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February 28, 2019

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: **Ottawa River Power Corporation**  
**2019 IRM Rate Application**  
**OEB File EB-2018-0063**  
**Ottawa River Power Reply to OEB Staff Submission**

In accordance with Procedural Order No. 2, please find attached Ottawa River Power's reply to the OEB staff's submission in the above proceeding.

Kind regards,

A handwritten signature in black ink that reads "J. Donnelly". The signature is written in a cursive, flowing style.

Jane Donnelly, CPA, CMA  
President and CEO

**Ottawa River Power Corporation (ORP)  
2019 IRM Rate Application  
Applicants Response to Board Staff Submission**

**Purpose:**

The purpose of this document is to provide the Board with the reply submission from Ottawa River Power based on its review of Board Staff's Submission dated February 14, 2019.

**Price Cap Adjustment:**

Ottawa River Power accepts and agrees with the Board staff adjustment of the Price Cap to 1.2% in the IRM rate generator. ORP acknowledges it is in its final year of transition towards a fully fixed monthly distribution charge for residential customers and that no rate mitigation is required.

**Retail Transmission Service Rates:**

Ottawa River Power is an embedded distributor with Hydro One. There have been no changes to Hydro One's transmission rates. Therefore, Ottawa River Power accepts that the OEB staff updated the rate generator for IESO Uniform Transmission Rates and regulatory charges, effective January 1, 2019.

**Incremental Capital Module (ICM) Request:**

Ottawa River Power agrees that the request for incremental capital funding in 2019 is \$1,698,850 which does not include the cost of the land purchased in 2018.

Ottawa River Power accepts that if the project is approved by the OEB, it will increase the utility's rate base from \$11.8 million to \$13.5 million (about 15%), and revenue requirement from \$4.4 million to \$4.5 million (about 3%).

Ottawa River Power agrees with Board Staff that based on the evidence presented the construction of MS-4 in Almonte is in the public interest as the materiality, need and prudence requirements have been met.

Ottawa River Power agrees with OEB staff that the project to construct the MS-4 substation is discrete and is not part of the utility's typical capital programs.

Board staff assessed the need for the substation on a review of the adequacy of existing capacity, projected load forecast and the practicality of potential alternatives. Ottawa River Power is pleased that OEB staff submits that the need for a new substation is justified from a capacity planning perspective.

Ottawa River Power agrees with the OEB staff recommendation that in the future it should install SCADA monitoring technology at its substations that currently do not have this (MS-2 and MS-3 in Almonte). Ottawa River Power acknowledges and agrees that increasing access to better data would enhance the reliability of future load forecasts to make investment planning decisions.

Ottawa River Power agrees with Board staff that the proposed new build is an appropriate long-term solution to address the capacity shortfall issue which has persisted for over two years.

Board staff has asked Ottawa River Power to clarify the statement *“that it will independently finance the project and apply for funding in its next cost of service application for the capital cost of the station and its carrying costs.”*

Ottawa River Power has secured financing from Infrastructure Ontario. If the OEB disallows this project as an ICM, Ottawa River Power understands that the revenue requirement impacts for the period June 2019 to April 30, 2020 would not be recoverable. If the Board does not approve this project Ottawa River Power would apply for this project in its next cost of service.

**Deferral and Variance Account Disposition:**

Ottawa River Power agrees with OEB staff that the adjustments made by Ottawa River Power to accounts 1588 and 1589 align with the OEB’s expectation that RPP settlement true-ups are to be reflected in the appropriate fiscal years in which they pertain to.

Ottawa River Power is pleased that OEB staff supports the disposition of its December 31, 2017 Group 1 DVA balances and accepts the OEB’s current approach that this disposition should be on an interim basis.

All of which is respectfully submitted.