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BY EMAIL

November 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: Wasaga Distribution Inc.
2014 IRM4 Distribution Rate Application
Board Staff Submission
Board File No. EB-2013-0175**

In accordance with the Procedural Order No. 1, please find attached Board staff's submission in the above proceeding. This document is being forwarded to Wasaga Distribution Inc.

Wasaga Distribution Inc.'s Reply Submission, if it intends to file one, is due by December 12, 2013.

Yours truly,

Original Signed By

Daniel Kim
Analyst, Applications & Regulatory Audit

Encl.



ONTARIO ENERGY BOARD

STAFF SUBMISSION

2014 ELECTRICITY DISTRIBUTION RATES

Wasaga Distribution Inc.

EB-2013-0175

November 28, 2013

**Board Staff Submission
Wasaga Distribution Inc.
2014 IRM4 Rate Application
EB-2013-0175**

Introduction

Wasaga Distribution Inc. (“WDI”) filed a complete application (the “Application”) with the Ontario Energy Board (the “Board”) on September 13, 2013 under section 78 of the *Ontario Energy Board Act, 1998* (the “Act”), seeking approval for changes to the distribution rates that WDI charges for electricity distribution, to be effective May 1, 2014. The Application is based on the Board’s guidelines for 4th Generation Incentive Regulation Mechanism. The Board assigned the Application file number EB-2013-0175.

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 WDI.

In the interrogatory phase, Board staff identified certain discrepancies in the data entered in the models filed by WDI. In response to Board staff interrogatories, WDI confirmed there were errors in some of the models file and provided corrected data. Board staff will make the necessary corrections to WDI’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 proposed by WDI. Pursuant to the Board’s Guideline G-2008-0001, Board staff notes that the Board will update the applicable data at the time of the Board’s Decision on the Application based on the Uniform Transmission Rates in place at that time.

Other than Board staff’s detailed submissions on the review and disposition of Group 1 deferral and variance account balances, as set out below, Board staff has no further concerns with the application.

Disposition of Disposition of Group 1 Deferral and Variance Account Balances

WDI's total Group 1 Deferral and Variance Account balances as of December 31, 2012 amounts to a credit of \$815,907, which includes interest calculated to April 30, 2014. Based on the disposition threshold test calculation, the Group 1 Deferral and Variance Account balances equate to \$0.0065 per kWh which exceeds the threshold. WDI requested to dispose of these Account balances over a two-year period.

Board staff has reviewed WDI's Group 1 Deferral and Variance Account balances and notes that the principal balances as of December 31, 2012 reconcile with the balances reported as part of the *Reporting and Record-keeping Requirements*. Given that the preset disposition threshold has been exceeded, Board staff has no issue with WDI's request to dispose of its 2012 Group 1 Deferral and Variance Account balances at this time.

WDI proposed a two-year disposition period in order to minimize rate shock for WDI's customers. In response to Board staff interrogatory #1, WDI provided distribution bill impacts and total bill impacts using a one-year, two-year and three-year disposition period for the disposition of its Group 1 Accounts. The following tables, provided by WDI, shows the bill impacts for WDI's customer rate classes:

WDI Bill Impact Summary
ONE YEAR DISPOSITION

Customer Class	kWh	kW	Distribution Charges		Total Bill	
			\$	%	\$	%
Residential	800		-6.94	-41.07	-6.17	-5.79
GS < 50 kW	2,000		-25.94	-77.44	-24.39	-9.60
GS 50 - 4,999 kW		290	646.67	12.59	761.74	3.02
Unmetered Scattered Load	548		-4.04	-118.51	-3.56	-5.56
Street Lights		398	1,087.58	31.97	1,214.63	3.98

WDI Bill Impact Summary
TWO YEAR DISPOSITION

Customer Class	kWh	kW	Distribution Charges			Total Bill	
			\$	%		\$	%
Residential	800		-3.18	-18.82		-2.36	-2.21
GS < 50 kW	2,000		-16.54	-49.38		-14.84	-5.84
GS 50 - 4,999 kW		290	405.59	7.90		516.56	2.05
Unmetered Scattered Load	548		-1.46	-42.87		-0.94	-1.46
Street Lights		398	789.72	23.21		911.71	2.98

WDI Bill Impact Summary
THREE YEAR DISPOSITION

Customer Class	kWh	kW	Distribution Charges			Total Bill	
			\$	%		\$	%
Residential	800		-1.90	-11.24		-1.05	-0.98
GS < 50 kW	2,000		-13.34	-39.83		-11.59	-4.56
GS 50 - 4,999 kW		290	325.23	6.33		434.84	1.72
Unmetered Scattered Load	548		-0.58	-17.12		-0.05	-0.07
Street Lights		398	690.46	20.29		810.75	2.65

These bill impacts also reflect the cessation of rate riders (debit) related to smart meters as of November 30, 2013.

Board staff notes that the default disposition period for Group 1 Deferral and Variance Account balances is one year. Board staff also notes that in the past, the Board has made decisions which deviate from the EDDVAR Report when it deemed it to be in the public interest. For example, the Board has, on several occasions, approved a two-year disposition period on the basis of striking a balance between inter-generational inequity and rate volatility. Board staff submits that the two-year disposition period requested by WDI would achieve that objective.

All of which is respectfully submitted