

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

Attention: John Pickersgill

Dear Sir:

**North Bay Hydro Distribution Ltd.  
2012 Electricity Distribution Rates  
Board File No. EB-2011-0187**

Your letter referencing the above-noted file and explaining the reasons for the non-response to my comments dated April 16, 2012 regarding the Board's Decision and Order dated April 4, 2012 was received.

The IRM process may generally provide for a mechanistic and formulaic adjustment to distribution rates but this was certainly not the case in this application. If this were true, the only thing to be considered would be the mathematical accuracy of any mechanistic or formulaic rate changes. In this application, there were numerous other rate change issues included for approval by the Board. These requests included, among others, LRAM/SSM claims amounting to \$187,645; deferred PIL's amounting to \$1,776,381; special purpose service charges amounting to \$6,177 and deferred variance account balances amounting to \$753,759.

It is totally unclear to me how the comments I made would require the Board to revisit regulatory policy, ratemaking principles and the Board's 3<sup>rd</sup> Generation Incentive Regulation model.

It occurs to me that the Board has become more interested, when it suits its purpose, to elevate the importance of the process being followed rather than being guided by its primary function, as set out in the Ontario Energy Board Act, 1998, of protecting the interests of customers with respect to prices.

The Board's Decision and Order dated April 4, 2012 requested comments from Board staff and intervenors on the Draft Rate Order to be submitted by the applicant. There was no indication that the comments be confined to whether or not the draft rate order accurately reflected the Board's decision on the application. Therefore, when my comments were submitted I expected a reply of some sort would be forthcoming. My comments fell within the scope of the proceeding and the suggestion that it was satisfactory to refer to them obliquely is flawed.

Rather than going through this time and energy wasting exercise explaining why my comments did not receive an answer and why I have still not received a direct answer may I suggest that a more efficient way would have been to respond to the comments directly when they were submitted.

Perhaps something along this line:

*Dear Mr. Rennick:*

*Your comments have been received.*

*Although it has always been somewhat of a mystery to me as to why, the Board does not consider any evidence after the applicant has filed its final reply submission. After all, there is always the chance that a major point has been overlooked or inadvertently left out of the evidentiary record and its effect could be detrimental to the applicant or its ratepayers. However, having said that, we would like to address your comments as follows:*

*You are correct that the STS original filing indicated a tax charge of \$31,276 and not a tax saving as it was described by the Board in its decision. This was obviously an oversight on our part but since it has no effect on rates, other than making an internal note, the Board will not be issuing a revised decision.*

*You are correct that the Board instructed North Bay to record the 2011 estimated tax savings of \$16,285 in account 1595. North Bay does not seem to have made that entry and in any case has not included the amount in the calculation of the current rate rider. We calculate that the effect of including this prior year's amount on rates would be to increase the STS volumetric rate rider from (.0001) to (.0002). This increase would be considered a "material" amount, but since the decision has been issued, the Board has decided to instruct North Bay to include the amount in future applications.*

*Once again thank you for your comments.*

My wish wasn't and isn't to prolong this application by bringing a motion to review and vary the decision. My wish was to call for some semblance of common sense in a process that has become so wrapped up in its own importance that the real purpose of the exercise seems to have been lost.

Yours very truly,

D. D. Rennick