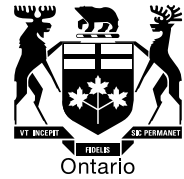


**Ontario Energy  
Board**  
P.O. Box 2319  
27th. Floor  
2300 Yonge Street  
Toronto ON M4P 1E4  
Telephone: 416-481-1967  
Facsimile: 416-440-7656  
Toll free: 1-888-632-6273

**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**

December 3, 2013

Ontario Energy Board  
P.O. Box 2319  
27th Floor  
2300 Yonge Street  
Toronto ON M4P 1E4  
[Kirsten.Walli@ontarioenergyboard.ca](mailto:Kirsten.Walli@ontarioenergyboard.ca)

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Halton Hills Hydro Inc. ("HHHI")  
2014 IRM Distribution Rate Application  
Board Staff Submission  
Board File No. EB-2013-0136**

In accordance with Procedural Order No.1, please find attached the Board staff Submission in the above proceeding. The applicant has been copied on this filing.

HHHI's reply Submission, if it intends to file one, is due by December 17, 2013.

Yours truly,

*Original Signed By*

Georgette Vlahos  
Analyst, Applications & Regulatory Audit

Encl.



# **ONTARIO ENERGY BOARD**

## **STAFF SUBMISSION**

2014 ELECTRICITY DISTRIBUTION RATES

Halton Hills Hydro Inc.

EB-2013-0136

**December 3, 2013**

**Board Staff Submission  
Halton Hills Hydro Inc.  
2014 IRM Distribution Rate Application  
EB-2013-0136**

## **Introduction**

Halton Hills Hydro Inc. (“HHHI”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”) on September 27, 2013, seeking approval for changes to the rates that HHHI charges for electricity distribution, to be effective May 1, 2014. The Application is based on the 2014 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 HHHI.

## **The Application**

In the interrogatory phase, Board staff identified certain discrepancies in the data filed by HHHI. In response to Board staff interrogatories, HHHI confirmed that it had input some erroneous data into the models and requested that Board staff make the necessary corrections.

Specifically, HHHI incorrectly entered the effective Hydro One – Line Connection rate. HHHI requested that Board staff make the necessary corrections to the model. Board staff has no concerns with the updated data supporting the updated Retail Transmission Service Rates proposed by HHHI. 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.

HHHI’s total Group 1 Deferral and Variance Account balances amount to a debit of \$976,553. The balance of Account 1589 – Global Adjustment is a debit of \$1,037,057, and is applicable only to Non-RPP customers. These balances also include interest calculated to April 30, 2013. Based on the threshold test calculation, the Group 1 Deferral and Variance Account balances equate to \$0.002 per kWh which exceeds the

threshold, and as such, HHHI requested disposition of these Accounts over a one-year period.

Board staff has reviewed HHHI's Group 1 Deferral and Variance Account balances and notes that the principal balances as of December 31, 2012 reconcile with the balances reported by HHHI pursuant to the *Reporting and Record-Keeping Requirements*. Also, the preset disposition threshold has been exceeded. Accordingly, Board staff has no issue with HHHI's request to dispose of its 2012 Deferral and Variance Account balances at this time over the requested one-year period.

### **Tax-Sharing Model**

In its interrogatories, Board staff noted that HHHI entered a corporate tax rate of 15.50% into the Tax-Sharing Model. Board staff reviewed HHHI's revised Revenue Requirement Work Form from its previous cost of service proceeding (EB-2011-0271), filed on June 28, 2012, and noted that HHHI had entered a corporate tax rate of 7.65%. Board staff requested that HHHI provide an explanation for the discrepancy.

In its interrogatory responses, HHHI confirmed that it had entered a corporate tax rate which included the tax credits approved as part of its 2012 cost of service application. HHHI requested that Board staff make the necessary corrections to the Tax-Sharing Model; specifically, tab 5 should reflect tax-credits of \$31,000 in cell M20 and a corporate tax rate of 7.65% should be inputted into cell M38.

In its Application, HHHI reported \$0 in tax-savings and therefore no tax-sharing with customers was proposed. Board staff notes that with the changes agreed to by HHHI during the interrogatory phase of this proceeding, the updated tax savings amount is a credit of \$5,826 with \$2,913 (50%) being refunded to ratepayers.

As part of its submission, Board staff is attaching an updated Tax-Sharing Model with the appropriate tax credits and corporate tax rate entered. Board staff notes that this Tax-Sharing Model is consistent with the Revenue Requirement Work Form from the Board's cost of service decision in EB-2011-0271.

Chapter 3 of the *Filing Requirements for Electricity Distribution Rate Applications* state: "In the event that the calculation for one or more rate classes results in volumetric rate

riders of \$0 when rounded to the fourth decimal place, or is negligible, the distributor may request to record the total amount in USoA Account 1595 for disposition in a future proceeding". Board staff notes that the updated rate riders for the Residential, General Service Less Than 50 kW and Unmetered Scattered Load rate classes, when rounded to 4 decimal places, are negligible. In its reply submission, HHHI may wish to comment on the accuracy of the updated model and also to indicate if it agrees to put the tax-sharing amount into Account 1595 for future disposition.

All of which is respectfully submitted