**Synergy North Corporation.**

**EB-2024-0055**

**February 26, 2025**

**OEB Staff Questions**

Please note that Synergy North Corporation (Synergy North) is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff questions and any other supporting documentation, do not include personal information as that phrase is defined in the *Freedom of Information and Protection of Privacy Act* unless filed in accordance with rule 9A of the OEB’s *Rules of Practice and Procedure*.

**3-Staff-1**

**Ref 1: 2025 IRM Application\_20241030, EB-2024-0055, Section 3.2.6 Review and**

**Disposition of Group 1 Deferral and Variance Account balance, Page 15**

**Ref 2: TB DVA Continuity schedule\_20250124, Tab 3**

**Ref 3: KN DVA Continuity schedule\_20250124, Tab 3**

Per Ref 1, Synergy North states that both Kenora and Thunder Bay, Tab 3. Continuity,

the presentation of Group 1 balances by Zone plus the addition of January through April

2024 activity, created variances in each account when compared to the 2023 RRR

balances.

Per Ref 2 & 3, OEB staff has compiled the following table comparing the expected 2023

RRR balances on a combined rate zone basis, using the two DVA continuity schedules

filed and the actual reported 2023 RRR balances for all Group 1 DVAs:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Kenora + Thunder Bay** | **TB rate zone 2023 closing Principal + 2023 Interest and backing out Jan to Apil 2024 PA** | **KN rate zone 2023 closing Principal + 2023 Interest backing out Jan to Apil 2024 PA** | **2023 Combined balances for Both rate zones that should be reported in RRR** | **2.1.7****SNC RRR****As of Dec 31, 2023** | **Variance** |
|  | **A** | **B** | **C=A+B** | **D** | **E=C-D** |
| 1551-Smart Metering Entity | **($244,028)**\*\*(239,066)-(5,640)+(10,602) | **($25,902)**\*\*(24,738)-106+(1,058) | **($269,930)** | **($269,930)** | **0** |
| 1580-RSVA WMS | **$810,761**\*\*666,035-(59,254)+85,472 | **$116,083**\*\*111,194-4,790+9,679 | **$873,538** | **$873,536** | **$2** |
| 1580-WMS Class B | **($47,136)**\*\*(70,481)-(32,659)+(9,314) | **($6,170)**\*\*(8,627)-(3,492)+(1,035) |
| 1584-RSVA Network  | **$1,263,631**\*\*1,244,826-32,862+51,667 | **$183,776**\*\*189,134-12,585+7,227 | **$1,447,407** | **$1,447,407** | **0** |
| 1586-RSVA Connection | **$759,450**\*\*693,938-(32,335)+33,177 | **$27,086**\*\*27,050-1,284+1,320 | **$786,536** | **$786,535** | **$1** |
| 1588-RSVA Power | **($546,871)**\*\*(270,000)-214,019+(62,852) | **$193,979**\*\*24,898-(188,573)+(19,492) | **($352,892)** | **($487,594)** | **$134,702** |
| 1589-RSVA GA | **$750,623**\*\*24,967-(680,255)+45,401 | **$65,236**\*\*(65,781)-(124,756)+6,261 | **$815,859** | **$816,345** | **($486)** |

**Question(s):**

1. Please confirm the table above and revise it as necessary.
2. If confirmed, please explain the variance of $134,702 shown in Account 1588-RSVA Power and the variance of ($486) shown in Account 1589-RSVA GA

**3-Staff-2**

**Ref 1: TB DVA Continuity schedule\_20250124, Tab 3**

**Ref 2: KN DVA Continuity schedule\_20250124, Tab 3**

**Ref 3: TB GA Analysis Workform\_20241030**

**Ref 4: KN GA Analysis Workform\_20241030**

**Ref 5: SNC\_ReplySUB\_2025 IRM\_20241220, 1-Staff-2**

Per Ref 1&2, Synergy North includes January through April 2024 activity in Column BF

(as principal adjustments during 2023) for both Kenora and Thunder Bay.

Per Ref 3&4, Synergy North includes January through April 2024 activity in both Note 4

and Account 1588 reasonability test.

Per Ref 5, Synergy North states Group 1 balances are being requested for disposal by

zone in this application to ensure balances that accumulated in these accounts, based

on “pre-harmonized” rates (rates before May 1, 2024). Balances accumulating in Group

1 accounts beginning May 1, 2024, are based on fully harmonized rates and will be

disposed to all customers, regardless of zone, in the 2026 IRM.

**Question(s):**

1. Please confirm whether Synergy North is going to reverse all the principal adjustments (January through April 2024 activity) in Column BF of DVA continuity schedule Tab 3 in the 2026 IRM proceeding.
2. If confirmed, please resubmit the GA workform to reflect all the principal adjustments which need to be reversed in the 2026 IRM proceeding.
3. If not, please explain why not.
4. Please confirm whether all the Group 1 account activities included in the 2026 IRM will start from May 1, 2024, instead of Jan 1, 2024.
5. If not confirmed, please explain why not.

**3-Staff-3**

**Ref 1: TB DVA Continuity schedule\_20250124, Tab 3**

**Ref 2: TB 2024 DVA Continuity schedule\_CoS\_20231222, Tab 2a & Appendix A**

**Ref 3:** [**Letter-Retro-Ratemaking-Guidance-20191031**](https://www.oeb.ca/sites/default/files/ltr-Retro-Ratemaking-Guidance-20191031.pdf)**, page 2**

Per Ref 1, the 2023 opening balance of Account 1588 Power is $609,344 which does not equal the 2022 ending balance in the DVA continuity schedule of last rate application (Ref 2).

Per Ref 2, 2022, the ending balance of Account 1588 Power is $432,526 and there is

$176,818 variance between 2.1.7 RRR and 2022 balance. In Appendix A of the DVA continuity schedule of the last rate application (Ref 2), Synergy North stated that the $129,731 is AR balance from 2022 RRR which needs to be removed from Account 1588 balance as it will not be recovered from customers. The $47,088 is the AR balance needs to be removed due to it was disallowed in the Bifurcated Claim and will not be recovered from customers.

OEB staff notes the variance between the 2022 ending balance of Account 1588 and the 2023 opening balance is exactly $176,818.

Per Ref 3, in October 2019, the OEB issued a letter to all electricity distributors for “Adjustments to Correct for Errors in Electricity Distributor “Pass-Through” Variance Accounts After Disposition”. The OEB’s retroactivity letter states that “Where an accounting or other error is discovered after the balance in one of the above-listed variance accounts has been cleared by a final order of the OEB, the OEB will determine on a case-by-case basis whether to make a retroactive adjustment based on the particular circumstances of each case, including factors such as:

* whether the error was within the control of the distributor
* the frequency with which the distributor has made the same error
* failure to follow guidance provided by the OEB
* the degree to which other distributors are making similar errors

**Question(s):**

1. Please confirm whether the $176,818 variance is the non-recoverable balance indicated in Ref 2.
2. Please confirm that Synergy North is requesting these balances from its customers in this rate application.
3. If confirmed, please provide the nature of these adjustments.
	1. Please also explain why Synergy North is requesting these balances now in this rate application.
	2. Please address the rates retroactivity issue and address the four factors per Ref 3 in the OEB’s letter issued on October 31, 2019.
4. If not confirmed, please write off $176,818.