Niagara-on-the-Lake Hydro Inc.

April 9, 2009 **VIA RESS, E-mail and Mail**

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
26th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Niagara-on-the-Lake Hydro Inc. 2009 Rate Application

Response to OEB Staff Comments on DRO - OEB Case EB-2008-0237

Dear Ms. Walli

Niagara-on-the-Lake Hydro Inc. is pleased to submit the attached response to the OEB staff comments on the draft rate order regarding its 2009 Rate Application in compliance with the Board decision of March 25, 2009.

An electronic copy of this reply submission will be submitted through the OEB e-Filing Services, by e-mail to the interveners and two hard copies to you by mail.

We would be pleased to provide any further information or details that you may require.

Yours truly

ORIGINAL SIGNED BY JIM HUNTINGDON

Jim Huntingdon, President

Attachment

8 HENEGAN ROAD, P.O. BOX 460 • VIRGIL, ONTARIO • L0S 1T0
PHONE: 905-468-4235 • FAX: 905-468-3861

EB-2008-0237
2009 Distribution Rates
Niagara-on-the-Lake Hydro Inc.

RESPONSE TO

Board staff comments on the draft Rate Order
April 9, 2009

Niagara-on-the-Lake Hydro Inc. ("NOTL") filed a draft Rate Order on April 6, 2009. Board staff reviewed NOTL's draft Rate Order and did not have any major concerns regarding the draft Rate Order, but sought clarification regarding NOTL's recalculation of the load forecast, as follows:

> ***"Revenue Requirement Work Form***
> Board staff reviewed the Data Input sheet, note 14 of the Revenue Requirement Work Form, "Recalculation due to loss factor change". NOTL has provided a recalculation of the load forecast due to the loss factor adjustment; however Board staff is unable to recreate the calculation based on the information provided. Board staff requires clarification from NOTL and specifically requests that NOTL provide detailed calculations of the revised load forecast reflecting the Decision EB-2008-0237."

The clarification or explanation is best made by reference to the Application of August 6, 2009 and walking through the same seven logical steps, which are built into the rate model used by NOTL. Please refer to Exhibit 3 Tab 2 Schedule 2 of the application, starting on Page 15. The amounts which change per Board Decision are **bolded** in each of the seven steps below.

Step 1. Calculate Adjustment for Cangro closure

The annual Cangro adjustment changes as a result of the loss factor change:

	Application (Table 7)	Board Decision
8-year average consumption kWh	5,130,438	5,130,438
Add losses Loss Factor	1.0501	**1.0463**
Annual Purchases/adjustment	5.387,472	**5,367,977**

Step 2**.** Adjust Purchase Calculations for Cangro closure

The resulting adjusted 2009 purchase calculation is:

	Application (Table 8)	Board Decision
Modelled kWh	197,857,361	197,857,361
Less Cangro adjustment kWh	-5,387,472	**-5,367,977**
Adjusted calculation kWh	192,469,889	**192,489,384**

Step 3. Adjust Purchases for CDM

The 0.34% CDM reduction results in weather normalized purchases as follows:

	Application (Table 9)	Board Decision
Cangro Adjusted calculation kWh	192,469,889	**192,489,384**
CDM reduction (-0.34%)	-654,398	**-654,464**
Weather normalized purchases	191,815,491	**191,834,921**

Step 4. Calculate Total Weather Normalized Billed Forecast

This step calculates the billed forecast by dividing the purchases by 1.0501 in the application and dividing by 1.0463 per Board Decision:

	Application (Table 10)	Board Decision
Weather normalized purchases	191,815,491	**191,834,921**
Loss adjustment	-9,151,468	**-8,488,920**
Weather normalized billed	182,664,024	**183,346,001**

Step 5. Calculate Non-Normalized Billed Energy by Class

This step multiplies the customer /connection forecast (Application Table 12) by the forecast annual kWh non-normalized usage per customer/connection for each class (Application per Table 15). Because there is no change to either the customer/connection forecast or the usage per customer in the Board Decision, there is no change to the non-normalized energy by class:

Application (Table 16) and Per Board Decision

	Residential	GS <50kW	GS>50kW	Sentinel Lights	Street Lights	Unmetered Loads	Total
Non-normalized weather billed energy forecast (kWh)							
2009	67,130,464	34,768,422	81,382,914	0	1,089,774	303,200	184,674,774

Step 6. Align Non-Normalized Billed Forecast (by class) to Weather-Normalized Billed Forecast (Total)

As stated in the Application (Exhibit 3 Tab 2 Schedule 2, Page 24 and referring to Table 17, Page 26)

> "The non-normalized weather billed energy forecast has been determined as above, but needs to be adjusted for weather sensitive load and for CDM in order to be aligned with the total weather normalized billed energy forecast. The following table outlines the alignment calculation of the weather-normalized billed energy forecasts for …2009"

Table 17

Alignment of Non-Normalized to Weather-Normalized Billed Energy Forecasts

(Application)

Year 2009	Non-Normalized Billed Energy Forecast	Weather Sensitive %	Weather Sensitive Energy	Weather Adjustment	Weather-Adjusted	CDM Adjustment	Weather Normalized Billed Forecast
Residential	67,130,464	100%	67,130,464	-295,675	66,834,789	-0.34%	**66,607,551**
GS <50 kW	34,768,422	100%	34,768,422	-153,137	34,615,285	-0.34%	**34,497,593**
GS >50kW	81,382,914	71%	57,772,807	-254,459	81,128,455	-0.34%	**80,852,618**
Sentinel Lights	0	0%	0	0	0	-0.34%	**0**
Street Lights	1,089,774	0%	0	0	1,089,774	-0.34%	**1,086,069**
Unmetered Load	303,200	0%	0	0	303,200	-0.34%	**302,169**
TOTAL	184,674,774		159,671,693	-703,270	183,971,504		**183,346,001**

The text on Pages 26 and 27 of Exhibit 3 Tab 2 Schedule 2 in the Application explains the rationale of Table 17. The same rationale applies to the Table below, which shows the Alignment of Non-Normalized to Weather-Normalized Billed Energy Forecasts per Board Decision. The total weather normalized per Board Decision of 183,346,001 kWh from Step 4 above is **bolded**.

Alignment of Non-Normalized to Weather-Normalized Billed Energy Forecasts (Per Board Decision)

Year 2009	Non-Normalized Billed Energy Forecast	Weather Sensitive %	Weather Sensitive Energy	Weather Adjustment	Weather-Adjusted	CDM Adjustment	Weather Normalized Billed Forecast
Residential	67,130,464	100%	67,130,464	-295,675	66,834,789	-0.34%	**66,607,551**
GS <50 kW	34,768,422	100%	34,768,422	-153,137	34,615,285	-0.34%	**34,497,593**
GS >50kW	81,382,914	71%	57,772,807	-254,459	81,128,455	-0.34%	**80,852,618**
Sentinel Lights	0	0%	0	0	0	-0.34%	**0**
Street Lights	1,089,774	0%	0	0	1,089,774	-0.34%	**1,086,069**
Unmetered Load	303,200	0%	0	0	303,200	-0.34%	**302,169**
TOTAL	184,674,774		159,671,693	-703,270	183,971,504		**183,346,001**

For the residential and USL classes, the kWh values per Board Decision in the above Table correspond with Note 14 of Sheet "A. Data Input Sheet" in the revenue requirement workbook. Thus, these kWh values are explained as requested.

(Please note that the loads in Note 14 are not totaled as they are a mixture of kW and kWh. Step 7 below explains the kW values for the GS>50 kW and streetlight classes in Note 14.)

Step 7. Calculate Billed kW Load Forecast

Exhibit 3 Tab 2 Schedule 2 Page 28 of the Application has the following Table:

Table 20
Historical kW/kWh Ratio per Applicable Rate Class

kW/kWh Ratio	GS >50kW	Street Lights
Year		
2003	0.2690%	0.2691%
2004	0.2704%	0.2817%
2005	0.2381%	0.2637%
2006	0.2536%	0.2363%
2007	0.2568%	0.2893%
Average	0.2573%	0.2670%

Using the average kW/kWh ratio values in this Table also for the Board Decision, the calculation of the weather normalized billed kW for the GS>50 kW and streetlight classes are as follows:

	Application (Table 21)		Per Board Decision	
	GS>50 kW	Streetlights	GS>50 kW	Streetlights
Weather normalized kWh	80,605,864	1,086,069	**80,852,618**	1,086,609
kW/kWh ratio	0.2573%	0.2670%	0.2573%	0.2670%
Weather normalized kW	207,437	2,900	**208,072**	2,900

Please note that the streetlights kW per Board Decision is the same as the application, because this class does not require a weather-sensitivity adjustment in Step 6 above.

NOTL respectfully submits that the above Steps provide the requested clarification.

- end -