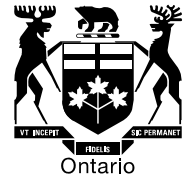


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**BY EMAIL**

January 28, 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: Atikokan Hydro Inc.  
2013 IRM Distribution Rate Application  
Board Staff Submission  
Board File No. EB-2012-0105**

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 Atikokan Hydro Inc. that its Reply Submission is due by February 19, 2013.

Yours truly,

*Original Signed By*

Suresh Advani

Encl.



# **ONTARIO ENERGY BOARD**

## **BOARD STAFF SUBMISSION**

### **2013 ELECTRICITY DISTRIBUTION RATES**

**Atikokan Hydro Inc.**

**EB-2012-0105**

**January 28, 2013**

**Board Staff Submission  
Atikokan Hydro Inc.  
2013 IRM Rate Application  
EB-2012-0105**

**Introduction**

Atikokan Hydro Inc. (“Atikokan”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”), received on December 5, 2012, under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the distribution rates that Atikokan 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 Atikokan.

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;
- Shared Tax Savings; and
- Tariff of Rates and Charges.

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

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.

Atikokan completed the Deferral and Variance Account continuity schedule<sup>1</sup> for its Group 1 Deferral and Variance Accounts. Atikokan's total Group 1 Deferral and Variance Account balances amount to a credit of \$2,199 which includes interest calculated to April 30, 2013. Based on the disposition threshold test, the Group 1 Deferral and Variance Account balances equate to \$0.0001 per kWh which does not exceed the threshold and, as such, Atikokan did not request disposition of these account balances.

Atikokan filed an addendum to its Manager's Summary of the Application on December 20, 2012 to address the variances between the Board's *Reporting and Record-keeping Requirements* ("RRR") 2.1.7 Trial Balance and the closing principal and interest balance as of December 31, 2011 totaling (\$2,065) in Group 1 Deferral and Variance Accounts. Atikokan explained that these variances are consistent with those outlined in the 2012 cost-of-service continuity schedule which was determined to be immaterial in the Board's Decision and Order (EB-2011-0293).

Board staff submits that Atikokan should charge these variances to non-utility expense so that this variance does not occur in a future application.

### **RTSR Adjustment Workform**

Atikokan 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 13, 2012, Atikokan 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 rate class and sought to correct it.

Board staff confirms that Atikokan corrected the errors in the 2.1.5 RRR data on December 13, 2012.

Board staff submits that Atikokan 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 Atikokan. Pursuant to Guideline G-2008-0001, updated on June

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<sup>1</sup>Included in Tab 5 of the 2013 IRM Rate Generator Model.

28, 2012, Board staff notes that it will adjust Atikokan's 2013 RTSR Model and Rate Generator Model to incorporate the UTRs effective January 1, 2013. Atikokan 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**

Atikokan completed the Sharing of Tax Change Forecast Amounts included in the 2013 IRM Shared Tax Savings Model at Tab 5. Atikokan's Sharing of Tax Savings amount is \$0.

Board staff has no issues with Atikokan's proposal.

### **Tariff of Rates and Charges**

Board staff notes that the 3<sup>rd</sup> paragraph in the "Application" section of Atikokan's current tariff sheet for each rate class reads as follows:

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

In recent Tariffs of Rates and Charges approved by the Board in 2013 rate applications, the following generic wording has been included:

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

While Atikokan does not currently have a Wholesale Market Participant in its service area, the Board may wish to include this revised wording to ensure consistency in the generic wording used in the Tariff of Rates and Charges pertaining to all electricity distributors.

All of which is respectfully submitted.