



DISPOSITION OF DEFERRAL AND VARIANCE ACCOUNTS

1.0 INTRODUCTION

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.

Table 1 – Hydro Ottawa’s Proposed DVA Dispositions

Group	USofA 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 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)

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



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

3
4 The principal and interest for each DVA are identified in Table 1. Per the Deferral and
5 Variance Account (Continuity Schedule) Work Form – version 2.7 Excel spreadsheet
6 posted by the OEB on its website July 21, 2016, principal balances are up to December
7 31, 2015 and interest is forecasted to December 31, 2016. Hydro Ottawa is proposing to
8 dispose of a net \$22.4 million credit to customers. The amount for disposal includes
9 Group 1 accounts and Group 2 account 1508 Other Regulatory Assets – Sub-Account
10 Pole Attachment Charge Revenues Variance Account. Please note that Group 1 1580
11 WMS – Sub-Account CBR Class B is being disposed of using a separate model found in
12 Attachment 9-2(B).

14 **2.0 ACCOUNTS FOR WHICH HYDRO OTTAWA IS SEEKING DISPOSITION**

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

19 **3.0 ACCOUNTS FOR WHICH HYDRO OTTAWA IS NOT SEEKING DISPOSITION**

20
21 Hydro Ottawa is not proposing to seek disposition for Group 2 accounts in this
22 Application, with the exception of 1508 Other Regulatory Assets – Sub-Account Pole
23 Attachment Charge Revenues Variance. Hydro Ottawa is not requesting disposition of
24 Account 1568 LRAMVA at this time.

26 **4.0 VARIANCE ANALYSIS**

28 **4.1 Balances proposed for disposition consistent with Audited Financial** 29 **Statements**

30 Hydro Ottawa confirms the amounts proposed for disposition align with Hydro Ottawa's
31 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.

3 4 **4.2 Explanation of Variances**

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

14 15 **5.0 ALLOCATION OF DVAS AND LENGTH OF DISPOSITION PERIOD**

16
17 Hydro Ottawa is requesting a one-year rate rider for the recovery or refund of balances
18 proposed for disposition. This adheres to the default disposition period in EDDVAR.

19 20 **6.0 PROPOSED RATE RIDERS**

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

28
29 Hydro Ottawa has proposed disposition of Account sub-account CBR Class B in
30 accordance with the OEB’s *Accounting Guidance on Capacity Based Recovery*, issued
31 July 25, 2016.



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

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	2,198,259,000	\$(120,538)	(0.0001)	\$/kWh
GENERAL SERVICE LESS THAN 50KW	kWh	716,896,000	\$ 5,101	0.0000	\$/kWh
GENERAL SERVICE 50 TO 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 SERVICE 50 TO 1,499 KW	kW	-	\$ -	-	\$/kW
STANDBY POWER GENERAL 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 ENERGY RESOURCE SERVICE		-	\$ -	-	
Total			\$ 8,842		



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

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	2,198,259,000	\$(5,154,933)	(0.0023)	\$/kWh
GENERAL SERVICE LESS THAN 50KW	kWh	716,896,000	\$(1,681,126)	(0.0023)	\$/kWh
GENERAL SERVICE 50 TO 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 SERVICE 50 TO 1,499 KW	kW	-	\$ -	-	\$/kW
STANDBY POWER GENERAL 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 ENERGY RESOURCE SERVICE		-	\$ -	-	
Total			\$(17,216,595)		

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Table 4 – Rate Riders for DVAs – Global Adjustment

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

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Table 5 – Rate Rider for Group 2 Accounts

Rate Class (Enter Rate Classes in cells below)	Units	# of Customers	Balance of Group 2 Accounts	Rate Rider for RSVA - Power - Global Adjustment	
RESIDENTIAL	# of Customers	301,258	\$ 67,479	\$ 0.02	per customer per month
GENERAL SERVICE LESS THAN 50KW	kWh	716,896,000	\$ 22,006	0.0000	\$/kWh
GENERAL SERVICE 50 TO 1,499 KW	kW	6,908,640	\$ 89,249	0.0129	\$/kW
GENERAL SERVICE 1,500 TO 4,999 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 SERVICE 50 TO 1,499 KW	kW	-	\$ -	-	\$/kW
STANDBY POWER GENERAL SERVICE 1,500 TO 4,999 KW	kW	4,800	\$ -	-	\$/kW
STANDBY POWER GENERAL SERVICE LARGE USE	kW	-	\$ -	-	\$/kW
SENITEL LIGHTING	kW	216	\$ 1	0.0068	\$/kW
STREET LIGHTING	kW	123,144	\$ 1,340	0.0109	\$/kW
MICROFIT AND MICRO-NET METERING		-	\$ -	-	
FIT		-	\$ -	-	
HCI, RESOP, OTHER ENERGY RESOURCE SERVICE		-	\$ -	-	
Total			\$ 226,530		

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

Rate Class (Enter Rate Classes in cells below)	Units	# of Customers	Allocated Balance (1580 WMS - Sub-Account CBR Class B only)	Rate Rider for RSVA - Power - Global 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 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 SERVICE 50 TO 1,499 KW	kWh	-	\$ -	-	\$/kWh
STANDBY POWER GENERAL SERVICE 1,500 TO 4,999 KW	kWh	-	\$ -	-	\$/kWh
STANDBY POWER GENERAL 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 RESOURCE SERVICE		-	\$ -	-	
Total			\$ 1,816,057		

7.0 RATE RIDER FOR GLOBAL ADJUSTMENT

Hydro Ottawa has both Class A and Class B Global Adjustment (“GA”) customers. 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



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

13
14 For any customer entering or exiting Class A during the period that results in a credit,
15 Hydro Ottawa is proposing a one-time adjustment as this does not have a negative
16 impact on any such customers. For any customer entering or exiting Class A during the
17 period that results in a debit, Hydro Ottawa proposes a separate rate rider to collect the
18 charge.

19 20 **8.0 PROPOSED ESTABLISHMENT OF NEW DVAS**

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