

April 15, 2025
Nancy Marconi, Registrar
Ontario Energy Board
P.O. Box 2319 27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Attention: Nancy Marconi, Registrar
Regarding: EB-2024-0050 – Request for Amendment to Rate Rider for Disposition of Global Adjustment Account (2024) due to Billing Determinant Error in 2024 Incentive Rate-Setting Mechanism Application (EB-2023-0047) for rates effective May 1, 2025

Dear Ms. Marconi,

Following a comparative review of its 2024 Audited Financial Statements, Ottawa River Power Corporation (ORPC) noted that the balance pertaining to the Rate Rider for Disposition of Global Adjustment Account (2024) was depleting more quickly than anticipated.

A detailed review of the Rate Generator Model revealed that the non-RPP kWh and kW values in the Billing Determinants tab included only usage from retailer-enrolled customers and did not account for Standard Supply Service non-RPP customers. This resulted in a material overstatement of the credit to ORPC's non-RPP customers. The rate rider became effective on May 1, 2024, and is set to expire on April 30, 2028.

In this amendment request, ORPC proposes that the approved Rate Rider for Disposition of Global Adjustment Account (2024) be discontinued as of April 30, 2025 and a second Rate Rider for Disposition of Global Adjustment Account (2024) be implemented, effective May 1, 2025.

Respectfully submitted,



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Context

In 2024, Ottawa River Power Corporation (“ORPC”) and the Ontario Energy Board approved a Rate Rider for Global Adjustment (2024) at a rate of \$(0.0133) per kWh, as part of ORPC’s 2024 IRM Application (EB-2023-0047), for rates effective May 1, 2024. This rate was set to remain in effect until April 30, 2028. The approved rate generator model is attached as Appendix A.

In Tab 4, Billing Determinants, ORPC noted that the total metered kWh for Non-RPP Customers (excluding WMP) was reported as 22,736,814 kWh. This figure carried through to Tab 6.1 GA and was used to calculate the Rate Rider for Global Adjustment (2024), resulting in the approved rate of \$(0.0133) per kWh. However, in ORPC’s RRR filing, the actual metered kWh for Non-RPP Customers in 2022 was 67,076,802 kWh. ORPC discovered that the issued rate generator model only included retailer-enrolled customer usage as Non-RPP consumption and excluded SSS Non-RPP consumption. As a result, the model significantly overstated the GA Rate Rider.

Using the corrected usage data, as presented in Appendix B, the rate rider would have originally been \$(0.0045) per kWh—approximately one-third of the approved rate. Based on the total Global Adjustment amount allocated to current Class B customers \$(1,210,986), ORPC projects that it will have refunded \$(892,121) by the end of billing for usage through April 30, 2025, leaving an estimated balance of \$(318,865) still to be refunded.

The cause of the model error is currently unknown and has been reported to ratemodels@oeb.ca. Notably, the non-RPP consumption was accurately stated in ORPC’s revised 2024 IRM Rate Generator Model filed as part of its initial interrogatory responses; however, the usage data became inaccurate following that submission.

Proposal

ORPC has prepared Appendix C to project the remaining balance in the rate rider at April 30, 2025 and to calculate a proposed revised rate utilizing 2023 Non-RPP Metering Consumption for Class B Customers.

ORPC proposes that the 2025 IRM Decision and Order (EB-2024-0050) be amended to address the following:

1. The existing credit to customers of \$(0.0133) per kWh for the Rate Rider for Global Adjustment (2024) initially effective until April 30, 2028 be terminated on April 30, 2025;
2. A second Rate Rider for Global Adjustment (2024) be implemented effective May 1, 2025 with a credit of \$(0.0052) per kWh; and
3. The second Rate Rider for Global Adjustment (2024) be reduced to a recovery period of 12 months and expire on April 30, 2026.

Justification and Materiality

ORPC applies a materiality threshold of \$50,000, as prescribed by the Ontario Energy Board. Under the currently approved rate, the Rate Rider for Global Adjustment (2024) would result in annual customer refunds of approximately \$(892,121) until April 30, 2028. Over the full term of the rate, this equates to total customer credits of \$(3,568,484), which exceeds the intended Global Adjustment amount allocated to current Class B customers by \$2,357,498—an amount significantly above the materiality threshold to the Utility. As a result, ORPC proposes to terminate the existing Rate Rider for Global Adjustment (2024) effective April 30, 2025. This would leave a projected remaining balance of \$(318,865) still to be credited to customers.

ORPC calculated a proposed GA Rate Rider of \$(0.0052) per kWh based on the remaining balance and 2023 Non-RPP Meter Consumption. ORPC utilized 2023 data Non-RPP Metered 2023 Consumption for Current Class B Customers as it represents the most recent available filed RRR data.

To minimize the impact to customers, ORPC proposes to reduce the recovery period on the remaining balance to 12 months which would set the expiry date on April 30, 2026.

To avoid a material impact to the utility and a recovery from the customers due to overpayments, ORPC proposes that the rates effective May 1, 2025 in the Decision and Order for EB-2024-0050 be amended for the above requests as the rates are not yet in effect.