



Ontario | Commission
Energy | de l'énergie
Board | de l'Ontario

BY EMAIL

October 17, 2025

Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Registrar@oeb.ca

Dear Ritchie Murray:

**Re: Ontario Energy Board (OEB) Staff Submission
Ottawa River Power Corporation
Application for an Accounting Order
OEB File Number: EB-2025-0209**

Please find attached OEB staff's submission in the above referenced proceeding, pursuant to Procedural Order No. 2.

Yours truly,

Kelli Benincasa

Kelli Benincasa
Incentive Rate Setting

Encl.

cc: All parties in EB-2025-0209



ONTARIO ENERGY BOARD

OEB Staff Submission

Ottawa River Power Corporation

Application for an Accounting Order

EB-2025-0209

October 17, 2025

1. Introduction

This is OEB staff's submission on the settlement proposal filed by Ottawa River Power Corporation (ORPC) related to its application for an Accounting Order (Application).

The settlement proposal was arrived at during a settlement conference held on September 18, 2025. The parties to the settlement proposal include ORPC and all approved intervenors, namely: School Energy Coalition (SEC) and Vulnerable Energy Consumers Coalition (VECC) (collectively, the Parties). OEB staff attended the settlement conference; however, it is not a party to the settlement proposal.

If the settlement proposal is approved, a typical residential customer with a monthly consumption of 750 kWh would see a monthly distribution charge increase of \$0.78.

This submission reflects observations that arise from the OEB staff's review of the evidence and the settlement proposal. It is intended to assist the OEB in deciding upon ORPC's Application and the settlement proposal.

2. Application

On June 27, 2025, ORPC filed its initial Application with the OEB requesting the creation of a deferral account to track the revenue requirement impact of a formula error in its 2022 Cost of Service application (2022 error). The error excluded an approved ICM project from the rate base, and ORPC proposed a new DVA to record the revenue shortfall from May 1, 2022 to its next rebasing in 2027.

On July 11, 2025, ORPC submitted an amended Application in response to an Incomplete Letter issued by OEB staff on July 9, 2025. The update included proposed accounting treatment, a discussion of alternatives, and a certification of compliance. ORPC reaffirmed its request to track \$144,392 annually in a deferral account (referred to as “Lost Revenues” in the Application) and provided supporting calculations and bill impact analysis.

On August 12, 2025, ORPC filed a scope amendment letter asking the OEB to make final determinations on both the mechanics of the deferral account and the amount to be disposed of within the current proceeding. ORPC proposed that the recovery period be set from May 1, 2022 to April 30, 2027 to avoid duplicating the review in its next cost of service application.

3. Overview

OEB staff supports the settlement proposal, the key terms of which are:

- ORPC will not recover the annual impact of the 2022 Cost of Service (CoS) error for the 2022 to 2025 rate years.
- For the rate year beginning May 1, 2026 and until its next CoS application, ORPC will be entitled to track \$144,392 each rate year in the 2022 Rate Base Correction Deferral Account (the “RBC Account”) in relation to the error. The account will not attract interest.
- ORPC will be entitled to recover \$144,392 for each year that is tracked in the RBC Account from ratepayers .
- ORPC will be entitled to implement a rate rider beginning May 1, 2026, calculated to recover \$144,392 over a one-year period. Billing determinants will be based on the 2022 Board-approved Customer and Load Forecast per the 2022 Revenue Requirement Workform. The rider will persist until the effective date of rates in ORPC’s next CoS application. The rider will be implemented in conjunction with ORPC’s IRM application for 2026 rates (EB-2025-0013). The rider revenue will be recorded as an offset to the annual impact amount of the 2022 CoS error tracked in the RBC Account as per the accounting order provided in Appendix C of the settlement proposal. The allocation of the revenue to be recovered through the rider will be based on the Allocated Class Revenue Requirement per the revised Revenue Requirement Workform; the details of the rider calculation are provided at Appendix B. There will be no true-up of the proposed variance account balances, and no transfer to Account 1595.

The Parties noted by way of example that, assuming ORPC’s next cost of service proceeding is for the 2027 rate year as currently scheduled, the total amount tracked for recovery in the RBC Account will be \$144,392, the proposed rate rider will run from May 1, 2026, until April 30, 2027, and then expire, and the RBC Account will be closed.¹

OEB staff notes that the above points agreed by the Parties cover the recovery period, annual recovery amount, recovery method, and the accounting order for the new DVA proposed for the 2022 error. OEB staff’s detailed submission on these items is in the next section.

¹ [ORPC settlement proposal](#), Oct. 3, 2025, at p.7

4. OEB Staff Submissions on the Settlement Proposal

Recovery Period and Recovery Amount

OEB staff supports the recovery starting with the 2026 rate year, which is consistent with OEB's long-standing regulatory principle that rates must be set on a prospective basis. This principle was affirmed by the Ontario Court of Appeal in *Union Gas Limited v. Ontario Energy Board* (2015 ONCA 453), which held that, absent express statutory authority, the OEB may not retroactively adjust previously approved rates. While the OEB did not rely on this legal principle in its decision in Halton Hills Hydro's 2018 IRM application², it reached a similar outcome by denying retroactive recovery of an error related to depreciation expense.

OEB staff agrees that the Parties' approach demonstrates regulatory prudence and fairness to ratepayers. OEB staff is of the view that forgoing recovery for the 2022 to 2025 period would avoid the retroactive ratemaking and aligns with established regulatory precedent.

OEB staff supports the annual recovery amount of \$144,392, which reflects the revenue requirement impact of the 2022 error. The calculation is supported by detailed evidence filed in the Application and interrogatory responses and is consistent with the methodology used in the OEB-approved 2022 Revenue Requirement Workform.

Recovery Method

OEB staff supports the settled recovery method that is to implement a set of rate riders beginning May 1, 2026, calculated to recover \$144,392 over a one-year period (Rate Rider approach). OEB staff notes that this approach differs from ORPC's original proposal to record the amount in a deferral account and dispose of it through a rate rider in its next rebasing application. In its response to a VECC interrogatory³, ORPC states that excluding the out-of-period ICM revenues, ORPC has been under-earning for the years of 2022 to 2024, mainly due to the 2022 error. OEB staff is of the view that the Rate Rider approach provides timely recovery for the utility and would likely help the utility to address its potential continued under-earning beginning in 2026.

OEB staff notes that ORPC provided illustrative rate rider calculations and bill impacts in its interrogatory responses. The proposed rider results in modest customer impacts (e.g., \$0.78/month for a typical residential customer), which OEB staff considers reasonable.

² EB-2017-0045

³ VECC-2

Proposed New DVA and Accounting Order

OEB staff supports the structure and scope of the RBC Account that are agreed upon by the Parties:

- The account is to record the annual revenue requirement shortfall beginning on May 1, 2026 and the account will be offset by the rate rider collections from ratepayers.
- The account will not attract interest.
- There will be no true-up of the account balance, and the residual balance in the RBC Account will not be transferred to Account 1595.

OEB staff notes that the RBC Account serves as an equivalent account to Account 1595 because the “approved” \$144,392 is transferred to the account starting in May 2026 by 12 monthly equal-amount debit entries and the debit balances are to be drawn down by the rate rider collections over one year period from ratepayers (credit entries over one year). OEB staff supports no true-up of the residual balance in RBC Account. However, OEB staff submits that ORPC should bring the residual balance during its next rebasing application for visibility and transparency.

OEB staff does not take issue with the exclusion of carrying charges in the RBC Account, noting that the ratepayers should not pay additional interest on the error made by the utility.

OEB staff has reviewed the accounting order provided in Appendix C of the Settlement Proposal and takes no issue with the accounting order.

~All of which is respectfully submitted~