Ottawa River Power Corporation

Exhibit 4

Response to Interrogatories

Operating Expenses

4-Staff-51 Benefits from OM&A Increases

The proposed OM&A costs in 2016 of $3,294,964 represent an increase of $951,696 or 40.61% over the 2010 actual OM&A.

a) Please outline the outcomes and higher level of services that customers will receive for the relatively higher rates they are paying.

Response:

Ottawa River believes that it should be compared against the 2010 approved amount versus the actual. This is a $694K or 27.6% increase. In its 2010 COS, Ottawa River Power was approved for new apprentices that would progress to full wages over a four year period. Additionally, ORPC was approved for adjustments to management wages to bring them in line with industry standards. These changes took place between 2011 and 2014.

Therefore Ottawa River Power believes that the 27.6% increase over the six year period is a reasonable request. ORPC continues to provide exceptional customer service. In 2015 ORPC moved to monthly billing in order to give customers more and better information. Regulatory requirements continue to put upward pressure on expenses as well.

b) Please identify any customer engagement that supports the further increases proposed in this application.

Response:

The costs of the bi-annual customer survey is included in the application. The new regulatory requirement from the Electrical Safety Association for an additional and separate safety survey has also caused an increase. The costs for Town hall or Community meetings where turnout is poor adds additional costs to all customers.

c) Please provide the analysis that was performed to assess whether ORPC's planning decisions reflect best practices of Ontario distributors.

Response:

Ottawa River Power is aware of costs to customers. It takes care to ensure that costs per customer are in line with other Ontario Distributors when forecasting in its

Cost of Service Applications. The chart below that SEC provided in its Interrogatories to ORPC demonstrates this. Ottawa River Power's costs per customer is reasonable and below the average. The distribution revenue is also below average.

Distributor	# of Customer	OM&A/ Customer	DX Rev./ Customer	Gross PPE/ Customer	Net PPE/ Customer
COLLUS PowerStream	16,426	$277.87	$414.81	$2,017.70	$972.76
E.L.K. Energy	12,398	$182.72	$286.01	$1,826.64	$638.76
Erie Thames Powerlines	18,265	$309.42	$546.28	$2,672.46	$1,655.96
Grimsby Power	11,038	$255.05	$385.82	$1,926.56	$1,689.30
Innpower	15,790	$333.71	$514.35	$4,945.40	$2,938.67
Lakeland Power	13,264	$390.02	$641.47	$3,244.20	$1,849.49
Norfolk Power	19,559	$368.79	$608.96	$2,893.41	$2,850.02
Orangeville Hydro	11,685	$275.88	$448.13	$3,004.07	$1,417.06
Orillia Power	13,340	$347.90	$644.48	$3,116.24	$1,615.83
Ottawa River Power	10,820	$266.93	$394.14	$2,557.23	$809.21
St. Thomas Energy	16,918	$243.83	$423.35	$3,025.06	$1,507.99
Wasaga Distribution	12,985	$219.16	$312.73	$1,895.37	$921.95
Woodstock Hydro	15,745	$260.77	$540.39	$3,334.39	$1,804.54
Averages	**14,479**	**$287.08**	**$473.92**	**$2,804.52**	**$1,590.12**

d) Please identify any initiatives considered and/or undertaken by the applicant, including any analysis conducted, to optimize plans and activities from a cost perspective, for example, balancing cost levels of OM&A versus capital.

Response:

Ottawa River Power considers the balance of OM&A versus capital at all times.

e) Please provide a further explanation for the 40.6% increase in ORPCs OM&A expenses over 2010 actual and elaborate on the drivers for the increase.

Response:

The cost drivers from 2010 actual to 2016 forecast are:

- Included in 2010 rate application $315K in apprentice and management wages as approved by the Board

- Included in 2010 rate application $60K in regulatory costs as approved by the board
- $100K additional increases in wages and benefits over 6 years or 9% over 2010 board approved
- Bad debts increase of $35 with customers struggling to pay bills with rising RPP and global adjustment prices.
- Monthly billing costs of $55 for postage increase
- Customer service locate costs have increased by $50K with new government regulations. There is an annual fee and a monthly fee from Ontario One Call. Additionally a number of locates are completed and then expire and have to be redone without the personal contact between the customer and the utility.
- Overhead line maintenance due to aging infrastructure increase of $110K
- Transformer maintenance increase of $30K
- Engineering and mapping expense increase of $40K
- Vegetation management increase of $40K
- Meter operations and maintenance increase of $60K with smart meters
- Building maintenance including heating, electricity and taxes of $60K
- Membership expense increase of $50K for regulatory and operational support

4-Staff-52
Ref: Exhibit 4, p. 7 of 70, Exhibit 1, p. 54 of 73 and Appendix 2-JA and 2-JB

Appendices 2-JA and 2-JB are labeled CGAAP and new CGAAP.

a) Please confirm ORPCs conversion to MIFRS on January 1, 2015.

Response:

Ottawa River Power confirms that it has converted to MIFRS as of January 1, 2015.

On p. 54 of Exhibit 1, ORPC states that it 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 21 February 24, 2010.

b) Please confirm that the conversion to MIFRS has not impacted the ORPCs OM&A costs in the 2015 bridge or 2016 test year.

Response:

Ottawa River Power confirms that the conversion to MIFRS has not impacted OM&A costs in the 2015 bridge or 2016 test year.

4-Staff-53 Corporate Cost Allocation
Ref: Exhibit 3, p. 61 of 71, Exhibit 4, p. 25 – 28 of 68 and Appendix 2-N

In Exhibit 4, pp. 26-28 ORPC provided tables for shared services up to 2014. In Appendix 2-N, ORPC provided costs for shared services up to 2016. ORPC did not complete the corporate cost allocation tables of Appendix 2-N.

a) Please update Appendix 2-N to show how costs are allocated between ORPC and its affiliates.

Response:

Ottawa River Power does not allocate any corporate costs with its affiliate. All affiliate activities are tracked and charged to the affiliate on a cost plus basis as shown in Appendix 2N.

b) ORPC states that Ottawa River Energy Solutions Inc. has a seven member Board of Directors that is separate from ORPC. Please confirm that there is no overlap between the two Boards that would require a corporate cost allocation.

Response:

Ottawa River Power confirms that there is no overlap between the two Boards that would require a corporate cost allocation.

4-Staff-54

Ref: Exhibit 2, p. 47 – DSP Section 5.1: General and Administrative Matters, p. 7 and Exhibit 4, pp. 7-10

On page 7 of the DSP, ORPC states that "CHEC members have clearly stated the value of membership to be in excess of one full time equivalent position. A review of membership in CHEC by a third party consultant summarized the benefits as indicated by Members to include:

- Collaboration, security and best business practices;
- Provides "peace of mind" – simplified services, someone else is on it, one less thing on the collective TO DO list, support and knowledge that you are not alone;
- Compliance issues addressed through single provider, consistency in deliverables and messaging to OEB and OPA with the efficiency of a single submission; and
- Validation and clarity on emerging business pressures."

On pages 8-9 of 70, ORPC notes that it joined the CHEC group in 2014 at a cost of $23,000. In 2015 ORPC shows a membership cost driver of 13.5K for CHEC and EDA membership.

a) What are the annual fixed and variable costs of ORPC's membership in CHEC in 2016?

Response:

Ottawa River Power paid $33,683 in 2015 for its membership, the 2016 membership is $33,765.

Ottawa River Power paid an additional $10,000 for CDM collaboration.

b) What is the cost for the EDA membership in 2016?

Response:

The 2016 EDA membership fee is $32,600

c) Has the membership led to any offsetting efficiency gains?
   i. If so, please describe how the savings have been incorporated into ORPC's operating budget.

Response:

Ottawa River Power may have offsetting efficiency gains with the Cost of Service application. The CHEC group provided models to gather data to meet the filing requirements for the 2016 application.

More than monetary gains, CHEC has provided regulatory, operational and CDM support that is necessary to keep up with the rapidly changing landscape that Ontario Distributors operate in.

ii. If not, please explain why not.

Response:

N/A

4-Staff-55 OM&A Program Table
Ref: Exhibit 4, p. 15 of 70 and Appendix 2-JC

Please provide appendix 2-JC including a column showing year-end OM&A costs for the 2015 bridge year and a column showing the same period in 2014.

Response:

Appendix 2-JC with the new information requested by VECC can be found in the revised version of the OEB's Chapter 2 Appendix filed along with these responses.

4-Staff-56 Community Relations
Ref: Exhibit 4, p. 15 of 70, Appendix 2-JC

ORPC shows an increase of $11,548 or 20.8% in community relations and safety for 2016 test year over 2015 actual. OEB staff notes that ORPC actual spending in this category never reached the OEB-approved amount of $58,624.

a) Please provide the actual amount spent up-to-date and explain this increase in more detail.

Response:

Preliminary 2015 numbers for Community Relations is just over $60K. Under new management community relations has become a more prominent priority. Additional time is being spent building closer relationships with our customers.

Additionally Ottawa River Power included the costs of the ESA and bi-annual customer surveys in this category.

b) Please ORPC's under spending in this category over the IRM term.

Response:

Current management is not aware of the reason for the underspending in this category over the IRM term, but is aware of the importance of building good community relations in the four communities in which it services.

4-Staff-57 Meter reading
Ref: Exhibit 4, p. 15 of 70, Appendix 2-JC and Exhibit 2, pp. 32-42 – Meter Reading

On p. 32, Exhibit 2, ORPC noted that it had completed 100% of its smart meter initiative by December 31, 2012. In Appendix 2-JC ORPC shows an increase of $20,335 or 68% in meter reading expenses for the 2016 test year over 2014 actual. Meter reading expenses also spiked in 2013.

a) Please provide an explanation for the spikes in meter reading expenses in the 2013 rate year as well as the 2015 bridge year and 2016 test year.

Response:

The spikes in meter reading expenses have corresponding dips in meter operations expenses. This is a reallocation from one account to the other. Wholesale settlement expenses had incorrectly been recorded in account #5065.

4-Staff-58 Overhead and Underground lines
Ref: Exhibit 4, p. 15 of 70, Appendix 2-JC and Exhibit 2, p. 18 and 20 of 58, Appendix 2-AB

ORPC is showing an increase in operating expense regarding overhead and underground lines of 23.7% and 25.1% respectively in the 2016 test year over 2014 actual. In its DSP, ORPC's system renewal capital spending is declining significantly over the 2015 bridge year and 2014 actuals.

a) Please explain the increase in OM&A cost.

Response:

ORPC's formal asset management process will be developed to fulfill the needs of the "Chapter 5 Consolidated Distribution System Plan Filing Requirements" and as such, no prior version existed. Through this effort, ORPC will be able to achieve improved oversight of its asset base enabling data driven long range planning, which will ultimately result in significant customer savings. ORPC's distribution conductor was designed in anticipation of substantial growth due to electric heating. ORPC will focus the capital spending in other assets than lines and anticipates more O&M costs

b) Please explain how this cost increase relates to the decline in capital spending for system renewal.

Response:

See above response.

4-Staff-59
4-Staff-60 Substation Operations and Maintenance
Ref: Exhibit 4, p. 15 of 70, Appendix 2-JC and Exhibit 2, p. 18 and 20 of 58, Appendix 2-AB

ORPC's OM&A costs for substation operations and maintenance is declining by 14.2% in the 2016 test year over 2014. Please provide a detailed explanation for this decrease.

Response:

ORPC has completed the condition assessments and the major Testing, Inspection and Maintenance using an external contractor. Also, ORPC is implementing various substation capital improvements.

Finally, the Customer Supervisor retired in 2014 and his salary/time is no longer accounted to this category

4-Staff-61 Monthly Billing
Ref: Exhibit 4, p.11

On page 11, ORPC states that "Acct 5315 billing and collecting [is] expected to increase by $78,414 with the implementation on January 1, 2015 of monthly billing. Postage costs of $55,000 as well as additional billing staff. Please note that bad debts are expected to decrease by $23,464."

a) Please confirm that ORPC is not expecting any other cost associated with the implementation of monthly billing. If other cost are expected please provide a breakdown of the costs.

Response:

Ottawa River Power has added one FTE to its staff from 2010. Since its last Cost of Service application, ORPC has added a full time CDM manager.

While it is correct that total compensation will have increased by 20.5% with this application, it should be noted that this is a combined increase of 12.6% (over the 6 year period) in wages with the remaining 7.9% being benefit increases. Ottawa River Power employees are part of the OMERS pension plan. OMERS costs increased by more than $70,000 from 2010 to 2014 representing a 64% itself.

Ottawa River Power employees belong to IBEW. During the 2010 to 2016 there have been three collective agreement. The first ended June 30, 2011, the second covered the period July 1, 2011 to June 30, 2014 and the current contract from July 1, 2014 to June 30, 2019.

The union contracts were negotiated at 3% per year during 2011, 2012, 2013, 2014 and 2.85% in 2015. These are typical wage rate increases for the industry.

b) Please quantify any offsetting costs (benefits) associated with the implementation of monthly billing.

Response:

Ottawa River Power believed that the offsetting cost in bad debts would be a decrease of $23,464, when in fact the preliminary bad debts for 2015 have increased by more than this amount.

c) Please identify the percentage of customers on e-billing as of December 31, 2015. If Applicant does not provide e-billing to its customers please explain the reasons.

Response:

Ottawa River Power does not have any customers on e-billing. Although there was an original plan to implement this in the fall of 2015, this was delayed due to the implementation of the new OESP, the elimination of the Ontario Clean Energy Benefit and the elimination of the Debt Retirement charges to certain classes of customers. E-billing will be implemented in the spring of 2016.

d) Please describe the Applicant's efforts to promote e-billing to its customers.

Response:

Ottawa River Power plans to use bill inserts, its website and perhaps a contest to entice its customers to sign up for e-billing.

e) Please describe other initiatives that the Applicant has undertaken, or intends to undertake, to manage the costs of monthly billing for all customers.

Response:

Ottawa River Power is cognizant of the costs of billing for all customers. Currently Ottawa River Power hosts the CIS system for two small distributors which enables the group to share the software costs. As mentioned above ORPC will be implementing e-billing in the spring.

4-Staff-62 Compensation
Ref: Exhibit 4, pp. 18-20 and Appendix 2-K

The applicant has proposed a 3% increases in headcount (1 FTE) but a 20.5% in employee compensation for the Test year relative to the 2010 OEB approved levels.

a) Please provide the rationale for these increases in compensation.

Response:

Ottawa River Power has added one FTE to its staff from 2010. Since its last Cost of Service application, ORPC has added a full time CDM manager.

While it is correct that total compensation will have increased by 20.5% with this application, it should be noted that this is a combined increase of 12.6% (over the 6 year period) in wages with the remaining 7.9% being benefit increases. Ottawa River Power employees are part of the OMERS pension plan. OMERS costs increased by more than $70,000 from 2010 to 2014 representing a 64% itself.

Ottawa River Power employees belong to IBEW. During the 2010 to 2016 there have been three collective agreement. The first ended June 30, 2011, the second covered the period July 1, 2011 to June 30, 2014 and the current contract from July 1, 2014 to June 30, 2019.

The union contracts were negotiated at 3% per year during 2011, 2012, 2013, 2014 and 2.85% in 2015. These are typical wage rate increases for the industry.

b) What objectives has the applicant established for its operations?

Response:

Ottawa River Power has two key objectives for its operations. The first objective is to provide a safe and reliable distributions system. The second is customer engagement.

c) Please provide specific information on why the proposed cost increases are necessary for the applicant to achieve the objectives that the applicant has targeted in the capital and operating expenditure sections of its application, and the alternative methods for achieving these objectives that were considered and rejected in favour of the proposed headcount and compensation increases.

Response:

Ottawa River Power believes that the addition of one person over the last six years is a necessity. This position was developed to manage C&DM programs which has been regulated since its last Cost of Service.

Ottawa River Power also believe that its spending has been prudent over the same time frame. As mentioned previously in the interrogatories ORPC's costs per customer are below distributor average.

4-Staff-63 Benchmarking
Ref: Exhibit 1, p. 72

While ORPC provided the scorecard on p. 72 of Exhibit 1, ORPC did not show any relevant studies of its proposed increases in compensation/headcount on the basis of compensation benchmarking, or any other external comparators, and appears to have justified its proposed increases solely on the basis of its anticipated needs without any specific reference to any external comparators. Please explain what analyses and data ORPC used to derive its proposed compensation per headcount for the bridge and test years.

Response:

Ottawa River Power belongs to the MEARIE HR Solutions Program. With this program, Ottawa River Power has access to both unionized and management salaries from distributors across the province on an annual

Ottawa River Power also looks at relevant municipal wages of some of its shareholders in order to compare local wage levels.

Ottawa River Power believes that the wages for the bridge and test year are reasonable for the expertise required to manage in the complex environment of the local distribution industry.

4-Staff-64 Apprenticeship Tax Credits
Ref: Exhibit 1, p. 20 of 73

On page 20 of Exhibit 1, ORPC notes that 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.

In Exhibit 3, page 61 of 68, ORPC notes that it is not claiming any Apprenticeship Tax Credits in calculating its PILS for the 2016 test year.

a) Please describe the level of progression of ORPC apprentices and explain why the tax credit is no longer applicable.

Response:

Ottawa River Power currently has one apprentice but the tax credits for this position will be finalized in 2015.

4-Staff-65 PILS
Ref: PILs Workform

On tab A – Data Input Sheet, ORPC used 2015 cost of capital parameters to calculate the PILs amount to be included in 2016 rates. Please update the PILs model to the latest cost of capital parameters, issued October 15, 2015.

Response:

The PILs model filed along with these responses has been updated to reflect the most recent Cost of Capital.

4-Staff-66 Regulatory Cost
Ref: Exhibit 4, p. 41-42 and Appendix 2-M

a) In Appendix 2-M, ORPC included $15,000 of IRM filing costs related to ORPC's IRM filing in the year 2012-2014. Please explain why past IRM costs are included in the regulatory costs of $130,000 to be amortized over the next five years.

Response:

Ottawa River Power has correct Cell C-57 in Appendix 2-M. This should read 2017-2020.

b) On page 42 of Exhibit 4, ORPC projected regulatory costs of an aggregated amount of $20,000 or $5,000 for each of the next four IRM years. Please state how this amount is included in the total regulatory costs of $105,000 in the 2016 test year.

Response:

Ottawa River Power has amended its total regulatory costs to be $135,000. It apologizes for the incorrect Appendix 2-M that did not pick up total costs in 2016.

c) In Appendix 2-M, ORPC included intervenor costs of $20,000 in the total regulatory expense of $130,000, which is amortized over five years. In addition, ORPC is also showing intervenor costs of $4,000 for the 2015 bridge and 2016 test year separately. Please explain.

Response:

Ottawa River Power has amended Appendix 2-M. 2015 costs were entered incorrectly. Please see revised Chapter 2-Appendices filed in conjunction with these responses.

4-Staff-67
Ref: Ex 4, T6, S2 – LRAMVA

ORPC has requested approval to recover its LRAMVA amount in Account 1568 in the total amount of $93,051.87 which includes lost revenues from CDM Programs implemented in 2011, 2012, 2013 and 2014.

OPRC noted that it has relied on the most recent final evaluation report from the OPA in support of its LRAMVA claim and included all Final Results Reports for 2011, 2012 and 2013 CDM programs as part of its application. OPRC also included its 2014 CDM Results Q4 Status Report from the IESO (formerly the OPA).

a) Please update the LRAMVA calculations to include all final verified results from OPRC's 2014 Final Results Report from the IESO.

Response:
A revised LRAMVA model which reflects all final verified results from OPRC's 2014 Final Results Report from the IESO is being file along with these responses

b) Please include any adjustments to the final results from each program year that are outlined in the 2014 Final Results Report.

Response:
Adjustments have been factored into the revised model

c) Please provide all references to the distribution volumetric rates that OPRC has used when calculating its LRAMVA amounts.

Response:
See response to d) below

d) When updating the LRAMVA calculations using the 2014 Final Results, please also update the distribution volumetric rates used to calculate all lost revenue amounts to ensure that the distribution rates accurately reflect the distribution rates that were in place over the calendar year. As OPRC has new rates effective May 1st of a particular year, OPRC should be using a blended distribution rate when calculating the annual lost revenues from CDM Programs. For example, since the 2011 CDM savings took place over the 2011 calendar year (i.e., January to December), OPRC should be applying the 2010 distribution rates that were in place for 1/3 of the 2011 CDM savings (in order to recognize these rates were in place from January to April) and the 2011 distribution rates for 2/3 of the 2011 CDM savings (as these rates were in place from May to December).

Response:

The model has been reviewed and revised to reflect the months in which the distribution rates were in effect.

e) Please confirm that all CDM savings from the Business Programs (e.g., Retrofit, Direct Install Lighting) has been applied to OPRC's GS<50 kW rate class.

Response:

Confirmed.

4-Staff-68 OPEBs
Exhibit 4, p. 7 of 70, Appendix 2-JB

ORPC has recovered OPEBs in rates previously.

a) Please indicate if OPEBs were recovered on a cash or accrual accounting basis for each year since ORPC started to recover OPEBs.

Response:
Ottawa River Power has not recovered Other Post-Employment Benefits in past rate decisions.

It initially accrued other post-employment benefits in 2000 in the amount of $45,000 that were recorded in account #5645. In 2011, ORPC auditors made a further estimate of $45,000 which was again recorded in account #5645. In 2013 an Actuarial report was completed with the accrual adjusted to actual in the amount of $109,000, again recorded in account #5645. In 2014 an update report was completed with an amount of $692.

b) Please complete the table below to show how much more than the actual cash benefit payments, if any, have been recovered from ratepayers from the year ORPC started recovering amounts for OPEBs.

OPEBs	**First year of recovery to 2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**Total**
Amounts included in rates							
OM&A	45000		109000	692			
Capital							
Sub-total							
Paid benefit amounts							
Net excess amount included in rates greater than amounts actually paid							

c) Please describe what ORPC has done with the recoveries in excess of cash benefit payments.

Response:
ORPC has not recovered any funds from its customer for OPEB's.

4.0 -VECC -25
Reference: E4/pg. 5

a) Please reconcile the summary of OM&A tables shown at E4/Appendix 2-JA with that shown at section 5.2.3.7 of the DSP (pg.35).

Response:

The summary of the O&M tables is correct.

4.0 -VECC -26

Reference: E4/pg. 5

a) Please reconcile the summary of OM&A tables shown at E4/Appendix 2-JA and that shown at section 5.2.3.7 of the DSP (pg.35).

Response:

The summary of the O&M tables is correct.

4.0 -VECC -27
Reference: E4/pg.15

a) Please update the Detailed OM&A program table (pg.15) to show actual 2015 expenditures.

Response:
The O&M program table has been updated at Appendix 2-JC with preliminary 2015 unaudited numbers.

b) Please update the table Appendix 2-JA for 2015 actual expenditures.

Response:
Appendix 2-JA has been updated with preliminary 2015 unaudited numbers.

4.0 -VECC -28
Reference: E4/pg. 17

a) For each of the years 2010 through 2016 please provide the annual fees paid to each of (1) the EDA; (2) CHEC Group.

Response:

The following are the amounts paid in membership dues to the EDA and the CHEC group. Please note that in 2014 ORPC joined the CHEC group part way through the year.

	2010	2011	2012	2013	2014	2015	2016
EDA	26,100	26,950	28,450	29,800	31,100	32,200	32,600
CHEC					22,430	33,638	33,765

4.0 -VECC -29
Reference: E4/pg. 17

a) Please amend Appendix 2-K (Employee Compensation) by adding a row to show the amount of compensation capitalized in each year.

Response:
Appendix 2-K has been amended to show the amount of compensation capitalized.

b) Please provide a table showing 2010 FTEs by job position, current job positions and 2016 forecast positions.

Response:
The following is a table showing 2010 FTE's by job position versus current and 2016 forecasted positions:

	2010	2015	2016
President	1	1	1
Chief Financial Officer	1	1	1
Customer Service & IT Manager	1	1	1
Conservation & Demand Manger	0	1	1
Office Manager	1	1	1
Executive Admin Assistant	1	1	1
Lines Supervisor	1.5	1	1
Journeymen/women	11.5	10	11
Office Data Clerks	7	7	7
IT Technician	1	1	1
General Labourer	1	1	1
Engineering&Mapping	1	1	1
Total	28	27	28

4.0 -VECC -30
Reference: E4/pg. 28

a) Please provide a description of the internet services being provided by Ottawa River Energy Solutions.

Response:
Ottawa River Power provides a fibre connection to both ORPC offices also providing an internet connection.

b) Please explain the nature of the telecommunications services ORPC provides Energy Solutions.

Response:
Ottawa River Power provides labour to manage and maintain the fibre network owned by Ottawa River Energy Solutions. Inc.

4.0 -VECC -31
Reference: E4/pg. 33

a) How many load transfer customers does ORPC have with Hydro One?

Response:
Ottawa River Power has just two remaining load transfer customer with Hydro One.

b) What is the plan to eliminate these arrangements?

Response:
Due to cost effectiveness, Ottawa River Power plans to transfer the remaining two customers to Hydro One.

4.0 -VECC -32
Reference: E4/pg. 35/Appendix 2-M

a) Please describe the services listed under "External Costs" ($72,000) incurred as one-time cost for this application.

Response:
Ottawa River Power has hired Tandem Energy Services to aid with the 2016 Cost of Service application

b) Has ORPC been notified by the OEB that it will or may be assessed additional costs for the review of the distribution system plan filed in this application? If yes please provide that estimate.

Response:
Ottawa River Power has not been notified by the OEB that it will or may be assessed additional costs for the review of the DSP.

4.0 -VECC -33
Reference: E4/pg. 53/T4/Sch.5

a) The list of retired assets in the above referenced exhibit does not appear to have any obligation associated with them. Please confirm these do not represent asset retirement obligations. If this is not confirmed please give a description of the legal obligation and cost associated with the retirement.

Response:

Ottawa River Power confirms that the retired assets do not have any obligation associated with them.

b) If instead the exhibit is a list of non-fully depreciated assets retired please clarify if the amounts represent the residual (undepreciated) value of the asset at the time of removal.

Response:

N/A

4.0 -VECC -34
Reference: E4/pg. 57

a) Table 1 summarizing ORPC's taxes and referred to at the above reference does not appear to be in the evidence. Please provide a table which shows the actual and forecast taxes (PILS) for each of 2010 through 2016.

Response:

The following table are the actual PILS from 2010 until 2016:

	2010	2011	2012	2013	2014		2015	2016
Actual	29,695	109,813	119,671	19,385	54,169	Forecast		
Approved in Rates	29,143	29,143	29,143	29,143	29,143		29,143	

b) Is the source of the 12.59% federal tax and 7.75% provincial rate used in Table 4.8 from the Board provided model?

Response:

Yes the source of the 12.59 and 7.75 is found on Sheet S of the Board provided model.

4.0 -VECC -35
Reference: E4/pages 65-69

a) Please confirm that Ottawa River is making an LRAM claim with respect to the impact of 2014 CDM programs in 2014 (per page 69).

Response:
That is correct.

b) If part (a) is confirmed, is the claim based on the IESO's Final Report for 2014? If not, please update for the final 2014 reported results, if available.

Response:
The LRAMVA calculations have been updated to reflect the IESO's Final Report for 2014. The revised Excel worksheet has been filed along with these responses.

c) The calculation of the 2014 impact of 2011 programs does not show any reduction in savings due to loss in persistence (page 67). However the IESO Report for the Final 2013 Results as provided in Exhibit 3 does. Please reconcile.

Response:
The LRAMVA calculations have been updated to factor in persistence.

d) In general, the 2011-2013 CDM program savings used by Ottawa River in its calculations all show 100% persistence through to 2014.

a. Is this assumption based on persistence values provided by the IESO for Ottawa River's 2011-2013 CDM programs?

Response:
The LRAMVA calculations have been updated to factor in persistence.

b. Please provide the IESO's estimates of the annual persisting impact of Ottawa River's 2011-14 CDM programs through to 2016.

Response:
The IESO's estimates are found below:

4 Year (2011-2014) kWh Target: 8,970,000						Persistence of 2014 CDM Pro 2015 and 2016	
	2011	2012	2013	2014	Total	2015	
2011 CDM Programs	8.47%	8.47%	8.38%	7.44%	32.76%		
2012 CDM Programs		8.24%	8.24%	8.19%	24.66%		
2013 CDM Programs			7.73%	7.73%	15.46%		
2014 CDM Programs				18.81%	18.81%		
Total in Year	**8.47%**	**16.71%**	**24.34%**	**42.17%**	**91.70%**		
kWh							
2011 CDM Programs	798,000.00	798,000.00	789,000.00	701,000.00	3,086,000.00		
2012 CDM Programs	- 16,000.00	776,000.00	776,000.00	771,000.00	2,307,000.00		
2013 CDM Programs		101,000.00	728,000.00	728,000.00	1,557,000.00		
2014 CDM Programs		326,000.00	371,000.00	1,772,000.00	2,469,000.00	1,754,280.00	1,5
Total in Year	**782,000.00**	**2,001,000.00**	**2,664,000.00**	**3,972,000.00**	**9,419,000.00**		

Persistence Factor				
2011		**1.00**	**0.99**	**0.88**
2012			**1.00**	**0.99**
2013				**1.00**

c. Based on the response to part (ii), please recalculate the LRAM claim as necessary.

Response:

The revised LRAMVA amount is shown in the table below and a revised LRAMVA calculation worksheet is filed along with these responses.

Total LRAM				**Total**
2011	**2012**	**2013**	**2014**	
9375.61	**18075.97**	**23901.07**	**35756.20**	**87108.85**

1-SEC-12
[Ex. 4/1/1, Table 4-1] Please confirm that the label “2012 Board approved” should be “2010 Board approved”, and the figure $394,196 should be $694,196.

Response:

Ottawa River Power confirms that the label should read “2010 Board approved” and the figure should be $694,196

1-SEC-13

[Ex. 4/1/1, p. 5, App. 2-JA] Please confirm that the proposed increase in OM&A from 2010 actual to 2016 proposed is 40.6%. Please confirm that no part of the increase relates to accounting changes from the shift to Modified CGAAP/IFRS.

Response:

Although it is correct that from its 2010 actual to 2016 proposed there is a 40.6% increase, Ottawa River believes that it should be compared against the 2010 **approved** amount versus the actual. This is a $694K or 27.6% increase. In its 2010 COS, Ottawa River Power was approved for new apprentices that would progress to full wages over a four year period. Additionally, ORPC was approved for adjustments to management wages to bring them in line with industry standards. These changes took place between 2011 and 2014.

Therefore Ottawa River Power believes that the 27.6% increase over the six year period is a reasonable request. ORPC continues to provide exceptional customer service. In 2015 ORPC moved to monthly billing in order to give customers more and better information. Regulatory requirements continue to put upward pressure on expenses as well.

Ottawa River Power confirms that there is no part of the increase relating to accounting changes from CGAAP to IFRS.

1-SEC-14

[Ex. 4/2/1, p. 8] Please provide details of the amounts included in Test Year OM&A for storms.

Response:

Ottawa River Power has approximately $20,000 for storms included in their Test Year OM&A. This was calculated using the cumulative total of the last six years and deriving a per year cost.

1-SEC-15
[Ex. 4/2/2, p. 11] Please recalculate the table App. 2-L excluding from number of customers the number of connections.

Response:

Ottawa River Power has updated App 2-L as follows:

Recoverable OM&A Cost per Customer and per FTE

	2010	2011	2012	2013	2014	2015	2016
Reporting Basis							
Number of Customers	10,506	10,556	10,625	10,705	10,801	10,863	10,925
Total Recoverable OM&A	2,343,269	2,684,062	2,655,844	3,093,547	2,902,242	3,123,984	3,294,964
OM&A cost per customer	223	254	250	289	269	288	302
Number of FTEs	28	30	29	30	27	28	29
Customers/FTEs	382	358	373	363	408	395	377
OM&A Cost per FTE	85,210	90,985	93,188	104,866	109,519	113,599	113,619

1-SEC-16

[Ex. 4, App. 2-K] Please explain why total compensation per employee has increased 26.9% from $68,600 in 2010 to $87,047 in 2016.

Response:

During the 2010 Cost of Service Application the cost of apprentices and management salary adjustments were approved. This accounts for approximately $11,286 per employee.

The remaining $7,161 per employee is covering a six year period and Ottawa River Power believes that this is a reasonable increase for this time frame.

1-SEC-17

[Ex. 4/4/5, p. 53] Please advise which of the listed assets have been sold, and provide details of how the proceeds of those sales have been reflected in the accounts and in the derecognition expense.

Please explain each case in which the assets have not been sold.

Response:

All assets found in the above referenced exhibit were sold with the exception of the stranded meters, the load management devices on customer premises and the Scada equipment from Almonte.

The proceeds of the sales are found in the account "gain on disposition". The assets are derecognized at the gross amount and the accumulated depreciation is derecognized at the same time.

The load management devices were from years ago (prior to market opening) when the former Pembroke Hydro installed relays on customers hot water tanks in order to lower its peak demand. These were fully depreciated and Ottawa River Power no longer has access to these assets.

The Scada equipment came from Almonte during the amalgamation in 2000. Unfortunately this equipment is out of date and no longer useful.