



Niagara-on-the-Lake Hydro Inc.

November 9, 2012

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. 2013 Rate Application

OEB Case EB-2012-0063

Response to Board Staff Interrogatories

Dear Ms. Walli

Niagara-on-the-Lake Hydro Inc. is pleased to submit the enclosed responses to Board Staff interrogatories regarding our 2013 IRM3 Rate Application.

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

Yours truly

Jim Huntingdon, President
Encl.

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Response to Board Staff Interrogatories 2013 IRM3 Electricity Distribution Rates Niagara-on-the-Lake Hydro Inc. EB-2012-0063

Interrogatory 1

1. Rural Rate Protection Charge ("RRPC")

Ref: Rate Generator Model

A portion of Sheet "4. Current Tariff Schedule" from the Rate Generator Model is reproduced below.

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge - effective until April 30, 2012	\$/kWh	0.0011
Rural Rate Protection Charge - effective on and after May 1, 2012	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Board staff notes that the Board's Decision (EB-2011-0405)¹ dated December 21, 2011 stated that effective May 1, 2012 the Rural Rate Protection Charge would be reduced to \$0.11/kWh from its previous value of \$0.13/kWh.

If the value provided in the Rate Generator Model is an error, Board staff will make the relevant correction.

Response 1

NOTL confirms that the values \$0.0011 per kWh entered into the model as "effective until April 30, 2012" are in error and should be \$0.0013 per kWh¹.

¹ NOTL notes that the OEB staff references in the interrogatory to 0.11 and 0.13 should be 0.0011 and 0.0013.

Interrogatory 2

2. Account 1595 – off-setting amounts

Ref: Rate Generator Model

Ref: 2010 IRM Decision (EB-2009-0237)², page 11

A portion of Sheet "5. 2013 Continuity Schedule" from the Rate Generator Model is reproduced below.

		2010									
Account Descriptions		Account Number	Board Approved Disposition during 2010	Adjustments during 2010 - other ¹	Closing Principal Balance as of Dec 31-10	Closing Interest Amount as of Jan 1-11	Interest Jan 1 to Dec 31-10	Board Approved Disposition during 2010	Adjustments during 2010 - other ²	Closing Interest Amount as of Dec 31-11	
Group 1 Accounts											
LV Variance Account		1530			0	0					
RSVA - Wholesale Market Service Charge		1530			(367,940)	(24,742)	15,400				(2,214)
RSVA - Retail Transmission Network Charge		1534			(68,780)	11,850	(12,680)				(177)
RSVA - Retail Transmission Connection Charge		1536			(169,217)	(38,433)	34,823				(876)
RSVA - Power (including Global Adjustment)		1580			18,850	15,741	(21,381)				(6,439)
RSVA - Power - Subaccount - Global Adjustment		1580			(28,504)	(151)	(440)				(613)
Recovery of Regulatory Asset Balances		1590			0	(21,382)			(21,382)		0
Disposition and Recovery/Refund of Regulatory Balances (2008) ³		1595			0	0					0
Disposition and Recovery/Refund of Regulatory Balances (2009) ⁴		1595			0	0					0
Disposition and Recovery/Refund of Regulatory Balances (2010) ⁵		1595			(223,583)	(65,514)	0	(26,863)	(48,520)		(40,519)
Group 1 Sub Total (excluding Account 1580 - Global Adjustment)			(223,583)	0	(624,772)	(62,339)	(79,687)	(72,380)	0		(69,728)
Group 1 Sub Total (including Account 1580 - Global Adjustment)			(223,583)	0	(624,772)	(62,339)	(79,687)	(72,380)	0		(69,728)
RSVA - Power - Sub account - Global Adjustment		1580	0	0	(28,504)	(151)	(440)	0	0		(613)
Deferred Payments in Lieu of Taxes		1542			0	0					0
Total of Group 1 and Account 1582			(223,583)	0	(624,772)	(62,339)	(79,687)	(72,380)	0		(69,728)
Special Purpose Charge Assessment Variance Account ⁶		1521			0						0
RSVA Variance Account		1548			0						0
Total including Accounts 1582, 1521 and 1548			(223,583)	0	(624,772)	(62,339)	(79,687)	(72,380)	0		(69,728)

Board staff notes that in Niagara-on-the-Lake Hydro's 2010 IRM Decision, the Board ordered the Disposition of the December 31, 2008 Group 1 account balances plus projected carrying charges to April 30, 2010. Board staff notes that off-setting amounts to the transfer to Account 1595 in columns BE and BJ in the Rate Generator Model are missing for Accounts 1580, 1584, 1586 and 1588.

- Please explain why the amounts are missing.
- If necessary, please correct the continuity schedule in the Rate Generator Model.

Response 2a

The amounts were missing because they were combined with the other transactions in the amounts entered into columns BD and BI. NOTL acknowledges that this was an incorrect way to complete the model.

Response 2b

The correct off-setting amounts required in columns BE and BJ have been entered in a revised rate generator model submitted with this IRR. The closing principal and interest amounts in columns BG and BL are unaffected. The relevant part of the rate generator model is shown below, with the affected cells circled in red:

				2010									
Account Descriptions				Account Number	Transactions Debit / (Credit) during 2010 excluding interest and adjustments ¹	Board Approved Disposition during 2010	Adjustments during 2010 - other ¹	Closing Principal Balance as of Dec-31-10	Opening Interest Amounts as of Jan-1-10	Interest Jan-1 to Dec-31-10	Board Approved Disposition during 2010	Adjustments during 2010 - other ¹	Closing Interest Amounts as of Dec-31-10
Group 1 Accounts													
LV Variance Account				1550				0	0				0
RSVA - Wholesale Market Service Charge				1580	(270,519)	(403,648)		(357,948)	(20,702)	(2,624)	(21,092)		(2,234)
RSVA - Retail Transmission Network Charge				1584	(21,878)	41,186		(55,768)	11,658	(259)	11,836		(437)
RSVA - Retail Transmission Connection Charge				1586	(55,679)	(370,742)		(105,217)	(35,499)	(1,326)	(35,949)		(876)
RSVA - Power (excluding Global Adjustment)				1588	523,906	370,422		18,650	15,741	(2,818)	18,563		(5,639)
RSVA - Power - Sub-account - Global Adjustment				1588	(33,498)	139,203		(38,974)	(155)	667	1,115		(603)
Recovery of Regulatory Asset Balances				1590				0	(23,382)		(23,382)		0
Disposition and Recovery/Refund of Regulatory Balances (2000) ⁵				1595				0	0				0
Disposition and Recovery/Refund of Regulatory Balances (2009) ⁶				1595				0	0				0
Disposition and Recovery/Refund of Regulatory Balances (2010) ⁶				1595	(309,094)	(223,580)		(85,514)	0	(98,865)	(48,926)		(49,939)
Group 1 Sub-Total (including Account 1588 - Global Adjustment)					(166,762)	(447,160)	0	(624,772)	(52,339)	(105,224)	(97,835)	0	(59,728)
Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)					(133,264)	(586,363)	0	(585,798)	(52,104)	(105,892)	(98,951)	0	(59,125)
RSVA - Power - Sub-account - Global Adjustment				1588	(33,498)	139,203	0	(38,974)	(155)	667	1,115	0	(603)
Deferred Payments in Lieu of Taxes				1562				0	0				0
Total of Group 1 and Account 1562					(166,762)	(447,160)	0	(624,772)	(52,339)	(105,224)	(97,835)	0	(59,728)
Special Purpose Charge Assessment Variance Account ⁴				1521				0					0
LRAM Variance Account				1568				0					0
Total including Accounts 1562, 1521 and 1568					(166,762)	(447,160)	0	(624,772)	(52,339)	(105,224)	(97,835)	0	(59,728)

Interrogatory 3

3. Account 1595 - variance

Ref: Rate Generator Model

A portion of Sheet "5. 2013 Continuity Schedule" from the Rate Generator Model is reproduced below.

Account Descriptions	Account Number	Projected Interest on Dec-31-11 Balances		Total Change	As of Dec. 31-11	Total on 2011 Balance (Principal + Accrued)
		Projected Interest from Jan 1, 2012 to December 31, 2012 on Dec. 31, 2011 balance subject to abatement during 2012 ⁵	Projected Interest from January 1, 2012 to April 30, 2013 on Dec. 31, 2011 balance subject to abatement during 2012 ⁵			
Group 1 Accounts						
LP Vehicle Account	1595	0	0	0	0	0
RSVA - Wholesale Market Service Charge	1595	45,381.5	(2,797)	(583,814)	(571,589)	0
RSVA - Retail Transmission Network Charge	1595	0	0	12,710	12,710	0
RSVA - Retail Transmission Connection Charge	1595	(7,470)	(25)	(75,314)	(75,314)	0
RSVA - Power (including Global Adjustment)	1595	8,184	2,729	(571,962)	(561,037)	0
RSVA - Power - Sub-account - Global Adjustment	1595	8,222	2,874	(571,962)	(561,037)	0
Recovery of Regulatory Asset Balances	1595	0	0	0	0	0
Disposition and Recovery/Refund of Regulatory Balances (2009) ⁵	1595	0	0	0	0	0
Disposition and Recovery/Refund of Regulatory Balances (2009) ⁵	1595	0	0	0	0	0
Disposition and Recovery/Refund of Regulatory Balances (2011) ⁶	1595	0	0	0	0	0
Group 1 Sub Total (including Account 1595 - Global Adjustment)		4,895	1,630	(331,077)	(325,552)	(54,152)
Group 1 Sub Total (including Account 1595 - Global Adjustment)		(1,310)	(490)	(100,572)	(102,864)	(56,724)
RSVA - Power - Sub-account - Global Adjustment	1595	8,222	2,874	(571,962)	(561,037)	0
Deferred Payments in Lieu of Taxes	1592	0	0	0	216,000	216,000
Total of Group 1 and Account 1592		4,895	1,630	(331,077)	(325,552)	(54,152)
Special Purpose Charge Assessment Variance Account ⁷	1591	0	0	0	(2,850)	(2,850)
1591.01 Variance Account	1598	0	0	0	0	0
Total including Accounts 1591, 1591 and 1598		4,895	1,630	(331,077)	(325,552)	(54,152)

Board staff notes that the Variance (last column) indicated for Account 1595 is a net amount of \$56,724 (\$54,152 + \$2,572).

- Please reconcile and explain the variance.
- If necessary, please correct the continuity schedule in the Rate Generator Model.

Response 3a

1. "Disposition and Recovery/Refund of Regulatory Balances (2009)":

This first component of the variance is \$54,152 in Row 32. This apparent variance is as a result of NOTL's understanding of how this Sheet must be completed. This amount relates to "Disposition and Recovery/Refund of Regulatory Balances (2009)". Footnote 5 on Sheet 5 of the model states:

⁵ Include Account 1595 as part of Group 1 accounts (lines 31, 32 and 33) for review and disposition if the recovery (or refund) period has been completed. If the recovery (or refund) period has not been completed, do not include the respective balance in Account 1595 for disposition at this time.

The recovery period for this disposition (2009) has not yet been completed, because the rate rider continues to be in effect until April 30, 2013. Therefore, based on the yellow highlighted sentence, no data has been entered in Row

32, apart from the RRR amount in Cell CG32. If data had been entered, although the RRR variance would be zero, there would have been a claim in cell CF32, which would have been incorrect, as per the yellow-highlighted sentence.

2. "Disposition and Recovery/Refund of Regulatory Balances (2010)":

The second component of the variance is \$2,572 in Row 33. The reason for this variance was explained in the Manager's Summary, Pages 12 and 13:

21	• Account 1595-2010
22	The amount claimed is shown in the Table above (page 11).
23	Please note the variance of \$2,572 between the 2.1.7 RRR value at
24	December 31, 2012 and the claimed amount in cell CH44 in Sheet 5 of the
25	Rate Generator model. During preparation of this rate application, an
26	inadvertent error was found in the interest calculations involved in applying
<div>Niagara-on-the-Lake Hydro Inc. EB-2012-0063 Manager's Summary Filed: October 12, 2012 Page 13 of 30 Section 4 –Deferral/Variance Accounts</div>	
1	the guidance in Q6/A6 in the OEB FAQ of October 2009, regarding
2	recoveries. Consequently, the audited balance and the reported RRR
3	were in error by \$2,572. This error has been corrected, in terms of what
4	the current 1595-2010 account balance should be, as an adjusting journal
5	entry effective August 2012. This adjustment will be reported in the 2012
6	Q3 2.1.1 RRR submission. NOTL confirms that the correct claim is as
7	shown in the Table above.

The reconciliation is as follows:

<u>Disposition and Recovery/Refund of Regulatory Balances (2010)</u>			
<u>Sub-Account</u>	<u>Was in RRR</u>	<u>Should be</u>	<u>Variance</u>
DVA Approved Principal/Recoveries	\$ -	\$ -	\$ -
DVA Approved Interest	\$ -	\$ (1,515)	\$ (1,515)
DVA Interest on Net Principal	\$ -	\$ (1,057)	\$ (1,057)
Tax Change DVA Principal	\$ (22,790)	\$ (22,790)	\$ -
Tax Change DVA Interest	\$ (437)	\$ (437)	\$ -
	\$ (23,227)	\$ (25,799)	\$ (2,572)

Response 3b

A correction of the continuity schedule does not appear to be necessary. NOTL confirms the claimed amount for 1595 as a liability of (\$26,246) as per the original IRM submission.

Interrogatory 4

4. Non-Loss Adjusted Metered Billed kWh and kW

Ref: RTSR Model

A portion of Sheet "4. RRR Data" from the RTSR Model is reproduced below.

Rate Class	Unit	Non-Loss Adjusted Metered kWh	Non-Loss Adjusted Metered kW	Applicable Loss Factor	Loss Factor	Loss Adjusted Billed kWh	Billed kW
Residential	kWh	67,755,761		1.0463		70,892,853	-
General Service Less Than 50 kW	kWh	34,155,077		1.0463		35,736,457	-
General Service 50 to 4,999 kW	kW	37,483,321	99,613		51.57%	37,483,321	99,613
General Service 50 to 4,999 kW – Interval Metered	kW	43,067,064	92,294		63.96%	43,067,064	92,294
Unmetered Scattered Load	kWh	219,039		1.0463		229,181	-
Street Lighting	kW	1,152,321	1,291		122.34%	1,152,321	1,291

- a) Please confirm that the amounts entered into the columns "Non-Loss Adjusted Metered kWh" and "Non-Loss Adjusted Metered kW" have not been adjusted by NOTL's Board-approved loss factor.

Response 4

NOTL confirms that the amounts entered into the non-loss adjusted columns F and G, referred to in the interrogatory, have not been adjusted by the loss factor in column H.

NOTL notes that the values shown above in the interrogatory for non-loss adjusted metered kW are taken from the original submission. NOTL made a request by letter to the OEB Secretary on October 26, 2012 regarding changes to the 2.1.5 RRR data for 2011, and requesting OEB staff to make certain corresponding changes to the RTSR model amounts in cells G30 and G32 on NOTL's behalf. NOTL confirms that the revised data that were submitted on October 26th are also non-loss adjusted.