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February 6, 2013

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Ontario Energy Board
P.O. Box 2319
27th Floor, 2300 Yonge Street
Toronto, ON M4P 1E4

Attention: Kirsten Walli
Board Secretary

**Re: Haldimand County Hydro Inc.
2013 IRM3 Electricity Distribution Rate Application (EB-2012-0129)
Reply Submission**

Dear Ms. Walli:

Haldimand County Hydro Inc. filed an application with the Ontario Energy Board (the "Board") on November 12, 2012 seeking approval for changes to electricity distribution rates and other charges to be effective May 1, 2013.

Pursuant to the *Notice of Application and Hearing for an Electricity Distribution Rate Change*, issued November 19, 2012, Board Staff and Vulnerable Energy Consumers Coalition ("VECC") filed written submissions on January 24, 2013 and January 29, 2013, respectively. Haldimand County Hydro was required to file written responses by February 13, 2013.

Two hard copies of Haldimand County Hydro's combined Reply to the Board Staff and VECC Submissions are now enclosed. An electronic copy in PDF format was submitted through the Board's *Regulatory Electronic Submission System* ("RESS").

In addition, an electronic copy in PDF format was forwarded via email to VECC, the only intervenor of record in this proceeding.

Yours truly,
HALDIMAND COUNTY HYDRO INC.

Original signed by

Jacqueline A. Scott
Finance Manager

IN THE MATTER OF the Ontario Energy Board Act, 1998,
being Schedule B to the Energy Competition Act, 1998,
S.O. 1998, c.15;

AND IN THE MATTER OF an Application by Haldimand
County Hydro Inc. to the Ontario Energy Board for an
Order or Orders approving or fixing just and reasonable
rates and other service charges for the distribution of
electricity as of May 1, 2013.

HALDIMAND COUNTY HYDRO INC.

REPLY SUBMISSION

FILED FEBRUARY 6, 2013

Introduction

Haldimand County Hydro Inc. (“HCHI”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”) on November 12, 2012, under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for electricity distribution rates effective May 1, 2013. The Application was filed in accordance with the Board’s *“Filing Requirements for Transmission and Distribution Applications”*.

Vulnerable Energy Consumers Coalition (“VECC”) filed a “Notice of Intervention” on November 25, 2012 to HCHI’s Application with regards to the request to adjust the fixed and variable charges for the Residential rate class.

Interrogatories were filed by Board staff on December 14, 2012 and no interrogatories were filed by VECC. HCHI filed responses to Board staff interrogatories on January 11, 2013.

HCHI received submissions from Board staff on January 24, 2013 and from VECC on January 29, 2013. VECC made submission only on HCHI’s fixed / variable revenue ratio adjustment for the Residential rate class.

This document reviews the submissions of Board staff and VECC and provides the reply submission of HCHI on the following matters:

- Retail Transmission Service Rates Adjustment;
- Review and Disposition of Group 1 Deferral and Variance Account Balances;
- Fixed / Variable Revenue Ratio Adjustment – Residential; and
- Discrepancies in the Data Entered in the Models.

Retail Transmission Service Rates Adjustment

HCHI requested updates to its Retail Transmission Service Rates, both network and connection, for all applicable customer rate classes utilizing Board staff's models. These models would be further updated to incorporate the January 1, 2013 Uniform Transmission Rates ("UTRs") once a Board Decision and Order was issued.

In its submission, Board staff had no concerns with HCHI's request and will update the applicable data based on the updated UTRs issued by the Board in Rate Order EB-2012-0031 on December 20, 2012. HCHI has no further submission in this regard.

Review and Disposition of Group 1 Deferral and Variance Account Balances

HCHI requested disposition of its December 31, 2011 balances of Group 1 Deferral and Variance accounts, including interest projected to April 30, 2013, for a total credit of \$1,110,346. HCHI is proposing that the total claim be disposed of over a one year rate period effective May 1, 2013.

In its submission, Board staff had no issues with HCHI's request. HCHI has no further submission in this regard.

Fixed / Variable Revenue Ratio Adjustment – Residential

As proposed in the EB-2009-0265 Settlement Agreement, the Board approved the movement of the fixed / variable revenue ratio for the Residential rate class to occur equally in increments of 5% over each of the subsequent three rate years, resulting in a

47% fixed / 53 % variable ratio in 2013. HCHI's 2011 IRM3 rate application (EB-2010-0086) included the first of the three year incremental fixed / variable revenue ratio adjustment with the second of the three completed in the 2012 IRM3 rate application (EB-2011-0170). For the 2013 rate year (the final of the three year adjustments), the fixed component will increase to 47% from the existing 42% and the variable component will decrease to 53% from the existing 58%.

Board staff noted that the correct incremental fixed / variable revenue ratio adjustment has been incorporated into the Rate Generator model appropriately. VECC submitted that the fixed / variable revenue ratio adjustments are in accordance with the Board's findings in its EB-2009-0265 Decision and have been implemented appropriately. HCHI has no further submission in this regard.

Discrepancies in the Data Entered in the Models

Board staff's submission noted that:

"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."

HCHI notes that the only Board staff interrogatory that contained a discrepancy was interrogatory #3:

"Board staff notes that for the Unmetered Scattered Load, Sentinel Lighting and Street Lighting rate classes, HCHI has not selected the line item

“Service Charge” to be on a per connection basis as currently found on HCHI’s current Tariff of Rates and Charges.

(A) If HCHI agrees that the service charge for the above rate classes should be on a per connection basis, please confirm, and Board staff will make the necessary corrections to the model.”

In response to this interrogatory, HCHI confirmed that the Board should correctly include the phrase “per connection” which was unintentionally omitted from tab “4. Current Tariff Schedule” in the Rate Generator model “Haldimand_2013_IRM_Rate_Generator_V2 3_Excludes HONI_20121109”. This omission also carried through to tab “13. Final Tariff Schedule” but did not impact any of the numerical data or calculations in the model. HCHI’s bill impacts were also completed outside of the model in a separate excel file, “Haldimand_Bill Impacts_Rate Generator Model_20121109”, submitted with the Application.

The remaining Board staff interrogatories were requesting (i) confirmation of how data was entered, for example as non-loss adjusted (interrogatories #1 and #2), and (ii) confirmation that the data entered reconciled to other filings with the Board and/or Board Decisions (interrogatories #4 and #5). HCHI’s responses to these interrogatories confirmed that data was entered correctly, and that all data submitted with the Application, either as part of the Manager’s Summary or in the models, did agree, specifically, to Board approved amounts for disposition in HCHI’s IRM decision (EB-2011-0170) and reconciled to HCHI’s Reporting and Record-keeping Requirements for the year ended December 31, 2011 including the Trial Balance 2.1.7 re-filed on November 9, 2012.

All of which is respectfully submitted this 6th day of February, 2013.