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Columnist, Globe and Mail

June 18, 2009

BY EMAIL & BY COURIER

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge St, Suite 2701  
Toronto ON M4P 1E4

Dear Ms. Walli:

**Board File No. EB-2008-0245**

**Thunder Bay Hydro Electricity Distribution Inc. – 2009 Rates Rebasing Application  
Draft Rate Order Comments of Energy Probe**

Pursuant to Decision and Order, issued by the Board on June 3, 2009, please find two hard copies of the Comments of Energy Probe Research Foundation (Energy Probe) in respect of the Draft Rate Order filed by the Applicant on June 17, 2009, in the EB-2008-0245 proceeding. An electronic version of this communication will be forwarded in PDF format.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh  
Case Manager

cc: Robert Mace, Thunder Bay Hydro (By email)  
Cindy Speziale, Thunder Bay Hydro (By email)  
Randy Aiken, Aiken & Associates (By email)  
Intervenors of Record (By email)

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**IN THE MATTER OF** the *Ontario Energy Board Act*,  
1998, S.O. 1998, c. 15, (Schedule B);

**AND IN THE MATTER OF** an application by **Thunder  
Bay Hydro Electricity Distribution Inc.** for an order  
approving just and reasonable rates and other charges for  
electricity distribution of electricity to be effective May 1,  
2009.

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**ENERGY PROBE RESEARCH FOUNDATION  
("ENERGY PROBE")**

**COMMENTS ON DRAFT RATE ORDER**

**June 18, 2009**

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**THUNDER BAY HYDRO ELECTRICITY DISTRIBUTION INC.  
2009 RATES**

**EB-2008-0245**

**COMMENTS ON DRAFT RATE ORDER**

Upon review of the draft rate order dated June 17, 2009, Energy Probe has found an error in the calculation related to the change in the CCA applicable to certain computer equipment and related system software (CCA class 50) acquired between January 27, 2009 and February 2011. This calculation is discussed and shown on page 6 of the draft rate order.

Thunder Bay had originally calculated a CCA deduction for the \$77,310 in capital expenditures in this category of \$21,260. This was based on a CCA rate of 55% and use of the half year rule ( $\$77,310 \times \frac{1}{2} \times 55\% = \$21,260$ ).

Thunder Bay has calculated an increase in the CCA deduction of \$17,395 to \$38,655. This calculation appears to be based on changing the 55% CCA rate to 100% ( $\$77,310 \times \frac{1}{2} \times 100\% = \$38,655$ ). However, this calculation is not correct.

As the Board is aware, the January 2009 Federal Budget changed not only the CCA rate from 55% to 100%, but it also changed the  $\frac{1}{2}$  year rule. In particular, the budget eliminated the  $\frac{1}{2}$  year rule for this class of assets. In other words, businesses can fully deduct the cost of these computers and system software in 2009 (Energy Probe Research Foundation Argument dated March 13, 2009, page 20 of 37).

As a result, the CCA deduction is the full \$77,310 capital expenditure figure in this category. This increases the CCA deduction by \$38,655 over and above the incremental \$17,395 calculated in by Thunder Bay in the draft rate order. Based on a tax rate of 30.49%, this will reduce the taxes payable and the revenue requirement by \$11,786 ( $\$38,655 \times 30.49\%$ ) over and above that calculated by Thunder Bay.

**All of which is respectfully submitted**

**June 18, 2009**

**Randy Aiken**

**Consultant to Energy Probe**