Renfrew Hydro Inc.

Exhibit 9

EB-2016-0166 - 2017 Cost of Service

Contents

Status & Disposition of Deferral & Variance Accounts

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

The purpose of this exhibit is to identify the variance/deferral accounts that have been used by RHI, provide the principal balance recorded in each variance/deferral account and derive the carrying charges on each account's balance up to and including December 31, 2016. The exhibit also describes the methodology proposed to allocate account balances to customer classes, describe the rationale supporting the proposed disposition period, describe the proposed charge parameters and quantify the proposed rate riders that will dispose of the recorded balances.

Ex.9/Tab 1/Sch.2 contains descriptions of all the outstanding DVAs. RHI follows and is in compliance with the OEB's Uniform System of Accounts for electricity distributors. All accounts are used in accordance with the Accounting Procedures Handbook and RHI confirms that the account balances reconcile with the trial balance reported through the Electricity Reporting and Record-keeping Requirements and RHI's Audited Financial Statements with the exception of account 1568 LRAM which was calculated for the cost of service, and account 1576 for accounting changes under CGAAP which includes an estimate for the bridge year and a calculated return component for the cost of service. These variances will be described below.

RHI has provided a continuity schedule of the Group 1 and Group 2 DVAs at Ex.9/Tab1/Sch.2 of this Exhibit. The Group 2 accounts will be continued or discontinued on a going-forward basis and are provided in Ex.9/Tab 1/Sch.3.

RHI proposes to dispose of the following:

- Balances of Group 1 Accounts (1550, 1551, 1584, 1586 and 1595) totalling a debit of $118,244
- Balance of Group 1 Accounts (1580 and 1588) totalling a credit of ($55,002)
- Balance of Group 1 Accounts (1589) totalling a debit of $179,085
- Balance of Group 2 Accounts totalling a debit of $55,243
- A credit balance of $(870,367) being the balance of account 1576 for accounting changes under CGAAP

- A debit balance of $63,409 recorded in account 1568 being the Lost Revenue Adjustment Mechanism Variance account and
- A debit balance of $54,954 for the Net Book Value of Stranded Meters

Group 1 and Group 2 DVA balances are proposed to be disposed of over 4 years. The Stranded Meters Rate Rider is proposed to be disposed of over 5 years and Smart Meter Disposition rider are proposed to be disposed over 4 years to minimize their effects on the bill impacts. RHI has followed the OEB's guidance as provided by the OEB's Electricity Distributor's Disposition of Variance Accounts Reporting Requirements Report.

The utility's viewpoint on disposition period is that if money is owed to the customer, it should be repaid in the shortest period. If the utility must collect from the customer, an in depth analysis of bill impacts under various scenarios are done and the scenario which offers the least impact on the customer bill is chosen. In this case, the dispositions proposed yielded the lowest bill impacts.

RHI used the cash method to calculate carrying charges. Effective July 1, 2012, RHI has transitioned to the accrual method in accordance with the Board's directive. The forecasted interest on the December 31, 2015 principal balances of the DVA is calculated using the Board's prescribed rate of 1.1% for the period of January 1, 2016 to December 31, 2016.

RHI is requesting a new sub-account of 1595 to track Deferral Variance dispositions listed in this application.

A breakdown of energy sales and cost of power expense balances, as reported in RHI's Audited Financial Statements, is provided in Exhibit 9, Tab 1, Schedule 8.

RHI confirms that it pro-rates the IESO Global Adjustment Charge into the 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 was 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, RHI 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

		Amounts from Sheet 2	Allocator
LV Variance Account	1550	4,569	kWh
Smart Metering Entity Charge Variance Account	1551	(1,871)	# of Customers
RSVA - Wholesale Market Service Charge	1580	(23,007)	kWh
RSVA - Retail Transmission Network Charge	1584	33,177	kWh
RSVA - Retail Transmission Connection Charge	1586	95,386	kWh
RSVA - Power (excluding Global Adjustment)	1588	(31,996)	kWh
RSVA - Global Adjustment	1589	179,085	Non-RPP kWh
Disposition and Recovery/Refund of Regulatory Balances (2010)	1595	1,210	kWh
Disposition and Recovery/Refund of Regulatory Balances (2012)	1595	(9,674)	kWh
Disposition and Recovery/Refund of Regulatory Balances (2013)	1595	(2,427)	kWh
Disposition and Recovery/Refund of Regulatory Balances (2014)	1595	(2,126)	kWh
Total of Group 1 Accounts (excluding 1589)		**63,243**	
Other Regulatory Assets - Sub-Account - Other 4	1508	1,987	kWh
Retail Cost Variance Account - Retail	1518	(6,811)	kWh
Misc. Deferred Debits	1525	23,458	kWh
Retail Cost Variance Account - STR	1548	36,608	kWh
Total of Group 2 Accounts		**55,243**	

LRAM Variance Account **(Enter dollar amount for each class)**	1568	**63,409**	
(Account 1568 - total amount allocated to classes)		63,409	
Variance		**0**	

Total of Group 1 Accounts (1550, 1551, 1584, 1586 and 1595)	**118,244**	
Total of Account 1580 and 1588 (not allocated to WMPs)	**(55,002)**	
Balance of Account 1589 Allocated to Non-WMPs	**179,085**	

Balance of Account 1589 allocated to Class A Non-WMP Customers	**0**	

Group 2 Accounts - Total balance allocated to each class	**55,243**	

IFRS-CGAAP Transition PP&E Amounts Balance + Return Component	1575	0	kWh
Accounting Changes Under CGAAP Balance + Return Component	1576	(870,367)	kWh
Total Balance Allocated to each class for Accounts 1575 and 1576		**(870,367)**	

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2 RHI Notes that it does not have any Class A customers

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

Group 1 Accounts

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

http://www.ontarioenergyboard.ca/oeb/_Documents/Regulatory/Accounting_Procedures_Handbook_Elec_Distributors.pdf

1550 – LV Variance Account

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

The balance requested for disposal, including carrying charges is a debit of $4,569.

1551 – Smart Metering Entity Charge Variance Account

For account 1551, RHI is requesting disposition of the December 31, 2015 audited balance, plus the forecasted interest through December 31, 2016. The December 31, 2015 audited balance reconciles with filing 2.1.7 of the RRR.

The balance requested for disposal, including carrying charges is a credit of $(1,871).

1580 – Retail Settlement Variance Account 1 – Wholesale Market Service Charges ("RSVAWMS")

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

The balance requested for disposal, including carrying charges is a credit of $(23,007).

1584 – Retail Settlement Variance Account – Retail Transmission Network Charges ("RSVANW")

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

The balance requested for disposal, including carrying charges is a debit of $33,177.

1586 – Retail Settlement Variance Account – Retail Transmission Connection Charges ("RSVACN")

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

For account 1586, RHI is requesting disposition of the December 31, 2015 audited balance, plus the forecasted interest through December 31, 2016. The December 31, 2015 audited balance reconciles with filing 2.1.7 of the RRR.

The balance requested for disposal, including carrying charges is a debit of $95,386.

1588 – Retail Settlement Variance Account – Power ("RSVAPOWER")

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

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

This account is not designed to capture any price differences between the regulated price plan (RPP) and spot prices applicable to RPP customers. This is the function of the Ontario Power Authority (OPA) RPP variance account which is trued-up in accordance with the terms established by the Board for the RPP.

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

For account 1588, RHI is requesting disposition of the December 31, 2015 audited balance, plus the forecasted interest through December 31, 2016. The December 31, 2015 audited balance reconciles with filing 2.1.7 of the RRR.

The balance requested for disposal, including carrying charges is a credit of $(31,996).

1589 – Retail Settlement Variance Account – Global Adjustment ("RSVAGA")

The RSVAGA account is used to record the net differences between the global adjustment amount billed, to non-RPP consumers and the global adjustment charged to a distributor for non-RPP consumers, using the settlement invoice received from the IESO, host distributor or embedded generator. These amounts are calculated on an accrual basis, as are the carrying charges, which are assessed on the monthly opening principal balance of this RSVA account.

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

For account 1589, RHI is requesting disposition of the December 31, 2015 audited balance, plus the forecasted interest through December 31, 2016. The December 31, 2015 audited reconciles with filing 2.1.7 of the RRR.

The balance requested for disposal, including carrying charges is a debit of $179,085.

1595 – Disposition and Recover/Refund of Regulatory Balances (2010)

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

The balance requested for disposal, including carrying charges is a debit of $1,210.

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

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

The balance requested for disposal, including carrying charges is a credit of $(9,674).

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

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

The balance requested for disposal, including carrying charges is a credit of $(2,427).

1595 – Disposition and Recover/Refund of Regulatory Balances (2014)

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

The balance requested for disposal, including carrying charges is a credit of $(2,126).

The total balance of Group 1 is a debit of $242,326

Group 2 Accounts

1508 – Other Regulatory Assets

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

The balance requested for disposal, including carrying charges is a debit of $1,987.

1518 – Retail Cost Variance Account – Retail

The Retail Cost Variance Account – Retail is used to record the revenue derived, including accruals from establishing service agreements, distributor-consolidated billing, and retailer-consolidated billing. The account also includes costs of entering into service agreements, related contract administration, and monitoring, necessary to maintain the contract, as well as incremental costs incurred to provide the services as applicable and the avoided costs credit arising from retailer-consolidated billing, including accruals**.** Additional details on 1518 including historical and projected balances are provided at Ex.9/Tab 2/Sch.1.

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

The balance requested for disposal, including carrying charges is a credit of $(6,811).

1525 – Misc. Deferred Debits

In RHI's 2010 CoS (EB2009-0146) RHI was approved to record actual Provincial Sales Tax amounts paid in the first six months of 2010 to a deferral account for future recovery. RHI recorded $21,644 in this deferral account for the Provincial Sales Tax paid out from January 01, 2010 to June 30, 2010.

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

The balance requested for disposal, including carrying charges is a debit of $23,458.

1548 – Retail Cost Variance Account - STR

The Retail Cost Variance Account – STR is used to record the revenues derived, including accruals, from the Service Transaction Request services and charged by the distributor, in the form of a request fee, processing fee, information request fee, default fee, and other associated costs. The account also includes the cost of labour, internal information system maintenance costs, and delivery costs related to the provision of the services associated with the service transaction request services. Additional details on 1548 including historical and projected balances are provided at Ex.9/Tab 2/Sch.1.

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

The balance requested for disposal, including carrying charges is a debit of $36,608.

One Time Incremental IFRS Transition Costs

RHI's application for 2017 rates is being filed under (M)IFRS and as such, the utility has completed all of its transition to (M)IFRS. RHI has incurred no additional transition costs and therefore; RHI will not be applying for disposition of any costs in Account 1508, Other Regulatory Assets – Sub-Account – Deferred IFRS Transition Costs.

Appendix 2-U of the OEB 2016 Filing Requirements Chapter 2 Appendices was left blank therefore RHI did not included the table in this exhibit.

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

RHI has not recorded any items in USoA account 1592 – Deferred PILs, therefore the attached OEB appendix 2-TA has a balance of $Nil therefore Appendix 2-TA is not included in this section.

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

RHI was not directed to record the ITC savings in the new sub-account of Account 1592 in RHI's 2010 Cost of Service Decision and Order. Therefore, the Board's Appendix 2-TB does not need to be filed with this Application.

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

RHI has complied with the Board's letter issued July 17, 2012 which stated that utilities must change their depreciation expense and capitalization policies. The changes took place in 2013. RHI changed the estimated useful lives of its assets to be consistent with the guidelines in the Kinectrics Report. The utility did not require any changes to the manner of accounting for overhead costs associated with capital work as clarified by the Board in its letter dated February 24, 2010.

On July 17, 2012, the OEB issued a letter to all LDCs authorizing the use of Account 1576, Accounting Changes Under CGAAP, for recording the financial differences arising as a result of an LDCs election to use revised depreciation expense and capitalization policies effective January 1, 2012. However effective from January 01, 2013 these changes are required by all LDCs.

RHI's has calculated and recorded the actual differences up to December 31, 2015, and included a calculation of the projected differences up to December 31, 2016 in account 1576.

RHI is requesting disposition of the balance of $870,367 over a 4 year period. No carrying charges are included in this balance. The calculation of the balances followed the methodology provided in the OEBs FAQ issued July 2012. The OEB Appendix entitled 2-EE Account 1576 is presented at the next page.

For the year 2016, the difference in the net fixed assets between the MIFRS and Old CGAAP is calculated as $695,626. This amount plus $174,741 in return on Rate Base, was booked into account 1576 as a payable to customers. The Return on Rate Base Associated with Account 1576 balance at the Weighted Average Cost of Capital ("WACC") is shown below. The WACC is consistent with the rate shown in Exhibit 5.

Table 9.2: Return on Rate Base associated with account 1576

Effect on Deferral and Variance Account Rate Riders					
Closing balance in Account 1576		- 695,626		**WACC**	6.28%
Return on Rate Base Associated with Account 1576 balance at WACC - Note 2		- 174,741		**# of years of rate rider disposition period**	4
		- 870,367			

The total balance sought for disposition is $(870,367). The offset to this entry is account 4305 – Regulatory Debits.

	2010 Rebasing Year	2011	2012	2013	2014	2015	2016	2017 Rebasing Year
Reporting Basis	CGAAP	IRM	IRM	IRM	IRM	IRM	MIFRS	
	Forecast	Actual	Actual	Actual	Actual	Actual	Actual	
					$	$	$	
PP&E Values under former CGAAP								
Opening net PP&E - Note 1				4,683,324	4,621,961	4,589,382	4,678,532	
Net Additions - Note 4				332,925	357,636	492,724	389,962	
Net Depreciation (amounts should be negative) - Note 4				-394,289	-390,215	-403,574	-331,327	
Closing net PP&E (1)				4,621,961	4,589,382	4,678,532	4,737,167	
PP&E Values under revised CGAAP (Starts from 2013)								
Opening net PP&E - Note 1				4,683,324	4,805,899	4,936,847	5,198,385	
Net Additions - Note 4				285,933	297,843	481,118	389,962	
Net Depreciation (amounts should be negative) - Note 4				-163,359	-166,894	-219,580	-155,555	

Closing net PP&E (2)				4,805,899	4,936,847	5,198,385	5,432,793	
Difference in Closing net PP&E, former CGAAP vs. revised CGAAP				-183,938	-347,465	-519,853	-695,626	
Difference in Net Additions				46,993	59,793	11,606	0	
The difference in the net additions between CGAAP and new CGAAP/MIFRS is the asset disposals. Keeping consistent with RHI prior year's asset removal procedure, the retirements were not removed from cost or accumulated depreciation. This would have no effect on the net book value, account 1576, or rate base because all assets removed would have been fully depreciated based on the old useful lives. (Removal Cost = Removal A/D). Beginning January 1, 2013 RHI now removes the cost, and associated accumulated depreciation of all asset retirements with new CGAAP and MIFRS, based on new useful lives.								

The main drivers behind the change in net PP&E is the adoption of new depreciation rates based on the Kinetrics report. Since the utility has never capitalized overheads, no other changes have impacted the difference in closing net PP&E, former CGAAP vs. revised CGAAP. Capitalization policies and changes in depreciation rate are detailed in Exhibit 2.

RHI has recorded its balances under CGAAP and under MIFRS in the OEB Appendix e-EE Account 1576. RHI notes that there were no accounting changes resulting from CGAAP and the adoption to MIFRS other than the difference in depreciation expense.

RHI seeks to dispose of this balance over a period of 4 years. The rate rider is presented in the OEB Appendices at the next page. Note that this balance was calculated as part of this application and therefore, the balance is not reflected in the utility's December 31, 2015 audited balance nor with filing 2.1.7 of the RRR. The utility does not anticipate using this account once the disposition period has expired.

With respect to the future use of Group 2 accounts, RHI anticipates that it will continue to use the following accounts in the course of everyday business.

- 1508 – Other Regulatory Assets (variance from Cost Assessment Model)
- 1518 – Retail Cost Variance Account – Retail
- 1525 – Misc. Deferred Debits
- 1548 – Retail Cost Variance Account - STR

RHI notes that Account 1575 and 1576 can't be used interchangeably therefore all evidence related to account 1575 have been omitted from the models and evidence.

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

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

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

Period	Interest Rate
Q1 2011 (Actual)	1.47%
Q2 2011 (Actual)	1.47%
Q3 2011 (Actual)	1.47%
Q4 2011 (Actual)	1.47%
Q1 2012 (Actual)	1.47%
Q2 2012 (Actual)	1.47%
Q3 2012 (Actual)	1.47%
Q4 2012 (Actual)	1.47%
Q1 2013 (Actual)	1.47%
Q2 2013 (Actual)	1.47%
Q3 2013 (Actual)	1.47%
Q4 2013 (Actual)	1.47%
Q1 2014 (Actual)	1.47%
Q2 2014 (Actual)	1.47%
Q3 2014 (Actual)	1.47%
Q4 2014 (Actual)	1.47%
Q1 2015 (Actual)	1.47%
Q2 2015 (Actual)	1.10%
Q3 2015 (Actual)	1.10%
Q4 2015 (Actual)	1.10%
2016 (projected)	1.10%

Note that RHI has used the latest OEB prescribed interest rates as published on the website at:

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

Ex.9/Tab 1/Sch.7 - Departure from Board Approved Balances

RHI did make an adjustment to DVA balances that were previously approved by the Board in the last IRM proceeding. In EB-2014-0110 RHI reported DVA balances up to December 31,

2013 including interest projected to April 30, 2015. The balance for 1580 RSVA – Wholesale Market Service Charge was reported as ($403,624) and account 1550 for LV Variance was reported as $198,614. Both were approved for disposition. In March 2015 the OEB provided further guidance on the Hydro One Rate Rider for embedded distributors, specifically the Wholesale Market Service rate rider credit- #9B. This HOI rate rider was to be posted as a Low Voltage credit and not a WMSC credit. The OEB recommended corrections be made for any posting errors. RHI requested a RRR data revision request to the 2014 year end DVA balances of the following: credit to 1550 LV Variance account ($227,439.84) and associated carrying charges of ($3,386.07) and a debit to 1580 WMS Variance account of $227,439.84 with associated carrying charges of $3,386.07. The adjustments included the total HOI rate rider activity over a 2 year period including 2013 and 2014. These adjustments have been reflected in the 2015 balances presented in this exhibit.

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

The filing requirements state that a breakdown of energy sales and cost of power expenses, as reported in the audited financial statements and mapped to the USoA account is requested. The sale of energy is a flow through revenue and the cost of power is a flow through expense. RHI has no profit or loss resulting from the flow through of energy revenues and expenses as variances are included in the RSVA balances.

Please refer to Table 9.6 below for a reconciliation of the RRR 2.1.7 with Financial Statements.

Table 9.6: Energy Sales and Cost of Power Expenses from Financial Statements

Account Descriptions	USoA	2015	2014	2013	2012	2011	2010
Residential Energy Sales	4006	3,116,966	2,861,135	2,644,365	2,435,820	2,128,571	1,982,908
Street Light Energy Sales	4025	116,073	38,550	27,450	25,253	35,123	41,539
Sentinel Energy Sales	4030	-	-	-	-	-	
General Energy Sales	4035	5,457,502	5,052,724	5,010,361	4,379,875	4,242,377	4,328,946
Energy Sales for resale	4055	754,106	384,556	338,898	308,223	433,634	509,504
Wholesale Market Services	4062	455,512	354,080	391,280	531,494	630,859	677,772
Network	4066	548,748	556,815	497,521	459,612	461,301	474,101
Connection	4068	280,507	280,015	263,552	256,975	261,114	276,539
Low Voltage Charges	4075	84,969	85,641	87,511	88,827	93,005	111,446
Smart Meter Entity Charge	4076	39,394	39,299	25,998	-		
Total		**10,853,776**	**9,652,816**	**9,286,938**	**8,486,079**	**8,285,984**	**8,402,755**
Financial Statement - Sale of Energy		**10,853,776**	**9,652,816**	**N/A**	**N/A**	**N/A**	**N/A**
Difference		0	0	N/A	N/A	N/A	N/A

Account Descriptions	USoA	2015	2014	2013	2012	2011	2010
Power Purchased	4705	5,676,927	5,706,206	4,941,900	7,149,171	6,839,705	6,862,897
Global Adjustment	4707	3,767,720	2,630,759	3,079,175			
Wholesale Market Services	4708	455,512	354,080	391,280	531,494	630,859	677,772
Network	4714	548,748	556,815	497,521	459,612	461,301	474,101
Connection	4716	280,507	280,015	263,552	256,975	261,114	276,539
Low Voltage Charges	4750	84,969	85,641	87,511	88,827	93,005	111,446
Smart Meter Entity Charge	4751	39,394	39,299	25,998	-		
Total		**10,853,776**	**9,652,816**	**9,286,938**	**8,486,079**	**8,285,984**	**8,402,755**

Financial Statement - Cost of Power		**10,853,776**	**9,652,816**	**N/A**	**N/A**	**N/A**	**N/A**
Difference		0	0	N/A	N/A	N/A	N/A

RHI did not include the sale of energy or cost of power flow through figures in its audited financial statements until 2014. No profit or loss on the commodity was ever realized by RHI. As of 2014, these figures are now included in the audited financial statements. As can be seen in the comparison above, there is no difference between energy sales and cost of power expense reported numbers.

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

RHI confirms that it pro-rated the IESO Global Adjustment Charge into the RPP and non-RPP portions and that Global Adjustment is only being applied to customers that are non-RPP. RHI prepares a spreadsheet which splits the Global Adjustment between the amounts belonging to the RPP customers versus the amount belonging to the Non-RPP customers. This has been done in order to determine the portion belonging to the Account 1588 – RSVA – Power (excluding Global Adjustment) and Account 1589 – Power – Sub-account – Global Adjustment.

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

In the OEB Chapter 2 Filing Requirements released July 16, 2015 RHI must now provide the following information:
"As a new addition for 2016 applications, a distributor must now provide a description of its settlement process with the IESO or host distributor. It must specify the GA rate it uses when billing customers (1st estimate, 2nd estimate or actual) for each rate class, itemize its process for providing consumption estimates to the IESO, and describe the true-up process to reconcile estimates of RPP and non-RPP consumption once actuals are known. The description should detail the distributor's method for estimating RPP and non-RPP consumption, as well as its treatment of embedded generation or any embedded distribution customers. Distributors are reminded that they are expected to use accrual accounting."

- RHI confirms that it uses accrual accounting to record revenues and expenses. Accruals are therefore included when calculating the Global Adjustment variance and Cost of Power monthly variances.
- RHI uses the 1st GA rate for all rate classes when billing its customers.
- RHI retrieves its consumption data from its service provider, Utilismart. The consumptions are downloaded for Total System Load, Net System Load, Streetlight data, as well as Microfit, FIT, and HCI embedded generation customers.

- RHI uses the Utilismart reports to calculate the kWh's generated in on and off peak hours and the contract prices paid over the market rate to our HCI embedded generator. These amounts are reported monthly to our host distributor, Hydro One Inc., on IESO Form 1713. Hydro One provides a credit for the amounts reported on the next invoice.
- RHI uses the Utilismart reports to calculate the kWh's generated and the contract prices paid over the market rate for RHI FIT and Microfit embedded generators. These amounts are reported monthly to our host distributor, Hydro One Inc. Hydro One provides a credit for the amounts reported on the next invoice.
- RHI is an embedded utility and forwards the 1598 settlement document to Hydro One for inclusion in their IESO settlement report. RHI is required to settle its commodity pricing for RPP customers. RHI receives payment from its RPP customers based on the three-tiered TOU pricing and the residual two tiered RPP pricing. RHI must then settle on the differences between revenues collected from customers and the wholesale cost of power, which includes the amount of the global adjustment allocated to this portion of a distributors load. This settlement process achieves the objective of settling with the IESO based on wholesale costs, with the under/over collected amounts from customers being recovered from/remitted to the IESO, or host distributor. The process RHI follows, is briefly described below:

    1. RHI is charged the GA rate on all consumption from its host distributor, Hydro One. This amount is recorded in the 4707-GA power purchased account.
    2. RHI calculates the credit due for the GA charges on the RPP consumption using the billing statistics. This credit is also recorded in the 4707-GA power purchased account in the same month it relates to. This ensures only non-RPP values for GA are recorded in the GA expense account, and used to calculate the GA variance.
    3. RHI also uses the billing statistics to group the consumptions into on/off/mid periods for the RPP customers. RHI calculates the amounts over collected in the time of use categories over the market rate. These amounts are recorded in 4705-Power Purchased, and used to calculate the power variance.

4. The GA credit calculated for RPP customers in #2, and the amount collected over market rate for RPP customers calculated in #3 are netted and reported on the 1598 monthly filing to RHI's embedded distributor, Hydro One.
5. RHI does not report estimates, but uses actual consumptions, therefore reporting one month behind. The true-up is completed as part of an annual reconciliation prepared to support the annual results. Any required adjustments are included in the next 1598 reporting, but recorded in the year to which it relates.

- RHI does not serve any Class A customers. Therefore no customer allocation for recovery of the GA variance balance is required.

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

RHI is requesting the following new deferral/variance account:

- Account 1595 – Sub-account 2017

Rate Rider for Disposition of Deferral/Variance Accounts (2017) – effective until December 31, 2020. Upon approval of disposition, RHI is requesting Board approval to establish 1595-Sub-account 2017 to track costs, revenues and interest for amounts disposed of in RHI's 2017 Application.

RHI is not requesting any specific accounts which require causation and prudence criteria. RHI will continue to monitor OEB directives and implement new accounts as set out by the OEB and identified in the Accounting Procedures Handbook or other sources of information as required complying with regulation.

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

RHI proposes to return the balances recorded in variance/deferral accounts through a volumetric rate rider and will follow the Board's guidance as provided in its Decision on the disposition of Regulatory Assets. Table 9.8 below summarizes the proposed charge parameters by customer class.

Table 9.8: Summary of Proposed Charge Parameters

Rate Class	Units
Residential	kWh
General Service Less Than 50 kW	kWh
General Service Greater Than 50 kW	kW
Unmetered Scattered Load	kWh
Street Lighting	kW

Retail Service Charge

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

RHI attests that it has followed Article 490 of the Accounting Procedure Handbook.

Account 1518 – Retail Cost Variance Account - Retail

With respect to Account 1518, RHI confirms that the account has been used to record the net of revenues derived, including accruals, from establishing service agreements, distributor-consolidated billing and retailer-consolidated billing. Account 1518 also includes the costs of entering into Service Agreements, and related contract administration, monitoring, and other expenses necessary to maintain the contract, as well the incremental costs incurred to provide the services related to distributor-consolidated billing, and retailer-consolidated billing.

Account 1548 – Retail Cost Variance Account - STR

With respect to Account 1548, RHI confirms that the account has been used to record the revenues derived, including accruals, from the Service Transaction Request services and charged by the distributor in the form of: Request fee, processing fee, information request fee, default fee, and other associated fees. The account also includes the cost of labour, internal information system maintenance costs, and delivery costs related to the provision of the services associated with the previous mentioned services.

RHI is requesting disposition of the credit balance in 1518 of $(6,811) and the debit balance in 1548 of $36,608. These variances are incremental costs of providing retail services. The following table displays actual income and expenses from 2011 to 2015, with estimated values for 2016 and 2017.

Income/Expense of Providing Retail Services									
								Forecast	
								Bridge	**Test**
1518	**Retail Cost Variance Account - Retail**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
4082	Retail Service Revenue	(6,447.20)	(5,725.60)	(5,252.00)	(5,341.60)	(5,088.00)	(5,596.00)	(5,596.00)	(5,596.00)
531520	Billing - Retail Ser. Labour	203.11	162.65	146.02	.00	273.69	381.25	396.00	408.00
531521	Billing - Retail Ser. Other	4,433.32	4,150.04	4,300.00	4,300.00	4,318.28	4,351.50	4,351.50	4,430.00
		(1,810.77)	(1,412.91)	(805.98)	(1,041.60)	(496.03)	(863.25)	(848.50)	(758.00)
		Principal Balance for Disposition					**(6,430.54)**		
								Forecast	
								Bridge	**Test**
1548	**Retail Cost Variance Account - STR**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
4084	Retailer STR Fees	(111.25)	(64.50)	(58.25)	(58.00)	(38.75)	(44.75)	(44.75)	(48.00)
531515	Billing - STR Labour	9,719.45	6,515.57	9,448.43	7,033.18	805.03	1,188.43	1,185.00	1,185.00
		9,608.20	6,451.07	9,390.18	6,975.18	766.28	1,143.68	1,140.25	1,137.00
		Principal Balance for Disposition					**34,334.59**		

DVA Audit Results

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

RHI has not been subject to an audit by the OEB.

Disposition of Deferral and Variance Accounts

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

Table 9.9 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, RHI proposes to dispose of all its balances listed in the table below.

The 2017_EDDVAR_Continuity_Schedule_CoS OEB model detailing each account is being filed in conjunction with this application.

Table 9.9: DVA Balances sought for Disposition

		Amounts from Sheet 2	Allocator
LV Variance Account	1550	4,569	kWh
Smart Metering Entity Charge Variance Account	1551	(1,871)	# of Customers
RSVA - Wholesale Market Service Charge	1580	(23,007)	kWh
RSVA - Retail Transmission Network Charge	1584	33,177	kWh
RSVA - Retail Transmission Connection Charge	1586	95,386	kWh
RSVA - Power (excluding Global Adjustment)	1588	(31,996)	kWh
RSVA - Global Adjustment	1589	179,085	Non-RPP kWh
Disposition and Recovery/Refund of Regulatory Balances (2010)	1595	1,210	kWh
Disposition and Recovery/Refund of Regulatory Balances (2011)	1595	0	kWh
Disposition and Recovery/Refund of Regulatory Balances (2012)	1595	(9,674)	kWh
Disposition and Recovery/Refund of Regulatory Balances (2013)	1595	(2,427)	kWh
Disposition and Recovery/Refund of Regulatory Balances (2014)	1595	(2,126)	kWh
Total of Group 1 Accounts (excluding 1589)		**63,243**	
Other Regulatory Assets - Sub-Account - Other 4	1508	1,987	kWh
Retail Cost Variance Account - Retail	1518	(6,811)	kWh
Misc. Deferred Debits	1525	23,458	kWh
Retail Cost Variance Account - STR	1548	36,608	kWh
Total of Group 2 Accounts		**55,243**	

LRAM Variance Account **(Enter dollar amount for each class)**	1568	**63,409**	
(Account 1568 - total amount allocated to classes)		63,409	
Variance		**0**	

Total of Group 1 Accounts (1550, 1551, 1584, 1586 and 1595)	**118,244**	
Total of Account 1580 and 1588 (not allocated to WMPs)	**(55,002)**	
Balance of Account 1589 Allocated to Non-WMPs	**179,085**	

Balance of Account 1589 allocated to Class A Non-WMP Customers	**0**	

Group 2 Accounts - Total balance allocated to each class	**55,243**	

IFRS-CGAAP Transition PP&E Amounts Balance + Return Component	1575	0	kWh
Accounting Changes Under CGAAP Balance + Return Component	1576	(870,367)	kWh
Total Balance Allocated to each class for Accounts 1575 and 1576		**(870,367)**	

This table below shows balances proposed for disposition before forecasted interest that are not consistent with the last Audited Financial Statements. Explanations for any variances are presented in the table.

Table 9.10: Balances Not Consistent with Last RRR and Audited Financial Statements

Account Descriptions	Account Number	Variance RRR vs. 2015 Balance	Explanation	Principle
Other Regulatory Assets – Sub Account - OCEB	1508	$1,511	This amount is not proposed for disposition, yet is included in the 2015 audited financial statement balance. An error was identified in the carrying charge calculation. This will be reversed in 2016. This is identified in Appendix A of the EDDVAR model	
LRAM	1568	$62,662	Calculated as part of the cost of service application.	
Accounting Changes Under CGAAP Balance- forecast difference for 2016 Bridge year	1576	$350,513	Calculated as part of the cost of service application.	

The table above represent the balances not consistent with the last RRR and Audited Financial Statements.

Account 1508 – Other Regulatory Balances reflects a difference of $1,511 representing carrying charges incorrectly calculated and posted to this account in prior periods. This will be adjusted and reversed in 2016. RHI has not included this amount in the total proposed for disposition.

Account 1568 – LRAM – This amount is not included in the last RRR or the Audited Financial Statements. This was calculated as part of the cost of service application.

Account 1576 – Accounting Changes Under CGAAP Balance – This amount proposed for disposition is not consistent with the last RRR or the Audited Financial Statements. As detailed in Table 9.2, an additional $175,773 was calculated for 2016 Bridge year, and an additional $174,741 was calculated for a Return on Rate Base.

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

RHI notes that all relevant calculations are embedded in the 2017_EDDVAR_Continuity_Schedule_CoS OEB provided model.

The utility did not propose a billing determinant that is different than the OEB standards. RHI does not need to establish separate rate riders to recover the balances in the RSVAs from Market Participants ("MPs") who must not be allocated the RSVA account balances related to charges for which the MPs settle directly with the IESO (e.g. wholesale energy, wholesale market services).

RHI is proposing to dispose of these balances over a period of four years. The rate rider calculations are calculated in the OEB's EDVARR model. The rate riders are reproduced at the next page.

Table 9.11: Deferral and Variance Rate Riders

Please indicate the Rate Rider Recovery Period (in years) | **4**

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	28,929,066	$ 39,387	**0.0003**	***$/kWh***
GENERAL SERVICE < 50 KW	kWh	11,749,297	$ 15,993	**0.0003**	***$/kWh***
GENERAL SERVICE > 50 TO 4999 KW	**kW**	118,024	$ 61,130	**0.1295**	***$/kW***
UNMETERED SCATTERED LOAD	kWh	149,640	$ 211	**0.0004**	***$/kWh***
STREET LIGHTING	**kW**	3,007	$ 1,523	**0.1266**	***$/kW***
		-	$ -	**-**	
		-	$ -	**-**	
Total			**$ 118,245**		

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	28,929,066	-$ 18,644	- **0.0002**	***$/kWh***
GENERAL SERVICE < 50 KW	kWh	11,749,297	-$ 7,572	- **0.0002**	***$/kWh***
GENERAL SERVICE > 50 TO 4999 KW	**kW**	118,024	-$ 27,992	- **0.0593**	***$/kW***
UNMETERED SCATTERED LOAD	kWh	149,640	-$ 96	- **0.0002**	***$/kWh***
STREET LIGHTING	**kW**	3,007	-$ 698	- **0.0580**	***$/kW***
		-	$ -	**-**	
		-	$ -	**-**	
Total			**-$ 55,003**		

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	969,124	$ 3,646	**0.0009**	***$/kWh***
GENERAL SERVICE < 50 KW	kWh	2,030,279	$ 7,639	**0.0009**	***$/kWh***
GENERAL SERVICE > 50 TO 4999 KW	**kW**	117,841	$ 163,172	**0.3462**	***$/kW***
UNMETERED SCATTERED LOAD	kWh	149,407	$ 562	**0.0009**	***$/kWh***
STREET LIGHTING	**kW**	3,003	$ 4,066	**0.3385**	***$/kW***
		-	$ -	**-**	
		-	$ -	**-**	
Total			**$ 179,085**		

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 Group 2 Accounts	
RESIDENTIAL	# of Customers	3,835	$ 18,726	**$ 0.10**	per customer per month
GENERAL SERVICE < 50 KW	kWh	11,749,297	$ 7,605	**$ 0.0002**	$/kWh
GENERAL SERVICE > 50 TO 4999 KW	**kW**	118,024	$ 28,115	**$ 0.0596**	***$/kW***
UNMETERED SCATTERED LOAD	kWh	149,640	$ 97	**$ 0.0002**	$/kWh
STREET LIGHTING	**kW**	3,007	$ 701	**$ 0.0582**	***$/kW***
		-	$ -	**$ -**	
		-	$ -	**$ -**	
Total			**$ 55,243**		

Rate Rider Calculation for Accounts 1575 and 1576

Please indicate the Rate Rider Recovery Period (in years) | **4**

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Balance of Accounts 1575 and 1576	Rate Rider for Accounts 1575 and 1576	
RESIDENTIAL	kWh	28,929,066	-$ 295,027	- **0.0025**	$/kWh
GENERAL SERVICE < 50 KW	kWh	11,749,297	-$ 119,823	- **0.0025**	$/kWh
GENERAL SERVICE > 50 TO 4999 KW	**kW**	118,024	-$ 442,953	- **0.9383**	**$/kW**
UNMETERED SCATTERED LOAD	kWh	149,640	-$ 1,526	- **0.0025**	$/kWh
STREET LIGHTING	**kW**	3,007	-$ 11,037	- **0.9175**	**$/kW**
		-	$ -	-	
		-	$ -	-	
Total			**-$ 870,367**		

Rate Rider Calculation for Accounts 1568

Please indicate the Rate Rider Recovery Period (in years) | **4**

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Balance of Account 1568	Rate Rider for Account 1568	
RESIDENTIAL	kWh	28,929,066	$ 21,494	**0.0002**	***$/kWh***
GENERAL SERVICE < 50 KW	kWh	11,749,297	$ 8,729	**0.0002**	***$/kWh***
GENERAL SERVICE > 50 TO 4999 KW	**kW**	118,024	$ 32,270	**0.0684**	***$/kW***
UNMETERED SCATTERED LOAD	kWh	149,640	$ 111	**0.0002**	***$/kWh***
STREET LIGHTING	**kW**	3,007	$ 804	**0.0668**	***$/kW***
		-	$ -	-	
		-	$ -	-	
		-	$ -	-	
Total			**$ 63,409**		

Other Rate Riders

Ex.9/Tab 5/Sch.1 - Stranded Meter Rate Rider

In the Minimum Filing Requirements, the Board states that the Smart Meter Funding and Cost Recovery (G-2008-0002) provides two options regarding the accounting treatment for Stranded Meters related to the installation of smart meters:

- Option A: transfer the Stranded Meter costs to "Sub-account Stranded Meter Costs" of Account 1555; or
- Option B: continue to record Stranded Meter costs in Account 1860.

RHI has acted in accordance with Option B. Until now, the stranded meters have resided in Account 1860 – Meters.

The table below (excerpt from OEB Appendix 2-R of the Board's Appendices) shows the net book value of RHI's stranded smart meters. Please note that the net book value does not match the RHI RRR 2.1.7 trial balance or our audited financial statements. Depreciation was not calculated for 2010 or 2011. The depreciation was calculated for the purposes of this model.

Table 9.12: Stranded Meters

Year	Notes	Gross Asset Value	Accumulated Amortization	Contributed Capital (Net of Amortization)	Net Asset	Proceeds on Disposition	Residual Net Book Value
		(A)	(B)	(C)	(D) = (A) - (B) - (C)	(E)	(F) = (D) - (E)
2006		$ 530,756	$ 365,186		$ 165,570		$ 165,570
2007		$ 551,801	$ 380,925		$ 170,877		$ 170,877
2008		$ 557,746	$ 396,901		$ 160,844		$ 160,844
2009		$ 557,746	$ 412,878		$ 144,868		$ 144,868
2010		$ 557,746	$ 428,867		$ 128,879		$ 128,879
2011		$ 557,746	$ 443,324		$ 114,422		$ 114,422
2012		$ 557,746	$ 457,047		$ 100,699		$ 100,699
2013		$ 557,746	$ 469,317		$ 88,429		$ 88,429
2014		$ 557,746	$ 481,222		$ 76,524		$ 76,524
2015		$ 557,746	$ 492,556		$ 65,191		$ 65,191
2016		$ 557,746	$ 502,792		$ 54,954		$ 54,954

In accordance with the guidance and directions that have been provided by the Board to date RHI is requesting recovery of the Stranded Meter Costs balances through class-specific rate riders from the applicable customer classes. Stranded meter costs are based on the net book value of the conventional meters that became stranded due to being replaced with smart meters

during the Smart Meter Initiative. Annual amortization was calculated using the 25 year service life estimated for the asset prior to implementation of MIFRS. Depreciation was calculated using the straight line method of depreciation.

RHI did not receive any proceeds on its scrapped meters and did not collect contributed capital on its conventional meters for the affected rate classes.

Based on the amortization schedule of these particular conventional meters, RHI has forecasted the NBV to be in the amount of $54,954.

Note that the 2017 revenue requirement does not include a cost of capital return or depreciation expense associated with the stranded meter costs removed from rate base. No carrying charges were recorded on the stranded meter costs.

In accordance with the guidance and directions that have been provided by the Board to date, RHI is requesting recovery of the Stranded Meter Costs balances through class-specific rate riders from the applicable customer classes.

RHI has allocated the costs of the stranded conventional meters by using the allocation calculated in its 2010 Cost Allocation Informational Filing, Sheet 17.1 Meter Capital is shown at the next page.

2006 COST ALLOCATION

INFORMATION FILING

Renfrew Hydro Inc.

EB-2005-0413 EB-2007-0003

January-00-00

Sheet I7.1 Meter Capital Worksheet ·

First Run

Click Here For Instructions on How to Complete This Worksheet

	1			2			3			7			9					
	Residential			GS <50			GS>50-Regular			Street Light			Unmetered Scattered Load			TOTAL		
	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
	Number of Meters	Weighted Metering Costs (1)	Weighted Average Costs (2)	Number of Meters	Weighted Metering Costs (1)	Weighted Average Costs (2)	Number of Meters	Weighted Metering Costs (1)	Weighted Average Costs (2)	Number of Meters	Weighted Metering Costs (1)	Weighted Average Costs (2)	Number of Meters	Weighted Metering Costs (1)	Weighted Average Costs (2)	Number of Meters	Weighted Metering Costs (1)	Weighted Average Costs (2)
Allocation Percentage Weighted Factor			56.73%			12%			32%			0%			0%			100%
Cost Relative to Residential Average Cost			1.00			1.44			31.46			-			-			1.52
Total	3542	232150	65.54206663	500	47160	94.32	63	129900	2061.904762	0	0	-	0	0	-	4105	409210	99.68574909

1

Table 9-14 below shows the breakdown of stranded meter costs by rate class. Note the total Stranded Meters by Class (C) is the net book value as of December 31, 2016.

Using data from RHI's 2017 load forecast, the following class-specific rate riders are requested for final disposition of RHI's stranded meter costs.

Table 9.14: Calculation of Stranded Meter Rate Rider

Stranded Meter Rate Rider

Customer Class Name	Net Book Value	% share	Annual $	Customer	Rate	per month
Residential	$31,323.78	57%	6264.76	3835	$1.63	$0.14
General Service < 50 kW	$6,044.94	11%	1208.99	414	$2.92	$0.24
General Service > 50 to 4999 kW	$17,585.28	32%	3517.06	61	$57.87	$4.82
		100.00%				
	TOTAL	100.00%				

Total for Recovery			**54,954**
Recovery Period (years)		**5**	
Annual Recovery			**10,991**

Ex.9/Tab 5/Sch.2 - Smart Meter Disposition Riders

RHI is applying for the disposition of the smart meter costs incurred to completion through a Smart Meter Disposition Rider (SMDR). The SMDR is intended to recover or refund the net deferred revenue requirement of smart meter capital and incremental operating expenses to December 31, 2016, offset by the Smart Meter Funding Adder revenues recovered from May 1, 2006 to when the SMFA ceased April 30, 2012 and taking into account the carrying charges/interest at the prescribed rates. The SMDR is calculated in the 2016 Smart Meter Model, which is being filed in conjunction with this application.

Derivation of Cost of Power

Ex.9/Tab 6/Sch.1 – Determination of Cost of Power

RHI calculated the cost of power for the 2016 Bridge Year and the 2017 Test Year based on the results of the load forecast discussed in detail in Exhibit 3. The commodity prices used in the calculation were prices published in the Board's Regulated Price Plan Report – May 1 2016 to April 31, 2017 issued by the Ontario Energy Board on April 14, 2016. Should the Board publish a revised Regulated Price Plan Report prior to the Board's Decision in the application, RHI will update the electricity prices in the forecast.

Energy

The sale of energy is a flow through revenue and the cost of power is a flow through expense. Energy sales and the cost of power expense by component are presented in Table 9.15 below. RHI records no profit or loss resulting from the flow through energy revenues and expenses. Any temporary variances are included in the RSVA account balances.

The components of RHI's cost of power are;

Table ES-1: Average RPP Supply Cost Summary (for the 12 months from May 1, 2016)

RPP Supply Cost Summary for the period from May 1, 2016 through April 30, 2017		
Forecast Wholesale Electricity Price		$16.86
Load-Weighted Price for RPP Consumers ($ / MWh)		$18.59
Impact of the Global Adjustment ($ / MWh)	+	$90.86
Adjustment to Address Bias Towards Unfavourable Variance ($ / MWh)	+	$1.00
Adjustment to Clear Existing Variance ($ / MWh)	+	$0.97
Average Supply Cost for RPP Consumers ($ / MWh)	=	**$111.41**

	Last Actual kWh's		
Customer Class Name	**Last Actual kWh's**	**non-RPP**	**RPP**
Residential	29,589,162	990,906	28,598,256
General Service < 50 kW	10,843,312	1,873,494	8,969,818
General Service > 50 to 4999 kW	45,095,566	45,095,566	0
Unmetered Scattered Load	155,364	155,364	0
Street Lighting	1,123,682	1,123,682	0
TOTAL	**86,807,086**	**49,239,012**	**37,568,074**
%	*100.00%*	*56.72%*	*43.28%*

Forecast Price

HOEP ($/MWh)			$18.59	
Global Adjustment ($/MWh)			$90.86	
Adjustments				
TOTAL ($/MWh)			**$109.45**	**$111.41**
$/kWh			***$0.10945***	***$0.11141***
%			56.72%	43.28%
WEIGHTED AVERAGE PRICE	**$0.1103**		**$0.0621**	**$0.0482**

		2016			2017		
Customer							
Class Name		Volume	rate ($/kWh):	Amount	Volume	rate ($/kWh):	Amount
Residential	kWh	31,702,863	0.0796	$2,523,548	31,273,344	$0.11030	$3,449,395
General Service < 50 kW	kWh	12,876,365	0.0796	$1,024,959	12,701,406	$0.11030	$1,400,943
General Service > 50 to 4999 kW	kWh	46,673,960	0.0796	$3,715,247	46,953,684	$0.11030	$5,178,909
Unmetered Scattered Load	kWh	163,375	0.0796	$13,005	161,766	$0.11030	$17,842
Street Lighting	kWh	1,181,622	0.0796	$94,057	1,169,982	$0.11030	$129,047
TOTAL		**92,598,185**		**$7,370,815**	**92,260,183**		**$10,176,136**

The Commodity share of the Cost of Power is calculated in the same manner as has been previously approved by the OEB in RHI's previous Cost of Service application as well as other applications. The utility used Table ES-1: Average RPP Supply Cost Summary from the Regulated Price Plan Price Report – May 1 2016 to April 31, 2017 issued by the Ontario Energy Board on April 14, 2016.

The utility uses the split between the RPP and Non-RPP to determine the weighted average price. The weighted average price is applied to the projected 2017 Load Forecast to determine the commodity to be included in the Cost of Power.

Transmission Network

		2016			2017		
Customer							
Class Name		Volume	Rate	Amount	Volume	Rate	Amount
Residential	kWh	31,702,863	0.0064	$202,898	31,273,344	0.0064	$200,314
General Service < 50 kW	kWh	12,876,365	0.0058	$74,683	12,701,406	0.0058	$73,729
General Service > 50 to 4999 kW	kW	117,445	2.3668	$277,970	118,024	2.3687	$279,569
Unmetered Scattered Load	kWh	163,375	0.0058	$948	161,766	0.0058	$939
Street Lighting	kW	3,037	1.7849	$5,421	3,007	1.7864	$5,372
TOTAL	0	**44,863,085**		**$561,920**	**44,257,548**		**$559,923**

The Transmission Network charges are calculated in the OEB's RTSR model. The Rates are applied to the 2017 Load Forecast to determine the amount to be included in the Cost of Power. The RTSR model is filed in conjunction with this application.

Transmission Connection

		2016			2017		
Customer							
Class Name		Volume	Rate	Amount	Volume	Rate	Amount
Residential	kWh	31,702,863	0.0033	$104,619	31,273,344	0.0035	$108,472
General Service < 50 kW	kWh	12,876,365	0.0031	$39,917	12,701,406	0.0033	$41,385
General Service > 50 to 4999 kW	kW	117,445	1.1566	$135,837	118,024	1.2157	$143,478
Unmetered Scattered Load	kWh	163,375	0.0031	$506	161,766	0.0033	$527
Street Lighting	kW	3,037	0.8941	$2,716	3,007	0.9398	$2,826
TOTAL	0	**44,863,085**		**$283,596**	**44,257,548**		**$296,688**

The Transmission Connection charges are also calculated in the OEB's RTSR model. The Rates are applied to the 2017 Load Forecast to determine the amount to be included in the Cost of Power. The RTSR model is filed in conjunction with this application.

Wholesale Market

		2016			2017		
Customer			**rate ($/kWh):**	**0.0052**		**rate ($/kWh):**	**0.0052**
Class Name		Volume		Amount	Volume		Amount
Residential	kWh	31,702,863	0.00360	$114,130	31,273,344	0.00360	$112,584
General Service < 50 kW	kWh	12,876,365	0.00360	$46,355	12,701,406	0.00360	$45,725
General Service > 50 to 4999 kW	kWh	46,673,960	0.00360	$168,026	46,953,684	0.00360	$169,033
Unmetered Scattered Load	kWh	163,375	0.00360	$588	161,766	0.00360	$582
Street Lighting	kWh	1,181,622	0.00360	$4,254	1,169,982	0.00360	$4,212
TOTAL	0	**92,598,185**		**$333,353**	**92,260,183**		**$332,136**

On November 19, 2015 the OEB released Decision and Order for the Wholesale Market Service (WMS) for 2016. The Board's decision is summarized as follows:

- The WMS rate used by rate-regulated distributors to bill their customers shall be 0.36 cents per kilowatt-hour, effective January 1, 2016. This unit rate shall apply to a customer's metered energy consumption adjusted by the distributor's Board-approved Total Loss Factor.

In compliance with this order, RHI has applied the Board Approved $0.0036/kWh to its 2017 Load Forecast in order to include $332,136 in its Cost of Power.

Rural Rate

		2016			2017		
Customer			**rate ($/kWh):**			**rate ($/kWh):**	
Class Name		Volume		Amount	Volume		Amount
Residential	kWh	31,702,863	0.00130	$41,214	31,273,344	0.00130	$40,655
General Service < 50 kW	kWh	12,876,365	0.00130	$16,739	12,701,406	0.00130	$16,512
General Service > 50 to 4999 kW	kWh	46,673,960	0.00130	$60,676	46,953,684	0.00130	$61,040
Unmetered Scattered Load	kWh	163,375	0.00130	$212	161,766	0.00130	$210
Street Lighting	kWh	1,181,622	0.00130	$1,536	1,169,982	0.00130	$1,521
TOTAL	0	**92,598,185**		**$120,378**	**92,260,183**		**$119,938**

On November 19, 2015 the OEB released Decision and Order for the Rural or Remote Electricity Rate Protection (RRRP) for 2016. The Board's decision is summarized as follows:

- The RRRP charge used by rate-regulated distributors to bill their customers shall continue to be 0.13 cents per kilowatt-hour, effective January 1, 2016. This unit rate shall apply to a

customer's metered energy consumption adjusted by the distributor's Board-approved Total Loss Factor.

Smart Meter Entity

		2016			2017		
Customer			**rate ($/kWh):**			**rate ($/kWh):**	
Class Name		Volume		Amount	Volume		Amount
Residential	kWh	3,807	0.79000	$36,089	3,835	0.79000	$36,356
General Service < 50 kW	kWh	422	0.79000	$3,998	414	0.79000	$3,921
General Service > 50 to 4999 kW	kW	61	0.79000	$578	61	0.79000	$576
TOTAL	0	**4,290**		**$40,666**	**4,309**		**$40,853**

OESP

		2016			2017		
Customer			**rate ($/kWh):**			**rate ($/kWh):**	
Class Name		Volume		Amount	Volume		Amount
Residential	kWh	31,702,863	0.00110	$34,873	31,273,344	0.00110	$34,401
General Service < 50 kW	kWh	12,876,365	0.00110	$14,164	12,701,406	0.00110	$13,972
General Service > 50 to 4999 kW	kWh	117,445	0.00110	$129	46,953,684	0.00110	$51,649
Unmetered Scattered Load	kWh	163,375	0.00110	$180	161,766	0.00110	$178
Street Lighting	kWh	3,037	0.00110	$3	1,169,982	0.00110	$1,287
TOTAL	0	**44,863,085**		**$49,349**	**92,260,183**		**$101,486**

Low Voltage Charges

Table 9.16 below presents the derivation of proposed retail rates for Low Voltage ("LV") service. The 2017 estimates of total LV charges were calculated based on an average of the last 2 years. The projections were allocated to customer classes, according to each class' share of projected Transmission-Connection revenue, in accordance with Board policy. The resulting allocated LV charges for each class were divided by the applicable 2017 volumes from the load forecast, as presented in Exhibit 3. Current LV revenues are recovered through a separate rate adder and therefore are not embedded within the approved Distribution Volumetric rate. 2017 LV rates appear on a distinct line item on the proposed schedule of rates.

Table 9.16: Low Voltage Charges

				2010	2011	2012	2013	2014	2015	2016	2017
4075-Billed - LV				-111,446	-93,005	-88,827	-82,682	-85,641	-84,969	-91,095	-91,095
4750-Charges - LV				111,446	93,005	88,827	82,682	85,641	84,969	91,095	91,095

Low Voltage Charges - Allocation of LV Charges based on Transmission Connection Revenues

	ALLOCATON BASED ON TRANSMISSION-CONNECTION REVENUE				
Customer Class Name		**RTSR Rate**	**Uplifted Volumes**	**Revenue**	**% Alloc**
Residential	kWh	**$0.0035**	31,273,344	$108,472	36.56%
General Service < 50 kW	kWh	**$0.0033**	12,701,406	$41,385	13.95%
General Service > 50 to 4999 kW	kW	**$1.2157**	118,024	$143,478	48.36%
Unmetered Scattered Load	kWh	**$0.0033**	161,766	$527	0.18%
Street Lighting	kW	**$0.9398**	3,007	$2,826	0.95%
TOTAL			**44,257,552**	**$296,688**	**100%**

Low Voltage Charges Rate Rider Calculations

	PROPOSED LOW VOLTAGE CHARGES & RATES				
Customer Class Name	**% Allocation**	**Charges**	**Not Uplifted Volumes**	**Rate**	**per**
Residential	36.56%	33,305	31,273,344	$0.0011	kWh
General Service < 50 kW	13.95%	12,707	12,701,406	$0.0010	kWh
General Service > 50 to 4999 kW	48.36%	44,053	118,024	$0.3733	kW
Unmetered Scattered Load	0.18%	162	161,766	$0.0010	kWh
Street Lighting	0.95%	868	3,007	$0.2885	kW
TOTAL	**100.00%**	**91,095**	**44,257,552**		

Low Voltage Charges to be added to power supply expense for bridge and test year.

Customer		**Revenue**	**Expense**	**2016**				**2017**		
Class Name		USA #	USA #	Volume	Rate	Amount		Volume	Rate	Amount
Residential	kWh	4075	4750	31,702,863	$0.0011	$34,873.15		28,929,066	$0.0011	$31,821.97
General Service < 50 kW	kWh	4075	4750	12,876,365	$0.0010	$12,876.36		11,749,297	$0.0010	$11,749.30
General Service > 50 to 4999 kW	kW	4075	4750	117,445	$0.3564	$41,857.53		118,024	$0.3733	$44,058.36
Unmetered Scattered Load	kWh	4075	4750	163,375	$0.0010	$163.38		149,640	$0.0010	$149.64
Street Lighting	kW	4075	4750	3,037	$0.2754	$836.49		3,007	$0.2885	$867.62
TOTAL		**0**	**0**	**44,863,085**		**$90,607**		**40,949,038**		**$88,646.89**

APPENDIX A

Continuity Schedule