

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 the NBTA submission regarding the calculation of collection lag times and to allow NBTA to challenge those responses:

NBTA-2

Reference: Page 8

Interrogatory: (please note NBTA referenced NBTA 2 (1) and (2), NBHDL has referenced as (a) and (b)

The Collections lag of 24.56 days posits the average payment receipt time. Since NBHDL allows approximately 21 days from the billing date for payment before penalties apply, this would seem to indicate that most customers are late with their monthly payments.

a) Please detail the calculations used to determine the 24.56 lag days used in the WAC final estimate.

b) Please indicate the methodology used in analysing the receivable aging data to calculate the Collection lag. Does that methodology include staff time to record payments received?

Response:

a) The following tables provide the details of the calculation of 24.56 collection lag days.

(Note: See North Bay_ReplySUB_20150918.pdf to view tables supplied)

b) The methodology used to calculate collection lag is based upon the average time to collect a bill from customers. As shown above, the outstanding bills were classified into time periods (i.e. 0-30 days, 30-60 days, etc.) and the midpoint of the time period was

used based upon the average revenue for each time period. This is a standard method used to calculate collection lag. Staff time is not included.

D.3 Reply to NBTA Submissions

NBTA made the following submissions in respect of NBHDL's response to interrogatory number NBTA-2:

"Please supply details of the amounts used to calculate the Weighted Average Number of Collection Lag days shown in the response."

NBHDL provided detailed information in three tables in response to part (a) of NBTA-2 inclusive of total revenues per AR bucket, percentage of revenue per AR bucket, and a third table that showed the determination of a weighted average number for collection lag. The response to part (b) of the same interrogatory explains the methodology used to calculate the collection time. It is unclear what other details can be provided or are being requested.

Nature of the Order Applied for:

1. That the Board instruct NBHDL to supply specific answers to the interrogatories posed as opposed to supplying tables which they suggest contain information that can be used to determine the answer 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. In its original interrogatory NBTA requested that NBHDL:

" a) Please detail the calculations used to determine the 24.56 lag days used in the WAC final estimate."

NBHDL's interrogatory reply did not detail the calculations but offered a number of tables purporting to contain figures used in the calculation. The calculation itself was not included in the reply

2. In its submission, NBTA requested that NBHDL:

“Please supply details of the amounts used to calculate the Weighted Average Number of Collection Lag days shown in the response.”

NBDHL’s sub reply suggested that its interrogatory reply was sufficient and once again did not include the calculation in its reply.

3. NBTA cannot duplicate the number of lag days included in the WAC calculation and requests that NBHDL submit that calculation.

4. Following receipt of the calculation, NBTA expects to have concerns about the method used and NBHDL’s blanket statement that the method used by it “is a standard method used to calculate collection lag.

Dated: September 21, 2015

North Bay Taxpayers’ Association
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TO: The Ontario Energy Board

AND TO: All participants