



EB-2014-0099

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by North Bay
Hydro Distribution Ltd. for an order approving just and
reasonable rates and other charges for electricity distribution
to be effective May 1, 2015.

BEFORE: Christine Long
Presiding Member

Allison Duff
Member

DECISION ON ISSUES LIST
May 15, 2015

North Bay Hydro Distribution Ltd. (North Bay Hydro) filed an application with the Ontario Energy Board (OEB) on December 15, 2014 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that North Bay Hydro charges to its customers for electricity distribution, to be effective May 1, 2015.

On May 8, 2015, a letter was filed with the OEB indicating that the parties to the proceeding were unable to come to an agreement regarding the issues list. On May 13, 2015, the Board issued Procedural Order No. 2 which allowed for written submissions from parties on the contents of the issues list for the proceeding.

The North Bay Taxpayers' Association (NBTA), North Bay Hydro and OEB staff filed submissions regarding the issues list.

The NBTA submitted that an issue should be added to the issues list to address what it described as an over-collection from customers in the General Service 3,000 to 4,999 kW class. The over-collection arose due to an error in the calculation of rates set in North Bay Hydro's 2010 cost of service rate application¹ (the 2010 Rate Design Issue). The NBTA stated that a customer in that class approached North Bay Hydro about the error in 2012. According to NBTA, North Bay Hydro provided false and misleading information which resulted in the customer failing to pursue the matter further.

North Bay Hydro submitted that it did not agree with the addition of the 2010 Rate Design Issue on the grounds that no error occurred, the amounts in question were immaterial and the adjustment proposed by the NBTA would result in retroactive rate making. North Bay Hydro also submitted that it never knowingly deceived or purposefully confused any customer.

OEB staff submitted that the 2010 Rate Design Issue was not relevant to the purpose of the hearing. OEB staff agreed with North Bay Hydro that the proposed adjustment would result in retroactive rate making and the amounts were immaterial given the materiality threshold. As a result, the issue need not be further examined in the current proceeding. OEB staff also noted that the OEB has processes in place outside of a cost of service hearing to ensure that such customer concerns are heard and addressed.

No submissions were received from the Energy Probe Research Foundation, the Vulnerable Energy Consumers Coalition and the School Energy Coalition.

Findings

The Board is interested in examining issues on a prospective basis as they relate to 2015 rates. The Board will not consider the 2010 Rate Design Issue, as framed by the NBTA, because it relates to final rates, determined in the past. However, to address the concerns raised and ensure they are not recurring in the 2015 rate application, the Board is adding the following issue to the issues list:

¹ EB-2009-0270.

Issue 5.2: Have North Bay Hydro's customer forecasts been appropriately rounded to derive 2015 rates?

Concerns raised with respect to the 2010 Rate Design Issue should inform the examination phase of this proceeding. Parties will also have the opportunity to review North Bay Hydro's draft rate order, whether it is appended to a settlement proposal or filed subsequent to the Board's decision.

Customer complaint and compliance issues can be raised by the affected customers outside of this cost of service proceeding by contacting the OEB Consumer Services Division.

DATED at Toronto, May 15, 2015

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

APPENDIX A

**TO DECISION ON ISSUES LIST
EB-2014-0099**

**North Bay Hydro Distribution Ltd.
Final Issues List**

DATED: May 15, 2015

FINAL ISSUES LIST
EB-2014-0099
North Bay Hydro Distribution Ltd. (“North Bay Hydro”)

1. PLANNING

1.1 Capital

Is the level of planned capital expenditures appropriate and is the rationale for planning and pacing choices appropriate and adequately explained, giving due consideration to:

- customer feedback and preferences;
- productivity;
- benchmarking of costs;
- reliability and service quality;
- impact on distribution rates;
- trade-offs with OM&A spending;
- government-mandated obligations; and
- the objectives of the Applicant and its customers.

1.2 OM&A

Is the level of planned OM&A expenditures appropriate and is the rationale for planning choices appropriate and adequately explained, giving due consideration to:

- customer feedback and preferences;
- productivity;
- benchmarking of costs;
- reliability and service quality;
- impact on distribution rates;
- trade-offs with capital spending;
- government-mandated obligations; and
- the objectives of the Applicant and its customers.

2. REVENUE REQUIREMENT

- 2.1** Are all elements of the Base Revenue Requirement reasonable, and have they been appropriately determined in accordance with Board policies and practices?
- 2.2** Has the Base Revenue Requirement been accurately determined based on these elements?

3. LOAD FORECAST, COST ALLOCATION AND RATE DESIGN

- 3.1** Are the proposed load and customer forecast, loss factors, CDM adjustments and resulting billing determinants appropriate, and, to the extent applicable, are they an appropriate reflection of the energy and demand requirements of the applicant's customers?
- 3.2** Is the proposed cost allocation methodology, allocations, and revenue-to-cost ratios appropriate?
- 3.3** Are the applicant's proposals for rate design appropriate?
- 3.4** Are the proposed Retail Transmission Service Rates and Low Voltage service rates appropriate?

4. ACCOUNTING

- 4.1** Have all impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified and recorded, and is the rate-making treatment of each of these impacts appropriate?
- 4.2** Are the applicant's proposals for deferral and variance accounts, including the balances in the existing accounts and their disposition and the continuation of existing accounts, appropriate?

5. OTHER

- 5.1** Is the proposed effective and implementation date of May 1, 2015 appropriate?
- 5.2** Have North Bay Hydro's customer forecasts been appropriately rounded to derive 2015 rates?