

## Accounting for Specific Items

### Retail Services and Settlement Variances

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### Purpose and Scope

Chapters 10 and 11 of the Rate Handbook make reference to variance accounts used to capture revenue and expense flows related to specific transactions. Generally, the variance accounts deal with the costs of certain Independent Market Operator (IMO) / host distributor charges and their recovery from customers (includes the cost of the energy itself) as well as expenses and revenues relating to the provisions of retail services by the distributor.

Accordingly, the purpose of this Article is to:

- Provide additional guidance relating to accounting for the variance accounts (and the related revenues and expense streams) mentioned in Chapters 10 and 11 of the Rate Handbook and arising out of the requirements of the Retail Settlement Code.
- Provide additional guidance relating to accounting for various other recoveries and charges mentioned in Chapter 10 and 11 of the Rate Handbook.

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#### **General Summary**

This Article summarizes the accounting procedures and requirements pertaining to all of the Retail Service Cost Variance Accounts (“RCVA”) and Retail Settlement Variance Accounts (“RSVA”) as well as the Power Purchase Variance Account (“PPVA”) and some miscellaneous recoveries and charges. It may be useful for the reader to refer to the Rate Handbook when reviewing this Article.

This Article emphasizes the need, for regulatory purposes, to provide detailed accounting for the revenue and expense streams associated with the variance accounts. This detail will provide information on utility cash flow and risk exposure and will assist the Board in making further decisions related to the use and disposition of the variance accounts and the appropriateness of Board approved rates, charges or fees.

The reader should note that while there may be alternative approaches to accounting and reporting of the material contained herein for external financial reporting purposes, this Article is primarily concerned with regulatory reporting requirements. As stated on page 8 of Article 100 of the APH “...the APHandbook does not prescribe how the accounts contained in the USoA are to be rolled up for financial statement reporting purposes. Accordingly, electric utilities should follow the general standards of financial statement presentation contained in the CICA Handbook”. In addition, page 7, item h) of Article 100 emphasizes that the APH provides a sufficient degree of flexibility for the utility to account for its activities in the manner most appropriate to its specific circumstances with the understanding that utilities are to report information to the Board in the format prescribed in the APH.

#### **Authority to Establish and Use Variance Accounts**

The authority to establish and use the variance accounts addressed in this Article is as follows:

PPVA – the Purchased Power Variance Account is authorized by the Retail Settlement Code (“RSC”). The RSC also outlines the distributors’ settlement cost calculation methodology (Chapter 3) and the settlement provision relating to Standard Supply Service (“SSS”) (Chapter 7).

Chapter 10 of the Rate Handbook also specifically refers to the use of the PPVA.

RCVA – Chapter 11 of the Rate Handbook requires distributors to establish Retail Cost Variance Accounts to record the difference between rates, charges or fees set out in that chapter and the actual cost of providing the related services. These arise primarily as a result of requirements in Chapters 7,8,10,11 and 12 of the RSC.

RSVA – Chapter 11 of the Rate Handbook requires all distributors to establish Retail Settlement Variance Accounts to record the differences between the amount owed to the IMO/ host distributor and the amount billed to customers and retailers under section 4, 5 and 6 of the RSC.

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#### Regulated Charges

This Article refers to costs incurred to facilitate the operation of the retail market (Retail Service Charges) as well as costs incurred to bring the commodity to the distributor or the wholesale meter (Non-competitive Electricity Charges). Both types of charges are non-competitive in nature and are either regulated by the Board, required under Ontario Energy Board codes and guidelines, governed by the Market Rules, or are under the direction of the government of Ontario. Also included is some guidance on accounting for the cost of the commodity itself with respect to the default supply provision.

#### a) Retail Service Charges

Retail services refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity as set out in the RSC.

The Board has reviewed practices in other industries and developed a set of estimates for distributors to charge for retail services with the understanding that the actual costs for providing these services may vary. Consequently, distributors are required to establish variance accounts to record the difference between the rates, charges or fees (collectively “rates”) set out in the Rates Handbook and the actual costs of providing these services.

A distributor must establish at least two variance accounts for the purpose of recording variances between reasonable costs incurred for the provision of retail services and the standard rates set out in the Rates Handbook. These are:

- i) a Retail Cost Variance Account for Retail Services (RCVA<sub>Retail</sub>), and
- ii) a Retail Cost Variance Account for Service Transaction Requests (RCVA<sub>STR</sub>).

It should be noted that the RCVA relate only to the incremental costs of providing the retail services listed below (please refer to the Rate Handbook or to the section below under “Accounts” for examples of the specific types of incremental costs related to providing retail services). Note that “Incremental cost” is defined as the change in total expenses under a new condition (i.e. requirement to provide a new service) in comparison to some given or known condition (i.e. costs incurred prior to the requirement to provide the new service).

Some costs to establish the capability to provide these services may be considered transition costs. Consequently, reference should be made to Article 480 “Performance Based Regulation and Related Accounts” for treatment of transition costs. It should be noted that once the retail market opens it is expected that on-going incremental costs related to the Retail Service Charges mentioned in this section will no longer qualify for transition cost treatment since such costs are intended to be funded by the service fees mentioned in Chapter 11 of the Rates Handbook (and repeated below). Consequently, the RCVA will capture the net of the service fees and the post-market opening incremental expenses related to those service fees.

Also note that the Board will determine the methodology for disposition of both the RCVA<sub>Retail</sub> and RCVA<sub>STR</sub> at a later date once the cost of providing these services are better understood.

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#### i) Retail Cost Variance Account for Retail Services (RCVA<sub>Retail</sub>)

This variance account is established to record the difference between the amount billed and the incremental costs of providing retail services other than those related to a Service Transaction Request (STR). The distributor may use sub-accounts to capture variances related to the following services as applicable:

- a) Establishing Service Agreements
- b) Distributor-Consolidated Billing (with further sub-accounts required to capture bill-ready and rate-ready billing options)
- c) Retailer-Consolidated Billing
- d) Split Billing

The distributor must also complete Part I of the monitoring information sheet attached at the end of this Article and submit it on a regular basis as required by Chapter 11 of the Rates Handbook or as otherwise requested by the Board.

#### ii) Retail Cost Variance Account for Service Transaction Requests (RCVA<sub>STR</sub>)

This variance account is established to record the difference between the amount billed in relation to a STR and the incremental costs of providing the initial screening and actual processing services for the STR. The distributor may use sub-accounts to capture variances related to the following items:

- a) Request fee
- b) Processing fee
- c) Information Request fee
- d) Default fee
- e) Other Associated Costs fee

#### **Mechanics:**

The purpose of both of the above variance accounts is to enable an evaluation of the suitability of the prescribed rates at a later date. To accomplish this objective the variance accounts will need to reflect the net of:

- the revenue stream generated by the services, and
- the costs of providing the service.

Since the prescribed rates intend to cover the incremental costs of providing the services, the distributor will need to identify amounts equivalent to the incremental costs by analyzing the applicable USoA expense accounts. The incremental costs will, in most cases, be accumulated in existing USoA account 5315, Customer Billing, and possibly 5305, Supervision and 5340, Miscellaneous Customer Accounts Expenses while the revenues will be accumulated in USoA accounts 4082, Retail Services Revenue and 4084, STR Revenue described below under "Accounts".

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The cumulative amount of the incremental costs at the end of a period should be compared to the cumulative end of period totals for the relevant revenue accounts. A journal entry to the variance accounts (on a regular basis as required by Chapter 11 of the Rates Handbook or otherwise specified by the Board) should then be made. The journal entry will decrease the higher of the:

- revenue accounts 4082 and/ or 4084,  
AND
- the expense accounts mentioned above (or other applicable accounts),

and provide an offsetting entry to the respective RCVA account.

Note that sub-accounts should be used within the expense accounts in order to facilitate the accumulation and tracking of incremental costs related to the provision of Retail and STR services.

As a guideline to calculating incremental costs, distributors are advised to consider the eligibility guidelines in section 5.1 of Rate Handbook. Note that the materiality guideline will not be applied for purposes of the RCVA since more information is required at this time in order to develop rates in the future.

The balances in the variance accounts will therefore reflect, on a global basis, whether the prescribed rates are sufficient to cover the estimated incremental expenses or not. This information along with the monitoring reports found at the end of this Article will later be used by the Board to adjust the prescribed rates for these services and to determine the methodology for disposition of the variance accounts. It is expected that the distributor will have reconciled all monitoring forms to its accounting records prior to submitting them to the Board. Any differences should be explained and included with the monitoring reports.

#### Accounts

The following USoA accounts will be used for the purposes of recording the variances mentioned above:

- account 1518, RCVA<sub>Retail</sub>.

This account shall be used to record the net of :

- i) revenues derived from the following services described in the Rates Handbook:
  - a) Establishing Service Agreements;
  - b) Distributor-Consolidated Billing;
  - c) Retailer-Consolidated Billing; and
  - d) Split Billing;

AND

- ii) the costs of entering into Service Agreements, and related contract administration, monitoring, and other expenses necessary to maintain the contract, as well as the incremental costs incurred to provide the services in (b) and (d) above, as applicable, and the avoided cost credit arising from Retailer-Consolidated Billing.

Sub-accounts may be used to separately record variances related to items a) to d) above.

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- account 1548, RCVA<sub>STR</sub>.

This account shall be used to record the net of:

- i) revenues derived from the Service Transaction Request services described in the Rates Handbook and charged by the distributor, as prescribed, in the form of a:
  - a) Request fee;
  - b) Processing fee;
  - c) Information Request fee;
  - d) Default fee; and
  - e) Other Associated Costs fee;

AND

- ii) the incremental cost of labour, internal information system maintenance costs, and delivery costs related to the provision of the services associated with the above items.

Sub-accounts may be used to separately record variances related to the items listed above.

The following USoA accounts will be used for the purposes of recording revenues related to Retail and STR services mentioned above:

- account 4082, Retail Services Revenues. This account shall be used to record revenues derived from the following services described in the Rates Handbook:
  - a) Establishing Service Agreements;
  - b) Distributor-Consolidated Billing;
  - c) Retailer-Consolidated Billing; and
  - d) Split Billing;

Sub-accounts may be used to separately record amounts related to each of the above services.

- account 4084, STR Revenues. This account shall be used to record revenues derived from the Service Transaction Request services described in the Rates Handbook and charged by the distributor, as prescribed, in the form of a:
  - a) Request fee;
  - b) Processing fee;
  - c) Information Request fee;
  - d) Default fee; and
  - e) Other Associated Costs fee;

Sub-accounts may be used to separately record amounts related to the items listed above.

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#### Accounting Entries

Accounting for the revenue side will generally involve a debit to the appropriate accounts receivable account and a credit to the applicable revenue account 4082, Retail Services Revenues and/ or 4084, STR Revenues as services are provided.

Costs to provide services mentioned in the account description above will generally be accumulated in one or more of accounts 5315, Customer Billing or 5305, Supervision or 5340, Miscellaneous Customer Accounts and/ or other relevant accounts as they are incurred or accrued.

On a periodic basis (the basis prescribed in Chapter 11 of the Rates Handbook or otherwise required by the Board), the distributor will compare the balances of the revenue accounts (4082 and/ or 4084) to the amounts identified in the relevant expense accounts pertaining to retail services (i.e. incremental costs to provide those services) and enter a journal entry that will reduce the higher of the revenue or expense accounts with the offsetting entry to the RCVA<sub>Retail</sub> or RCVA<sub>STR</sub> accounts. The journal entry will be similar to the following:

DR: Revenue Accounts 4082 and/ or 4084  
 CR: Expense Accounts 5315, 5305, 5340, and/ or other relevant accounts  
 DR/CR: RCVA<sub>Retail</sub> and/ or RCVA<sub>STR</sub>

To record the difference between the relevant expenses and revenues by decreasing the higher of the revenues and expenses and entering an offsetting amount in the applicable RCVA.

At the end of the next period, the entry made in the previous period will be reversed in order to preserve the integrity of the revenue and expense accounts. Then, another comparison of the balances of the revenue accounts (4082 and/ or 4084) to the amounts in the relevant expense accounts (i.e. incremental costs to provide those services) will be performed and a new journal entry similar to that above will be posted for that period. Note that in the last month of the fiscal period the cumulative difference between the revenue and expense accounts will be booked to the relevant RCVA and this amount will be carried forward to the next fiscal period.

#### b) Non-competitive Electricity Charges

Chapter 4 of the RSC indicates that all electricity distributors shall settle non-competitive electricity service costs based on rates approved by the Board. Since there will be differences between the amount ultimately owed (i.e. based on the settlement invoice) to the IMO (or host distributor) by a distributor and the amount billed to customers and retailers (i.e. using Board approved rates and calculated under section 4, 5 and 6 of the RSC), Retail Settlement Variance Accounts shall be used by all distributors to record such differences.



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In this section, the RSVA refers to a set of accounts that will separately capture information relating to the following:

- a) Wholesale Market Service Charges (RSVA<sub>WMS</sub>)
- b) Non-recurring Wholesale Market Service Charges (RSVA<sub>One-time</sub>)
- c) Retail Transmission Network Service Charges (RSVA<sub>NW</sub>)
- d) Retail Transmission Connection Service Charges (RSVA<sub>CN</sub>)

#### **Mechanics**

The RSVA listed above are used to record the net difference between the amount paid in the month (i.e. using the settlement invoice) to the IMO (or host distributor) by a distributor and the amount billed to customers and retailers in the month based on Board-approved rates.

To accomplish this, distributors will need to compare related revenue and expense streams and record the difference in the appropriate RSVA by way of a monthly journal entry. It will be necessary to perform this comparison and resulting journal entry on a monthly basis since the net monthly opening balance will attract “Carrying Charges” as mentioned below.

Accounting for the RSVA will generally involve the following entries:

#### **Entry 1: Posting to the revenue/ “Billed” accounts**

When the distributor bills customers, using Board approved rates for the above services, the related revenue will be accumulated in the “Billed” accounts established in the USoA (see accounts 4062, 4064, 4066, and 4068 below under “Accounts”).

#### **Entry 2: Posting to the expense/ “Charges” accounts**

When the IMO (or host distributor) settlement invoice is received, the related expenses will be recorded in the “Charges” accounts 4708, 4712, 4714 and 4716 (described below under “Accounts”) depending on the item (i.e. WMS charges, Retail Transmission Network Charges, etc.).

#### **Entry 3: Calculating the RSVA balance**

##### **Alternative A:**

A comparison of the revenue/ “Billed” accounts to the expense/ “Charges” accounts will result in a journal entry which will reduce the higher of the revenue or expense account with an offsetting entry to the related RSVA accounts 1580, 1582, 1584, and 1586.

##### **Alternative B:**

Some utilities may find it easier to close out the related revenue and expense accounts at month end directly to each respective RSVA for that month.

Note: under both Alternative A and B the accounting entries will be reversed in the following month (i.e. after Entry 4: below is performed) in order to maintain the integrity of the revenue and expense accounts.

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**Entry 4: Calculating carrying charges**

In the next month, the opening balance of the RSVA for the month will be used for purposes of calculating carrying charges for the month. The carrying charges will be recorded in a sub-account of the appropriate RSVA. Note that the carrying charges will be calculated on the balance net of accumulated interest to date (i.e. simple interest).

Entries 1 to 4 above will be repeated for each month in the fiscal period until the last month in the period.

**Entry 5: Special entries required in final month of fiscal period**

In the last month of the fiscal period the RSVA will need to represent the cumulative net differences between the revenue/ "Billed" and expense/ "Charges" accounts and include carrying charges. Consequently, in the last month of the fiscal period, the utility will book the cumulative difference for the fiscal period between these accounts and the cumulative differences will be rolled forward into the RSVA for the next fiscal period (subject to distributor/ Board review and request for disposition).

**Entry 6: Exclusion of accruals in calculations of carrying charges in first month in new fiscal period**

It should be noted that in closing the accounts for the fiscal period the utility will normally accrue for all related revenues and expenses. While these accruals will be reversed in the new fiscal period it is important to ensure that the carrying charges for the first month of the new period are calculated on what would be the RSVA opening balance prior to any year-end accrued revenues and expenses. This is because the purpose of the carrying charge is to provide a return on the net cash flows rather than on the accrued revenues and expenses. (Note: for purposes of the carrying charge calculation, the "Billed" amounts will be considered a cash inflow in the billing month.)

**Maintenance and Recording**

Each of the above RSVA shall be maintained at an aggregate level (i.e. not customer specific). A debit or credit to the balances of the variance accounts shall be calculated and posted on a monthly basis. At the end of each fiscal year, any outstanding balances in the variance accounts will be carried forward to the opening balance for the following year, unless otherwise directed by the Board.

**Carrying Charges**

The carrying charge amount shall be calculated and recorded using simple interest applied to the monthly opening balances in the RSVA. The distributor shall use an interest rate equal to the applicable deemed debt rate set out in Chapter 3 of the Rate Handbook, Table 3-1. This rate shall be applied to any balance in the account, either positive or negative, less any accumulated interest in the account.

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#### Disposition

Any disposition shall be authorized by the Board.

Upon review of the RSVA balances at year-end, a distributor may apply to the Board for disposition of its RSVA in conjunction with the annual rate adjustment of distribution rates under Chapter 5 of the Rate Handbook.

If a distributor elects not to dispose of the year end balances in the RSVA, all outstanding balances shall be carried forward into the following year.

Note that the Board will be monitoring activity in these accounts and may order disposition if it determines the outstanding balances warrant such action.

According to Chapter 11 of the Rate Handbook, if an application is made to the Board to dispose of the RSVA balances, the full amount of the RSVA year-end balances shall be disposed. An application to dispose of either the  $RSVA_{WMS}$  or the  $RSVA_{Power}$  balances will automatically trigger a disposition for both accounts. (Note: the  $RSVA_{Power}$  is discussed below in section “c) Power Charges”.

The following disposition mechanism shall apply:

- (i)  $RSVA_{Power}$  - losses on the distribution system are caused by all users of the distribution system including both wholesale market participant customers and retail customers.

To ensure that all users of the distributor’s system proportionately share the variance amount in the  $RSVA_{Power}$  balance associated with the difference between the annual total loss factor determined in accordance with the RSC and the calculated cost of losses for a distributor (the “Total Loss Factor (“TLF”) Variance Amount”), this amount should be separated out from the  $RSVA_{Power}$  year end balance for disposition purposes.

A distributor shall calculate the TLF Variance Amount and subtract it from the year end  $RSVA_{Power}$  balance to arrive at the net  $RSVA_{Power}$  balance (the “Net Power Variance Amount”).

The disposition of the TLF Amount will be determined and communicated at a later date.

The Net Power Variance Amount will be added to the  $RSVA_{WMS}$  for disposition purposes.

- (ii)  $RSVA_{WMS}$  - The sum of the year end  $RSVA_{WMS}$  balance and the Net Power Variance Amount will be rolled forward and included in the determination of the Wholesale Market Service Rate on a per kWh basis for the following year.
- (iii)  $RSVA_{one-time}$  - a distributor may apply to the Board to recover the year-end outstanding balance.
- (iv)  $RSVA_{NW}$ , and
- (v)  $RSVA_{CN}$  - the year-end balances of both these accounts will be rolled forward and included in the determination of the respective Retail Transmission Service Rates cost pools for the following year.

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#### Monitoring requirements

Distributors are required to file a monitoring report for all RSVA to the Board on the basis prescribed in the Rates Handbook or as otherwise requested by the Board. The report is included as Part II of Schedule A to this Article.

#### Accounts

The following accounts will be used for purposes of recording the variances mentioned above:

- account 1580, RSVA<sub>WMS</sub>.

This account shall be used to record the net of:

- i) the amount charged by the Independent Market Operator (“IMO”), based on the settlement invoice, for the operation of the IMO administered markets and the operation of the IMO – controlled grid (as defined in the *Electricity Act, 1998*),

AND

- ii) the amount billed to customers using the Board-approved Wholesale Market Service Rate.

If applicable, embedded distributors shall also use this account to record the net difference between the amount charged by the host distributor (based on the settlement invoice) for wholesale market services and the amount billed to customers using the Board-approved Wholesale Market Service Rate.

A sub-account shall be used to separately record any related carrying charges.

- account 1582, RSVA<sub>one-time</sub>.

This account shall be used to record the net of:

- i) the amount charged by the Independent Market Operator (“IMO”), based on the settlement invoice, for Wholesale Market Service Charges shown in Chapter 11 of the Rate Handbook (these charges are non-recurring in nature and are not already incorporated in the Wholesale Market Service Rate),

AND

- ii) the amount billed to customers for the same services using the Board-approved Rate.

A sub-account shall be used to separately record any related carrying charges.

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- account 1584, RSVA<sub>NW</sub>.

This account shall be used by distributors deemed to be transmission customers to record the net of:

- i) the amount charged by the Independent Market Operator (“IMO”), based on the settlement invoice, for transmission network services,

AND

- ii) the amount billed to customers for the same services using the Board-approved Transmission Network Charge Rate.

If applicable, embedded distributors shall also use this account to record the net difference between the amount charged by the host distributor (based on the settlement invoice) for transmission network services and the amount billed to customers using the Board-approved Transmission Network Charge Rate.

A sub-account shall be used to separately record any related carrying charges.

- account 1586, RSVA<sub>CN</sub>.

This account shall be used by distributors deemed to be transmission customers to record the net of:

- i) the amount charged by the Independent Market Operator (“IMO”), based on the settlement invoice, for transmission connection services,

AND

- ii) the amount billed to customers for the same services using the Board-approved Transmission Connection Charge Rate.

If applicable, embedded distributors shall also use this account to record the net difference between the amount charged by the host distributor (based on the settlement invoice) for transmission connection services and the amount billed to customers using the Board-approved Transmission Connection Charge Rate.

A sub-account shall be used to separately record any related carrying charges.

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The following revenue accounts will be used to record amounts billed to customers by the distributor:

- account 4062, Billed - WMS. A distributor that is a wholesale Market Participant shall use this account to record amounts billed to customers using the Board-approved Wholesale Market Service Rate.

If applicable, embedded distributors shall also establish and use this account to record the amount billed to customers using the Board-approved Wholesale Market Service Rate.

- account 4064, Billed - ONE-TIME. A distributor that is a wholesale Market Participant shall use this account to record amounts billed to customers relating to items that are non-recurring in nature and not incorporated in the Board-approved Wholesale Market Service Rate.

- account 4066, Billed - NW. This account is to be used by distributors deemed by the Board to be transmission customers to record amounts billed to their customers using the Retail Transmission Network Service Rate approved by the Board.

If applicable, embedded distributors shall also establish and use this account to record the amount billed to customers using the Board-approved Retail Transmission Network Service Rate.

- account 4068, Billed - CN. This account is to be used by distributors deemed by the Board to be transmission customers to record amounts billed to their customers using the Retail Transmission Connection Service Rate approved by the Board.

If applicable, embedded distributors shall also establish and use this account to record the amount billed to customers using the Board-approved Retail Transmission Connection Service Rate.

The following expense accounts will be used to record service charges incurred by the distributor for services received from the IMO (or host distributor):

- account 4708, Charges – WMS. A distributor that is a wholesale Market Participant shall use this account to record the amounts charged by the Independent Market Operator (based on the settlement invoice) for wholesale market services.

If applicable, embedded distributors shall also establish and use this account to record the amount charged by the host distributor (based on the settlement invoice) for wholesale market services.

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- account 4712, Charges - ONE-TIME. A distributor that is a wholesale Market Participant shall use this account to record the charges from the Independent Market Operator (based on the settlement invoice) that are non-recurring in nature and not incorporated in the Wholesale Market Service Rate.
- account 4714, Charges - NW. This account is to be used by distributors deemed by the Board to be transmission customers to record the amounts charged by the Independent Market Operator (based on the settlement invoice) for retail transmission network services.

If applicable, embedded distributors shall also establish and use this account to record the amount charged by the host distributor (based on the settlement invoice) for retail transmission network services.

- account 4716, Charges - CN. This account is to be used by distributors deemed by the Board to be transmission customers to record the amount charged by the Independent Market Operator (based on the settlement invoice) for retail transmission connection service.

If applicable, embedded distributors shall also establish and use this account to record the amount charged by the host distributor (based on the settlement invoice) for retail transmission connection services.

#### c) Power Charges

##### i) Retail Settlement Variance Account for Power ( $RSVA_{Power}$ )

The  $RSVA_{Power}$  account is established for the purpose of recording the “net difference” in energy cost only. “Net difference” refers to the difference between the amount charged by the IMO, host distributor or embedded generator based on the settlement invoice for the energy cost and the amount billed to customers for the energy cost. Note that these differences could be composed of differences in energy price and/ or energy quantities as well as the difference between estimated and actual line loss factors.

##### **Mechanics**

The amounts to be posted to the  $RSVA_{Power}$  will be determined by comparing the energy cost on the settlement invoice to the energy cost billed to customers.

Recording practices similar to those listed for the  $RSVA$  mentioned earlier in this Article apply to the  $RSVA_{Power}$  account (see pages 9 and 10).

##### **Maintenance and recording**

Similar to practices for the other  $RSVA$  mentioned earlier in this Article. See page 10.

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#### Carrying Charges

Similar to those for other RSVA mentioned earlier in this Article. See page 10.

#### Disposition

Instructions specifically related to  $RSVA_{Power}$  are discussed on page 11 of this Article.

#### Monitoring Requirements

Similar to those for other RSVA mentioned earlier in this Article. See page 11.

#### Account

The following account will be used for the purposes of recording the  $RSVA_{Power}$  variance:

- Account 1588,  $RSVA_{Power}$ .

This account shall be used to record the net difference between:

i) the energy amount billed to customers,

AND

ii) the energy charge to a distributor using the settlement invoice received from the IMO, host distributor or embedded generator.

#### ii) Power Purchase Variance Account (PPVA)

The SSS Code stipulates that customers with a peak demand of 50kW or less must be provided a “fixed price” unless the distributor has been granted an exemption by the Board. The “fixed price” is a Board-approved price known as the “Fixed Reference Price” (“FRP”).

The FRP shall be “trued-up” periodically to equal the Weighted Average Hourly Spot Price (“WAHSP”) (as defined in Chapter 3 of the Retail Settlement Code). The Board may direct whether the true-up will be in the form of a rebate or surcharge or as a rate rider rolled forward into a future period.

Consequently, the PPVA has been established to capture price differences between the FRP and the distributor’s Weighted Average Hourly Spot Price (WAHSP). The PPVA is available only to an electricity distributor that offers a Board-approved FRP and purchases power from the IMO administered spot market either as a Wholesale Market participant or through a host distributor. A PPVA cannot be established by an electricity distributor that has received approval to provide SSS service through an affiliate or third party supplier or where an exemption to the FRP has been granted by the Board.



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#### **Mechanics**

The PPVA is used to capture the net difference between the energy charge billed to a distributor's SSS customers using the Board approved FRP and the cost of power charged to the distributor either by the IMO or a host distributor.

#### **Maintenance and Recording**

The PPVA is to be maintained at an aggregate level (note some customer specific adjustments will be required under certain circumstances mentioned in Chapter 10 of the Rate Handbook).

A debit or credit to the PPVA is calculated based on the difference between the FRP and the energy cost based on the IMO (or host distributor) Weighted Average Hourly Spot Price over the period and posted soon after this information becomes available.

#### **Carrying Charges**

The carrying charge amount shall be calculated and recorded using simple interest applied to the opening balances in the PPVA at the beginning of the distributor's standard billing cycle. The distributor shall use an interest rate based on the applicable deemed debt rate set out in Chapter 3 of the Rate Handbook. The same rate shall be applied to any balance in the account either positive or negative.

#### **Disposition**

The Board will be monitoring the PPVA as discussed below. If the account is deemed by the Board to require disposition, the Board may require the distributor to initiate a true-up for the aggregate amount. The Board will specify the timing and manner of disposition of PPVA balances.

#### **Monitoring requirements**

In accordance with Chapter 10 of the Rates Handbook the distributor shall, on an aggregate basis compare the Fixed Reference Price to the WAHSP price over the first two month period after market opening and report the percentage price differential to the Board along with the PPVA balance, the number of affected customers and the average balance per customer in each rate class. This monitoring information is included as Part III of Schedule A to this Article.

#### **Account**

The following account will be used for the purpose of recording the PPVA amounts:

- account 1520, PPVA

This account shall be used by distributors that offer a Board-approved Fixed Reference Price and purchase power from the IMO-administered spot market either as a Wholesale Market participant or through a host distributor.

This account cannot be established by an electricity distributor that has received approval to provide SSS service through an affiliate or third party supplier or where an exemption to the Fixed Reference Price has been granted by the Board.

## Accounting for Specific Items

### Retail Services and Settlement Variances

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This account is to be used to record the net difference between:

- i) the cost of power charged to the distributor either by the IMO or by a host distributor that relates to SSS customer energy usage,

AND

- ii) the cost of power billed to a distributor's SSS customers using the Board approved Fixed Reference Price.

#### d) Other Recoveries and Charges

##### i) SSS Administration Charge

The SSS charge allows the distributor to recover its cost of providing default supply service. The administration charge intends to cover only incremental costs that arise as a sole consequence of the existence of SSS service. These costs shall include customer service call handling related to SSS, Customer Information Systems ("CIS") expenses specifically related to PPVA administration, CIS expenses directly related to bill display requirements and power procurement costs/ contract administration costs for distributors who use third party SSS supply.

##### Account

Distributors will use account 4080, Distribution Services Revenue to record revenues generated from the SSS Administration Charge. Distributors must use a sub-account to separately track such revenues in light of Board expectations that each distributor will establish a specific utility charge for recovery of SSS administrative costs (for second generation Performance Based Regulation).

##### ii) Distribution Wheeling Service

Some distributors supply power to embedded distributors through distribution facilities and other facilities. As a result, the host distributors must apply to the Board for a rate to recover the costs associated with providing this service to the embedded distributors. Similarly, embedded distributors may apply for a rate to recover these charges from their customers.

##### Account

Distributors will use account 4080, Distribution Services Revenue to record revenues generated from the Distribution Wheeling Service. Distributors must use a separate sub-account to track such revenues.

##### iii) Debt Retirement Charge

The Government of Ontario has released its plan to service and pay down the residual stranded debt of the former Ontario Hydro. The plan contemplates the levying of a Debt Retirement Charge ("DRC") on electricity used by most industrial, commercial and residential power consumers across the province. Under the plan, there will be a flat rate charge per kWh of electricity consumed.

## Accounting for Specific Items

### Retail Services and Settlement Variances

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Significant amendments have recently been made to the Electricity Act, 1998 to assist in implementing the DRC. Government regulations will set out further details regarding DRC implementation.

**Account**

Distributors will use account 2250, Debt Retirement Charges to record the amounts collected and to be remitted in relation to the Debt Retirement Charge.

**iv) Rural Rate Assistance (“RRA”)**

This is currently under review by the Government of Ontario. It is expected that any RRA costs will be covered through a kWh charge to all customers.

**Accounts**

Further guidance will be provided as more information becomes available.

## Accounting for Specific Items

### Retail Services and Settlement Variances

#### Accounting – Example One – Basic Concepts

##### Assumptions:

- i) All distributor customers have energy only meters. Line losses are nil.
- ii) There are 20,000 customers in the distributor's franchise area. One half of these customers are on default supply and consume one half of the total energy usage.
- iii) The period covered by the billing period coincides with that of the settlement invoice and IMO charged usage is equal to the customer metered usage.
- iv) Preliminary data/ statement: IMO data received by distributor or host distributor data received by embedded distributor contains the following information:

Billed item	Total	Per unit cost
Total usage	13,500,000 kWh	--
Energy cost - WAHSP	--	0.022 Per kWh
TOTAL	\$ 762,800	--

- v) Board approved rates:

Item	Board approved rate	
Wholesale market service charges	Per kWh	\$ 0.0090
Retail transmission network charges	Per kWh	0.0098
Retail transmission connection charges	Per kWh	0.0105
Energy cost – Fixed Reference Price	Per kWh	0.0257
Distribution volumetric charge	Per kWh	0.0100
Distribution monthly service charge	Per month	10.0000
SSS Administration charge	per customer per month	0.2500

- vi) Settlement Invoice: IMO invoice received by distributor or host distributor bill received by embedded distributor contains the following information:

Billed item	Total	Per unit cost
Total usage	13,500,000 kWh	--
Wholesale market service charges	\$ 129,600	\$0.0096 Per kWh
Wholesale market one time charges	\$ 50,000	Application fee
Retail transmission network charges	\$ 162,000	\$0.012 Per kWh
Retail transmission connection charges	\$ 128,250	0.0095 Per kWh
Energy cost - WAHSP	\$ 324,000	0.024 Per kWh
TOTAL	\$ 793,850	--

## Accounting for Specific Items

## Retail Services and Settlement Variances

Accounting Entries: Using Alternative a: (see page 9)

a) Record amounts billed to customers using the WAHSP and Board approved rates as applicable.

Account	Source of Rate	Rate per unit	Units	Total
4062, Billed - WMS	Board	\$ 0.009/ kWh	13,500,000	\$121,500
4064, Billed - One-time	N/A	N/A	N/A	N/A
4066, Billed - NW	Board	\$ 0.0098 / kWh	13,500,000	132,300
4068, Billed - CN	Board	\$ 0.0105 / kWh	13,500,000	141,750
4006, Residential Energy Sales	Board	\$ 0.0257 / kWh	6,750,000	173,475
4055, Energy Sales for Retailers / Others	WAHSP	\$ 0.022 / kWh	6,750,000	148,500
4080 Sub - account	Board	\$10.00 / customer	20,000	200,000
4080 Sub - account	Board	\$ 0.01 / kWh	13,500,000	135,000
4080 Sub - account	Board	\$ 0.25 / customer	10,000	2,500

Description	DR Amount	CR Amount
Accounts Receivable (Residential Customers)	\$1,055,025	
4062, Billed - WMS		\$ 121,500
4064, Billed - One-time		--
4066, Billed - NW		132,300
4068, Billed - CN		141,750
4006, Residential Energy Sales-default		173,475
4055, Energy Sales for Retailers / Others		148,500
4080, Distribution Service Revenue		
sub-account Monthly Service Charge		200,000
sub-account Volumetric Charge		135,000
sub-account SSS Administrative Charge		2,500
	<u>\$1,055,025</u>	<u>\$1,055,025</u>

To record month #1 billing to customers based on the WAHSP and Board approved rates.

Accounting for Specific Items

Retail Services and Settlement Variances

b) Record amounts paid to IMO based on Settlement invoice.

Description	DR Amount	CR Amount
4708, Charges WMS	\$ 129,600	
4712, Charges One-time	50,000	
4714, Charges NW	162,000	
4716, Charges CN	128,250	
4705, Power Purchased	324,000	
2256, Accounts Payable (IMO)		\$ 793,850
	<u>\$ 793,850</u>	<u>\$ 793,850</u>

To record month #1 expense based on Settlement invoice.

c) Record entry to Power Purchase Variance Account (i.e. related to SSS customers only)

<b>Residential Energy Sales – SSS – based on Fixed Reference Price</b> 13,500,000 kWh / 2 = 6,750,000 kW * \$0.0257 per kWh	\$173,475
<b>Residential Energy Sales – SSS – based on WAHSP</b> 13,500,000 kWh / 2 = 6,750,000 kW * \$0.022 per kWh	\$148,000
<b>Total PPVA amount</b>	<b>\$ 24,975</b>

Description	DR Amount	CR Amount
4006, Residential Energy Sales	\$ 24,975	
1520, PPVA		\$ 24,975
	<u>\$ 24,975</u>	<u>\$ 24,975</u>

To record the entry to the PPVA for default supply customers using the difference between the fixed reference price and the WAHSP energy cost for month #1.

Accounting for Specific Items

Retail Services and Settlement Variances

d) Perform an analysis of account balances to determine adjustment required to higher balances and journal entry to RSVA

Charges / Expenses		Variance Account DR/(CR) for difference	Billed / Revenues	
Account	Month-end balance		Month-end balance	Account
4708, Charges WMS	\$ 129,600	\$ 8,100	\$ 121,500	4062, Billed - WMS
4712, Charges One-time	50,000	50,000	Nil	4064, Billed - One-time
4714, Charges NW	162,000	29,700	132,300	4066, Billed - NW
4716, Charges CN	128,250	( 13,500)	141,750	4068, Billed - CN
4705, Power Purchased	324,000	27,000	148,500	4006, Residential Energy Sales
			<u>148,500</u>	4055, Energy Sales for
			297,000	Retailers/ Others

Description	DR Amount	CR Amount
1580, RSVA <sub>WMS</sub>	\$ 8,100	
1582, RSVA <sub>One-time</sub>	50,000	
1584, RSVA <sub>NW</sub>	29,700	
4068, Billed - CN	13,500	
1588, RSVA <sub>Power</sub>	27,000	
4708, Charges WMS		\$ 8,100
4712, Charges One-time		50,000
4714, Charges NW		29,700
1586, RSVA <sub>CN</sub>		13,500
4705, Power Purchased		27,000
	<u>\$ 128,300</u>	<u>\$ 128,300</u>

To record the monthly adjustment to the “higher of” accounts and to the respective variance accounts for month #1.

Accounting for Specific Items

Retail Services and Settlement Variances

- e) Calculate the carrying charges on the opening balances (assume opening balances were NIL for month one).

Assume that the deemed debt rate as set out in Chapter 3 of the Rate Handbook (See Table 3-1) for this utility is 7.25%.

For opening balances of variance accounts - month # 2: See item f) below

Description	DR Amount	CR Amount
1580, RSV <sub>A</sub> <sub>WMS</sub>	\$ 49	
1582, RSV <sub>A</sub> <sub>One-time</sub>	302	
1584, RSV <sub>A</sub> <sub>NW</sub>	179	
1588, RSV <sub>A</sub> <sub>Power</sub>	163	
1586, RSV <sub>A</sub> <sub>CN</sub>		\$ 81
1520, PPVA		151
4405, Interest and Dividend Income		461
	\$ 693	\$ 693

To record carrying charges as calculated on Month # 2 opening balances of the variance accounts using the deemed debt rate.

- f) In month # 2, reverse month # 1 adjustment to the “higher of” accounts and their respective variance accounts.

Description	DR Amount	CR Amount
4708, Charges WMS	\$ 8,100	
4712, Charges One-time	50,000	
4714, Charges NW	29,700	
1586, RSV <sub>A</sub> <sub>CN</sub>	13,500	
4705, Power Purchased	27,000	
1580, RSV <sub>A</sub> <sub>WMS</sub>		\$ 8,100
1582, RSV <sub>A</sub> <sub>One-time</sub>		50,000
1584, RSV <sub>A</sub> <sub>NW</sub>		29,700
4068, Billed - CN		13,500
1588, RSV <sub>A</sub> <sub>Power</sub>		27,000
	\$ 128,300	\$ 128,300

To reverse month #1 adjustment to preserve the integrity of the Charges and Billed accounts.



## Accounting for Specific Items

## Retail Services and Settlement Variances

g) Account Balances

Account	Opening Balance Month # 2 DR/ (CR)	Closing Balance Month # 2 DR/ (CR)
1520, PPVA	\$ (24,975)	\$ (24,975)
Sub-1520, PPVA (Carrying Charges)		151
1580, RSV <sub>A</sub> <sub>WMS</sub>	8,100	
Sub-1580, RSV <sub>A</sub> <sub>WMS</sub> (Carrying Charges)		\$ 49
1582, RSV <sub>A</sub> <sub>One-time</sub>	50,000	
Sub-1582, RSV <sub>A</sub> <sub>One-time</sub> (Carrying Charges)		302
1584, RSV <sub>A</sub> <sub>NW</sub>	29,700	
Sub-1584, RSV <sub>A</sub> <sub>NW</sub> (Carrying Charges)		179
1586, RSV <sub>A</sub> <sub>CN</sub>	(13,500)	
Sub-1586, RSV <sub>A</sub> <sub>CN</sub> (Carrying Charges)		81
1588, RSV <sub>A</sub> <sub>Power</sub>	27,000	
Sub-1588, RSV <sub>A</sub> <sub>Power</sub> (Carrying Charges)		163
4006, Residential Energy Sales	(148,500)	(148,500)
4055, Energy Sales for Retailers/ Others	(148,500)	(148,500)
4062, Billed - WMS	(121,500)	(121,500)
4064, Billed - One-time	--	--
4066, Billed - NW	(132,300)	(132,300)
4068, Billed - CN	(128,250)	(141,750)
4705, Power Purchased	297,000	324,000
4708, Charges WMS	121,500.00	129,600.00
4712, Charges One-time	--	50,000.00
4714, Charges NW	132,300.00	162,000.00
4716, Charges CN	128,250.00	128,250.00

## Accounting for Specific Items

### Retail Services and Settlement Variances

**Accounting- Example Two: Complex (using Alternative b: (see page 9))**

This is a comprehensive example developed with stakeholder assistance to reflect market opening activity based on an assumed market opening date of November 1, 2002 and continuing through an assumed year-end of December 31, 2002. While November 1, 2002 is not projected as the date of market opening, it was used in this example to illustrate start-up, year-end accruals and reversing accounting entries.

For this example, the reader should begin with the assumptions below (which include assumptions contained in the Billing Register and IMO Settlement Invoices) in order to assist in the review of the journal entries that follow.

**Assumptions:**

- i) All distributor customers have energy only meters. Line losses have been taken into account in billing.
- ii) Cycle # 1 bills - 5,000 customers, one-half on Standard Supply Service (Fixed Rate Exemption obtained), one-half on Retailer supply. Cycle # 2 bills - 15,000 customers, one-half on Standard Supply Service (Fixed Rate Exemption obtained), one-half on Retailer supply.
- iii) See Billing Register for WAHSP and other assumptions.
- iv) Board approved customer rates:

Item	Board Approved rate	
Effective November 1, 2002:		
Wholesale market services charges	Per kWh	\$0.0090
Retail transmission network charges	Per kWh	\$0.0098
Retail transmission connection charges	Per kWh	\$0.0105
Energy cost (utility has received SSS Exemption)	Per kWh	WAHSP
Distribution monthly service charge	Per customer per month	\$10.0000
Distribution kWh	Per kWh	\$0.0100
SSS Administration charge	Per month	\$0.2500
Debt retirement charge	Per kWh	\$0.0070
Rural rate assistance	Per kWh	\$0.0010

v) IMO Charges: Settlement Invoice data as provided on page 31.

vi) Deemed Debt Rate is 7.25%.

## Accounting for Specific Items

## Retail Services and Settlement Variances

## BILLING REGISTER

<b>Cycle #1: Monthly billing - Meters read on November 15, 2002</b>								Notes:
<b>Description of Charge</b>	<b>Component</b>	<b>From</b>	<b>To</b>	<b>Days</b>	<b>Units</b>	<b>Rate</b>	<b>Amount</b>	<b>AA</b>
Monthly service charge	Customer	11/01/02	11/15/02	15	5,000	10.0000	50,000	EE
Distribution kWh	kWh	11/01/02	11/15/02	15	1,620,295	0.0100	16,203	GG
Wholesale market services charges	kWh	11/01/02	11/15/02	15	1,679,063	0.0090	15,112	BB
Retail transmission network charges	kWh	11/01/02	11/15/02	15	1,679,063	0.0098	16,455	BB
Retail transmission connection charges	kWh	11/01/02	11/15/02	15	1,679,063	0.0105	17,630	BB
Energy cost - SSS	kWh	11/01/02	11/15/02	15	839,532	0.0220	18,470	CC/DD
Energy cost - Retailers	kWh	11/01/02	11/15/02	15	839,532	0.0220	18,470	DD
Debt retirement charge	kWh	11/01/02	11/15/02	15	1,620,295	0.0070	11,342	GG
Rural rate assistance	kWh	11/01/02	11/15/02	15	1,679,063	0.0010	1,679	HH
SSS Administrative charges					2,500	0.2500	625	EE
							<u>165,986</u>	

<b>Cycle #2: Bi-Monthly billing - Meters read on December 10, 2002</b>								Notes:
<b>Description of Charge</b>	<b>Component</b>	<b>From</b>	<b>To</b>	<b>Days</b>	<b>Units</b>	<b>Rate</b>	<b>Amount</b>	<b>AA</b>
Monthly service charge		11/01/02	12/10/02	40	15,000	10.0000	150,000	EE
Distribution kWh	kWh	11/01/02	12/10/02	40	13,115,517	0.0100	131,155	GG
Wholesale market services charges	kWh	11/01/02	12/10/02	40	13,591,210	0.0090	122,321	BB
Retail transmission network charges	kWh	11/01/02	12/10/02	40	13,591,210	0.0098	133,194	BB
Retail transmission connection charges	kWh	11/01/02	12/10/02	40	13,591,210	0.0105	142,708	BB
Energy cost - SSS	kWh	11/01/02	12/10/02	40	6,795,605	0.0230	156,299	CC/DD
Energy cost - Retailers	kWh	11/01/02	12/10/02	40	6,795,605	0.0230	156,299	DD
Debt retirement charge	kWh	11/01/02	12/10/02	40	13,115,517	0.0070	91,809	GG
Rural rate assistance	kWh	11/01/02	12/10/02	40	13,591,210	0.0010	13,591	HH
SSS Administrative charges					7,500	0.2500	1,875	EE
							<u>1,099,251</u>	

## Accounting for Specific Items

## Retail Services and Settlement Variances

## BILLING REGISTER

## Cycle #1: Monthly billing - Meters read on December 15, 2002

Description of Charge	Component	From	To	Days	Units	Rate	Amount	
Monthly service charge		11/16/02	12/15/02	30	5,000	10.0000	50,000	
Distribution kWh	kWh	11/16/02	12/15/02	30	3,373,730	0.0100	33,737	GG
Wholesale market services charges	kWh	11/16/02	12/15/02	30	3,496,094	0.0090	31,465	BB
Retail transmission network charges	kWh	11/16/02	12/15/02	30	3,496,094	0.0098	34,262	BB
Retail transmission connection charges	kWh	11/16/02	12/15/02	30	3,496,094	0.0105	36,709	BB
Energy cost - SSS	kWh	11/16/02	12/15/02	30	1,748,047	0.0240	41,953	CC/DD
Energy cost - Retailers	kWh	11/16/02	12/15/02	30	1,748,047	0.0240	41,953	DD
Debt retirement charge	kWh	11/16/02	12/15/02	30	3,373,730	0.0070	23,616	GG
Rural rate assistance	kWh	11/16/02	12/15/02	30	3,496,094	0.0010	3,496	HH
SSS Administrative charges					2,500	0.2500	625	
							297,816	

## Cycle #1: Monthly billing - Meters read on January 15, 2003

Description of Charge	Component	From	To	Days	Units	Rate	Amount	Accrued Revenue			
								Units	Rate	Amount	
Monthly service charge		12/16/02	01/15/03	31	5,000	10.0000	50,000			25,806	FF
Distribution kWh	kWh	12/16/02	01/15/03	31	3,558,287	0.0100	35,583	1,836,535	0.0100	18,365	GG
Wholesale market services charges	kWh	12/16/02	01/15/03	31	3,687,344	0.0090	33,186	1,903,145	0.0090	17,128	BB
Retail transmission network charges	kWh	12/16/02	01/15/03	31	3,687,344	0.0098	36,136	1,903,145	0.0098	18,651	BB
Retail transmission connection charges	kWh	12/16/02	01/15/03	31	3,687,344	0.0105	38,717	1,903,145	0.0105	19,983	BB
Energy cost - SSS	kWh	12/16/02	01/15/03	31	1,843,672	0.0260	47,935	951,573	0.0260	24,741	CC/DD
Energy cost - Retailers	kWh	12/16/02	01/15/03	31	1,843,672	0.0260	47,935	951,573	0.0260	24,741	DD
Debt retirement charge	kWh	12/16/02	01/15/03	31	3,558,287	0.0070	24,908	1,836,535	0.0070	12,856	GG
Rural rate assistance	kWh	12/16/02	01/15/03	31	3,687,344	0.0010	3,687	1,903,145	0.0010	1,903	HH
SSS Administrative charges				31	2,500	0.2500	625			323	FF
							318,712			164,497	

## Accounting for Specific Items

## Retail Services and Settlement Variances

## BILLING REGISTER

Cycle #2: Bi-Monthly billing - Meters read on February 10, 2003

Description of Charge	Component	From	To	Days	Units	Rate	Amount	Accrued Revenue			
								Units	Rate	Amount	
Monthly service charge		12/11/02	02/10/03	62	15,000	10.0000	150,000			50,806	FF
Distribution kWh	kWh	12/11/02	02/10/03	62	17,955,975	0.0100	179,560	6,081,862	0.0100	60,819	GG
Wholesale market services charges	kWh	12/11/02	02/10/03	62	18,607,228	0.0090	167,465	6,302,448	0.0090	56,722	BB
Retail transmission network charges	kWh	12/11/02	02/10/03	62	18,607,228	0.0098	182,351	6,302,448	0.0098	61,764	BB
Retail transmission connection charges	kWh	12/11/02	02/10/03	62	18,607,228	0.0105	195,376	6,302,448	0.0105	66,176	BB
Energy cost - SSS	kWh	12/11/02	02/10/03	62	9,303,614	0.0260	241,894	3,151,224	0.0260	81,932	CC/DD
Energy cost - Retailers	kWh	12/11/02	02/10/03	62	9,303,614	0.0260	241,894	3,151,224	0.0260	81,932	DD
Debt retirement charge	kWh	12/11/02	02/10/03	62	17,955,975	0.0070	125,692	6,081,862	0.0070	42,573	GG
Rural rate assistance	kWh	12/11/02	02/10/03	62	18,607,228	0.0010	18,607	6,302,448	0.0010	6,302	HH
SSS Administrative charges				62	7,500	0.5000	3,750			1,270	FF
							<u>1,506,589</u>			<u>510,296</u>	

## NOTES:

AA Assume market opens Nov. 1/02

BB Usage has been uplifted for line losses (assume 3.62%)

CC Assume utility has received FRP exemption

DD Assume WAHSP is as shown

EE Assume first bill charged for one month regardless of days

FF Assume fee prorated for days for accrual purposes

GG Assume no uplifting for line losses required

HH Assume uplifting for line losses will be required

## Accounting for Specific Items

## Retail Services and Settlement Variances

## IMO Settlement Invoices

**November 2002:**

Date received	December 15, 2002
Date paid	December 17, 2002
Total Usage (kWh)	13,500,000

Charges	Total	Per unit cost
Wholesale market services charges	\$132,300.00	\$0.0098
Wholesale market one time charge	\$50,000.00	
Retail transmission network charges	\$162,000.00	\$0.0120
Retail transmission connection charges	\$121,500.00	\$0.0090
Energy cost - WAHSP	\$337,500.00	\$0.0250
<b>TOTAL</b>	<b>\$803,300.00</b>	

**NOTES:**

**Aa** = IMO settlement invoice issued 10 business days after last trading day of month and covers an IMO billing period of one calendar month.

**Ab** = Payment due from market participant by second business day after invoice is issued.

**December 2002:**

Date received	January 15, 2003	<b>Aa</b>
Date paid	January 17, 2003	<b>Ab</b>
Total Usage (kWh)	14,500,000	

Charges	Total	Per unit cost
Wholesale market services charges	\$142,100.00	\$0.0098
Wholesale market one time charge	\$-	
Retail transmission network charges	\$174,000.00	\$0.0120
Retail transmission connection charges	\$130,500.00	\$0.0090
Energy cost - WAHSP	\$410,350.00	\$0.0283
<b>TOTAL</b>	<b>\$856,950.00</b>	

**Bb** = WAHSP changed for this month

**January 2003:**

Date received	February 15, 2003	<b>Aa</b>
Date paid	February 17, 2003	<b>Ab</b>
Total Usage (kWh)	15,000,000	

Charges	Total	Per unit cost
Wholesale market services charges	\$148,500.00	\$0.0099
Wholesale market one time charge	\$-	
Retail transmission network charges	\$187,500.00	\$0.0125
Retail transmission connection charges	\$142,500.00	\$0.0095
Energy cost - WAHSP	\$360,000.00	\$0.0240
<b>TOTAL</b>	<b>\$838,500.00</b>	

**Bb**

## Accounting for Specific Items

## Retail Services and Settlement Variances

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**JOURNAL ENTRIES**

Entry #	Date	Account Number	Description	DR Amount	CR Amount
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**NOVEMBER**

A	11/16		Accounts Receivable	\$165,986	
		sub-4080	Distribution Revenue - Monthly service charge		\$50,000
		sub-4080	Distribution Revenue - Distribution kWh		\$16,203
		4062	Billed WMS		\$15,112
		4066	Billed NW		\$16,455
		4068	Billed CN		\$17,630
		sub-4006	Residential Energy Sales		\$18,470
		sub-4055	Energy Sales for Retailers/ Others		\$18,470
		2250	DRC payable		\$11,342
		TBD	RRA payable		\$1,679
		sub-4080	SSS Administration Revenue		\$625
				<u>\$165,986</u>	<u>\$165,986</u>

To record Cycle #1 bills for the period 11/01/02 - 11/15/02 (using Billing Register).

B	11/30	4062	Billed WMS	\$15,112	
		4066	Billed NW	\$16,455	
		4068	Billed CN	\$17,630	
		sub-4006	Residential Energy Sales	\$18,470	
		sub-4055	Energy Sales for Retailers/ Others	\$18,470	
		1580	RSVA WMS		\$15,112
		1582	RSVA One time		\$ -
		1584	RSVA NW		\$16,455
		1586	RSVA CN		\$17,630
		1588	RSVA Power		\$36,940
				<u>\$86,137</u>	<u>\$86,137</u>

To close out "Billed" accounts to RSVA's for November month –end (See General Ledger Summary at page 42).

**DECEMBER**

C	12/01	6035	Interest Expense	\$520	
		sub-1580	RSVA WMS		\$91
		sub-1584	RSVA NW		\$99
		sub-1586	RSVA CN		\$107
		sub- 1582	RSVA One time		\$ -
		sub- 1588	RSVA Power		\$223
				<u>\$520</u>	<u>\$520</u>

To record carrying charges on the RSVA balances of December 1 (See General Ledger Summary at page 42).

## Accounting for Specific Items

## Retail Services and Settlement Variances

Entry #	Date	Account Number	Description	DR Amount	CR Amount
D	12/01	1580	RSVA WMS	\$15,112	
		1582	RSVA One time	\$ -	
		1584	RSVA NW	\$16,455	
		1586	RSVA CN	\$17,630	
		1588	RSVA Power	\$36,940	
		4062	Billed WMS		\$15,112
		4066	Billed NW		\$16,455
		4068	Billed CN		\$17,630
		sub-4006	Residential Energy Sales		\$18,470
		sub-4055	Energy Sales for Retailers/ Others		\$18,470
				<u>\$86,137</u>	<u>\$86,137</u>

To reverse closing out entry # B re: November month –end.

E	12/15	4708	Charges WMS	\$132,300	
		4712	Charges One-time	\$50,000	
		4714	Charges NW	\$162,000	
		4716	Charges CN	\$121,500	
		4705	Power purchased	\$337,500	
		2256	IMO Fees and Penalties Payable		\$803,300
				<u>\$803,300</u>	<u>\$803,300</u>

To record the November 2002 IMO invoice (all figures per IMO invoice).

F	12/11		Accounts Receivable	\$1,099,251	
		sub-4080	Distribution Revenue - Monthly service charge		\$150,000
		sub-4080	Distribution Revenue - Distribution kWh		\$131,155
		4062	Billed WMS		\$122,321
		4066	Billed NW		\$133,194
		4068	Billed CN		\$142,708
		sub-4006	Residential Energy Sales		\$156,299
		sub-4055	Energy Sales for Retailers/ Others		\$156,299
		2250	DRC payable		\$91,809
		TBD	RRA payable		\$13,591
		sub-4080	SSS Administration Revenue		\$1,875
				<u>\$1,099,251</u>	<u>\$1,099,251</u>

To record Cycle #2 bills for the period 11/01/02 - 12/10/02 (using Billing Register).



## Accounting for Specific Items

## Retail Services and Settlement Variances

Entry #	Date	Account Number	Description	DR Amount	CR Amount
G	12/16		Accounts Receivable	\$297,816	
		sub-4080	Distribution Revenue - Monthly service charge		\$50,000
		sub-4080	Distribution Revenue - Distribution kWh		\$33,737
		4062	Billed WMS		\$31,465
		4066	Billed NW		\$34,262
		4068	Billed CN		\$36,709
		sub-4006	Residential Energy Sales		\$41,953
		sub-4055	Energy Sales for Retailers/ Others		\$41,953
		2250	DRC payable		\$23,616
		TBD	RRA payable		\$3,496
		sub-4080	SSS Administration Revenue		\$625
				<u>\$297,816</u>	<u>\$297,816</u>

To record Cycle #1 bills for the period 11/16/02 - 12/15/02 (using Billing Register).

H	12/31	4062	Billed WMS	\$36,598	
		4066	Billed NW	\$21,911	
		4068	Billed CN	\$75,547	
		sub-4006	Residential Energy Sales	\$57,930	
		sub-4055	Energy Sales for Retailers/ Others	\$57,930	
		1582	RSVA One time	\$50,000	
		4712	Charges One-time		\$50,000
		1580	RSVA WMS		\$36,598
		1584	RSVA NW		\$21,911
		1586	RSVA CN		\$75,547
		1588	RSVA Power		\$115,860
				<u>\$299,916</u>	<u>\$299,916</u>

To permanently reduce the greater of the Billed and Charges accounts (for year-end RSVA purposes). (See General Ledger Summary at page 42).

## Old year cut-off entries

2003					
I	01/15	4708	Charges WMS	\$142,100	
		4712	Charges One-time	\$ -	
		4714	Charges NW	\$174,000	
		4716	Charges CN	\$130,500	
		4705	Power purchased	\$410,350	
		2256	IMO Fees and Penalties Payable		\$856,950
				<u>\$856,950</u>	<u>\$856,950</u>

To accrue for the December 2002 IMO invoice.

Accounting for Specific Items

Retail Services and Settlement Variances

Entry #	Date	Account Number	Description	DR Amount	CR Amount
J	01/16		Accounts Receivable	\$164,497	
		sub-4080	Distribution Revenue - Monthly service charge		\$25,806
		sub-4080	Distribution Revenue - Distribution kWh		\$18,365
		4062	Billed WMS		\$17,128
		4066	Billed NW		\$18,651
		4068	Billed CN		\$19,983
		sub-4006	Residential Energy Sales		\$24,741
		sub-4055	Energy Sales for Retailers/ Others		\$24,741
		2250	DRC payable		\$12,856
		TBD	RRA payable		\$1,903
		sub-4080	SSS Administration Revenue		\$323
				<u>\$164,497</u>	<u>\$164,497</u>

To accrue for the Cycle #1 bills for the period 12/16/02 - 12/31/02 (using Billing Register).

K	01/16		Accounts Receivable	\$510,296	
		sub-4080	Distribution Revenue - Monthly service charge		\$50,806
		sub-4080	Distribution Revenue - Distribution kWh		\$60,819
		4062	Billed WMS		\$56,722
		4066	Billed NW		\$61,764
		4068	Billed CN		\$66,176
		sub-4006	Residential Energy Sales		\$81,932
		sub-4055	Energy Sales for Retailers/ Others		\$81,932
		2250	DRC payable		\$42,573
		TBD	RRA payable		\$6,302
		sub-4080	SSS Administration Revenue		\$1,270
				<u>\$510,296</u>	<u>\$510,296</u>

To accrue Cycle #2 bills for the period 12/11/02 - 12/31/02 (using Billing Register).

YEAR 2002 BOOKS NOW CLOSED

January 2003 NEW FISCAL YEAR ENTRIES

AA	01/01	6035	Interest Expense	\$1,208	
		sub- 1582	RSVA One time	\$302	
		sub-1580	RSVA WMS		\$221
		sub-1584	RSVA NW		\$132
		sub-1586	RSVA CN		\$456
		sub- 1588	RSVA Power		\$700
				<u>\$1,510</u>	<u>\$1,510</u>

To record carrying charges on the RSVA balances at January 1 (excluding accruals).

Accounting for Specific Items

Retail Services and Settlement Variances

Entry #	Date	Account Number	Description	DR Amount	CR Amount
AB	01/16	sub-4080	Distribution Revenue - Monthly service charge	\$25,806	
		sub-4080	Distribution Revenue - Distribution kWh	\$18,365	
		4062	Billed WMS	\$17,128	
		4066	Billed NW	\$18,651	
		4068	Billed CN	\$19,983	
		sub-4006	Residential Energy Sales	\$24,741	
		sub-4055	Energy Sales for Retailers/ Others	\$24,741	
		2250	DRC payable	\$12,856	
		TBD	RRA payable	\$1,903	
		sub-4080	SSS Administration Revenue	\$323	
			Accounts Receivable		\$164,497
				<u>\$164,497</u>	<u>\$164,497</u>

To reverse accrual for the Cycle #1 bills for period 12/16/02-12/31/02 (see entry J).

AC	01/16		Accounts Receivable	\$318,712	
		sub-4080	Distribution Revenue - Monthly service charge		\$50,000
		sub-4080	Distribution Revenue - Distribution kWh		\$35,583
		4062	Billed WMS		\$33,186
		4066	Billed NW		\$36,136
		4068	Billed CN		\$38,717
		sub-4006	Residential Energy Sales		\$47,935
		sub-4055	Energy Sales for Retailers/ Others		\$47,935
		2250	DRC payable		\$24,908
		TBD	RRA payable		\$3,687
		sub-4080	SSS Administration Revenue		\$625
				<u>\$318,712</u>	<u>\$318,712</u>

To record Cycle #1 bills for the period Dec.16/02 to Jan. 15/03 (using Billing Register).

AD	01/16	sub-4080	Distribution Revenue - Monthly service charge	\$50,806	
		sub-4080	Distribution Revenue - Distribution kWh	\$60,819	
		4062	Billed WMS	\$56,722	
		4066	Billed NW	\$61,764	
		4068	Billed CN	\$66,176	
		sub-4006	Residential Energy Sales	\$81,932	
		sub-4055	Energy Sales for Retailers/ Others	\$81,932	
		2250	DRC payable	\$42,573	
		TBD	RRA payable	\$6,302	
		sub-4080	SSS Administration Revenue	\$1,270	
			Accounts Receivable		\$510,296
				<u>\$510,296</u>	<u>\$510,296</u>

To reverse accrual re: Cycle #2 bills for the period 12/11/02 - 12/31/02 (see entry K).

## Accounting for Specific Items

## Retail Services and Settlement Variances

Entry #	Date	Account Number	Description	DR Amount	CR Amount
AE	01/16	2256	IMO Fees and Penalties Payable	\$856,950	
		4708	Charges WMS		\$142,100
		4712	Charges One-time		\$ -
		4714	Charges NW		\$174,000
		4716	Charges CN		\$130,500
		4705	Power purchased		\$410,350
				<u>\$856,950</u>	<u>\$856,950</u>

To reverse the December 2002 IMO invoice accrual.

AF	01/16	4708	Charges WMS	\$142,100	
		4712	Charges One-time	\$ -	
		4714	Charges NW	\$174,000	
		4716	Charges CN	\$130,500	
		4705	Power purchased	\$410,350	
		2256	IMO Fees and Penalties Payable		\$856,950
				<u>\$856,950</u>	<u>\$856,950</u>

To record the December 2002 IMO invoice.

AG	01/31	4062	Billed WMS	\$33,186	
		4066	Billed NW	\$36,136	
		4068	Billed CN	\$38,717	
		sub-4006	Residential Energy Sales	\$47,935	
		sub-4055	Energy Sales for Retailers/ Others	\$47,935	
		1580	RSVA WMS		\$33,186
		1584	RSVA NW		\$36,136
		1586	RSVA CN		\$38,717
		1588	RSVA Power		\$95,870
				<u>\$203,909</u>	<u>\$203,909</u>

To close "Billed" accounts to RSVA for January month-end (See General Ledger Summary at page 43).

Accounting for Specific Items

Retail Services and Settlement Variances

Entry #	Date	Account Number	Description	DR Amount	CR Amount
AH	01/31	1580	RSVA WMS	\$142,100	
		1582	RSVA One time	\$ -	
		1584	RSVA NW	\$174,000	
		1586	RSVA CN	\$130,500	
		1588	RSVA Power	\$410,350	
		4708	Charges WMS		\$142,100
		4712	Charges One-time		\$ -
		4714	Charges NW		\$174,000
		4716	Charges CN		\$130,500
		4705	Power purchased		\$410,350
				<u>\$856,950</u>	<u>\$856,950</u>

To close "Charges" accounts to RSVA for January month-end (See General Ledger Summary at page 43).

February

AI	02/01	sub-1580	RSVA WMS	\$437	
		sub-1584	RSVA NW	\$701	
		sub-1586	RSVA CN	\$98	
		sub- 1582	RSVA One time	\$302	
		sub- 1588	RSVA Power	\$1,149	
		4405	Interest and Dividend Income		\$2,686
				<u>\$2,686</u>	<u>\$2,686</u>

To record carrying charges on the RSVA balances at February 1 (See General Ledger Summary at page 43).

AJ	02/11	1580	RSVA WMS	\$33,186	
		1584	RSVA NW	\$36,136	
		1586	RSVA CN	\$38,717	
		1588	RSVA Power	\$95,870	
		4062	Billed WMS		\$33,186
		4066	Billed NW		\$36,136
		4068	Billed CN		\$38,717
		sub-4006	Residential Energy Sales		\$47,935
		sub-4055	Energy Sales for Retailers/ Others		\$47,935
				<u>\$203,909</u>	<u>\$203,909</u>

To reverse closing out of "Billed" accounts re: January month-end (see entry AG).

## Accounting for Specific Items

## Retail Services and Settlement Variances

Entry #	Date	Account Number	Description	DR Amount	CR Amount
AK	02/11	4708	Charges WMS	\$142,100	
		4712	Charges One-time	\$ -	
		4714	Charges NW	\$174,000	
		4716	Charges CN	\$130,500	
		4705	Power purchased	\$410,350	
		1580	RSVA WMS		\$142,100
		1582	RSVA One time		\$ -
		1584	RSVA NW		\$174,000
		1586	RSVA CN		\$130,500
		1588	RSVA Power		\$410,350
				<u>\$856,950</u>	<u>\$856,950</u>

To reverse closing out of "Charges" accounts re: January month-end (see entry AH).

AL	02/11		Accounts Receivable	\$1,506,589	
		sub-4080	Distribution Revenue - Monthly service charge		\$150,000
		sub-4080	Distribution Revenue - Distribution kWh		\$179,560
		4062	Billed WMS		\$167,465
		4066	Billed NW		\$182,351
		4068	Billed CN		\$195,376
		sub-4006	Residential Energy Sales		\$241,894
		sub-4055	Energy Sales for Retailers/ Others		\$241,894
		2250	DRC payable		\$125,692
		TBD	RRA payable		\$18,607
		sub-4080	SSS Administration Revenue		\$3,750
				<u>\$1,506,589</u>	<u>\$1,506,589</u>

To record Cycle #2 bills for the period Dec.11/02 to Feb. 10/03 (using Billing Register).

AM	02/15	4708	Charges WMS	\$148,500	
		4712	Charges One-time	\$ -	
		4714	Charges NW	\$187,500	
		4716	Charges CN	\$142,500	
		4705	Power purchased	\$360,000	
		2256	IMO Fees and Penalties Payable		\$838,500
				<u>\$838,500</u>	<u>\$838,500</u>

To record the January 2003 IMO invoice.

Accounting for Specific Items

Retail Services and Settlement Variances

Entry #	Date	Account Number	Description	DR Amount	CR Amount
AN	02/28	4062	Billed WMS	\$200,651	
		4066	Billed NW	\$218,487	
		4068	Billed CN	\$234,093	
		sub-4006	Residential Energy Sales	\$289,829	
		sub-4055	Energy Sales for Retailers/ Others	\$289,829	
		1580	RSVA WMS		\$200,651
		1582	RSVA One time		\$ -
		1584	RSVA NW		\$218,487
		1586	RSVA CN		\$234,093
		1588	RSVA Power		\$579,658
				<u>\$1,232,889</u>	<u>\$1,232,889</u>

To close "Billed" accounts to RSVA for February month-end (See General Ledger Summary at page 43).

AO	02/28	1580	RSVA WMS	\$290,600	
		1582	RSVA One time	\$ -	
		1584	RSVA NW	\$361,500	
		1586	RSVA CN	\$273,000	
		1588	RSVA Power	\$770,350	
		4708	Charges WMS		\$290,600
		4712	Charges One-time		\$ -
		4714	Charges NW		\$361,500
		4716	Charges CN		\$273,000
		4705	Power purchased		\$770,350
				<u>\$1,695,450</u>	<u>\$1,695,450</u>

To close "Charges" accounts to RSVA for February month-end (See General Ledger Summary at page 43).

March

AP	03/01	sub-1580	RSVA WMS	\$322	
		sub-1584	RSVA NW	\$732	
		sub- 1582	RSVA One time	\$302	
		sub- 1588	RSVA Power	\$452	
		sub-1586	RSVA CN		\$221
		4405	Interest and Dividend Income		\$1,587
				<u>\$1,808</u>	<u>\$1,808</u>

To record carrying charges on the RSVA balances at March 1(See General Ledger Summary at page 43 and footnote AP below).

Accounting for Specific Items

Retail Services and Settlement Variances

Entry #	Date	Account Number	Description	DR Amount	CR Amount
AQ	03/02	1580	RSVA WMS	\$200,651	
		1582	RSVA One time	\$ -	
		1584	RSVA NW	\$218,487	
		1586	RSVA CN	\$234,093	
		1588	RSVA Power	\$579,658	
		4062	Billed WMS		\$200,651
		4066	Billed NW		\$218,487
		4068	Billed CN		\$234,093
		sub-4006	Residential Energy Sales		\$289,829
		sub-4055	Energy Sales for Retailers/ Others		\$289,829
				<u>\$1,232,889</u>	<u>\$1,232,889</u>

To reverse closing out of "Billed" accounts re: February month-end (see entry AN).

AR	03/02	4708	Charges WMS	\$290,600	
		4712	Charges One-time	\$ -	
		4714	Charges NW	\$361,500	
		4716	Charges CN	\$273,000	
		4705	Power purchased	\$770,350	
		1580	RSVA WMS		\$290,600
		1582	RSVA One time		\$ -
		1584	RSVA NW		\$361,500
		1586	RSVA CN		\$273,000
		1588	RSVA Power		\$770,350
				<u>\$1,695,450</u>	<u>\$1,695,450</u>

To reverse closing out of "Charges" accounts re: February month-end (see entry AO).

NOTES:

Entry Details

C \$91 = \$15,112CR \*0.0725/12  
 \$99 = \$16,455CR \*0.0725/12  
 \$107 = \$17,630CR \*0.0725/12  
 \$0 = \$0\*0.0725/12  
 \$223 = \$36,940CR \*0.0725/12

AI \$437 = \$72,316DR \*0.0725/12  
 \$701 = \$115,953DR \*0.0725/12  
 \$98 = \$16,236DR \*0.0725/12  
 \$302 = \$50,000DR \*0.0725/12  
 \$1,149= \$190,138 DR \*0.0725/12

K Note: utility will not normally keep books of accounts open too long after year end. Consequently, an estimation process may need to be used to arrive at the accrual entry for such customers.

TBD To be Determined at a later date

AA \$302 = \$50,000DR \*0.0725/12  
 \$221 = \$36,598CR \*0.0725/12  
 \$132= \$21,911CR \*0.0725/12  
 \$456 = \$75,547CR \*0.0725/12  
 \$700= \$115,860 CR \*0.0725/12

AP \$322 = \$53,351DR \*0.0725/12  
 \$732 = \$121,102DR \*0.0725/12  
 \$302 = \$50,000DR \*0.0725/12  
 \$452 = \$74,832 DR \*0.0725/12  
 \$221= \$36,640CR \*0.0725/12



**Accounting for Specific Items**

**Retail Services and Settlement Variances**

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**REFER TO GENERAL LEDGER SUMMARY**

**Accounting for Specific Items**

**Retail Services and Settlement Variances**

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**REFER TO GENERAL LEDGER SUMMARY**

## Accounting for Specific Items

## Retail Services and Settlement Variances

## Appendix A

This form shall be used to record information related to the RCVA. The form is to be prepared and submitted on a regular basis as prescribed in Chapter 10 of the Rates Handbook or as otherwise requested by the Board.

<b>PART I – Monitoring requirements for RCVA per Chapter 11 of the Rates Handbook</b>				
<b>REVENUES</b>				
<b>Service Description</b>	<b>Charge Per Unit ***</b>	<b>Number Of Units</b>	<b>Unit Measure</b>	<b>Total Revenue</b>
<b>Section 1 - Service Agreements</b>				
i) Standard Charge	\$100.00		Per agreement per retailer	
ii) Monthly Fixed Charge	\$20.00		Per month per retailer	
iii) Monthly Variable Charge	\$0.50		Per month per customer	
<b>Section 2 - Distributor- Consolidated Billing</b>				
i) Bill- ready billing	\$0.30		Per month per customer	
ii) Rate- ready billing	As approved		As approved	
<b>Section 3 - Retailer- Consolidated Billing</b>				
Avoided Cost Credit	\$0.30		Per month per customer	
<b>Section 4 – Split Billing</b>				
Split Billing	As approved		As approved	

Accounting for Specific Items

Retail Services and Settlement Variances

Service Description	Charge Per Unit ***	Number Of Units	Unit Measure	Total Revenue	
<b>Section 5 - Service Transaction Request</b>					
i) Request Fee	\$0.25		Per request		
ii) Processing Fee	\$0.50		Per request		
iii) Information delivery charge- other than EBT	\$2.00plus any incremental delivery costs		Per request greater than 2 requests		
<b>Section 6 – Retailer Settlement Payment Default</b>					
i) Request Fee	\$0.25		Per request		
ii) Processing Fee	\$0.50		Per request		
<b>Section 7 - Other associated costs to be recovered – Please specify</b>					
<b>INCREMENTAL COSTS INCURRED</b>					
Accounts where costs recorded	Cumulative Incremental Cost				Account Balance to date
	For this Period ending:		For this fiscal period to date:		
	Retail Services Related \$	STR Related \$	Retail Services Related \$	STR Related \$	

\*\*\* Charges per Unit according to Chapter 11 of the Rate Handbook

Accounting for Specific Items

Retail Services and Settlement Variances

This form shall be used to record information related to the RSVA. The form is to be submitted to the Board on a regular basis as prescribed in Chapter 11 of the Rates Handbook or as otherwise requested by the Board.

<b>PART II – Monitoring of RSVA per Chapter 11 of the Rate Handbook</b>								
<b>For the month ending:</b>								
<b>Account</b>	<b>Opening Balance DR/ (CR)</b>	<b>Carrying Charges ** DR/ (CR)</b>		<b>Net Accruals DR/ (CR)</b>		<b>Other Adjustments DR/ (CR)</b>		<b>Closing Balance DR/ (CR)</b>
		<b>To Date</b>	<b>For this period</b>	<b>To Date</b>	<b>For this period</b>	<b>To Date</b>	<b>For this period</b>	
1580, RSVA <sub>WMS</sub>								
1582, RSVA <sub>One-time</sub>								
1584, RSVA <sub>NW</sub>								
1586, RSVA <sub>CN</sub>								
1588, RSVA <sub>Power</sub>								

\*\* Note: simple interest (not compounded).

Accounting for Specific Items

Retail Services and Settlement Variances

**PART III –Monitoring information per Chapter 10 of Rate Handbook**

**For Period:**

**Section 1 – Calculation of differential**

Period	Fixed Reference Price (A)	Weighted Average Hourly Spot Price (B)	Percentage Differential [(A)-(B)/(B)]*100
Month 1			
Month 2			

**Section 2 – Information on Account: 1520, Purchase Power Variance Account**

Month Ending	Opening Balance DR/ (CR)	Carrying Charges ** DR/ (CR)		Other Adjustments DR/ (CR)		Closing DR/ (CR)
		To date	For this period	To date	For this period	

\*\* Note: simple interest (not compounded).

**Section 3 – Number of affected customers and average balance per customer per rate class**

Rate Class Description:	Number of customers	Amount allocated to rate class	Average Balance per customer

**Accounting for Specific Items**

**Retail Services and Settlement Variances**

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