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Status & Disposition of Deferral & Variance Accounts

Ex.9/Tab 1/Sch.1 - Overview

The purpose of this exhibit is to identify the variance/deferral accounts that have been used by Ottawa River Power Corporation, provide the principal balance recorded in each variance/deferral account and the derived carrying charges on each account's balance up to and including April 30, 2016. The exhibit also describes the methodology proposed to allocate account balances to customer classes, describe the rationale supporting the proposed disposition period, describe the proposed charge parameters and quantify the proposed rate riders that will dispose of the recorded balances.

Ex.9/Tab 1/Sch.2 contains descriptions of all the outstanding DVAs. ORPC follows and is in compliance with the OEB's Uniform System of Accounts for electricity distributors. All accounts are used in accordance with the Accounting Procedures Handbook and ORPC confirms that the account balance, (with the exception of account 1575,1568, 1508 IFRS – which are discussed later in this exhibit) reconciles with the trial balance reported through the Electricity Reporting and Record-keeping Requirements and ORPC's Audited Financial Statements.

ORPC has provided a continuity schedule of the Group 1 and Group 2 DVAs at Ex.9/Tab 1/Sch.2 of this Exhibit. The Group 2 accounts will be continued or discontinued on a going-forward basis and are provided in Ex.9/Tab 1/Sch.3

ORPC also proposes to dispose of the following:

- Balances of Group 1 Accounts (1550, 1551, 1584, 1586 and 1595) totalling a credit of $308,532 and
- Balances of Group 2 Accounts totalling $30,000
- 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 for the Net Book Value of Stranded Meters

Group 1 and Group 2 DVA balances are proposed to be disposed of over 2 year. The Stranded Meters Rate Rider is proposed to be disposed over 3 year to minimize their effects on the bill impacts and the Smart Meter Disposition riders is proposed to be disposed over 2 year. ORPC has followed the OEB's guidance as provided by the OEB's Electricity Distributor's Disposition of Variance Accounts Reporting Requirements Report.

ORPC has not made any adjustments to DVA balances that were previously approved by the Board on a final basis in Cost of Service and/or IRM proceedings.

ORPC used the cash method to calculate carrying charges. Effective July 1, 2012, ORPC has transitioned to the accrual method in accordance with the Board's directive. The forecasted interest on the December 31, 2013 principal balances of the DVA is calculated using the Board's prescribed rate of 0% for the period of January 1, 2014 to April 30, 2016.

ORPC is not requesting any new accounts or sub-accounts at this time.

A breakdown of energy sales and cost of power expense balances, as reported in ORPC's Audited Financial Statements, is provided Ex.9/Tab 1/Sch.8

ORPC confirms that it pro-rates the IESO Global Adjustment Charge into the RPP and Non-RPP portions.

Ex.9/Tab 1/Sch.2 - Disposition of DVAs used by the Applicant

Table 9.1 below presents the list of deferral and variance accounts, with the proposed selection of balances for disposition. All account balances selected for disposition are as at December 31, 2014, being the most recent date the balances was subject to audit.

Board policy states: at the time of rebasing, all account balances should be disposed of unless otherwise justified by the distributor or as required by a specific Board decision or guideline. In accordance with the above statement, ORPC proposes to dispose of all its balances. Each account is described at Ex.9/Tab1/Sch.3.

Table 9.1: Account and Balances sought for Disposition/Recovery

		Balances	Allocator
LV Variance Account	1550	163,055	kWh
Smart Metering Entity Charge Variance Account	1551	(2,178)	# of Customers
RSVA - Wholesale Market Service Charge	1580	(519,789)	kWh
RSVA - Retail Transmission Network Charge	1584	(11,829)	kWh
RSVA - Retail Transmission Connection Charge	1586	77,454	kWh
RSVA - Power (excluding Global Adjustment)	1588	(469,006)	kWh
RSVA - Global Adjustment	1589	688,755	Non-RPP kWh
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)	kWh
Disposition and Recovery/Refund of Regulatory Balances (2011)	1595	0	%
Disposition and Recovery/Refund of Regulatory Balances (2012)	1595	(98,335)	kWh
Disposition and Recovery/Refund of Regulatory Balances (2013)	1595	0	%
Disposition and Recovery/Refund of Regulatory Balances (2014)	1595	0	%
Total of Group 1 Accounts (excluding 1589)		**(1,297,327)**	

Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508	30,000	kWh
Other Regulatory Assets - Sub-Account - Incremental Capital Charges	1508	0	kWh
Other Regulatory Assets - Sub-Account - Financial Assistance Payment and Recovery Variance - Ontario Clean Energy Benefit Act8	1508	0	kWh
Other Regulatory Assets - Sub-Account - Financial Assistance Payment and Recovery Carrying Charges	1508	0	kWh
Other Regulatory Assets - Sub-Account - Other 4	1508	0	kWh

Retail Cost Variance Account - Retail	1518	0	kWh
Misc. Deferred Debits	1525	0	kWh
Board-Approved CDM Variance Account	1567	0	kWh
Extra-Ordinary Event Costs	1572	0	kWh
Deferred Rate Impact Amounts	1574	0	kWh
RSVA - One-time	1582	0	kWh
Other Deferred Credits	2425	0	kWh
Total of Group 2 Accounts		**30,000**	

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	kWh
Total of Account 1562 and Account 1592		**32,159**	

LRAM Variance Account **(Enter dollar amount for each class)**	1568	**93,052**	
(Account 1568 - total amount allocated to classes)		93,052	
Variance		**0**	

Total of Group 1 Accounts (1550, 1551, 1584, 1586 and 1595)	**(308,532)**	
Total of Account 1580 and 1588 (not allocated to WMPs)	**(988,795)**	
Balance of Account 1589 Allocated to Non-WMPs	**688,755**	

Balance of Account 1589 allocated to Class A Non-WMP Customers	**0**	

Group 2 Accounts - Total balance allocated to each class	**30,000**	

IFRS-CGAAP Transition PP&E Amounts Balance + Return Component	1575	0	kWh
Accounting Changes Under CGAAP Balance + Return Component	1576	87,623	kWh
Total Balance Allocated to each class for Accounts 1575 and 1576		**87,623**	

1

2

Ex.9/Tab 1/Sch.3 - Description of DVA used by the Applicant

Group 1 Accounts

All accounts in Group 1 are used in accordance with the Accounting Procedure Handbook. For definitions of each account listed below, please refer to the Accounting Procedure Handbook using the following link:
http://www.ontarioenergyboard.ca/oeb/_Documents/Regulatory/Accounting_Procedures_Handbook_Elec_Distributors.pdf

1550 – LV Variance Account

For 2016, Ottawa River Power is requesting disposition of the December 31, 2014 audited balance, plus the forecasted interest through April 30, 2016. The December 31, 2014 audited reconciles with filing 2.1.7 of the RRR.

The balance requested for disposal, including carrying charges is a credit of $163,055.

1551 – Smart Metering Entity Charge Variance Account

For 2016, Ottawa River Power is requesting disposition of the December 31, 2014 audited balance, plus the forecasted interest through April 30, 2016. The December 31, 2014 audited reconciles with filing 2.1.7 of the RRR.

The balance requested for disposal, including carrying charges is a credit of $(2,178).

1580 – Retail Settlement Variance Account 1 – Wholesale Market Service Charges ("RSVAWMS")

For 2016, Ottawa River Power is requesting disposition of the December 31, 2014 audited balance, plus the forecasted interest through April 30, 2016. The December 31, 2014 audited reconciles with filing 2.1.7 of the RRR.

The balance requested for disposal, including carrying charges is a credit of $(519,790).

1584 – Retail Settlement Variance Account – Retail Transmission Network Charges ("RSVANW")

For 2016, Ottawa River Power is requesting disposition of the December 31, 2014 audited balance, plus the forecasted interest through April 30, 2016 for account 1584. The December 31, 2014 audited balance reconciles with filing 2.1.7 of the RRR.

The balance requested for disposal, including carrying charges is a credit of $(11,829)

1586 – Retail Settlement Variance Account – Retail Transmission Connection Charges ("RSVACN")

For 2016, Ottawa River Power is requesting disposition of the December 31, 2014 audited balance, plus the forecasted interest through April 30, 2016 for account 1586. The December 31, 2014 audited balance reconciles with filing 2.1.7 of the RRR.

The balance requested for disposal, including carrying charges is a credit of $77,454.

1588 – Retail Settlement Variance Account – Power ("RSVAPOWER")

For 2016, Ottawa River Power is requesting disposition of the December 31, 2014 audited balance, plus the forecasted interest through April 30, 2016 for account 1588 RSVA. The December 31, 2014 audited balance reconciles with filing 2.1.7 of the RRR.

The balance requested for disposal, including carrying charges is a debit of $(469,699).

1589 – Retail Settlement Variance Account – Global Adjustment ("RSVAGA")

For 2016, Ottawa River Power is requesting disposition of the December 31, 2014 audited balance, plus the forecasted interest through April 30, 2016 for account 1588GA. The December 31, 2014 audited balance reconciles with filing 2.1.7 of the RRR.

The balance requested for disposal, including carrying charges is a debit of $688,755. Ottawa River Power settles the Global Adjustment with Hydro One Networks Inc. on a monthly basis through Form 1598 or the Bill 210 Claim. It also reports all embedded generation to Hydro One Networks Inc. in the same manner. It completes a reconciliation at year end.

Ottawa River Power confirms that it has no Class A customers.

1595 – Disposition and Recover/Refund of Regulatory Balances (2010)

For 2016, Ottawa River Power is requesting disposition of the December 31, 2014 audited balance. The December 31, 2014 audited balance reconciles with filing 2.1.7 of the RRR.

The balance requested for disposal, including carrying charges is a credit of $(436,699)

1595 – Disposition and Recover/Refund of Regulatory Balances (2012)

ORPC is requesting disposition of the December 31, 2014 audited balance. The December 31, 2014 audited balance reconciles with filing 2.1.7 of the RRR.

The total balance of Group 1 is a credit of $(1,297,328)

Group 2 Accounts

ORPC does not have any balances in accounts 1518 and 1548. ORPC attests that it has followed Article 490 of the Accounting Procedure Handbook.

1508 – Other Regulatory Assets – Sub-Account - Deferred IFRS Transition Costs.

The OEB approved a deferral account for distributors to record one-time administrative incremental IFRS transition costs which were not already approved and included for recovery in distribution rates. These incremental costs were to be recorded in a sub-account of account 1508 – Other Regulatory Assets, Sub-account Deferred IFRS Transition Costs.

ORPC is recording its incremental costs in this account beginning in 2012. ORPC's application for 2016 rates is being filed under IFRS and as such, the utility has completed almost all of its transition to IFRS with the exception of official financial statements using IFRS.

ORPC has an audited balance in its IFRS transition cost account of $30,000. All costs included in the account are fully incremental and ORPC does not have any IFRS transition costs approved in its current rate structure. All costs in the account are one-time costs related directly to the IFRS project.

The one-time costs associated with the transition to IFRS where in relation to a preliminary analysis performed by BDO back in 2009.

The analysis which was performed for many other utilities included the following services:

Hands on Assistance: Property, Plant & Equipment Analysis

- Identify material PP&E accounts and perform the following analysis:
- Identification of any components which require separate accounting
- Analysis of original cost and accumulated depreciation under CGAAP vs. IFRS
- Establish estimates for assets in field on January 1, 2011
- Assess the remaining useful lives of assets

- Analyze depreciation under CGAAP vs IFRS
- Develop a Fixed Asset Listing/Sub-Ledger for the account
- Analyze any required changes to the work order system to track additions and disposals into the account
- Estimate additions and disposals for 2011
- Present the analysis to the external auditor for input and feedback
- Assistance with changes to existing PP&E processes
- Changes to tracking work orders and projects and setting up new PP&E items including components
- Assistance with communicating changes to your operations staff and consultants
- Update the PP&E Analysis for 2011 & 2012 activity including depreciation, additions, disposals and impact on contributed capital (Optional)

Analysis of accounting for the following additional items:

- Regulatory Assets & Liabilities
- Overhead & Burdens
- Borrowing Costs
- Customer Contributions
- AROs
- Computer Software/Land Rights
- Impairment of Assets

Contributed Assets:

- Detailed analysis of Contributed Assets based on finalized PP&E changes to determine likely adjustments and create a continuity schedule to maintain these records (additions/disposals)

ORPC attests that no “one-time” administrative incremental IFRS transition costs are embedded in the proposed 2014 revenue requirement.

The October 2009 APH FAQ #3 regarding costs that are permitted to be recorded in the Account 1508 Other Regulatory Assets, sub-account Deferred IFRS Transition Costs Account

and Account 1508 Other Regulatory Assets, sub-account IFRS Transition Costs Variance Account, states the following:

"The costs authorized for recording in the deferral or variance account referenced in the answers to questions 1 and 2 above shall be incremental one-time administrative costs caused by the transition of accounting policies, procedures, systems and processes to IFRS. The incremental costs eligible for inclusion in these accounts may include professional accounting and legal fees, salaries, wages and benefits of staff added to support the transition to IFRS and associated staff training and development costs.

These accounts are exclusively for necessary, incremental transition costs and shall not include ongoing IFRS compliance costs or impacts arising from adopting accounting policy changes that reflect changes in the timing of the recognition of income. The incremental costs in these accounts shall not include costs related to system upgrades, or replacements or changes where IFRS was not the major reason for conversion. In addition, incremental IFRS costs shall not include capital assets or expenditures.

The costs recorded in these accounts will be subject to a prudence review before disposition. The criteria of materiality, causation and prudence will be considered at the time of proposed disposition. Only costs that are clearly driven by the necessity of transitioning to IFRS, and are genuinely incremental to costs that would have been otherwise incurred, will be considered for approval for recovery in rates.

The transition to IFRS is effective for fiscal year-ends beginning on or after January 1, 2011. Accordingly, incremental transition costs incurred after the beginning of the year of adoption are expected to be minimal.

ORPC's costs associated to the conversion to IFRS relate solely to professional accounting and legal fees and as such meet the criterions of the APH. The position papers report by BDO are filed at Appendix A of this Exhibit.

ORPC notes that no material variances in excess of the materiality threshold that have been recorded in 1508 Other Regulatory Assets, sub-account IFRS Transition Costs Variance

account. ORPC also notes that no capital costs, ongoing IFRS compliance costs, or impacts arising from adopting accounting policy changes are recorded in Account 1508 Other Regulatory Assets, sub-account Deferred IFRS Transition Costs Account or Account 1508 Other Regulatory Assets, sub-account IFRS Transition Costs Variance Account.

With the adoption of MIFRS in 2015, ORPC is not planning on using this account once its disposition is complete. This statement is based on the utility's best known information at the time of the application.

OEB Appendix 2-U of the OEB 2014_Filing_Requirements_Chapter2_Appendices is presented at the next page.

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Appendix 2-U
One-Time Incremental IFRS Transition Costs

The following table should be completed based on the information requested below. An explanation should be provided for any blank entries. The entries should include one-time incremental IFRS transition costs that are currently included in Account 1508, Other Regulatory Assets, sub-account Deferred IFRS Transition Costs Account, or Account 1508, Other Regulatory Assets, s account IFRS Transition Costs Variance Account.

Nature of One-Time Incremental IFRS Transition Costs[1]	Audited Actual Costs Incurred 2009	Audited Actual Costs Incurred 2010	Audited Actual Costs Incurred 2011	Audited Actual Costs Incurred 2012	Audited Actual Costs Incurred 2013	Audited Actual Costs Incurred 2014	Audited Carrying Charges to Dec 31, 2014	Forecasted Costs 2015	Forecasted Costs 2016[3]	Total Costs Excluding Carrying Charges	Carrying Charges January 1, 2015 to December 31,2015/April 30, 2016 (As appropriate)	Total Costs and Carrying Charges	Reasons why the costs recorded meet the criteria of one-time IFRS administrative incremental costs
professional accounting fees				$ 30,000						$ 30,000		$ 30,000	
professional legal fees										$ -		$ -	
salaries, wages and benefits of staff added to support the transition to IFRS										$ -		$ -	
associated staff training and development costs										$ -		$ -	
costs related to system upgrades, or replacements or changes where IFRS was the major reason for conversion										$ -		$ -	
										$ -		$ -	
										$ -		$ -	
										$ -		$ -	
										$ -		$ -	
Amounts, if any, included in previous Board approved rates (amounts should be negative)[3]										$ -		$ -	
										$ -		$ -	
Insert description of additional item(s) and new rows if needed.										$ -		$ -	
Total	$ -	$ -	$ -	$ 30,000	$ -		$ -	$ -	$ -	$ 30,000		$ 30,000	

Note:

1 The Deferred IFRS Transition Costs Account and the IFRS Transition Costs Variance Account are exclusively for necessary, incremental transition costs and shall not include ongoing IFRS compliance costs or impacts arising from adopting accounting policy changes that reflect changes in the timing of the recognition of income. The incremental costs in these accounts shall include costs related to system upgrades, or replacements or changes where IFRS was not the major reason for conversion. In addition, incremental IFRS costs shall not include capital assets or expenditures.

2 If there were any amounts approved in previous Board approved rates, please state the EB #:

3 Any forecasted One-time costs past 2015 should be fully explained in the application, since distributors were required to adopt IFRS or an alternative accounting standard by January 1, 2015.

Ex.9/Tab 1/Sch.4 - Account 1592, HST/OVAT ITC

During the 2010 IRM application process, the Board directed electricity distributors to record in deferral account 1592 (PILs and Tax Variances for 2006 and subsequent years, Sub-account HST/OVAT ITCs), beginning July 1, 2010, the incremental ITCs received on distribution revenue requirement items that were previously subject to PST and became subject to HST.

In Ottawa River Power's case the Board adjusted the 2010 capital forecast to reflect the implementation of the HST by reducing the adjustment, on a proportional basis to account for the reductions to rate base. Ottawa River Power recorded the applicable OM&A amount from July 1, 2010 until January 1, 2011 when its 2010 Cost of Service Application was approved. The amount for disposition is $32,159

The applicant has completed Appendix 2-TB which is presented at the next page.

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Appendix 2-TB
Account 1592, PILs and Tax Variances for 2006 and Subsequent Years, Sub-account HST/OVAT Input Tax Credits (ITCs)

The following table should be completed based on the information requested below. An explanation should be provided for any blank entries.

100% of the balance in Account 1592, PILs and Tax Variances for 2006 and Subsequent Years, Sub-account HST/OVAT Input Tax Credits (ITCs), should be recorded in this table.

Summary of PST Savings from 2009 Historic Year Analysis

	Principal 2010	Principal 2011	Principal 2012	Principal 2013	Principal 2014	Principal 2015	Principal Jan-April 2016 [1]	Carrying Charges to April 30, 2016	Total Account 1592, sub-account HST/OVAT Balance
OM&A Expenses PST Savings	$ 30,150							$ 2,013	$ 32,163
Capital Items PST Savings									$ -
Total Annual PST Savings [2]	$ 30,150	$ -	$ -	$ -			$ -	$ 2,013	$ 32,163

Notes:

[1] Include January to April 30, 2016 PST savings if the rate year begins May 1, 2016. If the rate year begins Jan 1, 2016, include PST savings to December 31, 2015.

[2] Derived PST savings proxy for each year per 2009 historical year analysis

Note: Assumes level OM&A and Capital Spending year over year. An alternative detailed transactional analysis may also be performed using actual expenditures from 2010 to the start of the rate

Ex.9/Tab 1/Sch.4 - Account 1592 Deferred PILs Account

Ottawa River Power has no amounts in account 1592 Tax Variance and has not populated Appendix 2-TA.

Ex.9/Tab 1/Sch.5 - Account 1575 and 1576 Accounting Changes

ORPC has complied with the Board's letter issued July 17, 2012 which state that utilities must change their depreciation expense and capitalization policies. The changes did not occur until mid-year 2013 shortly after the new management was hired and an internal regulatory review was conducted. ORPC changed the estimated useful lives of its assets to be consistent with the guidelines in the ORPC utility specific Kinectrics Report. The utility did not require any changes to its manner of accounting for overhead costs associated with capital work as these were consistent with Board clarification in its letter dated February 24, 2010.

On July 17, 2012, the OEB issued a letter to all LDCs authorizing the use of Account 1576, Accounting Changes Under CGAAP, for recording the financial differences arising as a result of an LDCs election to use revised depreciation expense and capitalization policies effective January 1, 2012. However effective from January 01, 2013 these changes were required by all LDCs.

ORPC's thoughts on disposition periods is that if the balance is a credit to the customer, the utility should make every effort to refund it back to the customer as quickly as possible. Accordingly, ORPC has recorded balances in account 1576 for the year ending December 31, 2014 payable to its customers over a two year period.

ORPC is requesting disposition of the balance of $87,623. No carrying charges are included in this balance. The calculation of the balances followed the methodology provided in the OEBs FAQ issued July 2012. The OEB Appendix entitled 2-EE Account 1576 is presented at the next page.

Table 9.2: Return on Rate Base associated with account 1576

Effect on Deferral and Variance Account Rate Riders						
Closing balance in Account 1576			81,233		**WACC**	7.87
Return on Rate Base Associated with Account 1576 balance at WACC - Note 2			6.390		**# of years of rate rider disposition period**	1
Amount included in Deferral and Variance Account Rate Rider Calculation						
			87,623			

The total balance sought for disposition is $-81,233 + WACC of -6,390 for a total of $-87,623. The WACC is consistent with the rate shown in Exhibit 5.

Table 9.3: Accounting Changes from transition to IFRS

	2010 Rebasing Year	2011	2012	2013	2014	2016 Rebasing Year
Reporting Basis	**CGAAP**	**IRM**	**IRM**	**IRM**	**IRM**	**MIFRS**
	Forecast	**Actual**	**Actual**	**Actual**	**Forecast**	**Forecast**
					$	$
PP&E Values under former CGAAP						
Opening net PP&E - Note 1				25,247,004	25,803,572	
Net Additions - Note 4				1,287,023	580,010	
Net Depreciation (amounts should be negative) - Note 4				-730,455	-346,881	
Closing net PP&E (1)				25,803,572	26,036,700	
PP&E Values under revised CGAAP (Starts from 2013)						
Opening net PP&E - Note 1				25,247,004	25,844,322	
Net Additions - Note 4				1,287,022	580,010	
Net Depreciation (amounts should be negative) - Note 4				-689,704	-306,398	
Closing net PP&E (2)				25,844,322	26,117,933	
Difference in Closing net PP&E, former CGAAP vs. revised CGAAP				-40,750	-81,233	

The main drivers behind the change in net PP&E is the adoption of new depreciation rates based on the Kinetrics report. Since the utility has never capitalized burdens, not other changes have impacted the difference in closing net PP&E, former CGAAP vs. revised CGAAP. Capitalization policies and changes in depreciation rate are detailed in Exhibit 2.

ORPC has recorded its 2014 balances under CGAAP and under MIFRS in the OEB Appendix e-EE Account 1576 however there were no accounting changes resulting from the adoption to MIFRS and as such, the difference in closing net PP&E is nil.

ORPC seeks to dispose of this balance over a period of 2 years. The rate rider is presented in the OEB Appendices at the next page. Note that this balance was calculated as part of this application and therefore, the balance is not reflected in the utility's December 31, 2014 audited balance nor with filing 2.1.7 of the RRR. The utility does not anticipate using this account once the disposition period has expired.

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Appendix 2-EC
Account 1576 - Accounting Changes under CGAAP
2013 Changes in Accounting Policies under CGAAP

For applicants that made capitalization and depreciation expense accounting policy changes under CGAAP effective January 1,2013

Reporting Basis	**2010 Rebasing Year** **CGAAP** **Forecast**	**2011** **IRM** **Actual**	**2012** **IRM** **Actual**	**2013** **IRM** **Actual**	**2014** **IRM** **Forecast**	**2015 Rebasing Year** **MIFRS** **Forecast**
					$	$
PP&E Values under former CGAAP						
Opening net PP&E - Note 1				25,247,004	25,803,572	
Net Additions - Note 4				1,287,023	580,010	
Net Depreciation (amounts should be negative) - Note 4				-730,455	-346,881	
Closing net PP&E (1)				25,803,572	26,036,700	
PP&E Values under revised CGAAP (Starts from 2013)						
Opening net PP&E - Note 1				25,247,004	25,844,322	
Net Additions - Note 4				1,287,022	580,010	
Net Depreciation (amounts should be negative) - Note 4				-689,704	-306,398	
Closing net PP&E (2)				25,844,322	26,117,933	
Difference in Closing net PP&E, former CGAAP vs. revised CGAAP				-40,750	-81,233 -40,483	

Effect on Deferral and Variance Account Rate Riders		
Closing balance in Account 1576	-	81,233
Return on Rate Base Associated with Account 1576 balance at WACC - Note 2	-	6,390
Amount included in Deferral and Variance Account Rate Rider Calculation	-	87,623

WACC	7.87%
# of years of rate rider disposition period	1

Notes:

1 For an applicant that made the capitalization and depreciation expense accounting policy changes on January 1, 2013, the PP&E values as of January 1, 2013 under both former CGAAP and revised CGAAP should be the same.

2 Return on rate base associated with Account 1576 balance is calculated as:
the variance account opening balance as of 2015 rebasing year x WACC X # of years of rate rider disposition period
* Please note that the calculation should be adjusted once WACC is updated and finalized in the rate application.

3 Account 1576 is cleared by including the total balance in the deferral and variance account rate rider calculation.

4 Net additions are additions net of disposals; Net depreciation is additions to depreciation net of disposals.

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Appendix 2-EA
Account 1575 - IFRS-CGAAP Transitional PP&E Amounts
2015 Adopters of IFRS for Financial Reporting Purposes

For applicants that will adopt IFRS on January 1, 2015 for financial reporting purposes

Reporting Basis	**2010 Rebasing Year** CGAAP Forecast	**2011** IRM Actual	**2012** IRM Actual	**2013** IRM Actual	**2014** IRM Forecast	**2015 Rebasing Year** MIFRS Forecast
					$	$
PP&E Values under CGAAP						
Opening net PP&E - Note 1					26,534,026	
Net Additions - Note 4					580,010	
Net Depreciation (amounts should be negative) - Note 4					-306,398	
Closing net PP&E (1)					26,807,638	
PP&E Values under MIFRS (Starts from 2014, the transition year)						
Opening net PP&E - Note 1					26,534,026	
Net Additions - Note 4					580,010	
Net Depreciation (amounts should be negative) - Note 4					-306,398	
Closing net PP&E (2)					26,807,638	
Difference in Closing net PP&E, CGAAP vs. MIFRS					0	

Effect on Deferral and Variance Account Rate Riders			
Closing balance in deferral account	-	**WACC**	
Return on Rate Base Associated with deferred PP&E balance at WACC - Note 2	-	**# of years of rate rider disposition period**	
Amount included in Deferral and Variance Account Rate Rider Calculation	-		

Notes:

1 For an applicant that adopts IFRS on January 1, 2015, the PP&E values as of January 1, 2014 under both CGAAP and MIFRS should be the same.

2 Return on rate base associated with deferred balance is calculated as:
the deferral account opening balance as of 2015 rebasing year x WACC X # of years of rate rider disposition period
* Please note that the calculation should be adjusted once WACC is updated and finalized in the rate application.

3 The PP&E deferral account is cleared by including the total balance in the deferral and variance account rate rider calculation.

4 Net additions are additions net of disposals; Net depreciation is additions to depreciation net of disposals.

Ex.9/Tab 1/Sch.6 - Interest Rate Applied

Table 9.4 below provides the interest rates by quarter that are applied to calculate actual and forecast carrying charges for each regulatory and variance account.

Table 9.4: Interest Rates Applied to Deferral and Variance Accounts (%)

Q4 2014	1.47		Q3 2010	0.89
Q3 2014	1.47		Q2 2010	0.55
Q2 2014	1.47		Q1 2010	0.55
Q1 2014	1.47		Q4 2009	0.55
Q4 2013	1.47		Q3 2009	0.55
Q3 2013	1.47		Q2 2009	1
Q2 2013	1.47		Q1 2009	2.45
Q1 2013	1.47		Q3 2008	3.35
Q4 2012	1.47		Q4 2008	3.35
Q3 2012	1.47		Q2 2008	4.08
Q2 2012	1.47		Q1 2008	5.14
Q1 2012	1.47		Q4 2007	5.14
Q4 2011	1.47		Q3 2007	4.59
Q3 2011	1.47		Q2 2007	4.59
Q2 2011	1.47		Q1 2007	4.59
Q1 2011	1.47		Q4 2006	4.59
Q4 2010	1.2		Q3 2006	4.59

Note that ORPC has used the latest OEB prescribed interest rates as published on the website at:

http://www.ontarioenergyboard.ca/OEB/Industry/Rules+and+Requirements/Rules+Codes+Guidelines+and+Forms/Prescribed+Interest+Rates

Closing Interest Balances as of December 31, 2014 Adjust for Dispositions during 2015 are detailed in the table below:

Table 9.5: Closing Interest Balances as of December 31, 2014 Adjusted for Dispositions during 2015

		2015		
Account Descriptions	Account Number	Principal Disposition during 2015 - instructed by Board	Closing Principal Balances as of Dec 31-14 Adjusted for Dispositions during 2015	Closing Interest Balances as of Dec 31-13 Adjusted for Dispositions during 2014
Group 1 Accounts				
LV Variance Account	1550		$156,733	$6,322
Smart Metering Entity Charge Variance Account	1551		-$2,139	-$39
RSVA - Wholesale Market Service Charge	1580		-$517,996	-$1,794
RSVA - Retail Transmission Network Charge	1584		-$11,380	-$449
RSVA - Retail Transmission Connection Charge	1586		$67,545	$9,909
RSVA - Power (excluding Global Adjustment)	1588		-$463,030	-$5,976
RSVA - Global Adjustment	1589		$674,982	$13,773
Disposition and Recovery/Refund of Regulatory Balances (2008)	1595		$0	$0
Disposition and Recovery/Refund of Regulatory Balances (2009)	1595		$0	$0
Disposition and Recovery/Refund of Regulatory Balances (2010)	1595		-$359,821	-$76,878
Disposition and Recovery/Refund of Regulatory Balances (2011)	1595		$0	$0
Disposition and Recovery/Refund of Regulatory Balances (2012)	1595		-$82,452	-$15,883
Disposition and Recovery/Refund of Regulatory Balances (2013)	1595		$0	$0
Disposition and Recovery/Refund of Regulatory Balances (2014)	1595		$0	$0
Group 1 Sub-Total (including Account 1589 - Global Adjustment)		$0	-$537,559	-$71,014
Group 1 Sub-Total (excluding Account 1589 - Global Adjustment)		$0	-$1,212,540	-$84,787
RSVA - Global Adjustment	**1589**	$0	$674,982	$13,773
Group 2 Accounts				
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508		$0	$30,000
Other Regulatory Assets - Sub-Account - Incremental Capital Charges	1508		$0	$0
Other Regulatory Assets - Sub-Account - Financial Assistance Payment and Recovery Variance - Ontario Clean Energy Benefit Act[8]	1508		$0	$0

Other Regulatory Assets - Sub-Account - Financial Assistance Payment and Recovery Carrying Charges	1508		$0	$0
Other Regulatory Assets - Sub-Account - Other [4]	1508		$0	$0
Retail Cost Variance Account - Retail	1518		$0	$0
Misc. Deferred Debits	1525		$0	$0
Board-Approved CDM Variance Account	1567		$0	$0
Extra-Ordinary Event Costs	1572		$0	$0
Deferred Rate Impact Amounts	1574		$0	$0
RSVA - One-time	1582		$0	$0
Other Deferred Credits	2425		$0	$0
Group 2 Sub-Total		$0	$0	$30,000
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account below)	1592		$0	$0
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	1592		$30,146	$2,013
Total of Group 1 and Group 2 Accounts (including 1562 and 1592)		$0	-$507,413	-$39,001
LRAM Variance Account	**1568**		$93,052	$0
Total including Account 1568		$0	-$414,361	-$39,001
Renewable Generation Connection Capital Deferral Account	1531		$0	$0
Renewable Generation Connection OM&A Deferral Account	1532		$0	$0
Renewable Generation Connection Funding Adder Deferral Account	1533		$0	$0
Smart Grid Capital Deferral Account	1534		$0	$0
Smart Grid OM&A Deferral Account	1535		$0	$0
Smart Grid Funding Adder Deferral Account	1536		$0	$0
Retail Cost Variance Account - STR	1548		$0	$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital[5]	1555		$0	$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries[5]	1555		$0	$0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs[5]	1555		$0	$0
Smart Meter OM&A Variance[5]	1556		$0	$0
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component[6]	1575		$0	
Accounting Changes Under CGAAP Balance + Return Component[6]	1576	-$87,623	$87,623	

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Ex.9/Tab 1/Sch.7 - Departure from Board Approved Balances

ORPC has not made any adjustments to deferral and variance account balances that were not previously approved by the Board on a final basis either cost of service or IRM proceedings.

Ex.9/Tab 1/Sch.8 - Reconciliation of Energy Sales and Cost of Power Expenses to Financial Statements

The filing requirements state that a breakdown of energy sales and cost of power expenses, as reported in the 2014 audited financial statements is requested. The sale of energy is a flow through revenue and the cost of power is a flow through expense. ORPC has no profit or loss resulting from the flow through of energy revenues and expenses as variances are included in the RSVA balances.

Please refer to Table 9.6 below for a reconciliation of the 2014 RRR 2.1.7 with the 2014 Financial Statements.

Table 9.6: Energy Sales and Cost of Power Expenses from Financial Statements

	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

	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

	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

Table #: 2.1.7 Trial Balance – Power Supply Expense

	2010 BA	2010	2011	2012	2013	2014
4705-Power Purchased	$13,872,333	$12,637,394	$13,689,302	$14,883,374	$16,352,770	$13,723,254
4707-Global Adjustment	$452,837	$761,477	$710,455	$1,019,165	$860,072	$3,812,737
4708-Charges-WMS	$955,010	$848,894	$908,359	$951,056	$1,100,144	$853,315
4710-Cost of Power Adjustments	$0	$0	$0	$0	$0	$0
4712-Charges-One-Time	$0	$0	$0	$0	$0	$0
4714-Charges-NW	$450,574	$712,254	$454,767	$631,138	$777,401	$1,100,975
4715-System Control and Load Dispatching	$0	$0	$0	$0	$0	$0
4716-Charges-CN	$0	$0	$0	$0	$0	$755,900
4720-Other Expenses	$0	$0	$0	$0	$0	$0
4725-Competition Transition Expense	$267,585	$0	$0	$0	$0	$0
4730-Rural Rate Assistance Expense	$214,540	$189,060	$205,210	$202,887	$206,776	$0
4750-Charges - LV	$0	$0	$0	$0	$65,791	$167,195
4751-IESO Smart Meter Entity Expenses	$0	$0	$0	$0	$0	$99,400
Total	**$16,212,879**	**$15,149,079**	**$15,968,092**	**$17,687,620**	**$19,362,954**	**$20,512,776**

Ex.9/Tab 1/Sch.9 - Pro-Rata of Global Adjustment into RPP/non-RPP

ORPC confirms that it pro-rated the IESO Global Adjustment Charge into the RPP and non-RPP portions and that Global Adjustment is only being applied to customers that are non-RPP. ORPC maintains a database which splits the Global Adjustment between the amounts belonging to the RPP customers versus the amount belonging to the Non-RPP customers. This has been done in order to determine the portion belonging to the Account 1588 – RSVA – Power (excluding Global Adjustment) and Account 1589 – Power – Sub-account – Global Adjustment.

The proration of the monthly Global Adjustment amount on the database based on the RPP versus Non-RPP kWh quantities submitted on the monthly IESO settlement reports. This allows for effective splitting of Account 1589 Global Adjustment variance account from the Account 1588 Cost of Power variance account.

Ex.9/Tab 1/Sch.10 - Request for New Variance Account

The applicant is not requesting any new accounts or sub-accounts at this time. ORPC will continue to monitor OEB directives and implement new accounts as set out by the OEB and identified in the Accounting Procedures Handbook or other sources of information as required complying with regulation.

Ex.9/Tab 1/Sch.11 - Proposed Charge Parameters

Table 9.8 below summarizes the proposed charge parameters by customer class.

Table 9.8: Summary of Proposed Charge Parameters

Rate Class (Enter Rate Classes in cells below)	Units
Residential	kWh
General Service Less Than 50 kW	kWh
General Service Greater Than 50 kW	kW
Unmetered Scattered Load	kWh
Street Lighting	kW

Retail Service Charge

Ex.9/Tab 2/Sch.1 - Overview

Ottawa River Power confirms that it has no balance in account #1518. It has not entered into Service Agreements since its last Cost of Service in 2010. Therefore it has no related contract administration, monitoring, and other expenses necessary to maintain the contract, as well as the incremental costs incurred to provide the services and the avoided costs credit arising from Retailer-Consolidated Billing, including accruals.

Ottawa River Power also confirms that it has no balance in account #1548. ORPC has less than 400 retail customers with the expenses being offset by the revenue received for these transactions.

DVA Audit Results

Ex.9/Tab3/Sch.1 – Results of Audit of DVAs

ORPC has not been subject to an audit by the OEB

Disposition of Deferral and Variance Accounts

Ex.9/Tab 4/Sch.1 – DVA Balances and Continuity Schedule

Table 9.1 below presents the list of deferral and variance accounts, with the proposed selection of balances for disposition. All account balances selected for disposition are as at December 31, 2014, being the most recent date the balances was subject to audit.

Board policy states: at the time of rebasing, all account balances should be disposed of unless otherwise justified by the distributor or as required by a specific Board decision or guideline. In accordance with the above statement, ORPC proposes to dispose of all its balances. Each account is described at Ex.9/Tab1/Sch.3.

Table 9.1: Account and Balances sought for Disposition/Recovery

		Balances	Allocator
LV Variance Account	1550	163,055	kWh
Smart Metering Entity Charge Variance Account	1551	(2,178)	# of Customers
RSVA - Wholesale Market Service Charge	1580	(519,789)	kWh
RSVA - Retail Transmission Network Charge	1584	(11,829)	kWh
RSVA - Retail Transmission Connection Charge	1586	77,454	kWh
RSVA - Power (excluding Global Adjustment)	1588	(469,006)	kWh
RSVA - Global Adjustment	1589	688,755	Non-RPP kWh
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)	kWh
Disposition and Recovery/Refund of Regulatory Balances (2011)	1595	0	%
Disposition and Recovery/Refund of Regulatory Balances (2012)	1595	(98,335)	kWh
Disposition and Recovery/Refund of Regulatory Balances (2013)	1595	0	%
Disposition and Recovery/Refund of Regulatory Balances (2014)	1595	0	%
Total of Group 1 Accounts (excluding 1589)		**(1,297,327)**	

Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508	30,000	kWh
Other Regulatory Assets - Sub-Account - Incremental Capital Charges	1508	0	kWh

Other Regulatory Assets - Sub-Account - Financial Assistance Payment and Recovery Variance - Ontario Clean Energy Benefit Act8	1508	0	kWh
Other Regulatory Assets - Sub-Account - Financial Assistance Payment and Recovery Carrying Charges	1508	0	kWh
Other Regulatory Assets - Sub-Account - Other 4	1508	0	kWh
Retail Cost Variance Account - Retail	1518	0	kWh
Misc. Deferred Debits	1525	0	kWh
Board-Approved CDM Variance Account	1567	0	kWh
Extra-Ordinary Event Costs	1572	0	kWh
Deferred Rate Impact Amounts	1574	0	kWh
RSVA - One-time	1582	0	kWh
Other Deferred Credits	2425	0	kWh
Total of Group 2 Accounts		**30,000**	

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	kWh
Total of Account 1562 and Account 1592		**32,159**	

LRAM Variance Account **(Enter dollar amount for each class)**	1568	**93,052**	
(Account 1568 - total amount allocated to classes)		93,052	
Variance		**0**	

Total of Group 1 Accounts (1550, 1551, 1584, 1586 and 1595)	**(308,532)**	
Total of Account 1580 and 1588 (not allocated to WMPs)	**(988,795)**	
Balance of Account 1589 Allocated to Non-WMPs	**688,755**	

Balance of Account 1589 allocated to Class A Non-WMP Customers	**0**	

Group 2 Accounts - Total balance allocated to each class	**30,000**	

IFRS-CGAAP Transition PP&E Amounts Balance + Return Component	1575	0	kWh
Accounting Changes Under CGAAP Balance + Return Component	1576	87,623	kWh
Total Balance Allocated to each class for Accounts 1575 and 1576		**87,623**	

This table below shows balances proposed for disposition before forecasted interest that are not consistent with the last Audited Financial Statements. Explanations for any variances are presented in the table.

Table 9.10: Balances Not Consistent with Last Audited Financial Statements

Account Descriptions	Account Number	Variance RRR vs. 2014 Balance *(Principal + Interest)*	Explanation
Group 1 Accounts			
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508	$ (30,000.00)	This balance was calculated as part of the Cost of Service application
LRAM Variance Account	1568	$ (93,051.87)	This balance was calculated as part of the Cost of Service application

Ex.9/Tab 4/Sch.2 - Calculation of Rate Rider

ORPC notes that all relevant calculations are embedded in the 2014_EDDVAR_Continuity_Schedule_CoS OEB provided model.

The utility did not propose a billing determinants that is different that the OEB standards. ORPC does not need to establish separate rate riders to recover the balances in the RSVAs from Market Participants ("MPs") who must not be allocated the RSVA account balances related to charges for which the MPs settle directly with the IESO (e.g. wholesale energy, wholesale market services).

ORPC is proposing to dispose of these balances over a period of one year. The rate rider calculations are calculated in the OEB's EDVARR model. The rate riders are reproduced at the next page.

Ontario Energy Board

2016 Deferral/Variance Account Workform

Please indicate the Rate Rider Recovery Period (in years) | 2

Rate Rider Calculation for Deferral / Variance Accounts Balances (excluding Global Adj.)

1550, 1551, 1584, 1586, 1595

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Balance (excluding 1589)	Rate Rider for Deferral/Variance Accounts	
RESIDENTIAL	kWh	79,483,998	-$ 132,248	- 0.0008	*$/kWh*
GENERAL SERVICE LESS THAN 50 KW	kWh	31,649,726	-$ 52,204	- 0.0008	*$/kWh*
GENERAL SERVICE 50 TO 4,999 KW	kW	206,399	-$ 118,931	- 0.2881	$/kW
UNMETERED SCATTERED LOAD	kWh	454,406	-$ 745	- 0.0008	*$/kWh*
SENTINEL LIGHTING	kW	684	-$ 403	- 0.2944	$/kW
STREET LIGHTING	kW	6,866	-$ 4,002	- 0.2914	$/kW
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
Total			-$ 308,532		

Rate Rider Calculation for Deferral / Variance Accounts Balances (excluding Global Adj.) - NON-WMP

1580 and 1588

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Balance (excluding 1589)	Rate Rider for Deferral/Variance Accounts	
RESIDENTIAL	kWh	79,483,998	-$ 420,766	- 0.0026	*$/kWh*
GENERAL SERVICE LESS THAN 50 KW	kWh	31,649,726	-$ 167,545	- 0.0026	*$/kWh*
GENERAL SERVICE 50 TO 4,999 KW	kW	206,399	-$ 383,863	- 0.9299	$/kW
UNMETERED SCATTERED LOAD	kWh	454,406	-$ 2,405	- 0.0026	*$/kWh*
SENTINEL LIGHTING	kW	684	-$ 1,300	- 0.9503	$/kW
STREET LIGHTING	kW	6,866	-$ 12,916	- 0.9405	$/kW
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
Total			-$ 988,795		

Rate Rider Calculation for RSVA - Power - Global Adjustment

Balance of Account 1589 Allocated to Non-WMPs

Rate Class (Enter Rate Classes in cells below)	Units	Non-RPP kW / kWh / # of Customers	Balance of RSVA - Power - Global Adjustment	Rate Rider for RSVA - Power - Global Adjustment	
RESIDENTIAL	kWh	3,415,188	$ 33,371	0.0049	*$/kWh*
GENERAL SERVICE LESS THAN 50 KW	kWh	2,656,020	$ 25,953	0.0049	*$/kWh*
GENERAL SERVICE 50 TO 4,999 KW	kW	176,503	$ 605,910	1.7164	$/kW
UNMETERED SCATTERED LOAD	kWh	25,008	$ 244	0.0049	*$/kWh*
SENTINEL LIGHTING	kW	14	$ 51	1.7540	$/kW
STREET LIGHTING	kW	6,689	$ 23,227	1.7361	$/kW
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	

		-	$ -	-
		-	$ -	-
		-	$ -	-
		-	$ -	-
		-	$ -	-
		-	$ -	-
Total			**$ 688,755**	

Rate Rider Calculation for RSVA - Power - Global Adjustment - Class A Non-WMP Customers

Balance of Account 1589 allocated to Class A Non-WMP Customers

Rate Class (Enter Rate Classes in cells below)	Units	Non-RPP kW / kWh / # of Customers	Balance of RSVA - Power - Global Adjustment	Rate Rider for RSVA - Power - Global Adjustment	
RESIDENTIAL	kWh	-	$ -	-	$/kWh
GENERAL SERVICE LESS THAN 50 KW	kWh	-	$ -	-	$/kWh
GENERAL SERVICE 50 TO 4,999 KW	kW	-	$ -	-	$/kW
UNMETERED SCATTERED LOAD	kWh	-	$ -	-	$/kWh
SENTINEL LIGHTING	kW	-	$ -	-	$/kW
STREET LIGHTING	kW	-	$ -	-	$/kW
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
Total			**$ -**		

Rate Rider Calculation for Group 2 Accounts

Rate Class (Enter Rate Classes in cells below)	Units	Non-RPP kW / kWh / # of Customers	Balance of Group 2 Accounts	Rate Rider for RSVA - Power - Global Adjustment	
RESIDENTIAL	kW	8,895	$ 12,766	**$ 0.72**	$/kW
GENERAL SERVICE LESS THAN 50 KW	kWh	31,649,726	$ 5,083	**$ 0.0001**	$/kWh
GENERAL SERVICE 50 TO 4,999 KW	kW	206,399	$ 11,646	**$ 0.0282**	$/kW
UNMETERED SCATTERED LOAD	kWh	454,406	$ 73	**$ 0.0001**	$/kWh
SENTINEL LIGHTING	kW	684	$ 39	**$ 0.0288**	$/kW
STREET LIGHTING	kW	6,866	$ 392	**$ 0.0285**	$/kW
		-	$ -	**$** -	
		-	$ -	**$** -	
		-	$ -	**$** -	
		-	$ -	**$** -	
		-	$ -	**$** -	
		-	$ -	**$** -	
		-	$ -	**$** -	
		-	$ -	**$** -	
		-	$ -	**$** -	
		-	$ -	**$** -	
		-	$ -	**$** -	
		-	$ -	**$** -	
		-	$ -	**$** -	
Total			**$ 30,000**		

Rate Rider Calculation for Accounts 1575 and 1576

Please indicate the Rate Rider Recovery Period (in years) **2**

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Balance of Accounts 1575 and 1576	Rate Rider for Accounts 1575 and 1576	
RESIDENTIAL	kWh	79,483,998	$ 37,287	**0.0002**	$/kWh
GENERAL SERVICE LESS THAN 50 KW	kWh	31,649,726	$ 14,847	**0.0002**	$/kWh
GENERAL SERVICE 50 TO 4,999 KW	kW	206,399	$ 34,016	**0.0824**	$/kW
UNMETERED SCATTERED LOAD	kWh	454,406	$ 213	**0.0002**	$/kWh
SENTINEL LIGHTING	kW	684	$ 115	**0.0842**	$/kW
STREET LIGHTING	kW	6,866	$ 1,145	**0.0833**	$/kW
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	

		-	$	-	-
		-	$	-	-
		-	$	-	-
		-	$	-	-
		-	$	-	-
Total			**$**	**87,623**	

Rate Rider Calculation for Accounts 1568

Please indicate the Rate Rider Recovery Period (in years) **2**

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers		Balance of Account 1568	Rate Rider for Account 1568	
RESIDENTIAL	kWh	79,483,998	$	30,208	**0.0002**	***$/kWh***
GENERAL SERVICE LESS THAN 50 KW	kWh	31,649,726	$	39,379	**0.0006**	***$/kWh***
GENERAL SERVICE 50 TO 4,999 KW	**kW**	206,399	$	23,465	**0.0568**	**$/kW**
UNMETERED SCATTERED LOAD	kWh	454,406	$	-	**-**	***$/kWh***
SENTINEL LIGHTING	**kW**	684	$	-	**-**	**$/kW**
STREET LIGHTING	**kW**	6,866	$	-	**-**	**$/kW**
		-	$	-	**-**	
		-	$	-	**-**	
		-	$	-	**-**	
		-	$	-	**-**	
		-	$	-	**-**	
		-	$	-	**-**	
		-	$	-	**-**	
		-	$	-	**-**	
		-	$	-	**-**	
		-	$	-	**-**	
		-	$	-	**-**	
		-	$	-	**-**	
		-	$	-	**-**	
		-	$	-	**-**	
Total			**$**	**93,052**		

Other Rate Riders

Ex.9/Tab 5/Sch.1 – Other Rate Riders

In the Minimum Filing Requirements, the Board states that the Smart Meter Funding and Cost Recovery (G-2008-0002) provides two options regarding the accounting treatment for Stranded Meters related to the installation of smart meters:
Details of the Stranded Meters Disposition and Rate Rider calculations are presented at Exhibit 2.

ORPC is applying for the disposition of the smart meter costs incurred to completion through a Smart Meter Disposition Rider (SMDR). The SMDR is intended to recover or refund the net deferred revenue requirement of smart meter capital and incremental operating expenses to December 31, 2014, offset by the Smart Meter Funding Adder revenues recovered from May 1, 2016 to when the SMFA ceased (May 1, 2012 for many distributors), and taking into account the carrying charges/interest at the prescribed rates. The SMDR is calculated in the 2014 Smart Meter Model, which is being filed in conjunctions with this application. Details concerning the disposition are presented at Exhibit 2

Derivation of Cost of Power

Ex.9/Tab 6/Sch.1 – Cost of Power

ORPC calculated the cost of power for the 2015 Bridge Year and the 2016 Test Year based on the results of the load forecast discussed in detail in Exhibit 3. The commodity prices used in the calculation were prices published in the Board's Regulated Price Plan Report – May 1, 2014 to April 30, 2015, issued April 16, 2014. Should the Board publish a revised Regulated Price Plan Report prior to the Board's Decision in the application, ORPC will update the electricity prices in the forecast.

The sale of energy is a flow through revenue and the cost of power is a flow through expense. Energy sales and the cost of power expense by component are presented in Table 9.15 below. ORPC records no profit or loss resulting from the flow through energy revenues and expenses. Any temporary variances are included in the RSVA account balances.
The components of ORPC's cost of power are;

Table 9.15: Commodity

Determination of Commodity

		Last Actual kWh's		
Customer Class Name		**Last Actual kWh's**	**non-RPP**	**RPP**
Residential		79,483,998	3,415,188	76,068,810
General Service < 50 kW		31,649,726	2,656,020	28,993,706
General Service > 50 to 4999 kW		72,512,849	62,009,680	10,503,169
Sentinel Lighting		245,570	5,184	240,386
Streetlighting		2,439,792	2,377,067	62,725
Unmetered Scattered Load		454,406	25,008	429,398
TOTAL		**186,786,342**	**70,488,147**	**116,298,195**
%		*100.00%*	*37.74%*	*62.26%*

Forecast Price

HOEP ($/MWh)				$21.68	
Global Adjustment ($/MWh)				$81.94	
Adjustments					
TOTAL ($/MWh)				**$103.62**	**$102.10**
$/kWh				***$0.10362***	***$0.10210***
%				37.74%	62.26%

WEIGHTED AVERAGE PRICE		**$0.1027**		**$0.0391**	**$0.0636**

Electricity Projections

				2015			2016		
Customer		**Revenue**	**Expense**						
Class Name		USA #	USA #	Volume	rate ($/kWh):	Amount	Volume	rate ($/kWh):	Amount
Residential	kWh	4006	4705	85,979,876	0.0796	$6,843,998	84,357,365	$0.10267	$8,661,275
General Service < 50 kW	kWh	4010	4705	34,236,319	0.0796	$2,725,211	33,590,252	$0.10267	$3,448,832
General Service > 50 to 4999 kW	kWh	4035	4705	75,113,696	0.0796	$5,979,050	73,696,239	$0.10267	$7,566,659
Sentinel Lighting	kWh	4010	4705	254,378	0.0796	$20,249	249,578	$0.10267	$25,625
Streetlighting	kWh	4025	4705	2,527,301	0.0796	$201,173	1,298,955	$0.10267	$133,368
Unmetered Scattered Load	kWh	4025	4705	470,705	0.0796	$37,468	461,822	$0.10267	$47,417
TOTAL				**$198,582,275**		**$15,807,149**	**$193,654,212**		**$19,883,176**

The Commodity share of the Cost of Power is calculated in the same manner as has been previously approved by the OEB in ORPC's previous Cost of Service application as well as other applications. The utility used Table ES-1: Average RPP Supply Cost Summary from the Regulated Price Plan Price Report – May 1 2015 to April 30, 2016 issued by the Ontario Energy Board on October 16, 2014.

Table ES-1: Average RPP Supply Cost Summary (for the 12 months from May 1, 2015)

RPP Supply Cost Summary
for the period from May 1, 2015 through April 30, 2016

		Current
Forecast Wholesale Electricity Price		$19.92
Load-Weighted Price for RPP Consumers ($ / MWh)		$21.68
Impact of the Global Adjustment ($ / MWh)	+	$81.94
Adjustment to Address Bias Towards Unfavourable Variance ($ / MWh)	+	$1.00
Adjustment to Clear Existing Variance ($ / MWh)	+	($2.52)
Average Supply Cost for RPP Consumers ($ / MWh)	=	**$102.10**

The utility uses the split between the RPP and Non-RPP to determine the weighted average price. The weighted average price is applied to the projected 2014 Load Forecast to determine the commodity to be included in the Cost of Power. The commodity for 2015 is projected at $19,883,176.

Transmission Network

Transmission - Network

(volumes for the bridge and test year are automatically loss adjusted)

				2010	2015			2016		
Customer		**Revenue**	**Expense**							
Class Name		USA #	USA #		Volume	Rate	Amount	Volume	Rate	Amount
Residential	kWh	4066	4714		85,979,876	0.0063	$541,673	84,357,365	0.0060	$508,855
General Service < 50 kW	kWh	4066	4714		34,236,319	0.0058	$198,571	33,590,252	0.0056	$186,540
General Service > 50 to 4999 kW	kW	4066	4714		198,904	2.3683	$471,064	195,150	2.2676	$442,524
Sentinel Lighting	kWh	4066	4714		254,378	1.7951	$456,635	249,578	1.7188	$428,968
Streetlighting	kW	4066	4714		6,772	1.7860	$12,095	3,481	1.7101	$5,952
Unmetered Scattered Load	kWh	4066	4714		470,705	0.0058	$2,730	461,822	0.0056	$2,565
TOTAL	0			**0**	**121,146,957**		**1,682,768**	**118,857,651**		**1,575,404**

The Transmission Network charges are calculated in the OEB's RTSR model. The Rates are applied to the 2016 Load Forecast to determine the amount to be included in the Cost of Power. The RTSR model is filed in conjunction with this application.

Transmission Connection

Transmission - Connection

(volumes for the bridge and test year are automatically loss adjusted)

				2010	2015			2016		
Customer		**Revenue**	**Expense**							
Class Name		USA #	USA #		Volume	Rate	Amount	Volume	Rate	Amount
Residential	kWh	4068	4716		85,979,876	0.0045	$386,909	84,357,365	0.0046	$388,002
General Service < 50 kW	kWh	4068	4716		34,236,319	0.0040	$136,945	33,590,252	0.0041	$137,332
General Service > 50 to 4999 kW	kW	4068	4716		198,904	1.5959	$317,431	195,150	1.6312	$318,327
Sentinel Lighting	kWh	4068	4716		254,378	1.2596	$320,415	249,578	1.2875	$321,321
Streetlighting	kW	4068	4716		6,772	1.2338	$8,355	3,481	1.2611	$4,389
Unmetered Scattered Load	kWh	4068	4716		470,705	0.0040	$1,883	461,822	0.0041	$1,888
TOTAL	0	**0**	**0**	**0**	**$121,146,957**		**$1,171,939**	**$118,857,651**		**$1,171,259**

The Transmission Connection charges are also calculated in the OEB's RTSR model. The Rates are applied to the 2016 Load Forecast to determine the amount to be included in the Cost of Power. The RTSR model is filed in conjunction with this application.

Wholesale Market

Wholesale Market Service

				2015			2016		
Customer		**Revenue**	**Expense**		**rate ($/kWh):**	**0.0052**		**rate ($/kWh):**	**0.0052**
Class Name		USA #	USA #	Volume		Amount	Volume		Amount
Residential	kWh	4062	4708	85,979,876	0.00440	$378,311	84,357,365	0.00440	$371,172
General Service < 50 kW	kWh	4062	4708	34,236,319	0.00440	$150,640	33,590,252	0.00440	$147,797
General Service > 50 to 4999 kW	kW	4062	4708	198,904	0.00440	$875	195,150	0.00440	$859
Sentinel Lighting	kWh	4062	4708	254,378	0.00440	$1,119	249,578	0.00440	$1,098
Streetlighting	kW	4062	4708	6,772	0.00440	$30	3,481	0.00440	$15
Unmetered Scattered Load	kWh	4062	4708	470,705	0.00440	$2,071	461,822	0.00440	$2,032
TOTAL	0	**0**	**0**	**$121,146,957**		**$533,047**	**$118,857,651**		**$522,973**

On December 19, 2014 the OEB released Decision and Order for the Wholesale Market Service (WMS) for 2014. The Board's decision is summarized as follows:

- The WMS rate used by regulated distributors to bill their customers shall continue to be 0.44 cents per kilowatt-hour, effective January 1, 2014. This unit rate shall apply to a customer's metered energy consumption adjusted by the distributor's Board-approved Total Loss Factor.

In compliance with this order, ORPC has applied the Board Approved $0.0044/kWh to its 2014 Load Forecast in order to include $522,973 in its Cost of Power.

Rural Rate

Rural Rate Protection

				2015			2016		
Customer		**Revenue**	**Expense**		**rate ($/kWh):**			**rate ($/kWh):**	
Class Name		USA #	USA #	Volume		Amount	Volume		Amount
Residential	kWh	4062	4730	85,979,876	0.00120	$103,176	84,357,365	0.00120	$101,229
General Service < 50 kW	kWh	4062	4730	34,236,319	0.00120	$41,084	33,590,252	0.00120	$40,308
General Service > 50 to 4999 kW	kW	4062	4730	198,904	0.00120	$239	195,150	0.00120	$234
Sentinel Lighting	kWh	4062	4730	254,378	0.00120	$305	249,578	0.00120	$299
Streetlighting	kW	4062	4730	6,772	0.00120	$8	3,481	0.00120	$4
Unmetered Scattered Load	kWh	4062	4730	470,705	0.00120	$565	461,822	0.00120	$554
TOTAL	0	**0**	**0**	**$121,146,957**		**$145,376**	**$118,857,651**		**$142,629**

On December 19, 2014 the OEB released Decision and Order for the Rural or Remote Electricity Rate Protection (RRRP) for 2014. The Board's decision is summarized as follows:

- The RRRP charge used by rate regulated distributors to bill their customers shall continue to be 0.13 cents per kilowatt-hour, effective January 1, 2014. This unit rate shall apply to a customer's metered energy consumption adjusted by the distributor's Board-approved Total Loss Factor.

Smart Meter Entity

Smart Meter Entity Charge									
(per customer)									
				2015			2016		
Customer		**Revenue**	**Expense**		**rate ($/kWh):**			**rate ($/kWh):**	
Class Name		USA #	USA #	Volume		Amount	Volume		Amount
Residential	kWh			9,384	0.79000	$7,413	9,463	0.79000	$89,712
General Service < 50 kW	kWh			1,300	0.79000	$1,027	1,281	0.79000	$12,148
General Service > 50 to 4999 kW	kW			146	0.79000	$115	148	0.79000	$1,403
TOTAL	0	**0**	**0**	**$10,829**		**$8,555**	**$10,893**		**$103,263**

Low Voltage Charges:

Table 9.16 below presents the derivation of proposed retail rates for Low Voltage ("LV") service. The 2014 estimates of total LV charges were calculated based on an average of the last 2 years. The projections were allocated to customer classes, according to each class' share of projected Transmission-Connection revenue, in accordance with Board policy. The resulting allocated LV charges for each class were divided by the applicable 2016 volumes from the load

forecast, as presented in Exhibit 3. Current LV revenues are recovered through a separate rate adder and therefore are not embedded within the approved Distribution Volumetric rate. 2014 LV rates appear on a distinct line item on the proposed schedule of rates.

Table 9.16: Low Voltage Charges

Low Voltage Charges - Allocation of LV Charges based on Transmission Connection Revenues

	ALLOCATON BASED ON TRANSMISSION-CONNECTION REVENUE				
Customer Class Name		**RTSR Rate**	**Uplifted Volumes**	**Revenue**	**% Alloc**
Residential	kWh	**$0.0046**	84,357,365	$388,002	33.13%
General Service < 50 kW	kWh	**$0.0041**	33,590,252	$137,332	11.73%
General Service > 50 to 4999 kW	kW	**$1.6312**	195,150	$318,327	27.18%
Sentinel Lighting	kWh	**$1.2875**	249,578	$321,321	27.43%
Streetlighting	kW	**$1.2611**	3,481	$4,389	0.37%
Unmetered Scattered Load	kWh	**$0.0041**	461,822	$1,888	0.16%
TOTAL			**118,857,651**	**$1,171,261**	**100%**

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Low Voltage Charges Rate Rider Calculations
(volumes are not loss adjusted)

	PROPOSED LOW VOLTAGE CHARGES & RATES				
Customer Class Name	**% Allocation**	**Charges**	**Not Uplifted Volumes**	**Rate**	**per**
Residential	33.13%	67,910	84,357,365	$0.0008	kWh
General Service < 50 kW	11.73%	24,037	33,590,252	$0.0007	kWh
General Service > 50 to 4999 kW	27.18%	55,715	195,150	$0.2855	kW
Sentinel Lighting	27.43%	56,239	249,578	$0.2253	kWh
Streetlighting	0.37%	768	3,481	$0.2207	kW
Unmetered Scattered Load	0.16%	330	461,822	$0.0007	kWh
other	0.00%	0	1	$0.0000	0
other	0.00%	0	1	$0.0000	0
other	0.00%	0	1	$0.0000	0
TOTAL	**99.84%**	**205,000**	**118,857,651**		

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Low Voltage Charges to be added to power supply expense for bridge and test year.
(volumes are not loss adjusted)

Customer		**Revenue**	**Expense**	**2015**			**2016**		
Class Name		USA #	USA #	Volume	Rate	Amount	Volume	Rate	Amount
Residential	kWh	4075	4750	82,752,527	$0.0011	$91,028	84,357,365	$0.0008	$67,485.89
General Service < 50 kW	kWh	4075	4750	32,951,221	$0.0010	$32,951	33,590,252	$0.0007	$23,513.18
General Service > 50 to 4999 kW	kW	4075	4750	198,904	$0.3954	$78,647	195,150	$0.2855	$55,715.45
Sentinel Lighting	kWh	4075	4750	244,830	$0.3121	$76,411	249,578	$0.2253	$56,229.95
Streetlighting	kW	4075	4750	6,772	$0.3057	$2,070	3,481	$0.2207	$768.19
Unmetered Scattered Load	kWh	4075	4750	2,432,436	$0.0010	$2,432	461,822	$0.0007	$323.28
TOTAL		**0**	**0**	**118,586,693**		**$283,540**	**118,857,651**		**$204,035.93**

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