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January 15, 2014

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
PO Box 2319
26th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

**Re: Ottawa River Power Corporation
2014 Distribution Rate Application
EB-2013-0163**

Dear Ms. Walli:

Ottawa River Power Corporation (ORPC) is pleased to submit its reply Board Staff Submission dated December 12, 2013 for its 2014 Distribution Rate Application.

Ottawa River Power Corporation respectfully submits this response for your consideration.

Kind Regards,

A handwritten signature in black ink that reads "Jane Wilkinson-Donnelly". The signature is written in a cursive style with a long, sweeping tail on the letter "y".

Jane Wilkinson-Donnelly, CMA
Chief Financial Officer

This document is being filed pursuant to the Board's e-Filing Services.

**OTTAWA RIVER POWER CORPORATION
REPLY TO BOARD STAFF SUBMISSION
2014 IRM4 RATE APPLICATION
EB-2013-0163**

Introduction

Ottawa River Power Corporation (“ORPC”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”) on October 4, 2013, seeking approval for changes to the distribution rates that ORPC charges for electricity distribution, to be effective May 1, 2014. The Application is based on the 2014 Incentive Rate-Setting Index (“Annual IR Index”).

The purpose of this document is to provide the Board with the reply of Ottawa River Power Corporation to submissions of Board staff.

The Application

Ottawa River Power Corporation agrees with Board staff that while the preset disposition threshold was not exceeded for Group 1 deferral and variance accounts (DVA), the Group 1 DVA principal balances as of December 31, 2012 reconcile with the amounts reported by ORPC as part of the Reporting and Record-keeping Requirements (“RRR”).

ORPC also agrees with Board staff that it advised of a billing error issue (affecting one of its larger customers) that it had discovered in August 2013. Two adjustments were then made on Sheet 5, Continuity Schedule, column CH, Adj during 2012. The adjustments relate to the following two accounts:

- An adjustment of \$20,311 to Account 1588, RSVA – Power; and
- An adjustment of \$35,212 to Account 1589, RSVA – Global Adjustment.

ORPC also agrees that in response to Board staff interrogatories #1a, b, and c, ORPC stated that:

- The two adjustments totaling \$55,523 are the only two adjustments that ORPC identified in the 2012 Continuity Schedule;

- The Billing Error was caused by an incorrect billing multiplier, was confirmed on August 26, 2013, and impacted billing from the period of June 2006 to August 2013; and
- ORPC agreed to provide a full refund to the large customer in the total amount of \$103,000, through seven equal monthly payment adjustments ending March 2014.

ORPC also agrees that it stated that with or without the adjustment the claim amount does not meet the materiality threshold test of \$0.001/kwh as set out in the Report of the Board on Electricity Distributors' Deferral and Variance Account Review Report (the "EDDVAR Report") report. Therefore, ORPC made no request for disposition of the Group 1 DVA balances in the Application.

The Billing Error

Ottawa River Power Corporation agrees with Board staff that ORPC's DVA balances as at December 31, 2011, including Account 1588 and Account 1589, were disposed of on a final basis in ORPC's 2013 IRM Decision EB-2012-0158, dated April 4, 2013.

Board staff submitted that there is no evidence on the record of this proceeding to assist the Board in determining the portion of the \$55,523 adjustment that could be regarded as an out-of-period adjustment (where ORPC's DVA balances as at December 31, 2011 were disposed on a final basis) and that therefore the entire amount should be considered out-of-period. It is also unclear, from the record, how the \$55,523 adjustment is related to (if at all), the total overbilling amount of \$103,000 that ORPC has stated that it will refund to its large customer.

Ottawa River Power Corporation agrees that Board staff had insufficient evidence with regard to the billing error and the portion of the \$55,523 adjustment that could be regarded as an out-of-period adjustment. Ottawa River Power Corporation apologizes for the lack of clarity. During a portion of the rate process the Chief Financial Officer, who is responsible for the application, was absent due to illness. The President responded to the interrogatories.

ORPC submits that it did follow the Retail Settlement Code Section 7.7.7 that addresses under-billing or over-billing situations as follows:

Where the distributor has under billed a customer or retailer, the maximum period of under billing for which the distributor is entitled to be paid is 2 years. Where the

distributor has over billed a customer or retailer, the maximum period of over billing for which the customer or retailer is entitled to be repaid is 2 years.

Ottawa River Power Corporation states that although the billing error impacted the period of June 2006 to August 2013, it only refunded this customer for the two year period from September 1, 2011 to August 31, 2013.

To provide additional clarity Ottawa River Power Corporation submits the following chart broken into periods of the billing error refund:

	2011	2012	2013	Total
Dist Volumetric	(295.65)	(766.71)	(443.75)	(1,506.11)
Low Voltage	(193.20)	(481.80)	(273.95)	(948.95)
2012 RR DA Apr 2014	(2,795.78)	(967.52)	792.98	(2,970.32)
2012 RR GA Apr 2014	967.69	334.89	(274.47)	1,028.11
2010 RR DA Apr 2014	596.24	1,486.95	141.27	2,224.46
2010 RR GA Apr 2014	(795.84)	(2,341.15)	(553.99)	(3,690.98)
Trans Network	(584.06)	(2,097.88)	(1,452.34)	(4,134.28)
Tran Conn	978.74	(532.74)	(1,005.43)	(559.43)
Wholesale Market	(798.91)	(3,005.16)	(1,902.51)	(5,706.58)
Debt Retirement	(922.70)	(2,211.78)	(1,292.21)	(4,426.69)
Electricity	(6,963.24)	(13,347.41)	(9,179.90)	(29,490.55)
Global Adjustment	(8,746.72)	(26,464.98)	(17,591.82)	(52,803.52)
Interest	(60.77)	-	-	(60.77)
Total before HST	(19,614.21)	(50,395.29)	(33,036.12)	(103,045.61)

Again, Ottawa River Power Corporation agrees with Board staff that the 2011 DVA have been disposed of and should not have been included in this application or recorded for future recovery. ORPC however, would like the Board to consider allowing it to record the 2012 portion of the two accounts applied for in this application that being:

- Electricity -\$13,347.41 Account 1598
- Global Adjustment - \$26,464.98 Account 1589

Ottawa River Power Corporation would also like to state that the other accounts affected by this error were not noted in this application due to their immateriality. Nonetheless, as with Account 1598 and Account 1589, ORPC requests permission to record the 2012 portion of these for future recovery from its ratepayers.

All of which is respectfully submitted.