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# Niagara-on-the-Lake Hydro Inc.

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February 2, 2011

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

Via RESS, e-mail and courier

**Niagara-on-the-Lake Hydro Inc. 2011 Rate Application**

**Reply Submission**

**OEB Case EB-2010-0101**

Dear Ms. Walli

Niagara-on-the-Lake Hydro Inc. is pleased to submit its reply to the OEB staff submission regarding its 2011 IRM3 Rate Application.

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

Yours truly

Jim Huntingdon, President  
Encl.

Cc by e-mail:

Michael Buonaguro, Public Interest Advocacy Centre - mbuonaguro@piac.ca

Bill Harper, Econalysis Consulting Services - bharper@econalysis.ca

**Reply to Board Staff Submission  
2011IRM3 Electricity Distribution Rates  
Niagara-on-the-Lake Hydro Inc.  
EB-2010-0101**

**Submission – Introduction: Page 1**

savings flowing from tax changes as compared to the income tax rate and capital tax assumptions that underpin a distributor's current base rates. Staff submits that using the RRWF data as revised and submitted by NOTL is the correct approach because this

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Board Staff Submission  
Niagara-on-the-Lake Hydro Inc.  
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revised data is based on assumptions that underpin NOTL's current base distribution rates.

**Reply**

*NOTL concurs with the staff submission regarding use of the RRWF data.*

## **Submission – LRAM and SSM Rate Rider: Page 2**

### **LRAM and SSM rate rider**

#### *Submission*

The Board's Guidelines for Electricity Distributor Conservation and Demand Management (the "Guidelines") issued on March 28, 2008 outline the information that is required when filing an application for LRAM and SSM.

Board **staff submits** that NOTL's application for LRAM and SSM recovery is consistent with the Board's Guidelines and the Board's Decision on Horizon's application (EB-2009-0192) for LRAM recovery.

With respect to the revised LRAM amount of \$129,149 that was requested by NOTL in a letter dated December 23, 2010, Board **Staff submits** that this amount reflects final, verified results that were provided to NOTL by the OPA. Board Staff supports the approval of the updated LRAM amount noted above and the originally requested SSM amount of \$3,127.24.

### **Reply**

*NOTL notes the OEB staff submission regarding the consistency of the application with the relevant OEB guidelines and decisions. NOTL also notes that OEB staff supports approval of the updated LRAM amount and the originally submitted SSM amount.*

*NOTL is aware that the OEB has also received a submission from VECC regarding LRAM and SSM. The VECC submission submits that NOTL should be required to provide justification for the revised savings in its application related to the "Residential Xmas Light Exchange Program 2006" and "2005 LED Christmas Light Conversion Program". NOTL believes that the additional consulting required for such justification would be costly and unnecessary, as a correction (*if any*) would be immaterial, since the data involved is just a portion of the "Third Tranche" component (\$6,318) of the application, which in turn is less than 5% of the overall LRAM SSM updated request of \$129,149. The "Third Tranche"*

*component is shown in the Table below from NOTL's updated request of \$129,149:*

Niagara-on-the-Lake Hydro Inc.  
EB-2010-0101  
Update to LRAM/SSM Claim  
Filed: December 23, 2010  
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**Updated**

The details of the updated filed claim of **\$129,149** by rate class, and the calculation of the rate riders are as follows:

| <b>LRAM &amp; SSM Totals</b>   |                     |                   |                     |
|--------------------------------|---------------------|-------------------|---------------------|
| <b>Rate Class</b>              |                     |                   |                     |
|                                | <b>LRAM \$</b>      | <b>SSM \$</b>     | <b>TOTAL \$</b>     |
| <b><u>Third Tranche</u></b>    |                     |                   |                     |
| RESIDENTIAL                    | \$1,714.41          | \$104.54          | \$1,818.95          |
| GENERAL SERVICE 50 TO 4,999 Kw | \$1,476.90          | \$3,110.29        | \$4,587.20          |
| THIRD TRANCHE UTILITY COSTS    |                     | -\$87.60          | -\$87.60            |
| <b><u>OPA Programs</u></b>     |                     |                   |                     |
| RESIDENTIAL                    | \$30,728.07         |                   | \$30,728.07         |
| GENERAL SERVICE <50KW          | \$4,875.20          |                   | \$4,875.20          |
| GENERAL SERVICE >50KW          | \$87,227.33         |                   | \$87,227.33         |
|                                | <b>\$126,021.91</b> | <b>\$3,127.24</b> | <b>\$129,149.15</b> |

Total \$6,318 =  
4.9% of claim

**Submission – Disposition of DVAs: Page 3**

been ordered.

Staff submits that **account 1588 should be included** in the total balance to be disposed and if so, that the threshold test is satisfied. The total balance of the Group 1 accounts is a credit of \$692,318 including account 1588. In terms of the threshold test, staff notes that the total balance per kWh is (\$0.004).

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**Reply**

*NOTL's exclusion of account 1588 in the original application was based on our best understanding of the OEB's intention as expressed in the decisions available. NOTL would have no objection to including account 1588 in the disposition.*

**Submission – Disposition of DVAs: Page 4**

Staff notes that in the event the Board decides to dispose of the Group 1 accounts, a one year disposition period results in a decrease of 1.9% on the total bill for a typical residential customer, and a two year disposition period results in a decrease of 0.3% on the total bill. **NOTL may wish to confirm these impacts in its reply submission.** These impacts do not include any change to the tax sharing amounts noted above or other changes such as the IPI-X and RTSR adjustments that Board staff will implement at the time of the decision for this application. The EDDVAR Report's default disposition period is one year. **Staff submits that a two year disposition period would be appropriate for NOTL in the interests of rate stability.** NOTL's next regularly scheduled cost of service application is for 2013 rates.

**Reply**

*NOTL has calculated and can confirm the total residential bill impacts (decreases for one year = minus 1.9% and two years =minus 0.3% respectively) referred to in the staff submission.*

*NOTL agrees that a two year disposition period would be appropriate.*

- End -