance Account	45
9.1.13 Disposition of Account 1508, Sub-account Collection Charge Lost Revenue	48
9.1.14 Disposition of Account 1522 Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	50
9.1.14.1 Ontario Municipal Employees Retirement System ("OMERS") Pension Plan	50
9.1.14.2 Other Post Employment Benefit Costs	50
9.1.15 Disposition of Account 1572 Extra-Ordinary Event Costs - 2022 Wind Storm (Z-Factor)	52
9.2 ESTABLISHMENT OF NEW DEFERRAL AND VARIANCE ACCOUNTS ..	53
9.3 LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT ...	53
9.3.1 Disposition of the LRAMVA	53
9.3.2 Continuing Use of the LRAMVA for New NWS Activities	53

TABLES

Table 1 – Summary of DVA Balances and Status	6
Table 2 – Group 1 DVA Continuity to December 31, 2024	10
Table 3 – Group 1 DVA Continuity to December 31, 2025	11
Table 4 – Group 2 DVA Continuity to December 31, 2020	12

Table 5 – Group 2 DVA Continuity to December 31, 2021	13
Table 6 – Group 2 DVA Continuity to December 31, 2022	14
Table 7 – Group 2 DVA Continuity to December 31, 2023	15
Table 8 – Group 2 DVA Continuity to December 31, 2024	16
Table 9 – Group 2 DVA Continuity to December 31, 2025	17
Table 10 – Interest Rates for Carrying Charges on DVAs	19
Table 11 – Group 1 Account Balances for Disposition	21
Table 12 – Group 1 Disposition by Category	22
Table 13 – Calculation of Group 1 Rate Riders by Rate Class	23
Table 14 – Comparison of Current Approved to Proposed Rate Riders	24
Table 15 – Group 1 Disposition by Category	24
Table 16 – Calculation of Group 2 Rate Riders by Rate Class	25
Table 17 – Class A/B Customer Transition	26
Table 18 – CAA Workform Summary	27
Table 19 – Account 1588 Summary	27
Table 20 – Impact to Revenue Requirement of CCA Changes	31
Table 21 – Summary of Account Balance	32
Table 22 – Means Test	33
Table 23 – BHI's Annual Materiality Thresholds	36
Table 24 - Wireline Pole Attachment Charge Variance	37
Table 25 - Revenue Requirement for Customer Choice Initiative	39
Table 26 - Revenue Requirement for Green Button Initiative	40
Table 27 - Calculation of Credit Entry into CVA1	41
Table 28 - Annual Account Entries for CVA1	42
Table 29 - CVA1 Balance for Disposition	42
Table 30 - Calculation of Credit Entry into CVA2	47
Table 31 - Annual Account Entries for CVA2	48
Table 32 - Collection of Account Lost Revenue	50
Table 33 - Pension & OPEB Forecast Accrual vs. Actual Cash Payment Differential	52

FIGURES

Figure 1 - Excerpt from BHI IRR Staff-16 (EB-2024-0010)

LIST OF ATTACHMENTS

Attachment15_DVA_Continuity_Schedule_BHI_04162025

Attachment16_2026_CAA_Workform_BHI_04162025

EXHIBIT 9 – DISPOSITION OF DEFERRAL AND VARIANCE ACCOUNTS

9.0 OVERVIEW

BHI seeks OEB approval in this Application to dispose of its Group 1 and Group 2 Deferral and Variance Account (“DVA”) balances as at December 31, 2024 including forecasted interest through December 31, 2025. BHI also seeks approval to dispose of principal activity to December 31, 2025 and associated carrying charges in certain Group 2 Deferral accounts as identified in Table 3 and Table 4 below.

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

¹ EB-2008-0046

9.0.1 DVA Summary

Table 1 below identifies a list of all active DVAs showing the following for each account:

- principal balance, carrying charges, and total balance.
- whether the account is being proposed for disposition.
- whether the account is proposed to be continued or discontinued.

Table 1 – Summary of DVA Balances and Status

Variance Account	USoA	Principal as at Dec 31, 2024	Carrying Charges to Dec 31, 2025	Total	Proposed for Disposition	Continue/ Discontinue
Group 1						
Smart Metering Entity Charge Variance Account	1551	\$(53,238)	\$(2,755)	\$(55,993)	\$(55,993)	Continue
RSVA - Wholesale Market Service Charge	1580	\$(405,504)	\$(18,241)	\$(423,745)	\$(423,745)	Continue
Variance WMS – Sub-account CBR Class A	1580	\$0	\$0	\$0	\$0	Continue
Variance WMS – Sub-account CBR Class B	1580	\$637,649	\$23,915	\$661,564	\$661,564	Continue
RSVA - Retail Transmission Network Charge	1584	\$296,909	\$4,731	\$301,641	\$301,641	Continue
RSVA - Retail Transmission Connection Charge	1586	\$(260,719)	\$(13,750)	\$(274,469)	\$(274,469)	Continue
RSVA - Power (excluding Global Adjustment)	1588	\$686,449	\$36,414	\$722,864	\$722,864	Continue
RSVA - Global Adjustment	1589	\$2,884,391	\$142,376	\$3,026,767	\$3,026,767	Continue
Disposition and Recovery/Refund of Regulatory Balances (2019 and pre-2019)	1595	\$0	\$0	\$0	\$0	Final
Disposition and Recovery/Refund of Regulatory Balances (2020)	1595	\$0	\$0	\$0	\$0	Final
Disposition and Recovery/Refund of Regulatory Balances (2021)	1595	\$137,017	\$162,415	\$299,432	\$0	Continue
Disposition and Recovery/Refund of Regulatory Balances (2022)	1595	\$0	\$(52,209)	\$(52,209)	\$0	Continue
Disposition and Recovery/Refund of Regulatory Balances (2023)	1595	\$0	\$52,080	\$52,080	\$0	Continue
Disposition and Recovery/Refund of Regulatory Balances (2024)	1595	\$(21,247)	\$185,135	\$163,888	\$0	Continue
Disposition and Recovery/Refund of Regulatory Balances (2025)	1595	\$1,483,401	\$708,319	\$2,191,721	\$0	Continue
Total Group 1 Balances as at December 31, 2025		\$5,385,109	\$1,228,430	\$6,613,539	\$3,958,629	

1 **Table 1 Continued - DVA Balances as at December 31, 2025**

Variance Account	USoA	Principal Balance	Carrying Charges to Dec 31, 2025	Total	Proposed for Disposition	Continue/ Discontinue
Group 2						
Pole Attachment Revenue Variance	1508	\$259,659	\$23,984	\$283,642	\$283,642	Continue
Customer Choice Initiative Costs	1508	\$141,634	\$17,123	\$158,757	\$158,757	Continue
Green Button Initiative Costs	1508	\$253,923	\$6,396	\$260,320	\$260,320	Discontinue
Capital Additions Dundas Street Road Widening Project	1508	\$(15,621)	\$357	\$(15,264)	\$(15,264)	Discontinue
Capital Additions Waterdown Rd Road Widening Project	1508	\$(5,595)	\$(437)	\$(6,032)	\$(6,032)	Discontinue
Collection Charge Lost Revenue	1508	\$718,715	\$116,633	\$835,348	\$835,348	Discontinue
ICM - 2025 Dundas Street Road Widening Project	1508	\$0	\$0	\$0	\$0	Continue
Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	1522	\$0	\$(77,656)	\$(77,656)	\$(77,656)	Continue
Extra-Ordinary Event Costs - 2022 Wind Storm (Z-Factor)	1572	\$0	\$4,749	\$4,749	\$4,749	Discontinue
PILs and Tax Variance for 2006 and Subsequent Years- Sub-account CCA Changes	1592	\$433,559	\$16,763	\$450,322	\$450,322	Continue
Lost Revenue Adjustment Mechanism Variance Account ("LRAMVA")	1568	\$0	\$0	\$0	\$0	Continue
Impacts Arising from the COVID-19 Emergency	1509	\$276,421	\$44,018	\$320,439	\$320,439	Discontinue
Total Group 2 Balances as at December 31, 2025		\$2,062,694	\$151,931	\$2,214,625	\$2,214,625	
Total DVA Balances as at December 31, 2025		\$7,447,804	\$1,380,361	\$8,828,165	\$6,173,254	

2

9.0.2 Accounts Not Proposed for Disposition

BHI is requesting disposition of all its DVA account balances except for Accounts 1595 Disposition and Recovery/Refund of Regulatory Balances (2021-2025) as these accounts are still active.

9.0.3 Status of Group 2 Accounts

BHI provides an explanation of the Group 2 accounts it is proposing to discontinue below. Disposition of these accounts is discussed in further detail in Section 9.1 in this Exhibit 9.

9.0.3.1 Account 1508, Sub Account Green Button Initiative Costs

BHI does not expect to incur any incremental costs directly attributable to the implementation of the Green Button initiative beyond this rebasing application, and therefore is proposing to discontinue this account.

9.0.3.2 Account 1508, Sub Account Capital Additions Dundas Street Road Widening Project

Per Accounting Order #1 from BHI's 2021 Cost of Service Decision (EB-2020-0007)², this account was to record the revenue requirement associated with the difference between budgeted and actual capital additions, net of capital contributions, in the 2021 Test Year for the Dundas St. Road Widening Project and the resulting impact during the IRM period, and was to be disposed at BHI's next rebasing application. There will be no further principal transactions beyond those forecasted in 2025, and therefore BHI is proposing to discontinue this account.

9.0.3.3 Account 1508, Sub Account Capital Additions Waterdown Rd Road Widening Project

Per Accounting Order #2 from BHI's 2021 Cost of Service Decision (EB-2020-0007)³, this account was to record the revenue requirement associated with the difference between budgeted and actual capital additions, net of capital contributions, in the 2021 Test Year for the Waterdown Rd. Road Widening Project and the resulting impact during the IRM period, and was to be disposed at BHI's next rebasing application. There will be no further principal transactions beyond those forecasted in 2025, and therefore BHI is proposing to discontinue this account.

² EB-2020-0007, Decision and Rate Order, Schedule B, Appendix B, April 15, 2021

³ Ibid

9.0.3.4 Account 1508, Sub Account Collection Charge Lost Revenue

In its last rebasing application BHI proposed and was approved to dispose of principal activity in this account to December 31, 2019⁴. BHI was approved to continue this account as it expected further activity past December 31, 2019 to April 30, 2021 when it's current rates were rebased. There have not been any principal transactions since 2021, and therefore BHI is proposing to discontinue this account.

9.0.3.5 Extra-Ordinary Event Costs - 2022 Wind Storm (Z-Factor)

The approved rate rider for this account was in effect until April 30, 2024⁵. There will be no further principal transactions, and therefore BHI is proposing to discontinue this account.

9.0.3.6 Account 1509 Impacts Arising from the COVID-19 Emergency

The *Report of the Ontario Energy Board: Regulatory Treatment of Impacts Arising from the COVID-19 Emergency* ("COVID-19 Report"), issued June 17, 2021, indicated that this account was to remain in effect until a utility's subsequent rebasing application⁶. BHI is proposing to discontinue this account in accordance with the COVID-19 Report.

9.0.4 Account Usage

BHI confirms that it has not used any account differently from that as described in the APH, the relevant accounting order or another OEB document.

9.0.5 Continuity Schedule

BHI provides a continuity schedule for Group 1 and Group 2 accounts for the period from the last disposition to December 31, 2025, showing a separate itemization of opening balances, annual adjustments, transactions, dispositions, interest and closing balances for all active deferral and variance accounts in Table 2 to Table 9 below and in Tab "2a. Continuity Schedule" and Tab "2b. Continuity Schedule" of the DVA Continuity Schedule, filed as Live Excel file Attachment15_DVA_Continuity_Schedule_BHI_04162025. ("DVA Continuity Schedule").

⁴ EB-2020-0007, Decision and Rate Order, Schedule B, Table 4.2G – Continuation/Discontinuation of Group 2 DVAs

⁵ EB-2022-0018, Decision and Rate Order, p20

⁶ EB-2020-0133, p38

1 **Table 2 – Group 1 DVA Continuity to December 31, 2024**

Variance Account	USoA	Closing Principal as at Dec 31, 2023	2024			Closing Principal as at Dec 31, 2024	Closing Carrying Charges as at Dec 31, 2023	2024			Closing Carrying Charges as at Dec 31, 2024	Total as at Dec 31, 2024
			Principal Trans.	OEB-Approved Principal Dispositions	Principal Adj.			Interest	OEB-Approved Principal Dispositions	Interest Adj.		
Group 1												
Smart Metering Entity Charge Variance Account	1551	\$(312,482)	\$(53,238)	\$(185,232)	\$0	\$(180,488)	\$(13,421)	\$(7,554)	\$(10,595)	\$0	\$(10,380)	\$(190,868)
RSVA - Wholesale Market Service Charge	1580	\$1,983,692	\$(405,504)	\$3,485,413	\$0	\$(1,907,225)	\$223,595	\$(82,183)	\$206,510	\$0	\$(65,098)	\$(1,972,323)
Variance WMS – Sub-account CBR Class A	1580	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Variance WMS – Sub-account CBR Class B	1580	\$111,466	\$637,649	\$(136,493)	\$0	\$885,609	\$(13,358)	\$15,763	\$(7,774)	\$0	\$10,179	\$895,787
RSVA - Retail Transmission Network Charge	1584	\$2,971,914	\$296,909	\$1,960,064	\$0	\$1,308,759	\$168,829	\$47,038	\$107,836	\$0	\$108,032	\$1,416,791
RSVA - Retail Transmission Connection Charge	1586	\$1,367,739	\$(260,719)	\$693,292	\$0	\$413,727	\$71,862	\$29,485	\$43,324	\$0	\$58,023	\$471,750
RSVA - Power (excluding Global Adjustment)	1588	\$1,125,833	\$686,449	\$0	\$0	\$1,812,282	\$(170,554)	\$71,813	\$0	\$0	\$(98,741)	\$1,713,541
RSVA - Global Adjustment	1589	\$579,362	\$2,884,391	\$0	\$0	\$3,463,753	\$50,902	\$77,613	\$0	\$0	\$128,515	\$3,592,267
Disposition and Recovery/Refund of Regulatory Balances (2019 and pre-2019)	1595	\$12,057	\$0	\$12,057	\$0	\$0	\$21,499	\$0	\$21,499	\$0	\$0	\$0
Disposition and Recovery/Refund of Regulatory Balances (2020)	1595	\$(519,349)	\$7	\$0	\$(49)	\$(519,391)	\$633,180	\$(26,720)	\$0	\$49	\$606,509	\$87,118
Disposition and Recovery/Refund of Regulatory Balances (2021)	1595	\$137,046	\$(29)	\$0	\$0	\$137,017	\$157,093	\$3,251	\$0	\$0	\$160,344	\$297,360
Disposition and Recovery/Refund of Regulatory Balances (2022)	1595	\$0	\$0	\$0	\$0	\$0	\$(51,905)	\$(304)	\$0	\$0	\$(52,209)	\$(52,209)
Disposition and Recovery/Refund of Regulatory Balances (2023)	1595	\$286,076	\$(286,076)	\$0	\$0	\$0	\$238,942	\$(186,862)	\$0	\$0	\$52,080	\$52,080
Disposition and Recovery/Refund of Regulatory Balances (2024)	1595	\$0	\$(5,829,101)	\$(5,807,855)	\$0	\$(21,247)	\$0	\$(174,390)	\$(360,221)	\$0	\$185,831	\$164,585
Disposition and Recovery/Refund of Regulatory Balances (2025)	1595	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Group 1 Balances		\$7,743,353	\$(2,329,261)	\$21,247	\$(49)	\$5,392,796	\$1,316,663	\$(233,050)	\$579	\$49	\$1,083,083	\$6,475,879

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1 **Table 3 – Group 1 DVA Continuity to December 31, 2025**

Variance Account	USoA	Closing Principal as at Dec 31, 2024	2025			Closing Principal as at Dec 31, 2025	Closing Carrying Charges as at Dec 31, 2024	2025			Closing Carrying Charges as at Dec 31, 2025	Total as at Dec 31, 2025
			Principal Trans.	OEB-Approved Principal Dispositions	Principal Adj.			Interest	OEB-Approved Principal Dispositions	Interest Adj.		
Group 1												
Smart Metering Entity Charge Variance Account	1551	\$(180,488)	\$0	\$(127,250)	\$0	\$(53,238)	\$(10,380)	\$(1,745)	\$(9,371)	\$0	\$(2,755)	\$(55,993)
RSVA - Wholesale Market Service Charge	1580	\$(1,907,225)	\$0	\$(1,501,721)	\$0	\$(405,504)	\$(65,098)	\$(13,294)	\$(60,151)	\$0	\$(18,241)	\$(423,745)
Variance WMS – Sub-account CBR Class A	1580	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Variance WMS – Sub-account CBR Class B	1580	\$885,609	\$0	\$247,959	\$0	\$637,649	\$10,179	\$20,904	\$7,169	\$0	\$23,915	\$661,564
RSVA - Retail Transmission Network Charge	1584	\$1,308,759	\$0	\$1,011,850	\$0	\$296,909	\$108,032	\$9,734	\$113,034	\$0	\$4,731	\$301,641
RSVA - Retail Transmission Connection Charge	1586	\$413,727	\$0	\$674,446	\$0	\$(260,719)	\$58,023	\$(8,547)	\$63,226	\$0	\$(13,750)	\$(274,469)
RSVA - Power (excluding Global Adjustment)	1588	\$1,812,282	\$0	\$1,125,833	\$0	\$686,449	\$(98,741)	\$22,504	\$(112,651)	\$0	\$36,414	\$722,864
RSVA - Global Adjustment	1589	\$3,463,753	\$0	\$579,362	\$0	\$2,884,391	\$128,515	\$94,561	\$80,699	\$0	\$142,376	\$3,026,767
Disposition and Recovery/Refund of Regulatory Balances (2019 and pre-2019)	1595	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Disposition and Recovery/Refund of Regulatory Balances (2020)	1595	\$(519,391)	\$0	\$(519,391)	\$0	\$0	\$606,509	\$0	\$606,509	\$0	\$0	\$0
Disposition and Recovery/Refund of Regulatory Balances (2021)	1595	\$137,017	\$0	\$0	\$0	\$137,017	\$160,344	\$2,071	\$0	\$0	\$162,415	\$299,432
Disposition and Recovery/Refund of Regulatory Balances (2022)	1595	\$0	\$0	\$0	\$0	\$0	\$(52,209)	\$0	\$0	\$0	\$(52,209)	\$(52,209)
Disposition and Recovery/Refund of Regulatory Balances (2023)	1595	\$0	\$0	\$0	\$0	\$0	\$52,080	\$0	\$0	\$0	\$52,080	\$52,080
Disposition and Recovery/Refund of Regulatory Balances (2024)	1595	\$(21,247)	\$0	\$0	\$0	\$(21,247)	\$185,831	\$(697)	\$0	\$0	\$185,135	\$163,888
Disposition and Recovery/Refund of Regulatory Balances (2025)	1595	\$0	\$0	\$(1,483,401)	\$0	\$1,483,401	\$0	\$19,855	\$(688,464)	\$0	\$708,319	\$2,191,721
Total Group 1 Balances		\$5,392,796	\$0	\$7,686	\$0	\$5,385,109	\$1,083,083	\$145,347	\$0	\$0	\$1,228,430	\$6,613,539

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1 **Table 4 – Group 2 DVA Continuity to December 31, 2020**

Variance Account	USoA	Closing Principal as at Dec 31, 2019	2020			Closing Principal as at Dec 31, 2020	Closing Interest as at Dec 31, 2019	2020			Closing Interest as at Dec 31, 2020	Total as at Dec 31, 2020
			Principal Trans.	OEB- Approved Principal Dispositions	Principal Adj.			Interest	OEB- Approved Interest Dispositions	Interest Adj.		
Group 2												
Pole Attachment Revenue Variance	1508					\$0					\$0	\$0
Customer Choice Initiative Costs	1508	\$0	\$30,231	\$0	\$0	\$30,231		\$8	\$0	\$0	\$8	\$30,239
Green Button Initiative Costs	1508					\$0					\$0	\$0
Capital Additions Dundas Street Road Widening Project	1508					\$0					\$0	\$0
Capital Additions Waterdown Rd Road Widening Project	1508					\$0					\$0	\$0
Collection Charge Lost Revenue	1508	\$275,350	\$480,823	\$0	\$0	\$756,173	\$1,258	\$5,835	\$0	\$0	\$7,093	\$763,266
Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	1522					\$0					\$(8,734)	\$(8,734)
Extra-Ordinary Event Costs - 2022 Wind Storm (Z-Factor)	1572					\$0					\$0	\$0
PILs and Tax Variance for 2006 and Subsequent Years-Sub-account CCA Changes	1592					\$0					\$0	\$0
Impacts Arising from the COVID-19 Emergency	1509	\$0	\$199,899	\$0	\$0	\$199,899		\$504	\$0	\$0	\$504	\$200,404
Total Group 2 Balances		\$275,350	\$710,954	\$0	\$0	\$986,304	\$(2,696)	\$1,568	\$0	\$0	\$(1,128)	\$985,176

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1 **Table 5 – Group 2 DVA Continuity to December 31, 2021**

Variance Account	USoA	Closing Principal as at Dec 31, 2020	2021			Closing Principal as at Dec 31, 2021	Closing Interest as at Dec 31, 2020	2021			Closing Interest as at Dec 31, 2021	Total as at Dec 31, 2021
			Principal Trans.	OEB- Approved Principal Dispositions	Principal Adj.			Interest	OEB- Approved Interest Dispositions	Interest Adj.		
Group 2												
Pole Attachment Revenue Variance	1508					\$0					\$0	\$0
Customer Choice Initiative Costs	1508	\$30,231	\$44,343	\$0	\$0	\$74,574	\$8	\$337	\$0	\$0	\$345	\$74,919
Green Button Initiative Costs	1508					\$0					\$0	\$0
Capital Additions Dundas Street Road Widening Project	1508	\$0	\$(10,095)	\$0	\$0	\$(10,095)	\$0	\$0	\$0	\$0	\$0	\$(10,095)
Capital Additions Waterdown Rd Road Widening Project	1508	\$0	\$(1,041)	\$0	\$0	\$(1,041)	\$0	\$0	\$0	\$0	\$0	\$(1,041)
Collection Charge Lost Revenue	1508	\$756,173	\$237,892	\$275,350	\$0	\$718,715	\$7,093	\$4,454	\$5,548	\$0	\$6,000	\$724,715
Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	1522					\$0					\$(14,868)	\$(14,868)
Extra-Ordinary Event Costs - 2022 Wind Storm (Z-Factor)	1572					\$0					\$0	\$0
PILs and Tax Variance for 2006 and Subsequent Years-Sub-account CCA Changes	1592					\$0					\$0	\$0
Impacts Arising from the COVID-19 Emergency	1509	\$199,899	\$76,521	\$0	\$0	\$276,421	\$504	\$1,081	\$0	\$0	\$1,586	\$278,006
Total Group 2 Balances		\$986,304	\$347,619	\$275,350	\$0	\$1,058,573	\$(1,128)	\$(261)	\$5,548	\$0	\$(6,938)	\$1,051,635

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1 **Table 6 – Group 2 DVA Continuity to December 31, 2022**

Variance Account	USoA	Closing Principal as at Dec 31, 2021	2022			Closing Principal as at Dec 31, 2022	Closing Interest as at Dec 31, 2021	2022			Closing Interest as at Dec 31, 2022	Total as at Dec 31, 2022
			Principal Trans.	OEB-Approved Principal Dispositions	Principal Adj.			Interest	OEB-Approved Interest Dispositions	Interest Adj.		
Group 2												
Pole Attachment Revenue Variance	1508	0	\$83,548	\$0	\$0	\$83,548	0	\$1,030	\$0	\$0	\$1,030	\$84,578
Customer Choice Initiative Costs	1508	\$74,574	\$19,688	\$0	\$0	\$94,262	\$345	\$1,621	\$0	\$0	\$1,966	\$96,228
Green Button Initiative Costs	1508					\$0					\$0	\$0
Capital Additions Dundas Street Road Widening Project	1508	\$(10,095)	\$(10,413)	\$0	\$0	\$(20,509)	\$0	\$(194)	\$0	\$0	\$(194)	\$(20,703)
Capital Additions Waterdown Rd Road Widening Project	1508	\$(1,041)	\$(1,074)	\$0	\$0	\$(2,115)	\$0	\$(20)	\$0	\$0	\$(20)	\$(2,135)
Collection Charge Lost Revenue	1508	\$718,715	\$0	\$0	\$0	\$718,715	\$6,000	\$13,834	\$0	\$0	\$19,834	\$738,549
Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	1522					\$0					\$(27,598)	\$(27,598)
Extra-Ordinary Event Costs - 2022 Wind Storm (Z-Factor)	1572	\$0	\$192,795	\$0	\$0	\$192,795	\$0	\$2,763	\$0	\$0	\$2,763	\$195,558
PILs and Tax Variance for 2006 and Subsequent Years-Sub-account CCA Changes	1592					\$0					\$0	\$0
Impacts Arising from the COVID-19 Emergency	1509	\$276,421	\$0	\$0	\$0	\$276,421	\$1,586	\$5,287	\$0	\$0	\$6,872	\$283,293
Total Group 2 Balances		\$1,058,573	\$284,544	\$0	\$0	\$1,343,117	\$(6,938)	\$11,590	\$0	\$0	\$4,652	\$1,347,769

2

1 **Table 7 – Group 2 DVA Continuity to December 31, 2023**

Variance Account	USoA	Closing Principal as at Dec 31, 2022	2023			Closing Principal as at Dec 31, 2023	Closing Interest as at Dec 31, 2022	2023			Closing Interest as at Dec 31, 2023	Total as at Dec 31, 2023
			Principal Trans.	OEB-Approved Principal Dispositions	Principal Adj.			Interest	OEB-Approved Interest Dispositions	Interest Adj.		
Group 2												
Pole Attachment Revenue Variance	1508	\$83,548	\$72,483	\$0	\$0	\$156,031	\$1,030	\$5,953	\$0	\$0	\$6,982	\$163,013
Customer Choice Initiative Costs	1508	\$94,262	\$16,485	\$0	\$0	\$110,747	\$1,966	\$4,970	\$0	\$0	\$6,936	\$117,683
Green Button Initiative Costs	1508	\$0	\$(3,012)	\$0	\$0	\$(3,012)	\$0	\$0	\$0	\$0	\$0	\$(3,012)
Capital Additions Dundas Street Road Widening Project	1508	\$(20,509)	\$(10,783)	\$0	\$0	\$(31,292)	\$(194)	\$(1,035)	\$0	\$0	\$(1,229)	\$(32,521)
Capital Additions Waterdown Rd Road Widening Project	1508	\$(2,115)	\$(1,112)	\$0	\$0	\$(3,227)	\$(20)	\$(107)	\$0	\$0	\$(127)	\$(3,354)
Collection Charge Lost Revenue	1508	\$718,715	\$0	\$0	\$0	\$718,715	\$19,834	\$36,273	\$0	\$0	\$56,107	\$774,822
Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	1522	\$0	\$0	\$0	\$0	\$0	\$(27,598)	\$(17,962)	\$0	\$0	\$(45,560)	\$(45,560)
Extra-Ordinary Event Costs - 2022 Wind Storm (Z-Factor)	1572	\$192,795	\$(134,054)	\$0	\$0	\$58,741	\$2,763	\$8,227	\$0	\$0	\$10,990	\$69,731
PILs and Tax Variance for 2006 and Subsequent Years-Sub-account CCA Changes	1592					\$0					\$0	\$0
Impacts Arising from the COVID-19 Emergency	1509	\$276,421	\$0	\$0	\$0	\$276,421	\$6,872	\$13,867	\$0	\$0	\$20,739	\$297,160
Total Group 2 Balances		\$1,343,117	\$(59,993)	\$0	\$0	\$1,283,124	\$4,652	\$50,186	\$0	\$0	\$54,838	\$1,337,961

2

1 **Table 8 – Group 2 DVA Continuity to December 31, 2024**

Variance Account	USoA	Closing Principal as at Dec 31, 2023	2024			Closing Principal as at Dec 31, 2024	Closing Interest as at Dec 31, 2023	2024			Closing Interest as at Dec 31, 2024	Total as at Dec 31, 2024
			Principal Trans.	OEB- Approved Principal Dispositions	Principal Adj.			Interest	OEB- Approved Interest Dispositions	Interest Adj.		
Group 2												
Pole Attachment Revenue Variance	1508	\$156,031	\$57,645	\$0	\$0	\$213,676	\$6,982	\$9,323	\$0	\$0	\$16,305	\$229,981
Customer Choice Initiative Costs	1508	\$110,747	\$14,859	\$0	\$0	\$125,605	\$6,936	\$5,909	\$0	\$0	\$12,845	\$138,450
Green Button Initiative Costs	1508	\$(3,012)	\$107,525	\$0	\$0	\$104,513	\$0	\$1,652	\$0	\$0	\$1,652	\$106,164
Capital Additions Dundas Street Road Widening Project	1508	\$(31,292)	\$(11,285)	\$0	\$0	\$(42,576)	\$(1,229)	\$(1,609)	\$0	\$0	\$(2,839)	\$(45,415)
Capital Additions Waterdown Rd Road Widening Project	1508	\$(3,227)	\$(1,164)	\$0	\$0	\$(4,391)	\$(127)	\$(166)	\$0	\$0	\$(293)	\$(4,684)
Collection Charge Lost Revenue	1508	\$718,715	\$0	\$0	\$0	\$718,715	\$56,107	\$36,964	\$0	\$0	\$93,071	\$811,786
Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	1522	\$0	\$0	\$0	\$0	\$0	\$(45,560)	\$(17,609)	\$0	\$0	\$(63,170)	\$(63,170)
Extra-Ordinary Event Costs - 2022 Wind Storm (Z-Factor)	1572	\$58,741	\$(58,741)	\$0	\$0	\$0	\$10,990	\$(6,241)	\$0	\$0	\$4,749	\$4,749
PILs and Tax Variance for 2006 and Subsequent Years-Sub-account CCA Changes	1592	\$0	\$256,121	\$0	\$0	\$256,121	\$0	\$5,767	\$0	\$0	\$5,767	\$261,888
Impacts Arising from the COVID-19 Emergency	1509	\$276,421	\$0	\$0	\$0	\$276,421	\$20,739	\$14,217	\$0	\$0	\$34,956	\$311,377
Total Group 2 Balances		\$1,283,124	\$364,960	\$0	\$0	\$1,648,083	\$54,838	\$48,206	\$0	\$0	\$103,044	\$1,751,127

2

1 **Table 9 – Group 2 DVA Continuity to December 31, 2025**

Variance Account	USoA	Closing Principal as at Dec 31, 2024	2025			Closing Principal as at Dec 31, 2025	Closing Interest as at Dec 31, 2024	2025			Closing Interest as at Dec 31, 2025	Total as at Dec 31, 2025
			Principal Trans.	OEB-Approved Principal Dispositions	Principal Adj.			Interest	OEB-Approved Interest Dispositions	Interest Adj.		
Group 2												
Pole Attachment Revenue Variance	1508	\$213,676	\$45,983	\$0	\$0	\$259,659	\$16,305	\$7,679	\$0	\$0	\$23,984	\$283,642
Customer Choice Initiative Costs	1508	\$125,605	\$16,029	\$0	\$0	\$141,634	\$12,845	\$4,278	\$0	\$0	\$17,123	\$158,757
Green Button Initiative Costs	1508	\$104,513	\$149,410	\$0	\$0	\$253,923	\$1,652	\$4,745	\$0	\$0	\$6,396	\$260,320
Capital Additions Dundas Street Road Widening Project	1508	\$(42,576)	\$(11,674)	\$(38,630)	\$0	\$(15,621)	\$(2,839)	\$(129)	\$(3,325)	\$0	\$357	\$(15,264)
Capital Additions Waterdown Rd Road Widening Project	1508	\$(4,391)	\$(1,204)	\$0	\$0	\$(5,595)	\$(293)	\$(144)	\$0	\$0	\$(437)	\$(6,032)
Collection Charge Lost Revenue	1508	\$718,715	\$0	\$0	\$0	\$718,715	\$93,071	\$23,562	\$0	\$0	\$116,633	\$835,348
Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	1522	\$0	\$0	\$0	\$0	\$0	\$(63,170)	\$(14,486)	\$0	\$0	\$(77,656)	\$(77,656)
Extra-Ordinary Event Costs - 2022 Wind Storm (Z-Factor)	1572	\$0	\$0	\$0	\$0	\$0	\$4,749	\$0	\$0	\$0	\$4,749	\$4,749
PILs and Tax Variance for 2006 and Subsequent Years-Sub-account CCA Changes	1592	\$256,121	\$177,438	\$0	\$0	\$433,559	\$5,767	\$10,996	\$0	\$0	\$16,763	\$450,322
Impacts Arising from the COVID-19 Emergency	1509	\$276,421	\$0	\$0	\$0	\$276,421	\$34,956	\$9,062	\$0	\$0	\$44,018	\$320,439
Total Group 2 Balances		\$1,648,083	\$375,981	\$(38,630)	\$0	\$2,062,694	\$103,044	\$45,563	\$(3,325)	\$0	\$151,931	\$2,214,625

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9.0.6 Reconciliation of Continuity Schedule to RRRs

BHI confirms the Group 1 balances in the continuity schedule reconcile to the RRRs, as shown in column BW of Tab “2a. Continuity Schedule” of the DVA Continuity Schedule.

A reconciliation of the Group 2 balances in the continuity schedule to the RRRs is provided in column BW of Tab “2b. Continuity Schedule” of the DVA Continuity Schedule, with explanations for any variances provided in “Tab 3. Appendix A” of the DVA Continuity Schedule.

BHI confirms that all of the Group 2 variances are driven by forecasted activity in 2025 as it is proposing to dispose of principal balances for some accounts up to and including December 31, 2025 activity. The rationale for these proposals is provided in Section 9.1 below. In order to incorporate principal activity and the associated carrying charges beyond December 31, 2024, BHI entered the 2025 activity in columns BF “Principal adjustments (1) during 2024” and column BK “Interest adjustments (1) during 2024” of Tab 2b. of the DVA Continuity Schedule.

9.0.7 Adjustments to DVAs

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

9.0.8 Carrying Charges

The interest rate used for the calculation of all carrying charges for applicable DVAs is prescribed by the OEB and published quarterly on its website. Table 10 below provides a summary of these interest rates from Q1 2022 to Q2 2025. BHI confirms it has used the DVA interest rates, if applicable, with the exception of the calculation of the carrying charges for USoA Account 1522, for which it has using the CWIP interest rates. BHI has used the Q2 2025 posted rate for any future periods.

1 **Table 10 – Interest Rates for Carrying Charges on DVAs**

Period	Interest Rate DVAs	Interest Rate CWIP
Q2 2025	3.16%	4.23%
Q1 2025	3.64%	4.23%
Q4 2024	4.40%	4.55%
Q3 2024	5.20%	4.98%
Q2 2024	5.49%	4.98%
Q1 2024	5.49%	5.48%
Q4 2023	5.49%	5.48%
Q3 2023	4.98%	5.01%
Q2 2023	4.98%	5.01%
Q1 2023	4.73%	5.01%
Q4 2022	3.87%	5.01%
Q3 2022	2.20%	4.66%
Q2 2022	1.02%	3.31%
Q1 2022	0.57%	2.72%

2

9.1 DISPOSITION OF DEFERRAL AND VARIANCE ACCOUNTS

9.1.0 Overview

BHI is seeking disposition of its deferral and variance accounts in the amount of \$6,173,254 as identified in Table 1 above, which is comprised of the following:

- Group 1 Accounts \$3,958,629
- Group 2 Accounts \$2,214,625

BHI is not seeking disposition for Accounts 1595 (2021-2025) for the reasons identified in Section 9.0.2 above.

The balances proposed for disposition before forecasted interest are not consistent with the most current audited financial statements for the reasons identified in Section 9.0.6 above.

Similarly, the RRR balances do not balance to the year-end balances in the DVA Continuity Schedule for the reasons identified in Section 9.0.6 above.

BHI confirms that it is allocating DVAs to rate class using an approved allocator as identified in Tab "5. Allocation of Balances" in the DVA Continuity Schedule.

9.1.0.1 Group 1 Accounts

BHI disposed of its Group 1 deferral and variance account balances as at the end of December 31, 2023, on an interim basis in its 2025 IRM application (EB-2024-0010).

BHI is proposing to dispose of its Group 1 deferral and variance account balances in this Application on an interim basis as at December 31, 2024, including interest to December 31, 2025.

The Group 1 balances have been calculated in accordance with the EDDVAR Report and the letter from the Board dated May 23, 2017 re: *Guidance on Disposition of Accounts 1588 and 1589*. The Group 1 balances as of December 31, 2024, in the amount of \$6,475,879 have

1 been adjusted for certain items to determine the amount for disposition of \$3,958,629 as
2 identified in Table 11 below.

3 **Table 11 – Group 1 Account Balances for Disposition**

Description	Amount
Group 1 Balances as at December 31, 2024	\$6,475,879
Subtract 2025 IRM Filing Disposition	\$2,179,551
Subtract 1595 Unaudited Balances not Requested for Disposition	\$461,816
Add 2025 Projected Carrying Charges	\$124,117
Adjusted Group 1 Balances for Disposition - Recovery from Customers	\$3,958,629

4
5
6 BHI confirms that the last OEB-Approved balance of \$2,179,551 has been transferred to
7 Account 1595⁷.

8
9 Table 12 summarizes the proposed disposition of the Group 1 balances by category. BHI
10 proposes to dispose of the Group 1 Account balance of \$3,958,628, payable to BHI, as follows:
11 \$3,861,528 via rate riders effective January 1 to December 31, 2025; \$15,060 for balances in
12 the Capacity Based Recovery (“CBR”) variance account, through billing adjustments to
13 transition customers as described in the CBR section below; and \$82,040 for balances in the
14 Global Adjustment (“GA”) variance account, through billing adjustments to transition customers
15 as described in the GA section below.

⁷ EB-2024-0010, Decision and Order, December 17, 2024, p9

1 **Table 12 – Group 1 Disposition by Category**

Description	Amount
Smart Metering Entity	\$(55,993)
RSVA - Wholesale Market Service Charge	\$(423,745)
RSVA - Retail Transmission Network Charge	\$301,641
RSVA - Retail Transmission Connection Charge	\$(274,469)
RSVA - Power	\$722,864
Group 1 DVAs (excluding CBR Class B and Global Adj.)	\$270,297
CBR Class B Balance to be disposed through Rate Rider	\$646,504
Plus: Transition Customers Portion of CBR Class B Balance (recovered via bill adjustment)	\$15,060
Total CBR Class B Balance	\$661,564
Global Adjustment Balance to be disposed through Rate Rider	\$2,944,727
Plus: Transition Customers Portion of GA Balance (recovered via bill adjustment)	\$82,040
Total Global Adjustment Balance	\$3,026,767
Total Group 1 Disposition	\$3,958,628

2
3
4 Table 13 provides the calculation of the Group 1 rate riders by rate class. BHI is seeking a one-
5 year disposition period for the Group 1 balances. This approach is consistent with the EDDVAR
6 Report which states on page 6 that “the default disposition period used to clear the account
7 balances through a rate rider should be one year”.

1 **Table 13 – Calculation of Group 1 Rate Riders by Rate Class**

Rate Class	Group 1 DVA Rate Rider			
	Unit	kWh / kW	Allocated Group 1 Balance (excluding 1589)	Rate Rider for Deferral/ Variance Accounts
RESIDENTIAL	kWh	554,448,693	\$72,275	\$0.0001
GENERAL SERVICE LESS THAN 50 kW	kWh	168,539,128	\$32,823	\$0.0002
GENERAL SERVICE 50 TO 4,999 kW	kW	1,968,903	\$163,211	\$0.0829
UNMETERED SCATTERED LOAD	kWh	3,312,078	\$738	\$0.0002
STREET LIGHTING	kW	15,672	\$1,250	\$0.0797
TOTAL			\$270,297	
Rate Class	CBR Rate Rider			
	Unit	kWh / kW	Allocated Sub-account 1580 CBR Class B Balance	Rate Rider for Sub-account 1580 CBR Class B
RESIDENTIAL	kWh	554,448,693	\$283,349	\$0.0005
GENERAL SERVICE LESS THAN 50 kW	kWh	168,539,128	\$86,131	\$0.0005
GENERAL SERVICE 50 TO 4,999 kW	kW	1,508,448	\$272,465	\$0.1806
UNMETERED SCATTERED LOAD	kWh	3,312,078	\$1,693	\$0.0005
STREET LIGHTING	kW	15,672	\$2,866	\$0.1829
TOTAL			\$646,504	
Rate Class	GA Rate Rider			
	Unit	kWh / kW	Allocated Global Adjustment Balance	Rate Rider for RSVA - Power - Global Adjustment
RESIDENTIAL	kWh	3,367,431	\$20,787	\$0.0062
GENERAL SERVICE LESS THAN 50 kW	kWh	17,512,138	\$108,101	\$0.0062
GENERAL SERVICE 50 TO 4,999 kW	kWh	450,606,783	\$2,781,569	\$0.0062
UNMETERED SCATTERED LOAD	kWh	—	\$0	n/a
STREET LIGHTING	kWh	5,551,543	\$34,269	\$0.0062
TOTAL			\$2,944,727	

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3
4 A comparison of the current approved rate riders to the proposed rate riders effective from
5 January 1 to December 31, 2025 is provided in Table 14 below.

1 **Table 14 – Comparison of Current Approved to Proposed Rate Riders**

Rate Class	Group 1 DVA Rate Rider		
	Unit	Effective Jan 1, 2025	Effective Jan 1, 2026
RESIDENTIAL	kWh	\$0.0007	\$0.0001
GENERAL SERVICE LESS THAN 50 kW	kWh	\$0.0009	\$0.0002
GENERAL SERVICE 50 TO 4,999 kW	kW	\$0.3483	\$0.0829
UNMETERED SCATTERED LOAD	kWh	\$0.0009	\$0.0002
STREET LIGHTING	kW	\$0.3435	\$0.0797
Rate Class	CBR B Rate Rider		
	Unit	Effective Jan 1, 2025	Effective Jan 1, 2026
RESIDENTIAL	kWh	\$0.0002	\$0.0005
GENERAL SERVICE LESS THAN 50 kW	kWh	\$0.0002	\$0.0005
GENERAL SERVICE 50 TO 4,999 kW	kW	\$0.0706	\$0.1806
UNMETERED SCATTERED LOAD	kWh	\$0.0002	\$0.0005
STREET LIGHTING	kW	\$0.0725	\$0.1829
Rate Class	GA Rate Rider		
	Unit	Effective Jan 1, 2025	Effective Jan 1, 2026
RESIDENTIAL	kWh	\$0.0013	\$0.0062
GENERAL SERVICE LESS THAN 50 kW	kWh	\$0.0013	\$0.0062
GENERAL SERVICE 50 TO 4,999 kW	kWh	\$0.0013	\$0.0062
UNMETERED SCATTERED LOAD	kWh		
STREET LIGHTING	kWh	\$0.0013	\$0.0062

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4 **9.1.0.2 Group 2 Accounts**

5 Table 15 summarizes the proposed disposition of the Group 2 balances by category. BHI
6 proposes to dispose of the Group 2 Account balance of \$2,214,625, payable to BHI via rate
7 riders effective January 1 to December 31, 2025.

8 **Table 15 – Group 1 Disposition by Category**

Description	Amount
Group 2 DVAs (excluding Account 1509)	\$1,894,187
Impacts Arising from the COVID-19 Emergency	\$320,439
Total Group 2 Disposition	\$2,214,625

9

10 Table 16 provides the calculation of the Group 2 rate riders by rate class. BHI is seeking a one-
11 year disposition period for the Group 2 balances, consistent with the EDDVAR Report.

1 **Table 16 – Calculation of Group 2 Rate Riders by Rate Class**

Rate Class	Group 2 DVA Rate Rider			
	Unit	kW / kWh / # of Customers	Allocated Group 2 Balance	Rate Rider for Group 2 Accounts
RESIDENTIAL	# of Customers	63,119	\$790,644	\$1.04
GENERAL SERVICE LESS THAN 50 kW	kWh	168,539,128	\$224,185	\$0.0013
GENERAL SERVICE 50 TO 4,999 kW	kW	1,968,903	\$867,307	\$0.4405
UNMETERED SCATTERED LOAD	kWh	3,312,078	\$4,439	\$0.0013
STREET LIGHTING	kW	15,672	\$7,611	\$0.4857
TOTAL			\$1,894,187	
Rate Class	Account 1509 Rate Rider			
	Unit	kW / kWh / # of Customers	Allocated Group 2 Balance	Rate Rider for Group 2 Accounts
RESIDENTIAL	# of Customers	63,119	\$204,331	\$0.27
GENERAL SERVICE LESS THAN 50 kW	# of Customers	5,823	\$43,864	\$0.63
GENERAL SERVICE 50 TO 4,999 kW	# of Customers	952	\$69,712	\$6.10
UNMETERED SCATTERED LOAD	# of Customers	584	\$900	\$0.13
STREET LIGHTING	# of Connections	17,348	\$1,631	\$0.01
TOTAL			\$320,439	

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3

4 An explanation of account balances is identified below.

5 **9.1.1 Disposition of Accounts 1588 and 1589**

6 On February 21, 2019, the OEB issued its letter entitled *Accounting Guidance related to*
7 *Accounts 1588 Power, and 1589 RSVA Global Adjustment* as well as the related accounting
8 guidance⁸. This accounting guidance was effective January 1, 2019 and was to be implemented
9 by August 31, 2019.

10

11 BHI confirms it is following the OEB's Accounting Guidance regarding the commodity pass
12 through accounts for Accounts 1588 RSVA – Power and 1589 RSVA – Global Adjustment.

13 BHI confirms that 2023 was the year in which Accounts 1588 and 1589 were last approved for
14 disposition, on an interim basis. The last year that Accounts 1588 and 1589 were disposed of
15 on a final basis was 2021.

⁸ *Accounting Procedures Handbook Update – Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589*, February 21, 2019.

9.1.1.1 Global Adjustment

Class B and A Customers

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

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

BHI last disposed of Account 1589 GA balances in 2024, for balances relating to 2023. As such, it is disposing of GA balances relating to 2024 in this Application. The customers who transitioned between Class A and Class B in 2024 are identified in Table 17 below.

Table 17 – Class A/B Customer Transition

Description	2017	2018	2019	2020	2021	2022	2023	2024
Class A to Class B	0	5	5	3	7	1	5	3
Class B to Class A	24	4	4	7	6	7	2	3
Class A since ICI inception	2	2	2	2	2	2	2	2
Total Class A at July 1	26	25	24	28	27	33	30	30

These transition customers are responsible for the GA variance balance which accrued during the period for which they were non-RPP Class B customers. BHI completed tabs “6. Class A Consumption Data”, “6.1a GA Allocation” and “6.1 GA” in the DVA Continuity Schedule to allocate the applicable portion of $RSVA_{GA}$ to these customers, based on customer specific consumption levels. This amount represents \$82,040 of the total $RSVA_{GA}$ balance which will be recovered from these transition customers in 12 equal monthly payments. The remaining balance of \$2,944,727 will be recovered from customers who were non-RPP Class B customers for all of 2024 through a separate rate rider. Rate riders for the GA are calculated on a consumption basis (kWhs).

9.1.1.2 Commodity Accounts Analysis Workform

The Commodity Accounts Analysis Workform (“CAA Workform”) for 2024 is filed as a live excel file: Attachment16_2026_CAA_Workform_BHI_04162025.

The CAA Workform compares the principal activity in the general ledger for the RSVA_{GA} to the expected principal balance based on monthly GA volumes, revenue and costs. The CAA Workform provides a tool to assess if the principal activity in the RSVA_{GA} in a specific year is reasonable.

The principal activity in the RSVA_{GA} recorded in 2024 was \$2,884,391 excluding dispositions, as identified in Table 18 below. The principal activity, adjusted for known adjustments of \$(32,072) was \$2,852,319. This is compared to the expected principal balance in the RSVA_{GA} of \$2,491,946 calculated in the CAA Workform, which results in an unreconciled difference of \$360,373. This represents 0.9% of BHI’s 2024 IESO purchases which is within the OEB’s threshold (+/- 1% of IESO purchases).

Table 18 – CAA Workform Summary

Description	2024
Principal Activity in RSVAGA excluding dispositions	\$2,884,391
Add Known Adjustments	\$(32,072)
Adjusted Principal Activity in RSVAGA	\$2,852,319
Expected Principal Activity in RSVAGA	\$2,491,946
Variance \$	\$360,373
Total IESO Purchases	\$38,227,662
Absolute Variance as a % of IESO Purchases	0.9%

BHI has performed a reasonability test for Account 1588, identified in Tab “Account 1588” of the CAA Workform and in Table 19 below. The principal activity in the RSVA_{POWER} recorded in 2024 was \$686,449 excluding dispositions, as identified in Table 19 below. The principal activity represents 0.6% of BHI’s 2024 IESO purchases which is within the OEB’s threshold (+/- 1% of IESO purchases).

Table 19 – Account 1588 Summary

Description	2024
Principal Activity in RSVAPOWER excluding dispositions	\$686,449
Add Known Adjustments	\$0
Adjusted Principal Activity in RSVAPOWER	\$686,449
Account 4705 - Power Purchased	\$114,738,620
Adjusted Principal Activity in RSVAPOWER as % of Power Purchased	0.6%

9.1.2 Disposition of Account 1580, Sub-account CBR Class B Variance

BHI confirms that it has followed the OEB's accounting guidance on the disposition of CBR variances. BHI confirms that it had Class A customers during 2024, the period for which the Account 1580 CBR Class B Sub-account balance requested for disposition accumulated.

BHI completed tab "6.2a CBR B_Allocation" in the DVA Continuity Schedule to allocate the applicable portion of Account 1580 CBR Class B Sub-account balance to customers who transitioned between Class A and Class B during 2024. This amount represented \$15,060 of the total balance of \$661,564.

A separate rate rider to dispose of the remaining balance of \$646,504 was calculated in Tab "7. Rate Rider Calculations" of the DVA Continuity Schedule as shown in Table 13 above, which is applied to Class B customers only.

9.1.3 Disposition of Account 1595

BHI does not have any Account 1595 balances for which it is requesting disposition. LDCs are only eligible to seek disposition of the 1595 residual balances two years after the expiry of the rate rider as identified in section 2.9.1.3 of the Chapter 2 Filing requirements. The earliest balance for which BHI could seek disposition is Account 1595 (2021) for which the rate rider expired on April 30, 2023 as it was disposed of over a two year period⁹. BHI cannot seek disposition of this account until its 2027 IRM application.

⁹ EB-2020-0007, Decision and Order, p4

9.1.4 Disposition of Retail Service Charges Related Accounts

BHI confirms that it does not have any balances in the retail service charge related accounts and is not proposing the disposition of any of these accounts.

9.1.5 Disposition of Account 1592, Sub-account CCA Changes

On June 21, 2019, Bill C-97, the *Budget Implementation Act, 2019, No. 1*, was given Royal Assent. Included in Bill C-97 were various changes to the federal income tax regime. One of the changes introduced by Bill C-97 was the Accelerated Investment Incentive Program ("AIIP"), which provides for a first-year increase in CCA deductions on eligible capital assets acquired after November 20, 2018.

As per the OEB's July 25, 2019 letter, the OEB expected distributors to:¹⁰

1. Record the impacts of CCA rule changes in Account 1592 - PILs and Tax Variances – CCA Changes¹¹ for the period November 21, 2018 until the effective date of the distributor's next cost-based rate order¹².
2. Record the full revenue requirement impact of any changes in CCA rules that are not reflected in base rates¹³ in Account 1592 – PILs and Tax Variances – CCA Changes.
3. Bring forward any amounts tracked in Account 1592 - PILs and Tax Variances – CCA Changes for review and disposition in accordance with the OEB's filing requirements for the disposition of deferral and variance accounts, which would generally coincide with a distributor's next cost-based rate application.¹⁴

¹⁰ *Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance*, July 25, 2019

¹¹ The OEB has established this sub-account of Account 1592 specifically for the purposes of tracking the impact of changes in CCA rules.

¹² This impact includes Bill C-97 CCA rule changes as well as any future CCA changes instituted by relevant regulatory or taxation bodies.

¹³ The OEB noted that these impacts should be recorded as of the effective date of the changes in CCA rules, which for the Bill C-97 changes is November 21, 2018.

¹⁴ The OEB expected that distributors will combine the impacts associated with the 2018 stub period with future years when disposing of the CCA-related sub-account.

1 Accordingly, distributors must bring forward the balance tracked in Account 1592 - PILs and Tax
2 Variances – CCA Changes for review and disposition in its cost-based rate applications.

3
4 The Bill C-97 rule changes relating to the AIIP, as described above, were in full effect until the
5 end of 2023. The AIIP is gradually being phased out from 2024-2027.

6 **9.1.5.1 Impact to Account 1592 in 2021 and 2026**

7 **2021 Cost of Service application**

8
9 BHI complied with the OEB's letter dated July 25, 2019 and recorded the full revenue
10 requirement impact of changes in CCA rules that were not reflected in base rates. This amount
11 was recorded in Account 1592 for eligible capital assets acquired after November 20, 2018 and
12 up to December 30, 2020. BHI brought forward this amount, which was approved for
13 disposition, in its 2021 Cost of Service application.¹⁵ BHI's 2021 OEB approved rates
14 incorporated the full benefit of the AIIP. BHI did not implement a mechanism to smooth the tax
15 impacts of the AIIP over its five-year IRM term from 2021 to 2026, and agreed to continue the
16 use of Account 1592 to record the full revenue requirement of the phasing out period of the AIIP
17 in 2024 and 2025.¹⁶

18 19 **2026 Cost of Service Application**

20 The balance in Account 1592, proposed for disposition in this Application, includes the full
21 revenue requirement of the phasing out period of the AIIP in 2024 and 2025. BHI provides the
22 revenue requirement impact of the phasing out period of the AIIP in 2024 and 2025 in Table 20
23 below.

¹⁵ p38, BHI Settlement Proposal EB-2020-0007

¹⁶ Ibid

Table 20 – Impact to Revenue Requirement of CCA Changes

Description	2024	2025	Total
CCA in Rates	\$10,279,317	\$10,110,238	\$20,389,555
Actual CCA	\$9,568,944	\$9,618,099	\$19,187,043
Difference in CCA	\$710,373	\$492,138	\$1,202,512
Tax Impact @ 26.5%	\$188,249	\$130,417	\$318,666
Grossed up PILs	\$256,121	\$177,438	\$433,559
Add Carrying Charges			\$16,763
Total Requested for Disposition			\$450,322

9.1.6 Disposition of Account 1509 Impacts Arising from the COVID-19 Emergency

In March 2020, shortly after the Ontario Government declared a state of emergency 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. On June 27, 2021, the OEB released a report addressing Regulatory Treatment of Impacts Arising from the COVID-19 Emergency¹⁷ (“COVID Report”). The report provided guidance on the rules and operations of the account including criteria for an applicable means test, cost sharing and criteria for recording amounts.

BHI is proposing to dispose of \$320,439 as part of the Group 2 DVA balance in this Application, all of which has been recorded in the sub-account Other Costs and Savings, as shown in Table 21 below. BHI has offset the incremental costs from the COVID-19 pandemic by realized savings from reduced insurance premiums and reduced spending on conferences, seminars and workshops.

¹⁷ EB-2020-0133 Report of the Ontario Energy Board, Regulatory Treatment of Impacts Arising from the COVID-19 Emergency, June 17, 2021

Table 21 – Summary of Account Balance

Description	2020	2021 (Jan-Apr)	Total
Incremental Costs	\$274,483	\$90,504	\$364,988
Savings	\$(74,584)	\$(13,983)	\$(88,567)
Carrying Costs			\$44,018
Net Incremental Costs	\$199,899	\$76,521	\$320,439

BHI is only seeking disposition of 2021 net incremental costs from January to April as this was the period for which BHI met the Means Test, as described below.

BHI confirms that the amounts proposed for recovery have not been tracked in any other existing generic or BHI-specific accounts, leading to a determination that there is no double-counting between multiple rate making mechanisms. No incremental COVID-19 related costs were included in BHI's rates established in its 2021 Cost of Service application, nor are any included in the OM&A presented in Exhibit 4.

The following section provides evidence of how the amounts meet the eligibility criteria identified in the COVID Report.

9.1.6.1 Means Test

The distributor must pass the Means Test as defined in the COVID Report. If a distributor's regulated return on equity ("ROE") exceeds 300 basis points below the deemed return on equity embedded in the distributor's rates, the recovery of any amounts in the Account will not be allowed. As shown in Table 22 below, BHI achieved ROEs of 1.33% and 4.51% in 2020 and 2021 (Jan-Apr), respectively, which are both less than the 6.36% ROE threshold established per the COVID Report. Therefore, BHI meets the Means Test for these periods. BHI does not meet the Means Test for the 2021 (May-Dec) period, and as such has not recorded any of the incremental COVID costs incurred during this time in the Account.

Table 22 – Means Test

Description	2020	2021 (Jan-Apr Rates)	2021 (May-Dec Rates)
OEB approved ROE %	9.36%	9.36%	8.34%
Less: 300 bps	3.00%	3.00%	3.00%
Allowed ROE	6.36%	6.36%	5.34%
Achieved ROE Amount \$	\$834,869	\$2,649,765	\$4,335,372
Regulated Deemed Equity \$	\$62,948,694	\$58,755,052	\$58,755,052
Achieved ROE	1.33%	4.51%	7.38%
Means Tests	Pass	Pass	Fail

BHI's approved ROE changed from 9.36% to 8.34% on May 1, 2021 as part of its 2021 Cost of Service application (EB-2020-0007). Hence, BHI has performed the Means Test against the approved ROE in effect for each of the above time periods in 2021.

9.1.6.2 Prudence

The amounts for which BHI is seeking approval are prudent, meaning that BHI's decision to incur the amounts represent the most cost-effective option for rate payers. BHI responded quickly and effectively to COVID-19 to (i) ensure the safety of its employees, contractors and customers; and (ii) continue to deliver electricity safely and reliably and to the same standards in place prior to COVID-19.

A Pandemic Planning Committee ("PPC") was formed in March 2020 and a Pandemic Preparedness/Response Plan ("COVID-19 Plan") was created to prepare for and respond to COVID-19 in an appropriate and timely manner. Some of the key actions coming out of the COVID-19 Plan included:

- Work space upgrades with added Plexiglas, safety signage, web-cameras, along with appropriate acquisition and distribution of Personal Protective Equipment ("PPE");
- Purchase of additional sanitizing products for trades and office staff such as rubber gloves; and sanitizing wipes and gels;
- Enhanced nightly building cleaning to include sanitizing of all touchable surfaces including handrails, door knobs, desk and counter tops, keyboards, phones and mice; and

- Implementation of pre-entry COVID-19 screening for all “essential visitors” such as contractors; visitors are required to use a face covering when on BHI’s premises and visits are by prearranged appointment only.

Several changes to workforce practices were made in distribution operations to respond to COVID-19, the intent of which was to segregate teams of employees in critical operation areas such that if one team contracted COVID-19, the other team(s) was unaffected and could continue to operate and maintain BHI’s distribution system. This concept is defined as “air-gapping”. Workforce practices were altered for each of Powerlines, Municipal Stations, Metering, the Control Room and Engineering as follows:

Powerlines:

BHI Powerline crews were split into two teams, one working out of BHI’s head office and one reporting to, and working from, a remote location set up specifically in response to COVID-19. A Powerline supervisor was dedicated to each team. Contracted Powerline crews were also distanced from both BHI Powerline crews - work assignments were divided into separate projects to ensure Contracted Powerline crews had no contact with BHI’s Powerline crews. Material handling was separated for the three independent crews.

Each employee drove separate vehicles, supplied with sanitary wipes for surfaces, soap and water for hand washing and hand sanitizer. Dedicated, separate washroom facilities were positioned throughout the City, as initially there was no access to restaurants or public facilities.

Control Room:

Control Room staff were segregated into three teams that used separate workstations on alternating shifts. Workstations were sanitized before and after shifts. A separate back-up Control room, complete with washroom facilities, was established at a substation location for emergency use in case employees were not allowed to enter the Control Room at BHI’s head office in the event of quarantine. The Control Room Supervisor was physically separated from all Control Room staff as an extra layer of precaution.

Municipal Stations:

Municipal Substation and Protection and Control staff, who typically work out of BHI's head office, were separated into three teams of two members each. Two of the teams worked remotely at one of BHI's substations, complete with a dedicated washroom, gear storage and changing area.

Metering:

Although Metering Technicians typically work individually, they were still subject to COVID-19 restrictions such as social distancing guidelines and did not enter BHI's head office. Social distancing was adhered to when contact with property owners and contractors was required. If they required use of the metering lab, social distancing was enforced and lab equipment was sanitized before and after use.

Engineering:

Engineering Technician staff, Supervisors and Managers were placed on a rotation with two thirds working from home and one third working from BHI's head office, in which social distancing was practiced. Engineering staff were permitted to attend meetings outside the building only if social distancing could be maintained at outdoor project site visits.

9.1.6.3 Causation

The incremental operating costs BHI incurred from 2020 to 2022 were a direct result of its response to COVID-19 as stated above; specifically costs associated with (i) air-gapping crews by setting up separate control room and operations centres; (ii) implementing temporary work from home protocols; (iii) increasing cleaning services; and (iv) purchasing COVID-19 supplies such as hand sanitizer, wipes and masks. Due to the causal relationship between these costs and the pandemic, all of the costs recorded in this account are incremental to pre-pandemic expenditure levels and to what BHI was being compensated for in rates.

9.1.6.4 Materiality

The OEB stated in the COVID Report that it will apply the standard materiality threshold used in Cost of Service applications is assessing the materiality of amounts claimed in this Account. As a distributor with a distribution base revenue requirement greater than \$10 million and less than

or equal to \$200 million, BHI's distributor specific threshold is 0.5% of distribution base revenue requirement, shown annually in dollar terms in Table 23 below.

Table 23 – BHI's Annual Materiality Thresholds

Year	Filing Type	Annual Adjustment	Dx Revenue Requirement	Materiality Threshold (%)	Materiality Threshold (\$)
2014	COS		\$28,835,532	0.50%	\$144,178
2015	IRM	1.30%	\$29,210,394	0.50%	\$146,052
2016	IRM	1.80%	\$29,736,181	0.50%	\$148,681
2017	IRM	1.60%	\$30,211,960	0.50%	\$151,060
2018	IRM	1.05%	\$30,529,185	0.50%	\$152,646
2019	IRM	1.35%	\$30,941,329	0.50%	\$154,707
2020	IRM	1.85%	\$31,513,744	0.50%	\$157,569
2021	COS		\$33,917,025	0.50%	\$169,585
2022	IRM	3.15%	\$34,985,411	0.50%	\$174,927

The net incremental costs recorded to the Account in 2020 were \$199,899, which meet the materiality threshold of \$157,569 identified in Table 23 above. The net incremental costs recorded to the Account from January to April of 2021 were \$76,521, which meet the materiality threshold of \$56,528 (calculated as \$169,585 from Table 23 above divided by three to reflect that these costs were incurred over 1/3 of the year). Therefore, the amounts recorded in the Account meet the materiality thresholds.

9.1.6.5 Discontinuation of the COVID-19 Account

BHI does not expect to record any further entries in the Account, up to the effective date of the its new rates. BHI proposes discontinuation of the COVID-19 Account, effective January 1, 2026.

9.1.7 Disposition of Account 1508, Sub-account Pole Attachment

Revenue Variance

On December 16, 2021, the OEB issued a Decision and Order establishing a new pole attachment charge and methodology starting in 2022¹⁸, and directed distributors to record variances between the newly approved OEB charge and the charge embedded in their

¹⁸ EB-2021-0302, p3

underlying rates. This account tracks the difference between the pole attachment rate (\$44.50) approved by the OEB in BHI's 2021 Rate Application (EB-2020-0007) and the charge approved by the OEB in EB-2021-0302. BHI provides a calculation of the account balance for which it is seeking disposition in Table 24 below. BHI has forecast the balance in this account to January 1, 2026, the effective date of its new rates, as it can do so with reasonable accuracy. It does not expect the number of attachments of 11,198 to change during 2025, and the actual Pole Attachment Charge of \$39.14 is expected to remain in effect for the duration of 2025.

Table 24 - Wireline Pole Attachment Charge Variance

Wireline Pole Attachment Charge		Actual			Forecast	Total
		2022	2023	2024	2025	
Number of attachments embedded in Rates	a	11,199	11,199	11,199	11,198	
Pole Attachment Charge embedded in Rates	b	\$44.50	\$44.50	\$44.50	\$44.50	
Pole Attachment Revenue embedded in Rates	c = a * b	\$498,356	\$498,356	\$498,356	\$498,311	\$1,993,378
Actual/forecast Pole Attachment Charge	d	\$34.76	\$36.05	\$37.78	\$39.14	
Actual/forecast Pole Attachment Revenue	e = a * d	\$389,277	\$403,724	\$423,098	\$438,290	\$1,654,389
Variance	f = c - e	\$109,078	\$94,632	\$75,257	\$60,021	\$338,988
Less: Pole Attachment Costs paid to Carriers	g	\$(25,530)	\$(22,149)	\$(17,612)	\$(14,038)	\$(79,330)
Net variance (Principal activity)	h = f - g	\$83,548	\$72,483	\$57,645	\$45,983	\$259,659
Carrying charges		\$1,030	\$5,953	\$9,323	\$7,679	\$23,984
Total Requested for Disposition						\$283,642

9.1.8 Disposition of Account 1511 Incremental Cloud Computing Implementation Costs

On November 2, 2023, the OEB issued an Accounting Order for the *Establishment of a Deferral Account to Record Incremental Cloud Computing Arrangement Implementation Costs*¹⁹.

BHI is not seeking disposition of any Incremental Cloud Computing Implementation costs as part of this Application, but is proposing to continue Account 1511 in the event it incurs eligible costs over the 2026-2030 period.

¹⁹ Accounting Order (003-2023)

9.1.9 Disposition of Account 1508, Sub-account Customer Choice Initiative Costs

On September 8, 2020, the OEB issued a notice of final amendments to the Standard Supply Service Code (“SSSC”) to enable RPP consumers to opt out of Time-of-Use (“TOU”) prices and to elect instead to be charged on the basis of Tiered pricing²⁰. These amendments came into effect on October 13, 2020.

On September 16, 2020, the OEB issued a generic accounting order²¹ permitting distributors to establish a new sub-account to record incremental costs directly attributable to the customer choice initiative and a second sub-account to record related carrying charges for potential future recovery.

Implementing the proposed amendments to the SSSC by November 1, 2020 required complex programming and configuration changes to BHI’s Customer Information System (“CIS”) and to its Customer Portal. BHI also incurred incremental costs to properly test these changes. Ongoing costs include employee time to intake and process forms within the required timeframe specified in the SSSC, modify customer set-up in the CIS, and ensure invoices are calculated accurately over the transition period.

BHI provides a calculation of the account balance for which it is seeking disposition in Table 25 below.

²⁰ EB-2020-0152, Notice of Amendments to the Standard Supply Service Code

²¹ EB-2020-0152, Accounting Order

Table 25 - Revenue Requirement for Customer Choice Initiative

Revenue Requirement	Actual					Forecast	Total
	2020	2021	2022	2023	2024	2025	
Incremental Capital Additions	\$0	\$24,602	\$0	\$0	\$0	\$0	\$24,602
Depreciation	\$0	\$4,934	\$4,920	\$4,920	\$4,920	\$3,684	
Return on Equity	\$0	\$722	\$574	\$410	\$246	\$102	
Return on Debt	\$0	\$428	\$309	\$220	\$132	\$55	
PILs	\$0	\$(4,625)	\$(225)	\$1,922	\$1,863	\$1,365	
Revenue Requirement from Capital Additions	\$0	\$1,459	\$5,579	\$7,473	\$7,161	\$5,206	\$26,877
Incremental Operating Expenses	\$30,231	\$42,884	\$14,109	\$9,012	\$7,698	\$10,823	\$114,757
Revenue Requirement (Principal activity)	\$30,231	\$44,343	\$19,688	\$16,485	\$14,859	\$16,029	\$141,634
Carrying charges	\$8	\$337	\$1,621	\$4,970	\$5,909	\$4,278	\$17,123
Total Requested for Disposition							\$158,757

9.1.10 Disposition of Account 1508, Sub-account Green Button

Initiative Costs

On November 1, 2021, the OEB gave notice of the adoption of amendments to the Retail Settlement Code ("RSC") related to the implementation of Green Button²². The OEB also approved the establishment of a generic deferral account for rate regulated distributors to record the incremental costs directly attributable to the implementation of the Green Button initiative, in a manner that accords with the requirements set out in the Green Button Regulation²³.

Implementing the Green Button solution required capital investment in BHI's systems (CIS, Meter Data Management, and Customer Portal) to enable the registration process for customers and third-party providers, and to enable customers to extract their electricity consumption data in the mandated format to facilitate integration with third-party providers. BHI also incurred incremental hosting and IT consulting costs as a result of the Green Button initiative.

BHI provides a calculation of the account balance for which it is seeking disposition in Table 26 below.

²² EB-2021-0183, Notice of Amendments to the Retail Settlement Code

²³ EB-2021-0183, Accounting Order

Table 26 - Revenue Requirement for Green Button Initiative

Revenue Requirement	Actual		Forecast	Total
	2023	2024	2025	
Incremental Capital Additions	\$191,581	\$0	\$0	\$191,581
Depreciation	\$19,158	\$38,316	\$38,316	
Return on Equity	\$2,876	\$5,113	\$3,835	
Return on Debt	\$1,547	\$2,750	\$2,062	
PILs	\$(26,592)	\$(18,879)	\$15,197	
Revenue Requirement from Capital Additions	\$(3,012)	\$27,300	\$59,410	\$83,699
Incremental Operating Expenses	\$0	\$80,225	\$90,000	\$170,225
Revenue Requirement (Principal activity)	\$(3,012)	\$107,525	\$149,410	\$253,923
Carrying charges		\$1,652	\$4,745	\$6,396
Total Requested for Disposition				\$260,320

9.1.11 Disposition of Account 1508, Sub-account Capital Additions

Dundas Street Road Widening Project - Revenue Requirement

Differential Variance Account

In approving the Settlement Agreement for BHI's 2021 Cost of Service application, the OEB established an asymmetrical (i.e. in favour of ratepayers) Capital Variance Account ("CVA1") to track: (i) the variances in the revenue requirement from budgeted and actual net capital additions in the 2021 test year related to the Dundas St Road Widening project ("2021 Dundas Road Widening Project"), and (ii) the resulting impact through the IRM period²⁴.

With respect to (i), the actual net capital additions related to the Dundas St Road Widening project were \$(2,518,633) less than budget, resulting in a \$(10,095) credit entry into the account in 2021. With respect to (ii), to track the resulting impact of the variances during the IRM period (i.e. years 2022-2025), BHI escalated the 2021 revenue requirement variances by the OEB's annual inflation factor minus BHI's stretch factor (0.15%), as detailed in the Settlement Agreement²⁵. Table 27 shows the calculation for (i), Table 28 shows the calculation for item (ii) and Table 29 below shows the calculation of the CVA1 account balance being sought for disposition.

²⁴ EB-2020-0007, Decision and Order, p13

²⁵ Issue 4.2(k) of the Settlement Agreement.

1 **Table 27 - Calculation of Credit Entry into CVA1**

Description		OH	UG	Total
Capital Addition Variance				
Budgeted Additions	a	\$1,632,513	\$1,403,435	\$3,035,948
Actual Additions	b	\$486,136	\$31,179	\$517,315
Variance	$c = b - a$	\$(1,146,377)	\$(1,372,257)	\$(2,518,633)
Fixed Asset Continuity				
Opening Balance	d	\$0	\$0	\$0
Incremental Additions/(Reductions)	c	\$(1,146,377)	\$(1,372,257)	\$(2,518,633)
Depreciable Life (Years)	e	\$41	\$44	
Depreciation	$f = c / e / 2$	\$(14,037)	\$(15,593)	\$(29,630)
Closing Balance	$g = d + c - f$	\$(1,132,340)	\$(1,356,664)	\$(2,489,003)
Average Balance (Rate Base)	$h = (d + g) / 2$	\$(566,170)	\$(678,332)	\$(1,244,502)
UCC Continuity				
Opening Balance	i	\$0	\$0	\$0
Incremental Additions/(Reductions)	c	\$(1,146,377)	\$(1,372,257)	\$(2,518,633)
CCA Rate	j	\$0	\$0	
CCA	$k = c * j$	\$(137,565)	\$(164,671)	\$(302,236)
Closing Balance	$l = i + c - k$	\$(1,008,812)	\$(1,207,586)	\$(2,216,397)
Revenue Requirement				
Depreciation	f	\$(14,037)	\$(15,593)	\$(29,630)
Cost of Capital Debt (ST)	$m = h * 4\% * 1.75\%$	\$(396)	\$(475)	\$(871)
Cost of Capital Debt (LT)	$n = h * 56\% * 3.07\%$	\$(9,734)	\$(11,662)	\$(21,395)
Cost of Capital Equity	$o = h * 40\% * 8.34\%$	\$(18,887)	\$(22,629)	\$(41,517)
PILs Gross-Up	s	\$37,728	\$45,590	\$83,318
Annual Revenue Requirement	$p = f + m + n + o + s$	\$(5,327)	\$(4,769)	\$(10,095)
PILs Calculation				
Cost of Equity Capital	o	\$(18,887)	\$(22,629)	\$(41,517)
Add: Depreciation	f	\$(14,037)	\$(15,593)	\$(29,630)
Deduct CCA	k	\$137,565	\$164,671	\$302,236
PILs Income	$q = o + f - k$	\$104,641	\$126,449	\$231,089
PILs before Gross-Up	$r = q * 26.5\%$	\$27,730	\$33,509	\$61,239
PILs Gross-Up	$s = r / (1 - 0.265)$	\$37,728	\$45,590	\$83,318

Table 28 - Annual Account Entries for CVA1

Year	2021 Revenue Requirement	Escalation Factor (I - X)	Escalation Amount (\$)	Cumulative Escalation Amount (\$)	CVA Annual Entry DR/ (CR)
	<i>a</i>	<i>b</i>	<i>c = a * b</i>	<i>d</i>	<i>e = a + d</i>
2021	\$(10,095)				\$(10,095)
2022	\$(10,095)	3.15%	\$(318)	\$(318)	\$(10,413)
2023	\$(10,095)	3.55%	\$(370)	\$(688)	\$(10,783)
2024	\$(10,095)	4.65%	\$(501)	\$(1,189)	\$(11,285)
2025	\$(10,095)	3.45%	\$(389)	\$(1,578)	\$(11,674)

Table 29 - CVA1 Balance for Disposition

CVA1 Continuity Schedule	2021	2022	2023	2024	2025
Opening Principal Balance	\$0	\$(10,095)	\$(20,509)	\$(31,292)	\$(42,576)
Principal Trans.	\$(10,095)	\$(10,413)	\$(10,783)	\$(11,285)	\$(11,674)
OEB-Approved Principal Dispositions	\$0	\$0	\$0	\$0	\$(38,630)
Principal Adj.	\$0	\$0	\$0	\$0	\$0
Closing Principal Balance	\$(10,095)	\$(20,509)	\$(31,292)	\$(42,576)	\$(15,621)
Opening Interest Balance	\$0	\$0	\$(194)	\$(1,229)	\$(2,839)
Interest	\$0	\$(194)	\$(1,035)	\$(1,609)	\$(129)
OEB-Approved Interest Dispositions	\$0	\$0	\$0	\$0	\$(3,325)
Interest Adj.	\$0	\$0	\$0	\$0	\$0
Closing Interest Balance	\$0	\$(194)	\$(1,229)	\$(2,839)	\$357
Closing Total Balance	\$(10,095)	\$(20,703)	\$(32,521)	\$(45,415)	\$(15,264)

9.1.11.1 OEB-Approved Principal and Interest Dispositions

The 2025 principal and interest dispositions in Table 29 are a result of BHI's 2025 IRM Rate Application (EB-2024-0010), where the OEB approved ICM funding for a different road widening project along Dundas Street ("2025 Dundas Road Widening Project")²⁶. In the Decision and Order²⁷, the OEB directed BHI to offset (debit) the revenue requirement approved for ICM funding by the 2023 CVA1 balance, including carrying charges up to Q4 2024, and to file a Draft Rate Order reflecting the OEB's findings.

²⁶ EB-2024-0010, Decision and Order, December 17, 2024

²⁷ Ibid

1 BHI filed a Draft Rate Order, proposed Tariff of Rates and Charges, and revised ICM model
2 reflecting the OEB's findings, in addition to the calculation of the balance in CVA1²⁸. BHI's
3 principal transactions into CVA1 were based on the difference between the budgeted and actual
4 net capital additions on the 2021 Dundas Road Widening Project, consistent with the
5 calculations presented above in Table 27, Table 28 and Table 29.

6
7 In its Final Rate Order, the OEB held that the 2021 Dundas Road Widening Project produced \$0
8 actual capital additions in 2021, and that BHI's entries into CVA1 should have credited the entire
9 revenue requirement impact associated with the \$3,035,948 budget for the 2021 Dundas Road
10 Widening Project²⁹, rather than the variance between the budgeted amount and the capital
11 additions that were completed in 2021, as shown in Table 27 above. As a result, the OEB
12 reduced BHI's ICM revenue requirement for the 2025 Dundas Road Widening Project by the
13 recalculated 2023 ending balance in CVA1 including carrying charges up to Q4 2024, which
14 totaled \$41,955 (\$38,630+\$3,325)³⁰.

15
16 The OEB directed BHI to provide a reconciliation of the amounts in its next rebasing application
17 as part of its request for final disposition of the amounts in this account and noted that a future
18 panel may reconsider the 2021 Dundas Road Widening Project capital expenditures evidence
19 as part of that time³¹. Further to the OEB's direction, the next section provides that reconciliation
20 along with a supporting explanation to clarify the record in EB-2024-0010. For these reasons
21 detailed below, BHI stands behind its calculation for the principal transactions for CVA1 as
22 presented above.

23 **9.1.11.2 Reconciliation and Clarification of the Record in EB-2024-0010**

24 In its Final Rate Order, the OEB interpreted BHI's interrogatory response to Staff-16 as showing
25 that "*the actual costs for the 2021 Road Widening Project from 2021 to 2023 were \$0, as the*
26 *project was delayed by the road authority.*" However, neither the pre-filed evidence nor
27 referenced interrogatory response purported that the actual costs were \$0.

²⁸ EB-2024-0010, BHI Draft Rate Order, January 9, 2025

²⁹ EB-2024-0010, Final Rate Order, February 11, 2025, p5

³⁰ Ibid

³¹ Ibid, p5-6

In the pre-filed evidence, Table 21 at page 29 of BHI's Application (EB-2024-0010) indicated that actual gross capital expenditures on the "Dundas St Road Widening (Appleby line to Tremaine)" project were \$1,285,725 in 2021³².

Similarly, the reference interrogatory response (Staff-16) provided a table of BHI's forecasted versus actual capital expenditures for system access projects for the 2021-2023 years, which included two scopes of work associated with the 2021 Dundas Road Widening Project. The relevant portion of the table is reproduced below in Figure 1 below for ease of reference.

Figure 1 - Excerpt from BHI IRR Staff-16 (EB-2024-0010)

System Access Projects	2021-2023 DSP	2021-2023 Actual	Variance (\$)	Variance %	Explanation	Funded through
General Service - Underground	\$4,600,000	\$9,775,334	\$5,175,334	112.5%	Higher demand for underground customer connections, upgrades, and relocations.	Existing rates
General Service - Overhead	\$3,900,000	\$4,495,548	\$595,548	15.3%	Higher demand for overhead customer connections, upgrades, and relocations.	Existing rates
Dundas St Road Widening - (Walkers Line to Appleby Line)	\$3,789,275	\$0	(\$3,789,275)	(100.0%)	Project delayed by road authority.	Existing rates ¹
Dundas St Road Widening - (Appleby line to Tremaine)	\$869,530	\$1,285,725	\$416,195	47.9%	Additional scope of work identified during project construction, which was fully funded by the road authority.	Existing rates ¹

¹ Approved via an asymmetrical capital variance account in BHI's 2021 Cost of Service application (EB-2020-007). BHI will settle the credit variance in the accounts in its next rebasing application.

Although the row labelled "Dundas St Road Widening - (Walkers Line to Appleby Line)" showed \$0 capital expenditures over the 2021-23 period, the highlighted row below it labelled "Dundas St Road Widening - (Appleby line to Tremaine)" showed \$1,285,725 in gross capital expenditures over the 2021-23 period. As footnoted in the last column of Table 24, both of these projects were approved via an asymmetrical capital variance account in BHI's 2021 Cost of Service application (EB-2020-0007). In other words, both were included in the net capital budget (\$3,035,948) that actual expenditures were to be tracked against.

The capital additions associated with the Appleby Line to Tremaine section of the project included 20 distribution poles and 2 transformers, as described in BHI's Reply Submission³³.

³² EB-2024-0010, 2025 Electricity Distribution Rates Application, August 15, 2024, p29

³³ EB-2024-0010, BHI Reply Submission on DRO, p4-8

BHI confirmed in its Reply Submission that this line is in use and is critical infrastructure supplying power (2 x 27.6 kV circuits from Palermo TS) to the northeast section of Burlington³⁴.

BHI was not asked about, and thus did not have the opportunity to explain through IRs, the additional scope of work that was identified for the Dundas Road Widening Project which resulted in the capital additions tracked in the CVA1. The OEB drew an adverse conclusion from this in the Final Rate Order noting that “[i]t was not until Burlington Hydro replied to OEB staff comments on the Draft Rate Order that it provided more particulars regarding that portion of the 2021 Road Widening Project”.

BHI apologizes for any confusion it may have caused during the process. Unfortunately, it was not until the Draft Rate Order, when the OEB directed BHI to offset the ICM revenue requirement by the CVA1 balance, that BHI was asked to provide more particulars about the CVA1 balance. The OEB’s direction to use the balance in CVA1 to offset some of the funding required for the 2025 Dundas Road Widening ICM project was novel and unexpected, as Group 2 balances are typically reviewed in rebasing applications. BHI did not seek disposition of CVA1, and therefore did not foresee the need to provide more particulars about the CVA1 balance until it was directed to do so by the OEB in Decision.

9.1.12 Disposition of Account 1508, Sub-account Capital Additions Waterdown Rd Road Widening Project - Revenue Requirement Differential Variance Account

In approving the Settlement Agreement for BHI’s 2021 Cost of Service application, the OEB established an asymmetrical (i.e. in favour of ratepayers) capital variance account (“CVA2”) to track: (i) the variances in the revenue requirement from budgeted and actual net capital additions in the 2021 test year related to the Waterdown Rd Road Widening project, and (ii) the resulting impact through the IRM period³⁵.

With respect to (i), the actual net capital additions related to the Waterdown Rd Road Widening project were \$(365,852) less than budget, resulting in a \$(1,041) credit entry into the account in

³⁴ EB-2024-0010, BHI Reply Submission on DRO, p5

³⁵ EB-2020-0007, Decision and Order, p13

1 2021. With respect to (ii), to track the resulting impact of the variances during the IRM period
2 (i.e. years 2022-2025), BHI escalated the 2021 revenue requirement variances by the OEB's
3 annual inflation factor minus BHI's stretch factor (0.15%), as detailed in the Settlement
4 Agreement³⁶. Table 30 shows the calculation for (i) and Table 31 shows the calculation for item
5 (ii).

³⁶ Issue 4.2(k) of the Settlement Agreement.

1 **Table 30 - Calculation of Credit Entry into CVA2**

Description		OH	UG	Total
Capital Addition Variance				
Budgeted Additions	a	\$945,455	\$554,545	\$1,500,000
Actual Additions	b	\$1,141,880	\$(7,732)	\$1,134,148
Variance	$c = b - a$	\$196,426	\$(562,277)	\$(365,852)
Fixed Asset Continuity				
Opening Balance	d	\$0	\$0	\$0
Incremental Additions/(Reductions)	c	\$196,426	\$(562,277)	\$(365,852)
Depreciable Life (Years)	e	\$41	\$44	
Depreciation	$f = c / e / 2$	\$2,405	\$(6,389)	\$(3,984)
Closing Balance	$g = d + c - f$	\$194,021	\$(555,888)	\$(361,868)
Average Balance (Rate Base)	$h = (d + g) / 2$	\$97,010	\$(277,944)	\$(180,934)
UCC Continuity				
Opening Balance	i	\$0	\$0	\$0
Incremental Additions/(Reductions)	c	\$196,426	\$(562,277)	\$(365,852)
CCA Rate	j	\$0	\$0	
CCA	$k = c * j$	\$23,571	\$(67,473)	\$(43,902)
Closing Balance	$l = i + c - k$	\$172,855	\$(494,804)	\$(321,949)
Revenue Requirement				
Depreciation	f	\$2,405	\$(6,389)	\$(3,984)
Cost of Capital Debt (ST)	$m = h * 4\% * 1.75\%$	\$68	\$(195)	\$(127)
Cost of Capital Debt (LT)	$n = h * 56\% * 3.07\%$	\$1,668	\$(4,778)	\$(3,111)
Cost of Capital Equity	$o = h * 40\% * 8.34\%$	\$3,236	\$(9,272)	\$(6,036)
PILs Gross-Up	s	\$(6,464)	\$18,680	\$12,216
Annual Revenue Requirement	$p = f + m + n + o + s$	\$913	\$(1,954)	\$(1,041)
PILs Calculation				
Cost of Equity Capital	o	\$3,236	\$(9,272)	\$(6,036)
Add: Depreciation	f	\$2,405	\$(6,389)	\$(3,984)
Deduct CCA	k	\$(23,571)	\$67,473	\$43,902
PILs Income	$q = o + f - k$	\$(17,930)	\$51,812	\$33,882
PILs before Gross-Up	$r = q * 26.5\%$	\$(4,751)	\$13,730	\$8,979
PILs Gross-Up	$s = r / (1 - 0.265)$	\$(6,464)	\$18,680	\$12,216

Table 31 - Annual Account Entries for CVA2

Year	2021 Revenue Requirement	Escalation Factor (I - X)	Escalation Amount (\$)	Cumulative Escalation Amount (\$)	CVA Annual Entry DR/ (CR)
	<i>a</i>	<i>b</i>	<i>c = a * b</i>	<i>d</i>	<i>e = a + d</i>
2021	\$(1,041)				\$(1,041)
2022	\$(1,041)	3.15%	\$(33)	\$(33)	\$(1,074)
2023	\$(1,041)	3.55%	\$(38)	\$(71)	\$(1,112)
2024	\$(1,041)	4.65%	\$(52)	\$(123)	\$(1,164)
2025	\$(1,041)	3.45%	\$(40)	\$(163)	\$(1,204)

BHI is seeking disposition of the forecasted balance of \$(6,032) including principal and interest to December 31, 2025, as shown in Table 1.

9.1.13 Disposition of Account 1508, Sub-account Collection Charge Lost Revenue

The Collection of Account charge was intended to cover the field costs, or part of the costs, of additional collection activities that are beyond the routine of a distributor as a result of an individual customer's non-payment of its account.³⁷ On February 23, 2017, the OEB issued a letter³⁸ indicating its intent to launch a review of customer service rules for the electricity and gas sectors, including the development of disconnection rules. On the same day, the OEB issued its Decision and Order³⁹ to amend all electricity distribution licenses to ensure that residential customers were not disconnected for non-payment during the February 24, 2017 to April 30, 2017 winter period. During that same period, the Collection of Account charge was also to be waived. In its subsequent Decision and Order⁴⁰ on November 2, 2017, the OEB further amended all electricity distributors' licenses to prohibit the disconnection of residential customers for reason of non-payment from November 15 to April 30 (Disconnection Ban Period) on a go forward basis. The waiving of the Collection of Account charge was also to apply on a go forward basis during the Disconnection Ban Period.

³⁷ Report of the Ontario Energy Board - Review of Customer Service Rules for Utilities, Phase 1, EB-2017-0183, September 6, 2018

³⁸ Letter regarding Winter Disconnections and Launch of Review of Customer Service Rules, February 23, 2017

³⁹ Decision and Order, EB-2017-0101, Amending Electricity Distributor Licenses to Prohibit Disconnection of Residential Customers and Related Matters, February 23, 2017

⁴⁰ Decision and Order, EB-2017-0318, Amending Electricity Distributor Licenses to Prohibit the Disconnection of Residential Customers and Related Matters, November 2, 2017

1 BHI included revenue associated with the Collection of Account charge as part of its revenue
2 offsets in its 2014 cost of service rate application. The inability to recover this revenue due to the
3 Disconnection Ban Period and the elimination of the Collection of Account charge resulted in a
4 shortfall in revenue requirement until BHI's next rebasing. As such, BHI applied to establish a
5 deferral account to record lost revenues resulting from the elimination of the Collection of
6 Account charge. The OEB approved the establishment of the deferral account effective July 1,
7 2019.⁴¹

8
9 In its last rebasing application BHI proposed and was approved to dispose of principal activity in
10 this account to December 31, 2019⁴². BHI was approved to continue this account as it expected
11 further activity past December 31, 2019 to April 30, 2021 when it's current rates were rebased.

12
13 In accordance with the Accounting Order⁴³, BHI calculated the lost revenue recorded in the
14 deferral account by multiplying the number of collection notices issued but not charged, by the
15 Collection of Account charge of \$30 per notice. This amount was capped at an annual maximum
16 of \$512,305, which is equal to BHI's revenue offset for the Collection of Account charge
17 approved in its 2014 Cost of Service application.

18
19 BHI proposes to dispose of the \$835,348 balance from January 1, 2020 to April 30, 2021,
20 comprised of \$718,715 in principal and \$116,633 in carrying charges as identified in Table 32
21 below.

⁴¹ EB-2019-0179 Decision and Order, September 19, 2019

⁴² EB-2020-0007, Decision and Rate Order, Schedule B, Table 4.2G – Continuation/Discontinuation of Group 2 DVAs

⁴³ p 52, Exhibit 9, EB-2019-0179 Decision and Order, September 19, 2019

Table 32 - Collection of Account Lost Revenue

Description	Jan 1/2020 - Dec 31/2020	Jan 1/2021 - Apr 30/2021	Total
# of Collection Notices issued	22,067	8,315	30,382
\$ Charge/Collection notice	\$30	\$30	\$30
Total Collection Charges Lost Revenue	\$662,010	\$249,450	\$911,460
Lower of: Actual Amount Incurred and Cap of \$512,305	\$512,305	\$249,450	\$761,755
Savings from Process Changes	\$(31,482)	\$(11,558)	\$(43,040)
Total Principal Amount Recorded in DVA	\$480,823	\$237,892	\$718,715
Carrying Charges forecasted to December 31, 2025			\$116,633
Total Amount Requested for Disposition			\$835,348

9.1.14 Disposition of Account 1522 Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges

On September 14, 2017 the OEB issued a final report on the regulatory treatment of pension and other post-employment benefit (“OPEB”) costs applicable to rate-regulated Ontario energy utilities⁴⁴. The Report established the use of a variance account to track the difference between the forecast accrual amount in rates and actual cash payments made, with asymmetric carrying charges in favour of ratepayers applied to the differential.

9.1.14.1 Ontario Municipal Employees Retirement System (“OMERS”) Pension Plan

BHI participates in the Ontario Municipal Employees Retirement System (OMERS) multi-employer plan, which is effectively treated as a defined contribution plan. The amount embedded in rates and recognized on the financial statements is based on the cash paid to beneficiaries for the period, and therefore no entries are required to be posted to UsoA Account 1522.

9.1.14.2 Other Post Employment Benefit Costs

BHI provides post-retirement health, dental and life insurance benefits up to the age of 65. BHI does generate differences between the forecast accrual amount in rates and actual cash payments made for OPEB costs, and as such has made entries to UsoA Account 1522.

⁴⁴ EB-2015-0040 Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs

1 Table 33 below summarizes the difference between the forecast accrual amounts in rates and
2 the actual cash payments, as well as the cumulative differential on which carrying charges are
3 calculated.

4
5 Upon review of this account, BHI determined that actual cash payments were less than the
6 forecast accrual amount in rates in 2018 and 2019, as shown in Table 33, and BHI should have
7 reported a balance in this account in its 2021 Cost of Service rate application (EB-2020-0007).
8 BHI has included the associated carrying charges for 2018 and 2019 in the balance proposed
9 for disposition below, and notes that carrying charges of \$(822) in 2018 and \$(3,132) in 2019
10 have been recorded in column W 'Interest Adjustment During 2020' in Tab 2b. of the DVA
11 Continuity Schedule as the 2018 and 2019 periods are "greyed out".

12
13 BHI assesses carrying charges on the cumulative differential using the OEB's prescribed
14 Construction Work In Progress ("CWIP") rate, in accordance with the Report⁴⁵. The 2021
15 accrual in rates of \$346,519 is calculated as 1/3 of the forecasted accrual amount included in
16 BHI's 2020 rates (in effect from January 1, 2021 to April 30, 2021) and 2/3 of the forecasted
17 accrual amount included in BHI's 2021 rates (in effect from May 1 to December 31, 2021).

18
19 BHI is proposing that \$77,656 be returned to rate payers, representing the carrying charges on
20 the cumulative differential between the forecast accrual amount in rates and actual cash
21 payments for the period from January 1, 2018 to December 31, 2024.

⁴⁵ Ibid, p12

Table 33 - Pension & OPEB Forecast Accrual vs. Actual Cash Payment Differential

Period	Accrual in Rates	Actual Cash Payment	Differential	Cumulative Differential	Carrying Charges
2018	356,947	303,407	(53,540)	\$ (53,540)	\$ (822)
2019	\$ 356,947	\$ 256,235	\$ (100,712)	\$ (154,252)	\$ (3,132)
2020	\$ 356,947	\$ 264,367	\$ (92,580)	\$ (246,832)	\$ (4,780)
2021	\$ 346,519	\$ 289,249	\$ (57,270)	\$ (304,102)	\$ (6,134)
2022	\$ 341,305	\$ 304,112	\$ (37,193)	\$ (341,295)	\$ (12,730)
2023	\$ 341,305	\$ 322,233	\$ (19,072)	\$ (360,367)	\$ (17,962)
2024	\$ 341,305	\$ 359,212	\$ 17,907	\$ (342,460)	\$ (17,609)
2025	\$ 341,305			\$ (342,460)	\$ (14,486)
Total Requested for Disposition					\$ (77,656)

9.1.15 Disposition of Account 1572 Extra-Ordinary Event Costs - 2022

Wind Storm (Z-Factor)

On May 21, 2022, a powerful wind and thunderstorm occurred over a wide area in southern Ontario. This included BHI's service area, resulting in damage to parts of its distribution network that impacted 35.7% (24,566) of its customers.

BHI filed a Z-Factor claim in the amount of \$198,360 which the OEB approved on March 23, 2023⁴⁶. BHI requested that the amount be recovered by means of a fixed rider, allocated on the basis of distribution revenue, using the last OEB approved distribution revenue proportions, for a period of 12 months beginning May 1, 2023 and ending April 30, 2024. The balance remaining in this account is \$4,749 for which BHI is requesting disposition. BHI requests that this Group 2 account be discontinued as identified in Table 1 above as there was no more principal activity after April 30, 2024.

⁴⁶ EB-2022-0018, Decision and Rate Order, p18

9.2 ESTABLISHMENT OF NEW DEFERRAL AND VARIANCE ACCOUNTS

BHI is not proposing any new Deferral and Variance Accounts or sub-accounts as part of this Application.

9.3 LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT

9.3.1 Disposition of the LRAMVA

In accordance with the Chapter 3 Filing Requirements, distributors filing an application for 2024 rates were required to seek disposition of all outstanding LRAMVA balances related to program savings related to CFF programs or other conservation programs they delivered, unless they did not have complete information on eligible program savings⁴⁷.

In its 2024 IRM Rate application (EB-2023-0008) BHI requested, and was approved to dispose of all outstanding LRAMVA balances related to program savings related to CFF programs or other conservation programs it delivered⁴⁸.

BHI confirms it has a zero balance in the LRAMVA and is not requesting any disposition in this Application.

9.3.2 Continuing Use of the LRAMVA for New NWS Activities

The Non-Wires Solutions (“NWS”) Guidelines indicate that distributors may request the use of an LRAMVA for distribution rate-funded NWS activities or Local Initiatives Program (“LIP”) activities, with need to be determined on a case-by-case basis⁴⁹. If such a request is granted, the distributor may propose to make use of the existing generic LRAMVA (Account 1568), or propose to establish a new account, with appropriate rationale and accounting details to support their proposed approach.

⁴⁷ 2024 Chapter 3 Filing Requirements, section 3.2.7.1

⁴⁸ EB-2023-0008, Decision and Order, p11

⁴⁹ EB-2024-0118, Non-Wires Solutions Guidelines for Electricity Distributors, Section 8, March 28, 2024

- 1 BHI does not expect to participate in either of the above activities, however it proposes to
- 2 continue Account 1568 in the event it decides to participate in an eligible program in the future.