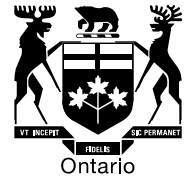


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**BY EMAIL**

December 5, 2012

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

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Niagara-on-the-Lake Hydro Inc.  
2013 IRM Distribution Rate Application  
Board Staff Submission  
Board File No. EB-2012-0063**

In accordance with the Notice of Application and Written Hearing, please find attached the Board Staff Submission in the above proceeding. Please forward the following to Niagara-on-the-Lake Hydro Inc.

In addition please remind Niagara-on-the-Lake Hydro Inc. that its Reply Submission is due by January 14, 2013.

Yours truly,

*Original Signed By*

Suresh Advani

Encl.



# **ONTARIO ENERGY BOARD**

## **BOARD STAFF SUBMISSION**

### **2013 ELECTRICITY DISTRIBUTION RATES**

**Niagara-on-the-Lake Hydro Inc.**

**EB-2012-0063**

**December 5, 2012**

**Board Staff Submission  
Niagara-on-the-Lake Hydro Inc.  
2013 IRM Rate Application  
EB-2012-0063**

**Introduction**

Niagara-on-the-Lake Hydro Inc. (“NOTL”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”), received on October 12, 2012, under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the distribution rates that NOTL charges for electricity distribution, to be effective May 1, 2013. The Application is based on the 3<sup>rd</sup> Generation Incentive Regulation Mechanism.

The purpose of this document is to provide the Board with the submissions of Board staff based on its review of the evidence submitted by NOTL.

Board staff makes submissions on the following matters:

- Review and Disposition of Group 1 Deferral and Variance Account Balances;
- Retail Transmission Service Rates (“RTSR”) Adjustment Workform; and
- Shared Tax Savings.

**Review and Disposition of Group 1 Deferral and Variance Account Balances**

*Background*

The *Report of the Board on Electricity Distributors’ Deferral and Variance Account Review Initiative* (the “EDDVAR Report”) provides that during the IRM plan term, the distributor’s Group 1 audited account balances will be reviewed and disposed if the preset disposition threshold of \$0.001 per kWh (debit or credit) is exceeded. Debit balances are recoverable from customers whereas credit balances are amounts payable to customers.

NOTL requested that the Board review and approve the disposition of its Group 1

Account balances as of December 31, 2011 including interest as of December 31, 2012. The total balance of the Group 1 accounts provided by NOTL in its Application is a debit of \$333,073. This amount results in a total claim per kWh of \$0.00180, which exceeds the pre-set disposition threshold.

NOTL proposed a one-year disposition period for its Group 1 Account balances.

### *Submission*

Board staff noted in interrogatory #3a that there is a variance of \$2,572 in the sub-account "Disposition and Recovery/Refund of Regulatory Balances (2010)" of Account 1595 between the amount sought for disposition and the amount reported as part of the Reporting and Record-keeping Requirements ("RRR"). In response to that interrogatory, NOTL explained that there was an inadvertent error in the amount reported as part of the RRR and that this error had been subsequently corrected. Board staff is satisfied with the explanation provided by NOTL.

Board staff notes that the principal balances to be disposed as of December 31, 2011 reconcile with the amounts reported as part of the amended RRR filing. Board staff therefore submits that the balances should be disposed of on a final basis.

With respect to the disposition period, Board staff notes that NOTL's proposed one-year disposition period is consistent with the guidelines outlined in the EDDVAR Report.

## **RTSR Adjustment Workform**

### *Background*

NOTL requested an adjustment to its RTSRs, using the RTSR Workform provided by the Board to assist distributors in calculating their specific RTSR adjustments.

On October 26, 2012, NOTL filed a letter with the Board stating there was an error in their 2.1.5 RRR submission in the Customer Demand and Revenue Section for the year 2011 data with respect to the General Service 50 to 4,999 kW and Street Lighting rate classes. The letter also stated that a RRR data revision request to make this correction had been submitted to the Board's Conservation and Reporting Section.

Board staff has been able to confirm with Board staff in the Conservation and Reporting Section that NOTL corrected the errors in the 2.1.5 RRR data on October 26, 2012.

*Submission*

Board staff submits that NOTL has used the correct values in calculating its specific RTSR adjustments.

Board staff has no concerns with the data supporting the updated RTSRs proposed by NOTL. Pursuant to Guideline G-2008-0001, updated on June 28, 2012, Board staff submits that once any January 1, 2013 UTR adjustments are determined, Board staff will adjust NOTL's 2013 RTSR Model and Rate Generator Model to incorporate these changes. NOTL will have an opportunity to comment on the accuracy of Board staff's updates as part of the draft Rate Order process.

**Shared Tax Savings**

*Background*

NOTL completed the Sharing of Tax Change Forecast Amounts included in Tab 5 of the 2013 IRM Shared Tax Savings Model. The amount of tax savings to be returned to ratepayers is \$76,413.

*Submission*

Board staff has no issues with NOTL's proposal.

All of which is respectfully submitted.