

Niagara-on-the-Lake Hydro Inc.

February 2, 2011

Ms. Kirsten Walli Board Secretary Ontario Energy Board P.O. Box 2319 26th 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

Niagara-on-the-Lake Hydro Inc. EB-2010-0101 Reply to Board Staff Submission Filed: February 2, 2011 Page 1 of 4

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

<u>Submission – Introduction: Page 1</u>

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

-1-

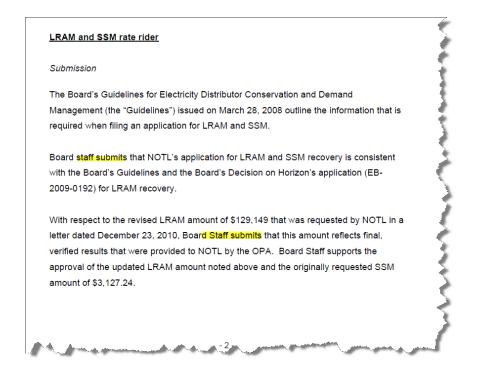
Board Staff Submission Niagara-on-the-Lake Hydro Inc. 2011 IRM3 Application EB-2010-0101

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



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 Page 2 of 2

Updated

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

LRAM & SSM Totals		Total \$6,318 = 4.9% of claim	
Rate Class			
	LRAM \$	SSM \$	TOTAL\$
Third Tranche			
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
OPA Programs			
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
	\$126,021.91	\$3,127.24	\$129,149.15

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).

- 3 -

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

EB-2010-010

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.