OTTAWA RIVER POWER

283 Pembroke Street West • P.O. Box 1087 • Pembroke, Ontario K8A 6Y6

Tel: (613) 732-3687 • Fax: (613) 732-9838

www.orpowercorp.com

September 3, 2025

Ritchie Murray, Acting Registrar
Ontario Energy Board
P.O. Box 2319 27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Attention: Ritchie Murray, Acting Registrar
Regarding: EB-2025-0209 – Interrogatory Responses to Ottawa River Power Corporation 's 2025 Application for an Accounting Order (the "Application")

Dear Mr. Murray,

Ottawa River Power Corporation respectfully submits their interrogatory responses to OEB Staff, VECC and SEC questions.

ORPC confirms that the responses do not include any personal information, as identified in the certification requirements for personal information in Chapter 1 of the filing requirements.

Regards,

Justin Allen
President & CEO
Ottawa River Power Corporation
283 Pembroke Street West, P.O. Box
1087 Pembroke ON K8A 6Y6
Tel: (613) 732-3687
jallen@orpowercorp.com

Table of Contents

Interrogatory Responses
Ottawa River Power Corporation
EB-2025-0209

OEB Staff Interrogatory Responses

1-Staff-1

Ref: ORPC Deferral Account Request, July 11, 2025, p. 5

Please explain whether ORPC is aware of any previously approved accounting orders by the OEB that address similar issues (e.g., formula/model errors or rate base corrections). If so, please identify these applications with references to the rate applications and elaborate on the similarities/differences in the fact pattern to ORPC's situation.

Response(s):

Please see the response to SEC-5, which references the OEB's Decision and Rate Order in EB-2017-0045.

1-Staff-2

Ref 1: ORPC Deferral Account Request, July 11, 2025– Proposal Section and Figure 7

Ref 2: ORPC_AppendixJ_Recalculated2022RRWF_20250627 2.xlsm

ORPC has proposed a methodology for calculating lost revenue based on the difference between recalculated and approved distribution rates applied to actual monthly consumption by rate class, adjusted for the price cap index. ORPC also indicates that this approach is intended as a placeholder.

Please clarify the following:

a) Please explain the rationale for using actual monthly consumption data by rate class to calculate the revenue shortfall. How does ORPC ensure that this approach isolates the impact of the ICM exclusion from other factors such as weather, economic conditions, or customer growth?

b) Please confirm whether ORPC considered using normalized or weather-adjusted consumption data instead of actual monthly consumption to calculate the revenue shortfall? If not, please explain why this approach was not pursued and how ORPC ensures that the use of actual data does not overstate or understate the impact of the ICM exclusion.

c) Please confirm whether ORPC has considered using a hybrid approach (e.g., approved forecast for 2022 and actuals for subsequent years) or any other alternatives? If so, please explain why these were not adopted.

d) Please recalculate the annual revenue requirement shortfall using the approved 2022 forecast consumption by rate class, rather than actuals. Include all supporting schedules and assumptions. Additionally, please provide a comparison table showing the difference between the originally filed figures and the recalculated results using this method.

e) Please confirm that the current methodology is intended to support the request for account establishment and is not proposed as the final determination of the recoverable amounts.

f) Please indicate whether ORPC intends to develop and propose a refined or alternative methodology for calculating lost revenue as part of its next rebasing application. If so, do you expect significant changes in terms of methodology and dollar value compared to what has been filed now?

g) Please confirm whether ORPC expects to update the tracked balance in the deferral account retroactively if a different methodology is adopted at rebasing.

Response(s):

a) ORPC utilized the actual monthly consumption data by rate class to quantify the actual impact to the company and isolate the actual shortfall from the ICM exclusion by keeping all factors identical in both calculations and replicate what would have occurred had the recalculated rates been implemented from May 1, 2022. The figures presented in Appendix L of the initial application are also comparable to the base revenue requirement increase of $144,392 which gives ORPC confidence to the calculated figures as it pertains to the ICM inclusion.

b) As noted in the response to a), ORPC utilized actual monthly consumption to replicate what would have occurred had the recalculated rates been implemented from May 1, 2022 and the base revenue requirement increase of $144,392 is comparable to the total calculated shortfalls in 2023, 2024 and 2025 and the combined 8 and 4-month totals for 2022 and 2026.

c) ORPC did not consider using any hybrid or alternative approaches as it sought only to isolate the actual shortfall from the ICM exclusion by keeping all factors identical in both calculations and replicate what would have occurred had the recalculated rates been implemented from May 1, 2022. Having said that, ORPC recognizes that in the OEB Decision in EB-2017-0045, as discussed at SEC-5, the OEB appears to have quantified the annual revenue impact of a similar error using the equivalent to ORPC's calculated

$144,392 impact, which represents the difference between the approved 2022 revenue requirement and the corrected 2022 revenue requirement.

d) Please refer to Interrogatory Responses Appendix F for the calculation of revenue shortfalls. The difference between the originally filed figures and the recalculated results using this method is summarized as follows:

Year	As Filed	Appendix F	Difference
2022	$93,118	$96,970	$3,852
2023	$142,859	$147,783	$4,924
2024	$143,533	$152,709	$9,176
2025	$148,767	$159,901	$11,134
2026	$50,510	$54,185	$3,675

Please note that:

1. These impacts reflect the ORPC's rate year cycle from May 1, to April 30, rather than the calendar year impacts, i.e. for 2022 there is no recorded impact from January 1, 2022 to April 30, 2022 as those rate months are related to the 2021 calendar year costs; and
2. ORPC has excluded impacts from May 1, 2026 to April 30, 2027 as these rates are not yet approved.

e) Confirmed.

f) Confirmed. ORPC does not anticipate significant changes in terms of methodology or dollar value.

g) Confirmed.

1-Staff-3

Ref 1: ORPC Deferral Account Request, July 11, 2025 – Figure 7

Ref 2: ORPC_AppendixJ_Recalculated2022RRWF_20250627 2.xlsm

Please provide the detailed calculation supporting the Recalculated Target Return on Equity for 2022-2024 as shown in Figure 7 of the Deferral Account Request. Specifically:

a) Please confirm whether ORPC has refiled the recalculated ROE figures for the years of 2022, 2023 and 2024 with the OEB under RRR 2.1.5.6? If yes, please provide its refiled ROE. If not, please provide the calculations of these revised ROE figures and provide ORPC's plan to refile its annual Reporting and Record-keeping Requirements (RRR) filings to reflect the recalculated ROE values.

b) Please explain the implications of the recalculated 2022 over-earning in the context of the 2022 rate increase that was requested and approved by the OEB.

c) Please explain to what extent ORPC attributes the recalculated over-earning to the correction of the rate base error? Please provide any supporting analysis.

d) Please confirm whether ORPC has considered whether the recalculated over-earning affects the validity or fairness of the approved 2022 rates?

Response(s):

a) ORPC has not refiled the recalculated ROE figures for the years of 2022, 2023 and 2024. The calculations of the revised ROE figures have been provided in Interrogatory Responses Appendix B. ORPC intended to include the entirety of lost revenues in the year of approval from the Ontario Energy Board as the adjustment, for IFRS, financial statement and all other purposes, would only be recognized in the most recent unaudited year and explain any deviation above 300 basis points in the context of lost revenues recognized in that year. However, ORPC would follow any indication otherwise suggested by the OEB.
b) The recalculated “over-earnings” in 2022 would be 50 basis points outside the deadband or the equivalent of $29,601 in Adjusted Regulated Net Income outside the deadband or $207,251 above the Deemed ROE. These “over-earnings” are mainly a result of the Incremental Capital Module rate rider revenues collected up to April 30, 2022, of $233,190 being transferred to revenues per the approval of ORPC's 2022 Cost of Service which includes recognition of revenues from May 1, 2019. Excluding these out of period revenues, ORPC achieved an ROE of 6.65% based on filed RRR figures or 8.22% based on the recalculated Adjusted Regulated Net Income which are both below the deemed ROE.
c) Please see response to b) above. The over-earnings are attributable to Incremental Capital Module rate rider revenues collected up to April 30, 2022 of $233,190 being transferred to revenues per the approval of ORPC's 2022 Cost of Service.
d) Please see response to b) above. Due to the recognition of ICM revenues in a single fiscal year, ORPC believes that the recalculated over-earnings do not affect the validity or fairness of the approved 2022 rates.

1-Staff-4

Ref: ORPC Deferral Account Request, July 11, 2025 – Figure 7

ORPC’s recalculated 2022 ROE deviation of +3.50% exceeds the OEB’s ±300 basis point deadband. OEB staff notes that ORPC has its price cap increase approved in its 2023 to 2025 IRM applications.

Please provide ORPC’s thoughts on the implication of 2022 over-earning and any rate adjustments needed.

Response(s):

As noted in its response to 1-Staff-3, Incremental Capital Module rate rider revenues collected up to April 30, 2022, of $233,190 were transferred to revenues in 2022 per the approval of ORPC's 2022 Cost of Service. As a result, ORPC does not believe there are any legitimate implications or considerations on the “over-earnings”. On a normalized basis ORPC’s ROE in 2022 was below its deemed ROE.

1-Staff-5

Ref: ORPC Deferral Account Request, July 11, 2025 – Page 8 (Accounting Treatment)

Please file a standalone accounting order as a separate attachment to the application.

Response(s):

Please refer to Interrogatory Responses Appendix G.

1-Staff-6

Ref: ORPC Deferral Account Request, July 11, 2025 – Figure 4

Please confirm the reason for the change in tax rate between the two scenarios in Figure 4.

Response(s):

The tax rate change between the two scenarios in Figure 4 is based on the combined “Effective Federal Tax Rate” and “Effective Ontario Tax Rate” as listed in Appendix D and Appendix I of the initial application. With an increase to the total rate base from $13,034,914 to $15,094,668, ORPC exceeded the Small Business Deduction eligibility threshold which increased the combined effective tax rate from 20.88% to 26.50%.

1-Staff-7

Ref: ORPC Deferral Account Request, July 11, 2025 – Page 5 (Alternatives Section)

ORPC states that it considered alternative mitigation measures including immediate implementation of a rate rider and foregoing all or part of the lost revenues.

a) Please explain the rationale for selecting the deferral account approach over other recovery options, including immediate implementation of a rate rider.
b) Please confirm whether ORPC consider recovering only a portion of the lost revenues—rather than the full amount—as a way to balance fairness to ratepayers with its own financial recovery? If so, please describe how this option was evaluated and why it was ultimately not pursued.
c) Please describe how ORPC assessed the fairness and reasonableness of its proposed recovery method, particularly in light of the recalculated 2022 ROE and associated over-earning.
d) Please indicate whether ORPC intends to revisit these alternative recovery options in its next rate application, and under what circumstances?

Response(s):

a) At the time the application was filed ORPC's priority was to advise the OEB of the issue as soon as possible, seeking what ORPC considered to be the simplest approach. ORPC is interested in other solutions, including the immediate implementation of a rate rider, which would, if approved, assist ORPC with the cash flow implications associated with its current persistent state of under-recovery.

b) As noted in its response to SEC-5, ORPC proposed the account as the annual revenue requirement impact beginning May 1, 2022, because that is the date on which the impact of the error on ORPC's recovery from customers began. In seeking to track the impact starting May 1, 2022, ORPC did not assert that it should necessarily be entitled to recover that impact through disposition of the account, it was attempting to the capture the entire scope of the error for future consideration.

c) Please see the response to 1-Staff-3 (b). The response notes that these "over-earnings" are mainly a result of the Incremental Capital Module rate rider revenues collected up to April 30, 2022 of $233,190 being transferred to revenues per the approval of ORPC's 2022 Cost of Service which includes recognition of revenues from May 1, 2019. Normalizing the 2022 results by excluding these out of period recoveries produces an ROE for 2022 below ORPC's deemed ROE.

d) ORPC presumes that the reference to its "next rate application" OEB Staff is referring to ORPC's IRM application for 2026 rates. ORPC is interested in exploring alternatives, either in this case or in that next rate application, to dispose of any approved recovery, including, as was proposed by OEB Staff in part a), immediate rate riders.

VECC Interrogatory Responses

VECC-1

Reference:

"*Following a review of the Fixed Asset Continuity Schedule in its filed and settled Chapter 2 Filing Requirements Appendices, it was noted that the worksheet 'App.2-BA_Fixed Asset Cont' formulas contained in the 2022 Opening Balance cells D342, D343, D344, D345, D346, D347 and D361, (where the asset values of its ICM project were to be added) was incorrectly adding the 2022 Closing Balance in cells G384 to G390."*

a) On what date was the noted review undertaken?

b) What was the reason for the review?

c) When was the OEB first notified as to the discovered error(s)?

Response(s):

a) The review commenced on May 23, 2025, with the impact assessment on distribution revenues completed on June 5, 2025.

b) ORPC was contacted by an external consultant noting the error. The consultant was reviewing ORPC's ICM inclusion for comparative purposes with another LDC.

c) The OEB was first notified via IRE on June 9, 2025, with a response received on June 19, 2025 (IRE-2025-0257).

VECC-2

Reference:

Figure 7 – Recalculated Deviation from Target Return on Equity

Year	*Reported Deviation from Target Return on Equity*	*Recalculated Deviation from Target Return on Equity*
2022	*1.93%*	*3.50%*
2023	*(4.82)%*	*(2.71)%*
2024	*(4.16)%*	*(2.15)%*

a) What were the actual returns of the Utility in each year?

b) Please provide the dollar ($) over or under earning in each year.

c) In the form of Appendix 2-JA (i.e., Operations, Maintenance, Bill and Collecting, Community Relations, A&G) please provide the actual OM&A spending in each year 2022 through 2024.

Response(s):

a) The actual returns of the Utility in each year were as follows (ORPC has included a column that normalizes the 2022 ROE calculations by removing the out of period recognition of ICM rate rider revenue, as the inclusion of those out of period revenues appears to have given the parties the impression that ORPC materially exceeded its deemed ROE in 2022):

Year	***Achieved Regulatory Return on Equity (%)***	***Achieved Regulatory Return on Equity ($)***	***Achieved Regulatory Return on Equity (%) excluding out-of-period ICM revenue recognition***	***Achieved Regulatory Return on Equity ($) excluding out-of-period ICM revenue recognition***
2022	*10.59%*	*$626,951*	*6.65%*	*$393,761*
2023	*3.84%*	*$258,985*	*3.84%*	*$258,985*
2024	*4.50%*	*$320,781*	*4.50%*	*$320,781*

b) The dollar value of actual over and under earnings in each year were as follows:

Year	***Over (under) earnings from deemed ROE of 8.66% ($)***	***Over (under) earnings from deemed ROE of 8.66% ($) excluding out-of-period ICM revenue recognition***
2022	*$114,134*	*$(119,056)*
2023	*$(325,685)*	*$(325,685)*
2024	*$(296,825)*	*$(296,825)*

c) Utilizing the format of Appendix 2-JA, the actual OM&A spending in each year from 2022 through to 2024 as filed in the annual RRR filings is as follows:

	2022 Actuals	**2023 Actuals**	**2024 Actuals**
Operations	$773,946	$943,452	$812,188
Maintenance	$680,047	$577,974	$584,754
Billing and Collecting	$868,547	$817,614	$1,045,682
Community Relations	$36,357	$28,354	$29,510
Administrative and General	$1,472,463	$1,778,551	$1,654,470
Total	**$3,831,360**	**$4,145,945**	**$4,126,604**

VECC-3

Reference:

"…the account capture the annual revenue requirement impact from May 1, 2022 to the effective date of ORPC's next rebasing application;"

a) When does ORPC intend to file its next rebasing application?

Response(s):

ORPC is scheduled to file its next rebasing application in August 2026 for rates effective May 1, 2027, based on the OEB's current 5-year IRM period.

VECC-4

What is the distribution rate impact of recovery of the proposed balance based on a one-year recovery for a typical (750kWh) residential customer?

Response(s):

To calculate this impact, ORPC made the following assumptions:

a. Recovery of a total balance of $577,568, representing 4 years of the revenue requirement differential of $144,392 for approved rates from May 1, 2022, to April 30, 2026;
b. Exclusion of any future impacts from May 1, 2026, to April 30, 2027, which do not yet have approved rates;
c. Billing determinants utilizing ORPC's 2022 Cost of Service; and
d. Calculation methodology similar to EB-2017-0045.

Per Interrogatory Responses Appendix A provided, the impact of recovery of the proposed balance on a one-year recovery for a typical (750kWh) residential customer would be $3.11 per month.

SEC Interrogatory Responses

SEC-1

[p.2] Please provide the specific regulatory mechanism or policy that ORPC is relying on for the relief it seeks, and how ORPC meets each of its specific requirements.

Response(s):

The OEB's guidelines with respect to the establishment of deferral accounts are as set out in Chapter 2 of its filing guidelines, which set out the criteria for establishing a new deferral account. ORPC relies on these guidelines in conjunction with the OEB's historical allowance of new deferral accounts in situations similar to what ORPC has presented in this case, as noted in the OEB's decision in EB-2017-0045, which is further discussed in ORPC response to SEC-5.

The criteria and how it is met in each case are set out below:

Causation: the forecast amount to be recorded in the proposed account must be clearly outside of the base upon which rates were derived.

As set out in the evidence, the amount to be recorded in the proposed account is the revenue requirement impact of the rate base addition associated with historical capital spending that, although specifically approved by the OEB, was inadvertently omitted from the rate base that underpins ORPC's current rates. It is, accordingly, clearly outside the base upon which ORPC's current rates are derived.

Materiality: the annual forecast amounts to be recorded in the proposed account must exceed the OEB-defined materiality threshold and have a significant influence on the operation of the distributor, otherwise they must be expensed or capitalized in the normal course and addressed through organizational productivity improvements.

As set out in the evidence the annual revenue requirement associated with the missing rate base is $144,392. This amount exceeds ORPC's materiality threshold of $50,000. The failure to recover this amount causes an approximate 200 basis point deviation from ORPC's approved ROE on an annual basis, severely impacting ORPC's cash flow so long as the under-recovery persists.

Prudence: the nature of the amounts and forecast quantum to be recorded in the proposed account must be based on a plan that sets out how the amounts will be reasonably incurred, although the final determination of prudence will be made at the time of disposition. For any costs incurred, in terms of the quantum, this means that the distributor must provide evidence demonstrating that the option selected represented a cost-effective option (not necessarily least initial cost) for ratepayers.

As noted in the evidence, the rate base amount that was inadvertently omitted from ORPC's current rates relates to capital spending that was already reviewed and approved for inclusion in ORPC's rate base as an ICM project. In other words, the prudence of the spending has already been approved twice, both on a forecast basis when the project was approved for ICM treatment in ORPC's 2019 IRM application (EB-2019-0063) and when the total spending on the project was approved for inclusion in ORPC's rate base in its last cost of service application (EB-2021-0052).

SEC-2

[p.2] With respect to the formula error made in Appendix 2-BA (EB-2021-0052):

a. Please confirm that the identified formula errors were included in all versions of Appendix 2-BA filed in the proceeding (EB-2021-0052) by ORPC, including as part of the pre-filed evidence, interrogatory responses, and the Settlement Proposal.
b. If (a) is confirmed, please confirm that the result was that the revenue requirement and bill impacts applied for, at each stage, were lower than would otherwise have been the case if there had been no formula error.
c. Please confirm that it was ORPC who made changes to the standard Appendix 2-BA Excel spreadsheet, which resulted in the formula errors described in the evidence.

Response(s):

a. Confirmed.
b. Confirmed.
c. Confirmed.

SEC-3

[EB-2021-0052, Settlement Proposal, p.7] Please confirm the EB-2021-0052 approved Settlement Proposal includes the following: "Included with the Settlement Proposal are attachments that provide further support for the proposed settlement. The Parties acknowledge that the attachments were prepared by ORPC. The intervenors and OEB Staff have reviewed the attachments. However, the intervenors are relying on the accuracy of the attachments and the underlying evidence in entering into this Settlement Proposal."

Response(s):

Confirmed.

SEC-4

Did ORPC include the ICM project in its rate base calculation for the purposes of its 2022 to 2024 RRR filings?

Response(s):

ORPC confirms that the ICM project was included in its rate base calculations for 2022 to 2024 RRR filings.

SEC-5

[p.5] ORPC proposes the account capture the annual revenue requirement impact beginning May 1, 2022. Please provide ORPC's view on the permissibility of the retroactive effective date. In your response, please address the OEB's Decision and Rate Order in EB-2017-0045 (pages 17-21).

Response(s):

When filing the application ORPC proposed the account the annual revenue requirement impact beginning May 1, 2022, because that is the date on which the impact of the error on ORPC's recovery from customers began. In seeking to track the impact starting May 1, 2022, ORPC did not assert that it should necessarily be entitled to recover that impact through disposition of the account, it was attempting to the capture the entire scope of the error for future consideration.

Having become aware of the specific decision in EB-2017-0045 dated April 26, 2018, (the "Halton Decision") ORPC recognizes that the issues and facts leading the OEB to its decision in that proceeding closely match the issues and facts underpinning ORPC's request for relief in this proceeding.

In the Halton Decision the applicant sought to establish a deferral account during an IRM term to track the impact of a calculation error in the revenue requirement that underpinned the rates that were established in its previous cost of service application. That fact scenario closely matches the facts put forward by ORPC.

In the Halton Decision the OEB refused to allow recovery on a retroactive basis. Accordingly, it appears to ORPC, it is unlikely that it will qualify for recovery of impacts that occurred prior to the filing of its application for relief on June 27, 2025, assuming the OEB follows the reasoning in the Halton Hills Decision upon disposing any amounts tracked in a deferral account.

SEC-6

[p.5] With respect to the ICM project:

a. Please provide a table that shows the annual revenue requirements (and all underlying calculations) for the ICM project, each year between 2022 and 2026.
b. Please provide a table that shows the difference each year between what the annual revenue requirements included in part (a), and the annual mount ORPC recovered in base rates.

Response(s):

a. The corrected annual revenue requirement for the ICM project is as follows:

Year	Deemed Return on Equity	Deemed Interest ($)	Income Taxes (Grossed-Up)	Amortization / Depreciation	Total Base Revenue Requirement
2022	67,776	39,155	24,436	51,588	182,955
2023	65,989	38,123	23,792	51,588	179,492
2024	64,202	37,090	23,148	51,588	176,028
2025	62,415	36,058	22,503	51,588	172,564
2026	60,628	35,025	21,859	51,588	169,101

All supporting calculations are found in Interrogatory Responses Appendix C.

b. The actual base revenue requirement amount ORPC recovered in base rates in comparison to corrected amounts is as follows:

Year	Actual Recovered	Recalculated	ICM Revenue Requirement Impact	Incremental Income Tax Expense	Total Revenue Requirement Impact
2022	45,006	182,955	137,949	6,441	144,392
2023	41,715	179,492	137,776	6,441	144,218
2024	38,424	176,028	137,604	6,441	144,045
2025	35,133	172,564	137,431	6,441	143,872
2026	31,842	169,101	137,258	6,441	143,700

All supporting calculations are found in Interrogatory Responses Appendix C. As per the response in 1-Staff-6, the “Incremental Income Tax Expense” represents the impact of the tax rate change on non-ICM income taxes.

SEC-7

[p.2] If the OEB were to determine that the adjustment should be made with respective to prospective amounts only and implemented right away, please provide proposed riders based on:

a. ORPC’s proposed methodology.
b. Based on the difference outlined in part (b) of SEC-6.

Please provide all supporting calculations.

Response(s):

a. Interrogatory Responses Appendix D is attached to support the figures provided below. Utilizing the methodology in EB-2017-0045 and the 2022 Total Revenue Requirement Impact of $144,392, the rate riders for immediate implementation would be as follows:

Rate Class	Base	Account Rate Rider
Residential	# of customers	$0.78
GS<50 kW	kWh	$0.0008
GS 50 to 4999 kW	kW	$0.1008
Sentinel Lighting	kW	$0.7853
Street Lighting	kW	$1.0257
Unmetered Scattered Load	kWh	$0.0005

b. Interrogatory Responses Appendix E is attached to support the provided below. Utilizing the methodology in EB-2017-0045 and the 2025 Total Revenue Requirement Impact of $143,872 per the response provided to SEC-6 (b), the rate riders for immediate implementation would be as follows:

Rate Class	Base	Account Rate Rider
Residential	# of customers	$0.78
GS<50 kW	kWh	$0.0008
GS 50 to 4999 kW	kW	$0.1004
Sentinel Lighting	kW	$0.7824
Street Lighting	kW	$1.0220
Unmetered Scattered Load	kWh	$0.0005