

May 13, 2015

Board Secretary
Ontario Energy Board
27 - 2300 Yonge Street,
Toronto, ON M4P 1E4

Dear Ms. Walli:

**North Bay Hydro Distribution Ltd. (NBHDL)
2015 Distribution Rate Application
Board File No. EB-2014-0099**

In accordance with Procedural Order #2, the North Bay Taxpayers' Association (NBTA) offers the following comments on the list of issues to be discussed at the upcoming settlement conference scheduled for May 19, 2015

The applicant and all intervenors have been copied on this filing.

As indicated in the 3 – NBTA – 28 interrogatory;

“In the 2010 COS application (EB-2009-0270) in 2010 Load Forecast – Rate Class Customer Model for the GS 3,000 to 4,999 kW class the model appears to be using a customer count of 2 when making calculations when, in fact, it was completing calculations using a factor of 1.85. This error resulted in the increase in the calculated volumetric rates for that class and the two customers in that class being overcharged.

One of the customers in that class did question NBHDL in 2012 about the error and was given incorrect information concerning the applicant's ability to change the models supplied and their obligation to verify the accuracy of the data calculated by the models.”

This information is misleading and false and resulted in the customer failing to pursue the matter any further.

A copy of the email sent to me by the customer follows and indicates the information that he received from NBHDL employee Cindy Tenant and others at NBHDL

From: Spencer, John [<mailto:SpencerJ@pginw.com>]

Sent: December-07-12 2:17 PM

To: Don Rennick

Subject: RE: Hydro Rates

Hello Don.

I did meet with Cindy Tennant to review 2 areas of concern, including your notes to me. It was an interesting discussion as it gave me the opportunity to educate myself on the structural environment that exists in Ontario (OEB). The singular issue around the use of 1.85 vs 2 was easily explained. The OEB mandates the use of a geomean driven modelling tool that prescribes this factor based on changes within the rate group. Our group went from 3 to 2 and the model cranks out 1.85 (in effect forecasting continued reduction in the rate group). As I understand it this will self- correct and settle at 2 within several iterations. In fact I believe next yr it might prescribe 2.1 or so and undercharge me and then probably settle at 2 the following year. There is no escaping the use of this model. There is no override feature. I was also explained the oversight mechanisms and the auditing levels that are in place to validate approve and control the billing and rates. Again I saw no evidence of error. NBH exists in a complex sophisticated business model. I do suggest you consider a couple things to help resolve any thoughts of misdeeds.

- 1) Opinions are not facts. If I don't like the law/rules/models it does not mean they are nefarious, wrong or errors took place. Example - I don't like income tax. My employer is not the person resp for the laws/rates, they are not making a mistake. There are other processes to affect change. Success comes to those that deal with facts and/or opinions and choose the right process.
- 2) The board and the executive at NBH are approachable. I suggest you contact Carl Crewson about concerns if you want to talk to a business leader close to the facts. Todd or Cindy can almost certainly explain anything - given a chance. I have had issues with them and got them resolved.
- 3) Please feel secure in the knowledge that I have/do chose to wage battles in the cause of what is unfair or wrong. I these cases I feel it would be unwarranted if the attack is to prove they are 'wrong' or 'nefarious'.

Hope this helps.
John

NBTA believes that the misinformation provided to this customer by NBHDL as well as the customer's previous employer-employee relationship with Ms. Tennant resulted in the customer accepting this explanation at face value and convinced him not to follow up any further.

As indicate in the interrogatories, NBTA have estimated the subsequent overcharge for the five years 2010 – 2015, depending on actual kW used, to be approximately \$20,000 for each of the two customers in that class.

We also suggest that this is not a request to change prior rates but an attempt to rectify a situation resulting from an error made in previously approved rates which could have been rectified by the applicant in 2012.

We also suggest that the applicant's interrogatory response:

"NBHDL disputes the allegation that it provided any customers with "incorrect information."

NBHDL worked closely with the customer in question, provided the relevant facts, and was able to resolve the customer's concerns.

NBHDL is not able to engage in an exercise of retroactive rate making and will not provide the confirmation requested. It is not relevant to the matters at issue in this Application.

However, in this Application, the Excel rounding feature has been used in the revised load forecast referenced in 3-Energy Probe-34 to forecast the number customer/connections for 2015. For example, in file named "North Bay 2015 Load Forecast Model EP 34", tab Rate Class Customer Model, cell D19 the following equation is used to forecast the 2015 customers for the General Service 50 to 2999 kW class - ROUND(D18\$D\$42,0)."*

indicates that their remembrance of the facts is faulty and also that an error did occur. This admission by NBHDL is in direct contrast to the explanation given to the customer.

NBTA is requesting that this item be placed on the issues list for discussion at the settlement conference. All of which is respectfully submitted

North Bay Taxpayers' Association

(Original signed by D. D. Rennick, CPA, CA)

Treasurer