

In the matter of an application initiated by North Bay Hydro Distribution Limited (NBHDL) to have their Working Capital Allowance percentage reflect a percentage determined by an independent Lead/lag study

NOTICE OF MOTION

The North Bay Taxpayers' Association (NBTA) hereby brings this motion under Rule 27.03 of the Board's Rules of Practice and Procedure and requests that the Board provide direction relating to responses provided by NBHDL to certain NBTA interrogatories submitted in this matter as follows and to allow NBTA to challenge those responses:

1: NBTA-5

Interrogatory:

This request to change the working capital allowance percentage will result in NBHDL taking more money from its customers. This additional charge is not required to deliver electricity. This will deprive customers of funds that could be used by them to cover other living expenses and will increase NBHDL's PILS liability which will be detrimental to its customers.

Based on the following statement included on page 14 in Schedule "A" of the Board's Decision and Order EB-2014-0099,

"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. This increases customer delivery charges on a yearly basis by the amount mentioned above."

It is clear that NBHDL has already included in rates amounts that are not required to carry out the main purpose of the company being the delivery of electricity. The net effect of this application will be to increase NBHDL's rate base and increase rates by further increasing the rate of return on equity and deemed interest expense.

Please explain to NBTA and your customer base, who are owners of NBHDL, the reason that NBHDL is going forward with this request to the Board which will result in NBHDL collecting more money than is required to deliver electricity and will result in the payment of higher amounts of PIL's.

Response: This interrogatory is not relevant to the study filed on July 28, 2015 by NBHDL titled "Working Capital Requirements of North Bay Hydro Distribution Ltd.'s Distribution Business" in response to the OEB's Decision and Order, July 16, 2015. In Procedural Order No. 3, the Board limited the scope of interrogatories to "relevant information and documentation from North Bay Hydro that is in addition to the evidence already filed on working capital requirements."

The North Bay Taxpayers' Association is a party to and itself approved of the Settlement Agreement attached as Schedule "A" of the Board's Decision and Order EB-2014-0099. Putting an even finer point on it - the North Bay Taxpayers' Association approved NBHDL's inclusion of an amount for ROE equal to \$2,187,380 or 9.30%.

At page 8, the North Bay Taxpayers' Association, as party to the settlement, indicated its agreement that the settlement was "appropriate and recommended its acceptance by the Board."

Please refer also to the response to 1-NBTA-2 and 2-NBTA-21, both filed on April 24, 2015.

2: NBTA-6

Interrogatory:

NBHDL, its owners and customers are not dealing at arm's length. Since this arrangement is a closed system, no new money is being introduced and it is impossible for NBHDL to generate a rate of return in the real world sense of the term. Any funds collected not required for the delivery of electricity are simply making a round-trip while costing ratepayers PILS during the journey.

Please explain to NBTA, for the benefit of NBHDL customers, the business case for and the financial benefit to them of this application.

Response: This interrogatory is not relevant to the study filed on July 28, 2015 by NBHDL titled "Working Capital Requirements of North Bay Hydro Distribution Ltd.'s Distribution Business" in response to the OEB's Decision and Order, July 16, 2015.

In Procedural Order No. 3, the Board limited the scope of interrogatories to "relevant information and documentation from North Bay Hydro that is in addition to the evidence already filed on working capital requirements."

The importance, benefit to customers, business cases have been explained in considerable detail for this application in the original Application, the interrogatory responses, the technical conference transcript and in the Settlement Agreement accepted by the Board's Decision and Order EB-2014-0099.

Nature of the Orders Applied for:

1. That the Board instruct NBHDL to supply specific answers to the interrogatories posed as opposed to the general statements submitted regarding relevance and suggestions that the interrogatories have been previously answered.
2. That the Board allow NBTA the opportunity to challenge those responses as further evidence in this matter.

Grounds for the Motion:

1: NBTA - 5

1. NBTA submits that the interrogatory is relevant to the lead/ lag study filed by NBHDL on July 28, 2015.
2. NBTA submits that its interrogatory is within the scope of the interrogatories allowed by Procedural Order No. 3. The Working Capital Allowance (WCA) issue was removed from the issues list during the settlement conference in anticipation of a new OEB policy on working capital. The application and interrogatories contained no evidence regarding a new working capital allowance policy and evidence was not submitted on this issue.
3. The settlement agreement included a statement that indicated that \$2,187,830 was added to revenue requirements and the fact that adding this amount was not a requirement of the Board. This statement is not a blanket endorsement to include additional amounts in the revenue requirement amount.

Additionally, regardless of the stance taken by NBTA in any settlement agreement does not preclude NBTA from taking a different position in any other proceeding.

4. NBHDL should be aware that any approval of a settlement agreement rests with the Board. NBTA and other intervenors did not approve the Settlement Agreement but indicated that the settlement was “appropriate”. Appropriate means that they considered the settlement to be suitable or proper “in the circumstances”. NBTA would ask that NBHDL refrain from suggesting that NBTA approved the Settlement Agreement.

2: NBTA-6

1. (See 1. above)
2. (See 2. above)

3. NBTA submits that there has been no explanation, detailed or otherwise, that has been offered which explains the business case or benefit to customers of NBDHL filing a request to allow the addition of amounts to rates that are not required for the delivery of electricity.

The calculation of a working capital allowance is only required to complete a further calculation of ROE. NBTA considers ROE in the case of closely held corporations a contrived concept which is detrimental to owners/customers.

NBTA is requesting a detailed explanation of the business case for and the financial benefits to customers for this action as apposed to a general statement that this information has been supplied

4. (See 4. above)

Dated: September 14, 2015

North Bay Taxpayers' Association
392 Surrey Drive
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TO: The Ontario Energy Board

AND TO: All participants