



### **DISPOSITION OF DEFERRAL AND VARIANCE ACCOUNTS**

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### 1.0 INTRODUCTION

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Hydro Ottawa is requesting the disposition of the Deferral and Variance Accounts ("DVAs") identified in Table 1, in compliance with the *Electricity Distributors' Deferral and Variance Account Review Initiative* ("EDDVAR Report"). These figures are rounded to the nearest dollar.

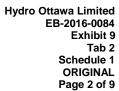
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Table 1 – Hydro Ottawa's Proposed DVA Dispositions

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| Group | USofA<br>Number | Deferral/Variance Account Description   | Amount         | Principal      | Interest    |
|-------|-----------------|---|----------------|----------------|-------------|
| 1     | 1550            | LV Variance Account   | \$185,593      | \$182,301      | \$3,292     |
| 1     | 1551            | Smart Metering Entity Charge Variance Account   | \$(196,587)    | \$(193,675)    | \$(2,912)   |
| 1     | 1580            | RSVA - Wholesale Market Service Charge  | \$(15,405,941) | \$(15,345,233) | \$(60,708)  |
| 1     | 1584            | RSVA - Retail Transmission Network Charge   | \$(66,031)     | \$(66,469)     | \$438       |
| 1     | 1586            | RSVA - Retail Transmission Connection Charge  | \$168,871      | \$162,829      | \$6,042     |
| 1     | 1588            | RSVA - Power (excluding Global Adjustment)  | \$(1,810,654)  | \$(1,799,204)  | \$(11,450)  |
| 1     | 1595            | Disposition and Recovery/Refund of Regulatory Balances (2010)                               | \$(762,948)    | \$(1,284,126)  | \$521,178   |
| 1     | 1595            | Disposition and Recovery/Refund of Regulatory Balances (2011)                               | \$(518,801)    | \$(558,518)    | \$39,717    |
| 1     | 1595            | Disposition and Recovery/Refund of Regulatory Balances (2012)                               | \$690,745      | \$1,401,871    | \$(711,126) |
| 1     | 1595            | Disposition and Recovery/Refund of Regulatory Balances (2013)                               | \$(269,683)    | \$(272,654)    | \$2,971     |
| 1     | 1595            | Disposition and Recovery/Refund of Regulatory Balances (2014)                               | \$777,680      | \$631,762      | \$145,918   |
| 2     | 1508            | Other Regulatory Assets - Sub-Account - Pole<br>Attachment Charge Revenues Variance Account | \$226,530      | \$225,388      | \$1,142     |
| 1     | 1580            | RSVA - WMS - Sub-account CBR Class B  | \$1,816,056    | \$1,790,495    | \$25,561    |
|       |                 | TOTAL - DVA Excluding Global Adjustment   | \$(15,165,170) | \$(15,125,233) | \$(39,937)  |
| 1     | 1589            | RSVA - Global Adjustment  | \$(7,235,634)  | \$(7,105,754)  | \$(129,880) |
|       |                 | TOTAL DVA's   | \$(22,400,804) | \$(22,230,987) | \$(169,817) |

- 13 Hydro Ottawa has complied with the EDDVAR Report guidelines and is requesting a
- disposition period of one year. Please see Attachment 9-2(A) and Attachment 9-2(B), as





part of Exhibit 9-2-1, for the complete Deferral and Variance Account (Continuity
 Schedule) and the rate rider for WMS – Sub Account CBR Class B.

The principal and interest for each DVA are identified in Table 1. Per the Deferral and Variance Account (Continuity Schedule) Work Form – version 2.7 Excel spreadsheet posted by the OEB on its website July 21, 2016, principal balances are up to December 31, 2015 and interest is forecasted to December 31, 2016. Hydro Ottawa is proposing to dispose of a net \$22.4 million credit to customers. The amount for disposal includes Group 1 accounts and Group 2 account 1508 Other Regulatory Assets – Sub-Account Pole Attachment Charge Revenues Variance Account. Please note that Group 1 1580 WMS – Sub-Account CBR Class B is being disposed of using a separate model found in Attachment 9-2(B).

#### 2.0 ACCOUNTS FOR WHICH HYDRO OTTAWA IS SEEKING DISPOSITION

Please refer to Table 1 above for a list of the DVAs for which Hydro Ottawa is seeking disposition.

#### 3.0 ACCOUNTS FOR WHICH HYDRO OTTAWA IS NOT SEEKING DISPOSITION

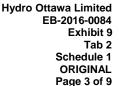
Hydro Ottawa is not proposing to seek disposition for Group 2 accounts in this Application, with the exception of 1508 Other Regulatory Assets – Sub-Account Pole Attachment Charge Revenues Variance. Hydro Ottawa is not requesting disposition of Account 1568 LRAMVA at this time.

#### 4.0 VARIANCE ANALYSIS

# 4.1 Balances proposed for disposition consistent with Audited Financial

29 Statements

Hydro Ottawa confirms the amounts proposed for disposition align with Hydro Ottawa's 2015 Financial Statements. Hydro Ottawa used the 2017 updated Deferral and





1 Variance Account model that provides principal balances to December 31, 2015 and 2 forecasted interest to December 31, 2016.

#### 4.2 Explanation of Variances

Hydro Ottawa does not have any variances greater than the 5% threshold between the amounts proposed for disposition (Table 1 above) and the amount reported on the December 31, 2015 2.1.7 RRR, as per the EDDVAR Report in Attachment 9-2(A). Hydro Ottawa does not have any variances below the 5% threshold that relate to matters of principal and/or the cumulative effect of immaterial differences over several accounts that total to a material difference between what is proposed for disposition in total before forecasted interest and what is proposed for disposition in total before forecasted interest and what is recorded in the Reporting and Record Keeping Requirements ("RRR") fillings.

#### 5.0 ALLOCATION OF DVAS AND LENGTH OF DISPOSITION PERIOD

Hydro Ottawa is requesting a one-year rate rider for the recovery or refund of balances proposed for disposition. This adheres to the default disposition period in EDDVAR.

#### 6.0 PROPOSED RATE RIDERS

Tables 2 to 6 identify the proposed rate riders to clear the DVA balances in Group 1 and Group 2 accounts for which Hydro Ottawa is seeking disposition. All rate riders have a proposed recovery period of one year. Hydro Ottawa is complying with the allocators set out for the type of group or individual variance account. Hydro Ottawa has established a separate rate rider for market participants that settle directly with the Independent Electricity System Operator ("IESO").

- Hydro Ottawa has proposed disposition of Account sub-account CBR Class B in accordance with the OEB's Accounting Guidance on Capacity Based Recovery, issued
- 31 July 25, 2016.

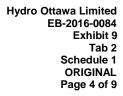
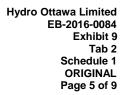


Table 2 – Rate Riders for DVAs (excluding Global Adjustment)

| ( ) , ,  |       |                              |   |   |        |  |  |  |
|--|-------|------------------------------|---|---|--------|--|--|--|
| Rate Class<br>(Enter Rate Classes in cells<br>below) | Units | kW / kWh / #<br>of Customers | Allocated<br>Balance<br>(excluding<br>1589) | Rate Rider for<br>Deferral/Variance<br>Accounts |        |  |  |  |
| RESIDENTIAL  | kWh   | 2,198,259,000                | \$(120,538)                                 | (0.0001)  | \$/kWh |  |  |  |
| GENERAL SERVICE LESS<br>THAN 50KW                    | kWh   | 716,896,000                  | \$ 5,101                                    | 0.0000  | \$/kWh |  |  |  |
| GENERAL SERVICE 50 TO<br>1,499 KW                    | kW    | 6,908,640                    | \$ 80,935                                   | 0.0117  | \$/kW  |  |  |  |
| GENERAL SERVICE 1,500 TO 4,999 KW                    | kW    | 1,877,691                    | \$ 24,424                                   | 0.0130  | \$/kW  |  |  |  |
| LARGE USE  | kW    | 1,119,726                    | \$ 17,238                                   | 0.0154  | \$/kW  |  |  |  |
| UNMETERED SCATTERED LOAD                             | kWh   | 16,690,000                   | \$ 465                                      | 0.0000  | \$/kWh |  |  |  |
| STANDBY POWER GENERAL<br>SERVICE 50 TO 1,499 KW      | kW    |                              | \$ -  | -   | \$/kW  |  |  |  |
| STANDBY POWER GENERAL<br>SERVICE 1,500 TO 4,999 KW   | kW    | 4,800                        | \$ -  | _   | \$/kW  |  |  |  |
| STANDBY POWER GENERAL SERVICE LARGE USE              | kW    | -                            | \$ -  | -   | \$/kW  |  |  |  |
| SENITEL LIGHTING                                     | kW    | 216                          | \$ 1  | 0.0062  | \$/kW  |  |  |  |
| STREET LIGHTING                                      | kW    | 123,144                      | \$ 1,215                                    | 0.0099  | \$/kW  |  |  |  |
| MICROFIT AND MICRO-NET METERING                      |       | -                            | \$ -  | -   |        |  |  |  |
| FIT  |       | -                            | \$ -  | -   |        |  |  |  |
| HCI, RESOP, OTHER<br>ENERGY RESOURCE<br>SERVICE      |       | -                            | \$ -  | -   |        |  |  |  |
| Total  |       |                              | \$ 8,842                                    |   |        |  |  |  |





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# Table 3 – Rate Riders for DVAs (excluding Global Adjustment) – NON-WMP

| Rate Class<br>(Enter Rate Classes in cells<br>below) | Units | kW / kWh / #<br>of Customers | Allocated<br>Balance<br>(excluding<br>1589) | Rate Rider for<br>Deferral/Variance<br>Accounts |        |
|--|-------|------------------------------|---|---|--------|
| RESIDENTIAL  | kWh   | 2,198,259,000                | \$(5,154,933)                               | (0.0023)  | \$/kWh |
| GENERAL SERVICE LESS<br>THAN 50KW                    | kWh   | 716,896,000                  | \$(1,681,126)                               | (0.0023)  | \$/kWh |
| GENERAL SERVICE 50 TO<br>1,499 KW                    | kW    | 6,908,640                    | \$(6,817,980)                               | (0.9869)  | \$/kW  |
| GENERAL SERVICE 1,500 TO 4,999 KW                    | kW    | 1,810,229                    | \$(1,968,786)                               | (1.0876)  | \$/kW  |
| LARGE USE  | kW    | 1,119,726                    | \$(1,452,153)                               | (1.2969)  | \$/kW  |
| UNMETERED SCATTERED LOAD                             | kWh   | 16,690,000                   | \$ (39,138)                                 | (0.0023)  | \$/kWh |
| STANDBY POWER GENERAL<br>SERVICE 50 TO 1,499 KW      | kW    |                              | \$ -  | _   | \$/kW  |
| STANDBY POWER GENERAL<br>SERVICE 1,500 TO 4,999 KW   | kW    | 4,800                        | \$ -  | -   | \$/kW  |
| STANDBY POWER GENERAL SERVICE LARGE USE              | kW    | -                            | \$ -  | -   | \$/kW  |
| SENITEL LIGHTING                                     | kW    | 216                          | \$ (113)                                    | (0.5211)  | \$/kW  |
| STREET LIGHTING                                      | kW    | 123,144                      | \$ (102,367)                                | (0.8313)  | \$/kW  |
| MICROFIT AND MICRO-NET METERING                      |       |                              | \$ -  | -   |        |
| FIT  |       | -                            | \$ -  | -   |        |
| HCI, RESOP, OTHER<br>ENERGY RESOURCE<br>SERVICE      |       |                              | \$ -  | _   |        |
| Total  |       |                              | \$(17,216,595)                              |   |        |



# Table 4 - Rate Riders for DVAs - Global Adjustment

| Rate Class<br>(Enter Rate Classes in cells below)  | Units | kWh           | Balance of<br>RSVA -<br>Power -<br>Global<br>Adjustment | Rate Rider<br>for RSVA -<br>Power -<br>Global<br>Adjustment |        |
|--|-------|---------------|---|---|--------|
| RESIDENTIAL  | kWh   | 89,475,408    | \$ (192,370)  | (0.0021)  | \$/kWh |
| GENERAL SERVICE LESS THAN 50KW                     | kWh   | 104,595,553   | \$ (224,878)  | (0.0021)  | \$/kWh |
| GENERAL SERVICE 50 TO 1,499<br>KW                  | kWh   | 2,326,749,868 | \$(5,002,455)   | (0.0021)  | \$/kWh |
| GENERAL SERVICE 1,500 TO 4,999<br>KW               | kWh   | 794,251,868   | \$(1,707,622)   | (0.0021)  | \$/kWh |
| LARGE USE  | kWh   | 5,279,650     | \$ (11,351)   | (0.0021)  | \$/kWh |
| UNMETERED SCATTERED LOAD                           | kWh   | -             | \$ -  | -   | \$/kWh |
| STANDBY POWER GENERAL<br>SERVICE 50 TO 1,499 KW    | kWh   | -             | \$  |   | \$/kWh |
| STANDBY POWER GENERAL<br>SERVICE 1,500 TO 4,999 KW | kWh   | -             | \$  |   | \$/kWh |
| STANDBY POWER GENERAL<br>SERVICE LARGE USE         | kWh   | -             | \$ -  | -   | \$/kWh |
| SENITEL LIGHTING                                   | kWh   | -             | \$ -  | -   | \$/kWh |
| STREET LIGHTING                                    | kWh   | 45,097,288    | \$ (96,958)   | (0.0021)  | \$/kWh |
| MICROFIT AND MICRO-NET METERING                    |       | -             | \$ -  | -   |        |
| FIT  |       | -             | \$ -  | -   |        |
| HCI, RESOP, OTHER ENERGY<br>RESOURCE SERVICE       |       | -             | \$ -  | -   |        |
| Total  |       |               | \$(7,235,634)   |   |        |



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# Table 5 – Rate Rider for Group 2 Accounts

| Rate Class<br>(Enter Rate Classes in cells below)  | Units             | # of<br>Customers      | Balance of<br>Group 2<br>Accounts |                  | Rate Rider<br>for RSVA -<br>Power -<br>Global<br>Adjustment |                        |
|--|-------------------|------------------------|-----------------------------------|------------------|---|------------------------|
| DECIDENTIAL  | # of<br>Customers | 204 250                | ¢                                 | 67.470           | <b>*</b> 0.00   | per<br>customer<br>per |
| RESIDENTIAL GENERAL SERVICE LESS THAN 50KW         | kWh               | 301,258<br>716,896,000 | \$<br>\$                          | 67,479<br>22,006 | 0.0000  | month<br>\$/kWh        |
| GENERAL SERVICE 50 TO 1,499<br>KW                  | kW                | 6,908,640              | \$                                | 89,249           | 0.0129  | \$/kW                  |
| GENERAL SERVICE 1,500 TO 4,999<br>KW               | kW                | 1,877,691              | \$                                | 26,933           | 0.0143  | \$/kW                  |
| LARGE USE  | kW                | 1,119,726              | \$                                | 19,009           | 0.0170  | \$/kW                  |
| UNMETERED SCATTERED LOAD                           | kWh               | 16,690,000             | \$                                | 512              | 0.0000  | \$/kWh                 |
| STANDBY POWER GENERAL<br>SERVICE 50 TO 1,499 KW    | kW                |                        | \$                                | _                |   | \$/kW                  |
| STANDBY POWER GENERAL<br>SERVICE 1,500 TO 4,999 KW | kW                | 4,800                  | \$                                | _                | -   | \$/kW                  |
| STANDBY POWER GENERAL<br>SERVICE LARGE USE         | kW                | -                      | \$                                | -                | _   | \$/kW                  |
| SENITEL LIGHTING                                   | kW                | 216                    | \$                                | 1                | 0.0068  | \$/kW                  |
| STREET LIGHTING                                    | kW                | 123,144                | \$                                | 1,340            | 0.0109  | \$/kW                  |
| MICROFIT AND MICRO-NET<br>METERING                 |                   | -                      | \$                                | -                | _   |                        |
| FIT  |                   | -                      | \$                                |                  |   |                        |
| HCI, RESOP, OTHER ENERGY<br>RESOURCE SERVICE       |                   | -                      | \$                                | -                | -   |                        |
| Total  |                   |                        | \$                                | 226,530          |   |                        |



### Table 6 - Rate Rider for WMS - Sub-account CBR Class B

| Rate Class<br>(Enter Rate Classes in cells below)  | Units | # of<br>Customers | (158<br>A<br>CE | llocated salance 80 WMS - Sub-ccount BR Class 3 only) | Rate Rider<br>for RSVA -<br>Power -<br>Global<br>Adjustment |        |
|--|-------|-------------------|-----------------|---|---|--------|
| RESIDENTIAL  | kWh   | 2,198,259,000     | \$              | 590,991   | 0.00027   | \$/kWh |
| GENERAL SERVICE LESS THAN 50KW                     | kWh   | 716,896,000       | \$              | 192,734   | 0.00027   | \$/kWh |
| GENERAL SERVICE 50 TO 1,499<br>KW                  | kWh   | 2,907,445,000     | \$              | 781,652   | 0.00027   | \$/kWh |
| GENERAL SERVICE 1,500 TO 4,999 KW                  | kWh   | 839,564,806       | \$              | 225,713   | 0.00027   | \$/kWh |
| LARGE USE  | kWh   | 32,476,332        | \$              | 8,731   | 0.00027   | \$/kWh |
| UNMETERED SCATTERED LOAD                           | kWh   | 16,690,000        | \$              | 4,487   | 0.00027   | \$/kWh |
| STANDBY POWER GENERAL<br>SERVICE 50 TO 1,499 KW    | kWh   |                   | \$              | -   | -   | \$/kWh |
| STANDBY POWER GENERAL<br>SERVICE 1,500 TO 4,999 KW | kWh   | _                 | \$              | _   | -   | \$/kWh |
| STANDBY POWER GENERAL<br>SERVICE LARGE USE         | kWh   | _                 | \$              | -   | -   | \$/kWh |
| SENITEL LIGHTING                                   | kWh   | 48,000            | \$              | 13  | 0.00027   | \$/kWh |
| STREET LIGHTING                                    | kWh   | 43,653,000        | \$              | 11,736  | 0.00027   | \$/kWh |
| MICROFIT AND MICRO-NET METERING                    |       | _                 | \$              | _   | -   |        |
| FIT  |       | -                 | \$              |   | -   |        |
| HCI, RESOP, OTHER ENERGY<br>RESOURCE SERVICE       |       |                   | \$              | _   | -   |        |
| Total  |       |                   | \$              | 1,816,057   |   |        |

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## 7.0 RATE RIDER FOR GLOBAL ADJUSTMENT

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- Hydro Ottawa has both Class A and Class B Global Adjustment ("GA") customers.
- 9 Historically, the disposition of USofA 1589 RCVA Global Adjustment is allocated to
- all non-Regulated Price Plan ("RPP") customers on a kWh basis. This method has been



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used for several years and was maintained upon the introduction of Class A GA customers. The new EDDVAR model requests customer level information in order to capture customer-specific impacts for Class A customers who have become a Class A customer. Hydro Ottawa notes that customers who have exited Class A, and would be impacted by six months of variance they did not contribute to, have not been addressed as part of the new EDDVAR models. As such, Hydro Ottawa has incorporated the exit of Class A customers into the EDDVAR model. Within the EDDVAR model, Hydro Ottawa is not providing customer level detail for customers that have either exited or entered Class A during the 2015 year. In order to maintain privacy for these customers and their consumption data, Hydro Ottawa has netted the impact of Class A movements during the year. As a result, in tab 5a. GA Allocation Class A of the EDDVAR model, only one customer is indicated as a Former Class B Customer.

For any customer entering or exiting Class A during the period that results in a credit, Hydro Ottawa is proposing a one-time adjustment as this does not have a negative impact on any such customers. For any customer entering or exiting Class A during the period that results in a debit, Hydro Ottawa proposes a separate rate rider to collect the charge.

#### 8.0 PROPOSED ESTABLISHMENT OF NEW DVAS

- Please see Exhibit 9-1-2 for new deferral and variance accounts being proposed by
- 23 Hydro Ottawa.