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**Commission de l'énergie
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BY EMAIL

January 14, 2013

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 Peninsula Energy Inc.
2013 IRM3 Distribution Rate Application
Board Staff Submission
Board File No. EB-2012-0150**

In accordance with the Notice of Application and Written Hearing, please find attached the Board Staff Submission in the above proceeding.

As a reminder, Niagara Peninsula Energy Inc.'s Reply Submission is due by January 28, 2013.

Yours truly,

Original Signed By

Daniel Kim
Analyst, Applications & Regulatory Audit

Encl.



ONTARIO ENERGY BOARD

STAFF SUBMISSION

2013 ELECTRICITY DISTRIBUTION RATES

Niagara Peninsula Energy Inc.

EB-2012-0150

January 14, 2013

**Board Staff Submission
Niagara Peninsula Energy Inc.
2013 IRM3 Rate Application
EB-2012-0150**

Introduction

Niagara Peninsula Energy Inc. ("NPEI") filed an application (the "Application") with the Ontario Energy Board (the "Board") on October 5, 2012 under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the distribution rates that NPEI charges for electricity distribution, to be effective May 1, 2013. The Application is based on the 2013 3rd Generation Incentive Regulation Mechanism ("IRM").

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 NPEI.

Board staff has no concerns with the data supporting the updated Retail Transmission Service Rates ("RTSR") proposed by NPEI. Pursuant to Guideline G-2008-0001, updated on June 28, 2012, Board staff notes that the Board will update the RTSR Adjustment Work Form with the updated Uniform Transmission Rates.

Board staff makes submissions on the following matters:

- Group 1 Deferral and Variance Account Balances; and
- Revenue-to-Cost Ratio Adjustments.

Group 1 Deferral and Variance Account Balances

NPEI completed the Deferral and Variance Account continuity schedule included in the 2013 IRM Rate Generator Model at Tab 5 for its Group 1 Deferral and Variance Accounts for both its service areas (i.e. Niagara Falls and Peninsula West). NPEI's total Group 1 Deferral and Variance Account balances as of December 31, 2011 amount to a credit of \$403,228 which includes interest calculated to April 30, 2013. Based on the disposition threshold test calculation, the Group 1 Deferral and Variance Account balances equate to \$0.0003 per kWh which does not exceed the threshold, and as such, NPEI did not request the disposition of these account balances. Board staff notes that the principal Group 1 Account balances as of December 31, 2011 reconcile with the

amounts reported as part of the Reporting and Record-keeping Requirements. Therefore, Board staff has no issues with NPEI's proposal to defer the disposition of its Group 1 Account balances.

Revenue-to-Cost Ratio Adjustments

In this Application, NPEI adjusted the revenue-to-cost ratios for the General Service 50 to 4,999 kW, Sentinel Lighting and Street Lighting rate classes. These adjustments were approved by the Board in NPEI's 2011 cost of service proceeding (EB-2010-0138).

Board staff submits that the proposed revenue-to-cost ratio adjustments are in accordance with the Board's decision in NPEI's 2011 cost of service proceeding.

- All of which is respectfully submitted –