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May 25, 2015

BY FAX & BY COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

Board File No. EB-2014-0096
Niagara Peninsula Energy Inc. --- 2015 Cost of Service
Energy Probe – Comments on Draft Rate Order

Pursuant to the Decision and Order, May 14, 2015, please find attached the Comments of Energy Probe Research Foundation (Energy Probe) in respect of the Draft Rate Order in the EB-2014-0096 proceeding for consideration of the Board.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

cc. Brian Wilkie, Niagara Peninsula Energy (By email)
Suzanne Wilson, Niagara Peninsula Energy (By email)
Paul Blythin, Niagara Peninsula Energy (By email)
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Ontario Energy Board

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 Niagara
Peninsula Energy Inc. for an order approving just and
reasonable rates and other charges for electricity distribution to
be effective May 1, 2015.

**COMMENTS ON DRAFT RATE ORDER OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

May 25, 2015

**NIAGARA PENINSULA ENERGY INC.
2015 RATES REBASING CASE
EB-2014-0096**

**ENERGY PROBE RESEARCH FOUNDATION
COMMENTS ON DRAFT RATE ORDER**

The following are the comments of Energy Probe Research Foundation ("Energy Probe") on the Draft Rate Order ("DRO") filed May 21, 2015 by Niagara Peninsula Energy Inc. ("NPEI"), as directed by the Ontario Energy Board ("Board").

As there was no change in the revenue requirement as a result of the Board's Decision dated May 14, 2015, there has been no change in the Revenue Requirement Work Form ("RRWF") from that filed as part of the Settlement Agreement that was accepted by the Board.

Energy Probe accepts the calculation of the various rate riders over periods of 11 and 23 months as compared to the periods of 12 and 24 months that were agreed to, in order to have these riders expire at the end of April in future years. This proposal makes sense as it would be confusing to ratepayers to have a rate change implemented May 1, 2016, and then another rate change on June 1, 2016 as the rate riders expire.

However, Energy Probe notes that the volumetric (kWh and kW) and customer figures used to calculate the rate riders shown in the EDDVAR Continuity Schedule do not match those found on page 22 of the Settlement Agreement. The tables below highlight the differences:

Draft Rate Order - EDDVAR - Billing Determinants	Customers	kWh	kW
Residential	46,274	412,298,278	-
General Service < 50 kW	4,315	124,179,905	-
General Service > 50	863	655,968,805	1,721,554
Unmetered Scattered Load	17	2,247,877	-
Sentinel Lighting	337	265,619	716
Street Lighting	5	7,344,781	20,809
Total	51,811	1,202,305,265	1,743,079

Settlement Agreement (pages 21-22)	Customers	kWh	kW
Residential	47,067	407,092,792	-
General Service < 50 kW	4,385	121,037,129	-
General Service > 50	862	669,981,013	1,771,675
Unmetered Scattered Load	422	2,215,047	-
Sentinel Lighting	303	259,459	705
Street Lighting	12,989	7,477,962	21,184
Total	66,028	1,208,063,402	1,793,564

Difference	Customers	kWh	kW
Residential	(-793)	5,205,486	0
General Service < 50 kW	(-70)	3,142,776	0
General Service > 50	1	(-14,012,208)	(-50,121)
Unmetered Scattered Load	(-405)	32,830	0
Sentinel Lighting	34	6,160	11
Street Lighting	(-12,984)	(-133,181)	(-375)
Total	(-14,217)	(-5,758,137)	(-50,485)

While some of the difference in the number of customers is based on the difference between customers and connections (for example, street lighting), there is a significant difference in the number of residential and GS < 50 customers in those classes.

Energy Probe notes that the calculation of the stranded meter rate rider uses customer numbers for the residential and GS < 50 kW classes that are consistent with the Settlement Agreement.

Energy Probe contacted NPEI about the difference and it was indicated that NPEI was following the instructions in the EDDVAR model and had used 2013 actual volumes. The instructions on Sheet 4 - Billing Determinants indicate that:

"In the green shaded cells, enter the most recent Board Approved volumetric forecast. If there is a material difference between the latest Board-approved volumetric forecast and the most recent 12-month actual volumetric data, use the most recent 12-month actual data."

Energy Probe submits that these instructions are applicable as part of an IRM adjustment, where it would make sense to use the most recent Board-approved volumetric forecast of the most recent 12 month actuals in clearing deferral and variance account balances on a going forward basis. This is done to minimize the difference in the accounts and the amount disposed of by using the most recent information available.

However, in this instance, we have a cost of service rebasing application in which the Board has approved the Settlement Agreement which includes the customer and volumetric forecasts. In order to minimize the difference between the amounts being cleared and the amounts collected from or rebated to customers, the Board-approved customer and volume forecast from this proceeding should be utilized.

Energy Probe submits that the Board should direct NPEI to use the Board-approved forecasts in the calculation of the rate riders for the accounts in the EDDVAR model. This would then be consistent with the use of the Board-approved figures used for the stranded meter rate rider, as noted above.

Energy Probe has also reviewed the revenue to cost ratios and the fixed-variable splits and submits that they are in accordance with the Settlement Agreement and the Board's Decision.

Energy Probe noted that for the GS > 50 rate class, the kW figure used in the calculation of the variable rate (1,644,039 kW) is different from the figure shown on page 22 of the Settlement Agreement (1,771,675 kW). NPEI has explained that discrepancy based on the transformer allowance and has provided an updated spreadsheet that shows the calculation of the GS > 50 variable charge based on the approved figure of 1,771,675 kW. As a result, Energy Probe submits that this charge has been appropriately calculated.

Finally, Energy Probe notes that NPEI has indicated an effective and implementation date of June 1, 2015, which is in accordance with the Board's Decision. Energy Probe notes that the draft rate schedules provided by NPEI do not appear to reflect that the rates are interim rates.