Table of Contents

1. **Management Discussion and Analysis 4**

Ex.1/Tab 1/Sch.1 – Management Discussion and Analysis

2. **Executive Summary 9**

Ex.1/Tab 2/Sch.1 - Proposed Revenue Requirement

Ex.1/Tab 2/Sch.2 - Budget and Accounting Assumptions

Ex.1/Tab 2/Sch.3 - Load Forecast Summary

Ex.1/Tab 2/Sch.4 - Rate Base and Capital Planning

Ex.1/Tab 2/Sch.5 - Overview of Operation Maintenance and Administrative Costs

Ex.1/Tab 2/Sch.6 - Statement of Cost of Capital Parameters

Ex.1/Tab 2/Sch.7 - Overview of Cost Allocation and Rate Design

Ex.1/Tab 2/Sch.8 - Overview of Deferral and Variance Account Disposition

Ex.1/Tab 2/Sch.9 - Overview of Bill Impacts

3. **Customer Engagement 29**

Ex.1/Tab 3/Sch.1 - Overview of Customer Engagement

4. **Financial Information 33**

Ex.1/Tab 4/Sch.1 - Historical Financial Statements

Ex.1/Tab 4/Sch.2 - Reconciliation between Financial Statements and Results Field

Ex.1/Tab 4/Sch.3 - Annual Report

Ex.1/Tab 4/Sch.4 - Prospectus and Recent Debt/Share Issuance Update

Ex.1/Tab 4/Sch.5 - Other Relevant Information

5. **Materiality Threshold 40**

Ex.1/Tab 5/Sch.1 - Materiality Threshold

6. **Administration 41**

Ex.1/Tab 6/Sch.1 – Table of Contents

Ex.1/Tab 6/Sch.2 – Contact Information

Ex.1/Tab 6/Sch.3 - Legal Application

Ex.1/Tab 6/Sch.4 – Confirmation of Internet Address

Ex.1/Tab 6/Sch.5 – Statement of Publication

Ex.1/Tab 6/Sch.6 – Bill Impacts

Ex.1/Tab 6/Sch.7 - Statement as to the Form of Hearing Requested

Ex.1/Tab 6/Sch.8 - Proposed Issues List

Ex.1/Tab 6/Sch.9 - Statement of Deviation of Filing Requirements

Ex.1/Tab 6/Sch.10 – Changes in Methodologies

Ex.1/Tab 6/Sch.11 - Board Directive from Pervious Decisions

Ex.1/Tab 6/Sch.12 - Conditions of Service

Ex.1/Tab 6/Sch.13 - Accounting Standards for Regulatory and Financial Reporting

Ex.1/Tab 6/Sch.14 - Accounting Treatment of Non-Utility Related Business

7. **Applicant Overview 57**

Ex.1/Tab 7/Sch.1 – Applicant Overview

Ex.1/Tab 7/Sch.2 – Host /Embedded Distributor

Ex.1/Tab 7/Sch.3 – Transmission or High Voltage Assets

8. **Corporate Governance 64**

Ex.1/Tab 8/Sch.1 – Overview

Ex.1/Tab 8/Sch.2 – Corporate Practices

9. **Scorecard Performance Evaluation... 70**

Ex.1/Tab 9/Sch.1 – Overview

10. **Letters of Comment 73**

Ex.1/Tab 10/Sch.1 – Overview

Management Discussion and Analysis

Ex.1/Tab 1/Sch.1 – Management Discussion and Analysis

On October 18, 2012, the Ontario Energy Board ("The Board") issued its "Report of the Board: A Renewed Regulatory Framework for Electricity Distributors: A Performance Based Approach", and subsequently commenced implementation of the Renewed Regulatory Framework. This report set out a comprehensive performance-based approach for the Renewed Regulatory Framework which promotes the achievement of outcomes that will benefit existing and future customers; will align customer and distributor interests; will continue to support the achievement of important public policy objectives; and will place a greater focus on delivering value for money. Under this approach, a distributor is expected to demonstrate continuous improvement in its understanding of the needs and expectations of its customers and its delivery of services.

On March 5, 2014, the Board issued its report on "Performance Measurement for Electricity Distributors: A Scorecard Approach". The report sets out the Board's policies on the measures that will be used by the Board to assess a distributor's effectiveness and improvement in achieving customer focus, operational effectiveness, public policy responsiveness, and financial performance to the benefit of existing and future customers. Under this approach, a distributor is also expected to demonstrate continuous improvement in its understanding of the needs and expectations of its customers and its delivery of services.

With the above in mind, Ottawa River Power Corporation (ORPC or Ottawa River Power) would like to provide an overview of this utility in terms of the Renewed Regulatory Framework and the Distributor Scorecard. Since these are the measures to which a utility is held accountable, these are also the measures a utility should address during rate application process. Therefore, this is our account of how ORPC continues to improve in its understanding of the needs and expectations of its customers and its delivery of services.

OTTAWA RIVER POWER CORPORATION

VISION AND MISSION STATEMENT

For ourselves:

To be part of a productive and effective work force where fulfillment, self-esteem and team spirit fuel the desire to be our best.

For each other:

To function as a team, cooperating, supporting and building a company that is known for its excellence.

For our company:

To be recognized as a company with integrity both on a personal and professional basis while providing excellence.

The Ottawa River Power Corporation strives to be the best possible Electrical Distribution Company, providing the reliable, safe, efficient supply of electricity, as a profitable company, while ensuring local accountability and dependable service, in accordance with OEB codes and the laws of the Province of Ontario.

To ensure the safe, dependable and environmentally friendly supply of electricity in our service area, while providing policies and goals to ensure profitability and accountability to the shareholder.

For our community:

To be a responsible corporate leader in the community, respected for a strong work ethic and commitment to quality services.

1. Customer Focus: services are provided in a manner that responds to identified customer preferences;

In terms of service quality, ORPC has always maintained the highest standards possible. In a regulatory environment, there are numerous SQR targets that a utility must achieve. In all cases, ORPC consistently meets and exceeds these targets. In terms of customer satisfaction, ORPC has always strived for strong customer relations and increase customer engagement within the community. In terms of customer engagement, ORPC has numerous methodologies by which it engages its customers. This allows ORPC to keep in touch with customers at both the individual and community levels.

Ottawa River Power Corporation will continue to inform customers and shareholders. With the addition of a Facebook page and a Twitter account we are reaching out and interacting with our customers even more to keep them informed. We will continue to make every effort to develop methods to better understand our customers’ needs and preferences.

2. *Operational Effectiveness:* continuous improvement in productivity and cost performance is achieved; and utilities deliver on system reliability and quality objectives;

ORPC continues to be one of the more efficient and cost effective utilities in the province, while maintaining the highest level of reliability and workplace safety possible. This is primarily through synergies and relationships developed within the industry. In regards to Safety, ORPC is committed to delivering a world class health and safety environment across all of its operations. At ORPC, we always strive to put safety first by creating an injury-free environment, both in the workplace and in the field. In regards to reliability, ORPC continues to hold the reliability of distribution system to the highest standards. This is supported by the SAIFI and SAIDI measures in ORPC's Distributor Scorecard, when compared to other distribution companies across the province. In regards to the Distribution system plan, ORPC has implemented new processes to expand its planning horizon to a 10 year horizon (5 historical years and 5 forecasted years). Full details on the Distribution System Plan can be found in Exhibit 2. Finally in regards to cost control, ORPC continues to maintain one of the lowest "cost per customer", as reflected in ORPC's Distributor Scorecard.

This year ORPC joined the CHEC Group (Cornerstone Hydro Electric Concepts Inc.). ORPC will leverage the benefits of being part of this larger group representing close to 150,000 customers.

3. *Public Policy Responsiveness:* utilities deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board):

Ottawa River Power has achieved 97% of its Net Cumulative Energy Savings target of 9.0 GWh over the last 4 years. ORPC continues its efforts to instill a conservation culture through promotion and adoption of conservation and demand management programs. ORPC's CDM initiatives allows the utility to reach out primarily to our residential and GS < 50 kW customer classes. These outreach programs are making a difference and have become an integral component of ORPC's communications and customer engagement strategy. In addition to the above, ORPC has entered into an agreement to share a "Roving Energy Manager" (REM). This shared service is a cost effective solution to engage and address some of the needs of our larger customers. This has been an extremely successful venture that creates a win-win situation by providing additional energy savings to the utility, while improving the competitive position and the bottom line of our larger demand users. No small feat considering the current economic climate in Ontario. Furthermore, ORPC also engages its customers and shares it expertise in other areas of conservation such as renewable energy initiatives and community energy

Ottawa River Power Corporation, as in the past, will continue to meet its obligations mandated by the government. Since the last cost of service application ORPC successfully implemented Smart Meters and moved all relevant customers to Time-of-Use pricing without a hitch. ORPC has also worked with Hydro One to eliminate all long term load transfers in their service area.

Ottawa River Power has effectively connected more than thirty microFit customers, follows all ESA regulations with audits completed each year. ORPC also implemented monthly billing to all its customers in January of 2015 to aid in customer understanding and management of their electricity.

4. Financial Performance: financial viability is maintained; and savings from operational effectiveness are sustainable.

ORPC's financial performance continues to remain strong despite recent economic and industry challenges posed by increased activity and complex operational demands. The main factors contributing to the utilities financial success were a strong focus on performance and associated financial management, efficiencies achieved throughout the financial year including reductions in corporate overhead expenses, and a continued focus on improving business planning and monthly financial reporting activities. The Distribution System Plan presented in Exhibit 2 supports the capital and maintenance programs needed to maintain and enhance the reliability of ORPC's distribution system as we move into the future.

The financial viability of Ottawa River Power remains a focus of the Board of Directors and employees. With the amalgamation in 2000 a financial stronghold was established and has since been maintained. With a strong ROI since the last Cost of Service, ORPC postponed filing another COS in its scheduled year (2013) in order to keep costs to its customers to a minimum.

With this filing, ORPC looks to the future in terms of carrying a strong and sound foundation forward. By building on this foundation through continuous improvement, technological investment, and sound financial investment, ORPC plans to continue to provide the highest value in electrical distribution services, at the lowest cost, to their communities and their customers.

Executive Summary

Ex.1/Tab 2/Sch.1 - Proposed Revenue Requirement

Ottawa River Power proposes to recover through distribution rates a revenue requirement of $4,804,192. Table 1.1 below shows a comparison of the 2010 Board Approved Revenue Requirement versus the 2016 Test Year proposed Revenue Requirement. The comparison shows that the increase in OM&A from 2010 to 2016 which can be attributed to higher maintenance and operations costs as well as a new customer service and billing requirements. This is offset by a decrease in amortization expense due to accounting changes. All of these drivers are explained in their respective Exhibits.

Table 1.1: 2016 Proposed Revenue Requirements

Particular	Board Approved	2016	Var $	Var %
OM&A Expenses	$2,600,768	$3,294,964	$694,196	27%
Amortization Expense	$791,805	$749,620	$-42,185	-5%
Property Taxes	$-57,665	$0	$-57,665	-100%
Total Distribution Expenses	$3,334,908	$4,044,584	$709,676	21%
Regulated Return On Capital	$931,451	$953,246	$21,795	2%
Grossed up PILs	$56,893	$90,372	$33,479	59%
Service Revenue Requirement	$4,323,252	$5,088,202	$764,950	18%
Less: Revenue Offsets	$-367,968	$-284,010	$-83,958	-23%
Base Revenue Requirement	$3,955,285	$4,804,192	$848,907	21%

Ex.1/Tab 2/Sch.2 - Budget and Accounting Assumptions

Ottawa River Power has reviewed the budget process of other utilities and confirms that its own process is very similar to other LDCs including members of the CHEC group.

ORPC compiles budget information for the three major components of the budgeting process:

- revenue forecasts;
- operating, maintenance and administration ("OM&A"); and
- capital costs under the RRFE categories
    - System access
    - System renewal
    - System service
    - General plant

ORPC's budget is prepared annually by management and is reviewed and approved by the Board of Directors. The budget is prepared before the start of each fiscal year, and is approved at the first meeting of January. Once approved, it does not change and provides a plan against which actual results may be evaluated.

The OM&A costs presented at Exhibit 4 are the result of a business planning and work prioritization process that ensures that the most appropriate, cost effective solutions are put in place. The budgeting process used to determine the OM&A budget involves the following steps.

- Detailed expenses for prior 2-3 years are provided to the managers. Current year to date actual expenses are also provided. Managers are required to update current year forecast to aid in development of full year forecast estimates.
- Outside expenses for all department budgets are built based on analysis including previous years actual information, current year forecast, known changes in external costs, and changes in departmental activities or responsibilities in response to new legislation/regulations/industry activities;
- Variances in spending from prior years must be explained and documented, both at the time of creating forecast and on a monthly basis as actuals are compiled;

- Review the staffing levels of the department for accuracy and outline any changes such as vacancies, retirements etc.;
- A total labor budget by department using projected wage and benefit cost is prepared. Overtime and account distribution are based on previous years actual.

Forecasted OM&A expenditures are compiled to compare the total projected expenditures and to review year over year variances.

The forecasted capital budget is influenced, among other factors, by ORPC's capacity to finance capital projects. Also, the availability of the workforce to complete a planned capital project is equally influential. All proposed capital projects are assessed within the framework of its capital budget priority as outlined in the Distribution System Plan found in Exhibit 2. Topics included in the budget process include:

- Customer Demand and Capacity;
- Renewal;
- Reliability;
- Regulatory Requirements.

The Distribution System Plan supports the capital and maintenance programs needed to maintain and enhance the reliability of ORPC's distribution system.

On an annual basis, ORPC, reviews capital projects identified for potential implementation and attempts to prioritize each project based on guidelines defined in the asset management strategy – and in the Asset Lifecycle Optimization Policies (presented as appendices to the Distribution System Plan). After examining all recommended projects, they are listed in order from higher to lower priority and then moved forward based on appropriate financial parameters.

Inflation:

Staff and management salaries are adjusted yearly to reflect inflation and cost of living. The cost of living is based on an inflation rate of 2% as published by the Bank of Canada. The Bank of Canada is a well-known, reliable and widely used source in establishing inflation rates, not to mention the prescribed interest rates approved by the OEB. The Central Bank's system provides a clear measure of the effectiveness of monetary policy, and increases the predictability of inflation. Note that, at page 16 of the Report of the Board entitled "Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach" issued October 18, 2012, the Board quotes the Bank of Canada as an objective source."

Ex.1/Tab 2/Sch.3 - Load Forecast Summary

The load forecast presented at Exhibit 3 is based on a methodology which predicts class specific consumption using a multiple regression analysis that relates historical monthly wholesale kWh usage to monthly historical heating degree days and cooling degree days. Neither the employment levels, monthly full-time employment levels for the local Economic Region, the number of peak days nor the number of days in the month yielded meaningful results in predicting ORPC's load. Therefore, these were not included as explanatory variables.

After testing numerous combinations and scenarios, Ottawa River Power created two customer specific variables in order to yield more significant results. The use of a "winter" variable and a "shut down" variable help produce a more robust load forecast. More detailed model statistics can be found at Exhibit 3, Tab 1 Schedule 2.

Weather normalized values are determined by using the regression equation with a 10-year average monthly degree days (2005-2014). The 10-year average is consistent with recent years' weather and has been used in other electricity distribution rate applications and has been accepted by the Board.

Allocation to specific weather sensitive rate classes (Residential, GS<50, GS>50) is based on the average share of each classes' actual retail kWh (exclusive of distribution losses) of actual wholesale kWh for the 2005 to 2014 period.

The 2016 Load Forecast is presented at the next page and detailed explanations of the load forecast can be found throughout Exhibit 3.

Table 1.2: Load Forecast

Customers or Connections

Customer Class Name	2010 Board Approved	Test Year 2016	Variance	Variance
Residential	8,895	9,463	568	6%
General Service < 50 kW	1,391	1,281	-110	-8%
General Service > 50 to 4999 kW	144	148	4	3%
Sentinel Lighting	216	195	-21	-10%
Streetlighting	2,653	2,849	196	7%
Unmetered Scattered Load	21	20	-1	-5%
TOTAL	13,320	13,956	636	5%

Metered kWh (CDM Adjusted)

Customer Class Name	2010 Board Approved	Test Year 2016	Variance	Variance
Residential	79,547,654	81,190,920	1,643,266	2%
General Service < 50 kW	36,098,055	32,329,405	-3,768,650	-10%
General Service > 50 to 4999 kW	79,345,026	70,929,970	-8,415,056	-11%
Sentinel Lighting	265,370	240,210	-25,160	-9%
Streetlighting	2,414,487	1,250,197	-1,164,290	-48%
Unmetered Scattered Load	437,952	444,487	6,535	1%
TOTAL	198,108,544	186,385,189	-11,723,355	-6%

kW CDM Adjusted

Customer Class Name	2010 Board Approved	Test Year 2016	Variance	Variance
Residential				
General Service < 50 kW				
General Service > 50 to 1499 kW	211,781	195,150	-16,631	-8%
Intermediate	760	685	-75	-10%
Sentinel Lighting	6,853	3,481	-3,372	-49%
Street Lighting				
TOTAL	219,394	199,316	-20,078	-9%

Ex.1/Tab 2/Sch.4 - Rate Base and Capital Planning

A rate base is the value of property on which a utility is permitted to earn a specified rate of return in accordance with rules set by the OEB. The rate base underlying Ottawa River Power's revenue requirement includes a forecast of net fixed assets, plus a working capital allowance defined as 7.5% of the sum of the cost of power and controllable expenses. Controllable expenses include operations and maintenance, billing and collecting and administration expenses.

The proposed Rate Base for the 2016 test year of $12,327,122 reflects an increase of $800,260 from the 2010 Board Approved. The increase suggests a prudent and reasonable investment in the distribution assets and is necessary in order to meet other regulatory requirements such as "obligation to connect" new growth, the need to maintain the highest electrical safety standards. Table 1.3 below shows the derivation of the proposed 2016 rate base. This increase represents an average annual increase of 1.2% from 2010 to 2016.

The utility is not proposing to recover any costs from any rate class for renewable energy connections/expansions, smart grid, and regional planning initiatives.

Table 1.3: Rate Base

Particulars	Board Appr 2010	Test Year 2016	Var $	Var %
Net Capital Assets in Service:				
Opening Balance	8,553,872	10,128,657	1,574,785	18.%
Ending Balance	8,858,732	10,484,931	1,626,199	18.%
Average Balance	8,706,302	10,306,794	1,600,492	18.%
Working Capital Allowance	2,817,560	2,017,328	-800,232	-28%
Total Rate Base	11,523,862	12,324,122	800,260	6.9%

Table 1.4: Working Capital Allowance

Expenses for Working Capital	Board Appr 2010	Test Year 2016	Var $	Var %
Eligible Distribution Expenses:				
3500-Distribution Expenses - Operation	360,476	630,467	269,990	74%
3550-Distribution Expenses - Maintenance	705,409	802,123	96,713	13%
3650-Billing and Collecting	616,443	733,000	116,557	18%
3700-Community Relations	58,624	67,000	8,376	14%
3800-Administrative and General Expenses	859,815	1,062,375	202,559	23%
6105-Taxes other than PILS	-29,915			100%
Total Eligible Distribution Expenses	2,570,853	3,294,964	724,111	28%
3350-Power Supply Expenses	16,212,879	23,602,740	7,389.861	46%
Total Expenses for Working Capital	18,783,732	26,897,704	8,113,972	42%
Working Capital factor	15.00%	7.50%		-50%
Total Working Capital	2,817,560	2,017,328	-800,232	-28%

Yearly capital expenditures have increased by $266K over the 2010 expenditures.

As described in the Distribution System Plan (“DSP”). ORPC’s capital expenditures are modest and as a result there are few identifiable separate “projects” to be reported on. Therefore the budgeting is typically done using the financial account structure as is the reporting. The major contributors to the increase in Rate Base is the Smart meter disposal, the “Pole Replacement

Program", "Building Renovations", the purchase of a bucket truck in 2013 and the purchase of 2 pickup trucks.

Table 1.5: Capital Expenditure Summary

	Historical (Actual)				Forecast (planned)				
	2011	2012	2013	2014	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Actual	Forecast	Plan	Plan	Plan	Plan
Category	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
System Access	388	248	265	340	501	501	452	393	392
System Renewal	307	345	407	460	450	194	248	193	193
System Service	0	0	0	217	271	474	750	574	293
General Plant	71	229	664	181	212	376	345	116	134
Capital Contributions	-254	-347	-35	-149	-324	-300	-350	-250	-150
Total	**512**	**475**	**1301**	**1049**	**1110**	**1245**	**1445**	**1026**	**862**

Ex.1/Tab 2/Sch.5 - Overview of Operation Maintenance and Administrative Costs

The increase of approximately $694K in OM&A spending from its 2010 Cost of Service to the 2016 Test Year can be attributed to several factors. Operation and Maintenance costs are for the most part aimed at ORPC's distribution system substations and its protective equipment, along with general maintenance on overhead and underground assets. The costs related to operations accounts for approximately $269K of the increase while costs associated with maintenance run at approximately $96K. Billing costs add another $116K while administration cost add an additional $202K. Calculations of ORPC's revenue requirement and the derivation of the revenue sufficiency can be found at Exhibit 6 and specifics surrounding the OM&A costs are presented at Exhibit 4.

Table 1.6: Summary of Recoverable OM&A Expenses

	Board Approved	2016	Var $	Var %
Operations	$360,476	$630,467	269,990	75%
Maintenance	$705,409	$802,123	96,713	14%
Billing and Collecting	$616,443	$733,000	116,557	19%
Community Relations	$58,624	$67,000	8,376	14%
Administrative and General	$859,815	$1,062,375	202,559	24%
Total	$2,600,768	$3,294,964	694,196	27%

Summary of cost drivers:

Operations:

- Increase in overhead distribution lines and feeders
- Increase in meter operations due to Smart Meter implementation
- Increase of vegetation management
- Increase in transformer maintenance

Maintenance:

- Increase in maintenance of poles, towers and fixtures
- Increase in overhead conductors and devices

Billing and Collecting:

- Increase in customer billing (new employee)
- Decrease in meter reading
- Increase in bad debt

Community Relations:

- Increase in advertising expenditures

Administrative and General:

- Regulatory costs increase for cost of service application
- Corporate memberships increase for collaboration purposes
- Building expenses increase with very aged building
- Telephone expense increase with smart meter implementation

Employee Costs

- Employee compensation has increased by $300K over the 2010 Cost of service application which is a 17% total increase over the last 5 years. This represents a 13% change in management compensation and a 19% change in non-management. A primary factor is the progression of a number of apprentices.
- Total benefits have increased by $115K representing rate increases in OMERS as well as relative increases as compensation rose.

Ex.1/Tab 2/Sch.6 - Statement of Cost of Capital Parameters

ORPC has followed the Report of the Board on Cost of Capital for Ontario's Regulated Utilities, December 11, 2009 in determining the cost of capital.

In calculating the cost of capital, ORPC has used the deemed capital structure of 56% long-term debt, 4% short-term debt, and 40% equity, and the Cost of Capital parameters in the OEB letter of November 15, 2012, for the allowed return on equity and where appropriate for debt.

ORPC's cost of capital for 2016 has been calculated as 7.87%, as shown in Table: 1.7 below:

Table: 1.7 – Overview of Capital Structure

Particulars	Cost Rate
Debt	
Long-term Debt	7.25%
Short-term Debt	2.16%
Total Debt	6.91%
Equity	9.30%
Common Equity	
Preferred Shares	
Total Equity	9.30%
Total	7.87%

ORPC understands that the OEB will most likely update the ROE for 2016 at a later date. ORPC commits to updating its Capital Structure accordingly and as new information becomes available.

Ex.1/Tab 2/Sch.7 - Overview of Cost Allocation and Rate Design

The main objectives of a Cost Allocation study is to provide information on any apparent cross-subsidization among a distributor's rate classifications and to eventually be used in future rate applications.

ORPC has prepared and is filling a cost allocation information filing consistent with the utility's understanding of the Directions, the Guidelines, the Model and the Instructions issued by the Board in November of 2006 and all subsequent updates.

ORPC has prepared a Cost Allocation Study for 2016 based on an allocation of the 2016 test year costs (i.e., the 2016 forecast revenue requirement) to the various customer classes using allocators that are based on the forecast class loads (kW and kWh) by class, customer counts, etc.

ORPC has used the updated Board-approved Cost Allocation Model and followed the instructions and guidelines issued by the Board to enter the 2016 data into this model.
One of the classes was outside the Board range. For this class, the utility proposes a multi-year reallocation to reduce the impact on the bills. Table 1.8 below shows the utility's proposed Revenue to Cost reallocation based on an analysis of the proposed results from the Cost Allocation Study vs the Board imposed floor and ceiling ranges.

Table 1.8: Proposed Allocation

2016 Reallocation of Costs			
Customer Class Name	Calculated Revenue to Cost Ratio	Proposed Revenue to Cost Ratio	Variance
Residential	0.98	0.97	-0.01
General Service < 50 kW	1.04	1.04	0.00
General Service > 50 to 4999 kW	1.17	1.10	-0.07
Sentinel Lighting	0.85	0.85	-0.00
Streetlights	0.95	0.95	-0.00
Unmetered Scattered Load	0.43	0.60	0.17

Distribution revenue is derived through a combination of fixed monthly charges and volumetric charges based either on consumption (kWh's) or demand (kW's). Revenues are collected from 6 customer classes including: Residential, General Service less than 50 kW, General Service greater than 50 kW, Sentinel Lighting, Street Lighting and Unmetered Scattered Loads.

Fixed rate revenue is determined by applying the current fixed monthly charge to the number of customers or connections in each of the customer classes in each month. Variable rate revenue is based on a volumetric rate applied to meter readings for consumption or demand volume. Existing volumetric rates include a component to recover allowances for transformer ownership. Commodity Charges and deferral and variance rate riders, along with ORPC specific other adders are added to the distribution rates to arrive at a final all-encompassing bill.

Ex.1/Tab 2/Sch.8 - Overview of Deferral and Variance Account Disposition

ORPC proposes to dispose of a credit of $1.2 M related to Group 1 and Group 2 Variance/Deferral Accounts. This credit includes carrying charges up to and including April 30, 2016. ORPC also proposes to dispose of the following;

- A net debit balance of $93,052 recorded in account 1568 being the Lost Revenue Adjustment Mechanism Variance Account, and
- A credit of $87,623 being the balance of account 1576 for accounting changes under CGAAP
- A debit of $398,964 to dispose of the Net Book Value of Stranded Meters.

Group 1 and Group 2 DVA balances are proposed to be disposed of over 2 years. Both Stranded Meters Rate Rider and Smart Meter Disposition riders are proposed to be disposed over 3 years to minimize their effects on the bill impacts.

ORPC has followed the OEB's guidance as provided in the OEB's Electricity Distributor's Disposition of Variance Accounts Reporting Requirements Report. As of December 31, 2014, ORPC recorded principal balances in the following Board-approved deferral and variance accounts.

Table 1.9: Account and Balances sought for disposition/recovery

		Amounts from Sheet 2
LV Variance Account	1550	163,055
Smart Metering Entity Charge Variance Account	1551	(2,178)
RSVA - Wholesale Market Service Charge	1580	(519,790)
RSVA - Retail Transmission Network Charge	1584	(11,829)
RSVA - Retail Transmission Connection Charge	1586	77,454
RSVA - Power (excluding Global Adjustment)	1588	(469,006)
RSVA - Global Adjustment	1589	688,755
Disposition and Recovery/Refund of Regulatory Balances (2008)	1595	0
Disposition and Recovery/Refund of Regulatory Balances (2009)	1595	0
Disposition and Recovery/Refund of Regulatory Balances (2010)	1595	(436,699)
Disposition and Recovery/Refund of Regulatory Balances (2011)	1595	0
Disposition and Recovery/Refund of Regulatory Balances (2012)	1595	(98,335)
Total of Group 1 Accounts (excluding 1589)		**(1,297,328)**

Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508	30,000
Other Regulatory Assets - Sub-Account - Incremental Capital Charges	1508	0
Other Regulatory Assets - Sub-Account - Financial Assistance Payment and Recovery Variance - Ontario Clean Energy Benefit Act[8]	1508	0
Other Regulatory Assets - Sub-Account - Financial Assistance Payment and Recovery Carrying Charges	1508	0
Other Regulatory Assets - Sub-Account - Other [4]	1508	0
Retail Cost Variance Account - Retail	1518	0
Misc. Deferred Debits	1525	0
Renewable Generation Connection Capital Deferral Account	1531	0
Renewable Generation Connection OM&A Deferral Account	1532	0
Renewable Generation Connection Funding Adder Deferral Account	1533	0
Smart Grid Capital Deferral Account	1534	0
Smart Grid OM&A Deferral Account	1535	0
Smart Grid Funding Adder Deferral Account	1536	0
Retail Cost Variance Account - STR	1548	0
Board-Approved CDM Variance Account	1567	0
Extra-Ordinary Event Costs	1572	0
Deferred Rate Impact Amounts	1574	0
RSVA - One-time	1582	0
Other Deferred Credits	2425	0
Total of Group 2 Accounts		**30,000**

Deferred Payments in Lieu of Taxes	1562	0
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account)	1592	0
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	1592	32,159
Total of Account 1562 and Account 1592		**32,159**

LRAM Variance Account **(Enter dollar amount for each class)**	1568	0
(Account 1568 - total amount allocated to classes)		0
Variance		0

Total Balance Allocated to each class (excluding 1589 and 1586)	**(1,244,168)**
Total Balance Allocated to each class from Account 1589	**688,755**
Total Balance Allocated to each class (including 1589 and excluding 1586)	**(555,414)**

IFRS-CGAAP Transition PP&E Amounts Balance + Return Component	1575	0
Accounting Changes Under CGAAP Balance + Return Component	1576	(81,233)
Total Balance Allocated to each class for Accounts 1575 and 1576		**(81,233)**

Ex.1/Tab 2/Sch.9 - Overview of Bill Impacts

A summary of the bill impacts by class is presented below. Detailed explanations of the bill impacts are presented at Exhibit 8.

The bill impacts vary by customer class, ranging from an increase of 5.81% for the Residential Class to increases of 5.38% and 8.45% in the GS< 50 and GS>50 respectively. Unmetered Scattered Load has an increase of 0.78%, Street Lighting class has an increase of 16.68%, while Sentinel Lighting has an increase of 17.96%.

The impact of distribution rate increases and the smart meter disposition are offset by overall credit rate riders to dispose of the balances owed to ratepayers that have accumulated in certain variance accounts as well as a decrease in retail transmission rates.
A summary of the bill impacts by class is presented below. Detailed explanations of the bill impacts are presented at Exhibit 8.

Ottawa River Power's proposed 2016 revenue requirement is needed to remain in compliance with its regulators and meet its mandate and commitment to provide safe, reliable cost-effective services and products achieving sustainable growth while respecting the community and the environment.

Examples of bill Impacts by rate class are presented at the next page. Ottawa River Power identified key groups of customers and used these to calculate the impacts.

Class	Consumption	2015	2016	% Change
Residential	800 kWh	$119.22	$126.14	5.81%
Residential	1,000 kWh	$148.26	$153.88	3.79%
Residential	3,000 kWh	$438.60	$431.23	-1.68%
General Service < 50 kW	2,000 kWh	$294.14	$309.98	5.38%
General Service < 50 kW	5,000 kWh	$712.45	$727.51	2.11%
General Service < 50 kW	10,000 kWh	$1,409.62	$1,423.39	0.98%
General Service > 50 to 4999 kW	60 KW	$707.40	$767.19	8.45%
General Service > 50 to 4999 kW	100 KW	$921.52	$1,021.17	10.81%
General Service > 50 to 4999 kW	300 KW	$1,992.11	$2,291.08	15.01%
Sentinel Lighting	1	$15.41	$18.17	17.96%
Streetlighting	115	$7,032.45	$8,205.65	16.68%
Unmetered Scattered Load	1800	$223.68	$235.50	0.78%

Customer Engagement

Ex.1/Tab 3/Sch.1 - Overview of Customer Engagement

The Report of the Board, Renewed Regulatory Framework for Electricity Distributors: A Performance Based Approach (the "RRFE Report") contemplates enhanced engagement between distributors and their customers to provide better alignment between distributor operational plans and customer needs and expectations. ORPC always has, and always will, focus on its customers by striving to provide superior service to its customer base. ORPC is also becoming more customer-centric by investing in new capabilities, programs, and technologies that allow them to communicate more effectively and efficiently with their customers. Some of the current initiatives to maintain or improve the level of customer engagement are as outlined on the next few pages.

Ottawa River Power Corporation is owned by four municipal shareholders. The municipal councils of The City of Pembroke, The Township of Killaloe, Hagarty and Richards, The Township of Whitewater representing Beachburg and The Town of Mississippi Mills representing Almonte are elected by the taxpayers to represent their interests. These taxpayers are for the most part the same as the customers of ORPC. At the formation of the amalgamated company back in 2000, the councils participated in strategic planning sessions where they provided input on the direction of the utility. During the annual shareholder meeting the shareholders discuss the future of the organization and the direction the utility should take in the near future.

The shareholders appoint the seven member board of directors which is comprised of local council members as well as local citizens who are customers of ORPC.

Ottawa River Power Corporation has two offices: one on the main street of Pembroke, Ontario and one on the main street of Almonte, Ontario. Both offices are open daily where the employees interact with many customers. The Pembroke sees over 10% of its customers in the office on monthly basis. The operations' department employees network on the streets of their communities, again, on a daily basis. In addition, ORPC's employees answer the telephones and aid with their customers' needs both efficiently and effectively. All of this provides valuable insight into customers' wants and needs.

During 2014 ORPC began a Facebook page and a Twitter account. These were established not only to provide better communication to customers, but from customers as well.

To further engage customers Ottawa River Power Corporation has:

- Held a Town hall meeting to explain the Cost of Service application and capital plan
- A member of the Chamber of Commerce
- Attended the Kiwanis Club to speak about the industry
- Held workshops/town hall meetings to explain smart meters
- Held a workshop for commercial and small business to help them manage their electricity usage
- Held home workshop to help with energy management.
- Took part in a local business's (Kruger International) Day where customers were engaged in conservation and energy management along with general customer relations.
- Take part in Pembroke Mall displays and events
- Member of the Pembroke and Business Improvement Area
- Participated in local events such as "Light up the Night", the Santa Clause parade, Run for the Cure
- Participated in school programs to promote safety as well as energy conservation
- Fundraising by employees to donate to local food banks
- Host of the Murray Moore Hydro Museum
- Participated in other local events and tradeshows to promote energy conservation

Ottawa River Power Corporation joined Cornerstone Hydro Electric Concepts Inc., a coalition of small utilities in April 2014. The coalition undertook a survey of their customers with the results returned to them in July 2014. Unfortunately ORPC joined too late to participate in that survey but will take part bi-annually along with the rest of the group. This is an efficient method of surveying our customers with the cost being in the $2,000 range versus $20,000 for an individual survey. In addition, Ottawa River Power has purchased an online survey to be completed by its customers in the fall of 2015.

ORPC currently maintains front desk support allowing the customer and the utility to interact on a direct basis. Social interaction is still one of the best ways to be in close contact with the customer. People like being heard and it is essential that they give feedback, which can conveniently be done while they are paying their electrical bill at the front counter.

With a front desk, information is exchanged regularly with every customer interaction. Data gathered though these interactions can then be used to improve business outcomes. In this sense, front desk staff becomes pivotal to the business and bridges the gap between the customer and other utility staff. ORPC plans on continuing its front desk operations as a form of customer engagement and to ensure expected customer service levels are maintained.

ORPC's customers receive a physical bill in the mail, and ORPC takes advantage of this opportunity to communicate additional information via messages on the outside of the envelope, separate inserts, and messages on the bill itself. Many of these messages are coordinated with announcements from the OEB, IESO, and other agencies, and include information about retailers, rate changes, conservation and demand management programs, electrical safety, and these include references to the Ottawa River Power website.

ORPC hosted a public forum that provided an opportunity for all customers to learn about the company's distribution system investment plans and the potential rate impacts associated with these plans. The forum was led by senior management who were well-informed of the issues at hand.

It is important to ORPC and its Shareholders that its employees support and give back to their community, and as such the utility participates in several community projects and events (at no cost to ratepayers) such as:

- Christmas Lights: As the main contributor to this popular annual holiday celebration, the volunteer crew from ORPC assists with wiring, set-up and removal of Christmas lights throughout the town of Almonte.
- Christmas Parades: ORPC employees build a yearly "float" and enter it into parades in Pembroke, Beachburg and Killaloe with electricity and safety as a main theme.
- Food Bank: The employees of the utility hold a bi-weekly 50/50 draw and at Christmas time donate the proceeds to a local food bank.

- Remembrance Day: Ottawa River Power employees attend the ceremonies each year with an individual employee laying a wreath at the Cenotaph.

ORPC also provides support through partnerships with the province's Low-income Energy Assistance Program (LEAP) program. This emergency financial assistance program is designed to help low-income customers who have difficulty making their electricity bill payments.

Table 1.10 – OEB Appendix 2 – AC

Provide a list of customer engagement activities	Provide a list of customer needs and preferences identified through each engagement activity	Actions taken to respond to identified needs and preferences. If no action was taken, explain why
Town Hall Meeting	No needs and preferences expressed by customers.	No action required
Facebook/Twitter	More communication required during outages	Updates are put on website, facebook and twitter
Spoke to Community Groups including Municipal Councils	More communication required	Speaking to other interest groups as well.
Home Workshops	No needs and preferences expressed by customers.	No action required
Visited Local Schools	No needs and preferences expressed by customers.	No action required

Financial Information

Ex.1/Tab 4/Sch.1 - Historical Financial Statements

The following attachments are presented in this next section.

- Attachment 2 Year ended 31 December, 2012
- Attachment 3 Year ended 31 December, 2013
- Attachment 3 Year ended 31 December, 2014

Financial Statements of

OTTAWA RIVER POWER CORPORATION

Year ended December 31, 2012

SCOTT ROSIEN & DEMPSEY

Chartered Accountants

D.M. Scott, C.A.
D.W. Rosien, C.A.
W.T. Dempsey, C.A.

545 Pembroke Street West
Pembroke, Ontario K8A 5P2

TELEPHONE: 613-735-3981
FAX: 613-732-3829

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accompanying financial statements of Ottawa River Power Corporation which comprise the balance sheet as at December 31, 2012 and the statements of earnings, retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, these financial statements present fairly, in all material respects, the financial position of Ottawa River Power Corporation as at December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Scott Rosien & Dempsey

Chartered Accountants
Licensed Public Accountants

Pembroke, Ontario
April 25, 2013

A history of service since 1961

OTTAWA RIVER POWER CORPORATION

(Incorporated under the laws of Ontario)
Balance Sheet

December 31, 2012, with comparative figures for 2011

	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	$ 5,732,455	$ 5,395,321
Accounts receivable (note 2)	1,221,610	1,429,445
Amounts in lieu of income taxes recoverable	6,576	3,887
Due from Ottawa River Energy Solutions Inc. (note 3)	-	20,869
Unbilled revenue	2,763,383	2,414,429
Inventory (note 4)	451,661	461,359
Prepaid expenses	153,905	112,407
	10,329,590	9,837,717
Restricted cash and cash equivalents:		
Cash and cash equivalents, held for customer deposits	103,118	117,091
Cash and cash equivalents, held for regulatory liability	-	1,810,905
	103,118	1,927,996
Property, plant and equipment (note 5):		
Land, building, distribution and office equipment and motor vehicles	25,268,184	24,834,747
Accumulated amortization	17,346,878	16,641,730
	7,921,306	8,193,017
Future income tax assets (note 1(k))	670,305	741,953
Other non-current assets	13,821	55,285
	$ 19,038,140	$ 20,755,968

		2012		2011

Liabilities and Shareholders' Equity

Current liabilities:				
Accounts payable and accrued liabilities	$	4,689,906	$	4,599,059
Due to Ottawa River Energy Solutions Inc. (note 3)		150,620		-
Current portion of long-term debt		103,118		117,091
		4,943,644		4,716,150
Regulatory liability (note 6)		505,017		2,552,858
Long-term debt (note 7)		5,778,955		5,792,930
Shareholders' equity:				
Capital stock				
Authorized:				
Unlimited number of non-cumulative special shares				
Unlimited number of common shares				
Issued (note 8):				
5,568 Common shares		5,585,838		5,585,838
Retained earnings		2,224,686		2,108,192
		7,810,524		7,694,030
Commitments (note 11)				
Contingencies (note 12)				
	$	19,038,140	$	20,755,968

See accompanying notes to financial statements.

On behalf of the Board:

____________________ Director

____________________ Director

OTTAWA RIVER POWER CORPORATION

Statement of Earnings

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Service revenue:		
Electricity revenue	$ 17,687,620	$ 15,968,093
Distribution revenue	4,003,625	4,004,317
	21,691,245	19,972,410
Cost of power	17,687,620	15,968,093
	4,003,625	4,004,317
Other operating revenue (note 15)	376,648	358,366
Interest on regulatory asset	37,103	31,035
	4,417,376	4,393,718
Operating and maintenance expenses:		
Distribution operation and maintenance	1,256,873	1,269,522
Community relations	47,391	53,320
Billing and collecting	532,893	526,962
General and administrative	847,742	833,118
Amortization	631,630	662,694
Interest and bank charges	3,427	1,277
Interest on long-term debt	404,973	404,973
Interest on regulatory liability	38,682	63,221
	3,763,611	3,815,087
Earnings before amounts in lieu of income taxes	653,765	578,631
Amount in lieu of income taxes (note 9)	119,671	109,813
Net earnings	$ 534,094	$ 468,818

See accompanying notes to financial statements.

OTTAWA RIVER POWER CORPORATION
Statement of Retained Earnings

Year ended December 31, 2012, with comparative figures for 2011

		2012		2011
Retained earnings, beginning of year	$	2,108,192	$	1,960,926
Net earnings		534,094		468,818
Dividends paid		(417,600)		(321,552)
Retained earnings, end of year	$	2,224,686	$	2,108,192

See accompanying notes to financial statements.

OTTAWA RIVER POWER CORPORATION

Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

		2012		2011
Cash provided by (used in):				
Operations:				
Cash received from customers	$	21,801,653	$	20,631,761
Cash paid to suppliers and employees		(20,174,241)		(18,163,970)
Interest earned		158,925		149,356
Interest paid		(447,082)		(469,471)
Corporate income and capital taxes paid		(122,363)		(62,016)
		1,216,892		2,085,660
Financing:				
Dividends paid		(417,600)		(321,552)
Investments:				
Customer deposits and post retirement benefits		(13,973)		45,137
Proceeds on disposal of equipment		9,500		13,577
Additions to property, plant and equipment		(457,685)		(494,206)
		(462,158)		(435,492)
Increase in cash		337,134		1,328,616
Cash and cash equivalents, beginning of year		5,395,321		4,066,705
Cash and cash equivalents, end of year	$	5,732,455	$	5,395,321

See accompanying notes to financial statements.

Ottawa River Power Corporation (the "Corporation") was incorporated in accordance with the provincial government's Electricity Act, 1998 under the Business Corporations Act (Ontario) on April 22, 1999. Ottawa River Power Corporation is the successor to the former Pembroke Hydro Electric Commission ("Pembroke Hydro"), the Beachburg Hydro System ("Beachburg Hydro"), the Township of Killaloe, Haggarty & Richards Hydro Electric Commission ("Killaloe Hydro") and the Town of Mississippi Mills Public Utilities Commission ("Almonte Hydro"). The Corporation is the electric distribution utility for residents of the City of Pembroke, the Village of Beachburg, the Township of Killaloe and the Town of Mississippi Mills (Almonte Ward).

1. Significant accounting policies:

(a) Basis of presentation:

The financial statements of the Ottawa River Power Corporation are the representation of management prepared in accordance with Canadian generally accepted accounting principles and accounting guidance provided by its regulator, the Ontario Energy Board ("OEB"), as contained in its Accounting Procedures Handbook for Electric Distribution Utilities, under the authority of the Ontario Energy Board Act, 1998.

(b) Rate setting:

Ottawa River Power Corporation is regulated by the OEB under authority of the Ontario Energy Board Act, 1998. The OEB is charged with the responsibility of approving or setting rates for the transmission and distribution of electricity and the responsibility for ensuring that distribution companies fulfill obligations to connect and service customers.

The OEB has the general power to include or exclude costs, revenues, losses or gains in the rates of a specific period, resulting in the change in the timing of accounting recognition from that which would have applied in an unregulated company. Specifically, the following accounting treatments have been applied:

(i) Capital and operating costs incurred in respect of the transition to competitive markets have been deferred with amortization to commence at a date that a rate increase is implemented to offset the amortization of the transition costs. In November 2003, the Province of Ontario introduced the Ontario Energy Board Amendment Act (Electricity Pricing) 2003 (the "2003 Act"). The 2003 Act will impact both the distribution and energy rates charged to customers and includes a provision for the recovery of regulatory assets (note 1(j)).

(ii) An amount to represent the cost of funds used during construction and development has been applied based on the value of construction in progress.

(iii) The Corporation provides for amounts in lieu of corporate income taxes using the liability method for its regulated business activities.

1. Significant accounting policies (continued):

(iv) The Corporation has deferred certain pre-market opening cost of power variances and post-market opening retail settlement variances in accordance with Article 490 of the OEB's Accounting Procedures Handbook.

(c) Cash and cash equivalents:

Cash and cash equivalents are defined as cash and bank term deposits or equivalent financial instruments with original maturities upon issue of less than 90 days.

(d) Revenue recognition:

Revenue from the sale of electricity is recognized on the accrual basis, which includes an estimate of unbilled revenue which represents electricity consumed by customers since the date of each customer's last meter reading. Actual results could differ from estimates made of electricity usage. The related cost of power is recorded on the basis of power used.

Labour on customer premises is generally short-term in nature. Revenue is recognized in the period the work is completed.

Interest is recognized on the accrual basis.

(e) Measurement uncertainty:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as the disclosure of contingent assets and liabilities at the financial statement date. Accounts receivable, unbilled revenue and regulatory assets are reported based on amounts expected to be recovered and include an appropriate allowance for unrecoverable amounts. Inventories are recorded net of provisions for obsolescence.

Due to the inherent uncertainty involved in making such estimates, actual results could differ from estimates recorded in preparing these financial statements, including changes as a result of future decisions made by the OEB, the Minister of Energy or the Minister of Finance.

(f) Inventory:

Inventory consists of parts and supplies mainly related to the maintenance of the electricity distribution infrastructure. Inventory is carried at the lower of a weighted-moving average basis or replacement cost. The Corporation classifies all major future components of its electricity distribution system infrastructure to property, plant and equipment. Once capitalized, these items are not amortized until they are put into service.

1. Significant accounting policies (continued):

(g) Property, plant and equipment:

Capital assets are recorded at cost and include contracted services, materials, labour, engineering costs, overheads and an allowance for the cost of funds used during construction when applied. Certain assets may be acquired or constructed with financial assistance in the form of contributions from developers or customers. The OEB requires that such contributions, whether in cash or in-kind, be offset against the related asset cost. Contributions in-kind are valued at their fair market value at the date of their contribution.

When identifiable assets, such as buildings, distribution station equipment and equipment and furniture are retired or otherwise disposed of, their original cost and accumulated amortization are removed from the accounts and the related gain or loss is included in the operating results for the related fiscal period. The cost and related accumulated amortization of grouped assets such as transmission and distribution facilities is removed from the accounts at the end of their estimated service life.

Amortization of capital asset values is charged to operations on a straight-line basis over their estimated service lives with half rates in the year of acquisition as follows:

	Estimated service life	
	Range	Average
Land rights	25 to 30 years	30
Buildings	30 to 60 years	50
Poles, towers and fixtures	25 to 45 years	25
Overhead conductors and devices	25 to 60 years	25
Underground conduit	25 to 50 years	25
Underground conductors and devices	25 to 40 years	25
Services	3 to 25 years	5

Construction in progress comprises capital assets under construction, assets not yet placed into service and pre-construction activities related to specific projects expected to be constructed.

1. Significant accounting policies (continued):

An allowance for the cost of funds used during the construction period may be applied. The rate applied is equal to the rate allowed by the OEB in respect of long-term borrowings, being 6.9%.

(h) Customer deposits:

Customers may be required to post security to obtain electricity or other services. Where the security posted is in the form of cash or cash equivalents, these amounts are recorded in the accounts as customer deposits and invested in term deposits, which are reported separately from the Corporation's own cash and cash equivalents. Interest is paid on customer balances at rates established from time to time by the Corporation.

(i) Pension and other post-employment benefits:

The Corporation accounts for its participation in the Ontario Municipal Employees Retirement Funds ("OMERS"), a multi-employer public sector pension funds, as a defined contribution plan.

The Corporation determines the cost of other employment and post-employment benefits offered to employees using the projected benefit method, prorated on service and based on management's best estimate assumptions. Under this method, the projected post-retirement benefit is deemed to be earned on a pro-rata basis over the years of service in the attribution period commencing at date of hire, and ended at the earliest age the employee could retire and qualify for benefits.

(j) Regulatory assets and liabilities:

Regulatory assets primarily represent costs that have been deferred because it is probable that they will be recovered in rates. Regulatory liabilities can arise from differences in amounts billed to customers under the regulated pricing mechanism and the corresponding regulated retail transmission, wholesale market, and cost of power rates charged to the utility. The OEB directs the distribution utilities to defer these variances for future true-up with the Independent Electricity Systems Operator ("IESO").

1. Significant accounting policies (continued):

Post market-opening retail settlement variances are variances that occur between the amount charged by Hydro One to Ottawa River Power Corporation and the amounts collected from customers. These include the cost of power, as well as the wholesale market settlement charge and retail transmission charges. The variances incurred up to December 31, 2010 are being recovered in rates which take effect January 1, 2011 and May 1, 2012. The variances incurred from January 1, 2011 onward will be disposed of in a future proceeding and are reflected separately on the Corporation's balance sheet until the manner and timing of disposition is determined by the OEB.

The future income taxes regulatory liability relates to the expected future electricity distribution rate reduction for customers arising from timing differences in the recognition of future tax assets.

Management continues to believe that it is probable the regulatory assets will be fully recovered. In the event that recovery from future rates is no longer considered probable or portions of those amounts deferred are determined not to be recoverable, such amounts will be expensed in the period this determination is made.

(k) Corporate income taxes:

Under the Electricity Act, 1998, the Corporation is required to make payments in lieu of corporate income taxes to Ontario Electricity Financial Corporation ("OEFC"), commencing October 1, 2001. These payments are calculated in accordance with the rules for computing income and other relevant amounts contained in The Income Tax Act (Canada) and the Corporations Tax Act (Ontario), as modified by the Electricity Act, 1998, and related regulations.

The Corporation uses the liability method of accounting for income taxes. Under the liability method, current income taxes payable are recorded based on taxable income. Future income taxes arise from temporary differences between the accounting and tax basis of assets and liabilities. Future tax assets and liabilities are provided based on substantively enacted tax rates that will be in effect when the differences are expected to reverse.

(l) Financial instruments:

The Corporation has classified its cash as financial assets held-for-trading. The remainder of the Corporation's financial assets are classified as loans and receivables. Loans and receivables and all financial liabilities are carried at amortized cost using the effective interest rate method.

1. Significant accounting policies (continued):

(m) International Financial Reporting Standards:

On February 13, 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") in place of Canadian GAAP for interim and annual reporting purposes for fiscal years beginning on or after January 1, 2011. A limited number of converged or IFRS-based standards will be incorporated into Canadian GAAP, with the remaining standards to be adopted at the change over date.

On September 10, 2010, the AcSB granted an optional one year deferral for IFRS adoption for entities subject to rate regulation. In March 2012 the AcSB announced that it would allow a further one year deferral to fiscal years beginning on or after January 1, 2013. These decisions came in light of the uncertainty created by the International Accounting Standards Board ("IASB") in regard to the rate-regulated project which is assessing the potential recognition of regulatory assets and regulatory liabilities under IFRS.

Given the continued uncertainty around the timing, scope and eventual adoption of a rate-regulated accounting ("RRA") standard under IFRS and the potential material impact of RRA on the Corporation's financial statements, the Corporation has decided to elect the optional one year deferral of its adoption of IFRS. Accordingly, the Corporation will continue to prepare its financial statements in accordance with Canadian GAAP accounting standards in Part V of the Handbook for 2012.

As a result of these developments related to RRA under IFRS and the uncertainty regarding the impact of IFRS on the OEB electricity distribution rates application process, the Corporation cannot reasonably quantify the full impact that adopting IFRS would have on its future financial position and results of operations. The Corporation will continue to actively monitor IASB developments with respect to RRA and non-RRA IFRS developments and their potential impacts.

2. Accounts receivable:

	2012	2011
Residential and commercial energy and rentals	$ 878,676	$ 1,038,850
Work at customers premises	107,433	145,458
Employee purchases	5,451	3,548
HST receivable	195,953	142,217
Other miscellaneous receivables	109,097	174,372
	1,296,610	1,504,445
Allowance for doubtful accounts	(75,000)	(75,000)
	$ 1,221,610	$ 1,429,445

3. Related party transactions:

(a) Ottawa River Energy Solutions Inc.

The Corporation agreed to provide financing to Ottawa River Energy Solutions Inc., a sister corporation, for a capital project up to $1,000,000. Advances are due on demand. Interest is to be calculated semi-annually at 5.75% with the rate to be reviewed annually. There was no activity or balance receivable during the year ended December 31, 2012 or 2011.

The Corporation has agreed to provide operating capital to Ottawa River Energy Solutions Inc. Advances are due on demand. Interest on the operating loan is charged at the Royal Bank of Canada prime rate, calculated semi-annually and payable on April 30. The loan agreement does not provide for interest on payable amounts. The interest calculation commenced January 1, 2003.

The Corporation provides services to Ottawa River Energy Solutions Inc., at cost. A summary of amounts charged by the Corporation to the Ottawa River Energy Solutions Inc. are as follows:

	2012	2011
Labour on customer premises	$ 84,221	$ 57,661
Administration services	47,782	41,238
Interest - Ottawa River Energy Solutions Inc.	-	4,013
	$ 132,003	$ 102,912

3. Related party transactions (continued):

Included in the statement of earnings is fibre services of $19,200 (2011 - $19,200) paid to Ottawa River Energy Solutions Inc.

At December 31, 2012 there are no accounts payable and accrued liabilities due to Ottawa River Energy Solutions Inc. Ottawa River Energy Solutions Inc. is affiliated by virtue of common ownership.

(b) Corporation of the City of Pembroke

The Corporation provides electricity and services to the principal shareholder, the City of Pembroke. Electrical energy is sold to the City at the same prices and terms as other electricity customers consuming equivalent amounts of electricity. Street lighting maintenance services are provided at rates determined in relation to other service providers. Other construction services are provided at cost. A summary of amounts charged by the Corporation to the City of Pembroke are as follows:

	2012	2011
Electrical energy	$ 671,289	$ 613,466
Street lighting energy	294,380	237,034
Street light maintenance	59,260	69,230
	$ 1,024,929	$ 919,730

At December 31, 2012, there are no accounts payable and accrued liabilities due to the City of Pembroke and accounts receivable include $162,934, (2011 - $157,326) from the City of Pembroke.

4. Inventory:

Inventory consists of maintenance and construction materials amounting to $451,661 (2011 - $461,359).

5. Property, plant and equipment:

			2012	2011
	Cost	Accumulated amortization	Net book value	Net book value
Land and land rights	$ 141,308	$ 7,726	$ 133,582	$ 133,917
Buildings	546,704	275,157	271,547	221,475
Poles, towers and fixtures	9,031,381	6,059,183	2,972,198	3,101,107
Overhead conductors and devices	5,984,267	3,355,467	2,628,800	2,559,933
Underground conduit	2,594,239	2,200,852	393,387	607,725
Underground conductors and devices	3,096,342	2,177,341	919,001	1,019,853
Services	3,873,943	3,271,152	602,791	549,007
	$ 25,268,184	$ 17,346,878	$ 7,921,306	$ 8,193,017

During the year, no provision for the cost of funds used during construction was capitalized.

During the period, total amortization recorded as operating and maintenance expenses amounted to $729,396 (2011 - $772,868).

6. Regulatory liability:

It is expected that the Corporation will apply for, and receive, in its electricity rates an allowance to remit the remaining regulated liabilities and an allowance to recover the remaining regulatory assets (note 1(j)).

	2012	2011
Assets (liabilities):		
Regulatory assets recovery account	$ (1,926,013)	$ (2,752,906)
Settlement variances	298,287	(915,516)
Smart meters	1,795,791	1,837,065
Other	32,115	32,084
Future income taxes	(705,559)	(767,796)
Late payment penalties settlement	362	9,858
Special purpose charge variance	-	4,353
	$ (505,017)	$ (2,552,858)

7. Long-term debt:

		2012		2011
7.25% Promissory note payable to the Corporation of the City of Pembroke, due May 1, 2022	$	4,364,000	$	4,364,000
7.25% Promissory note payable to the Corporation of the Village of Beachburg, due May 1, 2022		147,000		147,000
7.25% Promissory note payable to the Corporation of the Township of Killaloe, Haggarty and Richards, due May 1, 2022		172,348		172,348
7.25% Promissory note payable to the Corporation of the Town of Mississippi Mills, due May 1, 2022		902,490		902,490
Customer deposits		206,235		234,183
Post-retirement benefits		90,000		90,000
		5,882,073		5,910,021
Current portion of long-term debt		103,118		117,091
	$	5,778,955	$	5,792,930

Interest on promissory notes is calculated annually and payable quarterly to the shareholders. The aggregate maturities of long-term debt for each of the two years subsequent to December 31, 2012 are as follows: 2013 - $103,118; and 2014 - $103,117.

8. Capital stock:

As at December 31, 2012, the common shares of the corporation are held as follows:

	Common Shares	Percentage Ownership
Corporation of the City of Pembroke	4,364	78.38%
Corporation of the Township of Whitewater Region	147	2.64%
Corporation of the Township of Killaloe, Haggarty and Richards	169	3.04%
Corporation of the Town of Mississippi Mills	888	15.94%
	5,568	100.00%

The common share ownership has not changed from prior year.

9. Payment in lieu of corporate income taxes:

As at December 31, 2012, the Corporation has recorded a future income tax asset of $670,305 and a corresponding regulatory liability of $670,305.

The Corporation claimed capital cost allowance and eligible capital expenditures totalling $129,536 (2011 - $130,073) in excess of amortization recorded to reduce the payment in lieu of corporate income taxes.

	2012	2011
Statutory rate	$ 151,030	$ 141,181
Tax effect of expenses that are not deductible for income tax purposes	301	-
Tax effect of differences in the timing of deductibility of items for payments in lieu of income taxes	(31,660)	(31,368)
	$ 119,671	$ 109,813

10. Employee future benefits:

(a) The Corporation is a member of the Ontario Municipal Employers Retirement Fund (OMERS), which is a multi-employer plan. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees, based on the length of service and rates of pay.

Contributions made during the period amount to $155,913 (2011 - $134,696).

(b) The Corporation has an unfunded defined benefit plan providing post-retirement health care benefits. The balance sheet includes a provision for the projected post-retirement benefit cost of $90,000 (2011 - $90,000).

11. Commitments:

The Corporation leases its premises in Pembroke, Ontario, from the Corporation of The City of Pembroke under the terms of a ten-year operating lease at an annual rental of $12. The lease contained an option which allowed the lessee to purchase the property on or before December 1, 2009, at a cost of three hundred and sixty thousand, five hundred and eighty three dollars ($360,583) together with any assessable environmental clean-up costs. The Corporation is currently in discussions with the Corporation of the City of Pembroke regarding the status of this lease.

The Corporation leases office premises from Mississippi River Power Corporation under the terms of an operating lease at a monthly cost of $1,100. The lease expires on December 31, 2013 with an option to renew for a further three years.

11. Commitments (continued):

The Corporation leases substation premises from Mississippi River Power Corporation under the terms of an operating lease at a monthly cost of $500. The lease expires on December 31, 2015.

The Corporation leases garage premises from the Corporation of the Town of Mississippi Mills under the terms of an operating lease at an annual rental of $1. The lease expires September 30, 2013.

12. Contingencies:

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). A reciprocal insurance exchange may be defined as a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other. MEARIE is licensed to provide general liability insurance to member electric utilities.

Insurance premiums charged to each municipal electric utility consist of a levy per thousand dollars of service revenue subject to a credit or surcharge based on each electric utility's claims experience. Effective January 1, 2001, coverage is provided to a level of $20 million per incident.

No provision has been made for these potential liabilities as the Corporation expects that these claims are adequately covered by its insurance.

13. Fair value of instruments:

The carrying values of cash and cash equivalents, accounts receivable, cash and cash equivalents held for long-term customer deposits and vested sick leave, cash and cash equivalents held for regulatory liability, accounts payable and accrued liabilities approximate fair market value because of the short maturity of these instruments.

As the notes payable in the amount of $5,585,838 do not trade on the public markets, no fair value information is available. The notes payable bear interest at fixed rates and consequently the long-term debt risk exposure is minimal.

Financial assets held by the Corporation expose it to credit risk. As at December 31, 2012, there were no significant concentrations of credit risk with respect to any class of financial assets. Cash and cash equivalents include amounts held for customer deposits and temporary investments amounting to $206,235. These temporary investments are of a short maturity with financial institutions with established credit ratings.

Financial Statements of

OTTAWA RIVER POWER CORPORATION

Year ended December 31, 2013

Ottawa River Power

283 pembroke street west – p.o. box 1087
pembroke, ontario K8A 6Y6
tel: 613-732-3687 – fax: 613-732-8199
web: www.orpowercorp.com

April 24, 2014

Report of Management

Management is responsible for the integrity of the financial data reported by Ottawa River Power Corporation. Fulfilling this responsibility requires the preparation and presentation of financial statements using management's best judgment and estimates in accordance with Canadian generally accepted accounting principles, applied on a basis consistent with the preceding year.

Management maintains appropriate systems of internal control and corporate-wide policies and procedures, which provide reasonable assurance that Ottawa River Power Corporation's assets are safeguarded and that financial records are relevant and reliable.

The Board of Directors, through the Audit Committee, ensures that management fulfills its responsibility for financial reporting and internal control. The Audit Committee consists of outside directors and at regular meetings reviews audit, internal control and financial reporting matters with management and external auditors. The Audit Committee has reviewed the financial statements and submitted its report to the Board of Directors.

On behalf of management,

Denis Montgomery
President and Chief Executive Officer

Jane Wilkinson, CPA, CMA
Chief Financial Officer

"A Proud Locally Owned Municipal Utility"

SCOTT ROSIEN & DEMPSEY

Chartered Accountants

D.M. Scott, CPA, CA, LPA
D.W. Rosien, CPA, CA, LPA
W.T. Dempsey, CPA, CA, LPA

545 Pembroke Street West
Pembroke, Ontario K8A 5P2

TELEPHONE: 613-735-3981
FAX: 613-732-3829

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accompanying financial statements of Ottawa River Power Corporation which comprise the balance sheet as at December 31, 2013 and the statements of earnings, retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, these financial statements present fairly, in all material respects, the financial position of Ottawa River Power Corporation as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Scott Rosien + Dempsey
Chartered Accountants
Licensed Public Accountants

Pembroke, Ontario
April 24, 2014

OTTAWA RIVER POWER CORPORATION

(Incorporated under the laws of Ontario)
Balance Sheet

December 31, 2013, with comparative figures for 2012

	2013	2012
Assets		
Current assets:		
Cash and cash equivalents	$ 5,432,092	$ 5,732,455
Accounts receivable (note 2)	1,583,926	1,221,610
Amounts in lieu of income taxes recoverable	130,207	6,576
Unbilled revenue	3,579,503	2,763,383
Inventory (note 4)	427,059	451,661
Prepaid expenses	90,227	153,905
	11,243,014	10,329,590
Restricted cash and cash equivalents:		
Cash and cash equivalents, held for customer deposits	92,926	103,118
	92,926	103,118
Property, plant and equipment (note 5):		
Land, building, distribution and office equipment and motor vehicles	26,555,208	25,268,184
Accumulated amortization	18,036,579	17,346,878
	8,518,629	7,921,306
Regulatory asset (note 6)	788,990	-
Future income tax assets (note 1(k))	524,620	670,305
Other non-current assets	-	13,821
	$ 21,168,179	$ 19,038,140

	2013	2012

Liabilities and Shareholders' Equity

	2013	2012
Current liabilities:		
Accounts payable and accrued liabilities	$ 7,192,837	$ 4,689,906
Due to Ottawa River Energy Solutions Inc. (note 3)	347,967	150,620
Current portion of long-term debt	92,925	103,118
	7,633,729	4,943,644
Regulatory liability (note 6)	-	505,017
Long-term debt (note 7)	5,877,983	5,778,955
Shareholders' equity:		
Capital stock		
Authorized:		
Unlimited number of non-cumulative special shares		
Unlimited number of common shares		
Issued (note 8):		
5,568 Common shares	5,585,838	5,585,838
Retained earnings	2,070,629	2,224,686
	7,656,467	7,810,524
Commitments (note 11)		
Contingencies (note 12)		
	$ 21,168,179	$ 19,038,140

See accompanying notes to financial statements.

On behalf of the Board:

______________________________ Director

______________________________ Director

OTTAWA RIVER POWER CORPORATION

Statement of Earnings

Year ended December 31, 2013, with comparative figures for 2012

	2013	2012
Service revenue:		
Electricity revenue	$ 19,362,954	$ 17,687,620
Distribution revenue	4,070,294	4,003,625
	23,433,248	21,691,245
Cost of power	19,362,954	17,687,620
	4,070,294	4,003,625
Other operating revenue (note 15)	404,805	376,648
Interest on regulatory asset	41,240	37,103
	4,516,339	4,417,376
Operating and maintenance expenses:		
Distribution operation and maintenance	1,436,811	1,256,873
Community relations	52,864	47,391
Billing and collecting	594,139	532,893
General and administrative	1,026,604	847,742
Amortization	661,050	631,630
Interest and bank charges	5,831	3,427
Interest on long-term debt	404,973	404,973
Interest on regulatory liability	23,299	38,682
	4,205,571	3,763,611
Earnings before amounts in lieu of income taxes	310,768	653,765
Amount in lieu of income taxes (note 9)	19,385	119,671
Net earnings	$ 291,383	$ 534,094

See accompanying notes to financial statements.

OTTAWA RIVER POWER CORPORATION

Statement of Retained Earnings

Year ended December 31, 2013, with comparative figures for 2012

		2013		2012
Retained earnings, beginning of year	$	2,224,686	$	2,108,192
Net earnings		291,383		534,094
Dividends paid		(445,440)		(417,600)
Retained earnings, end of year	$	2,070,629	$	2,224,686

See accompanying notes to financial statements.

OTTAWA RIVER POWER CORPORATION

Statement of Cash Flows

Year ended December 31, 2013, with comparative figures for 2012

	2013	2012
Cash provided by (used in):		
Operations:		
Cash received from customers	$ 21,613,957	$ 21,801,653
Cash paid to suppliers and employees	(19,678,469)	(20,174,241)
Interest earned	134,875	158,925
Interest paid	(434,103)	(447,082)
Corporate income and capital taxes paid	(143,016)	(122,363)
	1,493,244	1,216,892
Financing:		
Dividends paid	(445,440)	(417,600)
Investments:		
Customer deposits	(10,192)	(13,973)
Proceeds on disposal of equipment	1,050	9,500
Additions to property, plant and equipment	(1,339,025)	(457,685)
	(1,348,167)	(462,158)
Increase (decrease) in cash	(300,363)	337,134
Cash and cash equivalents, beginning of year	5,732,455	5,395,321
Cash and cash equivalents, end of year	$ 5,432,092	$ 5,732,455

See accompanying notes to financial statements.

Ottawa River Power Corporation (the "Corporation") was incorporated in accordance with the provincial government's Electricity Act, 1998 under the Business Corporations Act (Ontario) on April 22, 1999. Ottawa River Power Corporation is the successor to the former Pembroke Hydro Electric Commission ("Pembroke Hydro"), the Beachburg Hydro System ("Beachburg Hydro"), the Township of Killaloe, Haggarty & Richards Hydro Electric Commission ("Killaloe Hydro") and the Town of Mississippi Mills Public Utilities Commission ("Almonte Hydro"). The Corporation is the electric distribution utility for residents of the City of Pembroke, the Village of Beachburg, the Township of Killaloe and the Town of Mississippi Mills (Almonte Ward).

1. Significant accounting policies:

(a) Basis of presentation:

The financial statements of the Ottawa River Power Corporation are the representation of management prepared in accordance with Canadian generally accepted accounting principles and accounting guidance provided by its regulator, the Ontario Energy Board ("OEB"), as contained in its Accounting Procedures Handbook for Electric Distribution Utilities, under the authority of the Ontario Energy Board Act, 1998.

(b) Rate setting:

Ottawa River Power Corporation is regulated by the OEB under authority of the Ontario Energy Board Act, 1998. The OEB is charged with the responsibility of approving or setting rates for the transmission and distribution of electricity and the responsibility for ensuring that distribution companies fulfill obligations to connect and service customers.

The OEB has the general power to include or exclude costs, revenues, losses or gains in the rates of a specific period, resulting in the change in the timing of accounting recognition from that which would have applied in an unregulated company. Specifically, the following accounting treatments have been applied:

(i) Capital and operating costs incurred in respect of the transition to competitive markets have been deferred with amortization to commence at a date that a rate increase is implemented to offset the amortization of the transition costs. In November 2003, the Province of Ontario introduced the Ontario Energy Board Amendment Act (Electricity Pricing) 2003 (the "2003 Act"). The 2003 Act will impact both the distribution and energy rates charged to customers and includes a provision for the recovery of regulatory assets (note 1(j)).

(ii) An amount to represent the cost of funds used during construction and development has been applied based on the value of construction in progress.

(iii) The Corporation provides for amounts in lieu of corporate income taxes using the liability method for its regulated business activities.

1. Significant accounting policies (continued):

(iv) The Corporation has deferred certain pre-market opening cost of power variances and post-market opening retail settlement variances in accordance with Article 490 of the OEB's Accounting Procedures Handbook.

(c) Cash and cash equivalents:

Cash and cash equivalents are defined as cash and bank term deposits or equivalent financial instruments with original maturities upon issue of less than 90 days.

(d) Revenue recognition:

Revenue from the sale of electricity is recognized on the accrual basis, which includes an estimate of unbilled revenue which represents electricity consumed by customers since the date of each customer's last meter reading. Actual results could differ from estimates made of electricity usage. The related cost of power is recorded on the basis of power used.

Labour on customer premises is generally short-term in nature. Revenue is recognized in the period the work is completed.

Interest is recognized on the accrual basis.

(e) Measurement uncertainty:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as the disclosure of contingent assets and liabilities at the financial statement date. Accounts receivable, unbilled revenue and regulatory assets are reported based on amounts expected to be recovered and include an appropriate allowance for unrecoverable amounts. Inventories are recorded net of provisions for obsolescence.

Due to the inherent uncertainty involved in making such estimates, actual results could differ from estimates recorded in preparing these financial statements, including changes as a result of future decisions made by the OEB, the Minister of Energy or the Minister of Finance.

(f) Inventory:

Inventory consists of parts and supplies mainly related to the maintenance of the electricity distribution infrastructure. Inventory is carried at the lower of a weighted-moving average basis or replacement cost. The Corporation classifies all major future components of its electricity distribution system infrastructure to property, plant and equipment. Once capitalized, these items are not amortized until they are put into service.

1. Significant accounting policies (continued):

(g) Property, plant and equipment:

Capital assets are recorded at cost and include contracted services, materials, labour, engineering costs, overheads and an allowance for the cost of funds used during construction when applied. Certain assets may be acquired or constructed with financial assistance in the form of contributions from developers or customers. The OEB requires that such contributions, whether in cash or in-kind, be offset against the related asset cost. Contributions in-kind are valued at their fair market value at the date of their contribution.

When identifiable assets, such as buildings, distribution station equipment and equipment and furniture are retired or otherwise disposed of, their original cost and accumulated amortization are removed from the accounts and the related gain or loss is included in the operating results for the related fiscal period. The cost and related accumulated amortization of grouped assets such as transmission and distribution facilities is removed from the accounts at the end of their estimated service life.

Amortization of capital asset values is charged to operations on a straight-line basis over their estimated service lives with half rates in the year of acquisition as follows:

	Estimated service life	
	Range	Average
Land rights	25 to 30 years	30
Buildings	30 to 60 years	50
Poles, towers and fixtures	25 to 45 years	25
Overhead conductors and devices	25 to 60 years	25
Underground conduit	25 to 50 years	25
Underground conductors and devices	25 to 40 years	25
Services	3 to 25 years	5

Construction in progress comprises capital assets under construction, assets not yet placed into service and pre-construction activities related to specific projects expected to be constructed.

1. Significant accounting policies (continued):

(h) Customer deposits:

Customers may be required to post security to obtain electricity or other services. Where the security posted is in the form of cash or cash equivalents, these amounts are recorded in the accounts as customer deposits and invested in term deposits, which are reported separately from the Corporation's own cash and cash equivalents. Interest is paid on customer balances at rates established from time to time by the Corporation.

(i) Pension and other post-employment benefits:

Pension benefits:

The Corporation, on behalf of its eligible employees, is a participant in the Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a defined benefit pension plan, fully funded by equal contributions from participating employers and employees, and by the investment earnings of the OMERS Fund. OMERS pensions are calculated using a defined benefit formula, taking into account length of service and average annual wage, that is designed to integrate with the pension payable from the Canada Pension Plan. At December 31, 2013 there is no liability for past service under this agreement.

Because OMERS is a multi-employer pension plan the Corporation does not recognize any share of the last reported pension plan deficit of 2012 of $8,603,000,000 (2011 - $9,627,000,000) based on the fair market value of the plan's assets, as this is a joint responsibility of all Ontario municipalities and their employers.

Other post-employment benefits:

The Corporation determines the cost of other employment and post-employment benefits offered to employees using the projected benefit method, prorated on service and based on management's best estimate assumptions. Under this method, the projected post-retirement benefit is deemed to be earned on a pro-rata basis over the years of service in the attribution period commencing at date of hire, and ended at the earliest age the employee could retire and qualify for benefits.

(j) Regulatory assets and liabilities:

Regulatory assets primarily represent costs that have been deferred because it is probable that they will be recovered in rates. Regulatory liabilities can arise from differences in amounts billed to customers under the regulated pricing mechanism and the corresponding regulated retail transmission, wholesale market, and cost of power rates charged to the utility. The OEB directs the distribution utilities to defer these variances for future true-up with the Independent Electricity Systems Operator ("IESO").

1. **Significant accounting policies (continued):**

Retail settlement variances are variances that occur between the amount charged by Hydro One to Ottawa River Power Corporation and the amounts collected from customers. These include the cost of power, global adjustment charge, wholesale market charge, retail transmission charges, low voltage charges and the smart meter entity charge. The variances incurred in 2011 are being recovered from customers through a rate rider from May 1, 2013 untill April 30, 2014. Variances incurred during 2012 and 2013 will be disposed of in a future proceeding and are reflected separately on the Corporation's balance sheet until the manner and timing of disposition is determined by the OEB.

The future income taxes regulatory liability relates to the expected future electricity distribution rate reduction for customers arising from timing differences in the recognition of future tax assets.

Management continues to believe that it is probable the regulatory assets will be fully recovered. In the event that recovery from future rates is no longer considered probable or portions of those amounts deferred are determined not to be recoverable, such amounts will be expensed in the period this determination is made.

(k) Payment in lieu of corporate income taxes:

Under the Electricity Act, 1998, the Corporation is required to make payments in lieu of corporate income taxes to Ontario Electricity Financial Corporation ("OEFC"), commencing October 1, 2001. These payments are calculated in accordance with the rules for computing income and other relevant amounts contained in The Income Tax Act (Canada) and the Corporations Tax Act (Ontario), as modified by the Electricity Act, 1998, and related regulations.

The Corporation uses the liability method of accounting for payments in lieu of income taxes. Under the liability method, current payments in lieu of income taxes payable are recorded based on taxable income. Future income taxes arise from temporary differences between the accounting and tax basis of assets and liabilities. Future tax assets and liabilities are provided based on substantively enacted tax rates that will be in effect when the differences are expected to reverse.

(l) Financial instruments:

The Corporation has classified its cash as financial assets held-for-trading. The remainder of the Corporation's financial assets are classified as loans and receivables. Loans and receivables and all financial liabilities are carried at amortized cost using the effective interest rate method.

1. Significant accounting policies (continued):

(m) International Financial Reporting Standards:

On February 13, 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") in place of Canadian GAAP for interim and annual reporting purposes for fiscal years beginning on or after January 1, 2011. A limited number of converged or IFRS-based standards will be incorporated into Canadian GAAP, with the remaining standards to be adopted at the change over date.

On September 10, 2010, the AcSB granted an optional one year deferral for IFRS adoption for entities subject to rate regulation. In March 2012 the AcSB announced that it would allow a further one year deferral to fiscal years beginning on or after January 1, 2013. In February 2013 the AcSB decided to extend the existing deferral to fiscal years beginning on or after January 1, 2015 These decisions came in light of the uncertainty created by the International Accounting Standards Board ("IASB") in regard to the rate-regulated project which is assessing the potential recognition of regulatory assets and regulatory liabilities under IFRS.

Given the continued uncertainty around the timing, scope and eventual adoption of a rate-regulated accounting ("RRA") standard under IFRS and the potential material impact of RRA on the Corporation's financial statements, the Corporation has decided to elect the optional one year deferral of its adoption of IFRS. Accordingly, the Corporation will continue to prepare its financial statements in accordance with Canadian GAAP accounting standards in Part V of the Handbook for 2013.

As a result of these developments related to RRA under IFRS and the uncertainty regarding the impact of IFRS on the OEB electricity distribution rates application process, the Corporation cannot reasonably quantify the full impact that adopting IFRS would have on its future financial position and results of operations. The Corporation will continue to actively monitor IASB developments with respect to RRA and non-RRA IFRS developments and their potential impacts.

2. Accounts receivable:

	2013	2012
Residential and commercial energy and rentals	$ 1,330,671	$ 878,676
Work at customers premises	166,980	107,433
Municipal street lights	14,146	-
Employee purchases	5,999	5,451
HST receivable	-	195,953
Other miscellaneous receivables	146,130	109,097
	1,663,926	1,296,610
Allowance for doubtful accounts	(80,000)	(75,000)
	$ 1,583,926	$ 1,221,610

3. Related party transactions:

(a) Ottawa River Energy Solutions Inc.

The Corporation agreed to provide financing to Ottawa River Energy Solutions Inc., a sister corporation, for a capital project up to $1,000,000. Advances are due on demand. Interest is to be calculated semi-annually at 5.75% with the rate to be reviewed annually. There was no activity or balance receivable during the year ended December 31, 2013 or 2012.

The Corporation has agreed to provide operating capital to Ottawa River Energy Solutions Inc. Advances are due on demand. Interest on the operating loan is charged at the Royal Bank of Canada prime rate, calculated semi-annually and payable on April 30. The loan agreement does not provide for interest on payable amounts. The interest calculation commenced January 1, 2003.

The Corporation provides services to Ottawa River Energy Solutions Inc., at cost. A summary of amounts charged by the Corporation to the Ottawa River Energy Solutions Inc. are as follows:

	2013	2012
Labour on customer premises	$ 69,409	$ 84,221
Administration services	54,589	47,782
	$ 123,998	$ 132,003

3. Related party transactions (continued):

Included in the statement of earnings is fibre services of $19,200 (2012 - $19,200) paid to Ottawa River Energy Solutions Inc.

At December 31, 2013 there are no accounts payable and accrued liabilities due to Ottawa River Energy Solutions Inc. Ottawa River Energy Solutions Inc. is affiliated by virtue of common ownership.

(b) Corporation of the City of Pembroke

The Corporation provides electricity and services to the principal shareholder, the City of Pembroke. Electrical energy is sold to the City at the same prices and terms as other electricity customers consuming equivalent amounts of electricity. Street lighting maintenance services are provided at rates determined in relation to other service providers. Other construction services are provided at cost. A summary of amounts charged by the Corporation to the City of Pembroke are as follows:

	2013	2012
Electrical energy	$ 1,027,773	$ 965,669
Street light maintenance	62,020	59,260
	$ 1,089,793	$ 1,024,929

At December 31, 2013, accounts payable and accrued liabilities include $79,098 (2012 - $79,098) due to the City of Pembroke and accounts receivable include $102,180 (2012 - $162,934) due from the City of Pembroke.

4. Inventory:

Inventory consists of maintenance and construction materials amounting to $427,059 (2012 - $451,661).

5. Property, plant and equipment:

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Land and land rights	$ 141,308	$ 8,061	$ 133,247	$ 133,582
Buildings	640,449	288,320	352,129	271,547
Poles, towers and fixtures	9,232,936	6,273,790	2,959,146	2,972,198
Overhead conductors and devices	6,267,374	3,520,289	2,747,085	2,628,800
Underground conduit	2,612,554	2,283,528	329,026	393,387
Underground conductors and devices	3,259,017	2,267,064	991,953	919,001
Services	4,401,570	3,395,527	1,006,043	602,791
	$ 26,555,208	$ 18,036,579	$ 8,518,629	$ 7,921,306

During the year, no provision for the cost of funds used during construction was capitalized.

During the period, total amortization recorded as operating and maintenance expenses amounted to $741,701 (2012 - $729,396).

6. Regulatory asset:

It is expected that the Corporation will apply for, and receive, in its electricity rates an allowance to remit the remaining regulated liabilities and an allowance to recover the remaining regulatory assets (note 1(j)).

	2013	2012
Assets (liabilities):		
Regulatory assets recovery account	$ (605,170)	$ (1,926,013)
Settlement variances	159,452	298,287
Smart meters	1,820,945	1,795,791
Other	(19,459)	32,115
Future income taxes	(567,143)	(705,559)
Late payment penalties settlement	365	362
	$ 788,990	$ (505,017)

7. Long-term debt:

		2013		2012
7.25% Promissory note payable to the Corporation of the City of Pembroke, due May 1, 2022	$	4,364,000	$	4,364,000
7.25% Promissory note payable to the Corporation of the Village of Beachburg, due May 1, 2022		147,000		147,000
7.25% Promissory note payable to the Corporation of the Township of Killaloe, Haggarty and Richards, due May 1, 2022		172,348		172,348
7.25% Promissory note payable to the Corporation of the Town of Mississippi Mills, due May 1, 2022		902,490		902,490
Customer deposits		185,851		206,235
Post-retirement benefits		199,219		90,000
		5,970,908		5,882,073
Current portion of long-term debt		92,925		103,118
	$	5,877,983	$	5,778,955

Interest on promissory notes is calculated annually and payable quarterly to the shareholders. The aggregate maturities of long-term debt for each of the two years subsequent to December 31, 2013 are as follows: 2014 - $92,925; and 2015 - $92,926.

8. Capital stock:

As at December 31, 2013, the common shares of the corporation are held as follows:

	Common Shares	Percentage Ownership
Corporation of the City of Pembroke	4,364	78.38%
Corporation of the Township of Whitewater Region	147	2.64%
Corporation of the Township of Killaloe, Haggarty and Richards	169	3.04%
Corporation of the Town of Mississippi Mills	888	15.94%
	5,568	100.00%

The common share ownership has not changed from prior year.

9. Payment in lieu of corporate income taxes:

As at December 31, 2013, the Corporation has recorded a future income tax asset of $524,620 and a corresponding regulatory liability of $524,620.

The Corporation claimed capital cost allowance and eligible capital expenditures totalling $210,344 (2012 - $129,536) in excess of amortization recorded to reduce the payment in lieu of corporate income taxes.

	2013	2012
Statutory rate	$ 60,599	$ 151,030
Tax effect of expenses that are not deductible for income tax purposes	7	301
Tax effect of differences in the timing of deductibility of items for payments in lieu of income taxes	(41,221)	(31,660)
	$ 19,385	$ 119,671

10. Employee future benefits:

(a) The Corporation is a member of the Ontario Municipal Employers Retirement Fund (OMERS), which is a multi-employer plan. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees, based on the length of service and rates of pay.

Contributions made during the period amount to $185,998 (2012 - $155,913).

(b) The Corporation has an unfunded defined benefit plan providing post-retirement life insurance benefits. The first actuarial study of the post-retirement benefits has been undertaken for the Corporation as at December 31, 2013 and yielded an accrued benefit obligation of $199,219. The post-retirement benefits are caluculated using an annual compensation rate increase of 2% and a discount rate of 4% to calculate the liability. Included in long-term debt is a provision for the projected post-retirement benefit cost of $199,219 (2012 - $90,000). The next actuarial valuation will be performed at December 31, 2016.

11. Commitments:

The Corporation leases its premises in Pembroke, Ontario, from the Corporation of The City of Pembroke under the terms of a ten-year operating lease at an annual rental of $12. The lease contained an option which allowed the lessee to purchase the property on or before December 1, 2009, at a cost of three hundred and sixty thousand, five hundred and eighty three dollars ($360,583) together with any assessable environmental clean-up costs. The Corporation is currently in discussions with the Corporation of the City of Pembroke regarding the status of this lease.

11. Commitments (continued):

The Corporation leases office premises from Mississippi River Power Corporation under the terms of an operating lease at a monthly cost of $1,100. The lease expires on December 31, 2016.

The Corporation leases substation premises from Mississippi River Power Corporation under the terms of an operating lease at a monthly cost of $500. The lease expires on December 31, 2015.

The Corporation leases garage premises from the Corporation of the Town of Mississippi Mills under the terms of an operating lease at an annual rental of $1. The lease expires September 30, 2018 with an option to renew for a further 5 years.

12. Contingencies:

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). A reciprocal insurance exchange may be defined as a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other. MEARIE is licensed to provide general liability insurance to member electric utilities.

Insurance premiums charged to each municipal electric utility consist of a levy per thousand dollars of service revenue subject to a credit or surcharge based on each electric utility's claims experience. Effective January 1, 2001, coverage is provided to a level of $20 million per incident.

No provision has been made for these potential liabilities as the Corporation expects that these claims are adequately covered by its insurance.

13. Fair value of instruments:

The carrying values of cash and cash equivalents, accounts receivable, cash and cash equivalents held for long-term customer deposits and vested sick leave, cash and cash equivalents held for regulatory liability, accounts payable and accrued liabilities approximate fair market value because of the short maturity of these instruments.

As the notes payable in the amount of $5,585,838 do not trade on the public markets, no fair value information is available. The notes payable bear interest at fixed rates and consequently the long-term debt risk exposure is minimal.

Financial assets held by the Corporation expose it to credit risk. As at December 31, 2013, there were no significant concentrations of credit risk with respect to any class of financial assets. Cash and cash equivalents include amounts held for customer deposits and temporary investments amounting to $185,851. These temporary investments are of a short maturity with financial institutions with established credit ratings.

13. Fair value of instruments (continued):

The Corporation earns its revenues from a broad base of customers located principally in Pembroke, Beachburg, Killaloe and Mississippi Mills. No single customer would account for revenue or an accounts receivable balance in excess of 10% of the respective reported balances.

It is management's opinion that the facility is not exposed to significant interest, currency or credit risks arising from its financial instruments.

14. Energy purchase:

The Corporation is dependent on Hydro One for a significant portion of the electricity it purchases. The amount owing to Hydro One at December 31, 2013 is $5,506,100, (2012 - $3,457,082). Included in cost of power in the statement of earnings is $10,392,721 (2012 - $10,085,851) purchased from Hydro One.

15. Other operating revenue:

	2013	2012
Late payment charges	$ 44,430	$ 35,688
Property and equipment rent	55,868	55,811
Change of occupancy and connection fees	47,608	44,476
Labour on customer premises	149,094	97,842
Interest	93,635	121,822
Billing and collection charges	13,120	11,509
Gain on disposal of capital assets	1,050	9,500
	$ 404,805	$ 376,648

16. Bank indebtedness, bankers' acceptances and letters of credit:

The Corporation has a bilateral demand line of credit for $1,000,000 with a Canadian chartered bank. The line of credit bears interest at the bank's prime rate. At December 31, 2013, no amounts had been drawn on the line of credit (2012 - $nil).

13. Fair value of instruments (continued):

The Corporation earns its revenues from a broad base of customers located principally in Pembroke, Beachburg, Killaloe and Mississippi Mills. No single customer would account for revenue or an accounts receivable balance in excess of 10% of the respective reported balances.

It is management's opinion that the facility is not exposed to significant interest, currency or credit risks arising from its financial instruments.

14. Energy purchase:

The Corporation is dependent on Hydro One for a significant portion of the electricity it purchases. The amount owing to Hydro One at December 31, 2012 is $3,457,082, (2011 - $2,808,918). Included in cost of power in the statement of earnings is $10,085,851 (2011 - $8,768,271) purchased from Hydro One.

15. Other operating revenue:

	2012	2011
Late payment charges	$ 35,688	$ 42,874
Property and equipment rent	55,811	55,911
Change of occupancy and connection fees	44,476	47,186
Labour on customer premises	97,842	77,272
Interest	121,822	114,308
Interest - Ottawa River Energy Solutions Inc.	-	4,013
Billing and collection charges	11,509	14,302
Gain on disposal of capital assets	9,500	2,500
	$ 376,648	$ 358,366

16. Bank indebtedness, bankers' acceptances and letters of credit:

The Corporation has a bilateral demand line of credit for $1,000,000 with a Canadian chartered bank. The line of credit bears interest at the bank's prime rate. At December 31, 2012, no amounts had been drawn on the line of credit (2011 - $nil).

Financial Statements of

OTTAWA RIVER POWER CORPORATION

Year ended December 31, 2014

Ottawa River Power

283 pembroke street west – p.o. box 1087
pembroke, ontario K8A 6Y6
tel: 613-732-3687 – fax: 613-732-8199
web: www.orpowercorp.com

April 23, 2015

Report of Management

Management is responsible for the integrity of the financial data reported by Ottawa River Power Corporation. Fulfilling this responsibility requires the preparation and presentation of financial statements using management's best judgment and estimates in accordance with Canadian generally accepted accounting principles, applied on a basis consistent with the preceding year.

Management maintains appropriate systems of internal control and corporate-wide policies and procedures, which provide reasonable assurance that Ottawa River Power Corporation's assets are safeguarded and that financial records are relevant and reliable.

The Board of Directors, through the Audit Committee, ensures that management fulfills its responsibility for financial reporting and internal control. The Audit Committee consists of outside directors and at regular meetings reviews audit, internal control and financial reporting matters with management and external auditors. The Audit Committee has reviewed the financial statements and submitted its report to the Board of Directors.

On behalf of management,

Denis Montgomery

Denis Montgomery
President and Chief Executive Officer

J. Donnelly

Jane Donnelly, CPA, CMA
Chief Financial Officer

SCOTT ROSIEN & DEMPSEY

Chartered Professional Accountants

D.M. Scott, CPA, CA, LPA
D.W. Rosien, CPA, CA, LPA
K.I. Black, CPA, CA, LPA
R.A. Locke, CPA, CA, LPA
W.T. Dempsey, CPA, CA, LPA (Retired)

545 Pembroke Street West
Pembroke, Ontario K8A 5P2

TELEPHONE: 613-735-3981
FAX: 613-732-3829

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accompanying financial statements of Ottawa River Power Corporation which comprise the balance sheet as at December 31, 2014 and the statements of earnings, retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, these financial statements present fairly, in all material respects, the financial position of Ottawa River Power Corporation as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Scott Rosien + Dempsey

Chartered Professional Accountants
Licensed Public Accountants

Pembroke, Ontario
April 23, 2015

A history of service since 1961

OTTAWA RIVER POWER CORPORATION

(Incorporated under the laws of Ontario)
Balance Sheet

December 31, 2014, with comparative figures for 2013

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	$ 2,837,086	$ 5,432,092
Accounts receivable (note 2)	2,096,896	1,583,926
Amounts in lieu of income taxes recoverable	4,478	130,207
Unbilled revenue	3,350,539	3,579,503
Inventory (note 4)	418,949	427,059
Prepaid expenses	196,281	90,227
	8,904,229	11,243,014
Restricted cash and cash equivalents:		
Cash and cash equivalents, held for customer deposits	99,902	92,926
Property, plant and equipment (note 5):		
Land, building, distribution and office equipment and motor vehicles	27,099,368	26,555,208
Accumulated amortization	18,343,763	18,036,579
	8,755,605	8,518,629
Regulatory asset (note 6)	507,932	788,990
Future income tax assets (note 1(k))	664,614	524,620
Other non-current assets	32,419	-
	$ 18,964,701	$ 21,168,179

	2014	2013
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 5,058,032	$ 7,192,837
Due to Ottawa River Energy Solutions Inc. (note 3)	182,687	347,967
Current portion of long-term debt	99,903	92,925
	5,340,622	7,633,729
Long-term debt (note 7)	5,885,651	5,877,983
Shareholders' equity:		
Capital stock (note 8)	5,585,838	5,585,838
Retained earnings	2,152,590	2,070,629
	7,738,428	7,656,467
Commitments (note 11)		
Contingencies (note 12)		
	$ 18,964,701	$ 21,168,179

See accompanying notes to financial statements.

On behalf of the Board:

_______________________ Director

_______________________ Director

OTTAWA RIVER POWER CORPORATION

Statement of Earnings

Year ended December 31, 2014, with comparative figures for 2013

	2014	2013
Service revenue:		
Electricity revenue	$ 20,512,776	$ 19,362,954
Distribution revenue	4,100,009	4,070,294
	24,612,785	23,433,248
Cost of power	20,512,776	19,362,954
	4,100,009	4,070,294
Other operating revenue (note 15)	261,871	404,805
Interest on regulatory asset	44,622	41,240
	4,406,502	4,516,339
Operating and maintenance expenses:		
Distribution operation and maintenance	1,296,794	1,436,811
Community relations	55,452	52,864
Billing and collecting	634,033	594,139
General and administrative	915,963	1,026,604
Amortization	640,810	661,050
Interest and bank charges	3,520	5,831
Interest on long-term debt	404,973	404,973
Interest on regulatory liability	30,427	23,299
	3,981,972	4,205,571
Earnings before amounts in lieu of income taxes	424,530	310,768
Amount in lieu of income taxes (note 9)	64,169	19,385
Net earnings	$ 360,361	$ 291,383

See accompanying notes to financial statements.

OTTAWA RIVER POWER CORPORATION
Statement of Retained Earnings

Year ended December 31, 2014, with comparative figures for 2013

	2014	2013
Retained earnings, beginning of year	$ 2,070,629	$ 2,224,686
Net earnings	360,361	291,383
Dividends paid	(278,400)	(445,440)
Retained earnings, end of year	$ 2,152,590	$ 2,070,629

See accompanying notes to financial statements.

OTTAWA RIVER POWER CORPORATION

Statement of Cash Flows

Year ended December 31, 2014, with comparative figures for 2013

	2014	2013
Cash provided by (used in):		
Operations:		
Cash received from customers	$ 24,543,455	$ 21,613,957
Cash paid to suppliers and employees	(25,551,318)	(19,678,469)
Interest earned	74,890	134,875
Interest paid	(438,920)	(434,103)
Corporate income taxes recovered (paid)	61,560	(143,016)
	(1,310,333)	1,493,244
Financing:		
Dividends paid	(278,400)	(445,440)
Investments:		
Customer deposits	6,978	(10,192)
Proceeds on disposal of equipment	300	1,050
Additions to property, plant and equipment	(1,013,551)	(1,339,025)
	(1,006,273)	(1,348,167)
Decrease in cash	(2,595,006)	(300,363)
Cash and cash equivalents, beginning of year	5,432,092	5,732,455
Cash and cash equivalents, end of year	$ 2,837,086	$ 5,432,092

See accompanying notes to financial statements.

Ottawa River Power Corporation (the "Corporation") was incorporated in accordance with the provincial government's Electricity Act, 1998 under the Business Corporations Act (Ontario) on April 22, 1999. Ottawa River Power Corporation is the successor to the former Pembroke Hydro Electric Commission ("Pembroke Hydro"), the Beachburg Hydro System ("Beachburg Hydro"), the Township of Killaloe, Haggarty & Richards Hydro Electric Commission ("Killaloe Hydro") and the Town of Mississippi Mills Public Utilities Commission ("Almonte Hydro"). The Corporation is the electric distribution utility for residents of the City of Pembroke, the Village of Beachburg, the Township of Killaloe and the Town of Mississippi Mills (Almonte Ward).

1. Significant accounting policies:

(a) Basis of presentation:

The financial statements of the Ottawa River Power Corporation are the representation of management prepared in accordance with Canadian generally accepted accounting principles and accounting guidance provided by its regulator, the Ontario Energy Board ("OEB"), as contained in its Accounting Procedures Handbook for Electric Distribution Utilities, under the authority of the Ontario Energy Board Act, 1998.

(b) Rate setting:

Ottawa River Power Corporation is regulated by the OEB under authority of the Ontario Energy Board Act, 1998. The OEB is charged with the responsibility of approving or setting rates for the transmission and distribution of electricity and the responsibility for ensuring that distribution companies fulfill obligations to connect and service customers.

The OEB has the general power to include or exclude costs, revenues, losses or gains in the rates of a specific period, resulting in the change in the timing of accounting recognition from that which would have applied in an unregulated company. Specifically, the following accounting treatments have been applied:

(i) Capital and operating costs incurred in respect of the transition to competitive markets have been deferred with amortization to commence at a date that a rate increase is implemented to offset the amortization of the transition costs. In November 2003, the Province of Ontario introduced the Ontario Energy Board Amendment Act (Electricity Pricing) 2003 (the "2003 Act"). The 2003 Act will impact both the distribution and energy rates charged to customers and includes a provision for the recovery of regulatory assets (note 1(j)).

(ii) An amount to represent the cost of funds used during construction and development has been applied based on the value of construction in progress.

(iii) The Corporation provides for amounts in lieu of corporate income taxes using the liability method for its regulated business activities.

1. Significant accounting policies (continued):

(iv) The Corporation has deferred certain pre-market opening cost of power variances and post-market opening retail settlement variances in accordance with Article 490 of the OEB's Accounting Procedures Handbook.

(c) Cash and cash equivalents:

Cash and cash equivalents are defined as cash and bank term deposits or equivalent financial instruments with original maturities upon issue of less than 90 days.

(d) Revenue recognition:

Revenue from the sale of electricity is recognized on the accrual basis, which includes an estimate of unbilled revenue which represents electricity consumed by customers since the date of each customer's last meter reading. Actual results could differ from estimates made of electricity usage. The related cost of power is recorded on the basis of power used.

Labour on customer premises is generally short-term in nature. Revenue is recognized in the period the work is completed.

Interest is recognized on the accrual basis.

(e) Measurement uncertainty:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as the disclosure of contingent assets and liabilities at the financial statement date. Accounts receivable, unbilled revenue and regulatory assets are reported based on amounts expected to be recovered and include an appropriate allowance for unrecoverable amounts. Inventories are recorded net of provisions for obsolescence.

Due to the inherent uncertainty involved in making such estimates, actual results could differ from estimates recorded in preparing these financial statements, including changes as a result of future decisions made by the OEB, the Minister of Energy or the Minister of Finance.

(f) Inventory:

Inventory consists of parts and supplies mainly related to the maintenance of the electricity distribution infrastructure. Inventory is carried at the lower of a weighted-moving average basis or replacement cost. The Corporation classifies all major future components of its electricity distribution system infrastructure to property, plant and equipment. Once capitalized, these items are not amortized until they are put into service.

1. Significant accounting policies (continued):

(g) Property, plant and equipment:

Capital assets are recorded at cost and include contracted services, materials, labour, engineering costs, overheads and an allowance for the cost of funds used during construction when applied. Certain assets may be acquired or constructed with financial assistance in the form of contributions from developers or customers. The OEB requires that such contributions, whether in cash or in-kind, be offset against the related asset cost. Contributions in-kind are valued at their fair market value at the date of their contribution.

When identifiable assets, such as buildings, distribution station equipment and equipment and furniture are retired or otherwise disposed of, their original cost and accumulated amortization are removed from the accounts and the related gain or loss is included in the operating results for the related fiscal period. The cost and related accumulated amortization of grouped assets such as transmission and distribution facilities is removed from the accounts at the end of their estimated service life.

Amortization of capital asset values is charged to operations on a straight-line basis over their estimated service lives with half rates in the year of acquisition as follows:

	Estimated service life	
	Range	Average
Land rights	25 to 30 years	30
Buildings	30 to 60 years	50
Poles, towers and fixtures	25 to 45 years	25
Overhead conductors and devices	25 to 60 years	25
Underground conduit	25 to 50 years	25
Underground conductors and devices	25 to 40 years	25
Services	3 to 25 years	5

Construction in progress comprises capital assets under construction, assets not yet placed into service and pre-construction activities related to specific projects expected to be constructed.

1. Significant accounting policies (continued):

(h) Customer deposits:

Customers may be required to post security to obtain electricity or other services. Where the security posted is in the form of cash or cash equivalents, these amounts are recorded in the accounts as customer deposits and invested in term deposits, which are reported separately from the Corporation's own cash and cash equivalents. Interest is paid on customer balances at rates established from time to time by the Corporation.

(i) Pension and other post-employment benefits:

Pension benefits:

The Corporation, on behalf of its eligible employees, is a participant in the Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a defined benefit pension plan, fully funded by equal contributions from participating employers and employees, and by the investment earnings of the OMERS Fund. OMERS pensions are calculated using a defined benefit formula, taking into account length of service and average annual wage, that is designed to integrate with the pension payable from the Canada Pension Plan. At December 31, 2014 there is no liability for past service under this agreement.

Because OMERS is a multi-employer pension plan the Corporation does not recognize any share of the last reported pension plan deficit of 2014 of $5,307,000,000 (2013 - $8,300,000,000) based on the fair market value of the plan's assets, as this is a joint responsibility of all Ontario municipalities and their employers.

Other post-employment benefits:

The Corporation determines the cost of other employment and post-employment benefits offered to employees using the projected benefit method, prorated on service and based on management's best estimate assumptions. Under this method, the projected post-retirement benefit is deemed to be earned on a pro-rata basis over the years of service in the attribution period commencing at date of hire, and ended at the earliest age the employee could retire and qualify for benefits.

(j) Regulatory assets and liabilities:

Regulatory assets primarily represent costs that have been deferred because it is probable that they will be recovered in rates. Regulatory liabilities can arise from differences in amounts billed to customers under the regulated pricing mechanism and the corresponding regulated retail transmission, wholesale market, and cost of power rates charged to the utility. The OEB directs the distribution utilities to defer these variances for future true-up with the Independent Electricity Systems Operator ("IESO").

1. Significant accounting policies (continued):

Retail settlement variances are variances that occur between the amount charged by Hydro One to Ottawa River Power Corporation and the amounts collected from customers. These include the cost of power, global adjustment charge, wholesale market charge, retail transmission charges, low voltage charges and the smart meter entity charge. Variances incurred to date will be disposed of in a future proceeding and are reflected separately on the Corporation's balance sheet until the manner and timing of disposition is determined by the OEB.

The future income taxes regulatory liability relates to the expected future electricity distribution rate reduction for customers arising from timing differences in the recognition of future tax assets.

Management continues to believe that it is probable the regulatory assets will be fully recovered. In the event that recovery from future rates is no longer considered probable or portions of those amounts deferred are determined not to be recoverable, such amounts will be expensed in the period this determination is made.

(k) Payment in lieu of corporate income taxes:

Under the Electricity Act, 1998, the Corporation is required to make payments in lieu of corporate income taxes to Ontario Electricity Financial Corporation ("OEFC"), commencing October 1, 2001. These payments are calculated in accordance with the rules for computing income and other relevant amounts contained in The Income Tax Act (Canada) and the Corporations Tax Act (Ontario), as modified by the Electricity Act, 1998, and related regulations.

The Corporation uses the liability method of accounting for payments in lieu of income taxes. Under the liability method, current payments in lieu of income taxes payable are recorded based on taxable income. Future income taxes arise from temporary differences between the accounting and tax basis of assets and liabilities. Future tax assets and liabilities are provided based on substantively enacted tax rates that will be in effect when the differences are expected to reverse.

(l) Financial instruments:

The Corporation has classified its cash as financial assets held-for-trading. The remainder of the Corporation's financial assets are classified as loans and receivables. Loans and receivables and all financial liabilities are carried at amortized cost using the effective interest rate method.

1. Significant accounting policies (continued):

(m) International Financial Reporting Standards:

Publicly accountable enterprises in Canada were required to adopt International Financial Reporting Standards ("IFRS") in place of Canadian GAAP for annual reporting purposes for fiscal years beginning on or after January 1, 2011. On September 10, 2010, the Accounting Standards Board ("AcSB") granted an optional one-year deferral for IFRS adoption for entities subject to rate regulation.

In February 2013 the AcSB decided to extend the existing deferral to fiscal years beginning on or after January 1, 2015. The Corporation elected to take the deferral of its adoption of IFRS; therefore, it continues to prepare its financial statements in accordance with Canadian GAAP accounting standards in Part V of the CPA Canada - Hanbook.

The International Accounting Standards Board ("IASB") issued IFRS 14 Regulatory Deferral Accounts in January 2014. This standard provides specific guidance on accounting for the effects of rate regulation and permits first-time adopters of IFRS to continue using previous GAAP to account for regulatory deferral acount balances while the IASB completes its comprehensive project in this area. Adoption of this standard is optional for entities eligible to use it. Deferral account balances and movements in the balances will be required to be presented as separate line items on the face of the financial statements distinguished from assets, liabilities, income and expenses that are recognized in accordance with other IFRSs. Extensive disclosure will be required to enable users of the financial statements to understand the features and nature of risks associated with rate regulation and the effect of rate regulation on the entity's financial position, performance and cash flows.

2. Accounts receivable:

	2014	2013
Residential and commercial energy and rentals	$ 1,632,091	$ 1,330,671
Work at customers premises	167,452	166,980
Municipal street lights	6,192	14,146
Employee purchases	4,242	5,999
HST receivable	178,388	-
Other miscellaneous receivables	198,531	146,130
	2,186,896	1,663,926
Allowance for doubtful accounts	(90,000)	(80,000)
	$ 2,096,896	$ 1,583,926

3. Related party transactions:

(a) Ottawa River Energy Solutions Inc.

The Corporation agreed to provide financing to Ottawa River Energy Solutions Inc., a sister corporation, for a capital project up to $1,000,000. Advances are due on demand. Interest is to be calculated semi-annually at 5.75% with the rate to be reviewed annually. There was no activity or balance receivable during the year ended December 31, 2014 or 2013.

The Corporation has agreed to provide operating capital to Ottawa River Energy Solutions Inc. Advances are due on demand. Interest on the operating loan is charged at the Royal Bank of Canada prime rate, calculated semi-annually and payable on April 30. The loan agreement does not provide for interest on payable amounts. The interest calculation commenced January 1, 2003.

The Corporation provides services to Ottawa River Energy Solutions Inc., at cost. A summary of amounts charged by the Corporation to the Ottawa River Energy Solutions Inc. are as follows:

	2014	2013
Labour on customer premises	$ 77,575	$ 69,409
Administration services	47,644	54,589
	$ 125,219	$ 123,998

3. Related party transactions (continued):

Included in the statement of earnings is fibre services of $19,200 (2013 - $19,200) paid to Ottawa River Energy Solutions Inc.

At December 31, 2014 there are no accounts payable and accrued liabilities due to Ottawa River Energy Solutions Inc. Ottawa River Energy Solutions Inc. is affiliated by virtue of common ownership.

(b) Corporation of the City of Pembroke

The Corporation provides electricity and services to the principal shareholder, the City of Pembroke. Electrical energy is sold to the City at the same prices and terms as other electricity customers consuming equivalent amounts of electricity. Street lighting maintenance services are provided at rates determined in relation to other service providers. Other construction services are provided at cost. A summary of amounts charged by the Corporation to the City of Pembroke are as follows:

	2014	2013
Electrical energy	$ 1,073,457	$ 1,027,773
Street light maintenance	61,407	62,020
	$ 1,134,864	$ 1,089,793

At December 31, 2014, accounts payable and accrued liabilities include $79,437 (2013 - $79,098) due to the City of Pembroke and accounts receivable include $140,621 (2013 - $102,180) due from the City of Pembroke.

4. Inventory:

Inventory consists of maintenance and construction materials amounting to $418,949 (2013 - $427,059).

5. Property, plant and equipment:

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Land and land rights	$ 141,308	$ 8,396	$ 132,912	$ 133,247
Buildings	665,178	303,718	361,460	352,129
Poles, towers and fixtures	9,386,302	6,483,396	2,902,906	2,959,146
Overhead conductors and devices	6,603,339	3,687,327	2,916,012	2,747,085
Underground conduit	2,758,070	2,361,029	397,041	329,026
Underground conductors and devices	3,409,437	2,348,016	1,061,421	991,953
Services	4,135,734	3,151,881	983,853	1,006,043
	$ 27,099,368	$ 18,343,763	$ 8,755,605	$ 8,518,629

During the year, no provision for the cost of funds used during construction was capitalized.

During the period, total amortization recorded as operating and maintenance expenses amounted to $768,986 (2013 - $741,701).

6. Regulatory asset:

It is expected that the Corporation will apply for, and receive, in its electricity rates an allowance to remit the remaining regulated liabilities and an allowance to recover the remaining regulatory assets (note 1(j)).

	2014	2013
Assets (liabilities):		
Regulatory assets recovery account	$ (490,580)	$ (605,170)
Settlement variances	(71,361)	159,452
Smart meters	1,846,101	1,820,945
Other	(59,911)	(19,459)
Future income taxes	(716,463)	(567,143)
Late payment penalties settlement	146	365
	$ 507,932	$ 788,990

7. Long-term debt:

	2014	2013
7.25% Promissory note payable to the Corporation of the City of Pembroke, due May 1, 2022	$ 4,364,000	$ 4,364,000
7.25% Promissory note payable to the Corporation of the Village of Beachburg, due May 1, 2022	147,000	147,000
7.25% Promissory note payable to the Corporation of the Township of Killaloe, Haggarty and Richards, due May 1, 2022	172,348	172,348
7.25% Promissory note payable to the Corporation of the Town of Mississippi Mills, due May 1, 2022	902,490	902,490
Customer deposits	199,805	185,851
Post-retirement benefits	199,911	199,219
	5,985,554	5,970,908
Current portion of long-term debt	99,903	92,925
	$ 5,885,651	$ 5,877,983

Interest on promissory notes is calculated annually and payable quarterly to the shareholders. The aggregate maturities of long-term debt for each of the two years subsequent to December 31, 2014 are as follows: 2015 - $99,903; and 2016 - $99,902.

8. Capital stock:

(a) Authorized:

Unlimited number of common shares
Unimited number of non-cumulative special shares
Unlimited number of non-voting, non-cumulative Class A special shares, redeemable at one dollar per share
Unlimited number of non-voting, non-cumulative Class B special shares, redeemable at one dollar per share
Unlimited number of non-voting, non-cumulative Class C special shares, redeemable at one dollar per share
Unlimited number of non-voting, non-cumulative Class D special shares, redeemable at one dollar per share

Articles of amendment were issued on October 17, 2014 to authorize the Class A, B, C and D special shares.

8. Capital stock (continued):

(b) Issued:

As at December 31, 2014, the common shares of the corporation are held as follows:

	Common Shares	Percentage Ownership
Corporation of the City of Pembroke	4,364	78.38%
Corporation of the Township of Whitewater Region	147	2.64%
Corporation of the Township of Killaloe, Haggarty and Richards	169	3.04%
Corporation of the Town of Mississippi Mills	888	15.94%
	5,568	100.00%

The common share ownership has not changed from prior year.

9. Amount in lieu of corporate income taxes:

As at December 31, 2014, the Corporation has recorded a future income tax asset of $664,614 and a corresponding regulatory liability of $664,614.

The Corporation claimed capital cost allowance and eligible capital expenditures totalling $189,671 (2013 - $210,344) in excess of amortization recorded to reduce the payment in lieu of corporate income taxes.

	2014	2013
Statutory rate	$ 112,500	$ 60,599
Tax effect of expenses that are not deductible for income tax purposes	-	7
Tax effect of differences in the timing of deductibility of items for payments in lieu of income taxes	(48,331)	(41,221)
	$ 64,169	$ 19,385

10. Employee future benefits:

(a) The Corporation is a member of the Ontario Municipal Employers Retirement Fund (OMERS), which is a multi-employer plan. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees, based on the length of service and rates of pay.

Contributions made during the period amount to $186,210 (2013 - $185,998).

(b) The Corporation has an unfunded defined benefit plan providing post-retirement life insurance benefits. The first actuarial study of the post-retirement benefits has been undertaken for the Corporation as at December 31, 2013 and yielded an accrued benefit obligation of $199,219. The post-retirement benefits are calculated using an annual compensation rate increase of 2% and a discount rate of 4% to calculate the liability. Included in long-term debt is a provision for the projected post-retirement benefit cost of $199,911 (2013 - $199,219). The next actuarial valuation will be performed at December 31, 2016.

11. Commitments:

The Corporation leases its premises in Pembroke, Ontario, from the Corporation of The City of Pembroke under the terms of a ten-year operating lease at an annual rental of $12. The lease contained an option which allowed the lessee to purchase the property on or before December 1, 2009, at a cost of three hundred and sixty thousand, five hundred and eighty three dollars ($360,583) together with any assessable environmental clean-up costs. The Corporation is currently in discussions with the Corporation of the City of Pembroke regarding the status of this lease.

The Corporation leases office premises from Mississippi River Power Corporation under the terms of an operating lease at a monthly cost of $1,100. The lease expires on December 31, 2016.

The Corporation leases substation premises from Mississippi River Power Corporation under the terms of an operating lease at a monthly cost of $500. The lease expires on December 31, 2015.

The Corporation leases garage premises from the Corporation of the Town of Mississippi Mills under the terms of an operating lease at an annual rental of $1. The lease expires September 30, 2018 with an option to renew for a further 5 years.

12. Contingencies:

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). A reciprocal insurance exchange may be defined as a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other. MEARIE is licensed to provide general liability insurance to member electric utilities.

Insurance premiums charged to each municipal electric utility consist of a levy per thousand dollars of service revenue subject to a credit or surcharge based on each electric utility's claims

12. Contingencies (continued):

experience. Effective January 1, 2001, coverage is provided to a level of $20 million per incident.

No provision has been made for these potential liabilities as the Corporation expects that these claims are adequately covered by its insurance.

13. Fair value of instruments:

The carrying values of cash and cash equivalents, accounts receivable, cash and cash equivalents held for long-term customer deposits and accounts payable and accrued liabilities approximate fair market value because of the short maturity of these instruments.

As the notes payable in the amount of $5,585,838 do not trade on the public markets, no fair value information is available. The notes payable bear interest at fixed rates and consequently the long-term debt risk exposure is minimal.

Financial assets held by the Corporation expose it to credit risk. As at December 31, 2014, there were no significant concentrations of credit risk with respect to any class of financial assets. Cash and cash equivalents include amounts held for customer deposits and temporary investments amounting to $199,805. These temporary investments are of a short maturity with financial institutions with established credit ratings.

The Corporation earns its revenues from a broad base of customers located principally in Pembroke, Beachburg, Killaloe and Mississippi Mills. No single customer would account for revenue or an accounts receivable balance in excess of 10% of the respective reported balances.

It is management's opinion that the facility is not exposed to significant interest, currency or credit risks arising from its financial instruments.

14. Energy purchase:

The Corporation is dependent on Hydro One for a significant portion of the electricity it purchases. The amount owing to Hydro One at December 31, 2014 is $3,694,938, (2013 - $5,506,100). Included in cost of power in the statement of earnings is $11,702,345 (2013 - $10,392,721) purchased from Hydro One.

15. Other operating revenue:

	2014	2013
Late payment charges	$ 58,339	$ 44,430
Property and equipment rent	56,354	55,868
Change of occupancy and connection fees	47,924	47,608
Labour on customer premises	62,255	149,094
Interest	30,268	93,635
Billing and collection charges	14,020	13,120
Gain (loss) on disposal of capital assets	(7,289)	1,050
	$ 261,871	$ 404,805

16. Bank indebtedness, bankers' acceptances and letters of credit:

The Corporation has a bilateral demand line of credit for $1,000,000 with a Canadian chartered bank. The line of credit bears interest at the bank's prime rate. At December 31, 2014, no amounts had been drawn on the line of credit (2013 - $nil).

Ex.1/Tab 4/Sch.2 - Reconciliation between Financial Statements and Results Field

A detailed reconciliation between the financial results shown in ORPC's RRR filings, Audited Financial Statements and with the regulatory financial results filed in the application is presented at the next page. All variances are as a result of the audit which as conducted in April 2015. Changes include revisions to various USoA accounts as instructed in the Board communication dated December 20, 2011.

Ottawa River Power Corporation
Mapping F/S to GL 2.1.7
For the Year Ended December 31, 2010

		Balance Sheet		
	F/S	Acct Numbers	2.1.7	
Cash and cash equivalents	4,066,705	1005	7,850,719	
Restricted Cash	3,785,703	1010	1,689	
	7,852,408		7,852,408	
Accounts Receivable	1,468,575	1100	1,166,128	
		1104	128,126	
		1110	89,788	
		1130	(75,000)	
		2290	159,533	reclassied from liabilities
			1,468,575	
Amounts in Lieu	51,684	2294	51,684	
Due from Energy Solutions	235,306	1200	235,306	
Unbilled revenue	2,582,668	1120	2,582,668	
Inventory	476,063	1330	787,727	
		1330	(311,664)	reclassified to plant
			476,063	
Prepaid Expenses	134,164	1180	134,164	
Property Plant and Equipment	24,287,323	1805	130,499	
		1806	10,809	
		1808	404,093	
		1810	63,843	
		1820	2,729,519	
		1830	8,224,938	
		1835	2,576,431	
		1840	2,974,102	
		1845	406,088	
		1850	3,300,576	
		1855	978,369	
		1860	65,076	
		1915	127,989	
		1920	322,307	
		1925	305,604	
		1930	1,692,752	
		1935	1,761	
		1940	236,384	
		1955	35,202	
		1970	254,912	
		1975	64,873	
		1980	566,498	
		1995	(1,083,826)	
		1330	311,664	Reclass from inventory
		1995	(413,139)	Reclass to accum amort

			24,287,324	
Accumulated amortiztion	(15,804,567)	2105	(16,210,650)	
		2120	(7,056)	
		1995	413,139	Reclass from Contributed Capital
			(15,804,567)	
Future Income Tax	729,836	2350	729,836	
Other Non-Current Assets	82,714	1460	82,714	
Total Assets	**22,096,174**		**22,096,175**	
Accts Payble and Accrued Liab	(4,286,078)	2205	(3,232,688)	
		2208	(462,952)	
		2220	(149,977)	
		2250	(79,593)	
		2268	(101,243)	
		2310	(258,701)	reclassified from long term deb
		2292	(924)	
			(4,286,078)	
Regulatory Liability	(4,398,585)	1508	30,469	
		1521	30,881	
		1550	34,523	
		1555	1,551,696	
		1556	246,725	
		1562	(155,140)	
		1580	(515,248)	
		1584	85,325	
		1586	(255,921)	
		1588	(372,384)	
		1592	(715,070)	
		1595	(4,364,440)	
			(4,398,585)	
Current portion of long term debt	(116,954)	2310	(303,707)	
Long term debt	(5,747,793)	2335	(233,908)	
	(5,864,747)	2520	(5,585,838)	
		2310	258,701	reclassified to Accts Payable
			(5,864,752)	
Capital Stock	(5,585,838)	3005	(5,585,838)	
Retained Earnings	(1,960,926)	3045	(1,639,326)	
		Current Year	(321,594)	

			(1,960,921)	
Total Liabilities and S/H Equity	**(22,096,174)**		**(22,096,174)**	

Statement of Earnings

	F/S	Acct Numbers	2.1.7	
Service Revenue	(15,149,078)	4006	(9,441,772)	
		4010	(1,007,655)	
		4025	(78,796)	
		4030	(14,375)	
		4035	(799,187)	
		4055	(1,295,608)	
		4062	(761,854)	
		4066	(848,894)	
		4068	(711,876)	
		4075	(189,060)	
			(15,149,078)	
Distribution Revenue	(3,531,138)	4080	(3,516,900)	
		4082	(14,210)	
		4084	(28)	
			(3,531,138)	
Cost of Power	15,149,078	4705	12,637,394	
		4708	761,477	
		4714	848,894	
		4716	712,254	
		4750	189,060	
			15,149,078	
Other Operating Revenue	(343,086)	4210	(59,880)	
		5330	(19,695)	Reclassified from billing
		4225	(47,760)	
		4235	(46,003)	
		4325	(44,134)	
		4355	(12,000)	
		4390	(19,746)	
		4405	(97,032)	
		4405	3,165	Reclassified to other int exp
			(343,086)	
Interest on regulatory assest	(16,097)	4405	(16,097)	Reclassified from other operating rev
Dist operation and maintenance	879,459	5005	66,246	
		5010	62,428	
		5012	146,641	

		5017	153
		5020	638
		5025	220
		5030	94
		5035	781
		5040	207
		5045	14
		5065	45,131
		5070	9,061
		5075	6,907
		5085	49,574
		5105	6,907
		5110	22,438
		5114	55,763
		5120	39,177
		5125	160,736
		5130	69,725
		5135	72,343
		5145	121
		5150	7,615
		5155	18,300
		5160	38,240
			879,459
Community Relations	41,451	5410	20,902
		5415	1,730
		5420	18,820
			41,451
Billing an Collecting	599,223	5310	48,842
		5315	335,224
		5320	154,417
		5335	61,968
		5340	(1,228)
			599,223
General and admin	821,877	5605	39,238
		5610	275,153
		5615	185,227
		5620	51,866
		5630	11,747
		5635	9,192
		5645	97,201
		5655	57,315
		5670	15,304
		5675	72,202
		5680	7,432
			821,877
Capital Tax	3,000	6106	3,000
Amortization	733,721	5705	733,386
		5710	335
			733,721

Interest and Bank Charges	6,956	6035	42,395	
Interest on regulatory liability	48,371		16,097	Reclass from interest on reg assets
			(3,165)	Reclass from other op rev
	55,327		55,327	
Interest on Long term debt	404,973	6005	404,973	
Amount in Lieu	29,695	6110	29,695	
Net Earnings	**(321,595)**		**(321,595)**	

Ottawa River Power Corporation
Mapping F/S to GL 2.1.7
For the Year Ended December 31, 2011

Balance Sheet				
	F/S	Acct Numbers	2.1.7	
Cash and cash equivalents	5,395,321	1005	7,321,628	
Restricted Cash	1,927,996	1010	1,689	
	7,323,317		7,323,317	
Accounts Receivable	1,429,445	1100	1,038,850	
		1104	145,458	
		1110	177,921	
		1130	(75,000)	
		2290	142,217	reclassied from liabilities
			1,429,447	
Amounts in Lieu	3,887	2294	3,887	
Due from Energy Solutions	20,869	1200	20,869	
Unbilled revenue	2,414,429	1120	2,414,429	
Inventory	461,359	1330	461,359	
Prepaid Expenses	112,407	1180	112,407	
Property Plant and Equipment	24,834,747	1805	130,499	
		1806	10,809	
		1808	404,093	
		1810	82,451	
		1820	2,820,132	
		1830	8,295,350	
		1835	2,697,458	
		1840	3,032,984	
		1845	505,592	
		1850	3,713,166	
		1855	1,073,999	
		1860	65,204	
		1915	130,561	
		1920	330,643	
		1925	314,253	
		1930	1,699,390	
		1935	1,761	
		1940	241,497	
		1955	35,202	
		1970	254,912	
		1975	64,873	
		1980	566,498	

		1995	(1,279,394)	
		1995	(357,185)	Reclass to accum amort
			24,834,747	
Accumulated amortiztion	(16,641,730)	2105	(16,991,523)	
		2120	(7,391)	
		1995	357,185	Reclass from Contributed Capital
			(16,641,729)	
Future Income Tax	741,953	2350	741,953	
Other Non-Current Assets	55,285	1460	55,285	
Total Assets	**20,755,968**		**20,755,971**	
Accts Payble and Accrued Liab	(4,599,059)	2205	(3,350,783)	
		2208	(676,477)	
		2220	(160,259)	
		2250	(75,770)	
		2268	(101,243)	
		2310	(233,642)	reclassified from long term debt
		2292	(885)	
			(4,599,059)	
Regulatory Liability	(2,552,858)	1508	11,796	
		1521	4,353	
		1550	125,018	
		1555	1,451,499	
		1556	385,566	
		1562	(156,966)	
		1580	(398,020)	
		1584	143,571	
		1586	10,187	
		1588	(639,306)	
		1592	(737,651)	
		1595	(2,752,906)	
			(2,552,858)	
Current portion of long term debt	(117,091)	2310	(323,650)	
Long term debt	(5,792,930)	2335	(234,183)	
	(5,910,021)	2520	(5,585,838)	
		2310	233,642	reclassified to Accts Payable
			(5,910,029)	

Capital Stock	(5,585,838)	3005	(5,585,838)
Retained Earnings	(2,108,192)	3045	(1,639,369)
		Current Year	(468,819)
			(2,108,188)
Total Liabilities and S/H Equity	**(20,755,968)**		**(20,755,971)**

Statement of Earnings

	F/S	**Acct Numbers**	**2.1.7**	
Service Revenue	(15,968,093)	4006	(11,184,857)	
		4010	(1,565,561)	
		4025	(62,780)	
		4030	(15,002)	
		4055	(861,102)	
		4062	(710,455)	
		4066	(908,359)	
		4068	(454,767)	
		4075	(205,210)	
			(15,968,093)	
Distribution Revenue	(4,004,317)	4080	(3,992,295)	
		4082	(11,930)	
		4084	(92)	
			(4,004,317)	
Cost of Power	15,968,093	4705	13,689,302	
		4708	710,455	
		4714	908,359	
		4716	454,767	
		4750	205,210	
			15,968,093	
Other Operating Revenue	(358,366)	4210	(55,911)	
		5330	(14,302)	Reclassified from billing
		4225	(42,874)	
		4235	(51,438)	
		4325	(45,073)	
		4355	(2,500)	
		4390	(27,947)	
		4405	(151,258)	

		4405	1,903	Reclassified to other int exp
		4405	31,035	Reclassified to interest on reg ass
			(358,365)	
Interest on regulatory assest	(31,035)	4405	(31,035)	Reclassified from other operating
Dist operation and maintenance	1,269,522	5005	128,717	
		5010	52,691	
		5012	154,504	
		5016	721	
		5017	1,122	
		5020	17	
		5025	42,919	
		5045	245	
		5055	125	
		5065	124,123	
		5070	9,347	
		5075	7,360	
		5085	65,512	
		5105	7,252	
		5110	15,906	
		5114	93,950	
		5120	37,287	
		5125	198,835	
		5130	72,948	
		5135	157,914	
		5145	47	
		5150	12,223	
		5155	22,638	
		5160	63,119	
			1,269,522	
Community Relations	53,320	5410	25,625	
		5420	27,695	
			53,320	
Billing an Collecting	526,962	5310	27,967	
		5315	289,199	
		5320	156,566	
		5335	52,712	
		5340	518	
			526,962	
General and admin	833,118	5605	36,401	
		5610	269,813	
		5615	201,313	
		5620	55,898	
		5630	15,970	

		5635	8,426	
		5645	47,944	
		5655	99,354	
		5670	13,200	
		5675	77,403	
		5680	7,394	
			833,118	
Amortization	662,694	5705	662,359	
		5710	335	
			662,694	
Interest and Bank Charges	1,277	6035	66,400	
Interest on regulatory liability	63,221		(1,903)	Reclass from other op rev
	64,498		64,497	
Interest on Long term debt	404,973	6005	404,973	
Amount in Lieu	109,813	6110	109,813	
Net Earnings	**(468,818)**		**(468,819)**	

Ottawa River Power Corporation
Mapping F/S to GL 2.1.7
For the Year Ended December 31, 2012

Balance Sheet

	F/S	Acct Numbers	2.1.7	
Cash and cash equivalents	5,732,455	1005	5,833,884	
Restricted Cash	103,118	1010	1,689	
	5,835,573		5,835,573	
Accounts Receivable	1,221,610	1100	878,676	
		1104	107,433	
		1110	114,548	
		1130	(75,000)	
		2290	195,953	reclassied from liabilities
			1,221,609	
Amounts in Lieu	6,576	2294	6,576	
Unbilled revenue	2,763,383	1120	2,763,383	
Inventory	451,661	1330	727,051	
		1330	(275,389)	reclassified to plant
			451,661	
Prepaid Expenses	153,905	1180	153,905	
Property Plant and Equipment	25,268,184	1805	130,499	
		1806	10,809	
		1808	404,093	
		1810	142,611	
		1820	2,826,309	
		1830	8,383,653	
		1835	2,937,001	
		1840	3,036,629	
		1845	549,551	
		1850	3,584,665	
		1855	1,124,078	
		1860	62,636	
		1915	130,561	
		1920	335,951	
		1925	314,253	
		1930	1,820,545	
		1935	1,761	
		1940	253,896	
		1955	36,776	
		1970	254,912	
		1975	64,873	
		1980	570,614	
		1995	(1,560,738)	
		1330	275,389	Reclass from inventory
		1995	(423,143)	Reclass to accum amort
			25,268,184	

Accumulated amortiztion	(17,346,878)	2105	(17,762,295)	
		2120	(7,726)	
		1995	423,143	Reclass from Contributed Capital
			(17,346,878)	
Future Income Tax	670,305	2350	670,305	
Other Non-Current Assets	13,821	1460	13,821	
Total Assets	**19,038,140**		**19,038,140**	
Accts Payble and Accrued Liab	(4,689,906)	2205	(3,637,954)	
		2208	(486,404)	
		2220	(161,804)	
		2250	(61,658)	
		2268	(101,243)	
		2310	(224,253)	reclassified from long term debt
		2292	(16,594)	
			(4,689,910)	
Due to Energy Solutions	(150,620)	2240	(150,620)	
Regulatory Liability	(505,017)	1508	2,331	
		1550	220,219	
		1555	1,292,741	
		1556	503,049	
		1580	113,461	
		1584	85,248	
		1586	410,580	
		1588	(456,397)	
		1589	(74,823)	
		1592	(675,413)	
		1595	(1,926,013)	
			(505,017)	
Current portion of long term debt	(103,118)	2310	(314,253)	
Long term debt	(5,778,955)	2335	(206,235)	
	(5,882,073)	2520	(5,585,838)	
		2310	224,253	reclassified to Accts Payable
			(5,882,073)	
Capital Stock	(5,585,838)	3005	(5,585,838)	
Retained Earnings	(2,224,686)	3045	(1,690,588)	
		Current Year	(534,094)	

			(2,224,681)	
Total Liabilities and S/H Equity	**(19,038,140)**		**(19,038,140)**	

Statement of Earnings

	F/S	Acct Numbers	2.1.7	
Service Revenue	(17,687,620)	4006	(11,808,907)	
		4010	(1,120,323)	
		4015	(586,805)	
		4025	(61,537)	
		4030	(16,082)	
		4035	(616,990)	
		4055	(672,730)	
		4062	(1,019,165)	
		4066	(951,056)	
		4068	(631,138)	
		4075	(202,887)	
			(17,687,620)	
Distribution Revenue	(4,003,625)	4080	(3,993,460)	
		4082	(10,141)	
		4084	(24)	
			(4,003,625)	
Cost of Power	17,687,620	4705	14,883,374	
		4708	1,019,165	
		4714	951,056	
		4716	631,138	
		4750	202,887	
			17,687,620	
Other Operating Revenue	(376,648)	4210	(55,811)	
		5330	(11,509)	Reclassified from billing
		4225	(35,688)	
		4235	(47,095)	
		4324	(2,615)	
		4325	(65,743)	
		4355	(9,500)	
		4390	(26,865)	
		4405	(158,925)	
		4405	37,103	Reclassified to interest on reg asset
			(376,647)	
Interest on regulatory assest	(37,103)	4405	(37,103)	Reclassified from other operating rev
Dist operation and maintenance	1,256,873	5005	76,246	

		5010	67,932	
		5012	148,665	
		5016	897	
		5017	2,711	
		5025	1,262	
		5040	71	
		5045	381	
		5065	168,423	
		5070	12,032	
		5075	8,370	
		5085	75,822	
		5105	7,618	
		5110	24,895	
		5114	77,994	
		5120	44,859	
		5125	237,580	
		5130	66,226	
		5135	121,519	
		5150	18,494	
		5155	24,165	
		5160	70,533	
			178	reclassified from admin
			1,256,873	
Community Relations	47,391	5410	19,976	
		5420	27,415	
			47,391	
Billing an Collecting	532,893	5310	27,146	
		5315	297,429	
		5320	149,865	
		5335	59,366	
		5340	(913)	
			532,893	
General and admin	847,742	5605	39,031	
		5610	276,050	
		5615	189,763	
		5620	80,851	
		5630	10,413	
		5635	1,651	
		5645	18,789	
		5655	127,237	
		5670	13,200	
		5675	83,458	
		5680	7,477	
			(178)	Reclassified to o&m
			847,742	
Amortization	631,630	5705	631,295	
		5710	335	
			631,630	
Interest and Bank Charges	3,427	6035	42,109	

Interest on regulatory liability	38,682		
	42,109		42,109
Interest on Long term debt	404,973	6005	404,973
Amount in Lieu	119,671	6110	119,671
Net Earnings	**(534,094)**		**(534,094)**

Ottawa River Power Corporation
Mapping F/S to RRR 2.1.7
For the Year Ended December 31, 2013

Balance Sheet				
	F/S	Acct Numbers	2.1.7	
Cash and cash equivalents	5,432,092	1005	5,523,329	
Restricted Cash	92,926	1010	1,689	
	5,525,018		5,525,018	
Accounts Receivable	1,583,926	1100	1,330,671	
		1104	166,980	
		1110	176,975	
		1110	163,229	reclassified to Liabilitiies
		1130	(80,000)	
		2290	(173,928)	reclassied from liabilities
			1,583,927	
Amounts in Lieu	130,207	2294	130,207	
Unbilled revenue	3,579,503	1120	3,579,503	
Inventory	427,059	1330	424,376	
		2205	2,682	reclassified from Liabilities
			427,059	
Prepaid Expenses	90,227	1180	90,227	
Property Plant and Equipment	26,555,208	1805	130,499	
		1806	10,809	
		1808	457,378	
		1810	183,070	
		1820	2,866,402	
		1830	8,545,115	
		1835	3,161,634	
		1840	3,038,693	
		1845	583,411	
		1850	3,952,657	
		1855	1,243,069	
		1860	99,078	
		1915	131,949	
		1920	364,078	
		1925	360,873	
		1930	2,225,789	
		1935	1,761	
		1940	260,169	
		1945	18,090	
		1955	36,776	
		1960	12,104	
		1970	254,912	
		1975	64,873	

		1980	571,117	
		1995	(1,526,789)	
		1995	(492,309)	Reclass to accum amort
			26,555,208	
Accumulated amortiztion	(18,036,579)	2105	(18,520,829)	
		2120	(8,061)	
		1995	492,309	Reclass from Contributed Capital
			(18,036,580)	
Regulatory Asset	788,990	1508	2,365	
		1550	196,381	
		1551	(511)	
		1555	1,201,190	
		1556	619,755	
		1576	(51,605)	
		1580	(269,057)	
		1584	65,447	
		1586	139,943	
		1588	(330,869)	
		1589	357,606	
		1592	(536,997)	
		1595	(604,659)	
			788,990	
Future Income Tax	524,620	2350	524,620	
Total Assets	**21,168,179**		**21,168,179**	
Accts Payble and Accrued Liab	(7,192,837)	2205	(6,121,299)	
		2208	(270,282)	
		2220	(174,696)	
		2250	(67,543)	
		2268	(101,243)	
		2290	(308,462)	
		2290	173,929	reclassifed to receivables
		2310	(157,333)	reclassified from long term deb
		1110	(163,229)	reclassified from receivables
		2205	(2,682)	reclassified to inventory
			(7,192,840)	
Due to Energy Solutions	(347,967)	2240	(347,967)	
Current portion of long term debt	(92,925)	2310	(356,552)	
Long term debt	(5,877,983)	2335	(185,851)	
	(5,970,908)	2520	(5,585,838)	
		2310	157,333	reclassified to Accts Payable

			(5,970,908)	
Capital Stock	(5,585,838)	3005	(5,585,838)	
Retained Earnings	(2,070,629)	3045	(1,779,246)	
		Current Year	(291,383)	
			(2,070,629)	
Total Liabilities and S/H Equity	**(21,168,179)**		**(21,168,181)**	

Statement of Earnings

	F/S	Acct Numbers	2.1.7	
Service Revenue	(19,362,954)	4006	(11,694,750)	
		4010	(2,624,579)	
		4015	(591,393)	
		4025	(61,342)	
		4030	(16,295)	
		4035	(758,660)	
		4055	(605,763)	
		4062	(860,072)	
		4066	(1,100,144)	
		4068	(777,401)	
		4075	(206,776)	
		4076	(65,791)	
			(19,362,965)	
Distribution Revenue	(4,070,294)	4080	(4,061,043)	
		4082	(9,216)	
		4084	(34)	
			(4,070,293)	
Cost of Power	19,362,954	4705	11,949,790	
		4707	4,402,979	
		4708	860,072	
		4714	1,100,143	
		4716	777,401	
		4750	206,776	
		4751	65,790	
			19,362,951	
Other Operating Revenue	(404,805)	4210	(55,868)	
		5330	(13,120)	Reclassified from billing
		4225	(44,430)	
		4235	(46,659)	
		4325	(127,504)	

		4355	(1,050)	
		4390	(22,529)	
		4405	(134,875)	
		4405	41,240	Reclassified to interest on reg asset
			(404,794)	
Interest on regulatory assest	(41,240)	4405	(41,240)	
Dist operation and maintenance	1,436,811	5005	77,457	
		5010	19,646	
		5012	161,977	
		5016	67	
		5025	1,334	
		5065	136,263	
		5070	108,761	
		5075	17,347	
		5085	73,047	
		5105	9,115	
		5110	30,041	
		5114	57,572	
		5120	66,288	
		5125	291,974	
		5130	116,037	
		5135	182,438	
		5150	25,733	
		5155	25,239	
		5160	36,023	
		5175	61	
			390	reclassified from admin
			1,436,810	
Community Relations	52,864	5410	37,071	
		5420	15,793	
			52,864	
Billing an Collecting	594,139	5310	41,052	
		5315	323,253	
		5320	164,287	
		5335	65,757	
		5340	(210)	
			594,139	
General and admin	1,026,604	5605	41,604	
		5610	290,412	
		5615	218,358	
		5620	77,592	
		5630	43,484	
		5635	6,472	
		5645	153,855	
		5655	75,645	

		5670	15,038	
		5675	97,299	
		5680	7,236	
			(390)	Reclassified to o&m
			1,026,604	
Amortization	661,050	5705	609,110	
		5710	335	
		4305	51,605	
			661,050	
Interest and Bank Charges	5,831	6035	29,130	
Interest on regulatory liability	23,299			
	29,130		29,130	
Interest on Long term debt	404,973	6005	404,973	
Amount in Lieu	19,385	6110	19,385	
Net Earnings	**(291,383)**		**(291,386)**	

Ottawa River Power Corporation
Mapping F/S to RRR 2.1.7
For the Year Ended December 31, 2014

Balance Sheet

	F/S	Acct Numbers	2.1.7	
Cash and cash equivalents	2,837,086	1005	2,935,299	
Restricted Cash	99,902	1010	1,689	
	2,936,988		2,936,998	
Accounts Receivable	2,096,896	1100	1,632,090	
		1104	167,452	
		1110	52,852	
		1110	156,113	reclassified to Liabilitiies
		1130	(90,000)	
		2290	178,388	reclassifed from Liabilities
			2,096,896	
Amounts in Lieu	4,478	2294	4,478	
Unbilled revenue	3,350,539	1120	3,350,539	
Inventory	418,949	1330	417,635	
		2250	1,314	reclassified from Liabilities
			418,949	
Prepaid Expenses	196,281	1180	196,281	
Property Plant and Equipment	27,099,368	1805	130,499	
		1806	10,809	
		1808	457,386	
		1820	2,973,866	
		1830	8,619,845	
		1835	3,506,233	
		1840	3,082,574	
		1845	759,442	
		1850	4,059,726	
		1855	1,323,353	
		1860	146,158	
		1910	207,792	
		1915	135,286	
		1920	374,635	
		1925	401,839	
		1930	2,256,909	
		1935	1,761	
		1940	300,146	
		1945	18,090	
		1955	38,924	
		1960	12,104	
		1975	64,873	
		1980	385,008	
		1995	(1,598,085)	

		1995	(569,806)	Reclass to accum amort
			27,099,369	
Accumulated amortiztion	(18,343,763)	2105	(18,905,173)	
		2120	(8,396)	
		1995	569,806	Reclass from Contributed Capital
			(18,343,763)	
Regulatory Asset	507,932	1508	2,176	
		1555	163,055	
		1551	(2,178)	
		1555	1,111,837	
		1556	734,265	
		1576	(92,088)	
		1580	(519,789)	
		1584	(11,829)	
		1586	77,454	
		1588	(469,006)	
		1589	688,754	
		1592	(686,317)	
		1595	(488,402)	
			507,931	
Future Income Tax	664,614	2350	664,614	
Other Non current assets	32,419	1460	32,419	
Total Assets	**18,964,701**		**18,964,712**	
Accts Payble and Accrued Liab	(5,058,032)	2205	(4,127,577)	
		2208	(317,774)	
		2220	(219,809)	
		2250	(55,622)	
		2268	(101,243)	
		2310	(78,582)	
		1110	(156,113)	reclassified from receivables
		2250	(1,314)	reclassified to inventory
			(5,058,035)	
Current portion of long term debt	(99,903)	2306	(199,911)	
Long term debt	(5,885,651)	2335	(199,805)	
	(5,985,554)	2520	(5,585,838)	
			(5,985,554)	
Capital Stock	(5,585,838)	3005	(5,585,838)	
Retained Earnings	(2,152,590)	3045	(1,792,225)	
		Current Year	(360,361)	
			(2,152,586)	

Total Liabilities and S/H Equity	**(18,782,014)**		**(18,782,013)**

Statement of Earnings

	F/S	Acct Numbers	2.1.7	
Service Revenue	(20,512,776)	4006	(7,103,462)	
		4010	(9,690,583)	
		4025	(79,170)	
		4030	(18,526)	
		4055	(644,248)	
		4062	(853,315)	
		4066	(1,100,975)	
		4068	(755,900)	
		4075	(167,195)	
		4076	(99,400)	
			(20,512,775)	
Distribution Revenue	(4,100,009)	4080	(4,060,405)	
		4082	(8,606)	
		4084	(12)	
		4086	(30,987)	
			(4,100,009)	
Cost of Power	20,512,776	4705	13,723,254	
		4707	3,812,737	
		4708	853,315	
		4714	1,100,975	
		4716	755,900	
		4750	167,195	
		4751	99,400	
			20,512,776	
Other Operating Revenue	(261,871)	4210	(56,354)	
		5330	(14,020)	Reclassified from billing
		4225	(58,339)	
		4235	(49,896)	
		4325	(50,101)	
		4355	(300)	
		4360	7,589	
		4390	(10,183)	
		4405	(75,334)	
		4405	45,066	Reclassified to interest on reg asset
			(261,873)	
Interest on regulatory assest	(44,622)	4405	(45,066)	
		6035	443	Reclassified from interest expense
			(44,623)	

Dist operation and maintenance	1,296,794	5005	102,995
		5010	20,857
		5012	166,086
		5016	2,482
		5025	5,179
		5045	503
		5065	107,761
		5070	112,686
		5075	9,948
		5085	60,892
		5105	7,801
		5110	23,730
		5114	59,663
		5120	48,786
		5125	205,522
		5130	85,800
		5135	190,736
		5150	21,045
		5155	17,012
		5160	47,312
			1,296,794
Community Relations	55,452	5410	24,260
		5420	31,192
			55,452
Billing an Collecting	634,033	5310	29,665
		5315	323,219
		5320	168,381
		5335	113,464
		5340	(696)
			634,033
General and admin	915,963	5605	42,337
		5610	291,182
		5615	210,161
		5620	88,579
		5630	27,110
		5635	16,430
		5645	77,827
		5655	63,559
		5670	11,000
		5675	80,251
		5680	7,529
			915,963
Amortization	640,810	5705	599,992
		5710	335
		4305	40,483
			640,810

Interest and Bank Charges	3,520	6035	34,389	
Interest on regulatory liability	30,427		(443)	Reclassified to interest on reg asset
	33,947		33,946	
Interest on Long term debt	404,973	6005	404,973	
Amount in Liew	64,169	6110	64,169	
Net Earnings	**(360,361)**		**(360,364)**	

Ex.1/Tab 4/Sch.3 - Annual Report

ORPC does not publish an annual report to its shareholders. Financial statements are presented yearly to the shareholder in a special meeting.

Ex.1/Tab 4/Sch.4 - Prospectus and Recent Debt/Share Issuance Update

Ottawa River Power is not rated by any outside agency, does not issue debt or shares nor do they publish any prospectus.

Ex.1/Tab 4/Sch.5 - Other Relevant Information

The Applicant is not seeking any changes to its tax status in this application.

There are no accounting orders for the applicant, nor have they deviated from the USoA.

Materiality Threshold

Ex.1/Tab 5/Sch.1 - Materiality Threshold

The Minimum Filing Requirements state that a distributor with a distribution revenue requirement less than $10 million must use $50,000 as a materiality threshold. With a proposed base revenue requirement of $4,804,192 ORPC has used this amount as a materiality threshold throughout this application.

Administration

Ex.1/Tab 6/Sch.1 – Table of Contents

A table of content is included at the beginning of each Exhibits

Ex.1/Tab 6/Sch.2 – Contact Information

Application contact information is as follows:

Jane Donnelly, CPA, CMA
Chief Financial Officer
Ottawa River Power Corporation
613-732-3687
E-mail: jdonnelly@orpowercorp.com

Denis Montgomery
President
Ottawa River Power Corporation
613-732-3687
E-mail: dmontgomery@orpowercorp.com

Manuela Ris-Schofield
Tandem Energy Services
4240 Ennisclare Drive
Rockwood
519-856-8295
E-mail: manuela@tandemenergyservices.ca

Ex.1/Tab 6/Sch.3 - Legal Application

In the matter of; the Ontario Energy Board Act, 1998;S.O. 1998, c.15, Schedule B, as amended; and in the matter of; an Application by ORPC for an Order or Orders approving or fixing just and reasonable distribution rates effective May 1, 2016.

Ottawa River Power Corporation (ORPC) (or the "Company" or the "Applicant") is a distributor of electricity pursuant to a distribution license ED-2003-0033 issued by the Ontario Energy Board (the "Board") under the Ontario Energy Board Act, 1998 (the "Act").
ORPC hereby applies to the Board pursuant to section 78 of the Act for an Order or Orders approving or fixing just and reasonable distribution rates effective May 1, 2016.
ORPC accordingly applies to the Board for the following Order or Orders:

- An Order approving ORPC's proposed distribution rates for the 2016 rate year, or such other rates as the Board may find to be just and reasonable, as the final rates effective May 1, 2016;
- An Order approving clearance of the balances recorded in certain deferral and variance accounts for the year ended December 31, 2014 by means of rate riders effective May 1, 2016;
- This application does not contain any confidential information.

The Executive Management and Board of Directors of the Corporation attest that the information contained in this application is accurate to the best of their knowledge.

Ex.1/Tab 6/Sch.4 – Confirmation of Internet Address

ORPC's website address is www.orpowercorp.com

Ex.1/Tab 6/Sch.5 – Statement of Publication

Ottawa River Power confirms that Letter of Direction and the Notice of Application and Hearing for this proceeding will be published in the local community not-paid-for newspaper which has the highest circulation in its service area namely; The Daily News in the Pembroke, Killaloe and Beachburg area and The Almonte Gazette in the Almonte service area.

Once the Notice of Application and Hearing has been published in the above listed newspapers, ORPC will immediately file an Affidavit of Publication together with proof.

ORPC notes that all of ORPC's customers may be affected by this application.

Ex.1/Tab 6/Sch.6 – Bill Impacts

The 2016 distribution rates proposed by the Applicant will result in overall bill impacts for residential and GS<50 customer classes as detailed in Table: 1.11 below. A full list of the bill impacts applicable to all customer classes is found at E8/T1/S14.

Table: 1.11 – Bill Impacts

Customer Class	Consumption	2015 Distribution Charge	2016 Proposed Distribution Charge	Dollar Change	% Change	2015 Total Bill	2016 Total Bill	Dollar Change	% Change
Residential	800	22.99	31.31	8.32	36.18%	119.22	126.14	6.92	5.81%
Residential	1000	25.99	35.59	7.60	29.23%	148.26	153.88	5.62	3.79%
Residential	3000	55.99	56.38	0.39	0.69%	438.60	431.23	7.37	-1.68%
General Service < 50 kW	2000	$43.97	$64.06	$20.09	45.70%	$294.14	$309.98	$15.84	5.38%
General Service < 50 kW	5000	75.47	101.58	26.11	34.59%	712.45	727.51	15.06	2.11%
General Service < 50 kW	10000	127.97	164.10	36.13	28.23%	1409.62	1423.39	13.77	0.98%
General Service > 50 to 4999 kW	60	$417.65	$445.56	$27.90	6.68%	$707.40	$767.19	$59.80	8.45%
Sentinel Ligthing	1	$10.48	$14.45	$3.97	37.88%	$15.41	$18.17	$2.77	17.96%
Streetlights	115	$6,506.33	$7,601.78	$1,095.44	16.84%	$7,032.45	$8,205.65	$1,173.20	16.68%
Unmetered Scattered Load	15	$9.85	$16.82	$6.97	70.76%	$233.68	$235.50	$1.82	0.78%

Ex.1/Tab 6/Sch.7 - Statement as to the Form of Hearing Requested

This Application is supported by written evidence. The written evidence will be pre-filed and may be amended from time to time, prior to the Board's final decision on the Application.

ORPC requests that, pursuant to Section 34.01 of the Board's Rules of Practice and 7 Procedure, this proceeding be conducted by way of written hearing.

Ex.1/Tab 6/Sch.8 - Proposed Issues List

In establishing the overall appropriateness of the proposed rates, ORPC anticipates that the following issues will be addressed by the Board and interveners.

General (Exhibit 1) - The reasonableness/suitability of;

- The overall economic and business planning assumptions for the Test Year.
- The reasonableness of the proposed revenue requirement of $4,804,192.

Rate Base (Exhibit 2) - The reasonableness/suitability of;

- ORPC's asset planning assumptions (e.g. asset knowledge, strategy and conditions, etc.)
- ORPC's revised capitalization and depreciation policy.
- The overall capital expenditures.
- The working capital allowance.
- The proposed rate base for the test year.
- The accounting for stranded meters.
- The Distribution System Plan

Operating Revenues (Exhibit 3) - The reasonableness/suitability of;

- The load forecast methodology including weather normalization.
- The proposed customers/connections and load forecasts (both kWh and kW) for the test year
- The adjustment of CDM in the load forecast.
- The proposed revenue offsets.

Operating Costs (Exhibit 4) - The reasonableness/suitability of;

- The overall OM&A forecast for the test year.
- The methodologies used to allocate costs.
- The proposed level of depreciation/amortization expense for the test year.
- The compensation costs and employee levels.
- The test year forecast of PILs.

- ORPC’s service-quality results, based on the Board specified performance indicators

Cost of Capital and Rate of Return (Exhibit 5) - The reasonableness/suitability of;

- The proposed capital structure.
- The cost of debt.
- The proposed return on equity.

Calculation of Revenue Deficiency (Exhibit 6) - The reasonableness/suitability of;

- The calculation of Revenue Deficiency.

Cost Allocation (Exhibit 7) - The reasonableness/suitability of;

- The appropriateness of ORPC’s cost allocation.
- The proposed revenue-to-cost ratios.

Rate Design (Exhibit 8) - The reasonableness/suitability of;

- The proposed classes of customers.
- The customer charges and the fixed-variable splits for each class.
- The proposed Retail Transmission Service Rates.
- The proposed loss factors.
- ORPC’s proposed Tariff of Rates and Charges.
- ORPC's rate mitigation plan.

Deferral and Variance Accounts (Exhibit 9) - The reasonableness/suitability of;

- The account balances, cost allocation methodology and disposition plan.

Ex.1/Tab 6/Sch.9 - Statement of Deviation of Filing Requirements

Except where specifically identified in the Application, ORPC followed Chapter 2 of the OEB's "Filing Requirements for Electricity Transmission and Distribution Applications", dated July 16, 2015 (the "Filing Requirements") in order to prepare this application. The excel version of the complete 2016 Cost of Service checklist is being filed in conjunction with this application.

Ex.1/Tab 6/Sch.10 – Changes in Methodologies

The projections for the 2016 test year were prepared in accordance with ORPC's usual process, including the directives and assumptions described in Exhibit 1, Tab 6, Schedule 13.

Ex.1/Tab 6/Sch.11 - Board Directive from Pervious Decisions

The Board did not issue specific directives in previous decisions.

Ex.1/Tab 6/Sch.12 - Conditions of Service

ORPC’s conditions of services are found at www.orpowercorp.com

Ex.1/Tab 6/Sch.13 - Accounting Standards for Regulatory and Financial Reporting

Ottawa River Power's financial statements for 2014 were prepared under CGAAP. OPRC's 2016 test year is being filed in MIFRS.

The following is a table of historical financial statement and regulatory filing accounting standards:

Year	Accounting Standard
2010	CGAAP
2011	CGAAP
2012	CGAAP
2013	NewCGAAP
2014	NewCGAAP
2015	MIFRS
2016	MIFRS

Ottawa River Power Corporation implemented accounting changes on January 1, 2013 that were consistent with the Board's regulatory accounting policies as set out for modified IFRS as contained in the *Report of the Board, Transition to International Financial Reporting Standards,* EB-2008-0408, the Kinectrics Report, and the Revised 2012 *Accounting Procedures Handbook for Electricity Distributors* ("APH").

The useful lives proposed by ORPC in this Application are consistent with the useful lives in the Kinectrics Report commissioned by the OEB dated July 8, 2010.

ORPC attests that it does not and will continue not to capitalize administration and other general overhead costs no longer permitted under IFRS, as clarified by the Board in its letter dated February 24, 2010. ORPC will continue to ensure that the company is comparable to other distribution utilities in the Province. ORPC understands the need for comparability between distribution utilities. ORPC has also adopted the various account changes prescribed by the Board in relation to the USoA (Article 210 – Chart of Accounts and Account 220 – Account Descriptions).

Consistent with recent applications to the Board, ORPC no longer includes PST in its OM&A cost estimates.

Regulatory costs and the incremental one-time cost have been normalized by allocating one fifth of that total to the 2016 Test Year.

ORPC is not proposing other changes in methodology.

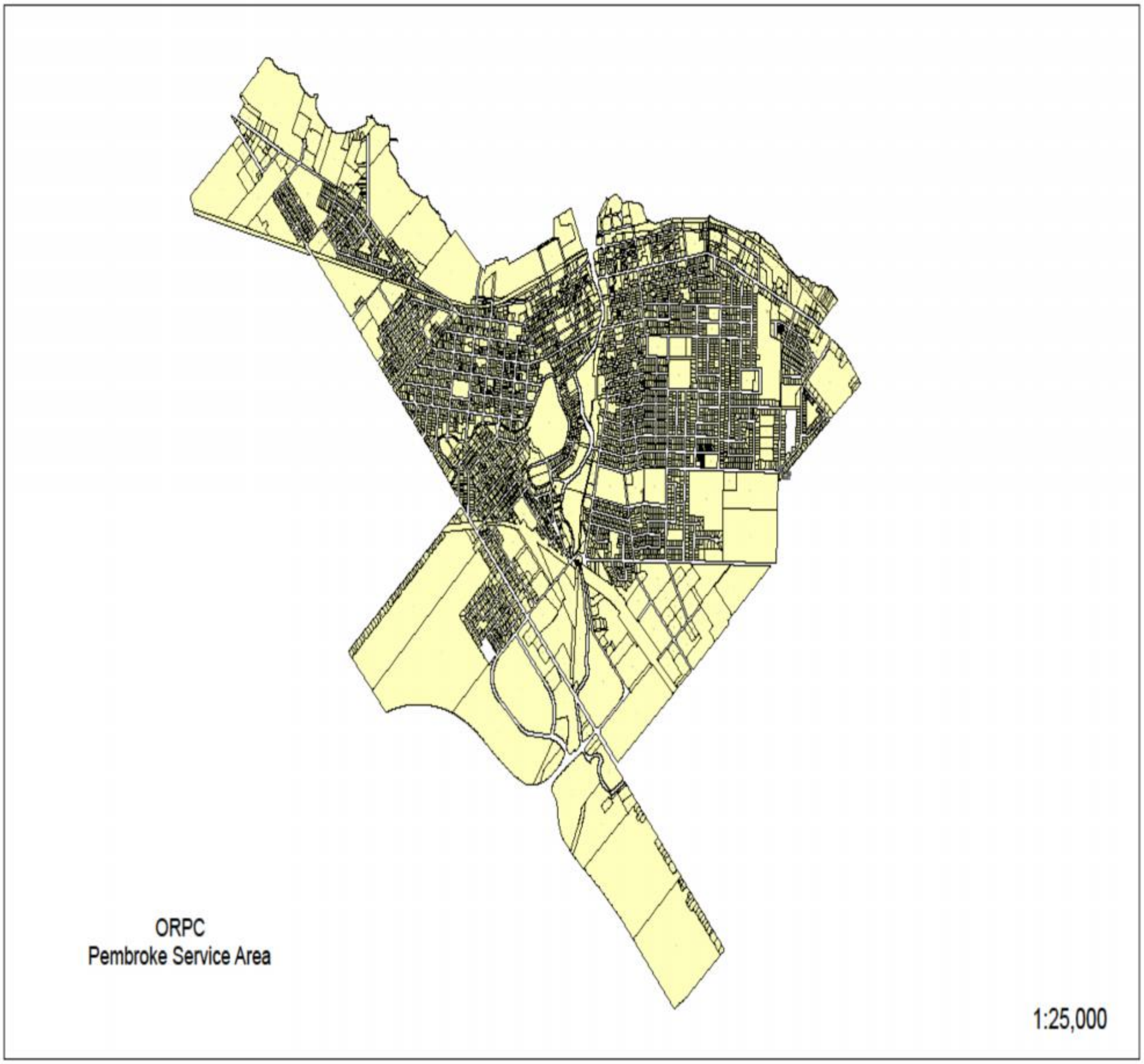
Ex.1/Tab 6/Sch.14 - Accounting Treatment of Non-Utility Related Business

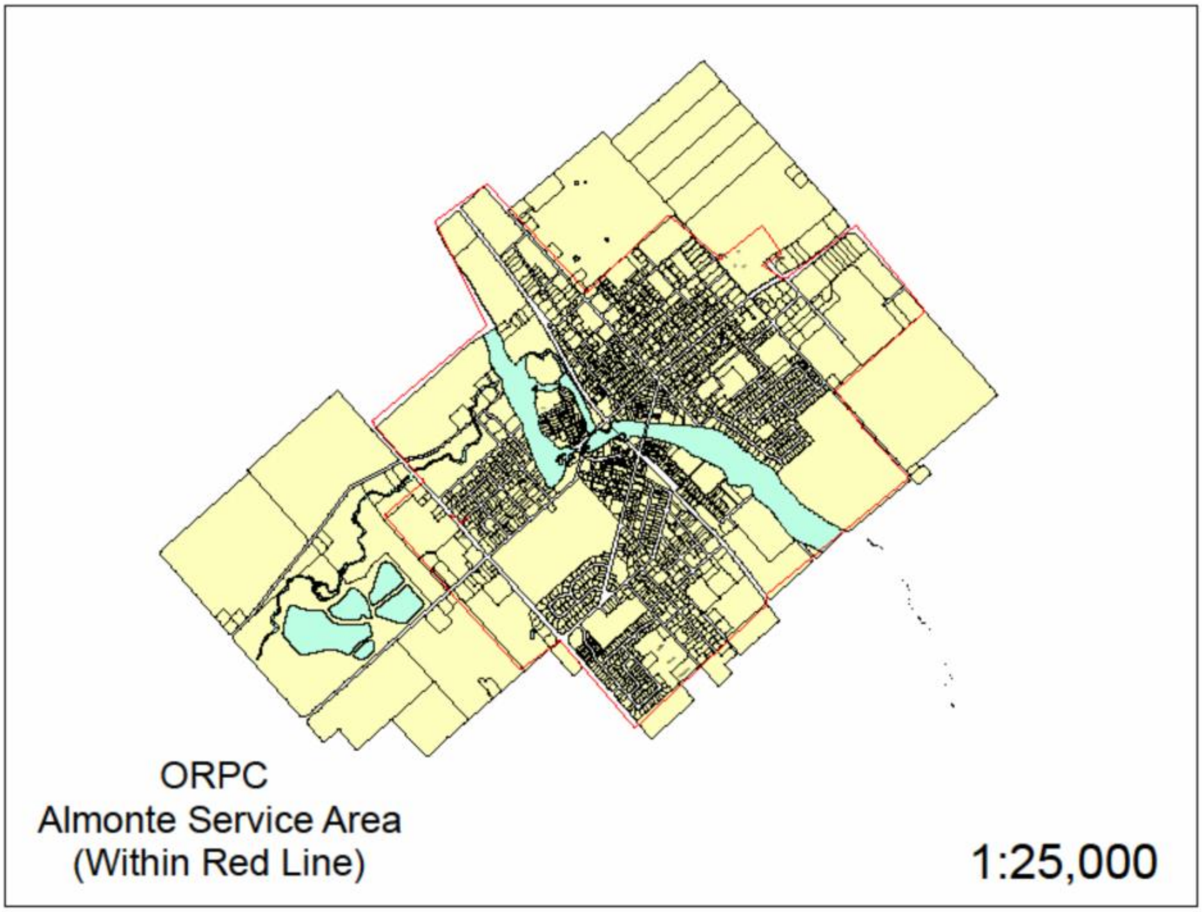
Ottawa River Power confirms that it has have not included any non-utilty business in the rate regulated business.

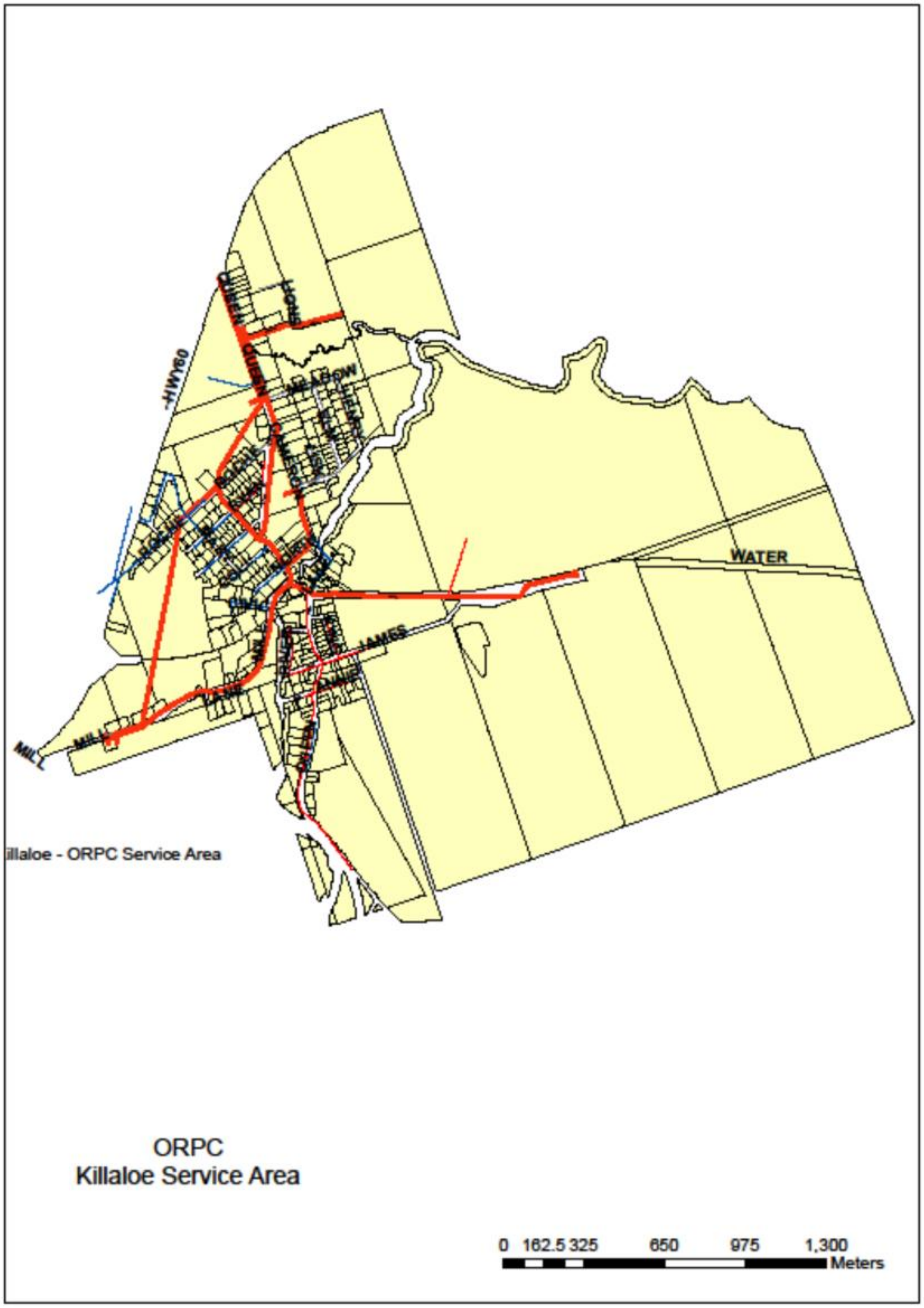
Applicant Overview

Ex.1/Tab 7/Sch.1 – Applicant Overview

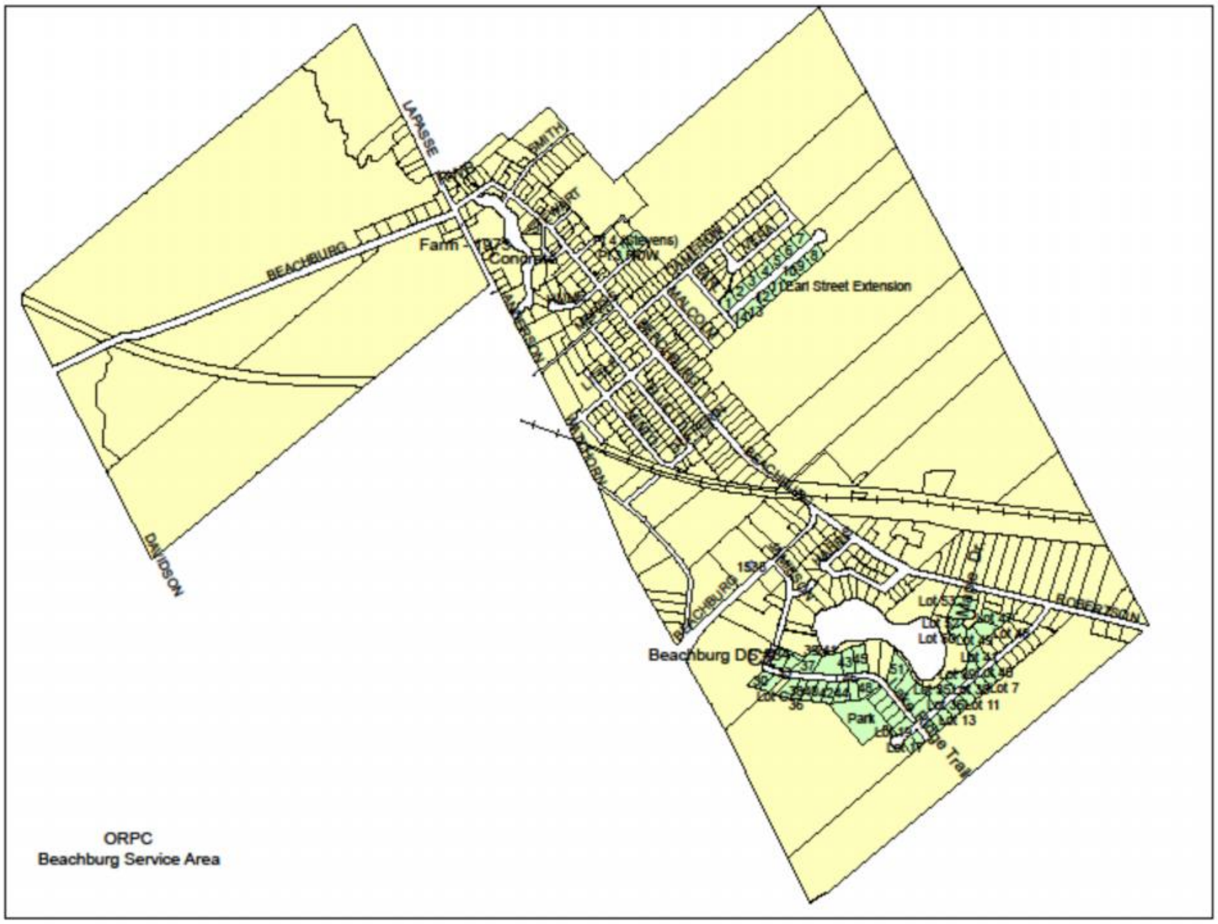
Ottawa River Power Corporation serves the urban communities of the City of Pembroke, the Township of Whitewater (Beachburg only), the Town of Mississippi Mills (Almonte Ward only) and the Township of Killaloe, Hagarty & Richards (Killaloe only). Two exceptions to this geographic description are located in the Town of Mississippi Mills. During 2008 Ottawa River Power Corporation applied to the Ontario Energy Board to have its service area amended to include the west half of Lot 13 in the Township of Ramsey. This amendment was granted by the OEB under order EB-2008-0094. During 2009 ORPC applied to the OEB for another service area amendment in the Town of Mississippi Mills. In June 2009 the OEB amended the service area of ORPC under order EB-2009-0019 to include Phase 1 of Sadler Estates Development (Part of Lot 16, Conc. 10). The total service area is approximately 35.6 square kilometers.


ORPC
Pembroke Service Area
1:25,000


ORPC
Almonte Service Area
(Within Red Line)
1:25,000


HWY60
QUEEN
MEADOW
WATER
JAMES
MILL
MILL
illaloe - ORPC Service Area
ORPC
Killaloe Service Area
0 162.5 325 650 975 1,300
Meters

1



ORPC has 167 kilometers of lines comprised of 143 kilometers of overhead lines and 24 kilometers of underground lines. The lines are made up of 108 kilometers of 3-phase wire, 1 kilometer of 2-phase wire, and 58 kilometers of single-phase wire. ORPC's distribution plant includes eleven substations: eight at 4.16 KV and three at 12.4 KV. Eight substations are located in the City of Pembroke and three substations are located in the Town of Mississippi Mills. Ottawa River Power Corporation has 14 sub-transmission transformers and 1592 distribution transformers.

ORPC also has a Scada system in the City of Pembroke that is staffed eight hours per day and alarmed twenty-four hours per day.

Ex.1/Tab 7/Sch.2 – Host /Embedded Distributor

ORPC is an embedded distributor who receives electricity at distribution level voltages from Hydro One Networks Inc. ORPC does not have any embedded distributors within its territory.

Ex.1/Tab 7/Sch.3 – Transmission or High Voltage Assets

The Applicant does not have any transmission or high voltage assets deemed by the Board as transmission assets and as such are not seeking approvals from the Board in that regards.

Corporate Governance

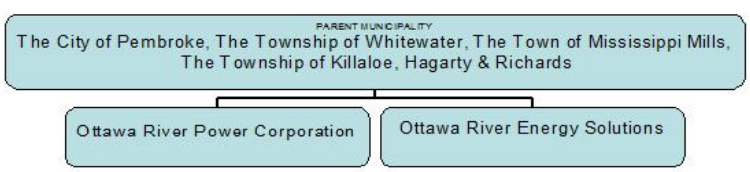
Ex.1/Tab 8/Sch.1 – Overview

The parent municipalities, The City of Pembroke, the Township of Whitewater, the Town of Mississippi Mills and the Township of Killaloe, Hagarty & Richards are the sole shareholders of Ottawa River Power Corporation.

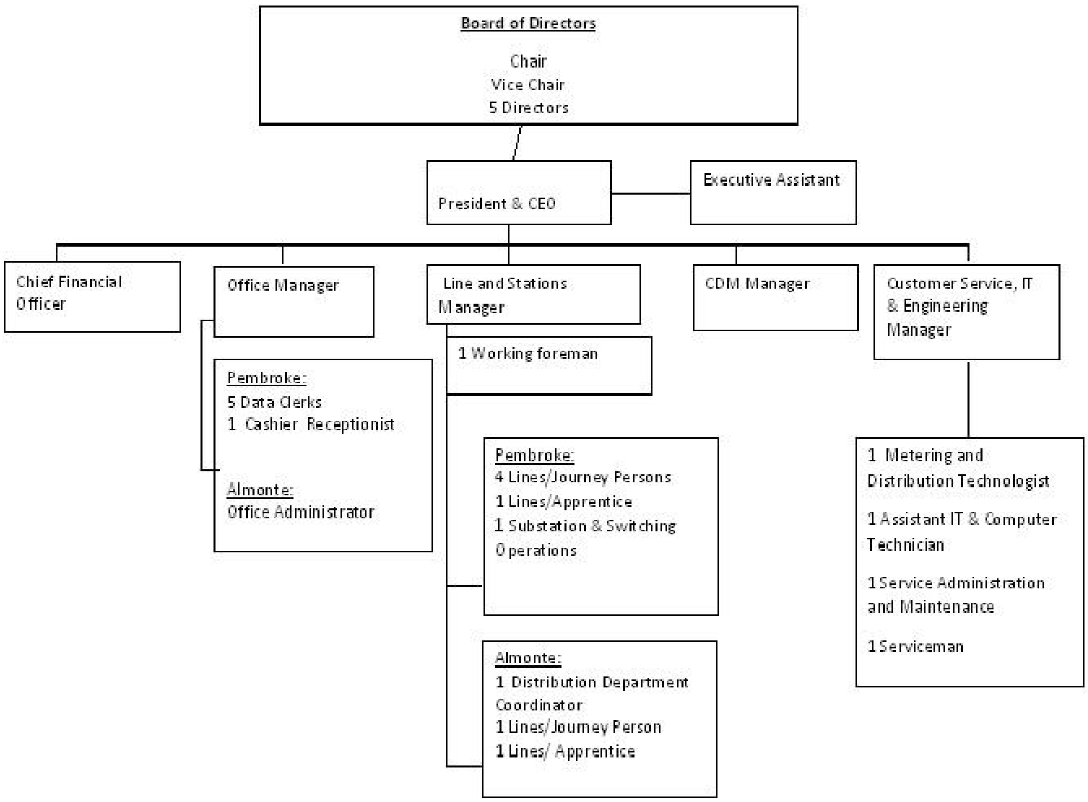
OPRC has an affiliate company namely Ottawa River Energy Solutions Inc. (ORES). The business activities of ORES include hot water tanks rentals, sentinel light rentals, a fibre optic network, miscellaneous contracting services and a solar division. Ottawa River Power Corporation provides construction contract services to ORES. ORES supplies broadband services to Ottawa River Power.

Each company maintains a separate board of directors consisting of seven members. These are comprised of four representatives from the City of Pembroke, and one representative from each of the remaining municipalities. Ottawa River Power Corporation meets the requirements for independence set out in Section 2.1.3 of the *Affiliate Relationships Code for Electricity Transmitters and Distributors* (ARC).

The following is the corporation organizational structure



The following table is the corporate organizational chart:



Ex.1/Tab 8/Sch.2 – Corporate Practices

ORPC presents a description of its Board of Director's mandate and responsibilities in the section below.

1. Board of Directors

The board of directors of Ottawa River Power Corporation consists of seven corporate independent directors (meaning that they are not an employee or officer of the utility). This conforms to the Affiliate Relationship Code ("ARC") whereby at least one-third of its directors must remain independent from Affiliate Boards. Four directors represent The City of Pembroke, one director represents The Town of Mississippi Mills, one director represents The Township of Whitewater and one director represents The Township of Killaloe, Hagarty and Richards. The appointment process by all the Shareholders facilitates independent judgment so that the Board can carrying out is responsibilities as stipulated in the Ontario Business Corporations Act.

Open, frank and honest discussions are encouraged at all Board and Committee meetings. Management provides the ORPC Board with all the written reports, PowerPoint presentations, oral reports, verbal and written responses to ORPC Board inquires, that are crucial to the successful realization of ORPC's corporate goals and objectives. The ORPC Board conducts an annual self-assessment of its performance, including the individual member's performance.

2. Board Mandate

The Board of Directors of Ottawa River Power oversees the management of the corporation. It is responsible for the hiring of the Chief Executive Officer and then monitoring the running of the utility in compliance with established policies, regulations, fiscal standards and reliability levels. It does this with the safety of our communities, customers, and employees foremost in their minds.

In general, the board mandate includes:

- Sound management of the Business through the development of a strategic planning process
- Protect the investment of the Shareholders by managing the exposure to inherent risks.
- Provide adequate reporting to the shareholders
- Provide the shareholders with the maximum rate of return permitted by the regulator
- Supervision of utility management.

3. Board Meetings

The Board of Directors generally schedule five official meetings at the beginning of each year. Depending on the urgency of matters that arise from time to time, the Board will also call additional meetings to deal with these matters.

The following was the 2014 schedule of Board of Director Meetings:

February 20, 2014 Regular Board of Meeting
April 10, 2014 Special Meeting
April 24, 2014 Regular Board Meeting
May 28, 2014 Shareholder's Annual Meeting
June 26, 2014 Regular Board Meeting
September 25, 2014 Regular Board Meeting
November 27, 2014 Regular Board Meeting

4. Orientation and Continuing Education

ORPC values best practices of corporate governance and strives to maintain and adopt policies to promote maximum effectiveness. The Board recognizes that a Director Orientation and Continuing Education Policy is an essential tool to that effect.

Each director of the board receives a director's manual upon being appointed to the Board as well as an orientation session. Both include the following:

- Company Overview including the Vision and Mission Statements
- Provincial Electricity Structure

- Legislative Framework
- Operations
- Financial
- Customer Service
- Miscellaneous
- Governance & Meetings including the roles and responsibilities of the Board

Members of the board of directors attend industry conferences, receive the Electricity Distributors Association (EDA) weekly newsletter outlining industry news, as well as have access to the OEB and EDA websites. In-service and other training is provided on a needs basis. The board also receives reports of regulatory requirements at its regular board meetings.

5. Ethical Business Conduct

The following is an excerpt from the Board of Directors Manual regarding the code of conduct it expects from its members:

"Board members self-monitor adherence to its code at each board meeting. In addition, from time to time the board reviews and re-confirms the code."

6. Nomination of Directors

The Shareholder's Agreement of Ottawa River Power Corporation governs the Appointment and Replacement of the Board of Directors in Section 14.0 (a):

Appointment and Replacement – The Board of Directors of the Corporation shall consist of at least one director from each Municipality.

The selection is further addressed in Section 14.0 (c):

Appointment and Replacement – Except as they may otherwise agree in writing in accordance with the terms hereof, the parties hereto agree that:

(i) The board of the Corporation will consist of seven (7) directors;

(ii) All voting rights in respect of the shares shall be exercised for the election and maintenance in office as directors of four (4) nominees of Pembroke, one (1) nominee of Beachburg, one (1) nominee of Mississippi and one (1) nominee of Killaloe.

7. Board Committees

There are two committees of the Board: the Audit Committee (three members) and the Human Resources Committee (two members). The Chair, Vice-Chair and members of these committees are elected by the Board of Directors.

The audit committee is responsible for the oversight of the audit function of the Corporation. It is responsible for the selection of the audit firm, the directions of the audits, receipt of the audited financial statements and the reporting of the audit to the Board and then the Shareholders.

The human resources committee is responsible for the oversight of the Chief Executive officer, monitoring their performance and dealing with performance issues. The HR Committee reports and makes recommendations to the Board, as required, on these matters. The committee also helps the Chief Executive Officer with other human resource issues that require their attention.

Scorecard Performance Evaluation

Ex.1/Tab 9/Sch.1 – Overview

Under the Renewed Regulatory Framework a distributor is expected to continuously improve its understanding of the needs and expectations of its customers and its delivery of services.

Ottawa River Power's 2014 Scorecard can be found below. ORPC is measured on four main categories:

Customer Focus measures both Service Quality and Customer Satisfaction

Over the past five years Ottawa River Power has exceeded all of these measures including news services connected on time, scheduled appointments met, telephone calls answered within 30 second, first contact resolution, billing accuracy and customer satisfaction. ORPC attributes this success to the size of the utility and its closeness to its customers. Employees answer the telephone themselves with no automated phone system, and make personal arrangements for appointments. At the first point of contact, whether on the phone or in one of the two offices, customers are generally helped immediately with any questions or issues.

Operational Effectiveness

Ottawa River Power has remained in compliance with Ontario Regulation 22/04. Although not reported as of yet, ORPC has had no general public safety incidents in its history. System Reliability which measures the average number of hours and number of time that power to a customer is interrupted varies from year to year. In 2014 ORPC exceeded its 5 year average on both number of hours and number of times of interruption. It attributes this success to continued maintenance on the distribution system as well as its vegetation management.

Ottawa River Power is remitting its Distribution System Plan with this application and is committed to following the plan.

ORPC's efficiency assessment remains in Category 3 with the majority of distributors in Ontario. The total cost per cost is $471 which is below the 5 year average. The total cost per Km of distribution lines is $30,544, again below the 5 year average. Ottawa River Power strives to control its costs balancing the needs of its customers and the reliability of its distribution system.

Public Policy Responsiveness

Ottawa River Power delivers the Ontario Power Authority (IESO) conversation and demand management programs. In the 2010 to 2014 Conservation Framework, ORPC achieved 98.27% of its targeted energy savings. With one full time employee dedicated to this function ORPC was able to have this success. Although the Demand Savings were at 57.79% success rate, this was typical of many Ontario utilities.

Ottawa River Power had 28 MicroFit customers connected at the end of 2014. All of these were connected on time. Again ORPC attributes this to being a small pliable utility.

Financial Ratios

ORPC continues to have good financial performance. Its current ratio in the 5 year history of the scorecard has been good. In its 2010 Cost of Service application ORPC disposed of $4.4M of variance account over a 28 month period beginning January 1, 2011. This accounts for the decline in the current ratio. The total debt to equity has remained constant. ORPC has deemed profit of 9.85%. 2011 demonstrates the implementation of the 2010 COS rates. The 2013 the ROE dropped with a non cash entry for post-retirement benefits.

Scorecard - Ottawa River Power Corporation

8/27/2015

Performance Outcomes	Performance Categories	Measures		2010	2011	2012	2013	2014	Trend	Target: Industry	Target: Distributor
Customer Focus Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time		100.00%	98.60%	100.00%	100.00%	100.00%		90.00%	
		Scheduled Appointments Met On Time		100.00%	100.00%	100.00%	100.00%	100.00%		90.00%	
		Telephone Calls Answered On Time		99.80%	99.80%	99.90%	99.90%	99.90%		65.00%	
	Customer Satisfaction	First Contact Resolution						97%			
		Billing Accuracy						99.95%		98.00%	
		Customer Satisfaction Survey Results						Satisfied			
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Level of Public awareness [measure to be determined]									
		Level of Compliance with Ontario Regulation 22/04		NI	C	C	C	C			C
		Serious Electrical Incident Index	Number of General Public Incidents	0	0	0	0	0			0
			Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.000	0.000			0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted		0.71	2.39	1.69	0.91	1.24			at least within 0.71 - 2.39
		Average Number of Times that Power to a Customer is Interrupted		0.79	1.43	1.08	0.81	0.79			at least within 0.79 - 1.43
	Asset Management	Distribution System Plan Implementation Progress						In Progress			
	Cost Control	Efficiency Assessment				3	3	3			
		Total Cost per Customer [1]		$449	$487	$470	$505	$471			
		Total Cost per Km of Line [1]		$31,795	$34,703	$33,773	$32,410	$30,544			
Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	Conservation & Demand Management	Net Annual Peak Demand Savings (Percent of target achieved) [2]			11.21%	23.42%	34.07%	57.79%			1.61MW
		Net Cumulative Energy Savings (Percent of target achieved)			34.42%	60.15%	77.51%	98.27%			8.97GWh
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time									
		New Micro-embedded Generation Facilities Connected On Time					100.00%	100.00%		90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)		3.29	2.70	2.32	1.54	1.77			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		0.74	0.73	0.72	0.73	0.72			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)		9.85%	9.85%	9.85%	9.85%			
			Achieved		10.58%	11.60%	5.90%	6.31%			

Notes:
1. These figures were generated by the Board based on the total cost benchmarking analysis conducted by Pacific Economics Group Research, LLC and based on the distributor's annual reported information.
2. The Conservation & Demand Management net annual peak demand savings include any persisting peak demand savings from the previous years.

Legend: up down flat
target met target not met

Letters of Comment

Ex.1/Tab 10/Sch.1 – Overview

The utility does not have any letter of comments to at the time of the filing