

Attachment 5: NWS Program Costs Variance Account Accounting Draft Order

GrandBridge Energy Inc.

Draft Accounting Order

Account 1508 – Other Regulatory Assets, NWS Program Cost Variance Account (NWS-PCVA)

GrandBridge Energy Inc. (GBE) shall establish the new deferral account, “NWS Program Cost Variance Account (NWS-PCVA)”, effective May 1, 2026, to capture variances (symmetrical) between:

1. The Ontario Energy Board (OEB) approved NWS Program revenue requirement, recovered through the NWS rate rider and consisting of both OM&A and capital related costs, and
2. The actual NWS Program OM&A and capital revenue requirement incurred during the 2026-2028 period, net of any third-party funding or recoveries.

The OM&A costs and capital costs recorded in the variance account will correspond to the cost categories in Table 9 of the Applicant’s evidence. OM&A costs eligible for inclusion in the NWS-PCVA include, but are not limited to, software licensing and maintenance, participant payments (professional services, and administrative expenses (“NWS Program Costs”). Any amounts recorded will be net of any third-party funding or recoveries (e.g. federal grants). Capital costs eligible for inclusion include IT software implementation, capitalized professional services and other capitalized expenditures directly attributable to NWS Program implementation. Actual NWS capital additions placed into service will be converted into an equivalent revenue requirement using the same parameters and methodology the OEB used to establish the NWS Program revenue requirement.

Amounts entered in the account can be debit or credit entries and will be debited or credited to the account annually. Carrying charges will be applied to the account monthly at the Ontario Energy Board’s (OEB) prescribed rates.

GBE will be allowed to recover costs that are as much as 30% in excess of the OEB approved NWS Program Costs in the NWS-PCVA (“30% Provision”). The 30% Provision is aligned with the OEB’s Advanced Capital Module (“ACM”) policy¹ which balances program execution and customer protection from excessive NWS Program Costs. Specifically, the 30% Provision allows for a modest amount of payments to program participants that are greater than the amount included in the OEB approved NWS Program Costs, while protecting customers by limiting the program payments.

GrandBridge Energy Inc. will seek disposition of balances in the NWS-PCVA no later than its next Cost of Service application and will recommend either the continuance or discontinuance of the Sub-Account at that time.

GrandBridge Energy shall establish the following variance accounts effective May 1, 2026 to December 31, 2028, to record the amounts described above:

- Account 1508 -Other Regulatory Assets, Sub-Account NWS Program Cost Variance Account
- Account 1508 -Other Regulatory Assets, Sub-Account NWS Program Cost Variance Account Carrying Charges

The sample accounting entries for the variance accounts are provided below:

A. To record annually the symmetrical difference between the actual costs associated with non-wires solutions operational costs and the amounts recovered through non-wires solutions rate rider (on a revenue requirement basis) over the 2026-2028 period:

- DR/CR 4080 Distribution Services Revenue
- CR/DR 1508 Other Regulatory Assets, Sub-Account NWS Program Cost Variance Account

¹ Report of the OEB EB-2014-0219 New Policy Options for the Funding of Capital Investments: Supplemental Report, January 22, 2016, Appendix A

- B. To record annually the symmetrical difference between the actual costs associated with non-wires solutions capital costs and the amounts recovered through non-wires solutions rate rider (on a revenue requirement basis) over the 2026-2028 period:
- DR/CR 4080 Distribution Services Revenue
 - CR/DR 1508 Other Regulatory Assets, Sub-Account NWS Program Cost Variance Account
- C. To record the carrying charges in sub-account NWS Program Cost Variance Account:
- DR/CR 6035 Other Interest Expense
 - CR/DR 1508 Other Regulatory Assets, Subaccount NWS Program Cost Variance Account Carrying Charges