

May 15, 2015

Board Secretary
Ontario Energy Board
2701 - 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 response in reply to NBHDL submissions regarding their opposition to a proposed addition to the draft issues list of items to be discussed at the upcoming settlement conference scheduled for May 19, 2015.

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

The Board's "Filing Requirements for Electricity Distribution Rate Applications" (July 17, 2013) only discussion of materiality as it relates to interrogatories is on page #3 which states: *"The Board also advises parties to carefully consider the relevance and materiality of information before requesting it through interrogatories."*

NBTA has considered the relevance and materiality surrounding this issue and suggests that considering the actions of NBHDL following their being advised of the errors made are relevant to this and future applications. The fact that NBHDL is expressing opposition to this issue is evidence that they consider the amounts involved to be material.

NBHDL is suggesting here that errors did not occur in the 2010 rate calculation of the GS 3,000 – 4,999 kW rate class.

NBTA finds this position bizarre since in their response to 3 – NBTA 28, NBHDL clearly states that the rate calculation has been changed since the 2010 COS application. If there were no errors made on the 2010 “Load Forecast” model, there would be no need to make any corrections or changes.

NBTA suggests that there are special circumstances at work here and they were spelled out on our request. Specifically that the applicant misled the customer involved when they were approached concerning this issue. This issue could have been corrected immediately by the applicant but they apparently chose to retain the excess revenue collected at the expense of the rate class customers.

Adding this issue to the list does not, as the applicant suggests, permit discovery in all aspects of the 2010 rate application and this scenario is not in play.

NBTA is not requesting a revision of prior rates as suggested by the applicant. There is no need to change rates for the class in question or any other rate class.

NBHDL states that: *“The rule against retroactive ratemaking has a distinct purpose and rationale. A utility must be able to rely on final decisions and orders of the Board to have revenue certainty”*. By incorrectly calculating rates, NBHDL not only achieved revenue certainty but exceeded the total net revenue requirement approved by the Board for the class in question.

The revenue requirement requested by NBHDL in 2010 and approved by the Board was exceeded because of the rates charged resulted in an over collection of that revenue requirement.

Looking at just the fixed rate, the EB-2009-0270 rate order decision set the rate at \$4,420.45 per month and resulted in collecting \$106,090 ($4420.45 \times 2 \times 12$) per year. The fixed revenue requirement was in EB-2009-0270 was \$98,147 per year. This resulted in an over collection of \$7,943 per year for the five years ended April 30, 2015 for a total of \$39,715.

NBTA is saying that the Board approved a certain revenue requirement in the 2010 COS application and NBHDL charged a rate which ensured that the revenue requirement would be exceeded. The excess revenue was collected because of an error they made in calculating the rates.

In order to accept NBHDL’s claim that they never knowingly deceived or purposefully confused any customer one must assume that Ms. Tenant and other senior

management, who dealt with the customer, were unaware there would be no changes in the rates for a least four years rather than the one year they suggested to the customer. One would also have to assume that NBHDL was unaware that workbook models do provide for an override and can and must be altered to produce an accurate rate structure. One would also have to assume that NBHDL felt it was feasible that an undercharge may occur in future years and “even things” out was an accurate expectation.

NBTA suggests that regardless of NBHDL’s intent, the error was made and the overcharge occurred and the issue needs to be included at the upcoming settlement conference.

All of which is respectfully submitted

North Bay Taxpayers’ Association

D. D. Rennick, CPA, CA
Treasurer