NORTH BAY HYDRO

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Thursday, December 15, 2011

Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON
M4P 1E4

Attention: Kristen Walli, Board Secretary

Dear Ms. Walli:

Re: North Bay Hydro Distribution Ltd. (EB-2011-0187)
Application for 2012 Electricity Distribution Rates
Responses - Board Staff Interrogatories

Please find attached a complete copy of the Board Staff's interrogatory responses.

Two hard copies of this submission will be sent via courier. An electronic copy of the response in PDF format will be submitted through the Ontario Energy Board's RESS.

An electronic copy of the response in PDF format will be forwarded via email to the Intervenors as follows:

Donald Rennick
a) Donald Rennick, Independent Participant

Vulnerable Energy Consumers Coalition
a) Michael Buonaguro, Public Interest Advocacy Centre
b) Shelley Grice, Econalysis Consulting Services Inc.

Yours truly,

Original signed by

Melissa Wanner,
Regulatory Manager
North Bay Hydro Distribution Limited
(705) 474-8100 (300)
mwanner@northbayhydro.com

2012 IRM3 Rate Generator

1. Ref: A portion of Sheet "14. Proposed Rate Riders" of the rate generator is reproduced below.

Rate Description	Unit	Amount	Effective Until Date	Proposed Amount	Effective Until Date
Residential					
Low Voltage Service Rate	$/kWh	0.00004			
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery / Shared Savings Mechanism (SSM) Recovery	$/kWh	0.00030	April 30, 2013		
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery (2011)	$/kWh			0.00020	April 30, 2014
General Service Less Than 50 kW					
Low Voltage Service Rate	$/kWh	0.00004			
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery / Shared Savings Mechanism (SSM) Recovery	$/kWh	0.00020	April 30, 2013		
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery (2011)	$/kWh			0.00040	April 30, 2014
General Service 50 to 2,999 kW					
Low Voltage Service Rate	$/kW	0.01390			
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery / Shared Savings Mechanism (SSM) Recovery	$/kW	0.06770	April 30, 2013		
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery (2011)	$/kWh			0.02650	April 30, 2014

a) Please confirm the "Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery (2011)" for the Residential, General Service Less Than 50 kW and General Service 50 to 2,999 kW should be "Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery (2012). If confirmed, Board staff will make the relevant corrections.

Response:

North Bay Hydro Distribution Ltd. (NBHDL) confirms that the description should be "Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery 2012".

2. Ref: A portion of Sheet "9. 2012 Cont. Sched. Def-Var"of the rate generator is reproduced below.

		2.1.7 RRR	
Account Descriptions	Account Number	As of Dec 31-10 [4]	Variance RRR vs. 2010 Balance *(Principal + Interest)*
Group 1 Accounts			
LV Variance Account	1550	$ 30,405	-$ 0
RSVA - Wholesale Market Service Charge	1580	-$ 753,634	-$ 0
RSVA - Retail Transmission Network Charge	1584	$ 594,710	-$ 172
RSVA - Retail Transmission Connection Charge	1586	$ 323,169	$ 0
RSVA - Power (excluding Global Adjustment)	1588	$ 512,293	$ 567,580
RSVA - Power - Sub-Account - Global Adjustment	1588	$ -	-$ 567,580
Recovery of Regulatory Asset Balances	1590	$ -	$ -
Disposition and Recovery of Regulatory Balances (2008)[7]	1595	$ 179,899	$ 146,920
Disposition and Recovery of Regulatory Balances (2009)[7]	1595	$ -	$ -
Group 1 Sub-Total (including Account 1588 - Global Adjustment)		$ 886,842	$ 146,748
Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)		$ 886,842	$ 714,329
RSVA - Power - Sub-Account - Global Adjustment	**1588**	$ -	-$ 567,580

North Bay has reported in their 2.1.7 RRR report that the December 31, 2010 balance in account 1588 is $512,293. North Bay has input this amount into the RSVA – Power (excluding Global Adjustment) (row 28) line of the worksheet.

a) Please confirm that the $512,293 is the net balance in account 1588, which includes the global adjustment sub-account balance.

Response:

NBHDL confirms that the $512,293 is the net balance in account 1588 as reported in its 2.1.7 RRR filing, which includes the global adjustment sub-account balance.

b) If confirmed, please provide the breakdown of account 1588 by separating out the global adjustment sub-account balance.

Response:

The breakdown of account 1588 is as follows:

1588-RSVA Power (excluding Global Adjustment) – ($55,288)

1588-RSVA Power Sub-Account - Global Adjustment – $567,580

These amounts can be verified in Columns "BR" and "BS", rows 28 and 29.

Account 1521 – Special Purpose Charge ("SPC")

3. Ref: Manager's Summary, Pg. 6 of 13

a) Please confirm North Bay's SPC assessment amount and provide a copy of the original SPC invoice.

Response:

NBHDL's SPC assessment amount was $221,575. A copy of the original SPC invoice can be found in Appendix "A".

b) Please complete the following table related to the SPC.

SPC Assessment (Principal balance)	Amount recovered from customers in 2010	Carrying Charges for 2010	December 31, 2010 Year End Principal Balance	December 31, 2010 Year End Carrying Charges Balance	Amount recovered from customers in 2011	Carrying Charges for 2011	Forecasted December 31, 2011 Year End Principal Balance	Forecasted December 31, 2011 Year End Carrying Charges Balance	Forecasted Carrying Charges for 2012 (Jan.1 to Apr.30)	Total for Disposition (Principal & Interest)

Response:

The table related to the SPC has been completed below.

SPC Assessment (Principal Balance)	Amount recovered from customers in 2010	Carrying Charges for 2010	December 31, 2010 Year End Principal Balance	December 31, 2010 Year End Carrying Charges	Amount recovered from customers in 2011 (Jan.1 to Apr.30)	Carrying Charges for 2011	Forecasted December 31, 2011 Year End Principal Balance	Forecasted December 31, 2010 Year End Carrying Charges	Forecasted Carrying Charges for 2012 (Jan.1 to Apr.30)	Total for Disposition (Principal & Interest)
221,575.00	134,948.58	690.10	86,626.42	690.10	81,487.84	323.70	5,138.58	1,013.80	25.12	6,177.50

Lost Revenue Adjustment Mechanism (LRAM)

4. Ref: Appendix K: IndEco Third Party Review Document, October 11, 2011

North Bay Hydro is requesting an LRAM amount of $187,545 for CDM programs that were delivered in 2008, 2009 and 2010 and the persisting energy savings between January 1, 2008 and April 30, 2012.

a) Please confirm that final 2010 OPA program results were used in the calculation of LRAM amounts.

Response:

Final 2010 OPA program results were used in the calculation of LRAM amounts.

b) If North Bay Hydro has not received final 2010 program results from the OPA, please discuss when North Bay Hydro plans on receiving them and how it proposes to update its LRAM amount to reflect the final results.

Response:

Final 2010 OPA program results were used in the calculation of LRAM amounts.

c) Please confirm that North Bay Hydro has not collected any LRAM amounts it has requested in this application in past LRAM applications.

Response:

NBHDL confirms that it has not collected any LRAM amounts it has requested in this application in past LRAM applications. Please see VECC question # 2 a) for a summary of past and current LRAM claims.

d) Please provide a table that clearly shows the total LRAM amount North Bay Hydro seeks by year.

Response:

In responding to VECC question # 2 b) NBHDL discovered that it had not adjusted the LRAM claim by the projected CDM kWh savings from the approved 2010 load forecast. As such, IndEco Strategy Consulting Inc. has revised NBHDL's LRAM claim accordingly to account for this omission. NBHDL has included in its VECC response a revised LRAM claim of $97,210, a decrease of $90,336.

The revised LRAM amount NBHDL seeks by year is as follows:

Year	Residential	GS 50 to 2,999 kW	GS 50 to 2,999 kW	Total Claim
2008	57,221	-	1,852	**59,073**
2009	14,412	-	14,371	**28,783**
2010	5,602	-	3,751	**9,353**
Total	**77,235**	**-**	**19,974**	**97,209**

Please see VECC question 2 b) for a full explanation of the CDM savings and Appendix "B" of the VECC response for a revised 3rd party report.

e) Please confirm when North Bay Hydro's last load forecast was approved by the Board.

Response:

NBHDL's last load forecast approved by the Board was in 2010, in its Cost of Service (COS) application (EB-2009-0270).

f) Please identify the savings included in North Bay Hydro's last Board approved load forecast, for CDM programs deployed from 2006 to 2010 inclusive.

Response:

NBHDL included 7,228,702 kWh in savings in its 2010 load forecast. A summary was provided in the 2010 COS application as a response to VECC interrogatory # 39 b) – a copy of the table is provided below.

CDM Impacts by Program on Load Forecast						
Program	**Without Losses**		**With Losses**		**Participating Customers**	
	2009	2010	2009	2010	2009	2010
Street Lighting	0	500,000	0	524,000	1	1
Appliance Retirement	206,866	620,598	216,796	650,387	440	440
Direct Install	643,324	1,929,971	674,203	2,022,609	293	293
ERIP	1,513,566	4,178,133	1,586,217	4,378,684	15	14
Total	**2,363,755**	**7,228,702**	**2,477,215**	**7,575,680**		

Please see VECC questions 2 b) for a full explanation of how these savings were treated in NBHDL's revised LRAM claim.

Account 1562 – Deferred PILs

5. *Preamble:*

In RP-2000-0213/EB-2000-0454, North Bay had requested unbundled rates to be effective on market opening date of May 1, 2002. North Bay remained on a bundled rate structure until May 1, 2002.

In RP-2002-0027/EB-2002-0036, in order to mitigate rate increases, North Bay elected to only recover 38% of the 2002 PILs amount and recognized that the remaining 62% would never be collected. The 2002 Decision and Order dated March 28, 2002 stated:

> "The Board notes that, because of rate impact concerns, the Applicant proposed to forego recovery of 62% of 2002 PILs, or $780,095, and defer recovery of the one half of the second of three instalments of MARR, $427,796, to May 1, 2003. The Board accepts the Applicant's proposals."

Given its wish to mitigate customer impact, North Bay voluntarily requested that the unbundled rate impact including the 2001 and 2002 PILs proxies should not take effect until May 1, 2002.

Reference: Appendix 1, Monthly Continuity Schedule, 2002, 2004 and 2005 Proxy Entitlements

a) Please explain why North Bay believes that its entitlement to the 2001 and 2001 PILS proxy should begin prior to May 1, 2002?

Response:

NBHDL, as with the majority of LDCs in the province, became taxable (via PILS) on October 1, 2001. Through the natural cycle of rate setting in the industry, distribution rates including recovery of PILS were not approved until May 1, 2002 (effective date).

North Bay Hydro has replicated the schedule approved through the combined proceeding decision (EB-2008-0381). In the combined proceeding the applicants commenced the Q4 2001 entitlements in October 2001 and 2002 entitlements in January 2002.

b) Please clarify how the 2002 PILs entitlement for the year of $478,122.24 is calculated with specific reference to the period of January 1, 2002 to the effective date of rate change on May 1, 2002.

Response:

All of the 2002 monthly values of entitlements are based on the same calculation which is comprised of the approved PILS value of $478,122.24. The decision provided in Appendix 5 of the IMBSI report approves this value and is based on 38% of the value calculated in the 2002 PILS model provided as Appendix 4 in the IMBSI report.

Annual value = $478,122.24 / 12 months = 39,843.52 per month

c) What regulatory reference supports starting the 2002 PILs entitlement at January 1, 2002 rather than May 1, 2002?

Response:

The only reference to this treatment NBHDL is aware of is the combined proceeding EB-2008-0381.

d) Please clarify how the 2004 PILs entitlement for the year of $540,523.80 is calculated with specific reference to the period of January 1, 2004 to the implementation date of rate change on April 1, 2004.

Response:

NBHDL's value of 2004 entitlements of $540,523.80 is comprised of 2 months (January and February) of 2003 recoveries (includes both 2001 and 2002 approved values) and 10 months (March to December) of 2004 recoveries. NBHDL has utilized the effective date (as opposed to implementation date) of rate approvals to commence the new entitlements (i.e. 2004 Rate Approval dated with Mar. 1, 2004 effective date, see Appendix 8 of the IMBSI report).

2003 Entitlement = $374,409.39 (2001 approved amount) + $478,122.24 (2002 Approved amount)

2003 Entitlement = $852,531.63 / 12 months = $71,044.30 per month * 2 = $142,088.60

2004 Entitlement = $478,122.24 / 12 months = $39,843.52 * 10 = $398,435.20

Fiscal 2004 Entitlements = $142,088.60 + $398,435.20 = $540,523.80

e) Please clarify how the 2005 PILs entitlement for the year of $1,193,981.25 is calculated with specific reference to the period of January 1, 2005 to the implementation date of rate change on April 1, 2005.

Response:

NBHDL's value of 2005 entitlements of $1,193,981.25 is comprised of 2 months (January and February) of 2004 recoveries and 10 months (March to December) of 2005 recoveries. NBHDL has utilized the effective date (as opposed to implementation date) of rate approvals to commence the new entitlements (i.e. 2005 Rate Approval dated with Mar. 1, 2005 effective date, see Appendix 11 of the IMBSI report).

2004 Entitlement = $478,122.24 / 12 months = $39,843.52 * 2 = $79,687.04

2005 Entitlement = $1,337,153.05 / 12 months = $111,429.42 * 10 = $1,114,294.20

Fiscal 2005 Entitlements = $79,687.04 + $1,114,294.20 = $1,193,981.25 ($0.01 difference due to rounding)

6. Reference: Appendix 17, 2001 T2 Federal Tax Return and 2001 Audited Financial Statements

The net book value of fixed assets used for rate purposes in North Bay's Rate Unbundling Application for 2000 was $32,544,432. Schedule 8 Summary of Capital Cost Allowance (CCA) in the 2001 T2 tax return shows an opening balance for depreciable assets (excluding land) of $47,088,725.

On October 1, 2001 North Bay elected to apply the fair market value bump-up of assets in their annual tax filings. North Bay received the benefit of its fixed assets in distribution rates and higher CCA due to the fair market value bump-up of approximately $15 million.

a) Please confirm that the difference between the net book value and the amount on Schedule 8 of the T2 tax return is the appraisal increment for tax purposes.

Response:

NBHDL confirms that the difference between the net book value and the amount on Schedule 8 of the T2 tax return is the appraisal increment for tax purposes.

b) Does North Bay agree that the shareholders received the tax advantage of the fair market value bump-up for tax purposes from 2001 to 2005?

Response:

NBHDL agrees that the shareholders received the tax advantage of the fair market value (FMV) bump-up for tax purposes from 2001 to 2005; however, the benefit of the FMV bump-up was transferred to NBHDL customers as part of the 2006 rate setting process.

7. Reference: Appendices 13 and 15, 2002 and 2004 SIMPIL models Appendix 20, 2002 T2 Federal Tax Return and 2002 Audited Financial Statements, Write-down of Capital Property and Loss of Disposal of Assets

The 2002 T2 Schedule 1 shows an addition for a write-down of capital property of $540,755 that is not deductible for tax purposes.

a) What was the business reason for writing down this asset?

Response:

The asset (building) was written down to fair market value.

b) Was the asset sold to a municipal owner, an affiliated company, or an associated company?

Response:

The asset was sold in 2004 to a 3rd party.

c) Did North Bay apply to the Board for the recovery of the write down?

Response:

No, NBHDL is unaware of any application for recovery of the write down.

d) This addition was added to the 2002 SIMPIL model TAXREC2 sheet row 34 cell C34. Material items recorded on TAXREC2 true-up to the ratepayers only. However, if the value of the asset was included in rate base in 2001, shareholders are getting a continued benefit in distribution rates. A write down of assets is accelerated depreciation and does not true up in the PILs methodology.

Please explain why this asset write-down should true up to ratepayers and not to the shareholder.

Response:

The write-down relates to the movement to fair market value of an asset that was, at the time, used by NBHDL to provide distribution services to its customers. Costs related to provision of distribution services are allowed to be recovered in rates.

While NBHDL did not apply for specific recovery of the write-down it continued to receive payments from customers to partially mitigate the loss of economic value. NBHDL continued to receive, in the 2002 to 2006 period, depreciation and market based rate of return related to the write-down amount. This stopped in 2006 when LDCs were permitted to rebase for distribution rates May 1, 2006 based on based on December 31, 2004 values (which reflected the write-down).

In addition, NBHDL through its treatment of the write-down as a TAXREC2 item resulting in true up from its customers is filing for recovery of the tax impact only related to the write-down. On a net basis the shareholder still absorbed a portion of the write-down.

NBHDL considers this treatment fair as the asset was required for service and did not exist exclusively for the benefit of the shareholder.

e) If North Bay agrees it benefits shareholders only, please move the transactions to TAXREC3.

Response:

As stated in 7 d) above, NBHDL considers the treatment of this item in TAXREC2 as fair as the asset was required for service and did not exist exclusively for the benefit of the shareholder.

8. The 2004 T2 Schedule 1 shows an addition for a loss on disposal of assets of $144,597.

a) Is this the same asset that was written down in 2002?

Response:

Yes, this is the same asset that was written down in 2002.

b) This addition was added to the 2004 SIMPIL model TAXREC2 sheet row 19 cell C19. Material items recorded on TAXREC2 true-up to the ratepayers only.

Please explain why a loss on disposal of assets on which shareholders are getting a return in distribution rates and a CCA tax benefit should true-up to ratepayers and not to the shareholder.

Response:

NBHDL believes its treatment as a TAXREC2 item with true-up from its customers is fair for the same reasons articulated in response to question 7 d).

NBHDL sold the facility in 2004 as part of an effort to rationalize facilities and ultimately reduce costs for customers. NBHDL did not apply for specific recovery of the loss on sale. Again, NBHDL continued to receive payments from customers to partially mitigate the loss on sale. NBHDL continued to receive, in the 2004 to 2006 period, depreciation and market based rate of return related to the loss on disposal amount. This stopped in 2006 when LDCs were permitted to rebase for distribution rates May 1, 2006 based on based on December 31, 2004 values (reflected the sale).

NBHDL through its treatment of the loss on disposal as a TAXREC2 item resulting in true up from its customers is filing for recovery of the tax impact only related to the loss. On a net basis the shareholder still absorbed a portion of the loss on disposal (a larger portion than the write-down to FMV).

NBHDL considers this treatment to be fair as the loss on sale led to future reduced costs for customers and the asset did not exist exclusively for the benefit of the shareholder.

c) If North Bay agrees it benefits shareholders only, please move the transactions to TAXREC3.

Response:

As stated in 8 b) above, NBHDL considers the treatment of this item in TAXREC2 as fair as the loss on sale led to future reduced costs for customers and the asset did not exist exclusively for the benefit of the shareholder.

9. Reference: Appendix 20, 2002 T2 Federal Tax Return - Schedule 8, Class 1 Asset – Summary of Capital Cost Allowance

North Bay's 2002 T2 Schedule 8 is showing a disposal of a class 1 asset of $1,597,939.

a) Please explain what was disposed in 2002.

Response:

In 2002 NBHDL disposed of the assets, at their carrying value, and business operations of its sentinel lights, water heater tanks and fibre optic cable divisions to North Bay Hydro Services.

b) Did the asset remain in rate base?

Response:

The assets remained in NBHDL's rate base until the 2006 EDR process.

c) Did North Bay continue to receive a return on this asset in distribution rates?

Response:

The assets that were sold remained in rate base until 2006 when rebasing took place based on asset values as of December 31, 2004. NBHDL had no choice as this was the rate setting regime that unfolded over the period.

North Bay did receive a benefit from this over the period however conversely it was not allowed to recover escalation cost increases or capital investment increases over this period as well.

10. Reference: Appendix 15, 2004 SIMPIL model, Ontario Capital Tax

The 2003 Ontario Capital Tax (OCT) included in 2004 income tax of $29,301 is recorded on the 2004 SIMPIL TAXREC2 sheet row 96 cell C96 which trues up to ratepayers. Income tax effect of OCT additions and deductions should not true-up to ratepayers and should be recorded on TAXREC3.

a) Please explain why North Bay believes it should true-up to ratepayers.

Response:

North Bay agrees that OCT additions and deductions to taxable income should not true-up to ratepayers. Even though this deduction to taxable income in 2004 was incorrectly categorized as a TAXREC2 change it has no impact on the true-up amount as it is less than the materiality amount. It yields the same result as if it had been categorized on the TAXREC3 tab.

11. Reference: Appendices 12 to 16, 2001 to 2005 SIMPIL Models, Interest Expense for Tax Years 2001 to 2005

For the tax years 2001 to 2005:

a) Did North Bay have interest expense related to other than debt that is disclosed as interest expense in its financial statements?

Response:

NBHDL did have interest expense other than debt that is disclosed as interest expense in its financial statements. Please see question 11 j) for a table listing all of the components of NBHDL's interest expense.

b) Did North Bay net interest income against interest expense in deriving the amount it shows as interest expense? If yes, please provide details to what the interest income relates.

Response:

NBHDL did not net interest income against interest expense in deriving the amount it shows as interest expense; NBHDL showed the net amount in interest income. NBHDL has utilized the continuity schedules that were provided by E360 during the regulatory asset audit that was done in 2009 to rebuild interest expense. The amounts that related to interest expense are listed in the table below.

Regulatory Assets and Liabilities Interest - Included in Other Revenue:

Account #	Account Description	Fiscal 2005	Fiscal 2004	Fiscal 2003	Fiscal 2002	Fiscal 2001
1580	WMS	-	-	-	200.53	-
1582	One Time	-	-	-	-	-
1584	Net Work	3,690.21	2,334.30	899.23	580.82	-
1586	Connection	18,189.00	11,211.58	3,097.61	848.50	-
1588	Power	-	-	-	112.59	-
1588 Global Adj	Global Adjustment	17,175.76	-	-	-	-
	Total	**39,054.97**	**13,545.88**	**3,996.84**	**1,742.44**	**-**

Source: E360 February 2009 rebuilt for OEB audit

c) Did North Bay include interest expense on customer security deposits in interest expense?

Response:

NBHDL did include interest expense on customer security deposits in interest expense. Please see question 11 j) for a table listing all of the components of NBHDL's interest expense.

d) Did North Bay include interest income on customer security deposits in interest expense?

Response:

NBHDL did not include interest income on customer security deposits in interest expense. Please see question 11 j) for a table listing all of the components of NBHDL's interest expense.

e) Did North Bay include interest expense on IESO prudentials in interest expense?

Response:

NBHDL did not include interest expense on IESO prudentials in interest expense as this was not applicable to NBHDL. Please see question 11 j) for a table listing all of the components of NBHDL's interest expense.

f) Did North Bay include interest carrying charges on regulatory assets or liabilities in interest expense?

Response:

NBHDL included interest carrying charges on regulatory assets or liabilities in interest income; interest income and interest expense were netted and recorded in this category. Please see question 11 b) for interest expense amounts that related to regulatory assets or liabilities.

g) Did North Bay include the amortization of debt issue costs, debt discounts or debt premiums in interest expense?

Response:

NBHDL did not have debt issue costs, debt discounts or debt premiums in interest expense. Please see question 11 j) for a table listing all of the components of NBHDL's interest expense.

h) Did North Bay deduct capitalized interest in deriving the interest expense disclosed in its financial statements?

Response:

NBHDL did not calculate capitalized interest in deriving the interest expense disclosed in its financial statements. Please see question 11 j) for a table listing all of the components of NBHDL's interest expense.

i) Please provide North Bay's views on which types of interest income and interest expense should be included in the excess interest true-up calculations.

Response:

NBHDL believes that interest expenses related to regulatory assets and IESO line of credit costs should be excluded from the excess interest claw back determination. NBHDL believes it would be unfair to pay the prescribed rate of interest to its customers on variance and deferral accounts, be denied the ability to deduct the interest according to the SIMPILS methodology, and then return to customers the grossed up income tax value of the excess interest as calculated in the models. In effect it is double paying the customers with no offset of tax deductibility.

The variance and deferral accounts are constantly changing values and it is difficult to believe that the debt return included in rates was meant to compensate LDCs for these unpredictable costs. In addition, NBHDL believes it is unfair to treat costs related to IESO lines of credit as excess interest costs for similar reasons articulated above. Lines of credit are not reflected in the debt portion of capital structure on the balance sheet. As such they attract no debt return when rates are set.

The capital structure and associated debt return were intended to finance normal utility operations such as capital infrastructure and working capital needs.

j) Please provide a table for the years 2001 to 2005 that shows all of the components of North Bay's interest expense and the amount associated with each type of interest.

Response:

Interest Expense	Fiscal 2005	Fiscal 2004	Fiscal 2003	Fiscal 2002	Fiscal 2001
Associated Company	975,580	975,580	975,580	975,580	-
Long Term Debt	-	-	-	2,878	14,386
Customer Deposits	21,516	34,382	9,361	9,018	32,604
Interest / Late Fees - DRC	-	30,817	-	-	-
Interest / Late Fees - OEFC	-	9,162	28,173	-	-
Interest / Late Fees - Misc.	17,708	1,264	1,273	324	-
	1,014,804	1,051,205	1,014,387	987,800	46,990

APPENDIX “A”

SPC INVOICE

Revised Invoice

Ministry of Energy and Infrastructure
Conservation and Renewable Energy Program Costs

002-1110-676-29.16

Customer No./No du client	**3609**
Customer Site No./ N° d'emplacement du client	1061069
Invoice Date/Date de la facture	**April 16, 2010**
Invoice No./ N° de la facture	50052
Due Date/ Date d'échéance	**July 30, 2010**
Payment Amount/ Montant remis	**CAD $ 221,575**

To: North Bay Hydro Distribution Limited
74 Commerce Cres.
North Bay, ON P1B 8Y5
Attn: Todd Wilcox, President & COO

#1100

Item Description:

Assessment for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program Costs.
Quote-part pour les coûts des programme de conservation et d'énergie renouvelable du ministère de l'Énergie et de l'Infrastructure.

Questions related to the remittance should be directed to the Non-Tax Revenue Management Branch Contact Centre at 1-877-535-0554 or Fax (416) 326-5177. Les questions concernant la remise doivent être posées à l'InfoCentre de la Direction de la gestion des revenus non fiscaux au 1 877 535-0554 ou par télécopieur au 416 326-5177.

This assessment was calculated by the Ontario Energy Board, 2300 Yonge St. 27th Floor, P.O. Box 2319, Toronto, ON M4P 1E4. Questions related to the invoice should be directed to the Market Operations Hotline 416-440-7604. La présente quote-part a été fixée par la Commission de l'énergie de l'Ontario, 2300, rue Yonge, 27e étage, case postale 2319, Toronto (Ontario) M4P 1E4. Les questions relatives à la facture doivent être posées au service de téléassistance du service Activités du marché : 416 440-7604.

Payments are to be made to the Minister of Finance not the Ontario Energy Board.
Les paiements doivent être faits au ministre des Finances et non à la Commission de l'énergie de l'Ontario.

* Netta said to delete from Batch GM