

**GrandBridge Energy Inc.**

**2023 Incentive Regulation Mechanism (“IRM”)  
Distribution Rate Application**

**Phase 2**

**EB-2022-0305**

**IN THE MATTER OF** the Ontario Energy Board Act, 1998, S.O. 1998, c.15,  
(Scheduled B);

**AND IN THE MATTER OF** an Application by GrandBridge Energy Inc. to the Ontario  
Energy Board for an Order or Orders approving or fixing just and reasonable  
distribution rates and other service charges to be effective January 1, 2023.

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# 1. Contact Information

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## 2. Customers Affected

Those affected by this Application are the electricity distribution customers of GrandBridge Energy Inc. in the service territory of former Energy+ Inc. which encompasses customers residing in: (i) the City of Cambridge and Township of North Dumfries and (ii) the County of Brant, including the areas of Paris, St. George, Cainsville, Burford and parts of the new City of Brantford as a result of the approved annexation between the City of Brantford and the County of Brant.

## 3. Certification of Evidence

As Vice President, Corporate Services and CFO of GrandBridge Energy Inc., I certify, to the best of my knowledge, that the evidence filed in this application is accurate, consistent, and complete. The filing is consistent with the requirements of Chapter 3 of the Filing Requirements for Electricity Distribution Rate Applications, as last revised on May 24, 2022.

To the best of my knowledge, I certify that GrandBridge Energy Inc. has robust processes and internal controls in place for the preparation, review, verification and oversight of the deferral and variance account balances being disposed, consistent with the certification requirements in Chapter 1 and 3 of the Filing Requirements for Transmission and Distribution Rate Applications.

**Certified by:**

**Original Signed by Sarah Hughes**



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**Date: February 2, 2023**

**Sarah Hughes, CPA, CA**

**Vice President, Corporate Services & CFO**

## 4. Manager's Summary

### 4.1 Corporate Overview

GrandBridge Energy Inc. ("GBE" or "GrandBridge") is a licensed electricity distributor (ED-2021-0280) that owns and operates the electricity distribution system in the City of Cambridge, City of Brantford, County of Brant and Township of North Dumfries. GBE serves approximately 109,000 Residential, General Service, Large User, Street Light, Unmetered Scattered Load and Sentinel Light customers and connections. GBE also provides Low Voltage facilities to Hydro One Networks Inc. and Waterloo North Hydro Inc.

Effective May 2, 2022, Energy+ Inc. ("E+") and Brantford Power Inc. ("BPI") amalgamated pursuant to the provisions of the *Business Corporations Act (Ontario)*, to continue as one corporation under the name "GrandBridge Energy Inc.". In accordance with the Ontario Energy Board's ("OEB" or the "Board") Decision and Order dated March 17, 2022 (EB-2021-0280), the electricity distribution licenses for E+ and BPI were cancelled, and a new license was issued for GBE on May 2, 2022.

Although both service territories are now under one Distribution license, each of the service territories will continue to require separate Tariffs of Rates and Charges until rates are harmonized through the filing of one Cost of Service Rate Application, which is expected to be effective for 2032 distribution rates, based on the 10-year deferral period.

For reference purposes, the service territory for the City of Cambridge, Township of North Dumfries and County of Brant (including newly annexed section of Brantford) will be referred to as the GBE(E+) Rate Zone and the service territory for the City of Brantford will be referred to as the GBE(BPI) Rate Zone.

## 4.2 Application

### 4.2.1 Proposed Rate Adjustments

On August 3, 2022, GrandBridge Energy filed its 2023 IRM Application with the Ontario Energy Board.<sup>1</sup> Herein this application will be referred to as the 2023 IRM Application – Phase 1 or the Phase 1 Application.

As part of its pre-filed evidence, GrandBridge Energy identified that one of the main drivers for a large residual balance remaining in Account 1595 (2018) was an accounting error associated with rate rider recoveries from customers who transitioned between Class A and Class B, and the respective Global Adjustment and Capacity Based Recovery balances.

On November 11, 2022, GrandBridge Energy submitted a request to withdraw disposition of these accounts and noted that a separate application, now referred to as 2023 IRM Application – Phase 2 or Phase 2 Application, would be filed for disposition of the balances in the withdrawn accounts.

On December 8, 2022, the OEB issued its Decision and Order on the Phase 1 Application, approving the Annual Price Cap adjustment to distribution rates and service charges, adjustments to Retail Transmission Service Rates, and disposition of the requested Group 1 Deferral and Variance Accounts.

GrandBridge Energy (“the Applicant”) hereby applies to the Ontario Energy Board pursuant to Section 78 of the Ontario Energy Board Act, 1998 as amended (the “OEB Act”) with its Phase 2 Application for approval to dispose of the balances of the following Group 1 Deferral and Variance accounts for the GBE(E+) rate zone that were withdrawn from the Phase 1 Application:

- Account 1580 – RSVA Wholesale Market Service Charge
- Account 1589 – RSVA Global Adjustment
- Account 1595 (2018) – Disposition and Recovery/Refund of Regulatory Balances

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<sup>1</sup> EB-2022-0017

GrandBridge Energy is requesting disposition of balances that represent a net recovery from customers in the amount of \$456,261, to be recovered through rate riders over a 12-month period with an effective date based on the date of receipt of the final decision.

#### **4.2.2 Application and Electronic Models**

The Applicant followed Chapter 3 Requirements, and the Filing Instructions provided in the OEB's 2023 IRM Rate Generator Model ("2023 IRM Model") as provided to distributors by the OEB on June 16, 2022. Many of the Price Cap IR Application elements were completed in Phase 1 of the 2023 IRM Application. As a result, GrandBridge Energy has only populated the sections relevant to the requested Deferral and Variance account disposition in the 2023 IRM Model for the Phase 2 Application to isolate the requested disposition.

GrandBridge Energy has reviewed and confirms the accuracy of the pre-populated entries including:

- the RRR 2.1.7 Group 1 DVA balances as of December 31, 2021 on Tab 3. "Continuity Schedule" in Column BV; and
- the RRR statistics populated on Tab 4. "Billing Det. for Def-Var".

GrandBridge Energy confirms it has not revised any RRR data after it has been incorporated into the model. GrandBridge Energy confirms that no changes have been made to the models and workforms to be used by Distributors, with the exceptions noted in Section 4.3.1 related to amendments of the 1595 Workform to present the reconciliation at a more detailed level.

The completed 2023 IRM Model and supplementary work forms have been filed in both Excel and PDF format. The following is a list of attachments to this document, marked with "(Excel)" if the corresponding model is being submitted:

- Attachment A: 2023 IRM Rate Generator Model for GBE(E+) Rate Zone (Excel);
- Attachment B: Global Adjustment Work Form for GBE(E+) Rate Zone (Excel);
- Attachment C: 1595 Analysis Work Form for GBE(E+) Rate Zone (Excel);



Consistent with Section 3.1.2 of the Chapter 3 Requirements, all attachments have been provided in text-searchable PDF format where possible. Excel Models have been provided through the RESS.

### 4.2.3 Summary of Bill Impacts

Table 1: Impact of Proposed DVA Disposition to Approved 2022 Rates summarizes the bill impacts arising from the requested DVA disposition in this Application compared to the 2022 Approved rates. The 2023 Proposed rates in this comparison incorporate the approved rates from Phase 1 of the 2023 IRM Application.

**Table 1: Impact of Proposed DVA Disposition to Approved 2022 Rates**

GBE(E+) Rate Zone - Rate Class	kWh	kW	Distribution (Fixed & Volumetric)				Total Bill (excluding HST)			
			2022 Approved	2023 Proposed (Phase 2)	\$ Change	% Impact	2022 Approved	2023 Proposed (Phase 2)	\$ Change	% Impact
Residential	750		\$ 29.78	\$ 30.84	\$ 1.06	3.6%	\$ 104.33	\$ 106.75	\$ 2.42	2.3%
GS<50 kW	2,000		\$ 50.24	\$ 52.01	\$ 1.77	3.5%	\$ 248.06	\$ 253.57	\$ 5.51	2.2%
GS> 50 to 999 kW	20,000	60	\$ 353.16	\$ 365.70	\$ 12.54	3.6%	\$ 2,951.88	\$ 2,878.44	\$ (73.43)	-2.5%
GS> 1,000 to 4,999 kW	800,000	2,000	\$ 9,104.95	\$ 9,428.25	\$ 323.30	3.6%	\$ 105,398.65	\$ 102,435.55	\$ (2,963.10)	-2.8%
Large Use	6,600,000	16,000	\$ 38,226.62	\$ 39,584.25	\$ 1,357.63	3.6%	\$ 819,626.68	\$ 837,224.31	\$ 17,597.63	2.1%
Unmetered Scattered Load	100		\$ 7.78	\$ 8.05	\$ 0.27	3.5%	\$ 19.75	\$ 20.23	\$ 0.48	2.4%
Street Lighting	400,000	700	\$ 12,604.56	\$ 13,050.67	\$ 446.11	3.5%	\$ 58,026.16	\$ 56,650.51	\$ (1,375.65)	-2.4%
Sentinel Lighting	10,000	29	\$ 1,312.36	\$ 1,358.95	\$ 46.59	3.6%	\$ 2,116.26	\$ 2,173.96	\$ 57.70	2.7%
Embedded Distributor - Hydro One CND	1,382,000	2,574	\$ 5,823.42	\$ 6,030.11	\$ 206.69	3.5%	\$ 168,030.75	\$ 161,970.27	\$ (6,060.48)	-3.6%
Embedded Distributor - Waterloo North Hydro		8,280	\$ 14,541.34	\$ 15,057.18	\$ 515.84	3.5%	\$ 67,869.44	\$ 69,798.68	\$ 1,929.24	2.8%
Embedded Distributor - Brantford	50,000	27	\$ 271.40	\$ 281.03	\$ 9.63	3.5%	\$ 5,819.63	\$ 5,617.01	\$ (202.62)	-3.5%
Embedded Distributor - Hydro One #1	1,300,000	2,340	\$ 3,037.50	\$ 3,145.23	\$ 107.73	3.5%	\$ 155,052.02	\$ 149,265.76	\$ (5,786.27)	-3.7%
Embedded Distributor - Hydro One #2	1,990,000	4,050	\$ 74.83	\$ 77.49	\$ 2.66	3.6%	\$ 211,948.18	\$ 202,293.08	\$ (9,655.11)	-4.6%

Table 2: Impact of Proposed DVA Disposition to Approved 2023 Rates summarizes the bill impacts compared to the approved rates and charges from Phase 1 of the 2023 IRM Application. There are no changes to fixed or volumetric distribution rates requested in Phase 2 of the 2023 IRM Application, therefore the impacts are limited to the total bill.

**Table 2: Impact of Proposed DVA Disposition to Approved 2023 Rates**

GBE(E+) Rate Zone - Rate Class	kWh	kW	Distribution (Fixed & Volumetric)				Total Bill (excluding HST)			
			2023 Approved (Phase 1)	2023 Approved (Phase 1)	\$ Change	% Impact	2023 Approved (Phase 1)	2023 Proposed (Phase 2)	\$ Change	% Impact
Residential	750		\$ 30.84	\$ 30.84	\$ -	0.0%	\$ 105.33	\$ 106.75	\$ 1.43	1.4%
GS<50 kW	2,000		\$ 52.01	\$ 52.01	\$ -	0.0%	\$ 249.97	\$ 253.57	\$ 3.60	1.4%
GS> 50 to 999 kW	20,000	60	\$ 365.70	\$ 365.70	\$ -	0.0%	\$ 2,937.01	\$ 2,878.44	\$ (58.57)	-2.0%
GS> 1,000 to 4,999 kW	800,000	2,000	\$ 9,428.25	\$ 9,428.25	\$ -	0.0%	\$ 104,584.75	\$ 102,435.55	\$ (2,149.20)	-2.1%
Large Use	6,600,000	16,000	\$ 39,584.25	\$ 39,584.25	\$ -	0.0%	\$ 822,134.71	\$ 837,224.31	\$ 15,089.60	1.8%
Unmetered Scattered Load	100		\$ 8.05	\$ 8.05	\$ -	0.0%	\$ 20.04	\$ 20.23	\$ 0.19	0.9%
Street Lighting	400,000	700	\$ 13,050.67	\$ 13,050.67	\$ -	0.0%	\$ 57,865.38	\$ 56,650.51	\$ (1,214.87)	-2.1%
Sentinel Lighting	10,000	29	\$ 1,358.95	\$ 1,358.95	\$ -	0.0%	\$ 2,157.66	\$ 2,173.96	\$ 16.30	0.8%
Embedded Distributor - Hydro One CND	1,382,000	2,574	\$ 6,030.11	\$ 6,030.11	\$ -	0.0%	\$ 166,171.42	\$ 161,970.27	\$ (4,201.15)	-2.5%
Embedded Distributor - Waterloo North Hydro		8,280	\$ 15,057.18	\$ 15,057.18	\$ -	0.0%	\$ 69,705.94	\$ 69,798.68	\$ 92.74	0.1%
Embedded Distributor - Brantford	50,000	27	\$ 281.03	\$ 281.03	\$ -	0.0%	\$ 5,752.38	\$ 5,617.01	\$ (135.37)	-2.4%
Embedded Distributor - Hydro One #1	1,300,000	2,340	\$ 3,145.23	\$ 3,145.23	\$ -	0.0%	\$ 153,283.80	\$ 149,265.76	\$ (4,018.04)	-2.6%
Embedded Distributor - Hydro One #2	1,990,000	4,050	\$ 77.49	\$ 77.49	\$ -	0.0%	\$ 208,743.35	\$ 202,293.08	\$ (6,450.27)	-3.1%

### 4.3 Review and Disposition of Group 1 Deferral and Variance Account Balances

GrandBridge Energy is requesting approval for the disposition of Deferral and Variance Accounts 1580, 1589 and 1595 (2018) in this application for the GBE(E+) Rate Zone.

GrandBridge Energy has populated the Deferral and Variance Account Continuity Schedules in Tab 3-Continuity Schedule of the 2023 IRM Model for the accounts requested for disposition with balances up to December 31, 2021, approved dispositions during 2022 and projected interest to the end of 2022. GrandBridge Energy is requesting approval for final disposition of the DVA accounts for the GBE(E+) Rate Zone in the amount of \$456,261, and disposition through rate riders to be in effect for a 12-month period. Table 3: DVA Account Balances – GBE(E+) Rate Zone summarizes the balances eligible for disposition.

**Table 3: DVA Account Balances – GBE(E+) Rate Zone**

Account Number	Account Descriptions	Principal Balance at December 31, 2021	Interest to December 31, 2021	Projected Interest to December 31, 2022	Total Eligible for Disposition
1580	RSVA - Wholesale Market Service Charge	\$ 1,268,611	\$ 3,347	\$ 18,997	\$ 1,290,956
1580	Variance WMS – Sub-account CBR Class B	\$ (91,804)	\$ (319)	\$ (1,375)	\$ (93,498)
1589	RSVA - Global Adjustment	\$ (1,997,646)	\$ (5,060)	\$ (29,915)	\$ (2,032,621)
1595	Disposition and Recovery/Refund of Regulatory Balances (2018)	\$ 1,603,373	\$ (311,950)	\$ -	\$ 1,291,424
<b>Total</b>	<b>Total Group 1 Balance Eligible for Disposition</b>	<b>\$ 782,534</b>	<b>\$ (313,981)</b>	<b>\$ (12,292)</b>	<b>\$ 456,261</b>

Table 4: Proposed Deferral and Variance Account Rate Riders summarizes the proposed Deferral and Variance Account Rate Riders by rate class resulting from the disposition requested in this Application.

**Table 4: Proposed Deferral and Variance Account Rate Riders**

GBE(E+) Rate Zone - Rate Class	Total D&V Account Rate Riders	Total D&V Account Rate Riders Non-WMP	CBR Class B Rate Riders	GA Rate Riders
Unit	per kW / kWh	per kW / kWh	per kW / kWh	per kWh
Residential	\$ 0.0020	\$ -	\$ (0.0001)	\$ (0.0038)
GS<50 kW	\$ 0.0019	\$ -	\$ (0.0001)	\$ (0.0038)
GS> 50 to 999 kW	\$ 0.0638	\$ 0.2499	\$ (0.0232)	\$ (0.0038)
GS> 1,000 to 4,999 kW	\$ 0.1500	\$ 0.3263	\$ (0.0309)	\$ (0.0038)
Large Use	\$ 0.9431	\$ -	\$ -	\$ -
Unmetered Scattered Load	\$ 0.0020	\$ -	\$ (0.0001)	\$ (0.0038)
Street Lighting	\$ 0.4619	\$ -	\$ (0.0260)	\$ (0.0038)
Sentinel Lighting	\$ 0.5663	\$ -	\$ (0.0041)	\$ -
Embedded Distributor - Hydro One CND	\$ 0.4441	\$ -	\$ (0.0360)	\$ (0.0038)
Embedded Distributor - Waterloo North Hydro	\$ 0.0112	\$ -	\$ -	\$ -
Embedded Distributor - Brantford	\$ 2.0476	\$ -	\$ (0.0242)	\$ (0.0038)
Embedded Distributor - Hydro One #1	\$ 0.4288	\$ -	\$ (0.0348)	\$ (0.0038)
Embedded Distributor - Hydro One #2	\$ 0.3015	\$ -	\$ (0.0270)	\$ (0.0038)

GrandBridge Energy confirms that it had Class A customers in the GBE(E+) Rate Zone as of December 31, 2021. GBE has completed Tab 6 Class A Consumption Data in the 2023 IRM Model for the GBE(E+) Rate Zone and the resulting rate riders proposed in this application were calculated in Tab 6.1a GA Allocation. GBE has also followed the methodology in the 2023 IRM Model to determine the rate rider for Disposition of Variance – WMS Sub Account CBR Class B.

Monthly fixed rate riders have been calculated in the model for customers who transitioned between Class A and Class B during 2021 for their portion of the GA and WMS Sub Account CBR Class B variances.

#### **4.3.1 Overview of Accounting Error**

In the 2018 IRM Application for the GBE(E+) Rate Zone<sup>2</sup>, Global Adjustment balances of \$432,319 and CBR balances of \$52,627 were approved for disposition from four Class A/B transition customers in the Cambridge North Dumfries (“CND”) service territory. The balances approved for disposition were then recorded in Account 1595 (2018).

Table 5 and Table 6 provide a breakdown of the GA and CBR balances allocated to Class A/B transition customers from the 2018 IRM Application for the GBE(E+) Rate Zone in the CND service territory.

#### **Table 5: Allocation of GA Balances to ICI Transition Customers – 2018 GBE(E+) Rate Zone**

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<sup>2</sup> EB-2017-0030

<b>Allocation of total Non-RPP Consumption (kWh) between Current Class B and Class A/B Transition Customers</b>					
		<b>Total</b>			
Total Class B Consumption for Years During Balance Accumulation (Non-RPP Consumption LESS WMP Consumption and Consumption for Class A customers who were Class A for partial and full year)	A	1,409,217,344			
All Class B Consumption (i.e. full year or partial year) for Transition Customers	B	248,144,034			
<b>Transition Customers' Portion of Total Consumption</b>	<b>C=B/A</b>	<b>17.61%</b>			
<b>Allocation of Total GA Balance \$</b>					
Total GA Balance	D	\$ 2,455,154			
Transition Customers Portion of GA Balance	E=C*D	\$ 432,319			
GA Balance to be disposed to Current Class B Customers through Rate Rider	F=D-E	\$ 2,022,834			
<b>Allocation of GA Balances to Class A/B Transition Customers</b>					
<b># of Class A/B Transition Customers</b>		<b>4</b>			
<b>Customer</b>		<b>Total Metered Consumption (kWh) for Transition Customers During the Period They Were Class B Customers</b>	<b>% of kWh</b>	<b>Customer Specific GA Allocation During the Period They Were a Class B customer</b>	<b>Monthly Equal Payments</b>
Customer 1		24,285,218	9.79%	\$ 42,310	\$ 3,526
Customer 2		197,449,350	79.57%	\$ 343,998	\$ 28,667
Customer 3		9,343,459	3.77%	\$ 16,278	\$ 1,357
Customer 4		17,066,007	6.88%	\$ 29,733	\$ 2,478
<b>Total</b>		<b>248,144,034</b>	<b>100.00%</b>	<b>\$ 432,319</b>	

**Table 6: Allocation of CBR Balances to ICI Transition Customers – 2018 GBE(E+) Rate Zone**

Allocation of total Consumption (kWh) between Class B and Class A/B Transition Customers				
		Total	2016	2015
Total Class B Consumption for Years During Balance Accumulation (Total Consumption LESS WMP Consumption and Consumption for Class A customers who were Class A for partial and full year)	A	2,588,998,394	1,299,026,289	1,289,972,105
All Class B Consumption (i.e. full year or partial year) for Transition Customers	B	248,144,034	129,616,562	118,527,472
<b>Transition Customers' Portion of Total Consumption</b>	C=B/A	9.58%	1,169,409,727	1,171,444,633

  

Allocation of Total CBR Class B Balance \$		
Total CBR Class B Balance	D	\$ 549,083
Transition Customers Portion of CBR Class B Balance	E=D*C	\$ 52,627
CBR Class B Balance to be disposed to Current Class B Customers through Rate Rider	F=D-E	\$ 496,456

  

Allocation of CBR Class B Balances to Transition Customers							
# of Class A/B Transition Customers	4						
Customer	Total Metered Class B Consumption (kWh) for Transition Customers During the Period They were Class B Customers	Metered Class B Consumption (kWh) for Transition Customers During the Period They were Class B Customers in 2016	Metered Class B Consumption (kWh) for Transition Customers During the Period They were Class B Customers in 2015	% of kWh	Customer Specific CBR Class B Allocation During the Period They Were a Class B Customer	Monthly Equal Payments	
Customer 1	24,285,218	9,164,576	15,120,642	9.79%	\$ 5,150	\$ 429	
Customer 2	197,449,350	120,451,986	76,997,364	79.57%	\$ 41,876	\$ 3,490	
Customer 3	9,343,459	-	9,343,459	3.77%	\$ 1,982	\$ 165	
Customer 4	17,066,007	-	17,066,007	6.88%	\$ 3,619	\$ 302	
<b>Total</b>	<b>248,144,034</b>	<b>129,616,562</b>	<b>118,527,472</b>	<b>100.00%</b>	<b>\$ 52,627</b>	<b>\$ 4,386</b>	

Customer 4 from the above tables was issued a final bill prior to the effective date of the rate riders and the GA amount of \$29,733 and CBR amount of \$3,619 were not recovered. As a result, the total GA recovery from Class A/B transition customers in 2018 was \$402,586, the total CBR recovery was \$49,008, and the total amount recovered from transition customers was \$451,564.

The rate rider revenues from transition customers were recorded in Account 4007 for the Global Adjustment recoveries and Account 4062 for the CBR recoveries during the period May 1, 2018 to April 30, 2019. At the time of recovery, the rate riders should have been recorded to Account 1595 (2018). Since the recoveries were recorded to Account 4007 and Account 4062, the balances were ultimately transferred to Account 1589 and Account 1580 as part of the monthly RSVA accounting process. These amounts were not recognized in Account 1595 (2018) to offset the disposition amount.

This issue was identified in 2022 when preparing the detailed 1595 Workform in support of GrandBridge Energy's 2023 IRM Application – Phase 1. The following correcting accounting entry was recorded in the General Ledger in 2022 and has been captured in the filed Principal Adjustments on the DVA Continuity Schedule:

Dr. Account 1589	\$402,586
Dr. Account 1580, Sub-account CBR Class B	\$49,008
Cr. Account 1595 (2018)	(\$451,594)

GrandBridge Energy notes that the error was: i) within the control of former legal entity, Energy+ Inc.; ii) the first occurrence for Energy+ and an isolated issue; iii) inadvertent and not due to lack of guidance from the OEB; and iv) not an issue experienced by other distributors to GrandBridge Energy's understanding.

In 2019, an initial 1595 Workform was prepared to validate the residual balance however the results did not reveal the issue. The initial 1595 Workform was prepared using the pre-populated customer classes that harmonized the customer classes of the CND and BCP service territories. When the service territory results were aggregated, the remaining unreconciled balances in the 1595 Workform were minimal. The 1595 Workform submitted with this application has been recreated by GrandBridge Energy to capture all of the specific rate riders from both the CND and BCP service territories.

Since the recoveries from Class A/B transition customers occurred from May 1, 2018 to April 30, 2019, the accounting issue effected the disposition of Account 1580 and Account 1589 balances in the 2020 and 2021 IRM Applications for the GBE(E+) Rate Zone. The following tables summarize the impacts of the error on the 2020 and 2021 IRM Applications for the GBE(E+) Rate Zone. The allocation of Account 1589 balances to Class A transition customers and Class B customers is consistent with the allocation from the 2020 and 2021 IRM Applications. The error resulted in a reduction in the balances and amounts recovered from Account 1589 and Account 1580, Sub-account CBR Class B.

**Table 7: Impact of 2018 Balances on 2020 IRM Application for GBE(E+) Rate Zone**

<b>Impact from 2018 Balances</b>	<b>Account 1589 Global Adjustment</b>	<b>Account 1580 CBR Class B</b>	<b>Total Impact</b>
Quantification of error	(234,842)	(28,588)	(263,430)
<b>Impact on 2020 Rate Application</b>			
Class A transition customers	(11,883)	(683)	(12,566)
Class B non WMP customers	(222,959)	(27,905)	(250,684)

**Table 8: Impact of 2019 Balances on 2021 IRM Application for GBE(E+) Rate Zone**

<b>Impact from 2019 Balances</b>	<b>Account 1589 Global Adjustment</b>	<b>Account 1580 CBR Class B</b>	<b>Total Impact</b>
Quantification of error	(167,744)	(20,420)	(188,164)
<b>Impact on 2021 Rate Application</b>			
Class A transition customers	(12,262)	(686)	(12,948)
Class B non WMP customers	(155,482)	(19,734)	(175,216)

**Table 9: Overall Impact on IRM Applications for GBE(E+) Rate Zone**

<b>Overall Impact</b>	<b>Account 1589 Global Adjustment</b>	<b>Account 1580 CBR Class B</b>	<b>Total Impact</b>
Quantification of error	(402,586)	(49,008)	(451,594)
<b>Impact on 2020 &amp; 2021 Applications</b>			
Class A transition customers	(24,145)	(1,369)	(25,514)
Class B non WMP customers	(378,441)	(47,639)	(426,080)

#### **4.3.2 Commodity Accounts 1588 and 1589**

On February 21, 2019, the OEB issued its letter entitled Accounting Guidance related to Accounts 1588 Power, and 1589 RSVA Global Adjustment as well as the related accounting guidance. The accounting guidance was effective January 1, 2019 and was to be implemented by August 31, 2019. GrandBridge Energy’s predecessors both reviewed their RPP Settlement processes and identified process changes required for compliance with the new guidance that were put in effect as of August 31, 2019.

The accounting guidance provided a construct for GrandBridge Energy’s predecessors that enabled greater transparency in the estimation and accounting processes and highlighted areas

for improvement. Since implementing the new accounting guidance, the predecessor utilities have continued to refine processes to improve the accuracy of estimates and implement additional controls for validation as part of the monthly processes. These process changes were designed for timely identification of issues and allowed focus on continual improvement. The merger integration for GrandBridge Energy presents an opportunity to evaluate the elements of both legacy processes and adopt a new process that incorporates and builds on the strengths of both legacy utilities.

GrandBridge Energy's predecessors received approval for final disposition of historical pre-2019 commodity account balances in previous rate applications. GrandBridge Energy is confident in its RPP settlement and related accounting processes and is requesting final disposition of account balances.

GrandBridge Energy does not use the actual Global Adjustment price to bill any customers, and therefore has made no proposal to exclude any non-RPP customers from being charged the Global Adjustment Rate Rider for this reason (except for WMP customers and Class A and former Class A customers).

#### **4.3.3 Global Adjustment Analysis Workform**

The purpose of the GA Workform is to compare the balance in Account 1589 to the expected balance based on Global Adjustment rates and consumption statistics. Discrepancies between the actual and expected balance are to be explained and quantified, and any remaining, unexplained discrepancy will be assessed for materiality. The OEB has set a threshold of +/-1% as the materiality threshold.

GrandBridge Energy has prepared the GA Workform for 2018 through 2021 due to the accounting error that impacted prior year balances, and GBE has incorporated revisions to reflect principal adjustments in the corresponding years. The GA Workform has been included in Attachment B. The GA variances calculated in the GA Analysis Workform GBE(E+) Rate Zone are all within the materiality threshold.

#### **4.3.4 Class A and Class B Customers**

Customers who participate in the Industrial Conservation Initiative ("ICI") are referred to as "Class A". These customers pay Global Adjustment ("GA") and Capacity Based Recovery ("CBR")



charges based on their Peak Demand Factor or PDF. Distributors settle GA costs with Class A customers based on actual GA prices and do not allocate GA variance balances to these customers for the period that customers were designated Class A.

Most customers pay the GA charge and CBR charges based on the amount of electricity they consume in a month (kWh). These customers are referred to as “Class B”.

Consistent with Section 3.2.5.2 of the Chapter 3 Requirements, GrandBridge Energy has calculated adjustments in the 2023 IRM Model for the GBE(E+) Rate Zone so that Class A customers are not charged for the GA or CBR variances that was accumulated for the period they were ICI participants.

#### **4.3.5 Global Adjustment Disposition**

GBE has completed Tab 6. Class A Consumption Data of the 2023 IRM Model for the GBE(E+) Rate Zone, which identifies 11 customers who transitioned in or out of the ICI program in 2021, their rate class, and their consumption and demand while in Class A and in Class B. Tab 6. has also been populated to identify the consumption and demand by class of customers enrolled in ICI for all of 2021.

Tab 6.1a GA Allocation then allocates the GA Balance to transition customers based on consumption while in Class B. Table 10 presents the allocation of the GA balances to the Class A/B transition customers for the GBE(E+) Rate Zone and the resulting customer-specific equal monthly rate rider for each of those customers.

Global Adjustment Rate Riders for Class B, non-transitioning customers have been calculated in Tab 6.1 GA of the 2023 IRM Model. The balance of Account 1589-RSVA Global Adjustment after allocation to transition customers is designed to be recovered from Class B, non-RPP, non-WMP customers based on kWh for each class (consistent with the treatment described in Section 3.2.5.2 of the Chapter 3 Requirements). Table 11 summarizes the amount allocated to non-transition Class B customers for the GBE(E+) Rate Zone and the calculation of the GA rate riders.

**Table 10: Allocation of GA Variance to ICI Transition Customers for GBE(E+) Rate Zone**

Allocation of total Non-RPP Consumption (kWh) between Current Class B and Class A/B Transition Customers					
		Total	2021		
Non-RPP Consumption Less WMP Consumption	A	891,691,871	891,691,871		
Less Class A Consumption for Partial Year Class A Customers	B	28,461,561	28,461,561		
Less Consumption for Full Year Class A Customers	C	326,663,545	326,663,545		
<b>Total Class B Consumption for Years During Balance Accumulation</b>	<b>D = A-B-C</b>	<b>536,566,765</b>	<b>536,566,765</b>		
All Class B Consumption for Transition Customers	E	27,245,128	27,245,128		
<b>Transition Customers' Portion of Total Consumption</b>	<b>F = E/D</b>	<b>5.08%</b>			

  

Allocation of Total GA Balance \$			
Total GA Balance	G	-\$	2,032,621
Transition Customers Portion of GA Balance	H=F*G	-\$	103,210
GA Balance to be disposed to Current Class B Customers through Rate Rider	I=G-H	-\$	1,929,411

  

Allocation of GA Balances to Class A/B Transition Customers						
# of Class A/B Transition Customers	11					
Customer	Total Metered Consumption (kWh) for Transition Customers During the Period When They Were Class B Customers	Metered Consumption (kWh) for Transition Customers During the Period When They Were Class B Customers in 2021	% of kWh	Customer Specific GA Allocation for the Period When They Were Class B customers	Monthly Equal Payments	
Customer 1	2,322,716	2,322,716	8.53%	-\$	8,799	-\$ 733
Customer 2	3,142,301	3,142,301	11.53%	-\$	11,904	-\$ 992
Customer 3	7,671,711	7,671,711	28.16%	-\$	29,062	-\$ 2,422
Customer 4	2,222,226	2,222,226	8.16%	-\$	8,418	-\$ 702
Customer 5	1,956,227	1,956,227	7.18%	-\$	7,411	-\$ 618
Customer 6	607,369	607,369	2.23%	-\$	2,301	-\$ 192
Customer 7	1,385,144	1,385,144	5.08%	-\$	5,247	-\$ 437
Customer 8	1,029,112	1,029,112	3.78%	-\$	3,898	-\$ 325
Customer 9	4,094,235	4,094,235	15.03%	-\$	15,510	-\$ 1,292
Customer 10	1,776,850	1,776,850	6.52%	-\$	6,731	-\$ 561
Customer 11	1,037,237	1,037,237	3.81%	-\$	3,929	-\$ 327
<b>Total</b>	<b>27,245,128</b>	<b>27,245,128</b>	<b>100.00%</b>	<b>-\$</b>	<b>103,210</b>	<b>-\$</b>

**Table 11: Class B GA Rate Rider Calculation by Rate Class for GBE(E+) Rate Zone**

GBE(E+) Rate Zone - Rate Class	Unit	Non-RPP Metered 2021 Consumption for Current Class B Customers (Non-RPP Consumption excluding WMP, Class A and Transition Customers' Consumption)	% of total kWh	Total GA \$ allocated to Current Class B Customers	GA Rate Rider
		<b>kWh</b>			
Residential	kWh	6,803,349	1.3%	(\$25,772)	(\$0.0038)
GS<50 kW	kWh	26,130,430	5.1%	(\$98,987)	(\$0.0038)
GS> 50 to 999 kW	kWh	330,475,850	64.9%	(\$1,251,908)	(\$0.0038)
GS> 1,000 to 4,999 kW	kWh	50,847,341	10.0%	(\$192,620)	(\$0.0038)
Large Use	kWh	0	0.0%	\$0	\$0.0000
Unmetered Scattered Load	kWh	209,748	0.0%	(\$795)	(\$0.0038)
Street Lighting	kWh	5,450,990	1.1%	(\$20,649)	(\$0.0038)
Sentinel Lighting	kWh	0	0.0%	\$0	\$0.0000
Embedded Distributor - Hydro One CND	kWh	13,957,220	2.7%	(\$52,873)	(\$0.0038)
Embedded Distributor - Waterloo North Hydro	kWh	0	0.0%	\$0	\$0.0000
Embedded Distributor - Brantford	kWh	289,051	0.1%	(\$1,095)	(\$0.0038)
Embedded Distributor - Hydro One #1	kWh	14,208,286	2.8%	(\$53,824)	(\$0.0038)
Embedded Distributor - Hydro One #2	kWh	60,949,373	12.0%	(\$230,888)	(\$0.0038)
<b>Total</b>		<b>509,321,638</b>	<b>100.0%</b>	<b>(\$1,929,411)</b>	

### 4.3.6 Capacity Based Recovery (CBR) Disposition

Similar to the Global Adjustment, CBR is charged to Class B customers on the basis of their consumption, and GrandBridge Energy settles CBR on a different basis with Class A customers.

The variances associated with Class A and Class B customers for CBR are tracked in separate RSVA 1580 in sub accounts.

The balance of the Class A sub accounts for the GBE(E+) Rate Zone is \$0, consistent with the expectations in the OEB’s CBR Accounting Guidance. The Class B variance for the GBE(E+) Rate Zone has been allocated based on non-WMP consumption in each class, adjusted for transitioning Class A/B customers during 2021.

Tab 6.2a CBR Allocation allocates the balance in Account 1580 - RSVA Wholesale Market Service Charge balance to transition customers based on consumption while in Class B. Table 12 presents the allocation of the CBR balances to the Class A/B transition customers for the GBE(E+) Rate Zone and the resulting customer-specific equal monthly rate rider for those customers.

**Table 12: Allocation of CBR Class B Variance to ICI Transition Customers**

Allocation of Total Consumption (kWh) between Current Class B and Class A/B Transition Customers			
		Total	2021
Total Consumption Less WMP Consumption	A	1,639,486,239	1,639,486,239
Less Class A Consumption for Partial Year Class A Customers	B	28,461,561	28,461,561
Less Consumption for Full Year Class A Customers	C	326,663,545	326,663,545
<b>Total Class B Consumption for Years During Balance Accumulation</b>	<b>D = A-B-C</b>	<b>1,284,361,133</b>	<b>1,284,361,133</b>
All Class B Consumption for Transition Customers	E	27,245,128	27,245,128
<b>Transition Customers' Portion of Total Consumption</b>	<b>F = E/D</b>	<b>2.12%</b>	

  

Allocation of Total CBR Class B Balance \$			
Total CBR Class B Balance	G	-\$	93,498
Transition Customers Portion of CBR Class B Balance	H=F*G	-\$	1,983
CBR Class B Balance to be disposed to Current Class B Customers through Rate Rider	I=G-H	-\$	91,514

  

Allocation of CBR Class B Balances to Transition Customers						
# of Class A/B Transition Customers	11					
Customer	Total Metered Class B Consumption (kWh) for Transition Customers During the Period When They were Class B Customers	Metered Class B Consumption (kWh) for Transition Customers During the Period When They were Class B Customers in 2021	% of kWh	Customer Specific CBR Class B Allocation for the Period When They Were Class B Customers	Monthly Equal Payments	
Customer 1	2,322,716	2,322,716	8.53%	-\$	169	-\$ 14
Customer 2	3,142,301	3,142,301	11.53%	-\$	229	-\$ 19
Customer 3	7,671,711	7,671,711	28.16%	-\$	558	-\$ 47
Customer 4	2,222,226	2,222,226	8.16%	-\$	162	-\$ 13
Customer 5	1,956,227	1,956,227	7.18%	-\$	142	-\$ 12
Customer 6	607,369	607,369	2.23%	-\$	44	-\$ 4
Customer 7	1,385,144	1,385,144	5.08%	-\$	101	-\$ 8
Customer 8	1,029,112	1,029,112	3.78%	-\$	75	-\$ 6
Customer 9	4,094,235	4,094,235	15.03%	-\$	298	-\$ 25
Customer 10	1,776,850	1,776,850	6.52%	-\$	129	-\$ 11
Customer 11	1,037,237	1,037,237	3.81%	-\$	76	-\$ 6
<b>Total</b>	<b>27,245,128</b>	<b>27,245,128</b>	<b>100.00%</b>	<b>-\$</b>	<b>1,983</b>	<b>-\$ 165</b>

CBR Rate Riders for Class B, non-transitioning customers have been calculated in Tab 6.2 CBR of the 2023 IRM Model. The balance of Account 1580 - RSVA Wholesale Market Service Charge after allocation to transition customers is designed to be recovered from non-RPP, non-WMP

customers for each class. Table 13 summarizes the amount allocated to non-transition Class B customers for the GBE(E+) Rate Zone and the calculation of the CBR rate riders.

**Table 13: Class B CBR Rate Rider Calculation by Rate Class for GBE(E+) Rate Zone**

GBE(E+) Rate Zone - Rate Class	Unit	Non-RPP Metered 2021 Consumption for Current Class B Customers (Non-RPP Consumption excluding WMP, Class A and Transition Customers' Consumption)		% of total kWh	Total CBR Class B \$ allocated to Current Class B Customers	CBR Class B Rate Rider
		kWh	kW			
Residential	kWh	524,115,883	0	41.7%	(\$38,154)	(\$0.0001)
GS<50 kW	kWh	202,641,930	3,880	16.1%	(\$14,752)	(\$0.0001)
GS> 50 to 999 kW	kW	382,007,496	1,201,082	30.4%	(\$27,809)	(\$0.0232)
GS> 1,000 to 4,999 kW	kW	50,847,341	119,634	4.0%	(\$3,702)	(\$0.0309)
Large Use	kW	0	0	0.0%	\$0	\$0.0000
Unmetered Scattered Load	kWh	2,176,342	0	0.2%	(\$158)	(\$0.0001)
Street Lighting	kW	5,913,049	16,510	0.5%	(\$430)	(\$0.0260)
Sentinel Lighting	kW	10,035	242	0.0%	(\$1)	(\$0.0041)
Embedded Distributor - Hydro One CND	kW	13,957,220	28,237	1.1%	(\$1,016)	(\$0.0360)
Embedded Distributor - Waterloo North Hydro	kW	0	0	0.0%	\$0	\$0.0000
Embedded Distributor - Brantford	kW	289,051	868	0.0%	(\$21)	(\$0.0242)
Embedded Distributor - Hydro One #1	kW	14,208,286	29,703	1.1%	(\$1,034)	(\$0.0348)
Embedded Distributor - Hydro One #2	kW	60,949,373	164,301	4.8%	(\$4,437)	(\$0.0270)
<b>Total</b>		1,257,116,006	1,564,456	100.0%	(\$91,514)	

#### 4.3.7 Wholesale Market Participants (WMPs)

WMPs are customers that arrange to be billed directly by the IESO for certain charges. GrandBridge Energy has the following WMP customer counts in the GBE(E+) Rate Zone:

- 3 in the GS> 50 to 999 kW customer class
- 1 in the GS> 1,000 to 4,999 kW customer class; and
- 1 in the Embedded Distributor WNH class.

Consistent with the expectations set out in Section 3.2.5.1 of the Chapter 3 Requirements, GBE only bills certain rates to these customers - primarily Distribution and Transmission rates. GBE has used the methods set out in the 2023 IRM Model to allocate only the DVA balances associated with the charges billed to WMPs to this sub-class of customers

### 4.3.8 Principal Adjustments

Table 14 – Principal Adjustments summarizes the principal adjustments recorded in the 2023 IRM Model for the GBE(E+) Rate Zone. The table also highlights the variances between the continuity schedule balances and the RRR balances populated in the 2023 IRM Model.

**Table 14 – Principal Adjustments**

Account	Description	Principal Adjustments	RRR	
			Reconciling Items	Adjustment Description
1580	Variance WMS – Sub-account CBR Class	49,008	49,008	Correction of accounting issue related to rate rider recovery for Class A/B transition customers
<b>1580 Total</b>		<b>49,008</b>	<b>49,008</b>	
1589	RSVA - Global Adjustment	(107,297)	-	Reversal of prior year unbilled differences
1589	RSVA - Global Adjustment	(114,699)	(114,699)	Current year unbilled differences
1589	RSVA - Global Adjustment	402,586	402,586	Correction of accounting issue related to rate rider recovery for Class A/B transition customers
<b>1589 Total</b>		<b>180,590</b>	<b>287,887</b>	
1595	Disposition and Recovery/Refund of Regulatory Balances (2018)	(451,594)	(451,594)	Correction of accounting issue related to rate rider recovery for Class A/B transition customers
<b>1595 Total</b>		<b>(451,594)</b>	<b>(451,594)</b>	

#### **Account 1595 – Disposition and Recovery/Refund of Regulatory Balances (2018)**

The principal adjustment of (\$451,594) in Account 1595 represents the accounting entry that corrects the issue related to rate rider recovery for Class A/B transition customers that was detailed in Section 4.3.1.

#### **Account 1595 – Variance WMS – Sub-account CBR Class**

The principal adjustment of 49,008 in Account 1580 represents the accounting entry that corrects the issue related to rate rider recovery for Class A/B transition customers that was detailed in Section 4.3.1.

#### **Account 1589 – RSVA Global Adjustment:**

The principal adjustment of \$180,590 in Account 1589 represents:

- i. the removal of prior year unbilled differences resulting in an adjustment of (\$107,297) – this is a reversal of the principal adjustment recorded in the DVA Continuity Schedule for 2020 balances in the 2022 IRM Application for the GBE(E+) Rate Zone;
- ii. the addition of current year unbilled differences resulting in an adjustment of (\$114,699) – this amount will be reversed in the DVA Continuity Schedule for 2022 balances

- iii. the accounting entry that corrects the issue related to rate rider recovery for Class A/B transition customers that was detailed in Section 4.3.1.

#### *GA Workform Reconciling Item not included as Principal Adjustment*

In the 2023 GA Analysis Workform for the GBE(E+) Rate Zone, a reconciling item of \$233,624 has been identified which has not been recorded as a Principal Adjustment. This amount represents the difference between the expected Class B GA Deferral Recovery charges from the IESO and the actual charges on Charge Type 6148 (“CT6148”) from March and April 2021.

GrandBridge Energy identified an error in the RPP consumption values submitted in the IESO 1598 Settlement for March and April 2021 that resulted in a lower estimation of Class B consumption used in calculating CT6148. GrandBridge Energy’s 1598 Settlement was adjusted in subsequent true-ups for March and April, however the IESO did not perform a true-up the charges for CT6148.

When the issue was brought forward to the IESO, their response indicated that there was no mechanism for adjusting the GA Deferral Recovery charges. In absence of a billing adjustment from the IESO, GrandBridge Energy is recommending that the resulting variance be refunded to customers through the disposition of Account 1589.

#### **4.3.9 Disposition of Account 1595**

GrandBridge Energy is requesting approval for disposition of Account 1595 (2018) balances of \$1,291,424 for the GBE(E+) Rate Zone. GrandBridge Energy confirms that disposition of residual balances for Account 1595 from 2018 has not previously occurred in the GBE(E+) Rate Zone.

In support of the disposition in the GBE(E+) Rate Zone, GBE has completed the 1595 Workform for Account 1595 from 2018. The reconciliation within the 1595 Workform assesses the balance in two groups: Account 1589 – Global Adjustment; and the remainder of Group 1 and Group 2 accounts. The 1595 Workform has been attached to the Application in Attachment C and in Excel format.

Table 15: 1595 Residual Balances - GBE(E+) Rate Zone summarizes the residual balances by component and identifies the collections/returns variance.

**Table 15: 1595 Residual Balances – GBE(E+) Rate Zone**

Components of the 1595 Account Balances:	Principal Balance Approved for Disposition	Carrying Charges Balance Approved for Disposition	Total Balances Approved for Disposition	Rate Rider Amounts Collected/(Returned)	Residual Balances Pertaining to Principal and Carrying Charges Approved for Disposition	Carrying Charges Recorded on Net Principal Account Balances	Total Residual Balances	Collections/Returns Variance (%)
Shared Tax Savings (Approved by the OEB in Prior Decision(s) and Order(s) and Transferred to Account 1595), if any	n/a	n/a		n/a			\$0	
Total Group 1 and Group 2 Balances excluding Account 1589 - Global Adjustment	-\$9,345,741	-\$584,477	-\$9,930,218	-\$10,260,912	\$330,694	-\$26,880	\$303,814	-3.3%
Account 1589 - Global Adjustment	-\$4,729,144	\$207,285	\$4,936,429	-\$4,040,950	\$895,479	\$92,130	\$987,609	18.1%
Total Group 1 and Group 2 Balances	-\$4,616,596	-\$377,192	-\$4,993,788	-\$6,219,962	\$1,226,174	\$65,250	\$1,291,424	-24.6%
Total residual balance per continuity schedule:							\$1,291,424	
Difference (any variance should be explained):							\$0	

The variance for the Account 1589 – Global Adjustment balance is 18.1% which exceeded the threshold of +/-10%. The remainder of the Group 1 and Group 2 accounts has a variance of (3.3%).

The 2018 rate riders for the GBE(E+) Rate Zone were effective prior to rate harmonization between the Cambridge North Dumfries (“CND”) service territory and Brant County Power (“BCP”) service territory and were effective from May 1, 2018 to April 30, 2019. GrandBridge Energy has completed the tables to calculate the expected variances for each rate rider by service territory within Account 1595 for 2018 including:

- Group 1 DVA Accounts (Excluding GA) for CND;
- Group 1 DVA Accounts (Excluding GA) for BCP;
- Group 1 DVA Accounts (Excluding GA) for Non-WMP for CND;
- RSVA – CBR Class B for CND;
- RSVA – Global Adjustment for CND; and
- RSVA – Global Adjustment for BCP.

The 1595 Workform details the following drivers that contribute to the residual balance of \$1,743,018 in Account 1595 for 2018:

- Higher uptake of the ICI program in 2018, resulting in lower recovery of balances for CBR Class B for CND, and Global Adjustment Class B for both CND and BCP. The billing determinants used in the rate rider calculations assumed 1 Class A customer and 4 Class A/B transition customers, and over the effective recovery period of the rate riders there were 21 Class A and 15 Class A/B transition customers. As a result of the increase in Class A customers, lower Class B consumption and demand was

- applied to the GA and CBR rate riders in the GS > 50 to 999 and GS > 1000 to 4999 classes.
- ii) Lower year over year demand from WMPs resulting in lower recovery of the Group 1 DVA Non-WMP balances for CND.
  - iii) Partially offsetting the balance was higher year over year demand for the GS > 50 to 4,999 kW rate class for BCP driving higher Group 1 DVA balance recoveries for BCP.

The remaining unreconciled difference of \$58,385 in the 1595 Workform is primarily attributable to the loss of a customer that was allocated Class A/B transition customer rate riders resulting in uncollected GA amounts of \$29,733 and CBR amounts of \$2,478 which is detailed in Section 4.3.1. The balance of the unreconciled amounts are attributed to rate rounding differences.

## **5. Conclusion**

GrandBridge Energy requests approval for an Order approving or fixing just and reasonable rates for the distribution of electricity for the GBE(E+) Rate Zone with an effective date based on the receipt of the final decision from the OEB.

All of which is respectfully submitted this 27<sup>th</sup> day of January 2023.