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**BY E-MAIL**

February 18, 2010

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: North Bay Hydro Distribution Limited  
2010 Distribution Rate Application  
Board Staff Supplementary Interrogatories  
Board File No. EB-2009-0270**

In accordance with the Procedural Order # 2, please find attached Board Staff Interrogatories in the above proceeding. Please forward the following to North Bay Hydro Distribution Limited and to all other registered parties to this proceeding.

In addition please advise North Bay Hydro Distribution Limited that responses to interrogatories are due by March 1, 2010.

Yours truly,

*Original Signed By*

Neil Mather  
Project Advisor – Applications & Regulatory Audit

Encl.

**Board Staff Supplementary Interrogatories  
North Bay Hydro Distribution Limited  
2010 Electricity Distribution Rates  
EB-2009-0270**

**28. Affiliate Transactions**

*Ref: Board Staff Interrogatory Response # 14 (page 20 of 104)*

The response modifies Table 4-19 'Summary of Affiliate Products and Services', increasing NBHDL's cost of labour to provide various services to its affiliate NBHS, increasing from \$180,304 to \$254,263. The Management Fee remains unchanged at \$39,349.

Please confirm that this change does not affect either NBHDL's revenue requirement or its revenue offset, and therefore does not warrant an entry in the summary table provided in response to Board staff # 27.

**29. Revenue to Cost Ratios after 2010**

*Ref: SEC Interrogatory Response # 25*

NBHDL has responded that it intends to make further adjustments to the revenue to cost ratios in the period following 2010.

- a. Please confirm that NBHDL intends to propose revenue to cost ratios in 2012 that would be at least at the lower boundary of the Board's policy range, for the four classes GS 3000-5000 kW, Street Lighting, Sentinel Lighting, and USL.
- b. If the response to part (a) is affirmative, please provide a preliminary proposal for the revenue to cost ratios of the two classes GS<50 kW and GS>50 kW in 2012. (As a suggested approach, provide an adapted version of Table 7-2 '2010 Cost Allocation Study' such that the 2010 hypothetical revenue from the four classes would yield the lower boundary ratio, and then calculate hypothetical lower revenues from the two classes in the second-from-right column and show the resulting lower ratios in the right-most column.)

**30. Unmetered Scattered Load Rates**

*Ref: Board Staff Interrogatory Response # 17c (p. 25 of 104)*

NBHDL has provided a calculation showing that the impact on its actual USL customers

- a. Why is the 2010 bills calculated using a volumetric rate of \$0.0165 per kWh whereas the proposed rate is \$0.0221 per kWh (ref: Exhibit 8, p. 7, Table 8-9)?
- b. Please confirm that the volumetric rate of \$0.0165 would maintain the existing fixed:variable ratio (consistent with Exhibit 8, p. 4, l. 20), whereas the rate of \$0.0221 would reduce the fixed:variable ratio compared to the status quo.
- c. Please clarify which volumetric rate NBHDL is applying for.

**31. Unmetered Scattered Load Bill Impacts**

*Ref: Board Staff Interrogatory Responses # 17c and # 27*

NBHDL has provided a calculation in response to # 17 that shows that, if the monthly service charge were calculated per connection, the impact on its USL customer with 56 connections would be 16.54% higher than continuing the charge on a per customer basis.

- a. Please confirm that the impact of 16.54% provided in the interrogatory response is in addition to the impact on all USL customers of approximately 13% (ref: Exhibit 8, p. 24).
- b. In its response to # 27, NBHDL includes a change to the per-connection monthly service charge. If the impact on this customer is approximately 29%, as posited in part a, does NBHDL intend to implement this change in 2010 or at some later time, say after the inter-class re-balancing has been completed?

### **32. Low Voltage Cost**

*Ref: Board Staff Interrogatory Response # 19b, and Exhibit 9, p. 13*

NBHDL's response to interrogatory # 19b includes information on several variance and deferral accounts, which has no apparent relationship to NBHDL's cost of Low Voltage service from Hydro One. Most but not all of the same accounts are included in the lists of accounts that will be disposed of by means of the LRAM/SSM rate rider in Exhibit 9.

- a. Please explain the purpose of including information on Regulatory Assets in the response to #19b.
- b. Please provide an estimate of NBHDL's Low Voltage cost, continuing to exclude the Hydro One Rate Rider # 4, and also excluding the effect of the Regulatory Assets.

### **33. Low Voltage Rate Adder**

*Ref: Board staff Interrogatory Response # 19b, and Exhibit 8, Table 8-8*

NBHDL states that it will seek approval of a rate adder to 5 decimals.

- a. Please confirm that the Low Voltage kWh rate adder would be the only five-decimal rate in NBHDL's tariff, and that the reason for seeking approval is five decimals is that the Low Voltage Rate Adder rounds down to 0.0000 with four decimals.
- b. Please confirm that if Low Voltage cost were calculated using Hydro One ST rates without its Rate Rider # 4 (as is done in response to #19b), the four-decimal rate adder would round to \$0.0001 per kWh.
- c. Given that a Low Voltage revenue shortfall or surplus may be recorded in Variance Account 1550, and that Hydro One's Rate Rider # 4 will likely terminate before NBHDL's next rate re-basing, does NBHDL continue to propose a five-decimal rate adder rather than \$0.0001 per kWh?

### **34. Monthly Service Charges**

Ref: Mr. Rennick *Interrogatory Response* # 31

The response to Mr. Rennick's interrogatory indicates that the service charge would vary depending on how many days have passed since the previous bill. Toronto Hydro's 2009 residential tariff reads in part as follows (emphasis added):

Service Charge	\$ 16.85	(per 30 days)
Smart Meter Rate Rider	\$ 0.68	(per 30 days)
Smart Meter Rate Rider 1 (effective until April 30, 2010)	\$ (0.09)	(per 30 days)
Smart Meter Rate Rider 2 (effective until April 30, 2010)	\$ 0.06	(per 30 days)

Would it be a more accurate reflection of NBHDL's practice if the format of its tariff were changed to resemble the Toronto Hydro example? If not, please explain.

### **35. Regulatory Asset Recovery**

Ref: *Board Staff Interrogatory Responses* #23b and # 24

The response provides the information that, within the GS 50-2999 kW class, the billing demand of non-RPP customers is 548,923 kW, compared to the total class billing demand of 636,802. Exhibit 9, Table 9-9 shows that the total amount of Deferral and Variance Accounts allocated to this class is \$287,402, and that the amount of the Global Adjustment Sub-account allocated to the class is \$311,394.

- a. Please confirm that the allocation to the GS 50-2999 kW class excluding the Global Adjustment would be \$(23,992), and that a rate rider based on excluding the Global Adjustment would be a rebate to all customers of approximately (\$0.0377) per kW.
- b. Please confirm that a rate rider of approximately \$0.5296 to non-RPP customers, together with a rebate of \$0.0377 to RPP customers, would recover the total amount allocated to this class.
- c. The response to #24b states that NBHDL does not have the billing capacity to have two rate riders by class. Please provide an explanation of whether a manual adjustment to RPP customer bills would be a feasible means of recovery from the RPP and non-RPP customers that would effectively reflect different rate riders.

**36. Calculation of Revenue Deficiency**

*Ref: Energy Probe Interrogatory Response # 11 (b) and (d)*

The geometric mean growth rates in the revised versions of Tables 3-11 and 3.14 are all equal to or lower than the arithmetic means in the original tables of the Application. However, in the revised version of Table 6-1 'Calculation of Revenue Deficiency or Surplus' in the response to 11(d), the revenue from the existing rates X the load forecast amounts, @ \$9,991,868, is larger than the original amount or \$9,978,566.

Please explain whether some factor other than the growth rates calculated in part (b) of the interrogatory are responsible for the increase in revenue at existing rates.

**37. LRAM/SSM**

*Ref: Board Staff Interrogatory Response #26(a), Page 36 of 104*

North Bay states in its response that the input assumptions found on the Board's website are used wherever possible and where not, a suitable proxy is selected for the required inputs.

- a) Please show in a table a listing of the program measures where North Bay has relied on the most recent OPA Measures and Assumptions List. In the same table, include a listing of the program measures that have relied on the OEB-approved Inputs and Assumptions List (dated March 28, 2008) as well as program measures for custom programs where published measures were not available. The table below is an example of the format to be used:

<b>Measures / Programs / Custom Projects</b>	<b>Source of Input Assumptions</b>
<b><i>Measure</i></b>	
CFL – 15W	OPA Measures List
<b><i>Programs</i></b>	
(List Programs)	(List source)
<b><i>Custom Projects</i></b>	
(List Projects)	(List source)

- b) Please confirm that the input assumptions found on the Board's website are only used in those instances for measures not included on the OPA's Measures and Assumptions list.
- c) If North Bay has relied on the input assumptions found on the Board's website in instances where the same measures are found on the OPA's Measures and Assumption list, please discuss the reason for doing so in light of the Horizon decision (EB-2009-0192).

**38. LRAM/SSM**

*Ref: Board Staff Interrogatory Response #26(b), Page 48 of 104*

North Bay states in its response that it accepts that the input assumptions found on the OPA's Measures and Assumption list should be used to calculate the LRAM claim associated with OPA Residential Programs delivered in North Bay's franchise area in 2006 and 2007.

- a) Please discuss why North Bay has not also applied the input assumptions found on the OPA's Measures and Assumption list to all mass market programs.
- b) Please discuss the program elements that distinguish North Bay's Third Tranche CDM Programs as custom programs and therefore eligible to have custom input assumptions included in the LRAM calculation.