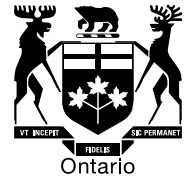


**Ontario Energy
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2300 Yonge Street
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Telephone: 416-481-1967
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**Commission de l'énergie
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BY EMAIL

December 29, 2015

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Kirsten.Walli@ontarioenergyboard.ca

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Orillia Power Distribution Corporation
Disposition of Account 1576
OEB Staff Submission
OEB File No. EB-2015-0286**

In accordance with Procedural Order No.1, please find attached the OEB Staff Submission in the above proceeding. This document is being forwarded to Orillia Power Distribution Corporation and to all other registered parties to this proceeding.

Orillia Power is reminded that its Reply Submission is due by January 11, 2015, should it choose to file one.

Yours truly,

Original Signed By

Kelli Benincasa
Analyst, Electricity Rates & Accounting
Encl.



ONTARIO ENERGY BOARD

STAFF SUBMISSION

2016 ELECTRICITY DISTRIBUTION RATES

Orillia Power Distribution Corporation

EB-2015-0286

December 29, 2015

**OEB Staff Submission
Orillia Power Distribution Corporation
Disposition of Account 1576
EB-2015-0286**

Introduction

Orillia Power Distribution Corporation (Orillia Power) filed an application with the Ontario Energy Board (the OEB) on October 19, 2015 under section 78 of the *Ontario Energy Board Act*, seeking the establishment of a 1576 rate adder on an interim basis which is a refund to customers.

The purpose of this document is to provide the OEB with the submissions of OEB staff based on its review of the evidence submitted by Orillia Power.

Disposition of Deferral and Variance Account 1576 Balance

By way of a letter on July 17, 2012, the OEB stated that the implementation of regulatory accounting changes for depreciation and capitalization policies, driven by the transition from CGAAP to IFRS, is mandatory effective January 1, 2013.

Orillia Power made changes to its depreciation and capitalization policies effective January 1, 2013. It has recorded the financial difference arising from changes to its depreciation and capitalization policies in Account 1576 for 2013 and 2014. As a result of asset componentization and the reassessment of the remaining useful lives of all its distribution assets, Orillia Power has recorded significantly lower depreciation expense for 2013 and 2014. Orillia Power intends to continue to use Account 1576 a full disposition is approved through a future cost of service rate application.

On May 21, 2015, the OEB approved Orillia Power's request to defer its scheduled rebasing application from 2016 to 2017 rates. Given the rising credit balance in account 1576, and that Orillia Power is not scheduled to file its next cost of service application for another year, Orillia Power is seeking an interim disposition of Account 1576 to begin the return of funds to customers associated with balances that have accumulated to December 31, 2014. The rate adder represents a return of \$1,481,013 to Orillia Power customers over a proposed 2-year period on a fixed charge basis.

OEB staff submits it has no concerns with the data supporting the disposition of the deferral and variance Account 1576 balance for Orillia Power.

All of which is respectfully submitted