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**BY EMAIL**

February 4, 2013

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

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Espanola Regional Hydro Distribution Corporation  
2013 IRM3 Distribution Rate Application  
Board Staff Submission  
Board File No. EB-2012-0122**

In accordance with the Notice of Application and Written Hearing, please find attached the Board Staff Submission in the above proceeding. This document is being forwarded to Espanola Regional Hydro Distribution Corporation and to all other registered parties to this proceeding.

Yours truly,

*Original Signed By*

Georgette Vlahos  
Analyst, Applications & Regulatory Audit

Encl.



# **ONTARIO ENERGY BOARD**

## **STAFF SUBMISSION**

2013 ELECTRICITY DISTRIBUTION RATES

Espanola Regional Hydro Distribution Corporation

EB-2012-0122

**February 4, 2013**

**Board Staff Submission  
Espanola Regional Hydro Distribution Corporation  
2013 IRM3 Rate Application  
EB-2012-0122**

## **Introduction**

Espanola Regional Hydro Distribution Corporation (“ERHDC”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”) on December 7, 2012, seeking approval for changes to the distribution rates that ERHDC charges for electricity distribution, to be effective May 1, 2013. The Application is based on the 2013 3<sup>rd</sup> Generation Incentive Regulation Mechanism (“IRM”).

The purpose of this document is to provide the Board with the submissions of Board staff based on its review of the evidence submitted by ERHDC.

In the interrogatory phase, Board staff noted that ERHDC did not enter the “Applicable Loss Factor” for its Residential, General Service Less than 50 kW and Unmetered Scattered Load rate classes in its RTSR workform. In its responses, ERHDC agreed and requested Board staff to make the necessary corrections to the workform. Notwithstanding this minor error to be corrected at the time of the Board Decision on the Application, Board staff has no concerns with the data supporting the updated Retail Transmission Service Rates provided by ERHDC. In addition, pursuant to Guideline G-2008-0001, updated on June 28, 2012, Board staff notes that the Board will update the applicable data at the time of this Decision based on the updated Uniform Transmission Rates issued by the Board on December 20, 2012.

Board staff submits that ERHDC completed the Tax-Savings workform with the correct rates which reflects the Revenue Requirement workform from the Board’s cost of service decision in EB-2011-0319. In its Manager’s Summary, ERHDC noted that it is not proposing any tax-savings rate riders. Board staff has no concerns with the workform as filed and notes that the tax-savings rate riders are negligible for all rate classes. Board staff submits that ERHDC should record the whole tax-savings amount of \$9,316 in Account 1595 for future disposition.

ERHDC completed the Deferral and Variance Account continuity schedule included in the 2013 IRM Rate Generator Model at Tab 5 for its Group 1 Deferral and Variance

Accounts. ERHDC's total Group 1 Deferral and Variance Account balances as at December 31, 2011 amount to a credit of \$47,867 which includes interest calculated to April 30, 2013. Based on the threshold test calculation of \$0.001 per kWh, the Group 1 Deferral and Variance Account balances do not exceed the threshold, and as such, ERHDC did not request disposition of these Accounts.

Board staff has reviewed ERHDC's Group 1 Deferral and Variance Account balances and notes that the principal balances as of December 31, 2011 reconcile with the balances reported as part of the *Reporting and Record-keeping Requirements*. As the preset disposition threshold has not been met Board staff submits that disposition is not warranted at this time.

All of which is respectfully submitted