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Wednesday, October 24, 2012

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-2012-0152)
Application for 2013 Electricity Distribution Rates
Responses – D. Rennick Interrogatories

Please find attached a complete copy of Mr. Rennick'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 Intervenor as follows:

Donald Rennick
a) Donald Rennick, Independent Participant

Yours truly,

Original signed by

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

Manager's Summary – 2) Smart Meter Funding Adder/Disposition (Page 2 of 6)

Please provide an estimate of the amount of the “partial offset for the addition of the SMDR/SMIRR” anticipated by NBHDL.

By reference to “partial offset”, is NBHDL referring to a credit to ratepayers that would partially offset any increase in rates?

Response:

North Bay Hydro Distribution Ltd. (NBHDL) believes this question is outside the scope of the IRM application. The rate application as submitted does not seek approval for the disposition of the smart meter variance accounts nor does it propose a rate rider for incremental revenue requirement. NBHDL believes the interrogatories should be focused on the models provided to the Ontario Energy Board which provide a mechanistic and formulaic adjustment to derive the rates that NBHDL is seeking approval for; specifically, the information provided in the 2013 IRM Rate Generator, 2013 IRM Tax Sharing Model and the 2013 RTSR Model.

Manager's Summary – 6) Deferral and Variance Account Rider (Page 3 of 6)

The statement *"The Threshold Test determined a credit rate of (\$0.0001) per kWh which does not meet the threshold test of \$0.001 per kWh established by the Board"* seems to be contradicted by the fact that NBHDL current rates include several rate riders which are below \$0.001 /kWh and rates in effect that extend to four decimal places. Why the apparent discrepancy?

Where would I find the ruling where the Board established the threshold test amount?

Also, the current deferral and variance account disposition rider and global adjustment rider is described in this section as expiring on April 30, 2013. According to the tariff sheet submitted with this application the expiry date is April 30, 2014. Please explain?

Response:

NBHDL does not believe that there is an apparent discrepancy. The Threshold Test referenced is for Group 1 deferral accounts and the total claim of all accounts per kWh is used to determine whether the disposition threshold test is met. From there, riders are determined by specific class.

As per the Manager's Summary, please see the *Report of the Board on Electricity Distributors' Deferral and Variance Account Review* Report (the "EDDVAR Report") for references on the Board's policy in this matter.

The current deferral and variance account disposition riders and global adjustment riders expire April 30, 2014. The Manager's Summary referencing 2013 is incorrect.

Manager's Summary – 9) Tax Changes – (Page 5 of 6)

Congratulations to NBHDL for correctly calculating the tax savings on the first try. It took three years but it looks like success at last.

The tax reduction resulting from a change in taxation rates for 2013 amounts \$36,506. That amount produces a volumetric factor of (.0001) which appears to be a material amount. Please refer to the tax savings rate rider that was considered material in the 2012 and also the rate rider for LRAM recovery still in effect. Both of these items were .0001 riders. In my opinion these riders should be applied to the 2013 rates.

Please explain why these credits wouldn't be handled in a similar manner to other riders of approximately the same size?

Response:

Customer involvement is a valuable element of the rate setting process and NBHDL fully supports this additional level of interaction as an important check and balance. The opening comments in this specific interrogatory question are unnecessary, inappropriate and add no value to the interrogatory process nor do they relate to the models submitted in regards to the proposed rates. In the future, questions or comments of this nature will not be responded to as they detract from the importance and respect of the rate setting process.

With respect to the materiality of the Shared Tax Savings amount and the class specific rate riders, NBHDL believes the amount of \$36,265 for tax savings is immaterial; four of the seven classes result in rate rider of less than (\$.0001) for this specific amount. A typical Residential customer using 800 kWh / month would see a credit of approximately (\$.96) over the course of one year. As such, NBHDL is requesting that this amount be recorded in deferral Account 1595 for future disposition.