

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 April 2024 PA	KN rate zone 2023 closing Principal + 2023 Interest backing out Jan to April 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):

- a) Please confirm the table above and revise it as necessary.
- b) 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

SYNERGY NORTH RESPONSE:

- a) Please see revisions and responses in part b) below.
- b) i) Account 1588 = Variance of \$134,702:

This variance exists in the Kenora Rate Zone.

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
1588-RSVA Power	(\$546,871) **(270,000)- 214,019+(62,852)	\$59,277 **24,898- (53,871) +(19,492)	(\$487,594)	(\$487,594)	\$0

This variance is due to an input error between Column BF and BD in Tab 3 Continuity Schedule for the RSVA Power account.

Column BF “Principal Adjustments”, used for each account in this Schedule to report the activity for the period January through April 2024, was incorrectly input as (\$188,573). The activity during the period January through April 2024 was (\$53,871). Column BF has been updated to report (\$53,871), and column BD “Transitions during 2023” has been corrected from \$182,417 to \$47,715. This was an inputting error between these two columns.

The ending Principal balance in the Schedule remains unchanged, at \$24,898. The Schedule has been updated at cells BD28 and BF28. This correction has no impact on the GA Analysis Workform, Account 1588 results for Kenora.

- ii) Account 1589: Variance of (\$486):

This variance exists in the TBay Rate zone.

Internal working papers used to track Group 1 Account movements and balances contained the error of \$486.00. The GA working paper was not updated to the correct balance per GL at Dec 31, 2023 in the Kenora Zone, out by \$486.00. The December 31, 2023 balance per GL, and therefore reported in the 2023 RRR, is correct at \$59,461 [(65,295) – (124,756) = 59,461].

The IRM Schedule, and therefore the originally filed refund to customers of \$(22,183), is greater than the amount \$(21,697) using the GL and RRR balance. This error has created an overpayment of GA to eligible customers of \$486.00. If this change were made to the Schedule, the resulting riders do not change except for one class, where the Unmetered Scattered Load class credit rider is reduced by \$0.0001.kWh.

As correcting the error would result in a very small increase of \$0.0001/kWh to one customer class, SNC has not revised the application or rate riders. The correction highlighted in yellow was not transferred to the IRM Rate Generator, it is presented here to show where the error exists.

1589-RSVA GA	\$750,623 **24,967- (680,255)+45,401	\$65,236 **(65,781)- (124,756)+6,261	\$815,859	\$816,345	(\$486)
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1589-RSVA GA	\$750,623 **24,967- (680,255)+45,401	\$65,722 **(65,295)- (124,756)+6,261	\$816,345	\$816,345	0
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Snip of rate riders from Original filing:

rate rider recovery to be used below

Total GA \$ allocated to Current Class B Customers	GA Rate Rider		
(\$73)	(\$0.0006)	kWh	
(\$2,725)	(\$0.0006)	kWh	
(\$19,116)	(\$0.0006)	kWh	
\$0	\$0.0000		
(\$12)	(\$0.0007)	kWh	
\$0	\$0.0000		
(\$257)	(\$0.0006)	kWh	
(\$22,183)			

Snip of riders from drafted Model, corrected to match RRR and GL:

Total GA \$ allocated to Current Class B Customers	GA Rate Rider		
(\$72)	(\$0.0006)	kWh	
(\$2,666)	(\$0.0006)	kWh	
(\$18,697)	(\$0.0006)	kWh	
\$0	\$0.0000		
(\$11)	(\$0.0006)	kWh	
\$0	\$0.0000		
(\$251)	(\$0.0006)	kWh	
(\$21,697)			

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):

- a) 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.
 - i. If confirmed, please resubmit the GA workform to reflect all the principal adjustments which need to be reversed in the 2026 IRM proceeding.
 - ii. If not, please explain why not.
- b) 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.
 - i. If not confirmed, please explain why not.

SYNERGY NORTH RESPONSE:

- a) SNC is tracking the combined Group 1 Account activity, beginning May 1, 2024, separately in the General Ledger from the balances in each zone as at April 30, 2024. It is the intent of SNC to file the 2026 IRM with only balances accumulating in these new combined accounts from May 1, 2024 forward. Therefore, in the Continuity Schedule, Tab 3, there will be only May to December 2024 activity, and there will be no need to make principal adjustments to the reported balances.
- b) SNC confirms that all of the Group 1 Account activity to be included in the 2026 IRM will start from May 1, 2024.

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](#), 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):

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

SYNERGY NORTH RESPONSE:

SNC agrees that the opening balance of the Schedule, \$609,344, does not agree to the balance as reported in the COS, \$432,526, the difference being \$176,818. This difference is a timing difference of the recording of the Bifurcated IRM disallowed balances of \$176,818. The activity of \$176,818, to adjust the opening balance of \$609,344 to \$432,526, is included in the 2023 activity for the year in the 1588 RSVA account.

When preparing financial statements for year end 2022, the Bifurcated application decision was not yet known. The ending balance in the GL for 2022 remained at \$609,344. By the time COS preparation was done, the bifurcated amounts were known and thereby the revised opening balance was reported in that COS application. Journal entries were done in 2023 to remove the disallowed balances of \$176,818.

The GA Analysis Workform has been updated for Thunder Bay to remove the "transactions" credit of (\$129,731) as it is now in the opening balance. The GA Workform % variance for Account 1588 moved from (0.3%) to (0.2%).

The other adjustment required to the RSVA of \$(47,088) was presented in the "OEB Disposal" balance column. Both credits, total (\$176,818) is now reported in the opening balance, which was reduced from \$609,344 to \$432,526. The balance as at Dec 31, 2023 remains at (\$270,000). No other changes were made to the Model.

Attachments Filed with this Response:

Kenora IRM Rate Generator: **D24-28619 KN_IRM-Rate-Generator-Model_20250310**
Thunder Bay IRM Rate Generator: **D24-28631 TB_IRM-Rate-Generator-Model_20250310**

Thunder Bay GA Analysis Workform: **TB_EB2024_0055_GA_Analysis_Workform_20250310**