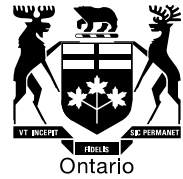


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BY EMAIL

January 21, 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: Cambridge and North Dumfries Hydro Inc.
2013 IRM Distribution Rate Application
Board Staff Submission
Board File No. EB-2012-0111**

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

In addition Board staff reminds Cambridge and North Dumfries Hydro Inc. that its Reply Submission is due by February 11, 2013.

Yours truly,

Original Signed By

Suresh Advani

Encl.



ONTARIO ENERGY BOARD

BOARD STAFF SUBMISSION

2013 ELECTRICITY DISTRIBUTION RATES

Cambridge and North Dumfries Hydro Inc.

EB-2012-0111

January 21, 2013

**Board Staff Submission
Cambridge and North Dumfries Hydro Inc.
2013 IRM Rate Application
EB-2012-0111**

Introduction

Cambridge and North Dumfries Hydro Inc. (“CND”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”), received on November 12, 2012, under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the distribution rates that CND charges for electricity distribution, to be effective May 1, 2013. The Application is based on the 3rd 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 CND.

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.

CND requested that the Board review and approve the disposition of its Group 1 Account balances as of December 31, 2011 including interest as of April 30, 2013. The total balance of the Group 1 accounts provided by CND in its Application is a debit of \$3,609,181. This amount results in a total claim per kWh of \$0.00250, which exceeds the pre-set disposition threshold.

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

Submission

Board staff notes that the principal balances to be disposed as of December 31, 2011 reconcile with the amounts reported as part of the 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 CND's proposed one-year disposition period is consistent with the guidelines outlined in the EDDVAR Report.

RTSR Adjustment Workform

Background

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

On December 7, 2012, CND 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 Street Lighting rate class. 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 CND corrected the errors in the 2.1.5 RRR data on December 13, 2012.

Submission

Board staff submits that CND 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 CND. Pursuant to Guideline G-2008-0001, updated on June 28, 2012, Board staff notes that it will adjust CND's 2013 RTSR Model and Rate Generator Model to incorporate the UTRs effective January 1, 2013. CND 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

CND 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 \$101,760.

Submission

Board staff has no issues with CND's proposal.

All of which is respectfully submitted.