

**Ontario Energy Board**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*,  
S.O. 1998, c. 15, (Schedule B);

**AND IN THE MATTER OF** an application by Canadian  
Niagara Power Inc. for an order approving just and reasonable  
rates and other charges for electricity distribution to be  
effective January 1, 2013.

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**ENERGY PROBE RESEARCH FOUNDATION  
("ENERGY PROBE")**

**COMMENTS ON DRAFT RATE ORDER  
DECEMBER 4, 2012**

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**CANADIAN NIAGARA POWER INC.  
2013 RATES REBASING CASE  
EB-2012-0112**

**COMMENTS OF ENERGY PROBE RESEARCH FOUNDATION  
ON  
DRAFT RATE ORDER DATED NOVEMBER 27, 2012**

Energy Probe has reviewed the Draft Rate Order ("DRO") filed November 27, 2012 by Canadian Niagara Power Inc. ("CNPI"). Energy Probe has provided comments related to three areas that have been impacted by the Board's Decision and Order dated November 22, 2012 relative the September 28, 2012 Settlement Agreement. These three areas are discussed below.

**A) Cost of Capital Updates**

Energy Probe has reviewed the revenue requirement impact associated with the cost of capital parameter updates for cost of service applications for rates effective January 1, 2013 as issued by the Board on November 15, 2012 and believes that CNPI has appropriately reflected the changes in the return on equity, cost of long term debt and income taxes.

**B) Revenue to Cost Ratios & Rate Harmonization**

Energy Probe has reviewed the cost allocation, rate design and rate harmonization impacts noted on pages 11 through 14 of the draft rate order. Energy Probe submits that CNPI has followed the methodology agreed to in the September 28, 2012 Settlement Agreement that was accepted by the Board in its November 8, 2012 Decision.

**C) Account 1562 - Port Colborne**

**In the Decision and Order, the Board recognized that it did not hear submissions on the quantum of Account 1562 associated with Port Colborne service area for the period October 1, 2001 to April 15, 2002. The Board indicated that detailed calculations in support of the amounts to be recovered/repaid to ratepayers should be included in the draft rate order. CNPI provided these detailed calculations in pages 15 through 17 of the draft rate order, as well as in Appendix D to the draft rate order.**

**Energy Probe has reviewed the December 4, 2012 Staff Submission related to this issue. Energy Probe supports those thorough submissions. CNPI was not liable for taxes or PILs related to the Port Colborne service area prior to the date of the lease of April 15, 2002. Given that no such costs were incurred by CNPI, or should have been incurred by CNPI, there should not be any costs to be recovered from ratepayers.**