



January 8, 2013

Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

**Re: Orangeville Hydro Limited
2013 IRM3 Distribution Rate Application
Response to Board Staff Submission
Board File Number EB-2012-0155**

Dear Ms. Walli:

Please find attached Orangeville Hydro's response to the Submission from the Board Staff in regards to our 2013 IRM3 Distribution Rate Application.

Two hard copies of this submission will be sent via courier. An electronic copy of the response has been filed on the Ontario Energy Board's RESS Filing System and emailed to the Board Secretary. If you have any questions, please do not hesitate to contact me at 519-942-8000 or jhoward@orangevillehydro.on.ca.

Orangeville Hydro Limited

Jan Howard
Manager of Finance & Rates

Orangeville Hydro Limited
Reply to Board Staff Submission
2013 IRM3 Rate Application
EB-2012-0122

Orangeville Hydro Limited (“Orangeville Hydro”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”) on October 12, 2012, seeking approval for changes to the distribution rates that Orangeville Hydro charges for electricity distribution, to be effective May 1, 2013. The Application is based on the 2013 3rd Generation Incentive Regulation Mechanism (“IRM”).

Orangeville agrees with the Board Staff submission with the exception of the detailed submission on the Adjustment to Account 1521.

Orangeville hereby submits its final response on the Adjustment to Account 1521.

Board Staff Submission: Adjustment to Account 1521

Board staff agrees that the Board does not generally permit retroactive adjustments to an account balance approved for disposition on a final basis. In regards to a retroactive adjustment to account balances that had already been cleared through a final rate order for North Bay Hydro (EB-2009-0113), the Board stated as follows:

“...However, once the rates, including any associated riders from the clearance of the RSVAs or any other account, have been determined to be final the Board has little, if any, power to alter these rates retroactively².”

That decision also noted the following:

“It is not rational to conclude that the Board’s desire to maintain the use of deferral accounts suggests that the final disposition of deferral accounts is anything less than final³.”

Accordingly, Board staff submits that if the Board accepted the adjustment for Account 1521, this adjustment would, in effect, vary the Board’s EB-2011-0190 decision. That decision disposed of the balance in Account 1521 on a final basis. Board staff notes that the deadline for filing a motion to review that decision has long passed.

As such, Board staff submits that for regulatory purposes, the charge to Orangeville Hydro should be recorded in the non-utility expense account so that this amount is not recorded and included as part of Orangeville Hydro’s rate-regulated activities.

Orangeville Hydro Limited Submission

Orangeville Hydro understands that the Board does not generally permit retroactive adjustments to an account balance approved for disposition on a final basis however OHL submits that the Board reconsiders in this instance. Normally, the Deferral and Variance accounts are audited prior to disposal and confirmed with the RRR data and the filing of the audited financial statements. However, during EB-2011-0190 2012 IRM3 interrogatory process Orangeville was requested to forecast the balance in 1521. Therefore as the balance was not audited the error was not discovered until the end of the year.

OHL requests that the entry made to account 1521 to render the account balance to zero and adjusted account 1595 Disposition & Recovery/Refund of Regulatory Balances, Sub-account balance be permitted.

All of which is respectively submitted on this 8th day of January, 2013.