

EXHIBIT 9  
DEFERRAL AND VARIANCE ACCOUNTS  
EB-2017-0073

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1 **Exhibit 9: Deferral and Variance Accounts**

2 SLHI has included in this Cost of Service (“COS”) Application, a request for approval for disposition  
3 of Group 1 and Group 2 Deferral and Variance Account (“DVAs”) balances as at December 31, 2016  
4 and the forecasted interest through April 30, 2018. SLHI has followed the Board’s guidance in the  
5 Accounting Procedures Handbook and FAQs (“APH”) for recording amounts in the deferral and  
6 variance accounts. Such guidance also includes the Report of the Board on Electricity Distributors’  
7 Deferral and Variance Account Review Initiative (“EDDVAR Report”).

8 Table 9-1 contains description of all the outstanding DVAs. These balances are consistent with  
9 those in the Continuity Schedule in the Board’s 2018 DVA Continuity Schedule which is attached as  
10 Appendix 9A and filed in live Excel format with this application. SLHI confirms that it has used the  
11 DVAs in the same manner described in the APH, and the account balance in Table 9-1 reconciles  
12 with the trial balance reported through the Electricity Reporting and Record-keeping Requirements  
13 E2.1.7, and SLHI’s 2016 Audited Financial Statements, with the exception of two accounts which are  
14 explained below.

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**Table 9-1: December 31, 2016 Audited Balances – DVAs**

Account Description	USoA #	Total Principle & Interest (December 31, 2016) \$	2.1.7 RRR Balances (December 31, 2016) \$	Variance \$
<b>Group 1 Accounts</b>				
LV Variance Account	1550	65,645	65,645	0
Smart Metering Entity Charge Variance Account	1551	1,238	1,238	0
RSVA - Wholesale Market Service Charge	1580	(31,967)	(31,967)	0
RSVA - Retail Transmission Network Charge	1584	(10,531)	(10,531)	0
RSVA - Retail Transmission Connection Charge	1586	8,206	8,206	0
RSVA - Power (excluding Global Adjustment)	1588	(341,649)	(341,649)	0
RSVA - Global Adjustment	1589	(48,738)	(48,739)	(1)
Disposition and Recovery/Refund of Regulatory Balances (2011)	1595	9	9	0
Disposition and Recovery/Refund of Regulatory Balances (2012)	1595	2,222	2,222	0
Disposition and Recovery/Refund of Regulatory Balances (2013)	1595	936	936	0
Disposition and Recovery/Refund of Regulatory Balances (2014)	1595	23,227	23,227	0
Disposition and Recovery/Refund of Regulatory Balances (2015)	1595	5,636	5,636	0
Disposition and Recovery/Refund of Regulatory Balances (2016)	1595	(61,798)	(61,798)	0
<b>Subtotal Group 1 Accounts</b>		<b>(387,565)</b>	<b>(387,566)</b>	<b>(1)</b>
<b>Group 2 Accounts</b>				
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508	45,692	45,692	0
Retail Cost Variance Account - Retail	1518	(7,730)	(7,730)	0
Retail Cost Variance Account - STR	1548	(132)	(132)	0
<b>Subtotal Group 2 Accounts</b>		<b>37,829</b>	<b>37,829</b>	<b>0</b>
<b>Other Accounts</b>				
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	1555	(64)	(64)	0
LRAM Variance Account	1568	6,030	(1,497)	(7,527)
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component	1575	69,045	47,530	(21,515)
<b>Subtotal Other Accounts</b>		<b>75,011</b>	<b>45,969</b>	<b>(29,042)</b>
<b>Total</b>		<b>(274,725)</b>	<b>(303,767)</b>	<b>(29,043)</b>

2

3 **Explanation of Variances to 2.1.7 RRR Balances**

4

5 **Account 1568 – LRAM Variance Account**

6 The variance of \$(7,527) is due to adjustments occurring as a result of completing the Board's  
 7 LRAM Workform released on July 18, 2017 for 2018 COS filers. The LRAMVA is detailed in Exhibit 4,  
 8 Section 4.6.

9 **Account 1575 – IFRS-CGAAP Transition PP&E Amounts Balance + Return Component**

10 The variance of \$(21,515) is due to \$(5,439) which is the forecast difference for the 2017 Bridge  
 11 year from CGAAP to IFRS, and the inclusion of the return on rate base of \$(16,076) using the WACC  
 12 of 6.07%.

13 SLHI has provided a continuity schedule of the Group 1 and Group 2 DVAs in the live Excel format  
 14 model named "Sioux Lookout\_2018\_DVA\_Continuity\_Schedule\_COS\_20170821". ("EDDVAR model").

1 **Interest Rates Applied**

2 The forecasted interest on December 31, 2016 principle balances of the DVAs is calculated using the  
 3 Board's prescribed rate of 1.10% for the period January 1, 2017 to December 31, 2017 and January  
 4 1, 2018 to April 30 , 2018. The interest rates by quarter for each year are provided in Table 9-2  
 5 below.

6 **Table 9-2: Interest Rates Applied to Deferral and Variance Accounts**

Period	Interest Rate
Q1 2011	1.47%
Q2 2011	1.47%
Q3 2011	1.47%
Q4 2011	1.47%
Q1 2012	1.47%
Q2 2012	1.47%
Q3 2012	1.47%
Q4 2012	1.47%
Q1 2013	1.47%
Q2 2013	1.47%
Q3 2013	1.47%
Q4 2013	1.47%
Q1 2014	1.47%
Q2 2014	1.47%
Q3 2014	1.47%
Q4 2014	1.47%
Q1 2015	1.47%
Q2 2015	1.10%
Q3 2015	1.10%
Q4 2015	1.10%
Q1 2016	1.10%
Q2 2016	1.10%
Q3 2016	1.10%
Q4 2016	1.10%
Q1 2017	1.10%
Q2 2017	1.10%
Q3 2017	1.10%
Q4 2017 (Forecast)	1.10%
Q1 2018 (Forecast)	1.10%
Q2 2018 (Forecast)	1.10%
Q3 2018 (Forecast)	1.10%
Q4 2018 (Forecast)	1.10%

1 **Group 2 Accounts – To be Continued or Discontinued on a Go-Forward Basis**  
 2 Table 9-3 below lists all Group 2 accounts which SLHI will continue and discontinue on a going-  
 3 forward basis. Explanations for the accounts that will be discontinued are provided in the table.

4 **Table 9-3: Group 2 Accounts to be Continued or Discontinued**

Account Description	USoA #	Continue/ Discontinue	Explanation
<b>Group 2 Accounts - Continue</b>			
Retail Cost Variance Account - Retail	1518	Continue	On-going use
Retail Cost Variance Account - STR	1548	Continue	On-going use
LRAM Variance Account	1568	Continue	On-going use
<b>Group 2 Accounts Discontinue</b>			
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508	Discontinue	No Longer needed as SLHI has fully transitioned to IFRS
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	1555	Discontinue	Recovery completed and Smart meter implementation complete
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component	1575	Discontinue	No Longer needed as SLHI has fully transitioned to IFRS

5  
 6 SLHI has not made any adjustments to deferral and variance account balances that were previously  
 7 approved by the OEB on a final basis either a COS or IRM proceeding.

8 **Breakdown of Energy Sales and Cost of Power**

9 The sale of energy is a flow through revenue and the cost of power is a flow through expense.  
 10 Energy sales and the cost of power expense by component are presented in Table 9-4 as reported in  
 11 the 2016 Audited Financial Statements and the USoA within the RRR filing 2.1.7.

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**Table 9-4: 2016 Energy Revenue and Cost of Power Expenses**

Account Description	USoA #	2016 Actual
<b>ENERGY REVENUE:</b>		
Residential Energy Sales	4006	-\$3,193,797
Street Lightin Energy Sales	4025	-\$17,826
General Energy Sales	4035	-\$3,979,008
Revenue Adjustment	4050	-\$143,653
Billed - WMS	4062	-\$446,076
Billed NW	4066	-\$467,534
Billed CN	4068	-\$104,252
Billed - LV	4075	-\$250,655
Smart Meter Entity Charge	4076	-\$25,747
<b>TOTAL ENERGY REVENUE</b>		<b>-\$8,628,548</b>
<b>COST OF POWER EXPENSES:</b>		
Power Purchased	4705	\$5,925,064
Charges - Global Adjustment	4707	\$1,391,687
Charges - WMS	4708	\$454,078
Charges - NW	4714	\$475,212
Charges - CN	4716	\$107,176
Charges - LV	4750	\$249,578
Charges - Smart Meter Entity Charge	4751	\$25,754
<b>TOTAL COST OF POWER EXPENSES</b>		<b>\$8,628,548</b>
<b>NET INCOME</b>		<b>\$0</b>

2

3 SLHI confirms that it pro-rates the IESO Global Adjustment Charge, which is charged to SLHI by  
4 Hydro One our host distributor, into RPP and Non-RPP portions.

5 **9.1 One-Time Incremental IFRS Costs**

6 SLHI is requesting the disposition of Account 1508 Other Regulatory Assets, Sub-account Deferred  
7 IFRS Transition Costs over a one year disposition period, in the amount of \$46,337, which includes  
8 interest calculated from January 1, 2017 to April 30, 2018. SLHI confirms that the principle balance  
9 in this account has not incurred any additional charges since December 31, 2016.

10 Table 9-5 below provides a continuity schedule consistent with OEB 2 Appendix 2-YA. The entire  
11 balance is attributed to professional accounting fees incurred as a result of the transition to IFRS.

1 The value in 2012 was for an evaluation to separate pooled assets, and the 2016 amount relates to  
 2 additional expenses incurred from SLHI’s auditors for the 2015 audit when SLHI adopted IFRS.  
 3 SLHI did apply for disposition of this account in the 2013 COS, however in the Board Decision (EB-  
 4 2012-0165, page 18), the Board disallowed the disposition on an interim basis, and directed SLHI to  
 5 request a final disposition once the transition to IFRS was complete.

**Table 9-5: One-Time Incremental IFRS Transition Costs**

Appendix 2-YA  
 One-Time Incremental IFRS Transition Costs

The following table should be completed based on the information requested below. An explanation should be provided for any blank entries. The entries should include one-time incremental IFRS transition costs that are currently included in Account 1508, Other Regulatory Assets, sub-account Deferred IFRS Transition Costs Account, or Account 1508, Other Regulatory Assets, sub-account IFRS Transition Costs Variance Account.

Nature of One-Time Incremental IFRS Transition Costs <sup>1</sup>	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Carrying	Forecasted Costs	Forecasted Costs	Carrying Charges	Total Costs and	Reasons why the costs recorded meet the
	Costs Incurred	Costs Incurred	Costs Incurred	Costs Incurred	Costs Incurred	Charges			January 1, 2017		
	2012	2013	2014	2015	2016 <sup>2</sup>	To December 31, 2016	2017 <sup>3</sup>	2018 <sup>3</sup>	to December 31, 2017 or April 30, 2018 (As appropriate)		incremental costs
Professional accounting fees	\$ 24,000				\$ 20,000	\$ 1,692			\$ 645	\$ 46,337	Professional services used to convert to IFRS. Evaluation done in 2011 and 2012 to separate out pooled assets. Actual transition occurred in 2015 with expenses incurred during the audit in 2016
Professional legal fees										\$ -	
Salaries, wages and benefits of staff added to support the transition to IFRS										\$ -	
Associated staff training and development costs										\$ -	
Costs related to system upgrades, or replacements or changes where IFRS was the major reason for conversion										\$ -	
										\$ -	
										\$ -	
										\$ -	
Amounts, if any, included in previous Board approved rates (amounts should be negative) <sup>2</sup>										\$ -	
Insert description of additional item(s) and new rows if needed										\$ -	
<b>Total</b>	\$ 24,000	\$ -		\$ -		\$ 1,692		\$ -		\$ 46,337	

7  
 8 SLHI confirms that there is no one-time administrative incremental IFRS transition costs embedded  
 9 in the proposed 2018 revenue requirement. SLHI also confirms that no capital costs, ongoing IFRS  
 10 compliance costs, or impacts arising from adopting accounting policy changes are recorded in  
 11 Account 1508, Sub-account Deferred IFRS Transition Costs.

**9.2 Account 1575, IFRS-CGAAP Transitional PP&E Amounts**

12 SLHI is filing this 2018 COS Application on the basis of MIFRS for the first time, and has therefore  
 13 incurred amounts in account 1575 IFRS-CGAAP Transitional PP&E Amount capturing PP&E  
 14 accounting changes made on the transition to IFRS, with the exception of those related to  
 15 capitalization and depreciation that are captured in Account 1576. SLHI proposes to dispose of the  
 16 amount of \$52,969 plus a rate of return component in the amount of \$16,076 equal to \$69,045 over  
 17 a five year amortization period as shown in Table 9-7. The five year disposition was chosen to  
 18 coincide with the Cost of Service term and reduce the impact to customers. SLHI confirms that no  
 19 carrying charges have been applied to the balance in Account 1575. A breakdown of the account  
 20 Balance that is effective on the transition date of January 1, 2014 is shown below in Table 9-6.  
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**Table: 9-6: Breakdown of Account 1575**

Description	\$ Debit/(Credit)	Explanation of accounting Changes
<b>2014</b>		
Losses on Disposal of Pooled Assets at transition date January 1, 2014	\$37,824	Prior to transition to IFRS, SLHI did not perform accounting entries to dispose of pooled asset accounts.
Small differences as a result of Amoritzation Calculation	-\$2,393	SLHI revised their capitalization policy effective January 1, 2012, however the model used to calculate amortization under IFRS provides more detailed breakdowns than the prior model used resulting in small differences.
<b>Balance as at December 31, 2014</b>	<b>\$35,431</b>	
<b>2015</b>		
Small differences as a result of Amoritzation Calculation	\$7,977	See above
<b>Balance as at December 31, 2015</b>	<b>\$43,408</b>	
<b>2016</b>		
Losses on Disposal of Pooled Assets at transition date January 1, 2014	\$5,595	See Above
Small differences as a result of Amoritzation Calculation	-\$1,473	See Above
<b>Balance as at December 31, 2016</b>	<b>\$47,530</b>	

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3 The above table is supported by OEB Appendix 2-EA and shown in Table 9-7 below.

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1 **Table 9-7: Appendix 2-EA – Account 1575 – IFRS-CGAAP Transitional PP&E Amounts**

**Appendix 2-EA**  
**Account 1575 - IFRS-CGAAP Transitional PP&E Amounts**  
**2015 Adopters of IFRS for Financial Reporting Purposes**

For applicants that adopted IFRS on **January 1, 2015** for financial reporting purposes

Reporting Basis	2014	2015	2016	2017 Bridge Year	2018 Rebasing Year
	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS
	Actual	Actual	Actual	Forecast	Forecast
			\$	\$	
<b>PP&amp;E Values under CGAAP</b>					
Opening net PP&E - Note 1	4,936,887	4,994,935	4,992,143	5,031,971	
Net Additions - Note 4	276,063	255,121	272,451	425,354	
Net Depreciation (amounts should be negative) - Note 4	-218,015	-257,913	-232,623	-258,997	
<b>Closing net PP&amp;E (1)</b>	<b>4,994,935</b>	<b>4,992,143</b>	<b>5,031,971</b>	<b>5,198,328</b>	
<b>PP&amp;E Values under MIFRS (Starts from 2014, the transition year)</b>					
Opening net PP&E - Note 1	4,936,887	4,959,503	4,948,734	4,984,440	
Net Additions - Note 4	183,646	225,089	250,957	405,090	
Net Depreciation (amounts should be negative) - Note 4	-161,030	-235,858	-215,251	-244,171	
<b>Closing net PP&amp;E (2)</b>	<b>4,959,503</b>	<b>4,948,734</b>	<b>4,984,440</b>	<b>5,145,359</b>	
<b>Difference in Closing net PP&amp;E, former CGAAP vs. revised CGAAP</b>	<b>35,432</b>	<b>43,409</b>	<b>47,531</b>	<b>52,969</b>	

**Effect on Deferral and Variance Account Rate Riders**

Closing balance in Account 1575	52,969	✓
Return on Rate Base Associated with Account 1575 balance at WACC - Note 2	16,076	✓
<b>Amount included in Deferral and Variance Account Rate Rider Calculation</b>	<b>69,045</b>	✓

<b>WACC</b>	<b>6.07%</b>
<b># of years of rate rider disposition period</b>	<b>5</b>

2

3 SLHI confirms that the Fixed Asset Continuity Schedule (Appendix 2-BA) has not been adjusted for

4 balances related to the IFRS-CGAAP Transitional PP&E Amount.

5 The driver of the change in the closing net PP&E from CGAAP to MIFRS is solely as a result of the

6 change in accounting to record disposals of pooled assets.

7 A separate rate rider has been calculated for the clearance of Account 1575. The rate rider has been

8 calculated on a fixed basis for all rate classes. The allocation to rate classes is calculated in the

9 EDDVAR Model Sheet 5. Table 9-8 illustrates the calculation of the proposed rate rider.

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**Table 9-8: Calculation of Account 1575 Rate Rider**

Rate Class	Customers Numbers/ Connections	Allocated Amortized Amount \$	%	Allocated Rate of Return Component \$	Total Amount Included in the Calculation of the Account 1575 Rate Rider \$	Annualized Customers Numbers/ Connections	Disposition Period in Years	Rate Rider for Account 1575 + Rate of Return Component
					(A)	(B)	(C)	(A)/(B)/(C)
Residential	2,386	24,196	45.68%	7,343	31,539	28,632	5	\$0.22
General Service < 50 kW	402	8,770	16.56%	2,662	11,431	4,824	5	\$0.47
General Service > 50 to 4,999 kW	53	19,892	37.55%	6,037	25,930	636	5	\$8.15
Street Lights	531	111	0.21%	34	145	6,372	5	\$0.00
<b>Total</b>		<b>52,969</b>	<b>100%</b>	<b>16,076</b>	<b>69,045</b>			

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3 **9.3 Account 1576, Accounting Changes under CGAAP**

4 SLHI reflected changes to their accounting capitalization and depreciation policies in the last COS  
 5 Application in 2013. The amount in account 1576 was approved for disposition in the Board's  
 6 Decision EB-2012-0165 over a four year disposition period. As such, the amount was fully disposed  
 7 of in 2016.

8 **9.4 Retail Service Charges**

9 The balances in the Retail Service Charge variance accounts consist of amounts recorded in Account  
 10 1518 RCVA Retail and Account 1548 RCVA STR. The balance requested to be disposed for Account  
 11 1518 RCVA Retail is \$(7,840), and the balance requested to be disposed for Account 1548 RCVA  
 12 STR is \$(134). This is consistent with the EDDVAR Model filed with this application.

13 All costs recorded in these variance accounts are incremental costs of providing retail services. The  
 14 costs include monthly fees charged by a third party to send electronic business transactions (EBTs)  
 15 related to retail services. The balances in the accounts are a result of the differences of the revenue  
 16 collected by Retailers and the costs of the EBTs.

17 Table 9-9 below provides a schedule identifying all revenues and expenses listed by USoA that are  
 18 incorporated into the variances recorded in Account 1518 and 1548.

19

1 **Table 9-9: Schedule of Revenues and Expenses included in Account 1518 and 1548**

Description	USoA	2013	2014	2015	2016	Total	Opening Balance Jan 1, 2013	Balance Disposed in Last COS (EB-2012-0165)	Principle Balance as at December 31, 2016
<b>Account 1518 RCVA Retail</b>									
Revenues									
Retail Charges	4082	-\$3,507	-\$3,912	-\$3,792	-\$3,690				
Expenses									
Monthly EBT fee relating to Retailers	5315	\$2,035	\$2,035	\$1,924	\$2,821				
<b>Account 1518 Variance</b>		-\$1,472	-\$1,877	-\$1,868	-\$869	-\$6,087	\$2,967	-\$4,360	-\$7,480
<b>Account 1548 RCVA STR</b>									
Revenues									
Service Transaction Requests	4084	-\$47	-\$13	-\$17	-\$16				
Expenses									
Monthly EBT fee relating to Retailers	5315	\$0	\$0	\$0	\$0				
<b>Account 1548 Variance</b>		-\$47	-\$13	-\$17	-\$16	-\$93	\$7,306	-\$7,341	-\$128

2

3 SLHI confirms that it has followed Article 490, Retail Services and Settlement Variances of the APH

4 for Account 1518 and Account 1548.

5 **9.5 Disposition of Deferral and Variance Accounts**

6 SLHI is requesting a net disposition of \$(144,948) to be refunded to customers based on the 2016

7 year end balances less the amount approved through the 2017 IRM process (EB-2016-0103).

8 Details of each account disposition request are discussed in detail in the evidence that follows. The

9 total of Group 1 and Group 2 Accounts is proposed to be refunded to customers over a one year

10 disposition in the amount of \$(220,023).

11 The LRAM Variance Account is proposed to be collected from customers over a one year

12 disposition. Details of the allocation and determination of the LRAMVA rate riders are found in

13 Exhibit 4, Table 4-28, page 34.

14 The proposed disposition of Account 1575 – IFRS-CGAAP Transition PP&E Amounts is detailed in

15 section 9.2 of this Exhibit.

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**Table 9-10: Proposed Disposition of Deferral and Variance Accounts**

Account Description	USoA #	Total Principle & Interest (Dec 31, 2016)	2017 Disposition (Principle & Interest)	Projected Interest from January 1, 2017 to April 30, 2018	Total Claim
<b>Group 1 Accounts</b>					
LV Variance Account	1550	\$65,645	\$22,807	\$621	\$43,459
Smart Metering Entity Charge Variance Account	1551	\$1,238	\$1,180	\$1	\$59
RSVA - Wholesale Market Service Charge	1580	-\$31,967	-\$15,727	-\$229	-\$16,469
RSVA - Retail Transmission Network Charge	1584	-\$10,531	-\$19,182	\$125	\$8,776
RSVA - Retail Transmission Connection Charge	1586	\$8,206	-\$698	\$131	\$9,035
RSVA - Power (excluding Global Adjustment)	1588	-\$341,649	-\$92,500	-\$3,628	-\$252,777
RSVA - Global Adjustment	1589	-\$48,738	\$28,881	-\$1,135	-\$78,754
Disposition and Recovery/Refund of Regulatory Balances (2011)	1595	\$9	\$9		
Disposition and Recovery/Refund of Regulatory Balances (2012)	1595	\$2,222	\$2,220		
Disposition and Recovery/Refund of Regulatory Balances (2013)	1595	\$936	\$732		
Disposition and Recovery/Refund of Regulatory Balances (2014)	1595	\$23,227		\$392	\$23,619
Disposition and Recovery/Refund of Regulatory Balances (2015)	1595	\$5,636		-\$971	\$4,665
Disposition and Recovery/Refund of Regulatory Balances (2016)	1595	-\$61,798		-\$1,680	
<b>Subtotal Group 1 Accounts(Including Account 1589 - Global Adjustment)</b>		<b>-\$387,565</b>	<b>-\$72,278</b>	<b>-\$6,373</b>	<b>-\$258,387</b>
<b>Subtotal Group 1 Accounts(Excluding Account 1589 - Global Adjustment)</b>					<b>-\$179,633</b>
<b>RSVA - Global Adjustment</b>					<b>-\$78,754</b>
<b>Group 2 Accounts</b>					
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508	\$45,692		\$645	\$46,337
Retail Cost Variance Account - Retail	1518	-\$7,730		-\$109	-\$7,839
Retail Cost Variance Account - STR	1548	-\$132		-\$1	-\$133
<b>Subtotal Group 2 Accounts</b>		<b>\$37,829</b>	<b>\$0</b>	<b>\$535</b>	<b>\$38,364</b>
<b>Other Accounts</b>					
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	1555	-\$64			
LRAM Variance Account	1568	\$6,030			\$6,030
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component	1575	\$69,045			\$69,045
<b>Subtotal Other Accounts</b>		<b>\$75,075</b>	<b>\$0</b>	<b>\$0</b>	<b>\$75,075</b>
<b>Total</b>		<b>-\$274,661</b>			<b>-\$144,948</b>

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3 SLHI is not proposing to dispose of the following accounts:

- 4
- Account 1595 – Disposition and Recovery/Refund of Regulatory Balance (2012);
  - 5 • Account 1595 – Disposition and Recovery/Refund of Regulatory Balance (2013);
  - 6 • Account 1555 – Smart Meter Capital and Recover Offset Variance – Sub-Account – Stranded
  - 7 Meter Costs.

8 The above accounts were disposed of in a prior year application, and the balances are immaterial

9 residual balances.

10 SLHI is also not requesting to dispose of Account 1595 – Disposition and Recovery/Refund of

11 Regulatory Balances (2016) at this time, since the recovery period extends to April 30, 2017.

12 The balances proposed for disposition, before forecasted interest, are consistent with the most

13 current Audited Financial Statements (2016) with the exception of Account 1568 and Account

14 1575. The explanations for these variances are provided at the beginning of this Exhibit.

1 **Calculation of Rate Riders for Group 1 and Group 2 Accounts**

2 For the calculation of the proposed rate riders, SLHI has utilized the billing determinants arising  
3 from the 2018 Load Forecast inclusive of CDM Adjustments, as presented in Table 9-11 below. For  
4 more details regarding the Load Forecast and billing determinants please see Exhibit 3.

5 **Table 9-11: Total Billing Determinants**

Rate Class	Customers Numbers/ Connections	KWh	kW
Residential	2,386	32,918,746	-
General Service < 50 kW	402	11,931,508	-
General Service > 50 to 4,999 kW	53	27,063,250	72,183
Street Lights	531	150,597	420
<b>Total</b>		<b>72,064,101</b>	<b>72,603</b>

6  
7 In accordance with the OEB's Filing Requirements it is stated that:

8 "... distributors must establish separate rate riders to recover the balances in the RSVAs  
9 from Market Participants ("MPs") who must not be allocated the RSVA account balances  
10 related to charges for which the MPs settle directly with the IESO"; and,

11 "Distributors who serve Class A customers per O. Ref 429/04 (i.e. customers greater than 5  
12 MW) must propose an appropriate allocation for the recovery of the global adjustment  
13 variance balance based on their settlement process with the IESO."

14 As of December 31, 2016, SLHI did not have any customers who were Market Participants, or any  
15 Class A customers that would be affected by these requirements.

16 To develop the 2018 Non-RPP billing determinants to be applied to calculate the proposed GA rate  
17 riders, SLHI first calculated the relationship by rate class of the 2016 Non-RPP results as a  
18 percentage of the 2016 total rate class kWh consumption. SLHI then applied the rate class specific  
19 percentage to the 2018 Load Forecast results presented in Table 9-11. The results are presented in  
20 Table 9-12 below.

21

1

**Table 9-12: Billing Determinants for the GA Rate Rider**

Rate Class	2016 % Non-RPP	Total 2018 kWh	2018 kWh Non-RPP
Residential	2%	32,918,746	658,375
General Service < 50 kW	9%	11,931,508	1,073,836
General Service > 50 to 4,999 kW	88%	27,063,250	23,815,660
Street Lights	93%	150,597	140,055
<b>Total</b>		<b>72,064,101</b>	<b>25,687,926</b>

2

3 The billing determinants used to develop the various rate riders are presented in Table 9-13 below.

4 **Table 9-13: Detailed Load Forecast Billing Determinants for Disposition Calculations**

Rate Class	Customers Numbers/ Connections	KWh	kW	2018 kWh Non-RPP
Residential	2,386	32,918,746	-	658,375
General Service < 50 kW	402	11,931,508	-	1,073,836
General Service > 50 to 4,999 kW	53	27,063,250	72,183	23,815,660
Street Lights	531	150,597	420	140,055
<b>Total</b>		<b>72,064,101</b>	<b>72,603</b>	<b>25,687,926</b>

5

6 **Proposed Rate Riders**

7 Consistent with the EDDVAR model provided by the OEB, SLHI has calculated the following rate  
 8 riders:

- 9 • Rate Rider for Disposition of Deferral/Variance Accounts – Group 1
- 10 • Rate Rider for Disposition of Global Adjustment Account – Applicable only for Non-RPP  
 11 Customers
- 12 • Rate Rider for Disposition of Deferral/Variance Accounts – Group 2
- 13 • Rate Rider for Disposition of Account 1575 – IFRS-CGAAP Transitional PP&E Amounts
- 14 • Rate Rider for Disposition of Account 1568 – LRAMVA

1 With the exception of Account 1568 – LRAMVA (calculated in Exhibit 4, page 34) and Account 1575  
 2 – IFRS-CGAPP Transitional PP&E Amounts (calculated in section 9.3 above), each calculation and  
 3 results are discussed below.

4 **Rate Rider Calculation for Group 1 Deferral/Variance Accounts Balances (excluding Global**  
 5 **Adjustment)**

- 6 • Account 1550 – allocated based on total kWh
- 7 • Account 1551 – allocated based on number of customers in the Residential and General  
 8 Service < 50 kw classes
- 9 • Account 1580 – allocated based on kWh
- 10 • Account 1584 – allocated based on kWh
- 11 • Account 1586 – allocated based on kWh
- 12 • Account 1588 – allocated based on kWh

13 **Table 9-14: Rate Rider Calculation for Group 1 Deferral/Variance Accounts Balances**  
 14 **(Excluding Global Adjustment)**

Rate Class	Units	kW/kWh	Allocated Balance (excluding GA) \$	Rate Rider for Deferral/Variance Accounts
Residential	kWh	32,918,746	(81,470)	-0.0025
General Service < 50 kW	kWh	11,931,508	(28,772)	-0.0024
General Service > 50 to 4,999	kW	72,183	(68,767)	-0.9527
Street Lights	kW	420	(624)	-1.4861
<b>Total</b>			<b>(179,633)</b>	

15

16 **Rate Rider Calculation for RSVA – Power - Global Adjustment**

- 17 • Account 1589 – allocated based on kWh

18 **Table 9-15: Rate Rider Calculation for RSVA – Power – Global Adjustment**

Rate Class	Units	kW/kWh	Allocated Balance (GA only) \$	Rate Rider for Deferral/Variance Accounts
Residential	kWh	658,375	(2,018)	-0.0031
General Service < 50 kW	kWh	1,073,836	(3,292)	-0.0031
General Service > 50 to 4,999	kWh	23,815,660	(73,015)	-0.0031
Street Lights	kWh	140,055	(429)	-0.0031
<b>Total</b>			<b>(78,754)</b>	

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**Rate Rider Calculation for Group 2 Deferral/Variance Accounts**

- Account 1508 – allocated based on kWh
- Account 1518 – allocated based on kWh
- Account 1548 – allocated based on kWh

**Table 9-16: Rate Rider Calculation for Group 2 Deferral/Variance Accounts**

Rate Class	Units	kW/kWh	Allocated Balance \$	Rate Rider for Deferral/Variance Accounts
Residential	# of customers	2,386	17,524	0.61
General Service < 50 kW	kWh	12,395,871	6,352	0.0005
General Service > 50 to 4,999	kWh	73,671	14,407	0.1996
Street Lights	kWh	420	80	0.1909
<b>Total</b>			<b>38,363</b>	

As per the Board’s letter dated July 16, 2015, residential rates for Group 2 accounts are to be on a per customer basis.

**Account 1580, Sub-Account CBR Class B**

SLHI is a fully embedded distributor to Hydro One and are not charged the CBR and therefore have no amount recorded in Account 1580, Sub-Account CBR Class B.

**9.5.1 Disposition of Global Adjustment Variance**

Class B and A Customers

As indicated in the Board’s DVA Continuity Schedule, SLHI does not have any Class A Customers. Therefore there is no portion of Account 1589 that will be allocated to customers transitioning between Class A and Class B.

RPP Settlement True-Up

SLHI confirms that it reconciles estimates of RPP and Non-RPP consumption to actuals on a monthly basis.

1 GA Analysis Workform

2 As per the OEB filing guidelines, SLHI has completed the GA Analysis Workform in the 2018 DVA  
3 Continuity Schedule Workform, and is filed in live Excel format with this application and attached  
4 as Appendix 9A.

5 The difference between the actual and expected balance was calculated to be \$(48,116). This  
6 discrepancy is reconciled in the Reconciling items table in the GA Analysis Workform for an  
7 unresolved difference of \$7,617 which is less than +/- 1% of the total annual IESO GA Charges.

8 Description of Settlement Process

9 SLHI's customers are all class B customers. These customers pay the global adjustment (GA) charge  
10 based on the amount of electricity they consume in a month (kWh). Within the Class B group, there  
11 are two categories of customers, RPP customers who pay an RPP rate which has a built in GA  
12 adjustment component and the remaining Non-RPP customers who pay the Hourly Ontario  
13 Electricity Price (HOEP), and a monthly GA price separately on their bills.

14 For Class B customers, RSVA 1589 GA captures the difference between the amounts billed (or  
15 estimated to be billed) to Non-RPP customers and the actual amount paid by SLHI to the host  
16 distributor for those customers. This is the variance between the final rate for the GA and what is  
17 billed to the customers. For Non-RPP customers, this variance is recorded in the USoA account 1589  
18 RSVA GA. For RPP customers, this variance is built into the RPP rates for the following RPP term.

19 Only Non-RPP customers have contributed to the balance in the RSVA 1589 GA variance account.  
20 The balance in this account has been allocated based on Non-RPP consumption in 2015, for which a  
21 separate rate rider is used to dispose of the balance.

22 A description of SLHI's GA settlement process with, in our case, the host distributor is outlined  
23 below.

24

1 GA rate used

2 SLHI uses the first estimate to bill its customers. This treatment is applicable for all customer  
3 classes.

4 Process for providing consumption estimates to the Host Distributor

5 SLHI settles with our host distributor (Hydro One) for the estimated difference between spot and  
6 RPP pricing for RPP customers within 2 business days of month end (IESO form 1598).

7 Conventional meters (Designated customers on Tier 1/Tier 2 pricing) – The total estimated  
8 consumption (kWh) is determined by multiplying the current number of active customers  
9 (excluding those with retailers) by the same month of the previous year’s average consumption for  
10 that group. This estimated consumption is then split between Tier 1 and Tier 2 pricing based on  
11 historical trending.

12 Time-of-Use meters – The total estimated consumption (kWh) is determined by multiplying the  
13 current number of active customers (excluding those with retailers) by the same month of the  
14 previous year’s average consumption for that group. This estimated consumption is then split  
15 between on-peak, off-peak and mid-peak, based on historical trending.

16 The Total RPP consumption is then calculated by adding the consumption of customers on  
17 conventional meters to the TOU consumption.

18 True-Up Process

19 SLHI performs monthly true-ups with each submission to provide timely adjustments for any  
20 variances from the initial estimates.

21 The actual billed consumption for RPP customers is extracted from the billing system for the  
22 previous month and netted against the estimate used at the time the settlement was sent to the host  
23 distributor. The resulting consumption is applied to the new estimate for the current month.

24 Certification of Evidence

1 Attached as Appendix 9B is a letter of certification of SLHI's processes and internal controls in place  
2 for the account balances being disposed.

3 **9.6 Establishment of New Deferral and Variance Accounts**

4 SLHI is not applying to establish any new Deferral and Variance Accounts.

5

**Appendix 9A – 2018 DVA Continuity Schedule**



# 2018 Deferral/Variance Account Workform

Utility Name	Sioux Lookout Hydro Inc.
Service Territory	Municipality of Sioux Lookout
Assigned EB Number	EB-2017-0073
Name of Contact and Title	Deanne Kulchyski, President/CEO
Phone Number	807-737-3800
Email Address	<a href="mailto:dkulchyski@tbaytel.net">dkulchyski@tbaytel.net</a>

## General Notes

### Notes

- Pale green cells represent input cells.
- Pale blue cells represent drop-down lists. The applicant should select the appropriate item from the drop-down list.
- White cells contain fixed values, automatically generated values or formulae.

*This Workbook Model is protected by copyright and is being made available to you solely for the purpose of preparing your rate application. You may use and copy this model for that purpose, and provide a copy of this model to any person that is advising or assisting you in that regard. Except as indicated above, any copying, reproduction, publication, sale, adaptation, translation, modification, reverse engineering or other use or dissemination of this model without the express written consent of the Ontario Energy Board is prohibited. If you provide a copy of this model to a person that is advising or assisting you in preparing or reviewing your draft rate order, you must ensure that the person understands and agrees to the restrictions noted above.*



# 2018 Deferral/Variance Account Workform

## Instructions for Tabs 2 to 7

Tab	Tab Details	Step	Instructions
2 - Continuity Schedule	This tab is the continuity schedule that shows all the accounts and the accumulation of the balances a utility has.	1	<p>Complete the DVA continuity schedule.</p> <p>For all accounts, except for Account 1595, start inputting data from the year in which the GL balance was last disposed. For example, if in the 2017 rate application, DVA balances as at December 31, 2015 were approved for disposition, start the continuity schedule from 2015 by entering the closing 2014 balances in the Adjustments column under 2014.</p> <p>For all Account 1595 sub-accounts, complete the DVA continuity schedule for each Account 1595 vintage year that has a GL balance as at December 31, 2016 regardless of whether the account is being requested for disposition in the current application. For each Account 1595 sub-account, start inputting data from the year the sub-account started to accumulate a balance (i.e. the vintage year). For example, Account 1595 (2014) would have information starting in 2014, when the relevant balances approved for disposition were first transferred into Account 1595 (2014). The DVA continuity schedule currently starts from 2011, if a utility has an Account 1595 with a vintage year prior to 2011, then a separate schedule should be provided starting from the vintage year.</p>
		2a	<p>If you had any Class A customers at any point during the period that the Account 1589 GA balance accumulated (e.g. last disposition was for 2014 balances in the 2016 rate application, current balance requested for disposition accumulated from 2015 to 2016), check off the checkbox in cell BS13.</p> <p>If the checkbox is not checked off, then proceed to tabs 4 to 7 and complete the tabs accordingly.</p> <p>If the checkbox is checked off, tab 5.1 relating to Class A customer consumption will be generated, see step 7 to 10 below for further details.</p>
		2b	<p>If the checkbox in step 2a is checked off, another checkbox will pop up to the right of the checkbox. If you had any Class A customers at any point during the period that the Account 1580, sub-account CBR Class B balance accumulated (i.e. 2015 and 2016 or 2016), check off the checkbox.</p> <p>If the checkbox is not checked off, then the balance in the Account 1580, sub-account CBR Class B will be allocated and disposed with Account 1580 WMS, as a part of the general DVA rate rider.</p> <p>If the checkbox is checked off, then tab 5.3 will be generated. This tab will calculate the billing determinants applicable to Account 1580 sub-account CBR Class B, using information inputted in tab 5.1. See step 12 below for further details. The CBR Class B balance will be allocated in tab 5 and the rate rider will be calculated in tab 6.</p>
		3	<p>Enter the number of utility specific 1508 sub-accounts that are approved for the utility in the textbox in cell B50. The DVA continuity schedule will generate the number of utility specific 1508 sub-accounts starting in row 51. Input the name and the balances of the sub-account(s) starting in row 51. If a utility does not have utility specific 1508 sub-accounts, the generic 1508 sub-account Other will still be listed in the DVA continuity schedule. Check off the "check to dispose of account" checkbox in column BT for sub-accounts requested for disposition.</p>
3. Appendix A	This tab shows the year end balance variances between the continuity schedule and that reported in the RRR.	4	Provide an explanation for the variances identified.
4 - Billing Determinant	This tab shows the billing determinants that will be used to allocate account balances and calculate rate riders.	5	Complete the billing determinant table. Note that columns O and P are generated when a utility indicates they have Class A customers in tab 2. Information in these columns are populated based on data from tab 5.1.
5 - Allocating Def-Var Balances	This tab allocates the DVA balance (except for CBR Class B if Class A customers exist).	6	Review the allocated balances to ensure the allocation is appropriate. Note that the allocations for Account 1589, Account 1580, sub-account CBR Class B will be determined after tabs 5.1 to 5.3a have been completed.
	This is a new tab that is to be completed if there were any Class A customers at any point during the period the GA balance accumulated. The tab also	7	<p>This tab is generated when the utility checks in tab 2 that they have Class A customers during the period that the GA balance accumulated.</p> <p>Under #1, enter the year the Account 1589 GA balance was last disposed.</p>
		8	<p>Under #2a, indicate whether you had any customers that transitioned between Class A and B during the period the Account 1589 GA balance accumulated.</p> <p>If no, proceed to #3b in step 10.</p> <p>If yes, #2b and tab 5.2 will be generated. Proceed to #2b.</p> <p>Under #2b, indicate whether you had any customers that transitioned between Class A and B during the period the Account 1580, sub-account CBR Class B balance accumulated.</p> <p>If no, proceed to #3a in step 9.</p> <p>If yes, tab 5.3a will be generated. Proceed to #3a in step 9.</p>

5.1 - Class A Data Consumption	considers Class A/B transition customers. The data on this tab is used for the purposes of determining the GA rate rider, CBR Class B rate rider (if applicable), as well as customer specific GA and CBR Class B charges for transition customers (if applicable).	9	Under #3a, enter the number of transition customers during the period the Account 1589 GA balance accumulated. A table will be generated based on the number of customers. Complete the table accordingly for each transition customer identified (i.e. kWh/kW for half year periods, and the customer class during the half year). This data will automatically be used in the GA balance and CBR Class B balance allocation to transition customers in tabs 5.2 and 5.3a, respectively. Each transition customer identified in tab 5.1, table 3a will be assigned a customer number and the number will correspond to the same transition customers populated in tabs 5.2 and 5.3a. The data in tab 5.1 will also be used in the calculation of billing determinants in the allocation of GA and CBR Class B balances to the rate classes, as applicable.
5.2 - GA Allocation	This tab has been revised. It allocates the GA balance to each transition customer for the period in which these customers were Class B customers and contributed to the GA balance (i.e. former Class B customers who contributed to the GA balance but are now Class A customers and former Class A customers who are now Class B customers contributing to the GA balance).	10	Under #3b, enter the number of customers who were Class A customers during the entire period since the year the Account 1589 GA balance accumulated (i.e. did not transition between Class A and B during the period). A table will be generated based on the number of customers. Complete the table accordingly for each Class A customer identified. This data will be used in the calculation of billing determinants in the allocation of GA and CBR Class B balances to the rate classes, as applicable.
5.3 - CBR	This is a new tab that calculates the CBR Class B rate rider if there were Class A customers at any point during the period that the CBR Class B balance accumulated.	11	This tab is generated when the utility indicates that they have transition customers in tab 5.1, #2a during the period where the GA balance accumulated.  In row 20, enter the total Class B consumption which equals to Non-RPP consumption less WMP consumption and consumption for Class A customers (who were Class A for partial and full year).  The rest of the information in this tab will be auto-populated and will calculate the customer specific allocation of the GA balance to transition customers in the bottom table. All transition customers who are allocated a specific GA amount are not to be charged the general Non-RPP Class B GA rate rider as calculated in tab 6.
5.3a - CBR_B Allocation	This is a new tab that calculates the CBR Class B rate rider if there were Class A customers at any point during the period that the CBR Class B balance accumulated.	12	This tab is generated when the utility checks in tab 2 that they have Class A customers during the period that Account 1580, sub-account CBR Class B balance accumulated. Select one of two options pertaining to the years in which the CBR Class B balance accumulated, either 2015 and 2016, or 2016 only in cell B13.  The rest of the information in the tab is auto-populated and will be used in the calculation of the CBR Class B rate rider calculated in tab 6.
6 - Calculation of Def-Var RR	This is a new tab that allocates the CBR Class B balance to each transition customer for the period in which these customers were Class B customers and contributed to the CBR Class B balance (i.e. former Class B customers who contributed to the balance but are now Class A customers and former Class A customers who are now Class B contributing to the balance).	13	This tab is generated when the utility indicates that they have transition customers in tab 5.1, #2b during the period where the CBR Class B balance accumulated.  In row 20, enter the total Class B consumption which equals to total consumption less WMP consumption and consumption for Class A customers (who were Class A for partial and full year).  The rest of the information in this tab will be auto-populated and will calculate the customer specific allocation of the CBR Class B balance to transition customers in the bottom table. Note that the transition customers for the GA may be different than the transition customers for CBR Class B as this would depend on the period in which the GA and CBR Class B balances accumulated. All transition customers who are allocated a specific CBR Class B amount is not to be charged the general CBR Class B rate rider.
7 + 7.a GA Analysis	This tab calculates all the applicable DVA ate riders.	14	Enter the proposed rate rider recovery period if different than the default 12 month period. For each rate class of each rate rider, select whether the rate rider is to be calculated on a kWh/kW or number of customers basis. The rest of the information in the tab is auto-populated and the rate riders are calculated accordingly .
	This is a new GA Analysis Workform that is to be completed.	15	Complete tab 7.a according to the instructions in tab 7.





## 2018 Deferral/Variance Account Workform

Accounts that produced a variance on the continuity schedule are listed below.  
Please provide a detailed explanation for each variance below.

Account Descriptions	Account Number	Variance RRR vs. 2016 Balance (Principal + Interest)	Explanation
LV Variance Account	1550	\$ (0.02)	Rounding difference
RSVA - Wholesale Market Service Charge <sup>9</sup>	1580	\$ (0.46)	Rounding difference
RSVA - Retail Transmission Network Charge	1584	\$ (0.19)	Rounding difference
RSVA - Retail Transmission Connection Charge	1586	\$ 0.49	Rounding difference
RSVA - Power (excluding Global Adjustment) <sup>12</sup>	1588	\$ (0.01)	Rounding difference
RSVA - Global Adjustment <sup>12</sup>	1589	\$ (0.49)	Rounding difference
Disposition and Recovery/Refund of Regulatory Balances (2011) <sup>7</sup>	1595	\$ (0.08)	Rounding difference
Retail Cost Variance Account - Retail	1518	\$ 0.02	Rounding difference
Retail Cost Variance Account - STR	1548	\$ (0.15)	Rounding difference
LRAM Variance Account <sup>1</sup>	1568	\$ (7,526.01)	Difference resulting from the completion of the new LRAMVA Workform
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component <sup>5</sup>	1575	\$ (21,514.96)	Includes the forecast difference for the 2017 Bridge year from CGAAP to IFRS (\$5,439) and the WACC (\$16,076)



## 2018 Deferral/Variance Account Workform

In the green shaded cells, enter the data related to the proposed load forecast. Do not enter data for the MicroFit class.

Rate Class <small>(Enter Rate Classes in cells below as they appear on your current tariff of rates and charges)</small>	Units	# of Customers	A		B		Distribution Revenue	C		D=A-C		F=B-C-E (deduct E if applicable)								1568 LRAM Variance Account Class Allocation <sup>3</sup> (\$ amounts)	Number of Customers for Residential and GS<50 classes <sup>4</sup>	
			Total Metered kWh <sup>4</sup>	Total Metered kW <sup>4</sup>	Metered kWh for Non-RPP Customers <sup>4,5</sup>	Metered kW for Non-RPP Customers <sup>4,5</sup>		Metered kWh for Wholesale Market Participants (WMP) <sup>4</sup>	Metered kW for Wholesale Market Participants (WMP) <sup>4</sup>	Total Metered kWh less WMP consumption (if applicable)	Total Metered kW less WMP consumption (if applicable)	Non-RPP Metered Consumption for Current Class B Customers (Non-RPP Consumption excluding WMP, Class A and Transition Customers' Consumption)	1595 Recovery Share Proportion (2009) <sup>1</sup>	1595 Recovery Share Proportion (2010) <sup>1</sup>	1595 Recovery Share Proportion (2011) <sup>1</sup>	1595 Recovery Share Proportion (2012) <sup>1</sup>	1595 Recovery Share Proportion (2013) <sup>1</sup>	1595 Recovery Share Proportion (2014) <sup>1</sup>	1595 Recovery Share Proportion (2015) <sup>1</sup>			1595 Recovery Share Proportion (2016) <sup>1</sup>
RESIDENTIAL	kWh	2,386	32,918,746	658,375	1,375,454	1,375,454	32,918,746	-	658,375	47%	52%	48%	46%	44%	44%	44%	44%	44%	44%	(3,643)	2,387	
GENERAL SERVICE LESS THAN 50 KW	kWh	402	11,931,508	1,073,836	344,927	344,927	11,931,508	-	1,073,836	22%	19%	19%	25%	16%	16%	16%	16%	16%	16%	2,594	402	
GENERAL SERVICE 50 TO 4,999 KW	kW	53	27,063,250	72,183	23,815,660	63,521	329,446	27,063,250	72,183	23,815,660	30%	28%	34%	28%	40%	40%	40%	40%	40%	(3,483)		
STREET LIGHTING	kW	531	150,597	420	140,055	29	29,893	150,597	420	140,055	1%	1%	-1%	1%	1%	1%	1%	1%	1%	10,569		
<b>Total</b>		<b>3,372</b>	<b>72,064,101</b>	<b>72,603</b>	<b>25,687,926</b>	<b>63,550</b>	<b>\$ 2,079,720</b>	<b>-</b>	<b>-</b>	<b>72,064,101</b>	<b>72,603</b>	<b>25,687,926</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>6,635</b>
																						Balance as per Sheet 2
																						\$ 6,029
																						Variance
																						\$ 6

<sup>1</sup> Account 1595 sub-accounts are to be allocated to rate classes in proportion to the recovery share as established when rate riders were implemented.

<sup>2</sup> The proportion of customers for the Residential and GS-50 Classes will be used to allocate Account 1551.

# 2018 Deferral/Variance Account Workform

		Amounts from Sheet 2	Allocator	RESIDENTIAL	GENERAL SERVICE LESS THAN 50 KW	GENERAL SERVICE 50 TO 4,999 KW	STREET LIGHTING
LV Variance Account	1550	43,460	kWh	19,852	7,196	16,321	91
Smart Metering Entity Charge Variance Account	1551	58	# of Customers	49	8	0	0
RSVA - Wholesale Market Service Charge	1580	(16,468)	kWh	(7,523)	(2,727)	(6,185)	(34)
RSVA - Retail Transmission Network Charge	1584	8,777	kWh	4,009	1,453	3,296	18
RSVA - Retail Transmission Connection Charge	1586	9,034	kWh	4,127	1,496	3,393	19
RSVA - Power (excluding Global Adjustment)	1588	(252,777)	kWh	(115,468)	(41,852)	(94,929)	(528)
RSVA - Global Adjustment	1589	(78,755)	Non-RPP kWh	(2,018)	(3,292)	(73,015)	(429)
Disposition and Recovery/Refund of Regulatory Balances (2009)	1595	0	%	0	0	0	0
Disposition and Recovery/Refund of Regulatory Balances (2010)	1595	0	%	0	0	0	0
Disposition and Recovery/Refund of Regulatory Balances (2011)	1595	0	%	0	0	0	0
Disposition and Recovery/Refund of Regulatory Balances (2012)	1595	0	%	0	0	0	0
Disposition and Recovery/Refund of Regulatory Balances (2013)	1595	0	%	0	0	0	0
Disposition and Recovery/Refund of Regulatory Balances (2014)	1595	23,618	%	11,337	4,487	8,030	(236)
Disposition and Recovery/Refund of Regulatory Balances (2015)	1595	4,665	%	2,146	1,166	1,306	47
Disposition and Recovery/Refund of Regulatory Balances (2016)	1595	0	%	0	0	0	0
<b>Total of Group 1 Accounts (excluding 1589)</b>		<b>(179,633)</b>		<b>(81,470)</b>	<b>(28,772)</b>	<b>(68,767)</b>	<b>(624)</b>
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508	46,337	kWh	21,167	7,672	17,402	97
Other Regulatory Assets - Sub-Account - Incremental Capital Charges	1508	0	kWh	0	0	0	0
Other Regulatory Assets - Sub-Account - Financial Assistance Payment and Recovery Variance - Ontario Clean Energy Benefit Act	1508	0	kWh	0	0	0	0
Other Regulatory Assets - Sub-Account - Other	1508	0	kWh	0	0	0	0
Retail Cost Variance Account - Retail	1518	(7,840)	kWh	(3,581)	(1,298)	(2,944)	(16)
Misc. Deferred Debits	1525	0	kWh	0	0	0	0
Retail Cost Variance Account - STR	1548	(134)	kWh	(61)	(22)	(50)	(0)
Board-Approved CDM Variance Account	1567	0	kWh	0	0	0	0
Extra-Ordinary Event Costs	1572	0	kWh	0	0	0	0
Deferred Rate Impact Amounts	1574	0	kWh	0	0	0	0
RSVA - One-time	1582	0	kWh	0	0	0	0
Other Deferred Credits	2425	0	kWh	0	0	0	0
<b>Total of Group 2 Accounts</b>		<b>38,363</b>		<b>17,524</b>	<b>6,352</b>	<b>14,407</b>	<b>80</b>
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account)	1592	0	kWh	0	0	0	0
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	1592	0	kWh	0	0	0	0
<b>Total of Account 1592</b>		<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
LRAM Variance Account (Enter dollar amount for each class)	1568	6,029		(3,645)	2,594	(3,483)	10,569
(Account 1568 - total amount allocated to classes)		6,035					
Variance		(6)					
Renewable Generation Connection OM&A Deferral Account	1532	0	kWh	0	0	0	0
<b>Total of Group 1 Accounts (1550, 1551, 1584, 1586 and 1595)</b>		<b>89,612</b>		<b>41,521</b>	<b>15,807</b>	<b>32,346</b>	<b>(61)</b>
<b>Total of Account 1580 and 1588 (not allocated to WMPs)</b>		<b>(269,245)</b>		<b>(122,991)</b>	<b>(44,578)</b>	<b>(101,113)</b>	<b>(563)</b>
<b>Balance of Account 1589 Allocated to Non-WMPs</b>		<b>(78,755)</b>		<b>(2,018)</b>	<b>(3,292)</b>	<b>(73,015)</b>	<b>(429)</b>
<b>Group 2 Accounts (including 1592, 1532)</b>		<b>38,363</b>		<b>17,524</b>	<b>6,352</b>	<b>14,407</b>	<b>80</b>
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component	1575	69,045	kWh	31,540	11,432	25,929	144
Accounting Changes Under CGAAP Balance + Return Component	1576	0	kWh	0	0	0	0
<b>Total Balance Allocated to each class for Accounts 1575 and 1576</b>		<b>69,045</b>		<b>31,540</b>	<b>11,432</b>	<b>25,929</b>	<b>144</b>
<b>Account 1589 reference calculation by customer and consumption</b>							
Account 1589 / Number of Customers							
1589/total kwh							



		-	\$	-	-
		-	\$	-	-
<b>Total</b>			<b>-\$</b>	<b>78,755</b>	

**Rate Rider Calculation for Group 2 Accounts**

Rate Class (Enter Rate Classes in cells below)	Units	# of Customers	Allocated Group 2 Balance	Rate Rider for Group 2 Accounts	
RESIDENTIAL	# of Customers	2,386	\$ 17,524	\$ 0.61	per customer per month
GENERAL SERVICE LESS THAN 50 KW	kWh	11,931,508	\$ 6,352	\$ 0.0005	\$/kWh
GENERAL SERVICE 50 TO 4,999 KW	kW	72,183	\$ 14,407	\$ 0.1996	\$/kW
STREET LIGHTING	kW	420	\$ 80	\$ 0.1909	\$/kW
	# of Customers	-	\$ -	\$ -	per customer per month
	# of Customers	-	\$ -	\$ -	per customer per month
	# of Customers	-	\$ -	\$ -	per customer per month
	# of Customers	-	\$ -	\$ -	per customer per month
		-	\$ -	\$ -	
		-	\$ -	\$ -	
		-	\$ -	\$ -	
		-	\$ -	\$ -	
		-	\$ -	\$ -	
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		-	\$ -	\$ -	
		-	\$ -	\$ -	
		-	\$ -	\$ -	
		-	\$ -	\$ -	
		-	\$ -	\$ -	
		-	\$ -	\$ -	
		-	\$ -	\$ -	
<b>Total</b>			<b>\$ 38,363</b>		

**Rate Rider Calculation for Accounts 1575 and 1576**

Please indicate the Rate Rider Recovery Period (in years)

Rate Class (Enter Rate Classes in cells below)	Units	# of Customers	Allocated Accounts 1575 and 1576 Balances	Rate Rider for Accounts 1575 and 1576	
RESIDENTIAL	# of Customers	2,386	\$ 31,540	\$ 0.2203	per customer per month
GENERAL SERVICE LESS THAN 50 KW	# of Customers	402	\$ 11,432	\$ 0.4739	per customer per month
GENERAL SERVICE 50 TO 4,999 KW	# of Customers	53	\$ 25,929	\$ 8.1539	per customer per month
STREET LIGHTING	# of Customers	531	\$ 144	\$ 0.0045	per customer per month
	# of Customers	-	\$ -	\$ -	per customer per month
	# of Customers	-	\$ -	\$ -	per customer per month
	# of Customers	-	\$ -	\$ -	per customer per month
	# of Customers	-	\$ -	\$ -	per customer per month
		-	\$ -	\$ -	
		-	\$ -	\$ -	
		-	\$ -	\$ -	
		-	\$ -	\$ -	
		-	\$ -	\$ -	
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		-	\$ -	\$ -	
		-	\$ -	\$ -	
		-	\$ -	\$ -	
		-	\$ -	\$ -	
		-	\$ -	\$ -	
		-	\$ -	\$ -	
<b>Total</b>			<b>\$ 69,045</b>		

**Rate Rider Calculation for Accounts 1568**

Please indicate the Rate Rider Recovery Period (in years)

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Account 1568 Balance	Rate Rider for Account 1568	
RESIDENTIAL	kWh	32,918,746	\$ 3,645	\$ 0.0001	\$/kWh
GENERAL SERVICE LESS THAN 50 KW	kWh	11,931,508	\$ 2,594	\$ 0.0002	\$/kWh
GENERAL SERVICE 50 TO 4,999 KW	kWh	27,063,250	\$ 3,483	\$ 0.0001	\$/kWh
STREET LIGHTING	kWh	150,597	\$ 10,569	\$ 0.0702	\$/kWh
		-	\$ -	\$ -	
		-	\$ -	\$ -	
		-	\$ -	\$ -	
		-	\$ -	\$ -	
		-	\$ -	\$ -	
		-	\$ -	\$ -	
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		-	\$ -	\$ -	
		-	\$ -	\$ -	
		-	\$ -	\$ -	
		-	\$ -	\$ -	
<b>Total</b>			<b>\$ 6,035</b>		



## GA Analysis Workform

### Purpose:

To calculate an approximate expected balance in Account 1589 RSVA - GA and compare the expected amount to the amount in the general ledger. Material differences between the two need to

### Notes to GA Analysis:

Refer to the GA Analysis Tab to complete the below steps.

Note that this is a generic analysis template, utilities may need to alter the analysis as needed for their specific circumstances. Any alternations to the analysis must be clearly disclosed and

1 Indicate which years the balance requested for disposition pertains to (e.g. 2016, or 2016 and 2015)

2 Complete the Consumption Data Table for consumption (unadjusted for the loss factor) for each year that is being requested for disposition. The data should agree to the RRR data

### 3 GA Billing Rate

- Indicate the GA rate that is used to bill customers (also used for unbilled revenue) in the drop down box. Note that the "Other" rate is to represent a combination of the first estimate, second estimate and/or actual rate.
- In the GA Billing Rate Description textbox, provide a description of the GA billing rate that is used, i.e. first estimate, second estimate, or actual. Explain how the GA billing rate is determined for billing cycles that span more than one load month. Confirm that the GA rate that is used is applied consistently for all billing and unbilled revenue transactions for non-RPP Class B customers in each customer class.\* In addition, where the same GA rate is not used for non-RPP Class B customers in all customer classes, explain what GA rate is applied to each customer class.
- Where a distributor does not apply the same GA rate to all non-RPP Class B customers, the distributor must adapt the GA Analysis for this and breakdown the monthly non-RPP Class B volumes for each GA rate that was applied.

\*O.Reg 429/04, section 16(3)

Note: Distributors should create a copy of the Analysis of Expected GA Amount table in a separate tab for each year that is being requested for disposition, calculate the net change in expected GA balance in the year, determine the reconciliation adjustments (see note 6) and assess materiality for each year requested for disposition.

### 4 Analysis of Expected GA Amount

- The analysis calculates a balance in Account 1589 RSVA- GA that can be reasonably expected. Distributors are charged by the IESO on a calendar/load month basis at the actual GA rate for relevant volumes each month. The methodology used in the GA Analysis is based on the calendar/load month consumption from revenue amounts (derived from billed and unbilled consumption). This is done by taking the billed kWh volumes (which would not be expected to align with the calendar/load month) and deducting the unbilled kWh consumption from the prior month and adding the unbilled kWh consumption of the current month. This approach to calculating monthly kWh volumes is used to represent calendar/load month consumption.
- Once calendar/load month kWh volumes are determined, the monthly GA rate(s) used to bill non-RPP Class B customers for each month as posted by the IESO can be multiplied by the consumption to determine expected GA revenue amounts. Therefore, a blended GA rate will not be required as the kWh volumes for revenues have been approximated on a calendar/load month basis as well. The expected GA revenues can then be compared to the actual GA rate charged by the IESO for each month multiplied by the consumption to determine a balance that can be expected in Account 1589 RSVA-GA.
- This methodology expects volume differences would not be significant. However, if unbilled consumption is not estimated with adequate precision by a distributor, this could impact the expected balance in Account 1589 RSVA-GA, which may have to be considered in the analysis by the distributor.
- Note that distributors who have more precise monthly kWh volume data available based on allocation of billing data by calendar/load month may propose to use this data in the GA Analysis to calculate the expected GA balance. However, any such methodology that differs from the one described above must be disclosed and explained.

- Column F:* The consumption column is for monthly non-RPP Class B (loss adjusted) consumption billed. Total annual consumption is expected to differ from the Consumption Data Table (note 2) by the loss factor. Utilities are expected to ensure that the difference in consumption between that in column F and the Consumption Data Table are reasonable.
- Column G, H:* Prior month unbilled consumption is to be deducted and current month unbilled consumption is to be added. Note that monthly non-RPP Class B unbilled consumption may not be readily available and may require estimates or allocations to be done.
- Column J:* Fill in the GA rate billed by linking the cells to the applicable cells in the GA Rates Per IESO Website Table.
- Column L:* Fill in the actual GA rate paid by linking the cells to the applicable cells in the GA Rates Per IESO Website Table.

## 5 Reconciling Items

Enter the net change in principal balance in the GL. This will equal to the transactions recorded in the account for the year. If multiple years are requested for disposition, the sum of the net changes in principal balance will equal the cumulative principal balance requested for disposition.

The purpose of this section is to ensure that reconciling items have been appropriately factored into the GA Analysis. Reconciling items must be considered for each year requested for disposition.

For each reconciling item, indicate whether the item is a reconciling item to the utility's specific circumstances using the column "Applicability of Reconciling Item". Explain how each item applies or does not apply as a reconciling item. Assess if each reconciling item is significant, if so they must be quantified.

Reconciling items may include:

1) Impacts to GA from RPP settlement true up amounts

Note that effective May 23, 2017, per the OEB's letter titled *Guidance on Disposition of Accounts 1588 and 1589*, applicants must reflect RPP Settlement true-up claims pertaining to the period that is being requested for disposition in Account 1588 and Account 1589. This would include true ups to the pro-ration of the GA charge based on RPP vs. non-RPP volumes, true up of GA accrual expense to the actual expense per invoice.

- a. Prior year impacts should be removed,
- b. Current year impacts should be added.

2) Unbilled revenue differences between the unbilled and actual billed amounts, which could relate to rate used or consumption volumes

Analyses may have to be performed to identify the portion of the billed amounts that corresponded to the amount that was unbilled and recorded in the general ledger.

- a. Prior year end unbilled revenue differences should be removed,
- b. Current year end unbilled revenue differences should be added.

3) Accrual to actual differences in long term load transfers

Amounts pertaining to load transfers may be unknown at the end of the year and therefore, are accrued based on an estimate. A true-up to actuals would then be done in the following year. Note that per the December 21, 2015 Distribution System Code Amendment, all load transfer arrangements shall be eliminated by transferring the load transfer customers to the physical distributor by June 21, 2017.

- a. Prior year end differences should be removed
- b. Current year end differences should be added.

4) GA balances pertaining to Class A customers must be excluded from the GA balance as the GA balance should only relate to Class B.

Transactions pertaining to Class A customers are recorded in Account 1589 RSVA-GA and should net to zero. However, there may be balances pertaining to Class A included in the account at the end of the year due to timing issues. For example, a balance pertaining to Class A customers may exist if revenues are not accrued on the same basis as expenses.

If any such balances pertaining to Class A exist, the distributor must also ensure that these amounts are excluded from the Account 1589 RSVA-GA balance requested for disposition.

5) Significant prior period billing adjustments

Cancel and rebills for billing adjustments may be recorded in the current year revenue GL balance but would not be included in the current year consumption charged by the IESO.

6) Differences in GA IESO posted rate and rate charged on IESO invoice

If there are any differences between the GA IESO posted rate used in the Analysis of Expected GA Amount table above (note 4) and the GA rate that is actually charged per a distributor's invoice for non-RPP volumes Class B, the impact of this may need to be quantified. The monthly difference in rate should be multiplied by non-RPP Class B volumes.

7-10) Any other items that cause differences between the expected GA amount and the GA recorded in the general ledger.

Any remaining unreconciled balance that is greater than +/- 1% of the GA payments to the IESO annually must be analyzed and investigated to identify any additional reconciling items or to identify corrections to the balance requested for disposition.

## 6 Materiality Threshold

The net change in principal balance in the GL should be summed with the reconciling items to determine the adjusted net change in principal balance in the GL. This amount will be compared to the expected net change in the principal balance as calculated in the Analysis of Expected GA Amount table (note 4). The difference between the two will be compared to the annual GA payments to the IESO. If the difference is greater than +/-1%, then distributors may reassess the reconciling items to determine if there are additional reconciling items that could impact the difference.



# GA Analysis Workform

Update from July 20th DVA workform version:  
 -Cells C87,D87,E87, H87 - name of cells updated for cell reference  
 -Cells F88 to F91 and G88 to G91 - formula of cells updated

**Account 1589 Global Adjustment (GA) Analysis Workform**

Input cells   
 Drop down cells

Note 1 Year(s) Requested for Disposition

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

Year		2016		
Total Metered excluding WMP	C = A+B	71,064,242	kWh	100%
RPP	A	46,953,793	kWh	64.8%
Non-RPP	B = D+E	25,010,512	kWh	35.2%
Non-RPP Class A	D		kWh	0.0%
Non-RPP Class B	E	25,010,512	kWh	35.2%

\*Non-RPP Class B consumption reported in this table is not expected to directly agree with the Non-RPP Class B Including Loss Adjusted Billed Consumption in the GA Analysis of Expected Balance table below. The difference should be equal to the loss factor.

Note 3 **GA Billing Rate**

GA is billed on the

**GA Billing Rate Description**

SLHI uses the 1st Estimate to bill all of its Non-RPP customers. The GA rate used is applied consistently for all billing and unbilled revenue transactions for Non-RPP Class B customers in each customer class.

Note 4 **Analysis of Expected GA Amount**

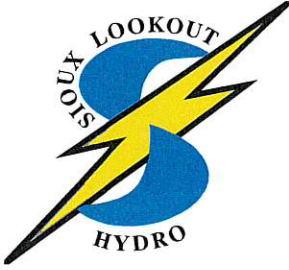
Year	2016									
Calendar Month	Non-RPP Class B Including Loss Factor Billed Consumption (kWh)	Deduct Previous Month Unbilled Loss Adjusted Consumption (kWh)	Add Current Month Unbilled Loss Adjusted Consumption (kWh)	Non-RPP Class B Including Loss Adjusted Consumption, Adjusted for Unbilled (kWh)	GA Rate Billed (\$/kWh)	\$ Consumption at GA Rate Billed	GA Actual Rate Paid (\$/kWh)	\$ Consumption at Actual Rate Paid	Expected GA Variance (\$)	
	F	G	H	I = F-G+H	J	K = I*J	L	M = P*L	=M-K	
January	2,893,085	2,893,085	3,126,950	3,126,950	0.08423	\$ 263,383	0.09179	\$ 287,023	\$ 23,640	
February	3,126,950	3,126,950	3,177,463	3,177,463	0.10384	\$ 329,948	0.09851	\$ 313,012	\$ 16,936	
March	3,177,463	3,177,463	2,667,665	2,667,665	0.09022	\$ 240,677	0.10610	\$ 283,039	\$ 42,363	
April	2,667,665	2,667,665	2,168,423	2,168,423	0.12115	\$ 262,704	0.11132	\$ 241,989	\$ 20,715	
May	2,168,423	2,168,423	1,944,209	1,944,209	0.10405	\$ 202,295	0.10749	\$ 208,983	\$ 6,688	
June	1,944,209	1,944,209	1,747,136	1,747,136	0.11650	\$ 203,541	0.09545	\$ 166,764	\$ 36,777	
July	1,747,136	1,747,136	1,772,283	1,772,283	0.07667	\$ 135,881	0.08306	\$ 147,206	\$ 11,325	
August	1,772,283	1,772,283	2,001,288	2,001,288	0.08568	\$ 171,490	0.07103	\$ 142,151	\$ 29,339	
September	2,001,288	2,001,288	1,809,236	1,809,236	0.07060	\$ 127,732	0.09531	\$ 172,438	\$ 44,706	
October	1,809,236	1,809,236	2,018,914	2,018,914	0.09720	\$ 196,238	0.11226	\$ 226,643	\$ 30,405	
November	2,018,914	2,018,914	2,244,859	2,244,859	0.12271	\$ 275,467	0.11109	\$ 249,381	\$ 26,086	
December	2,244,859	2,244,859	3,113,349	3,113,349	0.10594	\$ 329,628	0.08708	\$ 271,110	\$ 58,518	
<b>Net Change in Expected GA Balance in the Year (i.e. Transactions in the Year)</b>	<b>27,571,510</b>	<b>27,571,510</b>	<b>27,791,774</b>	<b>27,791,774</b>		<b>\$ 2,739,185</b>		<b>\$ 2,709,140</b>	<b>-\$ 30,044</b>	

Note 5 **Reconciling Items**

Item	Applicability of Reconciling Item (Y/N)	Amount (Quantity if it is a significant reconciling item)	Explanation
<b>Net Change in Principal Balance in the GL (i.e. Transactions in the Year)</b>		<b>\$ 78,160</b>	
1a Remove impacts to GA from prior year RPP Settlement true up process that are booked in current year			
1b Add impacts to GA from current year RPP Settlement true up process that are booked in subsequent year			
2a Remove prior year end unbilled to actual revenue differences			
2b Add current year end unbilled to actual revenue differences		\$ 41,892	2016 estimated year end revenue associated with LTLT GA not billed until April 2017
3a Remove difference between prior year accrual to forecast from long term load transfers		\$ 14,429	
3b Add difference between current year accrual to forecast from long term load transfers		-\$ 588	
4 Remove GA balances pertaining to Class A customers			
5 Significant prior period billing adjustments included in current year GL balance but would not be included in the billing consumption used in the GA Analysis			
6 Differences in GA IESO posted rate and rate charged on IESO invoice			
7			
8			
9			
10			

Note 6 Adjusted Net Change in Principal Balance in the GL \$ 22,427  
 Net Change in Expected GA Balance in the Year Per Analysis \$ 30,044  
 Unresolved Difference \$ 7,617  
 Unresolved Difference as % of Expected GA Payments to IESO 0.3%

**Appendix 9B – Letter of Certification**



Sioux Lookout Hydro Inc.  
25 Fifth Ave. PO Box 908  
Sioux Lookout, ON P8T 1B3  
Phone: 1-807-737-3800

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**RE: Certification of Account Balances being disposed – Accounts 1588 RSVA  
power and 1589 RSVA GA**

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I, Deanne Kulchyski, President/CEO of Sioux Lookout Hydro Inc., hereby certify that Sioux Lookout Hydro Inc. has robust processes and internal controls in place for the preparation, review, verification and oversight of the account balances being disposed.

Date: August 17, 2017

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Deanne Kulchyski, CPA, CGA, BComm(Hons)  
President/CEO