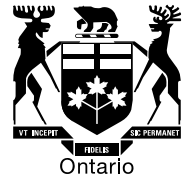


**Ontario Energy  
Board**  
P.O. Box 2319  
27th. Floor  
2300 Yonge Street  
Toronto ON M4P 1E4  
Telephone: 416-481-1967  
Facsimile: 416-440-7656  
Toll free: 1-888-632-6273

**Commission de l'énergie  
de l'Ontario**  
C.P. 2319  
27e étage  
2300, rue Yonge  
Toronto ON M4P 1E4  
Téléphone: 416-481-1967  
Télécopieur: 416-440-7656  
Numéro sans frais: 1-888-632-6273



**BY EMAIL**

January 24, 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: Haldimand County Hydro Inc.  
2013 IRM3 Distribution Rate Application  
Board Staff Submission  
Board File No. EB-2012-0129**

In accordance with the Notice of Application and Written Hearing, please find attached the Board Staff Submission in the above proceeding. This document is being forwarded to Haldimand County Hydro Inc. and to all other registered parties to this proceeding.

Yours truly,

*Original Signed By*

Georgette Vlahos  
Analyst, Applications & Regulatory Audit

Encl.



# **ONTARIO ENERGY BOARD**

## **STAFF SUBMISSION**

**2013 ELECTRICITY DISTRIBUTION RATES**

**Haldimand County Hydro Inc.**

**EB-2012-0129**

**January 24, 2013**

**Board Staff Submission  
Haldimand County Hydro Inc.  
2013 IRM3 Rate Application  
EB-2012-0129**

## **Introduction**

Haldimand County Hydro Inc. (“HCHI”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”) on November 12, 2012, seeking approval for changes to the distribution rates that HCHI charges for electricity distribution, to be effective May 1, 2013. The Application is based on the 2013 3<sup>rd</sup> 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 HCHI.

In the interrogatory phase, Board staff identified certain discrepancies in the data entered in the models by HCHI. In response to Board staff interrogatories, which requested either a confirmation that these discrepancies were errors or an explanation supporting the validity of the original data filed with the Application, HCHI confirmed that there were errors and provided the corrected data. Board staff will make the necessary corrections to HCHI’s models at the time of the Board’s Decision on the Application.

Board staff has no concerns with the data supporting the updated Retail Transmission Service Rates provided by HCHI. Pursuant to Guideline G-2008-0001, updated on June 28, 2012, Board staff notes that the Board will update the applicable data at the time of this Decision based on the updated Uniform Transmission Rates issued by the Board on December 20, 2012.

HCHI completed the Tax-Savings workform with the correct rates which reflects the Revenue Requirement workform from the Board’s cost of service Decision in EB-2009-0265. Board staff has no concerns with the workform as filed.

HCHI 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. HCHI’s total Group 1 Deferral and Variance Account balances as at December 31, 2011 amount to a credit of \$1,110,346 which includes interest calculated

to April 30, 2013. Based on the threshold test calculation of \$0.001 per kWh, the Group 1 Deferral and Variance Account balances exceed the threshold, and as such, HCHI requested disposition of these Accounts over a one year period.

Board staff has reviewed HCHI's Group 1 Deferral and Variance account balances and notes that the principal balances as of December 31, 2011 reconcile with the balances reported as part of the *Reporting and Record-keeping Requirements*. Also, the preset disposition threshold has been exceeded. Accordingly, Board staff has no issue with HCHI's request to dispose of its 2011 Deferral and Variance Account balances over the requested one year period.

In its 2010 cost of service rate application, HCHI proposed to change the fixed/variable split of the distribution revenue attributable to the Residential rate class from the existing 32% fixed / 68% variable to 53% fixed / 47% variable in the 2010 rate year. During the settlement conference, the parties agreed that for the 2010 rate year, the existing fixed/variable split would apply, with the increase to the proposed fixed/variable split to occur equally in increments of 5% over each of the subsequent rate years, resulting in a 47% fixed / 53% variable split in 2013<sup>1</sup>.

Board staff notes that the correct incremental fixed/variable revenue ratio adjustment has been incorporated into the Rate Generator model appropriately.

All of which is respectfully submitted

---

<sup>1</sup> EB-2012-0129, Manager's Summary, Page 7