

**Ontario Energy
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BY E-MAIL

August 6, 2009

Board Secretary
Ontario Energy Board
2300 Yonge Street, Ste. 2701
Toronto ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Board Staff Submission
Retail Transmission Rate – Connection Rate Reduction and Rate Rider
Application
Niagara-on-the-Lake Hydro Inc.
Board File No. EB-2009-0149**

Board staff has had an opportunity to review the July 31, 2009 letter filed by Niagara-on-the-Lake Hydro Inc. ("NOTL Hydro") advising the Board that NOTL Hydro and Hydro One Networks Inc. ("Hydro One") have reached a settlement on the Stanley TS by-pass issue and providing an update to the evidence provided by NOTL in its original filing.

Board staff is writing to provide the Board with its observations in light of these latest developments in the case.

In its original application, NOTL Hydro applied to reduce its RTS connection rate by 31.3% effective October 1, 2009. In NOTL Hydro's updated letter, the utility requested that the effective date be changed from October 1, 2009 to September 1, 2009.

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Board staff is of the view that the methodology used to adjust the RTS connection rate is consistent with the approach used by the majority of distributors and has been accepted by the Board in recent cost of service decisions.

NOTL Hydro has also amended its application by withdrawing its request to return the excess RTS revenue to customers noting that the revised balance (following the finalization of the settlement with Hydro One on the bypass matter) is immaterial. Board staff does not dispute the calculation of the amount of \$3,010, nor that this amount is not material in light of NOTL Hydro's overall revenue requirement. Board staff further notes that this amount will remain in the variance account 1586 – RSVA – Retail Transmission Connection Charges for disposition at a future date.

Board staff notes that NOTL Hydro provided the proposed RTS connection rates in its application. Based on the information in the original application filed by NOTL Hydro and on the amendments provided in the July 31, 2009 letter, Board staff is of the view that the Board could implement the rate reduction requested by NOTL Hydro by issuing a rate order at the time of the issuance of the decision.

Board staff has no further questions or submissions on these matters.

Sincerely,

Original Signed By

Silvan Cheung
Advisor – Applications & Regulatory Audit