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10

11

1 Status & Disposition of Deferral & Variance Accounts

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

3 The purpose of this exhibit is to identify the variance/deferral accounts that have been used,
4 provide the principal balance recorded in each variance/deferral account and derive the carrying
5 charges on each account's balance up to December 31, 2015. The exhibit also describes the
6 methodology proposed to allocate account balances to customer classes, describe the rationale
7 supporting the proposed disposition period, describe the proposed charge parameters and
8 quantify the proposed rate riders that will dispose of the recorded balances.

9
10 InnPower Corporation follows and is in compliance with the OEB's Uniform System of Accounts
11 for electricity distributors. All accounts are used in accordance with the Accounting Procedures
12 Handbook and InnPower Corporation confirms that the account balance reflected in the Board's
13 2016 EDDVAR Continuity Schedule reconciles with the trial balance reported through the
14 Electricity Reporting and Record-keeping Requirements and InnPower Corporation's Audited
15 Financial Statements.

16
17 InnPower Corporation has provided a continuity schedule of the Group 1 and Group 2 DVA's in
18 Appendix A of this Exhibit.

19
20 InnPower Corporation proposes to dispose of a debit of \$786,368 related to Group 1 and Group
21 2 Variance/Deferral Accounts. This credit includes carrying charges up to and including
22 December 31, 2016. InnPower Corporation also proposes to dispose of the following:

- 23 • A net balance of \$26,641 recorded in account 1568 being the Lost Revenue Adjustment
24 Mechanism Variance Account,

25 Group 1 and Group 2 DVA balances are proposed to be disposed of over a 2 year period.
26 InnPower Corporation has requested a 2 year disposition to ease rate impacts for our customer
27 classes. InnPower Corporation has followed the OEB's guidance as provided by the OEB's
28 Electricity Distributor's Disposition of Variance Accounts Reporting Requirements Report.

29

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

3

4 InnPower Corporation used the cash method to calculate carrying charges. Effective July 1,
5 2012, InnPower Corporation has transitioned to the accrual method in accordance with the
6 Board's directive. The forecasted interest on the December 31, 2015 principal balances of the
7 DVA is calculated using the Board's prescribed rate of 1.10% for the period of January 1, 2016
8 to December 31, 2016.

9

10 InnPower Corporation is requesting the following new accounts or sub-accounts in conjunction
11 with this Exhibit:

- 12 • Account 1595 – Sub Account 2016 – Rate Rider for Disposition of Deferral/Variance
13 Accounts (2016) – Effective until December 31, 2018
- 14 • Account 1595 – Sub Account 2016 LRAMVA – Rate Rider for Recovery of LRAM (2016)
15 – Effective until December 31, 2018

16

17 A breakdown of energy sales and cost of power expense balances, as reported in InnPower
18 Corporation's Audited Financial Statements, is provided in Ex9/Tab 1/Sch. 8.

19

20 InnPower Corporation confirms that it pro-rates the IESO Global Adjustment Charge into the
21 RPP and Non-RPP portions.

Ex.9/Tab 1/Sch.2 - Description of DVA 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, 2015, being the most recent date the balances were 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, InnPower Corporation 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

Account Description	Balances as of 2015				Balance per 2.1.7	Variance to 2.1.7	Projected Interest	Total Claim
	USoA	Principal	Interest to Dec 31/15	Total				
Group 1 Accounts								
LV Variance Account	1550	\$ 405,297	\$ 2,818	\$ 408,115	\$408,115	\$0	\$4,458	\$412,573
Smart Metering Entity Charge	1551	-\$10,134	-\$ 98	-\$ 10,232	-\$10,232	\$0	-\$111	-\$10,343
RSVA -WMSC	1580	-\$520,686	-\$ 464	-\$ 521,150	-\$521,150	\$0	-\$5,728	-\$526,878
RSVA - Retail Transmission	1584	-\$3,791	-\$ 1,242	-\$ 5,033	-\$5,033	\$0	-\$42	-\$5,075
RSVA- Retail Connection	1586	\$27,377	\$ 2,232	\$ 25,145	\$25,145	\$0	\$301	\$25,446
RSVA Power (exl GA)	1588	-\$332,973	\$ 7,369	-\$ 325,604	-\$325,604	\$0	-\$3,663	-\$329,267
RSVA - Global Adjustment	1589	\$806,851	\$ 2,365	\$ 809,216	\$809,216	\$0	\$8,875	\$818,091
DVA Reg Balances (2012)	1595	\$64,193	-\$ 37,446	\$ 26,747	\$26,747	\$0	\$706	\$27,453
DVA Reg Balances (2013)	1595	\$149,098	-\$ 55,482	\$ 93,616	\$93,616	\$0	\$1,640	\$95,256
DVA Reg Balances (2015)	1595	\$146,037	\$ 56,087	\$ 202,124	\$202,124	\$0	\$1,606	\$203,730
Sub Total (including 1589)		\$ 731,269	-\$ 28,325	\$ 702,944	\$702,944	\$0	\$8,044	\$710,988
Sub Total (excluding 1589)		-\$ 75,582	-\$ 30,690	-\$ 106,272	-\$106,272	-\$	831	-\$ 107,104
Group 2 Accounts								
Deferred IFRS Transaction Costs	1508	\$12,247	-\$318	\$ 11,929	\$11,929	\$0	-\$3	\$11,926
Retail Cost Variance Account	1518	\$59,329	\$1,842	\$ 61,171	\$61,824	\$653	\$653	\$61,824
Sub Total		\$71,576	\$1,524	\$73,100	\$73,753		\$0	\$73,749
PILS & Tax Variance for 2006 - Sub account HST/OVAT	1592	\$1,677	-\$64	\$ 1,613	\$1,613		\$18	\$1,631
Total Including 1592		\$73,253	\$1,460	\$74,713	\$75,366			\$75,380
LRAM Account	1568	\$25,013	\$1,353	\$ 26,366	\$26,366	\$0	\$ 275	\$26,641
Group 1 & Group 2 Total (including 1562 & 1592)								\$786,368
Group 1 & Group 2 Total (including 1568)								\$813,009

1 **Ex.9/Tab 1/Sch.3 - Disposition of DVAs used by the Applicant**

2
3 **Group 1 Accounts**

4 All accounts in Group 1 are used in accordance with the Accounting Procedure Handbook. For
5 definitions of each account listed below, please refer to the Accounting Procedure Handbook
6 using the following link:

7
8 http://www.ontarioenergyboard.ca/oeb/Documents/Regulatory/Accounting_Procedures_Handbook_Elec_Distributors.pdf

9
10
11 **1550 – LV Variance Account**

12 For account 1550, InnPower Corporation is requesting disposition of the December 31, 2015
13 audited balance, plus the forecasted interest through December 31, 2016. The December 31,
14 2015 audited balance reconciles with filing 2.1.7 of the RRR.

15
16 The balance requested for disposal, including carrying charges is a debit of \$412,573.

17
18 **1551 – Smart Metering Entity Charge Variance Account**

19 For account 1551, InnPower Corporation is requesting disposition of the December 31, 2014
20 audited balance, plus the forecasted interest through April 30, 2015. The December 31, 2014
21 audited balance reconciles with filing 2.1.7 of the RRR.

22
23 The balance requested for disposal, including carrying charges is a credit of – (\$10,343).

24
25 **1580 – Retail Settlement Variance Account 1 – Wholesale Market Service Charges**
26 **(“RSVAWMS”)**

27 For account 1580, InnPower Corporation is requesting disposition of the December 31, 2015
28 audited balance, plus the forecasted interest through December 31, 2016. The December 31,
29 2015 audited balance reconciles with filing 2.1.7 of the RRR.

30
31 The balance requested for disposal, including carrying charges is a credit of – (\$526,878).

1 **1584 – Retail Settlement Variance Account – Retail Transmission Network Charges**
2 **(“RSVANW”)**

3 For account 1584, InnPower Corporation is requesting disposition of the December 31, 2015
4 audited balance, plus the forecasted interest through December 31, 2016. The December 31,
5 2015 audited balance reconciles with filing 2.1.7 of the RRR.

6
7 The balance requested for disposal, including carrying charges is a credit of – (\$5,075).

8
9 **1586 – Retail Settlement Variance Account – Retail Transmission Connection Charges**
10 **(“RSVACN”)**

11 RSVACN is used to record the difference between the amount of retail transmission connection
12 costs paid to the IESO or host distributor and the amounts billed to customers for retail
13 transmission connection costs. These amounts are calculated on an accrual basis, as are the
14 carrying charges, which are assessed on the monthly opening principal balance of this RSVA
15 account.

16
17 For account 1586, InnPower Corporation is requesting disposition of the December 31, 2015
18 audited balance, plus the forecasted interest through December 31, 2016. The December 31,
19 2015 audited balance reconciles with filing 2.1.7 of the RRR.

20
21 The balance requested for disposal, including carrying charges is a debit of \$25,446.

22
23 **1588 – Retail Settlement Variance Account – Power (“RSVAPOWER”)**

24 The RSVPOWER account is to be used to record the net differences in energy costs using the
25 settlement invoice received from the IESO, host distributor, or embedded generator and the
26 amounts billed to customers for energy. These amounts are calculated on an accrual basis, as
27 are the carrying charges, which are assessed on the monthly opening principal balance of this
28 RSVA account.

29
30 The RSVA power account is designed to capture variances due to billing timing differences (i.e:
31 electricity charged by the IESO to LDCs vs electricity billed by LDCs to their customers), price
32 and quantity differences (i.e. arising from final vs preliminary IESO settlement invoices), and line
33 loss differences (i.e. actual vs estimate line loss factors).

1 This account is not designed to capture any price differences between the regulated price plan
2 (RPP) and spot prices applicable to RPP customers.

3
4 Accordingly, since the RSVA power account is generic to all customers of an LDC, disposition of
5 the account balance in rates is attributable to all its customers.

6
7 For account 1588, InnPower Corporation is requesting disposition of the December 31, 2015
8 audited balance, plus the forecasted interest through December 31, 2016. The December 31,
9 2015 audited balance reconciles with filing 2.1.7 of the RRR.

10
11 The balance requested for disposal, including carrying charges is a credit of – (\$329,267).

12
13 **1589 – Retail Settlement Variance Account – Global Adjustment (“RSVAGA”)**
14 The RSVAGA account is used to record the net differences between the global adjustment
15 amount billed, to non-RPP consumers and the global adjustment charge to a distributor for non-
16 RPP consumers, using the settlement invoice received from the IESO, host distributor or
17 embedded generator. These amounts are calculated on an accrual basis, as are the carrying
18 charges, which are assessed on the monthly opening principal balance of this RSVA account.

19
20 The 1589 RSVA power – sub account Global Adjustments is designed for the global
21 adjustments applicable to non-RPP customers. Hence, the disposition of the account balance
22 should be attributable to non-RPP customers.

23
24 For account 1589, InnPower Corporation is requesting disposition of the December 31, 2015
25 audited balance, plus the forecasted interest through December 31, 2016. The December 31,
26 2015 audited balance reconciles with filing 2.1.7 of the RRR.

27
28 The balance requested for disposal, including carrying charges is a debit of \$818,091.

29
30 **1595 – Disposition and Recover/Refund of Regulatory Balances (2012)**

31 InnPower Corporation is requesting disposition of the December 31, 2015 audited balance. The
32 December 31, 2015 audited balance reconciles with filing 2.1.7 of the RRR.

33

1 The balance requested for disposal, including carrying charges is a debit \$27,453.

2

3 **1595 – Disposition and Recover/Refund of Regulatory Balances (2013)**

4 InnPower Corporation is requesting disposition of the December 31, 2015 audited balance. The
5 December 31, 2015 audited balance reconciles with filing 2.1.7 of the RRR.

6

7 The balance requested for disposal, including carrying charges is a debit \$95,256.

8

9 **1595 – Disposition and Recover/Refund of Regulatory Balances (2015)**

10 InnPower Corporation is requesting disposition of the December 31, 2015 audited balance. The
11 December 31, 2015 audited balance reconciles with filing 2.1.7 of the RRR.

12

13 The balance requested for disposal, including carrying charges is a debit \$203,730.

14

15 **Group 2 Accounts**

16 **1508 – Other Regulatory Assets – Sub-Account - Deferred IFRS Transition Costs.**

17 The OEB approved a deferral account for distributors to record one-time administrative
18 incremental IFRS transition costs which were not already approved and included for recovery in
19 distribution rates. These incremental costs were to be recorded in a sub-account of account
20 1508 – Other Regulatory Assets, Sub-account Deferred IFRS Transition Costs.

21

22 InnPower Corporation presented its IFRS one time incremental costs recorded in account 1508
23 in our 2013 Rate Application EB-2012-0139, and received interim approval for a 2 year rate
24 rider for a principal amount of \$299,035 plus interest of \$9,429 for a total of \$308,464. InnPower
25 Corporation has not recorded any additional costs to Account 1508 since 2011. InnPower
26 Corporation has an audited debit balance in its IFRS transition cost account of \$11,926. There
27 are no changes to the costs submitted to the Board in Appendix 2-U in EB-2012-0139, therefore
28 InnPower Corporation requests final disposition of the debit amount of \$11,926 for the One
29 Time Incremental IFRS Transition Costs.

30

1 **Table 9.2: Appendix 2-U – One-Time Incremental IFRS Transition Costs (EB-2012-**
 2 **0139)**

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, sub-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 Carrying Charges to Dec 31, 2011	Total Audited Actual Costs to Dec 31, 2011	RRR 2.1.7 Balance 31-Dec-11	Variance ²	Reasons why the costs recorded meet the criteria of one-time IFRS administrative incremental costs
professional accounting fees	\$ 7,813	\$ 85,046	\$ 10,495		\$ 103,354			One time costs incurred to create an distribution open item asset listing
professional legal fees					\$ -			
salaries, wages and benefits of staff added to support the transition to IFRS					\$ -			
associated staff training and development costs	\$ 2,874				\$ 2,874			One time initial training costs
costs related to system upgrades, or replacements or changes where IFRS was the major reason for conversion	\$ 1,246	\$ 53,175	\$ 195,484		\$ 249,905			Initial setup costs incurred to develop and implement a identifiable asset process within GIS and financial reporting system for disposition referencing.
					\$ -			
Recovery of estimated IFRS costs from ratepayers	-\$ 16,667	-\$ 25,000	-\$ 25,000		-\$ 66,667			
Total net carrying charges				\$ 3,354	\$ 3,354			
					\$ -			
					\$ -			
					\$ -			
					\$ -			
Insert description of additional item(s) and new rows if needed.					\$ -			
Total	-\$ 4,734	\$ 113,221	\$ 180,979	\$ 3,354	\$ 292,820	\$ 292,820	\$ -	

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 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.

² Applicants are to provide an explanation of material variances in evidence

3
 4
 5 InnPower Corporation notes that no material variances in excess of the materiality threshold
 6 that have been recorded in 1508 Other Regulatory Assets, sub-account IFRS Transition Costs
 7 Variance account. InnPower Corporation also notes that no capital costs, ongoing IFRS
 8 compliance costs, or impacts arising from adopting accounting policy changes are recorded in
 9 Account 1508 Other Regulatory Assets, sub-account Deferred IFRS Transition Costs Account
 10 or Account 1508 Other Regulatory Assets, sub-account IFRS Transition Costs Variance
 11 Account.

12
 13 With the adoption of MIFRS in 2014, and the transition to IFRS Financial Statements in 2015,
 14 InnPower Corporation is not planning on using this account once its disposition is cleared.

15
 16 **1518 – Retail Cost Variance Account – Retail**

17 The Retail Cost Variance Account – Retail is used to record the revenue derived, including
 18 accruals from establishing service agreements, distributor-consolidated billing, and retailer-
 19 consolidated billing. The account also includes costs of entering into service agreements, and
 20 related contract administration, monitoring, necessary to maintain the contract, as well as

1 incremental costs incurred to provide the services as applicable and the avoided costs credit
2 arising from retailer-consolidated billing, including accruals.

3

4 InnPower Corporation is requesting disposition of the December 31, 2015 audited balance. The
5 December 31, 2015 audited balance reconciles with filing 2.1.7 of the RRR.

6

7 The balance requested for disposal, including carrying charges is a debit of \$61,824.

8

9 **1548 – Retail Cost Variance Account - STR**

10 The Retail Cost Variance Account – STR is used to record the revenues derived, including
11 accruals, from the Service Transaction Request services and charged by the distributor, in the
12 form of a request fee, processing fee, information request fee, default fee, and other associated
13 costs. The account also includes the cost of labour, internal information system maintenance
14 costs, and delivery costs related to the provision of the services associated with the service
15 transaction request services.

16

17 InnPower Corporation has a debit balance of \$26,247 in Account 1548. InnPower Corporation is
18 not requesting disposition of the December 31, 2015 audited balance. The December 31, 2015
19 audited balance reconciles with filing 2.1.7 of the RRR.

20

21 **1582 – RSVA – One-Time**

22 InnPower Corporation has no amounts for disposition in the RSVA – One-Time Account. The
23 RSVA – One Time Account is used to record the net of the amount charged by the Independent
24 Electricity System Operator based on the monthly settlement invoice, for Wholesale Market
25 Service, specified by the Board and the amount billed to customers for the same services using
26 the Board-approved Rate, including accruals.

27

28 **2405 – Other Regulatory Liabilities**

29 InnPower Corporation has no amounts for disposition in Account 2405. The Other Regulatory
30 Liabilities Account is used to accrue regulatory asset recovery charges not included in other
31 accounts.

1 **Ex.9/Tab 1/Sch.4 - Account 1592, PILs & HST**

2

3 InnPower Corporation has not recorded any items in USofA account 1592 – Deferred PILs;
 4 therefore, the attached OEB appendix 2-TA has a balance of \$Nil. Appendix 2-TA is shown
 5 below:

6

7 **Table 9.3: Appendix 2-TA 1592 Tax Variance**

File Number: EB-2016-0086
Exhibit:
Tab:
Schedule:
Page:
Date: 03-Jun-16

**Appendix 2-TA
 Account 1592, PILs and Tax Variances for 2006 and Subsequent Years**

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

Tax Item	Principal as of December 31, 2015
Large Corporation Tax grossed-up proxy from 2006 EDR application PILs model for the period from May 1, 2006 to April 30, 2007	
Large Corporation Tax grossed-up proxy from 2006 EDR application PILs model for the period from January 1, 2006 to April 30, 2006 (4/12ths of the approved grossed-up proxy), if not recorded in PILs account 1562	
Ontario Capital Tax rate decrease and increase in capital deduction for 2007	
Ontario Capital Tax rate decrease and increase in capital deduction for 2008	
Ontario Capital Tax rate decrease and increase in capital deduction for 2009	
Ontario Capital Tax rate decrease and increase in capital deduction for 2010	
Ontario Capital Tax rate decrease and increase in capital deduction for 2011	
Ontario Capital Tax rate decrease and increase in capital deduction for 2012	
Ontario Capital Tax rate decrease and increase in capital deduction for 2013	
Capital Cost Allowance class changes from 2006 EDR application for 2006	
Capital Cost Allowance class changes from 2006 EDR application for 2007	
Capital Cost Allowance class changes from 2006 EDR application for 2008	
Capital Cost Allowance class changes from 2006 EDR application for 2009	
Capital Cost Allowance class changes from 2006 EDR application for 2010	
Capital Cost Allowance class changes from 2006 EDR application for 2011	
Capital Cost Allowance class changes from 2006 EDR application for 2012	
Capital Cost Allowance class changes from 2006 EDR application for 2013	
Capital Cost Allowance class changes from any prior application not recorded above. Please provide details and explanation separately.	
Insert description of additional item(s) and new rows if needed.	
Total	\$ -

8

9

1 Effective in the 2010 rate year, several of the Board’s Decisions and Orders approved a new
2 sub account of Account 1592, PILs and Tax Variances for 2006 and Subsequent Years to
3 record the Input Tax Credit (“ITC”) savings arising from the elimination of the Provincial Sales
4 Tax (“PST”) and the implementation of the HST on July 1, 2010.

5

6 As part of InnPower Corporation’s 2013 COS Application (EB-2012-0139), InnPower
7 Corporation requested, and was approved for, a credit of – (\$50,177) for HST/OVAT Input Tax
8 Credits. InnPower Corporation was not directed to record the ITC savings in the new sub-
9 account of Account 1592 in InnPower Corporation 2013 Cost of Service settlement agreement.
10 Therefore, the Board’s Appendix 2-TB does not need to be filed with this Application.

11

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

13

14 InnPower Corporation complied with the Board’s letter issued July 17, 2012 which state that
15 utilities must change their depreciation expense and capitalization policies in its last COS
16 Application EB-2012-0139. The accounting policy change for depreciation expense and
17 capitalization policies were effective January 1, 2012.

18

19 Therefore, InnPower Corporation is not requesting a disposition of a balance(s) for Account
20 1575 and 1576.

21

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

23

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

26

27 Note that InnPower Corporation has used the latest OEB prescribed interest rates as published
28 on the website at:

29

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

32

1 **Table 9.4: Interest Rates Applied to Deferral and Variance Accounts (%)**
2

Interest Rates Periods	Rate
Rate Jan 1, 2011 to Mar 31,2015	1.47%
Rate Apr 1, 2015 to Jun 30, 2016	1.10%

3
4
5 **Ex.9/Tab 1/Sch.7 - Departure from Board Approved Balances**
6

7 InnPower Corporation has not made any adjustments to deferral and variance account
8 balances that were not previously approved by the Board on a final basis either cost of service
9 or IRM proceedings.
10

11 **Ex.9/Tab 1/Sch.8 - Reconciliation of Energy Sales and Cost of Power**
12 **Expenses to Financial Statements**
13

14 The filing requirements state that a breakdown of energy sales and cost of power expenses, as
15 reported in the 2015 audited financial statements, is requested. The sale of energy is a flow
16 through revenue and the cost of power is a flow through expense. InnPower Corporation has no
17 profit or loss resulting from the flow through of energy revenues and expenses as variances are
18 included in the RSVA balances.
19

20 Please refer to Table 9.6 below for a reconciliation of the 2016 RRR 2.1.7 with the 2015
21 Financial Statements.
22
23

1 **Table 9.4: Energy Sales and Cost of Power Expenses from Financial Statements**

2

Trial Balance Mapped to Financial Statement Grouping: STATEMENT OF COMPREHENSIVE INCOME					
Account	I/S Section	I/S Line Grouping	G/L Account Description	Current Year	Income Statement
Revenue					
4006	Revenue	Sale of power	Residential Energy Sales	16,027,090.29	
4025	Revenue	Sale of power	Street Lights Energy Sales	104,298.91	
4030	Revenue	Sale of power	Sentinel Lights Energy Sales	8,770.11	
4035	Revenue	Sale of power	General Service Energy Sales	8,489,580.32	
4050	Revenue	Sale of power	Revenue Adjustment	(339,630.20)	
4055	Revenue	Sale of power	Energy Sales for Resale	2,060,012.33	
4062	Revenue	Sale of power	Billed WMS	946,469.05	
4064	Revenue	Sale of power	Billed One Time	-	
4066	Revenue	Sale of power	Billed NW	1,600,511.37	
4068	Revenue	Sale of power	Billed CN	1,145,745.43	
4075	Revenue	Sale of power	Billed LV	516,907.99	
4076	Revenue	Sale of power	Billed Smart Meter Entity Char	144,791.85	30,704,547.45

3

4

5

Trial Balance Mapped to Financial Statement Grouping: STATEMENT OF COMPREHENSIVE INCOME					
Account	I/S Section	I/S Line Grouping	G/L Account Description	Current Year	Income Statement
Expenses					
4705	Expenses	Power Purchased	Power Purchased	20,748,477.84	
4707	Expenses	Power Purchased	GA Purchased	5,865,280.22	
4708	Expenses	Power Purchased	Charges-WMS	946,469.05	
4710	Expenses	Power Purchased	Cost of Power Adjustments	(363,636.30)	
4712	Expenses	Power Purchased	Charges-One Time	-	
4714	Expenses	Power Purchased	Charges-NW	1,600,511.37	
4716	Expenses	Power Purchased	Charges-CN	1,145,745.43	
4750	Expenses	Power Purchased	LV Charges	516,907.99	
4751	Expenses	Power Purchased	Charges - Smart Meter Entity Charge	144,791.85	30,604,547.45

7

8

9

10 **Table 9.7: 2.1.7 Trial Balance – Power Supply Expense**

11

Energy Sales and Cost of Power Expenses	
4705 - Power Purchased	\$19,800,478
4705- Power Purchased RSVA	\$ 948,000
4707 - Global Adjustment	\$ 5,865,280
4708 - Charges - WMS	\$ 946,469
4710 - Cost of Power Adjustments	-\$ 363,636
4714 - Charges NW	\$ 1,600,511
4716 -Charges - CN	\$ 1,145,745
4750 - Charges LV	\$ 516,908
4751 - Smart Meter Entity Charge	\$ 144,792
Total	\$30,604,547

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As can be seen in the comparison above, there is no difference between energy sales and cost of power expense reported numbers.

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

2
3 InnPower Corporation confirms that it pro-rated the IESO Global Adjustment Charge into the
4 RPP and non-RPP portions and that Global Adjustment is only being applied to customers that
5 are non-RPP. InnPower Corporation maintains a database which splits the Global Adjustment
6 between the amounts belonging to the RPP customers versus the amount belonging to the Non-
7 RPP customers. This has been done in order to determine the portion belonging to the Account
8 1588 – RSVA – Power (excluding Global Adjustment) and Account 1589 – Power – Sub-
9 account – Global Adjustment.

10
11 The proration of the monthly Global Adjustment amount on the database is based on the RPP
12 versus Non-RPP kWh quantities submitted on the monthly IESO settlement reports. This allows
13 for effective splitting of Account 1589 Global Adjustment variance account from the Account
14 1588 Cost of Power variance account.

15
16 **Ex.9/Tab 1/Sch.10 - Request for New Variance Account**

17
18 InnPower Corporation is requesting the following new accounts or sub-accounts in conjunction
19 with this Exhibit:

- 20 • Account 1595 – Sub Account 2016 – Rate Rider for Disposition of Deferral/Variance
21 Accounts (2016) – Effective until December 31, 2018.
22 • Account 1595 – Sub Account 2016 LRAMVA – Rate Rider for Recovery of LRAM (2016)
23 – Effective until December 31, 2018.

24 InnPower Corporation will continue to monitor OEB directives and implement new accounts as
25 set out by the OEB and identified in the Accounting Procedures Handbook or other sources of
26 information as required complying with regulation.

27
28 **Ex.9/Tab 1/Sch.11 - Proposed Charge Parameters**

29
30 InnPower Corporation proposes to return the balances recorded in variance/deferral accounts
31 through a volumetric rate rider and will follow the Board's guidance as provided in its Decision
32 on the disposition of Regulatory Assets. As per the Board's letter issued on July 16, 2015

1 outlining details regarding the implementation of the transition to fully fixed charges for
2 residential customers, Residential rates for Group 2 accounts are to be on a per customer basis.
3 Table 9.5 below summarizes the proposed charge parameters by customer class.

4

5

6

1 Retail Service Charge

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

3

4 InnPower Corporation has recorded balances in Accounts 1518 and 1548. InnPower
5 Corporation attests that it has followed Article 490 of the Accounting Procedure Handbook. 9.4.1.

6 A. This account shall be used monthly to record the net of:

7 i) Revenues derived, including accruals, from the following services:

- 8 a. Establishing Service Agreements;
- 9 b. Distributor-Consolidated Billing; and
- 10 c. Retailer-Consolidated Billing.

11 AND

12 ii) the costs of entering into Service Agreements, and related contract administration,
13 monitoring, and other expenses necessary to maintain the contract, as well as the
14 incremental costs incurred to provide the services in (b) and (c) above, as applicable,
15 and the avoided costs credit arising from Retailer-Consolidated Billing, including
16 accruals.

17

18 With respect to Account 1548, APH Article 220 states:

19 1548 RCVASTR

20 A. This account shall be used monthly to record the net of:

21 i) Revenues derived, including accruals, from the Service Transaction Request services
22 and charged by the distributor, as prescribed, in the form of

- 23 a. Request fee;
- 24 b. Processing fee;
- 25 c. Information Request fee;
- 26 d. Default fee; and
- 27 e. Other Associated Costs fee;

28 AND

29

30 ii) The incremental cost of labour, internal information system maintenance costs, and
31 delivery costs related to the provision of the services associated with the above items.

32

1 DVA Audit Results

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

3

4 InnPower Corporation has no DVA audit results to report for the 2013 – 2015 timeframe
5 undertaken by the Audit and Performance Assessment department (“Audit”) of the Ontario
6 Energy Board (the “Board”).

7

8

9

1 Disposition of Deferral and Variance Accounts

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

3

4 Table 9.9 below presents the list of deferral and variance accounts, with the proposed selection
5 of balances for disposition. All account balances selected for disposition are as at December 31,
6 2015 being the most recent date the balances was subject to audit.

7

8 Board policy states: at the time of rebasing, all Account balances should be disposed of unless
9 otherwise justified by the distributor or as required by a specific Board decision or guideline. In
10 accordance with the above statement, InnPower Corporation proposes to dispose of all its
11 balances listed in the table below.

12

13 The 2016_EDDVAR_Continuity_Schedule_CoS_v2 detailing each account is being filed in
14 conjunction with this application.

15

1 **Table 9.5: DVA Balances sought for Disposition**

Account Description	USoA	Total Claim
Group 1 Accounts		
LV Variance Account	1550	\$ 412,573
Smart Metering Entity Charge	1551	-\$ 10,343
RSVA -WMSC	1580	-\$ 526,878
RSVA - Retail Transmission	1584	-\$ 5,075
RSVA- Retail Connection	1586	\$ 25,446
RSVA Power (exl GA)	1588	-\$ 329,267
RSVA - Global Adjustment	1589	\$ 818,091
DVA Reg Balances (2012)	1595	\$ 27,453
DVA Reg Balances (2013)	1595	\$ 95,256
DVA Reg Balances (2015)	1595	\$ 203,730
Sub Total (including 1589)		\$ 710,988
Sub Total (excluding 1589)		-\$ 107,104
Group 2 Accounts		
Deferred IFRS Transaction Costs	1508	\$ 11,926
Retail Cost Variance Account	1518	\$ 61,824
Sub Total		\$ 73,749
PILS & Tax Variance for 2006 - Sub account HST/OVAT	1592	\$ 1,631
Total Including 1592		\$ 75,380
LRAM Account	1568	\$ 26,641
Group 1 & Group 2 Total (including 1562 & 1592)		\$ 786,368
Group 1 & Group 2 Total (including 1568)		\$ 813,009

2
3

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

5

6 InnPower Corporation notes that all relevant calculations are embedded in the
 7 2016_EDDVAR_Continuity_Schedule_CoS OEB provided model.

8

9 The utility did not propose a billing determinant that is different than the OEB standards.

10 InnPower Corporation does not need to establish separate rate riders to recover the balances
 11 in the RSVAs from Market Participants (“MPs”) who must not be allocated the RSVA account

1 balances related to charges for which the MPs settle directly with the IESO (e.g. wholesale
 2 energy, wholesale market services).

3
 4 InnPower Corporation is proposing to dispose of these balances over a period of 2 years. The
 5 request for the two year period is to mitigate rate increases for our customers. The rate rider
 6 calculations are calculated in the OEB's EDVARR model. The rate riders are reproduced at the
 7 next page.

8
 9 **Table 9.6: Deferral and Variance Rate Riders (excluding Global Adjustment)**

Please indicate the Rate Rider Recovery Period (in years)

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	149,932,101	\$ 465,277	0.0016	\$/kWh
GENERAL SERVICE LESS THAN 50 KW	kWh	32,368,433	\$ 101,922	0.0016	\$/kWh
GENERAL SERVICE 50 TO 4,999 KW	kW	157,261	\$ 177,552	0.5645	\$/kW
SENTINEL LIGHTING	kW	273	\$ 189	0.3458	\$/kW
STREET LIGHTING	kW	1,889	\$ 2,184	0.5782	\$/kW
UNMETERED SCATTERED LOAD	kWh	530,367	\$ 1,019	0.0010	\$/kWh
		-	\$ -	-	
		-	\$ -	-	
		-	\$ -	-	
Total			\$ 748,144		

10
 11

12 **Table 9.7: Deferral and Variance Rate Riders (excluding Global Adjustment) – Non**
 13 **WMP**

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	149,932,101	-\$ 535,768	0.0018	\$/kWh
GENERAL SERVICE LESS THAN 50 KW	kWh	32,368,433	-\$ 115,666	0.0018	\$/kWh
GENERAL SERVICE 50 TO 4,999 KW	kW	157,261	-\$ 200,071	0.6361	\$/kW
SENTINEL LIGHTING	kW	273	-\$ 351	0.6430	\$/kW
STREET LIGHTING	kW	1,889	-\$ 2,393	0.6335	\$/kW
UNMETERED SCATTERED LOAD	kWh	530,367	-\$ 1,895	0.0018	\$/kWh
		-	\$ -	-	
		-	\$ -	-	
		-	\$ -	-	
Total			-\$ 856,144		

14
 15

1 **Table 9.8: Global Adjustment**

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	9,605,850	\$ 106,713	0.0056	\$/kWh
GENERAL SERVICE LESS THAN 50 KW	kWh	5,875,712	\$ 65,275	0.0056	\$/kWh
GENERAL SERVICE 50 TO 4,999 KW	kW	161,206	\$ 637,596	1.9776	\$/kW
SENTINEL LIGHTING	kW	47	\$ 187	1.9991	\$/kW
STREET LIGHTING	kW	2,017	\$ 7,943	1.9695	\$/kW
UNMETERED SCATTERED LOAD	kWh	33,980	\$ 377	0.0056	\$/kWh
		-	\$ -	-	
		-	\$ -	-	
		-	\$ -	-	
Total			\$ 818,091		

2
3

4 **Table 9.9: Group 2 Accounts**

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	# of Customers	15,930	\$ 62,577	0.1637	per customer per m
GENERAL SERVICE LESS THAN 50 KW	kWh	32,368,433	\$ 13,510	0.0002	\$/kWh
GENERAL SERVICE 50 TO 4,999 KW	kW	157,261	\$ 23,368	0.0743	\$/kW
SENTINEL LIGHTING	kW	273	\$ 41	0.0751	\$/kW
STREET LIGHTING	kW	1,889	\$ 279	0.0740	\$/kW
UNMETERED SCATTERED LOAD	kWh	530,367	\$ 221	0.0002	\$/kWh
		-	\$ -	-	
		-	\$ -	-	
		-	\$ -	-	
		-	\$ -	-	
Total			\$ 99,996		

5
6

7 **Table 9.10: LRAM/VA Account 1568**

Rate Rider Calculation for Accounts 1568

Please indicate the Rate Rider Recovery Period (in years)

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Balance of Account 1568	Rate Rider for Account 1568	
RESIDENTIAL	kWh	149,932,101	\$ 24,353	0.0001	\$/kWh
GENERAL SERVICE LESS THAN 50 KW	kWh	32,368,433	\$ 9,362	0.0001	\$/kWh
GENERAL SERVICE 50 TO 4,999 KW	kW	157,261	\$ 3,119	0.0099	\$/kW
SENTINEL LIGHTING	kW	273	\$ 502	0.9190	\$/kW
STREET LIGHTING	kW	1,889	\$ 5,528	1.4636	\$/kW
UNMETERED SCATTERED LOAD	kWh	530,367	\$ 4,162	0.0039	\$/kWh
		-	\$ -	-	
		-	\$ -	-	
		-	\$ -	-	
		-	\$ -	-	
Total			\$ 26,642		

8

1 **Other Rate Riders**

2 On April 25, 2016, InnPower Corporation provided notice to the Board via letter (refer to
 3 Appendix B) of a Z-Factor occurrence over the Easter Holiday. In lieu of filing a standalone Z-
 4 Factor application, InnPower Corporation therefore proposes an interim disposition of the
 5 estimated costs for the event with true up (confirmation of the numbers) in InnPower
 6 Corporations 2019 Annual update.

7
 8 InnPower Corporation is requesting a 2 Year disposition on this proposed Rate Rider for
 9 consistency with the DVA Rate Riders and to mitigate rate increase.

10

11 **Table 9:11 Z Factor Estimated Costs**

12

Description	Hours	Cost
InnPower Staff	1109	\$ 154,510
Vehicles		\$ 8,161
Lines Contractor (RIGGS)	1205	\$ 216,900
Vehicles		\$ 36,045
Forestry Contractor	122	\$ 19,190
Hydro Vacuum Contractor	10	\$ 3,500
Recognition to Staff/Contractors		\$ 2,835
Incidental Continuing Work		\$ 15,000
Total		\$ 456,141
Capital Cost (apx)		\$ 80,000
OM&A Cost		\$ 376,141

13

14

15 **Causation**

16 All estimated costs are directly associated with the outage event from March 24, 2016 – March
 17 28, 2016 and are not included in 2016 rates.

18

19 **Materiality**

20 InnPower Corporations distribution revenue requirement for 2016 is \$7,590,696 (EB-2012-0139
 21 Rebasing Application). As the revenue requirement is less than \$10 million the materiality
 22 threshold is \$50 K. Estimated costs are greater than the \$50 K threshold.

23

1 **Prudence**

2 Restoration of service for our customers and safety for our employees was our number one
 3 priority, thus the recorded costs are associated with restoration of service and in InnPower
 4 Corporations view prudent

5
 6 **Proposed Rate Rider**

7 As the event occurred in 2016, InnPower Corporation has calculated the proposed Rate Rider
 8 on the approved 2013 Billing Determinants and allocation to the rate classes.

9
 10 **Table 9.18: Proposed Z Factor Rate Riders**

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Balance	Rate Rider for Deferral/Variance Accounts	
Residential	kWh	155,528,870	\$ 117,867	0.0004	\$/kWh
GS < 50	kWh	31,359,068	\$ 31,063	0.0005	\$/kWh
GS > 50	kW	116,345	\$ 297,997	1.2807	\$/kW
Unmetered Scattered Load	kWh	562,039	\$ 237	0.0002	\$/kWh
Sentinel Lights	kW	344	\$ 78	0.1127	\$/kW
Street Lighting	kW	4,924	\$ 8,895	0.9032	\$/kW
		-	\$ 456,136	-	
Total			\$ 456,141		

13
 14
 15

1 **APPENDIX A: Continuity schedule Group 1 and Group 2 DVA's**

2

1 **APPENDIX B: Notification of Major Outage Event March 24, 2016 – March 28,**
2 **2016**

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