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March 19, 2013

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
Reply Submission
EB-2012-0158**

Dear Ms. Walli:

Please find enclosed Ottawa River Power Corporation's reply submission with respect to an application for new rates under Third Generation Incentive Regulation Mechanism, effective May 1, 2013.

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

Kind Regards,

A handwritten signature in blue ink that reads "J Wilkin". The signature is stylized and appears to be the first name and last name of the signatory.

Jane Wilkinson-Donnelly, CMA
Chief Financial Officer

Reply Submission

Introduction

Ottawa River Power Corp. ("ORPC") filed an application (the "Application") with the Ontario Energy Board (the "Board") on January 8, 2013, under section 78 of the Ontario Energy Board Act, 1998, seeking approval for changes to the distribution rates that ORPC charges for electricity distribution, to be effective May 1, 2013. The Application is based on the 3rd Generation Incentive Regulation Mechanism.

The purpose of this document is to reply to Board staffs submission dated March 6, 2013.

Board staff made a detailed submission on the following matters:

- Revenue-to-cost ratio adjustments;
- Review and Disposition of Group 1 Deferral and Variance Account Balances;
- Tariff of Rates and Charges
- Retail Transmission Service Rates ("RTSR") Adjustment Workform; and
- Shared Tax Savings.

Revenue-to-Cost Ratio Adjustments

Board staff submitted that ORPC adjust the Street Lighting rate class to 70% to reflect the Board's 2010 cost-of-service Decision (EB-2009-0165). Ottawa River Power Corporation concurs with Board staff on this matter.

Disposition of Group1 Deferral and Variance Account Balances

Board Staff submitted that ORPC should charge the RSVA Power Sub-account – Global Adjustment variance of \$878 between the RRR 2.1.7 Trial Balance and the closing principal and interest balance as of December 31, 2011 to a non-utility expense. Ottawa River Power concurs with Board staff and will charge this immaterial amount to a non-utility expense.

Ottawa River Power Corporation also agrees with Board staff that the balances in Group 1 Deferral and Variance accounts should be disposed of on a final basis.

With respect to the disposition period, Board staff asked ORPC to provide bill impacts associated with a two, three and four-year disposition period for Residential and the GS<50 kW rate classes. The following tables provide such information:

Residential TOU Bill - 800 kWh usage

	Current Bill	Proposed Bill	\$ Difference	Percentage Increase
1 Year Disposition	92.40	109.75	17.35	18.78%
2 Year Disposition	92.40	109.51	17.11	18.51%
3 Year Disposition	92.40	109.43	17.03	18.42%
4 Year Disposition	92.40	109.43	17.03	18.42%

General Service < 50KW TOU Bill - 2000 kWh usage

	Current Bill	Proposed Bill	\$ Difference	Percentage Increase
1 Year Disposition	241.64	258.51	16.87	6.98%
2 Year Disposition	241.64	257.90	16.26	6.73%
3 Year Disposition	241.64	257.70	16.06	6.65%
4 Year Disposition	241.64	257.70	16.06	6.65%

After considering the above impacts, Ottawa River Power Corporation stands behind its request to dispose of Group 1 Deferral and Variance Account balances over a one year period. The tables above indicate that the difference is less than \$1 dollar for both residential and GS<50 kW customers when implementing a longer phase in period.

Tariff of Rates and Charges

Ottawa River Power Corporation agrees that the Board can include the revised wording:

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

While ORPC does not currently have a Wholesale Market Participant in its service area, the revised wording may be added to ensure consistency in the generic wording used in the Tariff of Rates and Charges pertaining to all electricity distributors.

Retail Transmission Service Rates (“RTSR”) Adjustment Workform

Ottawa River Power Corporation requested an adjustment to its RTSRs, using the RTSR Workform provided by the Board. In addition to paying Hydro One, ORPC also pays Brookfield Energy Management Inc. transmission charges. As the Board staff noted these are included on tab #5 of the RTSR model.

According to the contract with Brookfield Energy Management (as approved in the Board Decision EB-2009-0289) ORPC pays Brookfield 50% of the HONI monthly transmission charges expressed in \$ per kilowatt on the amount of power delivered by Brookfield coincident with the monthly Hydro One billing peak hour.

Board staff noted that it will adjust ORPC’s 2013 RTSR Model and Rate Generator Model to incorporate the new Hydro One Sub-Transmission class RTSRs effective January 1, 2013. ORPC requests that Board staff adjusts Brookfield Energy’s rate to equal 50% of these rates at the same time.

Shared Tax Savings

Ottawa River Power Corporation completed the Sharing of Tax Change Forecast Amounts with the amount of tax savings to be returned to ratepayers of \$3,597. ORPC and Board staff agree on the disposition of the tax savings amount to an account specified by the Board as the amount is immaterial.

All of which is respectfully submitted.