



**Ontario Energy Board**  
**Commission de l'énergie de l'Ontario**

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# **DECISION AND ORDER**

**EB-2014-0099**

## **NORTH BAY HYDRO DISTRIBUTION LTD.**

**North Bay Hydro**

**BEFORE: Christine Long**  
Presiding Member

**Allison Duff**  
Member

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July 16, 2015

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## 1 INTRODUCTION AND SUMMARY

North Bay Hydro Distribution Ltd. (North Bay Hydro) is the electricity distributor that serves approximately 24,000 customers in the city of North Bay. North Bay Hydro filed an application with the Ontario Energy Board (OEB) to change the rates that it charges to its customers for electricity distribution, to be effective May 1, 2015 (the application). Under the OEB Act, distributors must apply to the OEB to change the rates that they charge their customers.

In order to determine North Bay Hydro's rates, the OEB must first determine how much total revenue North Bay Hydro should be allowed to recover from its customers. This amount is known as the revenue requirement. Rates are then determined to recover that revenue requirement using forecasts of the number of customers and the energy usage of those customers. It is the OEB's responsibility to approve the specific rates a utility can charge its customers.

The OEB's process for this application included an opportunity for the parties participating in the proceeding to come to an agreement on the issues. The parties were able to agree on all issues in the application, except the determination of the amount of cash required to operate the business on a day-to-day basis. This amount, known as the working capital allowance, takes into consideration the time lag between when payments are made by the utility for services, and payments are received from customers. The OEB had removed the working capital allowance from the list of issues that could be settled by the parties.

In late June, North Bay Hydro filed a settlement proposal with the OEB reflecting the agreement it had reached with the parties. The OEB approves the settlement proposal. Regarding the working capital allowance, North Bay Hydro advised the OEB that it intended to file a distributor-specific study. The OEB accepts this request and requires that North Bay Hydro file a working capital study and its proposed working capital allowance. Parties will be given an opportunity to review the study and question North Bay Hydro on its contents. The OEB will then decide the working capital allowance amount to be recovered in the final rates that customers will pay.

Until then, the OEB approves rates and charges as reflected in the settlement proposal on an interim basis, effective July 1, 2015.

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## 2 THE PROCESS

In reaching its findings, the OEB was aided by the participation of four parties who each represented different groups of customers affected by the application; Energy Probe Research Foundation, the Vulnerable Energy Consumers Coalition, the School Energy Coalition, and the North Bay Taxpayers Association. OEB staff also participated in the proceeding.

The OEB provided parties and OEB staff the opportunity to ask North Bay Hydro questions about its evidence in writing through interrogatories, and in person at a technical conference. A settlement conference took place on May 19 and 20, 2015. North Bay Hydro filed the resulting settlement proposal on June 26, 2015.

During the settlement conference, the OEB removed the working capital allowance issue from the list of issues that could be settled by consensus. The Board made this decision in anticipation of a new OEB policy on working capital allowance. After the new OEB policy was issued, North Bay Hydro was directed to file a letter indicating its preferred option for determining a working capital allowance for 2015.

On May 14, 2015, North Bay Hydro requested that the OEB treat a report filed in response to an interrogatory as a confidential document, in accordance with the OEB's rules regarding confidential filings.

On July 14, 2015, North Bay Hydro voluntarily withdrew the report from the record and there were no objections from the other parties. North Bay Hydro indicated it withdrew the document rather than require the OEB to address the issue of confidentiality. The OEB accepts North Bay Hydro's voluntary withdrawal of the report as it is not relevant to the OEB's findings in this Decision, nor to the working capital allowance issue, which remains undecided.

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## 3 DECISIONS ON THE ISSUES

This Decision and Order determines North Bay Hydro's rates for 2015. Specifically, the OEB decides whether to accept the settlement proposal, and approve North Bay Hydro's proposal for a working capital allowance.

### 3.1 Settlement Proposal

All parties in the proceeding met on May 19 and 20, 2015, to determine if they could agree upon the revenue requirement and the rates for North Bay Hydro in 2015.

The parties to the settlement proposal were able to settle all issues except the working capital allowance, which was removed from the list of issues by the OEB. North Bay Hydro filed a settlement proposal on June 26, 2015, which is included as Schedule A to this Decision and Order.

OEB staff filed a submission in support of the settlement proposal. OEB staff submitted that the approval of the settlement proposal would result in outcomes that reflect the public interest and result in just and reasonable rates for customers.

However, OEB staff indicated that the proposed fixed rate for the General Service 3,000 to 4,999 kW customer class was inconsistent with OEB policy. The parties agreed to maintain the same proportion of revenue forecast to be recovered from fixed and variable charges for the General Service 3,000 to 4,999 kW class. As a result, the fixed charge further exceeds the OEB approved threshold otherwise known as the 'ceiling'. When the OEB reviews rates, it calculates a ceiling for each customer class. This ceiling, which is informed by actual distribution system characteristics, acts as a benchmark to determine whether or not a distributor can increase the amount of its revenue that can be collected through a fixed charge, which customers pay irrespective of the amount of electricity consumed. Under the OEB's policy<sup>1</sup>, a distributor whose current fixed charge for a class is above the ceiling should not propose further increases to the fixed charge for that class.

OEB staff ultimately took no issue with the proposal as the total revenue forecast to be collected from the sole customer in the General Service 3,000 to 4,999kW class was not affected. OEB staff noted that the OEB had approved similar changes in prior

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<sup>1</sup> *Report of the Board: Application of Cost Allocation for Electricity Distributors (EB-2007-0667), November 28, 2007, Page 12.*

proceedings in which the fixed charge further exceeded the ceiling in order to maintain the revenue proportion between fixed and variable charges.

## Findings

The OEB approves the settlement proposal. The OEB acknowledges the aspects of the settlement proposal that address the Renewed Regulatory Framework for Electricity. In particular, the OEB notes the smoothed pacing of the proposed capital projects and commitment to review North Bay Hydro's incentive pay structure with the goal of improving its alignment with North Bay Hydro's organizational outcomes and metrics for its distribution system planning. The OEB agrees with OEB staff that the proposal adequately reflects the public interest and results in just and reasonable rates for customers.

The OEB approves all aspects of the settlement proposal including the increase to the fixed charge for the General Service 3,000 to 4,999 kW customer class. Given that there is one customer in the class and the current proportion of revenues earned through fixed and variable charges is maintained, the OEB is not concerned with an increase to the fixed charge since there is no impact to the total revenue forecasted to be collected from that customer.

### 3.2 Working Capital Allowance

The working capital allowance is the cash a utility needs in order to pay its operating, maintenance and administrative expenses during the time between when the utility spends money to provide service and when it receives payment from its customers.

As described in section 2, the OEB removed the working capital allowance from the list of issues that could be settled. The OEB removed the issue in anticipation of a new OEB policy on working capital allowances.

The OEB's new policy for the calculation of the working capital allowance for electricity rate applications gives a distributor two options:

1. use a default value of 7.5% of the sum of the cost of power and operating, maintenance and administration costs
2. request approval for a distributor-specific working capital allowance supported by the appropriate evidence from a lead-lag study or equivalent analysis

Given these new options, the OEB directed North Bay Hydro to file a letter indicating its preferred option for 2015. North Bay Hydro requested that the OEB establish rates on a temporary, or interim, basis using the OEB's new 7.5% default value until a lead-lag study could be conducted.

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North Bay Hydro advised that it had retained a consultant to perform a lead-lag study and that it expected to be able to provide the study to the OEB by the end of July. North Bay Hydro requested that final 2015 rates be set on the basis of the approved working capital allowance amount applied with an effective date of July 1, 2015.

North Bay Hydro requested a variance account to record the difference between revenues collected under interim rates and the final rates approved by the OEB for the period when the interim rates are in effect. North Bay Hydro also requested a deferral account to record the incremental costs (both internal and external) of preparing the lead-lag study.

### **Findings**

The OEB grants North Bay Hydro's request to establish rates on an interim basis, using the rates appended to the settlement proposal. Upon receipt of the lead-lag study, the OEB will issue a procedural order which will outline the steps for parties and OEB staff to review the lead-lag study and the incremental costs of preparing the study and to file submissions.

The record in this proceeding will remain open. Accordingly, the requested variance and deferral accounts for tracking the difference between interim and final rates, and the incremental costs of the study will not be required since new evidence will be filed and a final decision has yet to be made. Accordingly, the OEB approves the draft tariff of rates and charges, in Appendix A to the settlement proposal, on an interim basis with an effective and implementation date of July 1, 2015. Given the timing of this Decision and Order, the July 1, 2015 date should be accommodated without any foregone revenue.

When the OEB approves the final working capital allowance amount and the cost of the lead-lag study, the OEB will direct North Bay Hydro to file an updated tariff of rates and charges. The final 2015 base rates by customer class must reflect appropriate distribution costs to enable processing North Bay Hydro's subsequent Price Cap IR applications using the OEB's standard rate generator models. As a result, a rate rider may be required to account for a difference in revenue requirement between interim and final rates during the interim rate period.

## 4 ORDER

### THE BOARD ORDERS THAT:

1. The Tariff of Rates and Charges for North Bay Hydro set out in Schedule A of this Decision and Order is approved on an interim basis, effective July 1, 2015 for electricity consumed or estimated to have been consumed on and after July 1, 2015. North Bay Hydro shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.

**DATED** at Toronto July 16, 2015

### ONTARIO ENERGY BOARD

*Original Signed By*

Kirsten Walli  
Board Secretary

**SCHEDULE A**  
**DECISION AND ORDER**  
**NORTH BAY HYDRO DISTRIBUTION LTD.**  
**EB-2014-0099**  
**JULY 16, 2015**



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June 22, 2015

**Delivered by RESS, Email and Courier**

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

Dear Ms. Walli:

**Re: North Bay Hydro Distribution Ltd. ("NBHDL")  
Board File No. EB-2014-0099  
Settlement Proposal Enclosed**

We are counsel to NBHDL in the above captioned matter. Please find attached a copy of the settlement proposal and related supporting documentation in relation to this matter.

Yours very truly,

**BORDEN LADNER GERVAIS LLP**

Per:

*Original signed by John A.D. Vellone*

John A.D. Vellone

cc: Todd Wilcox, Cindy Tennant, Melissa Casson and Matthew Payne, NBHDL  
Parties in EB-2014-0099

**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.

**NORTH BAY HYDRO DISTRIBUTION LTD.  
SETTLEMENT PROPOSAL**

**June 22, 2015**

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**North Bay 2015\_Test\_year\_Income\_Tax\_PILs\_Workform\_Unlocked\_Settlement**

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**North Bay Hydro Distribution Ltd.**

**EB-2014-0099**

**Settlement Proposal**

**Filed with the Ontario Energy Board: June 22, 2015**

North Bay Hydro Distribution Ltd. (the “Applicant” or “NBHDL”) filed a cost of service application with the Ontario Energy Board (the “Board”) on December 15, 2014 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B) (the “Act”), seeking approval for changes to the rates that NBHDL charges for electricity distribution, to be effective May 1, 2015 (Board Docket Number EB-2014-0099) (the “Application”).

The Board issued a Notice of Application and Hearing dated February 6, 2015. As part of the Application, NBHDL included a request for confidential treatment of the tax returns for 2010 through 2012 found at Exhibit 4 in Appendix 4-J, 4-K and 4-L. In Procedural Order No. 1, dated March 19, 2015, the Board granted the confidentiality request. The Board also sought the provision of written interrogatories, outlined the timetable of the various elements in the proceeding and set interim rates effective May 1, 2015.

Following the receipt of interrogatories, NBHDL filed its interrogatory responses with the Board on April 24, 2015, attended a technical conference on May 4, 2015 and filed responses to various undertakings on May 13, 2015.

On May 8, 2015, a letter was filed with the Board indicating that the parties to the proceeding were unable to come to a complete agreement regarding the issues list. On May 12, 2015, the Board issued Procedural Order No. 2, in which the Board established a draft issues list and sought submissions on the same. Subsequently, after receiving submissions on the draft issues list, on May 15, 2015 the Board released its decision approving a final issues list (the “Issues List”).

This Settlement Proposal is filed with the Board in connection with the Application.

Further to the Board’s Procedural Order No. 1, a settlement conference was convened on May 19 2015 and continued to May 20, 2015 in accordance with the Board’s *Rules of Practice and Procedure* (the “Rules”) and the Board’s *Settlement Conference Guidelines* (the “Guidelines”). Ms. Karen Wiancki acted as facilitator for the settlement conference which lasted for two days.

NBHDL and the following intervenors (the “Intervenors”), participated in the settlement conference:

- Energy Probe Research Foundation (“EP”);
- School Energy Coalition (“SEC”);
- Vulnerable Energy Consumers Coalition (“VECC”); and
- North Bay Taxpayers Association (“NBTA”).

NBHDL and the Intervenors are collectively referred to below as the “Parties”.

Ontario Energy Board staff (“Board staff”) also participated in the settlement conference. The role adopted by Board staff is set out in page 5 of the Guidelines. Although Board staff is not a party to this Settlement Proposal, as noted in the Guidelines, Board staff who did participate in the settlement conference are bound by the same confidentiality requirements that apply to the Parties to the proceeding.

On May 20, 2015, Board staff advised the Parties that the Board would not accept any settlement on working capital, and that this issue must proceed to hearing. On June 3, 2015, the Board issued a letter to all licensed electricity distributors and other interested parties regarding the allowance for working capital in electricity distribution rate applications. In this letter, the Board identified a new default working capital value of 7.5%. The letter states that distributors not wishing to use the default value are given the option to request approval for a distributor-specific working capital allowance supported by the appropriate evidence from a lead-lag study or equivalent analysis. On June 5, 2015 the Board issued a letter to the Parties to EB-2014-0099 indicating that the new working capital policy was not known when NBHDL filed its Application and the policy does not specifically address implementation for active cost of service applications. In response to the Board’s request, on June 12, 2015, NBHDL filed a letter with the Board indicating its preferred option with respect to the working capital allowance for 2015 rates.

This document is called a “Settlement Proposal” because it is a proposal by the Parties to the Board to settle the issues in this proceeding. It is termed a proposal as between the Parties and the Board. However, as between the Parties, and subject only to the Board’s approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual obligations, and binding and enforceable in accordance with its terms. As set forth later in this Preamble, this agreement is subject to a condition subsequent, that if it is not accepted by the Board in its entirety, then unless amended by the Parties it is null and void and of no further effect. In entering into this agreement, the Parties understand and agree that, pursuant to the Act, the Board has exclusive jurisdiction with respect to the interpretation and enforcement of the terms hereof.

These settlement proceedings are subject to the rules relating to confidentiality and privilege contained in the Guidelines. The Parties understand this to mean that the documents and other information provided, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the settlement – or not – of each issue during the settlement conference are strictly confidential and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception, the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Proposal.

This Settlement Proposal provides a brief description of each of the settled and partially settled issues, as applicable, together with references to the evidence. The Parties agree that references to the “evidence” in this Settlement Proposal shall, unless the context otherwise requires, include (a) additional information included by the Parties in this Settlement Proposal, and (b) the Appendices to this document. The supporting Parties for each settled and partially settled issue, as applicable, agree that the evidence in respect of that settled or partially settled issue, as applicable, is sufficient in the context of the overall settlement to support the proposed settlement, and the sum of the evidence in this proceeding provides an appropriate evidentiary

record to support acceptance by the Board of this Settlement Proposal. The Parties agree that references to the evidence in this Settlement Proposal shall, unless the context otherwise requires, include, in addition to the Application, the responses to interrogatories, technical conference questions and undertakings, and all other components of the record up to and including the date hereof, including additional information included by the Parties in this Settlement Proposal and the Appendices to this document. The Parties further agree that this evidence provided a starting point for discussions that resulted in a settlement proposal which is acceptable to all Parties and provides a basis for acceptance by the Board.

There are Appendices to this Settlement Proposal which provide further support for the proposed settlement. The Parties acknowledge that the Appendices were prepared by NBHDL. While the Intervenor has reviewed the Appendices, the Intervenor is relying on the accuracy of the underlying evidence in entering into this Settlement Proposal.

Outlined below are the final positions of the Parties following the settlement conference. For ease of reference, this Settlement Proposal follows the format of the final approved issues list for the Application attached as Appendix A to the Board’s decision on the issues list given May 15, 2015.

The Parties are pleased to advise the Board that, with the sole exception of working capital, the Parties have reached a complete agreement with respect to all of the remaining issues in this proceeding. Specifically:

<p><b>“Complete Settlement”</b> means an issue for which complete settlement was reached by all Parties, and if this Settlement Proposal is accepted by the Board, the Parties will not adduce any evidence or argument during the hearing in respect of these issues.</p>	<p># issues settled: <b>11</b></p>
<p><b>“Partial Settlement”</b> means an issue for which there is partial settlement, as NBHDL and the Intervenor who take any position on the issue were able to agree on some, but not all, aspects of the particular issue. If this Settlement Proposal is accepted by the Board, the Parties who take any position on the issue will only adduce evidence and argument during the hearing on those portions of the issues not addressed in this Settlement Proposal.</p>	<p># issues partially settled: <b>1</b>  (unsettled as it relates to working capital as ordered by the Board)</p>
<p><b>“No Settlement”</b> means an issue for which no settlement was reached. NBHDL and the Intervenor who take a position on the issue will adduce evidence and/or argument at the hearing on the issue.</p>	<p># issues not settled: <b>0</b></p>

If applicable, a Party who is noted as taking no position on an issue may or may not have participated in the discussion on that particular issue, but in either case such Party takes no position a) on the settlement reached, and b) on the sufficiency of the evidence filed to date.

According to the Guidelines (p. 3), the Parties must consider whether a Settlement Proposal should include an appropriate adjustment mechanism for any settled issue that may be affected by external factors. Because this is a partial settlement of some issues, to the extent that issues are interrelated a number of the resulting settled or partially settled issues require further adjustment after the Board's decision. These adjustments are specifically set out in the text of the Settlement Proposal (for example, see Section 2.1 for a description of the adjustments contemplated for WCA).

The Parties have settled the issues as a package, and none of the parts of this Settlement Proposal are severable. If the Board does not accept this Settlement Proposal in its entirety, then there is no settlement (unless the Parties agree in writing that any part(s) of this Settlement Proposal that the Board does accept may continue as a valid settlement without inclusion of any part(s) that the Board does not accept).

In the event that the Board directs the Parties to make reasonable efforts to revise the Settlement Proposal, the Parties agree to use reasonable efforts to discuss any potential revisions, but no Party will be obligated to accept any proposed revision. The Parties agree that all of the Parties who took on a position on a particular issue must agree with any revised Settlement Proposal as it relates to that issue prior to its resubmission to the Board.

Unless stated otherwise, the settlement of any particular issue in this proceeding and the positions of the Parties in this Settlement Proposal are without prejudice to the rights of Parties to raise the same issue and/or to take any position thereon in any other proceeding, whether or not NBHDL is a party to such proceeding.



## SUMMARY

In reaching this settlement, the Parties have been guided by the Filing Requirements for 2015 rates, the approved issues list attached as Appendix A to the Board’s decision of May 15, 2015, and the Report of the Board titled *Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* dated October 18, 2012 (“RRFE”).

This Settlement Proposal reflects a partial settlement of the issues in this proceeding.

The following is a description of this one remaining sub-issue that would go to hearing if this Settlement Proposal is accepted:

1. **Working Capital (Issue 2.1):** Is the proposed Working Capital Allowance appropriate?
  - a. As noted above, on May 20, 2015 Board staff advised the Parties that the Board would not accept any settlement on working capital, and that this issue must proceed to hearing. For the purpose of calculating the impacts of this Settlement Proposal, the Parties have assumed a working capital allowance of 7.5% (see also Issue 2.1 below).

NBHDL has made changes to the Revenue Requirement as reproduced below in Table 1<sup>1</sup>:

**Table 1: Revenue Requirement**

Description	Application (A)	Interrogatories (B)	Variance ( C ) = (B) - (A)	Settlement (D)	Variance ( E ) = (D) - (B)
OM&A Expenses	\$7,004,844	\$6,997,379	(\$7,465)	\$6,422,379	(\$575,000)
Donations - LEAP	\$16,700	\$16,700	\$0	\$16,700	\$0
Property Taxes	\$69,876	\$69,876	\$0	\$69,876	\$0
Amortization Expenses	\$2,569,662	\$2,512,251	(\$57,411)	\$2,489,076	(\$23,174)
Regulated Return On Capital	\$4,025,348	\$3,929,168	(\$96,180)	\$3,634,751	(\$294,417)
PILs	\$162,510	\$218,803	\$56,293	\$175,115	(\$43,688)
Service Revenue Requirement	\$13,848,941	\$13,744,177	(\$104,764)	\$12,807,897	(\$936,280)
Less Revenue Offsets	\$1,153,934	\$1,153,934	\$0	\$1,173,934	\$20,000
Base Revenue Requirement	\$12,695,006	\$12,590,243	(\$104,764)	\$11,633,963	(\$956,280)
Revenue at Existing Rates	\$11,031,906	\$10,976,855	(\$55,051)	\$10,992,511	\$15,656
Revenue Deficiency	\$1,663,101	\$1,613,388	(\$49,713)	\$641,452	(\$971,936)

Based on the foregoing, and the evidence and rationale provided below, the parties agree this Settlement Proposal is appropriate and recommend its acceptance by the Board. Please refer to Appendix A for the schedule of interim tariffs resulting if this settlement is accepted by the Board.

<sup>1</sup> Note: For the purposes of the calculations in the Settlement Proposal, a working capital allowance of 7.5% was assumed.

## 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*

**Complete Settlement:** For the purposes of the settlement of all of the issues in this proceeding (except working capital), NBHDL agrees to adjust its 2014 rate base and test year capital plan to reflect the deferral of projects not completed in 2014 that will now be completed in 2015 (see 2-Energy Probe-28 (a)) and NBHDL further agrees on a total amount of 'in-service' capital additions for the test year of \$7,368,165. As shown in Table 2 below, this resulted in a \$1,292,586 reduction to the 2015 test year capital expenditures plus a reduction to gross spending transferred to construction work in progress of \$306,914 for a total reduction of 'in-service' capital additions of \$1,599,500 for 2015.

NBHDL proposes to achieve this reduction in capital additions by deferring some of the projects originally planned for the test year in a manner largely consistent with the prioritization process described in the Distribution System Plan (Exhibit 2, Appendix 2-A) but also taking into account the fact that this settlement is occurring half way through the test year (and some lower priority jobs had already been started), the magnitude of the reduction requested, and overall resourcing availability.

The evidence in this proceeding regarding capital expenditures, including NBHDL's Distribution System Plan, provided a starting point for discussions which resulted in a settlement proposal which is agreeable to all Parties and provides a basis to support acceptance by the Board.

The Parties agree that NBHDL's proposed capital additions, are adequately explained in the Distribution System Plan at Exhibit 2, Appendix 2-A.

The Parties accept that the Distribution System Plan filed in this proceeding, combined with the resources made available to NBHDL in the Test Year under the terms of this Settlement Proposal, provide a foundation to NBHDL in the Test Year to continue to: (a) pursue continuous improvement in productivity; (b) maintain system reliability and service quality objectives; and (c) maintain reliable and safe operation of its distribution system.

Appendix B of this Settlement Proposal provides updated Appendix 2-AB to reflect this settlement.

NBHDL's Distribution System Plan describes its asset management objectives and describes the relationship with NBHDL's corporate objectives at Section 3.1.1 of Exhibit 2, Appendix 2-A. NBHDL agrees to explore opportunities to continuously improve the alignment between its distribution system planning process and its business objectives.

Capital Additions as a result of the Settlement are produced below as Table 2:

**Table 2: Capital Additions Summary**

<b>Capital Additions</b>	<b>Rate Application</b>	<b>IRR - Changes</b>	<b>Settlement Changes</b>	<b>Settlement Proposal</b>
<b>2014 Opening Balance</b>	102,314,173	-	-	102,314,173
<u>Additions:</u>				
2013 CWIP - transferred in-service	526,080	-12,419	-	513,661
DSP - Gross Spending	7,143,762	-903,956	-	6,239,806
DSP - Gross Spending - transferred to CWIP	-805,422	-293,427	-	-1,098,849
Contributed Capital	-1,128,077	-287,335	-	-1,415,412
2014 Smart Meter Disposition	3,428,354	-	-	3,428,354
	9,164,697	-1,497,137	-	7,667,560
2014 Disposals	-3,035,079	-93,787	-	-3,128,866
<b>2014 Closing Balance / 2015 Opening Balance</b>	<b>108,443,791</b>	<b>-1,590,925</b>	<b>-</b>	<b>106,852,867</b>
<u>Additions:</u>				
2014 CWIP - transferred in-service	805,421	293,404	-	1,098,825
Completion of 2014 Projects - 2014 CWIP	-	636,191	-	636,191
DSP - Gross Spending	7,757,956	-	-1,292,586	6,465,370
DSP - Gross Spending - transferred to CWIP	-21,320	-	-306,914	-328,234
Contributed Capital	-503,987	-	-	-503,987
	8,038,070	929,596	-1,599,500	7,368,165
2015 Disposals	-654,515	-25,000	-	-679,515
<b>2015 Closing Balance</b>	<b>115,827,347</b>	<b>-686,330</b>	<b>-1,599,500</b>	<b>113,541,517</b>

**Evidence:**

*Application:* Exhibit 1 including pages 9-27, 33-41, 52-72, 73-90, Appendix 1-A (1-A.1 through 1-A.7), Appendix 1-I; Exhibit 2 including at Tables 2-5, 2-10, 2-11, 2-18, 2-19, 2-32, 2-33; Exhibit 2, Appendix 2-A – Distribution System Plan; Exhibit 4 including at Tables 4-36, 4-37, 4-44, 4-45 and pages 79-98; Exhibit 9 including at pages 19-31

*IRRs:* 1-Energy Probe-4, 1-Energy Probe-6, 1-Energy Probe-8, 1-NBTA-1, 1-NBTA-4, 1-NBTA-5, 1-NBTA-8, 1-NBTA-10, 1-NBTA-11, 1-NBTA-12, 1-NBTA-13, 1-NBTA-14, 1-SEC-3, 1-SEC-4, 1-SEC-8, 1-SEC-11, 1-VECC-3, 1-VECC-4; 2-Staff-1 to 2-Staff-8, 2-Energy Probe-17 to 2-Energy Probe-31, 2-NBTA-15 to 2-NBTA-25, 2-SEC-12 to 2-SEC-41, 2-VECC-10 to 2-VECC-16; 4-Energy Probe-49, 4-Energy Probe-50, 4-Energy Probe-56, 4-NBTA-63, 4-NBTA-65; 9-Staff-26, 9-NBTA-75; Chapter 2-NBTA-81

*TC Transcript:* May 4, 2015 TC Transcript at pages 15 to 73

*Undertaking Responses:* JT1.3, JT1.4, JT1.5, JT1.6, JT1.7, Exhibit KT1.2.

*Appendices to this Settlement Proposal:* Appendix A, Appendix B, Appendix C, Appendix D

A revised Appendix 2-Z Proposed Tariffs is also provided in working Microsoft Excel format reflecting this Settlement Proposal as part of the supporting material in file named “North Bay 2015 Tariff Sheet - Appendix 2-Z\_Settlement”.

**Supporting parties:** NBHDL, EP, SEC, VECC, NBTA

## 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.*

**Complete Settlement:** For the purposes of the settlement of all of the issues in this proceeding (except working capital), NBHDL agrees to reduce its proposed OM&A expenses in the test year by \$575,000.

The Parties agree that NBHDL’s proposed OM&A expenses, as modified by this Settlement Proposal, support the planning choices and are adequately explained.

The evidence in this proceeding regarding OM&A expenditures provided a starting point for discussions which resulted in a settlement proposal which is agreeable to all Parties and provides a basis to support acceptance by the Board.

The Parties accept NBHDL’s overall objectives, and have agreed that the revised OM&A budget will allow NBHDL to achieve those objectives in the Test Year.

For the purposes of the partial settlement of the issues in this proceeding, the Parties agree to the proposed OM&A expenses in this Settlement Proposal. The Intervenors have relied on NBHDL’s view that it can safely and reliably operate the distribution system based on the total OM&A budget established in this Settlement Proposal. NBHDL confirms that it will be able to achieve its business objectives as described in Exhibit 1 in the Test Year.

For the purpose of presentation, the NBHDL has identified in the table below the following possible OM&A reductions, which it believes appropriately balances the prospect for productivity improvements with NBHDL’s cost drivers including increases in wages and benefits (including increases due to succession planning activities), cost of materials and supplies, contractors, regulatory costs, and meter reading costs (Appendix 2-JB, Table 4-4 of Exhibit 4, p.20).

Changes to OM&A are reproduced below as Table 3:

**Table 3: OM&A**

<b>OM&amp;A Category</b>	<b>Rate Application</b>	<b>IRR - Changes</b>	<b>Settlement Changes</b>	<b>Settlement Proposal</b>
Operations	1,088,205	-	(71,800)	1,016,405
Maintenance	1,721,331	-	(235,000)	1,486,331
Billing & Collecting	1,243,810	-	(10,000)	1,233,810
Community Relations	2,200	-	-	2,200
Administrative & General	2,949,298	(7,465)	(258,200)	2,683,633
<b>Total OM&amp;A</b>	<b>7,004,844</b>	<b>(7,465)</b>	<b>(575,000)</b>	<b>6,422,379</b>

NBHDL further agrees to explore the possibility of better aligning its incentive pay structure with the metrics and outcomes described in this Application and mandated by the Board. NBHDL also agrees to explore the possibility of further improving the alignment between the Board’s mandated outcomes and metrics with its distribution system planning process. NBHDL will present the results of its efforts in this regard during its next cost of service or custom IR rate application. If NBHDL identifies opportunities to improve its incentive pay structure or its distribution system planning

processes before then, it will not delay any potential implementation until its next cost of service or custom IR rate application.

**Evidence:**

*Application:* Exhibit 1 including pages 9-27, 42-45, 52-72, 73-90, Appendix 1A (1-A.1 through 1-A.7), Appendix 1-I; Exhibit 2 including Tables 2-2, 2-25, Appendix 2-A including at Appendix 2-H, Appendix L, Appendix N; Exhibit 4 including at Tables 4-1 and 4-3.

*IRRs:* 1-Energy Probe-2, 1-Energy Probe-15, 1-SEC-9, 1-SEC-10, 1-SEC-11, 1-VECC-1, 1-VECC-6, 1-VECC-9; 2-SEC-13, 2-SEC-24, 2-SEC-31, 2-SEC-35 to 2-SEC-40; 4-Staff-10 to 4-Staff-17, 4-Energy Probe-42 to 4-Energy Probe-59, 4-NBTA-29 to 4-NBTA-66, 4-VECC-30 to 4-VECC-41

*TC Transcript:* May 4, 2015 TC Transcript at pages 4-14, 18-22, 25-30, 60-63, 73 to 84

*Undertaking Responses:* JT1.1, JT1.2, JT1.5, JT1.9, JT1.10, KT1.3

*Appendices to this Settlement Proposal:* Appendix A, Appendix D

**Supporting Parties:** NBHDL, EP, SEC, VECC, NBTA

**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?*

**Partial Settlement:** On May 20, 2015, Board staff advised the Parties that the Board would not accept any settlement on working capital allowance, and that this issue must proceed to hearing. The Board then adopted a new default value of 7.5% in its letter on June 3, 2015 and NBHDL filed its proposal in respect of the appropriate working capital allowance for its Application on June 12, 2015. For the purpose of calculating the impacts of this Settlement Proposal, the Parties have used the new Board default amount of 7.5% working capital allowance, however the Parties agree to adjust the relevant calculations as necessary (rate base, revenue requirement, PILs, bill impacts, etc.) to reflect the final working capital allowance approved by the Board, following a review of the lead-lag study that is to be filed.

Excluding working capital allowance, and subject to the specific adjustments noted below, the Parties agree that all elements of the Base Revenue Requirement have been correctly determined in accordance with Board policies and practices. Specifically:

- a) *Rate Base:* As described in respect of issue 1.1 above, NBHDL has agreed to adjust its 2014 rate base and test year capital plan to reflect the deferral of projects not completed in 2014 that will now be completed in 2015 (see 2-Energy Probe-28(a)). The revised 2014 and 2015 continuity schedules are attached in Appendix

C. For clarity, a summary of the rate base calculation and adjustments has been provided below as Table 4<sup>2</sup>. Subject to this adjustment and excluding working capital allowance, the Parties agree that the test year rate base is correct and based on Board policies and practices.

**Table 4: Rate Base Calculation**

Description	Application (A)	Interrogatories (B)	Variance (C) = (B) - (A)	Settlement (D)	Variance (E) = (D) - (B)
Average Gross Fixed Assets	\$112,135,566	\$110,996,946	(\$1,138,620)	\$110,197,192	(\$799,755)
Average Accumulated Depreciation	(\$56,947,420)	(\$56,793,119)	\$154,301	(\$56,781,532)	\$11,587
Average Net Book Value	\$55,188,146	\$54,203,827	(\$984,319)	\$53,415,660	(\$788,167)
Working Capital	\$68,256,125	\$71,996,797	\$3,740,672	\$71,798,244	(\$198,552)
Working Capital Allowance (%)	13.0%	13.0%	0.0%	7.5%	(5.5%)
Working Capital Allowance	\$8,873,296	\$9,359,584	\$486,287	\$5,384,868	(\$3,974,715)
Rate Base	\$64,061,442	\$63,563,411	(\$498,032)	\$58,800,528	(\$4,762,883)

- b) *Cost of Capital:* The Parties agree the proposed capital structure, rate of return on equity and short and long-term debt costs are calculated in accordance with Board policy. NBHDL has included an amount for ROE equal to \$2,187,380 or 9.30%. This is allowed in accordance with Board policy but it is not a legal requirement of the Board. This results in an increase in taxable income and the amount of taxes included in rates.<sup>3</sup> This increases customer delivery charges on a yearly basis by the amount mentioned above.
- c) *Other Revenue:* For the purposes of settlement of the issues in this proceeding, NBHDL has agreed to increase its forecast of other revenues by \$20,000 and the Parties agree that a forecast of other revenues of \$1,173,934 is appropriate.
- d) *Depreciation:* For the purposes of settlement of the issues in this proceeding, and subject to the adjustments to rate base as noted herein, the Parties agree that the NBHDL depreciation/amortization expenses are appropriate and reflect the useful lives of the assets and the Board's accounting policies.
- e) *Taxes:* For the purposes of settlement of the issues in this proceeding, and subject to the other adjustments arising in this Settlement Proposal, the parties agree that the proposed level of taxes are accurate. A working Microsoft Excel format of the PILs workform reflecting this Settlement Proposal is provided as part of the

<sup>2</sup> Note: For the purposes of the calculations in the Settlement Proposal, a working capital allowance of 7.5% was assumed.

<sup>3</sup> The tax amount included in rates is based upon taxes expected to be actually payable as a result of operating the distribution-only business, rather than upon taxes calculated for accounting purposes – 2006 Electricity Distribution Rate Handbook, RP-2004-0188.

supporting material in file named “North Bay 2015\_Test\_year\_Income\_Tax\_PILs\_Workform\_Unlocked\_Settlement”.

A revised Appendix 2-W (Bill Impacts) in working Microsoft Excel format reflecting this Settlement Proposal is provided as part of the supporting material in file named “North Bay 2015 Bill Impacts - Appendix 2-W\_Settlement”.

**Evidence:**

*Application:* Exhibit 1 including pages 28-29, Table 1-21 and Appendix 1-K; Exhibit 2 including Tables 2-1 through 2-3, 2-25, 2-26, Appendix 2-A and Appendix 2-H; Exhibit 3 including pages 37-42, Table 3-1 and Tables 3-36 through 3-42; Exhibit 4; Exhibit 5; Exhibit 6.

*IRRs:* 1-Energy Probe-9, 1-Energy Probe-11, 1-Energy Probe-12, 1-Energy Probe-15; 3-Staff-9, 3-Energy Probe-32 to 3-Energy Probe-41, 3-NBTA-26 to 3-NBTA-28, 3-VECC-17 to 3-VECC-29; 5-Staff-18, 5-Energy Probe-60, 5-NBTA-67 to 5-NBTA-69, 3-VECC-42; 6-Staff-19, 6-Energy Probe-61; Chapter 2-NBTA-82

*TC Transcript:* May 4, 2015 TC Transcript at pages 4 – 6, 18-20, 84-96

*Undertaking Responses:* JT1.1, JT1.4, JT1.11, JT1.12, JT1.13, JT1.14, JT1.15, KT1.1

*Appendices to this Settlement Proposal:* Appendix C, Appendix D

**Supporting Parties:** NBHDL, EP, SEC, VECC, NBTA

2.2 *Has the Base Revenue Requirement been accurately determined based on these elements?*

**Complete Settlement:** For the purposes of settlement of the issues in this proceeding, and subject to the adjustments expressly noted in this Settlement Proposal, the Parties agree that the proposed Base Revenue Requirement has been accurately determined in the Appendices.

A revised Revenue Requirement Workform in working Microsoft Excel format reflecting this Settlement Proposal is provided as part of the supporting material in file named “North Bay 2015\_Rev\_Reqt\_Work\_Form\_V5\_Settlement”.

**Evidence:**

*Application:* Exhibit 6 including Tables 6-1, 6-2 and Appendix 6-A

*IRRs:* 6-Staff-19, 6-Energy Probe-61

*TC Transcript:* May 4, 2015 TC Transcript at pages 4 to 6; 18-20



*Undertaking Responses: JT1.1, JT1.4*

*Appendices to this Settlement Proposal: N/A*

**Supporting Parties:** NBHDL, EP, SEC, VECC, NBTA

### **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?*

**Complete Settlement:** The Parties agree to the proposed load forecast that reflects the load forecast from Undertaking No. JT-1.14 filed in working Microsoft Excel format under file name "NorthBay\_Undertaking\_Resp\_JT1.14-2015 Load Forecast Model\_20150513"; and reduces the 2015 manual adjustment for CDM to reflect the start-up of the cogeneration facility to occur in the 4<sup>th</sup> quarter of 2015. This means a factor of 25% would be applied to the full year CDM savings of 12,200,000 (kWh) associated with the cogeneration facility and the 2015 manual adjustment for CDM would be 5,049,678 (kWh)

This results in a normalized billed load forecast of 520,454,528 kWh. For the purposes of the settlement of the issues in this proceeding, the Parties agree that the proposed load forecast adjusted as described above is appropriate and provides an appropriate reflection of the energy requirements of the Applicant's customers.

For the purposes of the settlement of the issues in this proceeding, and in consideration of the settlement of issue 5.2 below, the Parties agree that the proposed customer forecast is appropriate.

For the purposes of the settlement of the issues in this proceeding, the Parties agree that the loss factors and CDM adjustments, mentioned above, and the resulting billing determinates are appropriate.

A revised load forecast model in working Microsoft Excel format reflecting this Settlement Proposal is included together with this Settlement Proposal under file named "North Bay 2015 Load Forecast Model\_Settlement". Appendix D provides a summary outlining the changes to the load and customer forecast from the Application to Interrogatories to Settlement. In addition, a calculation of the 2015 manual CDM adjustment is provided along with 2015 LRAMVA threshold to be used for LRAMVA calculations in 2015 and for all years following until the next cost of service application.

#### **Evidence:**

*Application:* Exhibit 3 including pages 2-36 and Tables 3-2 to 3-23

*IRRs:* 3-Staff-19, 3-Energy Probe-34 to 3-Energy Probe-41, 3-NBTA-26 to 3-NBTA-28, 3-VECC-17 to 3-VECC-29; 6-Staff-19

*TC Transcript:* May 4, 2015 TC Transcript at pages 18 and 84-94

*Undertaking Responses:* JT1.11, JT1.12, JT1.13, JT1.14, JT1.15, KT1.1

*Appendices to this Settlement Proposal:* Appendix E

**Supporting Parties:** NBHDL, EP, SEC, VECC, NBTA

3.2 *Is the proposed cost allocation methodology, allocations, and revenue-to-cost ratios appropriate?*

**Complete Settlement** For the purposes of the settlement of the issues in this proceeding, the Parties agree that the cost allocation methodology is appropriate and results in revenue-to-cost ratios that are within the Board’s permitted ranges. These revenue-to-cost ratios are reproduced below in Table 5<sup>4</sup>:

**Table 5: Revenue-to-cost Ratios**

<b>Rate Class</b>	<b>2015 Settlement Cost Allocation Study</b>	<b>2015 Proposed Ratios</b>
Residential	100.3%	100.3%
General Service < 50 kW	110.3%	110.3%
General Service 50 to 2999 kW	85.2%	87.1%
General Service 3000 to 4999 kW	98.4%	98.4%
Street Lighting	132.0%	120.0%
Sentinel Lighting	111.7%	111.7%
Unmetered Scattered Load	170.0%	120.0%

A revised working Microsoft Excel format of the cost allocation model from this Settlement Proposal is provided as part of the supporting material in file named “North Bay 2015\_Cost\_Allocation\_Model\_V3\_2\_Settlement”.

**Evidence:**

*Application:* Exhibit 7 including pages 2-10, Tables 7-1 to 7-8 and Appendix 7-A

*IRRs:* 7-Staff-20 to 7-Staff-22, 7-Energy Probe-62, 7-VECC-43 to 7-VECC-45; 7-VECC-54 to 7-VECC-55

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<sup>4</sup> Note: For the purposes of the calculations in the Settlement Proposal, a working capital allowance of 7.5% was assumed.

TC Transcript: May 4, 2015 TC Transcript at pages 95-96

Undertaking Responses: KT1.1 (7.0-VECC-54 and 7.0-VECC-55)

Appendices to this Settlement Proposal: N/A

**Supporting Parties:** NBHDL, EP, SEC, VECC, NBTA

3.3 *Are the applicant's proposals for rate design appropriate?*

**Complete Settlement:** For the purposes of the settlement of the issues in this proceeding, NBHDL agrees to reduce the proposed fixed charge for the GS 50 to 2,999 kW rate class to \$293.97 (i.e. to maintain the current fixed charge with no increase) and to adjust the variable charge accordingly. For the purposes of settlement of the issues in this proceeding, and subject to this adjustment for the GS 50 to 2,999 kW rate class, the Parties agree that the proposed rate design including class-specific fixed and variable splits and any applicant-specific rate classes are calculated correctly. The distribution charges resulting from settlement are produced below as Table 6<sup>5</sup>:

**Table 6: Distribution Charges**

Rate Class	Proposed Monthly Service Charge	Unit of Measure	Proposed Distribution Volumetric Charge
Residential	\$15.49	kWh	\$0.0139
General Service < 50 kW	\$22.96	kWh	\$0.0177
General Service 50 to 2999 kW	\$293.97	kW	\$2.4028
General Service 3000 to 4999 kW	\$6,185.12	kW	\$1.1451
Street Lighting	\$4.65	kW	\$24.8770
Sentinel Lighting	\$4.68	kW	\$16.3378
Unmetered Scattered Load	\$5.09	kWh	\$0.0117
Transformer Discount			(\$0.60)

A working Microsoft Excel format of the reconciliation of revenue reflecting the rate design from this Settlement Proposal is provided as part of the supporting material in file named "North Bay 2015 Rev Reconciliation - Appendix 2-V\_Settlement".

**Evidence:**

*Application:* Exhibit 8 including Tables 8-1 to 8-13 and Appendices 8-A to 8-D.

<sup>5</sup> Note: For the purposes of the calculations in the Settlement Proposal, a working capital allowance of 7.5% was assumed.

IRRs: 8-Staff-23 to 8-Staff-25, 8-Energy Probe-63, 8-Energy Probe-64, 8-NBTA-71, 8-VECC-46, 8-VECC-47; 8.0-VECC-56

TC Transcript: May 4, 2015 TC Transcript at pages 95-96

Undertaking Responses: KT1.1 (8.0-VECC-56)

Appendices to this Settlement Proposal: N/A

**Supporting Parties:** NBHDL, EP, SEC, VECC, NBTA

3.4 *Are the proposed Retail Transmission Service Rates and Low Voltage service rates appropriate?*

**Complete Settlement:** For the purposes of the settlement of the issues in this proceeding, the Parties agree that the proposed forecast of other regulated rates and charges including the proposed Retail Transmission Service Rates and Low Voltage service rates are appropriate. Retail Transmission Service Rates and Low Voltage service rates have been reproduced below as Tables 7 and 8, respectively.

**Table 7: Retail Transmission Service Rates**

Rate Class	Unit of Measure	Proposed RTSR - Network	Proposed RTSR - Connection
Residential	kWh	\$0.0075	\$0.0059
General Service < 50 kW	kWh	\$0.0071	\$0.0053
General Service 50 to 2999 kW	kW	\$2.8142	\$2.0810
General Service 3000 to 4999 kW	kW	\$2.9852	\$2.2998
Street Lighting	kW	\$2.1224	\$1.6086
Sentinel Lighting	kW	\$2.1330	\$1.6423
Unmetered Scattered Load	kWh	\$0.0071	\$0.0053

**Table 8: Low Voltage service rates**

Rate Class	Unit of Measure	Proposed LV Charges
Residential	kWh	\$0.00007
General Service < 50 kW	kWh	\$0.00007
General Service 50 to 2999 kW	kW	\$0.0255
General Service 3000 to 4999 kW	kW	\$0.0282
Street Lighting	kW	\$0.0197
Sentinel Lighting	kW	\$0.0201
Unmetered Scattered Load	kWh	\$0.00007

**Evidence:**

*Application:* Exhibit 8 including at pages 7- 9, Tables 8-8 and 8-9 and Appendix 8-A

*IRRs:* 8-Staff-24, 8-Staff-25, 8-Energy Probe-64, 8-NBTA-72, 8-VECC-46, 8-VECC-47

*TC Transcript:* May 4, 2015 TC Transcript at pages 71-72 and 97-98

*Undertaking Responses:* JT1.8, JT1.17, KT1.1 (8.0-VECC-47)

*Appendices to this Settlement Proposal:* N/A

**Supporting Parties:** NBHDL, EP, SEC, VECC, NBTA

**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?*

**Complete Settlement:** For the purposes of the settlement of the issues in this proceeding, the Parties agree that the impacts of any changes in accounting standards, policies, estimates and adjustments have been properly identified, and the treatment of each of these impacts is appropriate.

An updated EDDVAR Continuity Schedule is provided in working Microsoft Excel format reflecting this Settlement Proposal provided under file named “North Bay 2015\_EDDVAR\_Continuity\_Schedule\_Settlement Proposal\_20150526”. This file also includes the calculation of the various riders discussed below.

**Evidence:**

*Application:* Exhibit 1 including pages 92-94; Exhibit 2 including at pages 4, 22 52-54, and pages 89-96; Exhibit 4 including at pages 79-98; Exhibit 9 including at pages 16-31.

*IRRs:* 2-Staff-7, 2-Energy Probe-17, 2-Energy Probe-29, 2-NBTA-15, 2-NBTA-18, 2-VECC-10; 4-Energy Probe-42, 4-Energy Probe-44, 4-Energy Probe-45, 4-Energy Probe-50, 4-Energy Probe-56, 4-NBTA-62 to 4-NBTA-64, 4-VECC-33; 9-Staff-26 to 9-Staff-33, 9-Energy Probe-65, 9-NBTA-73 to 9-NBTA-80, 9-VECC-48, Chapter 2-NBTA-81

*TC Transcript:* May 4, 2015 TC Transcript at pages 96-97 and 99-102

*Undertaking Responses:* JT1.16, JT1.18

*Appendices to this Settlement Proposal: N/A*

**Supporting Parties:** NBHDL, EP, SEC, VECC, NBTA

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?*

**Complete Settlement:** For the purposes of the settlement of the issues in this proceeding, the Parties agree as follows:

- i) the disposition of the balance in Account 1508 is appropriate, as further described in 9-Staff-28 and 9-Staff-29;
- ii) The disposition of the balance in Account 1525 is appropriate, as further described in 9-Staff-30;
- iii) The disposition of the balance in Account 1536 is appropriate given the approach described in 9-Staff-31;
- iv) the disposition of the balance in Account 1555 regarding the calculation of NBHDL's rate riders for recovery of stranded meter costs is appropriate, as described in response to 2-Staff-7;
- v) the disposition of the balances in both Accounts 1575 and 1576 is appropriate, provided the disposition period is over (2) years; and
- vi) the disposition of Account 1595 is appropriate, as described in 9-Staff-27.

For the purposes of the settlement of the issues in this proceeding, and subject to the above, the Parties agree that 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, are appropriate.

**Evidence:**

*Application:* Exhibit 2 including at pages 4, 22 52-54, and pages 89-96; Exhibit 4 including at pages 79-98; Exhibit 9

*IRRs:* 2-Staff-7; 2-Energy Probe-17, 2-Energy Probe-29, 2-NBTA-15, 2-NBTA-18, 2-VECC-10; 4-Energy Probe-42, 4-Energy Probe-44, 4-Energy Probe-45, 4-Energy Probe-50, 4-Energy Probe-56, 4-NBTA-62 to 4-NBTA-64, 4-VECC-33; 9-Staff-26 to 9-Staff-33, 9-Energy Probe-65, 9-NBTA-73 to 9-NBTA-80, 9-VECC-48

*TC Transcript:* May 4, 2015 TC Transcript at pages 96 to 97, 99 to 103

*Undertaking Responses:* JT1.16, JT1.18

*Appendices to this Settlement Proposal: Appendix F*

**Supporting Parties:** NBHDL, EP, SEC, VECC, NBTA

**5. Other**

5.1 *Is the proposed effective and implementation date of May 1, 2015 appropriate?*

**Complete Settlement:** For the purposes of the settlement of the issues in this proceeding, the Parties agree that the appropriate effective and implementation date is July 1, 2015.

**Supporting parties:** NBHDL, EP, SEC, VECC, NBTA

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

**Complete Settlement:** For the purposes of settlement of the issues in this proceeding, the supporting Parties agree that NBHDL's customer forecasts have been appropriately rounded to derive 2015 rates as further explained in response to 3-NBTA-28.

**Evidence:**

*Application:* Exhibit 3 including at pages 14-17 and Table 3-9

*IRRs:* 3-NBTA-28

*TC Transcript:* N/A

*Undertaking Responses:* N/A

*Appendices to this Settlement Proposal:* N/A

**Supporting parties:** NBHDL, EP, SEC, VECC

**Parties taking no position:** NBTA

In respect of this issue, NBTA makes the following comment:

“This issue was added to the issues list by the Board. The issue was worded to comply with a portion of the NBHDL's known answer which did not address the issue raised by NBTA's interrogatory 3-NBTA-28.

This issue does not parallel the issue raised by NBTA which concerned an error made in the 2010 rate calculation for the GS 3,000 – 4,999 rate class.”

**Appendix A – North Bay 2015 Tariff Sheet**

See attached, as revised to reflect this Settlement Proposal.



# APPENDIX A to the NBHDL - EB-2014-0099 - Settlement Proposal - North Bay 2015 Tariff Sheet

File Number: EB-2014-0099  
Exhibit: 8  
Date: 19-Jun-15

## Appendix 2-Z Proposed Tariff of Rates and Charges

For each class, Applicants are required to copy and paste the class descriptions (located directly under the class name) and the description of the applicability of those rates (description is found under the class name and directly under the word "APPLICATION"). By using the drop-down lists located under the column labeled "Rate Description", please select the descriptions of the rates and charges that BEST MATCHES the descriptions on your most recent Board-Approved Tariff of Rates and Charges. **If the description is not found in the drop-down list**, please enter the description in the green shaded cells under the correct class. Select the appropriate rate classes as they appear on your most recent Board-Approved Tariff of Rates and Charges, including the MicroFit Class.

How many classes are listed on your most recent Board-Approved Tariff of Rates and Charges?

8

Select Your Rate Classes from the **Blue Cells** below.

Please ensure that a rate class is assigned to **each shaded cell**.

### Rate Class Classification

RESIDENTIAL
GENERAL SERVICE LESS THAN 50 KW
GENERAL SERVICE 50 TO 2,999 KW
GENERAL SERVICE 3,000 TO 4,999 KW
UNMETERED SCATTERED LOAD
SENTINEL LIGHTING
STREET LIGHTING
microFIT

Once all blue shaded cells above are filled out, press the following button to create your tariff template





















**North Bay Hydro Distribution Limited**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date July 1, 2015**

**This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors**

		0
Service call – customer owned equipment	\$	30.00
Specific Charge for Access to the Power Poles - \$/pole/year	\$	22.35

**RETAIL SERVICE CHARGES (if applicable)**

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity.

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	1.3700
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.3000
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.3000)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year	\$	no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

**LOSS FACTORS**

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0471
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0366

**Appendix B – OEB Appendix 2-AB**

See attached for an updated Appendix 2-AB revised to reflect this Settlement Proposal.

**APPENDIX B to the NBHDL - EB-2014-0099 - Settlement Proposal - OEB Appendix 2-AB**

File Number: EB-2014-0099  
 Exhibit: 2  
 Tab:  
 Schedule:  
 Page:  
 Date: June 22, 2015

**Appendix 2-AB**

**Table 2 - Capital Expenditure Summary from Chapter 5 Consolidated Distribution System Plan Filing Requirements**

First year of Forecast Period: 2015

CATEGORY	Historical Period (previous plan <sup>1</sup> & actual)												Forecast Period (planned)							
	2010			2011			2012			2013			2014			2015	2016	2017	2018	2019
	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var					
	\$ '000			%			\$ '000			%			\$ '000			\$ '000				
<b>System Access</b>	N/A	1,283,260	--	N/A	1,308,483	--	N/A	2,022,775	--	N/A	1,858,535	--	N/A	1,616,199	--	778,830	1,166,578	1,189,909	1,213,707	1,237,982
<b>System Renewal</b>	N/A	5,164,759	--	N/A	5,055,154	--	N/A	2,313,746	--	N/A	3,997,037	--	N/A	3,584,280	--	5,186,685	4,180,343	4,235,741	4,266,049	4,054,266
<b>System Service</b>	N/A	396,490	--	N/A	289,717	--	N/A	200,907	--	N/A	141,128	--	N/A	214,952	--	364,444	214,743	127,302	89,044	135,918
<b>General Plant</b>	N/A	146,512	--	N/A	829,735	--	N/A	780,227	--	N/A	423,463	--	N/A	824,376	--	771,603	373,400	549,000	350,700	642,000
<b>TOTAL EXPENDITURE</b>	-	6,991,021	--	-	7,483,088	--	-	5,317,656	--	-	6,420,163	--	-	6,239,806	--	7,101,561	5,935,064	6,101,952	5,919,500	6,070,166

**Notes to the Table:**

1. Historical "previous plan" data is not required unless a plan has previously been filed
2. Indicate the number of months of 'actual' data included in the last year of the Historical Period (normally a 'bridge' year):

12

**Explanatory Notes on Variances (complete only if applicable)**

**Notes on shifts in forecast vs. historical budgets by category**

N/A - NBHDL did not have an approved DSP in previous applications

**Notes on year over year Plan vs. Actual variances for Total Expenditures**

N/A - NBHDL did not have an approved DSP in previous applications

**Notes on Plan vs. Actual variance trends for individual expenditure categories**

N/A - NBHDL did not have an approved DSP in previous applications

## **Appendix C – 2014 and 2015 Continuity Schedules**

See attached.

**APPENDIX C to the NBHDL - EB-2014-0099 - Settlement Proposal - 2014 and 2015 Continuity Schedules**

Appendix 2-BA

Fixed Asset Continuity Schedule

Accounting Standard Year MIFRS 2014

CCA Class	OEB	Description	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance Jan.1/14	Additions	Disposals	Closing Balance	Opening Balance Jan.1/14	Additions	Disposals	Closing Balance	
12	1611	Computer Software (Formally Acct 1925)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50	1611	Computer Software (Formally Acct 1925)	\$ 1,317,567	\$ 161,995	\$ -	\$ 1,479,562	-\$ 1,073,458	-\$ 150,794	\$ -	-\$ 1,224,253	\$ 255,309
CEC	1612	Land Rights (Formally Acct 1906)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A	1805	Land	\$ 446,565	\$ -	\$ -	\$ 446,565	\$ -	\$ -	\$ -	\$ -	\$ 446,565
47	1808	Buildings	\$ 1,830,506	\$ -	\$ -	\$ 1,830,506	-\$ 356,852	-\$ 34,598	\$ -	-\$ 391,450	\$ 1,439,056
13	1810	Leasehold Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47	1820	Distribution Station Equipment <50 kV	\$ 13,013,503	\$ 646,921	\$ -	\$ 13,660,424	-\$ 4,423,215	-\$ 307,837	\$ -	-\$ 4,731,052	\$ 8,929,372
47	1825	Storage Battery Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47	1830	Poles, Towers & Fixtures	\$ 21,394,561	\$ 1,954,019	-\$ 298,298	\$ 23,050,282	-\$ 11,472,696	-\$ 337,288	\$ 264,578	-\$ 11,545,406	\$ 11,504,876
47	1835	Overhead Conductors & Devices	\$ 16,392,963	\$ 761,242	-\$ 107,848	\$ 17,046,356	-\$ 8,739,600	-\$ 222,952	\$ 89,857	-\$ 8,872,695	\$ 8,173,661
47	1840	Underground Conduit	\$ 1,097,375	\$ 127,159	-\$ 8,934	\$ 1,215,600	-\$ 167,739	-\$ 22,212	\$ 3,231	-\$ 186,720	\$ 1,028,880
47	1845	Underground Conductors & Devices	\$ 7,308,072	\$ 118,969	-\$ 12,591	\$ 7,414,450	-\$ 4,609,132	-\$ 100,233	\$ 11,314	-\$ 4,698,051	\$ 2,716,399
47	1850	Line Transformers	\$ 16,518,295	\$ 553,799	-\$ 62,751	\$ 17,009,344	-\$ 9,432,355	-\$ 252,684	\$ 59,849	-\$ 9,625,190	\$ 7,384,154
47	1855	Services (Overhead & Underground)	\$ 18,018,316	\$ 536,867	\$ -	\$ 18,555,183	-\$ 6,925,188	-\$ 408,991	\$ -	-\$ 7,334,179	\$ 11,221,004
47	1860	Meters	\$ 3,873,364	\$ -	-\$ 2,283,802	\$ 1,589,562	-\$ 2,822,149	-\$ 100,389	\$ 2,005,716	-\$ 916,822	\$ 672,740
47	1860	Meters (Smart Meters)	\$ 318,644	\$ 3,516,312	\$ -	\$ 3,834,957	-\$ 46,731	-\$ 1,079,372	\$ -	-\$ 1,126,103	\$ 2,708,854
N/A	1905	Land	\$ 86,551	\$ -	\$ -	\$ 86,551	\$ -	\$ -	\$ -	\$ -	\$ 86,551
47	1908	Buildings & Fixtures	\$ 2,514,322	\$ 459,817	-\$ 22,805	\$ 2,951,334	-\$ 1,343,003	-\$ 93,082	\$ 7,602	-\$ 1,428,483	\$ 1,522,850
13	1910	Leasehold Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	1915	Office Furniture & Equipment (10 years)	\$ 376,560	\$ 2,726	\$ -	\$ 379,286	-\$ 309,761	-\$ 10,827	\$ -	-\$ 320,588	\$ 58,698
8	1915	Office Furniture & Equipment (5 years)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	1920	Computer Equipment - Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50	1920	Computer Equipment - Hardware	\$ 824,733	\$ 128,715	\$ -	\$ 953,448	-\$ 687,364	-\$ 55,786	\$ -	-\$ 743,150	\$ 210,298
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	1930	Transportation Equipment	\$ 2,682,228	\$ 44,911	-\$ 331,838	\$ 2,395,301	-\$ 1,854,506	-\$ 235,243	\$ 331,838	-\$ 1,757,911	\$ 637,390
8	1935	Stores Equipment	\$ 75,196	\$ -	\$ -	\$ 75,196	-\$ 75,196	\$ -	\$ -	-\$ 75,196	\$ -
8	1940	Tools, Shop & Garage Equipment	\$ 1,328,596	\$ 13,512	\$ -	\$ 1,342,108	-\$ 1,069,039	-\$ 45,452	\$ -	-\$ 1,114,491	\$ 227,617
8	1945	Measurement & Testing Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	1950	Power Operated Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	1955	Communications Equipment	\$ 169,111	\$ 5,253	\$ -	\$ 174,364	-\$ 96,405	-\$ 15,377	\$ -	-\$ 111,782	\$ 62,582
8	1955	Communication Equipment (Smart Meters)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	1960	Miscellaneous Equipment	\$ 20,050	\$ 960	\$ -	\$ 21,010	-\$ 14,464	-\$ 1,623	\$ -	-\$ 16,087	\$ 4,922
47	1970	Load Management Controls Customer Premises	\$ 403,931	\$ -	\$ -	\$ 403,931	-\$ 403,931	\$ -	\$ -	-\$ 403,931	\$ -
47	1975	Load Management Controls Utility Premises	\$ 165,151	\$ -	\$ -	\$ 165,151	-\$ 165,151	\$ -	\$ -	-\$ 165,151	\$ -
47	1980	System Supervisor Equipment	\$ 1,383,765	\$ 49,793	\$ -	\$ 1,433,558	-\$ 1,116,040	-\$ 49,725	\$ -	-\$ 1,165,765	\$ 267,794
47	1985	Miscellaneous Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47	1990	Other Tangible Property	\$ 53,060	\$ -	\$ -	\$ 53,060	-\$ 24,894	-\$ 1,630	\$ -	-\$ 26,523	\$ 26,537
47	1995	Contributions & Grants	-\$ 9,298,809	-\$ 1,415,412	\$ -	-\$ 10,714,221	\$ 1,957,562	\$ 224,601	\$ -	\$ 2,182,163	-\$ 8,532,058
47	2440	Deferred Revenue <sup>5</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		<b>Sub-Total</b>	<b>\$ 102,314,173</b>	<b>\$ 7,667,560</b>	<b>-\$ 3,128,866</b>	<b>\$ 106,852,867</b>	<b>-\$ 55,271,308</b>	<b>-\$ 3,301,494</b>	<b>\$ 2,773,986</b>	<b>-\$ 55,798,816</b>	<b>\$ 51,054,050</b>
		<b>Less Socialized Renewable Energy Generation Investments (input as negative)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
		<b>Less Other Non Rate-Regulated Utility Assets (input as negative)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
		<b>Total PP&amp;E</b>	<b>\$ 102,314,173</b>	<b>\$ 7,667,560</b>	<b>-\$ 3,128,866</b>	<b>\$ 106,852,867</b>	<b>-\$ 55,271,308</b>	<b>-\$ 3,301,494</b>	<b>\$ 2,773,986</b>	<b>-\$ 55,798,816</b>	<b>\$ 51,054,050</b>
		<b>Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable<sup>6</sup></b>					-\$ 61,592				
		<b>Total</b>					<b>-\$ 3,363,086</b>				

Less: Fully Allocated Depreciation  
 Transportation \$ 146,004  
 Stores Equipment \$ -  
**Net Depreciation** **-\$ 3,217,082**

## Appendix 2-BA

## Fixed Asset Continuity Schedule

Accounting Standard Year MIFRS 2015

CCA Class	OEB	Description	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance Jan.1/14	Additions	Disposals	Closing Balance	Opening Balance Jan.1/14	Additions	Disposals	Closing Balance	
12	1611	Computer Software (Formally Acct 1925)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50	1611	Computer Software (Formally Acct 1925)	\$ 1,479,562	\$ 27,250	\$ -	\$ 1,506,812	-\$ 1,224,253	-\$ 91,961	\$ -	-\$ 1,316,213	\$ 190,599
CEC	1612	Land Rights (Formally Acct 1906)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A	1805	Land	\$ 446,565	\$ -	\$ -	\$ 446,565	\$ -	\$ -	\$ -	\$ -	\$ 446,565
47	1808	Buildings	\$ 1,830,506	\$ 18,579	-\$ 1,142	\$ 1,847,943	-\$ 391,450	-\$ 34,784	\$ 1,142	-\$ 425,091	\$ 1,422,852
13	1810	Leasehold Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47	1820	Distribution Station Equipment <50 kV	\$ 13,660,424	\$ 2,364,388	-\$ 161,337	\$ 15,863,475	-\$ 4,731,052	-\$ 338,710	\$ 155,049	-\$ 4,914,714	\$ 10,948,761
47	1825	Storage Battery Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47	1830	Poles, Towers & Fixtures	\$ 23,050,282	\$ 1,187,895	-\$ 235,641	\$ 24,002,536	-\$ 11,545,406	-\$ 367,173	\$ 194,106	-\$ 11,718,473	\$ 12,284,063
47	1835	Overhead Conductors & Devices	\$ 17,046,356	\$ 540,672	-\$ 91,425	\$ 17,495,602	-\$ 8,872,695	-\$ 232,640	\$ 78,342	-\$ 9,026,994	\$ 8,468,609
47	1840	Underground Conduit	\$ 1,215,600	\$ 200,889	\$ -	\$ 1,416,489	-\$ 186,720	-\$ 25,319	\$ -	-\$ 212,040	\$ 1,204,449
47	1845	Underground Conductors & Devices	\$ 7,414,450	\$ 261,323	\$ -	\$ 7,675,773	-\$ 4,698,051	-\$ 104,887	\$ -	-\$ 4,802,938	\$ 2,872,835
47	1850	Line Transformers	\$ 17,009,344	\$ 691,260	-\$ 106,515	\$ 17,594,089	-\$ 9,625,190	-\$ 267,363	\$ 88,966	-\$ 9,803,587	\$ 7,790,502
47	1855	Services (Overhead & Underground)	\$ 18,555,183	\$ 1,074,622	\$ -	\$ 19,629,805	-\$ 7,334,179	-\$ 427,479	\$ -	-\$ 7,761,658	\$ 11,868,147
47	1860	Meters	\$ 1,589,562	\$ 14,440	\$ -	\$ 1,604,002	-\$ 916,822	-\$ 102,988	\$ -	-\$ 1,019,810	\$ 584,192
47	1860	Meters (Smart Meters)	\$ 3,834,957	\$ 200,443	\$ -	\$ 4,035,400	-\$ 1,126,103	-\$ 272,224	\$ -	-\$ 1,398,327	\$ 2,637,073
N/A	1905	Land	\$ 86,551	\$ -	\$ -	\$ 86,551	\$ -	\$ -	\$ -	\$ -	\$ 86,551
47	1908	Buildings & Fixtures	\$ 2,951,334	\$ 137,929	\$ -	\$ 3,089,263	-\$ 1,428,483	-\$ 82,097	\$ -	-\$ 1,510,580	\$ 1,578,682
13	1910	Leasehold Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	1915	Office Furniture & Equipment (10 years)	\$ 379,286	\$ 6,000	\$ -	\$ 385,286	-\$ 320,588	-\$ 11,124	\$ -	-\$ 331,712	\$ 53,574
8	1915	Office Furniture & Equipment (5 years)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	1920	Computer Equipment - Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50	1920	Computer Equipment - Hardware	\$ 953,448	\$ 86,800	\$ -	\$ 1,040,248	-\$ 743,150	-\$ 78,017	\$ -	-\$ 821,167	\$ 219,081
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	1930	Transportation Equipment	\$ 2,395,301	\$ 621,995	-\$ 83,455	\$ 2,933,841	-\$ 1,757,911	-\$ 258,674	\$ 83,455	-\$ 1,933,130	\$ 1,000,711
8	1935	Stores Equipment	\$ 75,196	\$ -	\$ -	\$ 75,196	-\$ 75,196	\$ -	\$ -	-\$ 75,196	\$ -
8	1940	Tools, Shop & Garage Equipment	\$ 1,342,108	\$ 41,151	\$ -	\$ 1,383,259	-\$ 1,114,491	-\$ 45,282	\$ -	-\$ 1,159,773	\$ 223,486
8	1945	Measurement & Testing Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	1950	Power Operated Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	1955	Communications Equipment	\$ 174,364	\$ -	\$ -	\$ 174,364	-\$ 111,782	-\$ 9,191	\$ -	-\$ 120,973	\$ 53,391
8	1955	Communication Equipment (Smart Meters)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	1960	Miscellaneous Equipment	\$ 21,010	\$ -	\$ -	\$ 21,010	-\$ 16,087	-\$ 2,510	\$ -	-\$ 18,598	\$ 2,412
47	1970	Load Management Controls Customer Premises	\$ 403,931	\$ -	\$ -	\$ 403,931	-\$ 403,931	\$ -	\$ -	-\$ 403,931	\$ -
47	1975	Load Management Controls Utility Premises	\$ 165,151	\$ -	\$ -	\$ 165,151	-\$ 165,151	\$ -	\$ -	-\$ 165,151	\$ -
47	1980	System Supervisor Equipment	\$ 1,433,558	\$ 396,515	\$ -	\$ 1,830,074	-\$ 1,165,765	-\$ 56,273	\$ -	-\$ 1,222,038	\$ 608,036
47	1985	Miscellaneous Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47	1990	Other Tangible Property	\$ 53,060	\$ -	\$ -	\$ 53,060	-\$ 26,523	-\$ 1,630	\$ -	-\$ 28,153	\$ 24,907
47	1995	Contributions & Grants	-\$ 10,714,221	-\$ 503,987	\$ -	-\$ 11,218,207	\$ 2,182,163	\$ 243,837	\$ -	\$ 2,426,000	-\$ 8,792,208
47	2440	Deferred Revenue <sup>5</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		<b>Sub-Total</b>	<b>\$ 106,852,867</b>	<b>\$ 7,368,166</b>	<b>-\$ 679,515</b>	<b>\$ 113,541,517</b>	<b>-\$ 55,798,816</b>	<b>-\$ 2,566,491</b>	<b>\$ 601,059</b>	<b>-\$ 57,764,248</b>	<b>\$ 55,777,269</b>
		<b>Less Socialized Renewable Energy Generation Investments (input as negative)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
		<b>Less Other Non Rate-Regulated Utility Assets (input as negative)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
		<b>Total PP&amp;E</b>	<b>\$ 106,852,867</b>	<b>\$ 7,368,166</b>	<b>-\$ 679,515</b>	<b>\$ 113,541,517</b>	<b>-\$ 55,798,816</b>	<b>-\$ 2,566,491</b>	<b>\$ 601,059</b>	<b>-\$ 57,764,248</b>	<b>\$ 55,777,269</b>
		<b>Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable<sup>6</sup></b>					-\$ 78,456				
		<b>Total</b>					<b>-\$ 2,644,947</b>				

Less: Fully Allocated Depreciation

Transportation	\$ 155,871
Stores Equipment	\$ -
<b>Net Depreciation</b>	<b>-\$ 2,489,076</b>



## **Appendix D – Total Bill Impacts**

See attached, as revised to reflect this Settlement Proposal.

**APPENDIX D to the NBHDL - EB-2014-0099 - Settlement Proposal - Total Bill Impacts**

Rate Class	kWh	kW	2014 Dist Bill \$	2015 Dist Bill \$	\$ Difference	Bill Impact %	2014 Total Bill \$	2015 Total Bill \$	Bill Impact \$	Bill Impact %
Residential -TOU	100		\$18.63	\$17.39	(\$1.24)	(6.68%)	\$32.38	\$31.23	(\$1.15)	(3.56%)
	250		\$20.57	\$18.92	(\$1.64)	(7.98%)	\$52.92	\$51.53	(\$1.40)	(2.64%)
	500		\$23.79	\$21.49	(\$2.30)	(9.68%)	\$87.16	\$85.36	(\$1.80)	(2.06%)
	800		\$27.66	\$24.71	(\$2.95)	(10.67%)	\$128.23	\$126.12	(\$2.11)	(1.65%)
	1,000		\$30.24	\$26.80	(\$3.44)	(11.37%)	\$155.62	\$153.22	(\$2.39)	(1.54%)
	1,500		\$36.69	\$32.03	(\$4.66)	(12.70%)	\$224.08	\$221.00	(\$3.08)	(1.37%)
	2,000		\$43.14	\$37.26	(\$5.88)	(13.63%)	\$292.55	\$288.78	(\$3.77)	(1.29%)
GS < 50 kW - TOU	1,000		\$49.24	\$39.83	(\$9.41)	(19.11%)	\$173.98	\$166.61	(\$7.37)	(4.24%)
	2,000		\$65.74	\$54.78	(\$10.96)	(16.67%)	\$313.60	\$306.86	(\$6.75)	(2.15%)
	5,000		\$115.24	\$99.64	(\$15.60)	(13.54%)	\$732.48	\$727.59	(\$4.89)	(0.67%)
	10,000		\$197.74	\$174.39	(\$23.35)	(11.81%)	\$1,430.62	\$1,428.82	(\$1.80)	(0.13%)
	15,000		\$280.24	\$249.15	(\$31.09)	(11.09%)	\$2,128.75	\$2,130.05	\$1.30	0.06%
GS 50-2,999 kW	20,000	60	\$418.31	\$354.20	(\$64.12)	(15.33%)	\$2,711.72	\$2,752.16	\$40.45	1.49%
	40,000	100	\$501.21	\$394.35	(\$106.86)	(21.32%)	\$4,993.12	\$5,060.04	\$66.92	1.34%
GS 3,000-4,999 kW	900,000	3,000	\$9,133.00	\$4,039.45	(\$5,093.55)	(55.77%)	\$110,442.28	\$112,510.52	\$2,068.24	1.87%
	1,800,000	5,000	\$11,325.60	\$2,609.00	(\$8,716.60)	(76.96%)	\$208,847.70	\$212,037.81	\$3,190.11	1.53%
Unmetered Scattered Load	150		\$9.43	\$6.30	(\$3.13)	(33.19%)	\$26.66	\$23.31	(\$3.35)	(12.56%)
Street Lighting	150	1	\$30.55	\$41.26	\$10.71	35.05%	\$50.00	\$49.54	(\$0.45)	(0.91%)
Sentinel Lighting	150	1	\$19.98	\$16.55	(\$3.43)	(17.18%)	\$38.90	\$35.51	(\$3.39)	(8.71%)

## **Appendix E – Settled Load Forecast**

See attached, as revised to reflect this Settlement Proposal.

**APPENDIX E to the NBHDL - EB-2014-0099 - Settlement Proposal - Settled Load Forecast**

	<b>Application (A)</b>	<b>Interrogatories (B)</b>	<b>Variance (C) = (B) - (A)</b>	<b>Settlement (D)</b>	<b>Variance (E) = (D) - (B)</b>
<b>Residential</b>					
Customers	21,120	21,124	4	21,124	0
kWh	213,486,948	205,497,425	(7,989,523)	205,497,425	0
<b>General Service &lt; 50 kW</b>					
Customers	2,675	2,668	(7)	2,668	0
kWh	86,032,032	85,361,037	(670,995)	85,361,037	0
<b>General Service 50 to 2999 kW</b>					
Customers	243	247	4	247	0
kWh	198,111,405	206,834,489	8,723,085	209,884,489	3,050,000
kW	490,350	512,397	22,047	519,865	7,467
<b>General Service 3000 to 4999 kW</b>					
Customers	1	1	0	1	0
kWh	16,534,810	17,254,810	720,000	17,254,810	0
kW	31,718	33,801	2,084	33,801	0
<b>Street Lighting</b>					
Connections	5,419	5,419	0	5,419	0
kWh	2,018,762	2,018,762	0	2,018,762	0
kW	5,641	5,641	0	5,641	0
<b>Sentinel Lighting</b>					
Connections	384	412	28	412	0
kWh	408,488	405,959	(2,528)	405,959	0
kW	1,234	1,193	(40)	1,193	0
<b>Unmetered Scattered Load</b>					
Customers	7	7	0	7	0
kWh	52,860	32,045	(20,816)	32,045	0
<b>Total</b>					
Customer/Connections	29,849	29,878	29	29,878	0
kWh	516,645,305	517,404,528	759,223	520,454,528	3,050,000
kW from applicable classes	528,942	553,033	24,091	560,501	7,467

	Settlement Before CDM (A)	Settlement After CDM (B)	CDM Adjustment (C) = (A) - (B)
<b>Residential</b>			
Customers	21,124	21,124	0
kWh	206,382,274	205,497,425	884,849
<b>General Service &lt; 50 kW</b>			
Customers	2,668	2,668	0
kWh	85,844,989	85,361,037	483,952
<b>General Service 50 to 2999 kW</b>			
Customers	247	247	0
kWh	213,565,366	209,884,489	3,680,877
kW	528,877	519,865	9,012
<b>General Service 3000 to 4999 kW</b>			
Customers	1	1	0
kWh	17,254,810	17,254,810	0
kW	33,801	33,801	0
<b>Street Lighting</b>			
Connections	5,419	5,419	0
kWh	2,018,762	2,018,762	0
kW	5,641	5,641	0
<b>Sentinel Lighting</b>			
Connections	412	412	0
kWh	405,959	405,959	0
kW	1,193	1,193	0
<b>Unmetered Scattered Load</b>			
Customers	7	7	0
kWh	32,045	32,045	0
<b>Total</b>			
Customer/Connections	29,878	29,878	0
kWh	525,504,206	520,454,528	5,049,678
kW from applicable classes	569,513	560,501	9,012

<b>2015 CDM Manual Adjustment</b>	<b>2015 (kWh) - Full Year</b>	<b>Factor</b>	<b>2015 CDM Adjustment</b>
2014 CDM Programs	2,656,334	0.5	1,328,167
2015 CDM Programs Excl Cogen	1,343,022	0.5	671,511
2015 Cogen	12,200,000	0.25	3,050,000
<b>Total</b>	<b>16,199,356</b>		<b>5,049,678</b>

<b>2015 LRAMVA Threshold</b>	<b>kWh</b>	<b>kW</b>
Residential	1,769,698	
General Service < 50 kW	967,905	
General Service 50 to 2999 kW	13,461,754	33,344
<b>Total</b>	<b>16,199,356</b>	<b>33,344</b>

**Appendix F – Accounts 1575 & 1576**

See attached.

**APPENDIX F to the NBHDL - EB-2014-0099 - Settlement Proposal -  
Accounts 1575 & 1576**

File Number: EB-2014-0099  
Exhibit: 9  
Tab:  
Schedule:  
Page:  
Date: June 22, 2015

**Appendix 2-EA  
Account 1575 - IFRS-CGAAP Transitional PP&E Amounts  
2015 Adopters of IFRS for Financial Reporting Purposes**

For applicants that will adopt IFRS on **January 1, 2015** for financial reporting purposes

Reporting Basis	2010					2015
	Rebasing	2011	2012	2013	2014	Rebasing
	Year	IRM	IRM	IRM	IRM	Year
	CGAAP	Actual	Actual	Actual	Forecast	MIFRS
	Forecast				Forecast	Forecast
					\$	\$
<b>PP&amp;E Values under CGAAP</b>						
Opening net PP&E - Note 1					47,042,865	
Net Additions - Note 4					5,029,115	
Net Depreciation (amounts should be negative) - Note 4					-956,337	
<b>Closing net PP&amp;E (1)</b>					51,115,643	
<b>PP&amp;E Values under MIFRS (Starts from 2014, the transition year)</b>						
Opening net PP&E - Note 1					47,042,865	
Net Additions - Note 4					4,538,693	
Net Depreciation (amounts should be negative) - Note 4					-527,508	
<b>Closing net PP&amp;E (2)</b>					51,054,050	
<b>Difference in Closing net PP&amp;E, CGAAP vs. MIFRS</b>					61,592	

**Effect on Deferral and Variance Account Rate Riders**

Closing balance in deferral account	61,592
Return on Rate Base Associated with deferred PP&E balance at WACC - Note 2	7,615
<b>Amount included in Deferral and Variance Account Rate Rider Calculation</b>	<b>69,207</b>

<b>WACC</b>	6.18%
<b># of years of rate rider disposition period</b>	2

**Notes:**

- For an applicant that adopts IFRS on January 1, 2015, the PP&E values as of January 1, 2014 under both CGAAP and MIFRS should be the same.
- Return on rate base associated with deferred balance is calculated as:  
the deferral account opening balance as of 2015 rebasing year x WACC X # of years of rate rider disposition period  
\* Please note that the calculation should be adjusted once WACC is updated and finalized in the rate application.
- The PP&E deferral account is cleared by including the total balance in the deferral and variance account rate rider calculation.
- Net additions are additions net of disposals; Net depreciation is additions to depreciation net of disposals.



**Appendix 2-EB**  
**Account 1576 - Accounting Changes under CGAAP**  
**2012 Changes in Accounting Policies under CGAAP**

For applicants that made capitalization and depreciation expense accounting policy changes under CGAAP effective January 1, 2012

Reporting Basis	2010					2015
	Rebasing					Rebasing
	Year	2011	2012	2013	2014	Year
	CGAAP	IRM	IRM	IRM	IRM	MIFRS
	Forecast	Actual	Actual	Actual	Forecast	Forecast
		\$			\$	\$
<b>PP&amp;E Values under former CGAAP</b>						
Opening net PP&E - Note 1			41,679,603	42,509,617	44,736,004	
Net Additions - Note 4			3,700,091	5,378,215	5,029,115	
Net Depreciation (amounts should be negative) - Note 4			-2,870,077	-3,151,829	-2,087,071	
<b>Closing net PP&amp;E (1)</b>			<b>42,509,617</b>	<b>44,736,004</b>	<b>47,678,048</b>	
<b>PP&amp;E Values under revised CGAAP (Starts from 2012)</b>						
Opening net PP&E - Note 1			41,679,603	43,643,038	47,042,865	
Net Additions - Note 4			3,700,091	5,378,215	5,029,115	
Net Depreciation (amounts should be negative) - Note 4			-1,736,656	-1,978,388	-956,337	
<b>Closing net PP&amp;E (2)</b>			<b>43,643,038</b>	<b>47,042,865</b>	<b>51,115,643</b>	
<b>Difference in Closing net PP&amp;E, former CGAAP vs. revised CGAAP</b>			<b>-1,133,421</b>	<b>-2,306,861</b>	<b>-3,437,595</b>	

**Effect on Deferral and Variance Account Rate Riders**

Closing balance in Account 1576	-	3,437,595
Return on Rate Base Associated with Account 1576 balance at WACC - Note 2	-	424,989
<b>Amount included in Deferral and Variance Account Rate Rider Calculation</b>	-	<b>3,862,584</b>

**WACC** 6.18%

**# of years of rate rider  
disposition period** 2

**Notes:**

- For an applicant that made the capitalization and depreciation expense accounting policy changes on January 1, 2012, the PP&E values as of January 1, 2012 under both former CGAAP and revised CGAAP should be the same.
- Return on rate base associated with Account 1576 balance is calculated as:  
 the variance account opening balance as of 2015 rebasing year x WACC X # of years of rate rider disposition period  
 \* Please note that the calculation should be adjusted once WACC is updated and finalized in the rate application.
- Account 1576 is cleared by including the total balance in the deferral and variance account rate rider calculation.
- Net additions are additions net of disposals; Net depreciation is additions to depreciation net of disposals.