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**BY E-MAIL**

May 15, 2015

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27th Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: North Bay Hydro Distribution Ltd.  
2015 Electricity Distribution Rates  
OEB staff Submission on Draft Issues List  
Board File No. EB-2014-0099**

Pursuant to Procedural Order No. 2, please find attached OEB staff's submission on the draft Issues List for North Bay Hydro Distribution Ltd.'s 2015 cost of service rate application. This document is also being forwarded to North Bay Hydro Distribution Ltd. and to the intervenors of record in the proceeding.

Yours truly,

*Original Signed*

Stephen Vetsis  
Advisor – Electricity Rates and Prices

Encl.

**2015 ELECTRICITY DISTRIBUTION RATES**  
**North Bay Hydro Distribution Ltd.**

**EB-2014-0099**

**OEB STAFF SUBMISSION**

**May 15, 2015**

## **INTRODUCTION**

North Bay Hydro Distribution Ltd. (North Bay Hydro) filed an application (the Application) with the Ontario Energy Board (OEB) on December 15, 2014 seeking approval for changes to the rates that North Bay Hydro charges for electricity distribution, to be effective May 1, 2015.

On May 8, 2015, a letter was filed with the Board indicating that the parties to the proceeding had been unable to come to an agreement with regards to the proposed issues list for the Application. On May 13, 2015, the Board issued Procedural Order No. 2 which made provisions for submissions on the contents of the issues list for the proceeding.

The North Bay Taxpayers' Association (NBTA) filed a submission requesting that an issue be added to issues list to address what it described as an over-collection from customers in the GS 3,000 to 4,999 kW class due to a rounding error in the calculation of rates set in North Bay Hydro's 2010 cost of service rate application (EB-2009-0270). The NBTA estimated that the error amounted to approximately \$20,000 total for each of the two customers in the class over the 2010-2015 period.

The NBTA stated that a customer in that class approached North Bay Hydro about the error in 2012 and that it believed that North Bay Hydro provided that customer with false and misleading information which resulted in the customer failing to pursue the matter any further.

North Bay Hydro submitted that it does not agree with the addition of the issue on the grounds that no error occurred, that the amounts in question were immaterial and that the adjustment proposed by the NBTA would result in retroactive rate making. North Bay Hydro also submitted that it had never knowingly deceived or purposefully confused any customer.

OEB staff submits that the NBTA's proposed issue is not relevant to the purpose of this hearing which is to set rates on a prospective basis for the 2015 rate year. The NBTA's issue appears to be solely related to compensation for past amounts collected from customers. OEB staff notes that ordinarily the Board does not go

back to change rates which have been approved on a final basis. To do so would violate the prohibition against retroactive ratemaking.

OEB staff agrees with the applicant that the amounts in question appear to be immaterial when considered with reference to the thresholds identified for a cost of service rate application. The materiality threshold for this application by North Bay Hydro<sup>1</sup> is \$65,000. OEB staff is therefore of the view that this issue need not be further examined in the current proceeding.

However, OEB staff recognizes that, materiality notwithstanding, customers may have been affected by the rounding used to calculate rates and may be concerned or have questions about how their rates were set. The OEB has processes in place outside of the adjudicative hearing to ensure that such customer concerns are heard and addressed efficiently at any time. In this circumstance, the record does indicate that the customer was satisfied with the explanation it received from the distributor and did not raise its concern with the OEB. Nevertheless, now that this issue has been raised, OEB staff will consider this matter as it would any concern about service to a customer.

- All of which is respectfully submitted -

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<sup>1</sup> Per section 2.4.5 of the Chapter 2 Filing Requirements for Electricity Distribution Rate Applications