EXHIBIT 9 – DEFERRAL AND VARIANCE ACCOUNTS

2022 Cost of Service

Ottawa River Power Corp.
EB-2021-0052

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9.1 OVERVIEW

9.1.1 OVERVIEW

The purpose of this exhibit is to identify the variance/deferral accounts that have been used, 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, 2020. 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.

Section 9.3.1 contains descriptions of all the outstanding DVAs. ORPC 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 the account balance shown in Table 1 reconciles with the trial balance reported through the Electricity Reporting and Record-keeping Requirements and ORPC's Audited Financial Statements.

ORPC has prepared the 2022 DVA Continuity Schedule model of the Group 1 and Group 2 DVAs. The Group 2 accounts which will be discontinued on a going-forward basis are explained in Section 9.3.2.

ORPC proposes to dispose of a debit of $223,600 related to Group 1 (not including 1589 and 1588 which are undergoing an OEB audit) and a credit of $223,886 related to Group 2 Variance/Deferral Accounts. This credit includes projected carrying charges up to and including April 30, 2022. ORPC also proposes to dispose of a net debit balance of $177,787 recorded in account 1568 being the Lost Revenue Adjustment Mechanism Variance Account.

Group 1 and Group 2 DVA balances are proposed to be disposed over 2 years. ORPC has followed the OEB's guidance as provided by the OEB's Electricity Distributor's Disposition of Variance Accounts Reporting Requirements Report.

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

ORPC is not requesting any new accounts or sub-accounts at this time.

A breakdown of energy sales and cost of power expense balances, as reported in ORPC's Audited Financial Statements, is provided Section 9.2.5

ORPC confirms that it pro-rates the IESO Global Adjustment Charge into the RPP and Non-RPP portions.

9.2 STATUS & DISPOSITION OF DEFERRAL & VARIANCE ACCOUNTS

9.2.1 DESCRIPTION OF DVA USED BY THE APPLICANT

The table below presents the list of deferral and variance accounts, with the proposed selection of balances for disposition. All account balances selected for disposition are based on the December 31, 2020 values, since it is the most recent date the balances were subject to audit. In order to finalize disposition of some Group 2 accounts, where predictable adjustments will continue to be made in 2021 and 2022, these changes are included in the Total Claim Balances. The adjustments are explained in the individual account write-ups in 9.3.2.

Board policy states that 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, ORPC proposes to dispose of all its balances. Each account is outlined in the table below:

Table 1 - Account and Balances sought for Disposition/Recovery

		Amounts from Sheet 2	Allocator
LV Variance Account	1550	357,213	kWh
Smart Metering Entity Charge Variance Account	1551	5,663	# of Customers
RSVA - Wholesale Market Service Charge	1580	(110,173)	kWh
RSVA - Retail Transmission Network Charge	1584	(5,635)	kWh
RSVA - Retail Transmission Connection Charge	1586	19,440	kWh
Disposition and Recovery/Refund of Regulatory Balances (2016)	1595	(42,907)	%
Total Group 1 accounts above (excluding 1588 and 1589)		**223,600**	
Pole Attachment Revenue Variance	1508	(125,053)	Distribution Rev.
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account)	1592	(11,181)	kWh
PILs and Tax Variance for 2006 and Subsequent Years- Sub-account CCA Changes	1592	(87,652)	kWh
LRAM Variance Account	**1568**	**177,787**	
Total of Group 1 Accounts (1550, 1551, 1584, 1586 and 1595)		**333,774**	
Total of Account 1580 and 1588 (not allocated to WMPs)		**(110,173)**	
Account 1589 (allocated to Non-WMPs)		**0**	

Group 2 Accounts (including 1592, 1532, 1555)	**(223,886)**	

9.2.2 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

For account all of the accounts above, ORPC is requesting disposition of the December 31, 2020, audited balance. ORPC attests that its audited balances for these accounts reconciles with filing 2.1.7 of its RRR.

1595 Account (2016)

ORPC is proposing to dispose of its 2016 1595 vintage balances as part of this application. Workform 1595 has been filed with this application.

The 2016 balances which were approved as part of its 2016 Cost of Service rate application and were approved on a 2-year basis and meet the requirements which state that balances must have reached their sunset, have been audited and a year must have passed before vintage residual balances be disposed of.

The 2019 balance, which was approved as part of ORPC's 2021 IRM Application, does not meet the requirements for disposition.

Table 2 – Disposition Status of Account 1595

Year of Balance	**Rate Appl.**	**Disposition Period**	**Interim /Final**	**Rate Ride Sunset Date**	**Sunset Reached**	**Audited**	**Plus 1 year**

2016	**2016**	**24 months**	**Final**	**2018/04/30**	✓	✓	✓
2019	**2021**	**12 months**	**Final**	**2022/04/30**	X	X	X

ORPC also confirms that there are no residual balances for vintage Account 1595 being disposed of and that all historical dispositions of 1595 have only been done once.

ORPC has completed workform 1595 to explain any significant residual balances attributable to specific rate riders for each customer rate class including volume differences between forecast volumes (used to calculate the rate riders) as compared to actual volumes at which the rate riders were billed.

Group 2 Accounts

1508– Pole Attachment Revenue Variance

This account is used by distributors to capture the difference between the Pole Attachment charges approved in the previous COS and the new rates outlined in the OEB's Wireline Pole Attachment Charges Report (EB-2015-0304) released on March 22, 2018.

Carrying charges have been applied to this account using simple interest applied to the monthly opening balances in the account (exclusive of accumulated interest). The rate of interest used is the rate prescribed by the Board.

ORPC is requesting disposition of the December 31, 2020 audited balance. The balance for account 1508 Pole Attachment Revenue Variance requested for disposal, including carrying charges is a credit of $125,053.

1592 – PILs and Tax Variance for 2006 Subsequent Years

This account is used by distributors to record the tax impact of differences not reflected in the distributor's rates whether due to legislative, regulatory, policy or other change. The calculated differences arise from shared tax savings calculated in IRM model.

Carrying charges have been applied to this account using simple interest applied to the monthly opening balances in the account (exclusive of accumulated interest). The rate of interest used is the rate prescribed by the Board.

ORPC is requesting disposition of the December 31, 2020 audited balance. The balance for account 1592 PILs and Tax Variance for 2006 and Subsequent Years requested for disposal, including carrying charges, is a credit of $11,181.

1592 – PILs and Tax Variance for 2006 Subsequent Years- Sub-account CCA Changes

This account is used by distributors to record the tax impact of accelerated Capital Cost Allowance (CCA) not reflected in the distributor's rates set in its previous Cost of Service based rate application.

Carrying charges have been applied to this account using simple interest applied to the monthly opening balances in the account (exclusive of accumulated interest). The rate of interest used is the rate prescribed by the Board.

The balance for account 1592 PILs and Tax Variance for 2006 and Subsequent Years- Sub-account CCA Changes requested for disposal, including carrying charges, is a credit of $87,652. ORPC implemented the use of accelerated CCA in 2019. The balance of 1592 is composed of the following principal amounts plus projected carrying charges of $661:

Table 3 – PILs Accelerated CCA Impact

Ottawa River Power Corporation 2019 - PILs - Jacket - Income Tax Calculation	As Filed (with accelerated CCA)				Included in Rate Base (without accelerated CCA)			
Net income (loss) for income tax purposes from Schedule 1	**300**		753,481		**300**		859,097	
Base Amount Part 1 tax	**550**	38.00%	286,323	**I**	**550**	38.00%	326,457	**I**
General Tax Reduction	**638**	13.00%	97,953		**638**	13.00%	111,683	
Federal Tax Abatement	**608**	10.00%	75,348		**608**	10.00%	85,910	
Subtotal			173,301	**K**			197,593	**K**
Total Federal Tax (I minus K)			113,022	**L**			128,864	**L**
Provincial of territorial tax (ON)	**760**	11.50%	86,650		**760**	11.50%	98,796	
Total tax payable	**770**		199,672		**770**		227,660	
1592 Entry								**27,988**

Ottawa River Power Corporation 2020 - PILs - Jacket - Income Tax Calculation	As Filed (with accelerated CCA)				Included in Rate Base (without accelerated CCA)			
Net income (loss) for income tax purposes from Schedule 1	**300**		107,318		**300**		329,976	
Base Amount Part 1 tax	**550**	38.00%	40,781	**I**	**550**	38.00%	125,391	**I**
General Tax Reduction	**638**	13.00%	13,951		**638**	13.00%	42,897	
Federal Tax Abatement	**608**	10.00%	10,732		**608**	10.00%	32,998	
Subtotal			24,683	**K**			75,895	**K**
Total Federal Tax (I minus K)			16,098	**L**			49,496	**L**
Provincial of territorial tax (ON)	**760**	11.50%	12,342		**760**	11.50%	37,947	
Total tax payable	**770**		28,440		**770**		87,443	
1592 Entry								**59,003**

The above amounts were prepared by ORPC and reviewed and confirmed by its auditor, KPMG. The large increase in 2020 is a direct result of Almonte MS#4 being capitalized for audited financial statement and tax purposes. This resulted in additions of $2,555,375 to the Electrical Distribution Equipment CCA Class 47. This carries a CCA rate of 8% (12% under accelerated CCA for new additions) compared to approximately 3% amortization for accounting purposes.

9.2.3 INTEREST RATE APPLIED

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

Table 4 - Interest Rates Applied to Deferral and Variance Accounts (%)

Period	**Interest Rate**
Q1 2015 (Actual)	1.47%
Q2 2015 (Actual)	1.10%
Q3 2015 (Actual)	1.10%
Q4 2015 (Actual)	1.10%
Q1 2016 (Actual)	1.10%
Q2 2016 (Actual)	1.10%
Q3 2016 (Actual)	1.10%
Q4 2016 (Actual)	1.10%
Q1 2017 (Actual)	1.10%
Q2 2017 (Actual)	1.10%
Q3 2017 (Actual)	1.10%
Q4 2017 (Actual)	1.50%
Q1 2018 (Actual)	1.50%
Q2 2018 (Actual)	1.89%
Q3 2018 (Actual)	1.89%
Q4 2018 (Actual)	2.17%
Q1 2019 (Actual)	2.45%
Q2 2019 (Actual)	2.18%
Q3 2019 (Actual)	2.18%
Q4 2019 (Actual)	2.18%
Q1 2020 (Actual)	2.18%
Q2 2020 (Actual)	2.18%
Q3 2020 (Actual)	0.57%
Q4 2020 (Actual)	0.57%
Q1 2021 (Actual)	0.57%
Q2 2021 (Actual)	0.57%
Q3 2021 (Actual)	0.57%
Q4 2021 (Actual)	0.57%

ORPC 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

Closing Interest Balances as of December 31, 2020, Adjusted for Dispositions during 2021 are detailed in the table below:

Table 5 - Closing Interest Balances as of Dec 31, 2020, Adj. for Dispositions during 2020

Account Descriptions	Total Interest	Total Claim
	Claim before Forecasted Transactions	Claim before Forecasted Transactions
Group 1 Accounts		
LV Variance Account	$9,323	$345,266
Smart Metering Entity Charge Variance Account	$7	$5,614
RSVA - Wholesale Market Service Charge[5]	-2,688	-$106,675
Variance WMS – Sub-account CBR Class A[5]	$1	$0
Variance WMS – Sub-account CBR Class B[5]	$0	$0
RSVA - Retail Transmission Network Charge	-$1,223	-$4,379
RSVA - Retail Transmission Connection Charge	-$158	$19,450
RSVA - Power (excluding Global Adjustment)[4]	$0	$0
RSVA - Global Adjustment [4]	$0	$0
Disposition and Recovery/Refund of Regulatory Balances (2015 and pre-2015)[3]	$0	$0
Disposition and Recovery/Refund of Regulatory Balances (2016)[3]	-$17,616	-$25,100
Disposition and Recovery/Refund of Regulatory Balances (2019)[3]	$0	$0
Disposition and Recovery/Refund of Regulatory Balances (2020)[3]	$0	$0
Disposition and Recovery/Refund of Regulatory Balances (2021)[3]	$0	$0
Refer to the Filing Requirements for Account 1595 disposition eligibility.		
Group 1 total requested for disposition (including Account 1589)	-$12,355	$234,176
Group 1 total requested for disposition (excluding Account 1589)	-$12,355	$234,176
RSVA - Global Adjustment requested for disposition	$0	$0
Group 1 total (including Account 1589)	-$5,061	$305,312
Group 1 total (excluding Account 1589)	-$5,061	$305,312
RSVA - Global Adjustment	$0	$0

9.2.4 DEPARTURE FROM BOARD APPROVED BALANCES

ORPC has not made any adjustments to deferral and variance account balances that were previously approved by the Board on a final basis in either cost of service or IRM proceedings.

9.2.5 RECONCILIATION OF ENERGY SALES & 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 2020 audited financial statements is requested. The sale of energy is a flow through revenue and the cost of power is a flow through expense. ORPC 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 the table below for a reconciliation of the 2020 RRR 2.1.7 with the 2020 Financial Statements.

Table 6 - Energy Sales and Cost of Power Expenses from Financial Statements

Power Supply Expenses	***2020***
4705-Power Purchased	$15,961,225
4707-Global Adjustment	$6,974,962
4708-Charges-WMS	$617,593
4710-Cost of Power Adjustments	$0
4712-Charges-One-Time	$0
4714-Charges-NW	$1,136,241
4715-System Control and Load Dispatching	$0
4716-Charges-CN	$914,922
4720-Other Expenses	$0
4725-Competition Transition Expense	$0
4730-Rural Rate Assistance Expense	$0
4750-Charges - LV	$147,608
4751-IESO Smart Meter Entity Expenses	$82,278
Total	**$25,834,828**

Sales of Electricity	***2020***
4006-Residential Energy Sales	-$10,571,767
4010-Commercial Energy Sales	-$2,753,249

4015-Industrial Energy Sales	-$9,248,688
4020-Energy Sales to Large Users	$0
4025-Street Lighting Energy Sales	-$15,825
4030-Sentinel Lighting Energy Sales	-$19,607
4035-General Energy Sales	$0
4040-Other Energy Sales to Public Authorities	$0
4045-Energy Sales to Railroads and Railways	$0
4050-Revenue Adjustment	$0
4055-Energy Sales for Resale	-$327,051
4060-Interdepartmental Energy Sales	$0
4062-Billed WMS	-$617,593
4064-Billed One-Time	$0
4066-Billed NW	-$1,136,241
4068-Billed CN	-$914,922
4071-Charges – Smart Metering Entity Charge	$0
4075-Billed - LV	-$147,608
4076-IESO Smart Meter Entity Billed	-$82,278
Total	**-$25,834,828**

As can be seen in the comparison above, there is no difference between energy sales and cost of power expense "Total" numbers. ORPC confirms that this is the case for all historical years as well.

9.2.6 PROPOSED CHARGE PARAMETERS

ORPC 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. The table below summarizes the proposed charge parameters by account.

Table 7 - Proposed Charge Parameters

		Allocator
LV Variance Account	1550	kWh
Smart Metering Entity Charge Variance Account	1551	# of Customers
RSVA - Wholesale Market Service Charge	1580	kWh
RSVA - Retail Transmission Network Charge	1584	kWh
RSVA - Retail Transmission Connection Charge	1586	kWh
Disposition and Recovery/Refund of Regulatory Balances (2016)	1595	%
Total Group 1 accounts above (excluding 1589)		
Pole Attachment Revenue Variance	1508	Distribution Rev.
Incremental Capital Expenditures	1508	kWh
Incremental Capital Expenditures Rate Rider Revenues	1508	kWh
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account)	1592	kWh
LRAM Variance Account (Enter dollar amount for each class)	**1568**	
Renewable Generation Connection OM&A Deferral Account	1532	kWh
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	1555	kWh
Total of Group 1 Accounts (1550, 1551, 1584, 1586 and 1595)		
Total of Account 1580 and 1588 (not allocated to WMPs)		
Account 1589 (allocated to Non-WMPs)		
Group 2 Accounts (including 1592, 1532, 1555)		
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component	1575	kWh
Accounting Changes Under CGAAP Balance + Return Component	1576	kWh
Total of Accounts 1575 and 1576		

9.3 DERIVATION OF COST OF POWER

9.3.1 BREAKDOWN OF THE COST OF POWER

ORPC calculated the cost of power for the 2021 Bridge Year and the 2022 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 - Price Report November 1, 2019 to October 31, 2020". Should the Board publish a revised Regulated Price Plan Report prior to the Board's Decision in the application, ORPC will update the electricity prices in the forecast.

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 are presented in the table below. ORPC 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 ORPC's cost of power are summarized in the table below:

Table 8 - Summary of Cost of Power 2022

2022 Test Year - Cop	Cop
4705 -Power Purchased	$15,463,943
4707- Global Adjustment	$4,557,894
4708-Charges-WMS	$465,359
4714-Charges-NW	$1,126,347
4716-Charges-CN	$966,176
4730-RRRP	$68,435
4750-Charges-LV	$500,392
4751-IESO SME	$18,506
Misc A/R or A/P	-$3,473,641
TOTAL	**$19,693,411**

The details of ORPC's components of cost of power are provided below:

Commodity:

The Commodity share of the Cost of Power is calculated in the same manner as has been previously approved by the OEB in ORPC's previous Cost of Service application as well as other applications. The utility used the commodity prices as published in the Board's "Regulated Price Plan - Price Report May 21, 2021, to April 30, 2022".

Table 9 - Calculation of Commodity

		2022 Test Year	RPP			2022 Test Year	non-RPP		Total
Electricity Commodity	**Units**	Volume	Rate	$		Volume	Rate	$	$
Class per Load Forecast				-					
Residential	kWh	83,632,401		8,667,662		-		-	8,667,662
GS<50 kW	kWh	30,853,774		3,197,685		-		-	3,197,685
GS 50 to 4999 kW	kWh	20,424,299		3,145,959		50,320,586		249,232	3,395,191
Sentinel Lighting	kWh	202,761		21,014		-		-	21,014
Street Lighting	kWh	1,125,146		116,610		-		-	116,610
Unmetered Scattered Load	kWh	631,786		65,478		-		303	65,781
other		-		-		-		-	-
other		-		-		-		-	-
other		-		-		-		-	-
SUB-TOTAL		136,870,168		15,214,409		50,320,586		249,534	$ 15,463,943

		Volume	Rate	$		Volume	Rate	$	Total
Global Adjustment non-RPP	**Units**								
Class per Load Forecast									
Residential	kWh			0					
GS<50 kW	kWh			0					
GS 50 to 4999 kW	kWh			0				4,557,894	
Sentinel Lighting	kWh			0				-	
Street Lighting	kWh			0					
Unmetered Scattered Load	kWh			0					
other				0					
other				0					
other				0					
SUB-TOTAL		0		0				4,557,894	$ 4,557,894

Table 10 - 2022 Forecasted Commodity Prices

Forecasted Commodity Prices	Table 1: Average RPP Supply Cost Summary*		**non-RPP**	**RPP**
HOEP ($/MWh)	Load-Weighted Price for RPP Consumers		$19.25	$19.25
Global Adjustment ($/MWh)	Impact of the Global Adjustment		$85.18	$85.18
Adjustments ($/MWh)				($0.79)
TOTAL ($/MWh)	Average Supply Cost for RPP Consumers			**$103.64**

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 2022 Load Forecast to determine the commodity to be included in the Cost of Power. The commodity cost for 2022 is projected at $15,463,943.

Transmission Network:

The Transmission Network charges are calculated in the OEB's RTSR model. The rates are applied to the 2022 Load Forecast to determine the amount to be included in the Cost of Power. The RTSR model is filed in conjunction with this application. The transmission network charges included in the Cost of Power for 2022 is projected at $1,126,347.

Table 11 - Transmission Network

Transmission - Network	**Units**	Volume	Rate	$
Class per Load Forecast				
Residential	kWh	83,632,401	0.0058	486,831
GS<50 kW	kWh	30,853,774	0.0051	158,649
GS 50 to 4999 kW	kW	219,749	2.1475	471,911
Sentinel Lighting	kW	495	1.6276	805
Street Lighting	kW	3,027	1.6195	4,902
Unmetered Scattered Load	kW	631,786	0.0051	3,249
other				-
other				-
other				-
				-
SUB-TOTAL				1,126,347

Transmission Connection:

The Transmission Connection charges are also calculated in the OEB's RTSR model. The rates are applied to the 2022 Load Forecast to determine the amount to be included in the Cost of Power. The RTSR model is filed in conjunction with this application. The transmission connection charges included in the Cost of Power for 2022 is projected at $966,176.

Table 12 - Transmission Connection

Transmission - Connection	**Units**	Volume	Rate	$
Class per Load Forecast				
Residential	kWh	83,632,401	0.0051	424,815
GS<50 kW	kWh	30,853,774	0.0045	137,916
GS 50 to 4999 kW	kW	219,749	1.8007	395,703
Sentinel Lighting	kW	495	1.4216	704
Street Lighting	kW	3,027	1.3922	4,214
Unmetered Scattered Load	kW	631,786	0.0045	2,824
other				-
other				-
other				-
SUB-TOTAL				966,176

Wholesale Market Services (WMS) & Capacity Based Recovery (CBR):

On December 17, 2019, the OEB released Decision and Order (EB-2019-0278) for the Wholesale Market Service (WMS) and Capacity Based Recovery (CBR) effective January 1, 2020. The Board's decision is summarized as follows:

- The WMS rate used by rate-regulated distributors to bill their customers shall be $0.0030 per kilowatt-hour, effective January 1, 2020. For Class B customers, a CBR component of $0.0004 per kilowatt-hour shall be added to the WMS rate for a total of $0.0034 per kilowatt-hour. For Class A customers, distributors shall bill the actual CBR costs to Class A customers in proportion to their contribution to peak.
- In compliance with this order, ORPC has applied the Board Approved $0.0034/kWh to its 2022 Load Forecast to include $465,359 in its Cost of Power.

Table 13 - Wholesale Market

Wholesale Market Service	**Units**	Volume	Rate	$
Class per Load Forecast				
Residential	kWh	83,632,401	0.0030	250,897
GS<50 kW	kWh	30,853,774	0.0030	92,561
GS 50 to 4999 kW	kWh	20,424,299	0.0030	61,273
Sentinel Lighting	kWh	202,761	0.0030	608
Street Lighting	kWh	1,125,146	0.0030	3,375
Unmetered Scattered Load	kWh	631,786	0.0030	1,895
other				-
other				-
other				-
SUB-TOTAL				410,611

Class B CBR	**Units**	Volume	Rate	$
Class per Load Forecast				
Residential	kWh	83,632,401	0.0004	33,453
GS<50 kW	kWh	30,853,774	0.0004	12,342
GS 50 to 4999 kW	kWh	20,424,299	0.0004	8,170
Sentinel Lighting	kWh	202,761	0.0004	81
Street Lighting	kWh	1,125,146	0.0004	450
Unmetered Scattered Load	kWh	631,786	0.0004	253
other				-
other				-
other				-
SUB-TOTAL				54,748

Rural or Remote Electricity Rate Protection:

On December 17, 2019, the OEB released EB-2019-0278 Decision and Order for the Rural or Remote Electricity Rate Protection (RRRP) effective January 1, 2020. The Board's decision is summarized as follows:

- The IESO's RRRP charge to rate-regulated distributors shall be $0.0005 per kilowatt-hour for electricity consumed on or after January 1, 2020

In compliance with this order, ORPC has applied the Board Approved $0.0005/kWh to its 2022 Load Forecast to include $68,435 in its Cost of Power.

Table 14 - Rural or Remote Electricity Rate Protection

RRRP	Units	Volume	Rate	$
Class per Load Forecast				
Residential	kWh	83,632,401	0.0005	41,816
GS<50 kW	kWh	30,853,774	0.0005	15,427
GS 50 to 4999 kW	kWh	20,424,299	0.0005	10,212
Sentinel Lighting	kWh	202,761	0.0005	101
Street Lighting	kWh	1,125,146	0.0005	563
Unmetered Scattered Load	kWh	631,786	0.0005	316
other				-
other				-
other				-
SUB-TOTAL				68,435

Smart Meter Entity Charge:

On March 1, 2018, the Ontario Energy Board (OEB) approved the application by the Independent Electricity System Operator (IESO), in its' capacity as the Smart Metering Entity (SME), for a smart metering charge (SMC) for the 2018-2022 period, for a new SMC of $0.57 per smart meter (Residential and General Service <50 kW) per month. The proposed rate remains at $0.57 in accordance with the OEB guidance provided on March 23, 2018. .

In compliance with this order, ORPC has applied the Board Approved rate of $0.57 per month for the forecasted Residential and General Service<50kW customers for Test Year 2021 and included the projected amount of $18,506 in its' Cost of Power as illustrated below:

Table 15 - Smart Meter Entity

Smart Meter Entity Charge		Customers	Rate	$
Class per Load Forecast				
Residential		2,248	0.57	15,375
GS<50 kW		458	0.57	3,130
				-
SUB-TOTAL				18,506

Low Voltage Charge:

The table below presents the derivation of proposed retail rates for Low Voltage ("LV") service. 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 2020 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. 2022 LV rates appear on a distinct line item on the proposed schedule of rates. The Low Voltage charges included in the Cost of Power for 2022 is projected at $487,559.

Table 16 - Low Voltage Charges

Low Voltage Charges - Historical and Proposed LV Charges

				2016	2017	2018	2019	2020	5 year avg	4 year avg
4075-Billed - LV				$177,328	$139,973	$153,746	$150,400	$147,607	$153,811	$147,932
4750-Charges - LV				$497,045	$397,335	$543,550	$506,992	$492,873	$487,559	$485,188
1551 LV Charges				$525,307	$870,539	$1,283,487	$769,606	$1,129,850		

Low Voltage Charges - Allocation of LV Charges based on Transmission Connection Revenues
(volumes are not loss adjusted)

	ALLOCATON BASED ON TRANSMISSION-CONNECTION REVENUE				
Customer Class Name		**RTSR Rate**	**Uplifted Volumes**	**Revenue**	**% Alloc**
Residential	kWh	**$0.0051**	83,632,401	$424,815	43.97%
GS<50 kW	kWh	**$0.0045**	30,853,774	$137,916	14.27%
GS 50 to 4999 kW	kW	**$1.8007**	219,749	$395,703	40.96%
Sentinel Lighting	kW	**$1.4216**	495	$704	0.07%
Street Lighting	kW	**$1.3922**	3,027	$4,214	0.44%
Unmetered Scattered Load	kW	**$0.0045**	631,786	$2,824	0.29%
other	0	**$0.0000**	0	$0	0.00%
other	0	**$0.0000**	0	$0	0.00%
other	0	**$0.0000**	0	$0	0.00%
TOTAL			**115,341,233**	**$966,176**	**100.00%**

Low Voltage Charges Rate Rider Calculations
(volumes are not loss adjusted)

	PROPOSED LOW VOLTAGE CHARGES & RATES				
Customer Class Name	**% Allocation**	**Charges**	**Not Uplifted Volumes**	**Rate**	**per**
Residential	43.97%	214,373	80,335,302	$0.0027	kWh
GS<50 kW	14.27%	69,596	29,637,405	$0.0023	kWh
GS 50 to 4999 kW	40.96%	199,683	219,749	$0.9087	kW
Sentinel Lighting	0.07%	355	495	$0.7174	kW
Street Lighting	0.44%	2,127	3,027	$0.7025	kW
Unmetered Scattered Load	0.29%	1,425	606,879	$0.0023	kWh
other	0.00%	0		#DIV/0!	0
other	0.00%	0		#DIV/0!	0
other	0.00%	0		#DIV/0!	0
TOTAL	**100.00%**	**487,559**	**110,802,857**		

9.4 RETAIL SERVICE CHARGE

9.4.1 OVERVIEW

ORPC does not use accounts 1518 and account 1548.

9.7 DISPOSITION OF DEFERRAL AND VARIANCE ACCOUNTS

9.7.1 DVA BALANCES

The table 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, 2020, being the most recent date the balances were subject to audit.

Board policy states that 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, ORPC proposes to dispose of all its balances listed in the table below.

The 2022_DVA_Continuity_Schedule detailing each account is being filed in conjunction with this application.

Table 17 - DVA Balances sought for Disposition

		Amounts from Sheet 2	Allocator
LV Variance Account	1550	357,213	kWh
Smart Metering Entity Charge Variance Account	1551	5,663	# of Customers
RSVA - Wholesale Market Service Charge	1580	(110,173)	kWh
RSVA - Retail Transmission Network Charge	1584	(5,635)	kWh
RSVA - Retail Transmission Connection Charge	1586	19,440	kWh
Disposition and Recovery/Refund of Regulatory Balances (2016)	1595	(42,907)	%
Total Group 1 accounts above (excluding 1589)		**223,600**	
Pole Attachment Revenue Variance	1508	(125,053)	Distribution Rev.
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account)	1592	(11,181)	kWh
PILs and Tax Variance for 2006 and Subsequent Years- Sub-account CCA Changes	1592	(87,652)	kWh
LRAM Variance Account	**1568**	**177,787**	
Total of Group 1 Accounts (1550, 1551, 1584, 1586 and 1595)		**333,774**	
Total of Account 1580 and 1588 (not allocated to WMPs)		**(110,173)**	
Account 1589 (allocated to Non-WMPs)		**0**	

Group 2 Accounts (including 1592, 1532, 1555)	**(223,886)**	

ORPC does not have any Market Participants, and as such, it does not need to establish separate rate riders to recover balances in the RSVA's from Market Participants who must not be allocated the RSVA balances related to charges for which the MP's settle directly with the IESO.

As described above in 9.2.2, ORPC is proposing to dispose of balances where the values are entered in 2020 and 2021. These accounts include account 1568 – LRAMVA, 1508 – Pole Attachment Revenue Variance and 1592 – PILS and Tax Variance for 2006 and Subsequent Years (see Exhibit 4 for details). ORPC does not have any balances proposed for disposition that are not consistent with the last Audited Financial Statements.

9.7.2 CALCULATION OF RATE RIDER

ORPC notes that all relevant calculations are embedded in the OEB's "2022 DVA Continuity Schedule" workform.

The utility did not propose any billing determinants that are different from the OEB standards. ORPC 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).

ORPC is proposing to dispose of all balances in Group 1 and 2 over a period of 24 months. The recovery period was chosen in an effort to mitigate rates. All riders are calculated in the OEB's EDVARR model. The rate riders are reproduced at the next page.

The following explains the recovery for each grouping in accordance with both the minimum filing requirements and Rate Design Policy.

Rate Rider Calculation for Deferral / Variance Accounts Balances (excluding Global Adj.)

- Rate riders for Deferral / Variance Account Balances excluding Global Adjustment is to be calculated based on kWh/KW for all classes.

Rate Rider Calculation for Deferral / Variance Accounts Balances (excluding Global Adj.) - Non-WMP

- Rate riders for Global Adjustment are to be calculated based on kWh/KW for all classes.

Rate Rider Calculation for Account 1580 RSVA - Power - Global Adjustment

- Rate riders for Deferral / Variance Account Balances excluding Global Adj. is to be calculated based on kWh for all classes as per instructions in the model. However, OPRC is not proposing to dispose of this balance until the OEB has concluded its audit.

Rate Rider Calculation for Account 1580, sub-account CBR Class B

- Rate riders for Deferral / Variance Account Balances excluding Global Adj. is to be calculated based on kWh/kW for all classes.

Rate Rider Calculation for Group 2 Accounts

- As per the Board's letter issued July 16, 2015, outlining details regarding the implementation of the transition to fully fixed distribution charges for residential customers, Residential rates for group 2 accounts are to be on a per customer basis.

Rate Rider Calculation for Account 1568

- Rate riders for Deferral / Variance Account Balances for LRAM is to be calculated based on kWh/kW for all classes.

The tables below summarize the Rate Riders for each rate class specific to the deferral / varanine account that is being requested for disposition. The disposition period for each deferral/ variance account balance is 24 months.

Table 18 - Deferral and Variance Rate Riders

Rate Rider Calculation for Group 1 Deferral / Variance Accounts Balances (excluding Global Adj.)

1550, 1551, 1584, 1586, 1595, 1580 and 1588 per instructions

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Group 1 Balance (excluding 1589)	Rate Rider for Deferral/Variance Accounts
RESIDENTIAL	kWh	80,356,209	$ 101,889	**0.0013**
GS<50 KW	kWh	29,645,117	$ 35,078	**0.0012**
GS 50 TO 4999 KW	**kW**	219,807	$ 84,424	**0.3841**
SENTINEL LIGHTING	**kW**	495	$ 222	**0.4486**
STREET LIGHTING	**kW**	3,027	$ 1,228	**0.4058**
UNMETERED SCATTERED LOAD	kWh	606,879	$ 758	**0.0012**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
Total			**$ 223,600**	

Table 19 - Deferral and Variance Rate Riders

Rate Rider Calculation for Group 2 Accounts

Rate Class (Enter Rate Classes in cells below)	Units	# of Customers	Allocated Group 2 Balance	Rate Rider for Group 2 Accounts
RESIDENTIAL	# of Customers	10,191	-$ 124,349	**-$ 1.02**
GS<50 KW	kWh	29,645,117	-$ 35,449	**-$ 0.0012**
GS 50 TO 4999 KW	**kW**	219,807	-$ 59,567	**-$ 0.2710**
SENTINEL LIGHTING	**kW**	495	-$ 389	**-$ 0.7864**
STREET LIGHTING	**kW**	3,027	-$ 3,638	**-$ 1.2018**
UNMETERED SCATTERED LOAD	kWh	606,879	-$ 495	**-$ 0.0008**
		-	$ -	**$ -**
		-	$ -	**$ -**
		-	$ -	**$ -**
		-	$ -	**$ -**
		-	$ -	**$ -**
		-	$ -	**$ -**
		-	$ -	**$ -**
		-	$ -	**$ -**
		-	$ -	**$ -**
		-	$ -	**$ -**
		-	$ -	**$ -**
		-	$ -	**$ -**
		-	$ -	**$ -**
Total			**-$ 223,886**	

Table 20 - Deferral and Variance Rate Riders

Rate Rider Calculation for Accounts 1568

Please indicate the Rate Rider Recovery Period (in months)	12

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Account 1568 Balance	Rate Rider for Account 1568
RESIDENTIAL	kWh	80,356,209	$ 27,490	**0.0003**
GS<50 KW	kWh	29,645,117	$ 135,934	**0.0046**
GS 50 TO 4999 KW	kW	219,807	$ 14,646	**0.0666**
SENTINEL LIGHTING	kW	495	-$ 146	**- 0.2950**
STREET LIGHTING	kW	3,027	$ -	**-**
UNMETERED SCATTERED LOAD	kWh	606,879	-$ 137	**- 0.0002**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
		-	$ -	**-**
Total			**$ 177,787**	

9.9 GLOBAL ADJUSTMENT

9.9.1 PRO-RATION OF GLOBAL ADJUSTMENT INTO RPP/NON-RPP

ORPC confirms that it intends to pro-rate the Hydro One (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. The calculated values are then entered into Account 1588 – RSVA – Power (excluding Global Adjustment) and Account 1589 – Power – Sub-account – Global Adjustment. However, ORPC is undergoing an audit of accounts 1588 and 1589 which may result in changes to the allocation between 1588 and 1589 from January 1st, 2015 to today. Additionally, ORPC is not requesting disposition of Global Adjustment through this application.

9.9.2 DERIVATION AND CALCULATION OF THE GA RATE RIDER

Calculation of the GA Allocation and the GA Rate Rider was not performed as ORPC is still undergoing an audit of accounts 1588 and 1589 with the OEB that will require adjustments to those DVAs. As a result, ORPC does not find it appropriate to request disposition at this time.

ORPC did not establish separate rate riders to recover balances in the RSVAs from Market Participants who must not be allocated the RSVA balances related to charges for which the MPs settle directly with the IESO, as ORPC does not have any Market Participants.

9.9.3 GLOBAL ADJUSTMENT AND THE IESO SETTLEMENT PROCESS

The Addendum to Filing Requirements for Electricity Distribution Rate Applications released on July 15th 2019 states:

> "*Distributors are to provide a status update on the implementation of the new accounting guidance, a review of historical balances, results of the review, and any adjustments made to account balances.*"

ORPC confirms it had believed it implemented the new accounting guidance related to Accounts 1588 and 1589 as per the OEB's letter dated May 23rd 2017 "Guidance on the Disposition of Accounts 1588 and 1589". However, as noted previously ORPC is currently undergoing an audit and it may be determined that the guidance was either properly or improperly applied. The results are currently pending. The implementation of the revised accounting measures in August/September 2019 included a review of balances from January 1st 2019 onwards. The Applicant has been reviewing historical 1588 and 1589 balances since they were last disposed in their 2016 Cost of Service Rate application as a result of the audit of the balances. No principal adjustments were made to accounts 1588 and 1589.

RSVA Power – Account 1588

Ottawa River Power Corporation's (ORPC) Account 1588 is composed of electricity purchased from Hydro One, embedded generators and Microfits and energy revenue from the customer for each class of customer.

Electricity from Hydro One and Brookfield is purchased at the spot rate whereas electricity purchased from the Mississippi River Power Corporation (MRPC) and Enerdu Power Systems embedded generators and Microfits is purchased at contracted rates. All purchases are recorded in Account 4705. ORPC records the difference between the contracted rates and the weighted average price on any amounts paid to MRPC, Enerdu and Microfits from Hydro One on each of its monthly settlement with Hydro One and these recoveries are recorded in Account 4705.

Customers are charged at time-of-use, weighted average (WAP) or the Hourly Ontario Energy Price (HOEP) and the charges are recorded in Account 4006, 4010, 4015, 4025, 4030 or 4035. The weighted average rate is calculated based on the HOEP multiplied by the Net System load for the given hour. On each settlement with Hydro One, the WAP data is extracted from the customer information system. The dollar amount of WAP charged to each customer class is then allocated between the RPP Blocks and time-of-use pricing based on consumption in each class. The difference between the price charged to the customer and the WAP represents the global adjustment portion of RPP prices which is reported in ORPC's Hydro One settlement. Items remaining in Account 1588 include differences between the hourly weighted average price paid for electricity and the billing period weighted average price charged to customers and differences between actual line losses as compared to the total loss factor.

Ottawa River Power Corporation is currently undergoing an audit by the Ontario Energy Board compliance division for accounts 1588 and 1589. The company projects that principal adjustments will be required to balances between 2015 and 2019 but the adjustments have not been quantified at this time. Therefore, no principal adjustments are outlined for accounts 1588 and 1589 on the continuity schedule for 2020.

RSVA Global Adjustment – Account 1589

ORPC has 1 Class A customer as of July 1st, 2019. This account is reviewed annually for eligibility and annual adjustments to the power factor are communicated to the customer. For its Class B customers, ORPC reviews the general service accounts on an annual basis to determine which customers are eligible for the RPP. Accounts are also reviewed at the time that an account changes ownership. Any billing adjustments are done as part of the next billing period.

ORPC uses the Global Adjustment 1st estimate rate posted on the IESO website for the settlement month. The variance between the estimate and the actual GA rate is recorded and reflected in RSVA GA 1589 on a monthly basis.

Ottawa River Power Corporation's (ORPC) account 1589 is composed of the Global Adjustment (GA) paid to Hydro One, the GA received on the generator payment from Hydro One and the GA charged to customers.

All GA paid on electricity provided from Hydro One is recorded in Account 4707. When ORPC settles with Hydro One for GA purposes, the billed kWhs in a given month are extracted from the customer information system and the RPP data is subtracted to obtain the non-RPP volume related to billed GA. The volume obtained is multiplied by the GA actual rate for the applicable usage month to calculate the actual value of the GA that would have been charged to customers had the actual GA rate for the month been used. The actual GA value for the month is then compared against the GA paid on the applicable month's Hydro One bill and the difference is submitted for reimbursement to Hydro One by the 2nd business day after the settlement month. ORPC also estimates usage and GA rates for any unbilled kWhs.

ORPC also receives a monthly generator payment from Hydro One for all electricity, if any, that was over-generated by Mississippi River Power Corporation – an embedded generator – directly into the Hydro One grid. The GA credit received on the generator payment is recorded into Account 4707.

ORPC customers are charged based on the 1st estimate of the GA.

Class A Customers

Class A customers opt-in to the Industrial Conservation Initiative (ICI) program and are billed using their peak demand factor (PDF) multiplied by the actual total monthly Global Adjustment published by the IESO. The amount billed to Class A customers for Class A GA is equal to the amount charged by Hydro One for Class A GA. ORPC conducts monthly validation to ensure the amount billed to Class A customers for Class A GA equals the amount billed by Hydro One for Class GA so the resulting Class A GA variance is always nil.

If a customer enrolls with a retailer, the billing system flags the account to exclude it from the RPP settlement process. Any customers enrolled with a retailer or paying HOEP and not a Class A customer, pay Class B GA and are charged the GA 1st Estimate rate on their monthly invoice.

All customers are billed monthly, on a calendar month basis, for the actual consumption in the 2 to 6 weeks following the end of the month (i.e. January 1st to January 31st consumption is billed to customers between February 15th and March 14th).

ORPC confirms that GA rate is applied consistently for all billing and unbilled revenue transactions for all non-RPP Class B customers in all rate classes.

True-Up Process

Once the IESO publishes the Final GA rate for the month (typically the 14th day after the consumption month), ORPC uses an internally-created model to calculate the monetary variance between the billed 1st GA Estimate and the Actual GA rate on the kWh consumption submitted to Hydro One on/before 2nd business day of each month. Any monetary variance is applied to the next month's Hydro One submission.

Embedded Distributors

ORPC confirms that it has no embedded distribution customers.

Overall Process and Procedural Controls over the Hydro One (IESO) Settlement Process

Management is knowledgeable on the methodologies pursuant to the OEB and IESO requirements and is responsible for updating internal processes and procedures accordingly. Management is also responsible for the settlement spreadsheet and to meet changing OEB/IESO settlement requirements.

Capacity Based Recovery

ORPC includes Class B CBR charges in 1580 RSVA – Wholesale Market Service Charge. As an embedded distributor, ORPC confirms that it is charged Wholesale Market charges on its monthly Hydro One invoice which includes a component for Class B CBR. However, the amount pertaining to Class B CBR is not separately identified. As a result, ORPC tracks all Wholesale Market Charges in account 1580. At the end of 2020, ORPC served one Class A customer for which Hydro One charges Class A CBR on its monthly invoice. The charges are pass-throughs directly to the customer which results in a minimal to no balance in 1580 Sub-Account CBR Class A. ORPC is not requesting disposition of any Class A CBR.

9.10 OTHER RATE RIDERS INCLUDING NEW RATE RIDERS

9.10.1 REQUEST FOR NEW VARIANCE ACCOUNT

The applicant is not requesting any new accounts or sub-accounts at this time. ORPC 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.

9.10.2 CERTIFICATION OF EVIDENCE

As Chief Financial Officer. I, Jeffrey Roy, CPA, CA, certify that, to the best of my knowledge or otherwise specified, the evidence filed in this Exhibit, is complete, and consistent with the requirements of the Chapter 2 Filing Requirements for Electricity Distribution Rate Applications as revised on July 12, 2018 and other OEB policies. I also confirm that basic internal controls and processes are in place or will be in place pending the results of the audit for the preparation, review, verification and oversight of any account balances that are being requested for disposal.