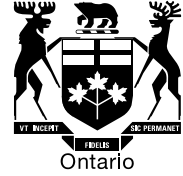


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BY E-MAIL

November 20, 2015

John Pickernell
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Mr. Pickernell:

**Re: Niagara-on-the-Lake Hydro Inc.
2016 IRM Distribution Rate Application
OEB Staff Interrogatories
OEB File No. EB-2015-0091**

In accordance with Procedural Order No.1, please find attached OEB staff interrogatories in the above proceeding. The applicant and the intervenor have been copied on this filing.

Niagara-on-the-Lake Hydro Inc.'s responses to interrogatories are due by December 7, 2015.

Yours truly,

Original Signed By

Georgette Vlahos
Analyst, Electricity Rates and Accounting

Encl.

Niagara-on-the-Lake Hydro Inc.
EB-2015-0091
OEB Staff Interrogatories

Interrogatory #1
Letters of Comment

Following publication of the Notice of Application, the OEB received 1 letter of comment. If the applicant has not received a copy of the letter, they may be accessed from the public record for this proceeding.

- (a) Has Niagara-on-the-Lake Hydro responded to the above noted letter of comment?
- (b) If the answer to part (a) is no, please explain why.
- (c) If yes, please file the response to the matters raised in the letter of comment referenced above.

Interrogatory #2
Ref: Tab 3 – 2016 Continuity Schedule, Board-Approved Disposition for 2014

OEB staff is unable to reconcile columns AK and AP (i.e. Board-approved disposition during 2014 for both principle and interest) to Niagara-on-the-Lake Hydro's 2014 cost of service proceeding balances approved for disposition.

Please confirm the balances approved for disposition in 2014 are the same as those entered in the continuity schedule for the current proceeding. If any changes are required, please confirm and OEB staff will update the Rate Generator Model.

Interrogatory #3
Ref: Tab 3 – 2016 Continuity Schedule

In its current application, Niagara-on-the-Lake Hydro is requesting a rate rider for the disposition of Global Adjustment in the amount of a debit of \$1,042,035 based on non-RPP consumption. This represents 2014 transactions of a debit of \$1,020,143 and interest amounts up to April 30, 2015. In 2013, Niagara-on-the-Lake Hydro showed transactions in the amount of a credit of \$531,256. Niagara-on-the-Lake Hydro disposed of all balances in Account 1589 in its last rate application EB-2014-0097.

- (a) Please explain the large balance in Account 1589 Global Adjustment, which is about 3 times relative to 2013, given that Niagara-on-the-Lake Hydro bills on a monthly basis.
- (b) Do any changes in billing patterns or settlement practices explain the three-fold change in the value from 2013 to 2014? Please explain any other reasons for the change in the balances.

(c) Please state if Niagara-on-the-Lake Hydro's billing systems have changed materially during the past two years.

Interrogatory #4

Ref: Rate Generator Model Tab 18 – Bill Impacts

Ref: Chapter 3 Filing Requirements for Electricity Distribution Rate Applications

3.2.3 Rate Design for Residential Electricity Customers

Chapter 3 of the Filing Requirements section 3.2.3 states “The OEB has established that, when assessing the combined effects of the shift to fixed rates and other bill impacts associated with changes in the cost of distribution service, a utility shall evaluate total bill impact for a residential customer at the distributor’s 10th consumption percentile.”

In order to evaluate the true bill impact for the 10th percentile (for both RPP and Non-RPP customers) excluding the effect of the Ontario Clean Energy Benefit (OCEB), Sub-Total C: Delivery \$ Change should be divided by the Total Bill on TOU.

(a) Please confirm the Residential RPP bill impacts at the 10th percentile are 1.21% (i.e. \$0.82/\$67.58).

Customer Class:	RESIDENTIAL SERVICE CLASSIFICATION		10th Percentile	
RPP / Non-RPP:	RPP			
Consumption	288	kWh		
Demand	-	kW		
Current Loss Factor	1.0379			
Proposed/Approved Loss Factor	1.0379			
Ontario Clean Energy Benefit Applied?	Yes			

	Current Board-Approved			Proposed			Impact	
	Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change
Monthly Service Charge	\$ 18.17	1	\$ 18.17	\$ 20.96	1	\$ 20.96	\$ 2.79	15.35%
Distribution Volumetric Rate	\$ 0.0128	288	\$ 3.69	\$ 0.0097	288	\$ 2.79	-\$ 0.89	-24.22%
Fixed Rate Riders	\$ -	1	\$ -	\$ 0.13	1	\$ 0.13	\$ 0.13	
Volumetric Rate Riders	\$ 0.0007	288	\$ 0.20	\$ 0.0007	288	\$ 0.20	\$ -	0.00%
Sub-Total A (excluding pass through)			\$ 22.06			\$ 24.09	\$ 2.03	9.19%
Line Losses on Cost of Power	\$ 0.1021	11	\$ 1.11	\$ 0.1021	11	\$ 1.11	\$ -	0.00%
Total Deferral/Variance Account Rate Riders	-\$ 0.0008	288	-\$ 0.23	-\$ 0.0050	288	-\$ 1.44	\$ 1.21	525.00%
Low Voltage Service Charge		288	\$ -		288	\$ -	\$ -	
Smart Meter Entity Charge (if applicable)	\$ 0.7900	1	\$ 0.79	\$ 0.7900	1	\$ 0.79	\$ -	0.00%
Sub-Total B - Distribution (includes Sub-Total A)			\$ 23.73			\$ 24.55	\$ 0.82	3.45%
RTSR - Network	\$ 0.0076	299	\$ 2.27	\$ 0.0075	299	\$ 2.24	-\$ 0.03	-1.32%
RTSR - Connection and/or Line and Transformation Connection	\$ 0.0014	299	\$ 0.42	\$ 0.0015	299	\$ 0.45	\$ 0.03	7.14%
Sub-Total C - Delivery (including Sub-Total B)			\$ 26.42			\$ 27.24	\$ 0.82	3.09%
Wholesale Market Service Charge (WMSC)	\$ 0.0044	299	\$ 1.32	\$ 0.0044	299	\$ 1.32	\$ -	0.00%
Rural and Remote Rate Protection (RRRP)	\$ 0.0013	299	\$ 0.39	\$ 0.0013	299	\$ 0.39	\$ -	0.00%
Standard Supply Service Charge	\$ 0.2500	1	\$ 0.25	\$ 0.25	1	\$ 0.25	\$ -	0.00%
Debt Retirement Charge (DRC)	\$ 0.0070	288	\$ 2.02	\$ -	288	\$ -	\$ 2.02	-100.00%
Ontario Electricity Support Program (OESP)			\$ -		299	\$ -	\$ -	
TOU - Off Peak	\$ 0.0800	184	\$ 14.75	\$ 0.0800	184	\$ 14.75	\$ -	0.00%
TOU - Mid Peak	\$ 0.1220	52	\$ 6.32	\$ 0.1220	52	\$ 6.32	\$ -	0.00%
TOU - On Peak	\$ 0.1610	52	\$ 8.35	\$ 0.1610	52	\$ 8.35	\$ -	0.00%
Total Bill on TOU (before Taxes)			\$ 59.81			\$ 58.61	-\$ 1.20	-2.00%
HST	13%		\$ 7.78	13%		\$ 7.62	-\$ 0.16	-2.00%
Total Bill (including HST)			\$ 67.58			\$ 66.23	-\$ 1.35	-2.00%
Ontario Clean Energy Benefit [†]			\$ -			\$ -	\$ -	
Total Bill on TOU			\$ 67.58			\$ 66.23	-\$ 1.35	-2.00%

(b) Please confirm the Residential Non-RPP bill impacts at the 10th percentile are 19.8% (i.e. \$11.70/\$59.03).

Customer Class:	RESIDENTIAL SERVICE CLASSIFICATION
RPP / Non-RPP:	Non-RPP (Retailer)
Consumption	288 kWh
Demand	- kW
Current Loss Factor	1.0379
Proposed/Approved Loss Factor	1.0379
Ontario Clean Energy Benefit Applied?	Yes

	Current Board-Approved			Proposed			Impact	
	Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change
Monthly Service Charge	\$ 18.17	1	\$ 18.17	\$ 20.96	1	\$ 20.96	\$ 2.79	15.35%
Distribution Volumetric Rate	\$ 0.0128	288	\$ 3.69	\$ 0.0097	288	\$ 2.79	-\$ 0.89	-24.22%
Fixed Rate Riders	\$ -	1	\$ -	\$ 0.13	1	\$ 0.13	\$ 0.13	
Volumetric Rate Riders	\$ 0.0007	288	\$ 0.20	\$ 0.0003	288	\$ 0.09	-\$ 0.12	-57.14%
Sub-Total A (excluding pass through)			\$ 22.06			\$ 23.97	\$ 1.91	8.67%
Line Losses on Cost of Power	\$ 0.0954	11	\$ 1.04	\$ 0.0954	11	\$ 1.04	\$ -	0.00%
Total Deferral/Variance Account Rate Riders	-\$ 0.0138	288	-\$ 3.97	\$ 0.0202	288	\$ 5.82	\$ 9.79	-246.38%
Low Voltage Service Charge		288	\$ -		288	\$ -	\$ -	
Smart Meter Entity Charge (if applicable)	\$ 0.7900	1	\$ 0.79	\$ 0.7900	1	\$ 0.79	\$ -	0.00%
Sub-Total B - Distribution (includes Sub-Total A)			\$ 19.91			\$ 31.62	\$ 11.70	58.77%
RTSR - Network	\$ 0.0076	299	\$ 2.27	\$ 0.0075	299	\$ 2.24	-\$ 0.03	-1.32%
RTSR - Connection and/or Line and Transformation Connection	\$ 0.0014	299	\$ 0.42	\$ 0.0015	299	\$ 0.45	\$ 0.03	7.14%
Sub-Total C - Delivery (including Sub-Total B)			\$ 22.61			\$ 34.31	\$ 11.70	51.78%
Wholesale Market Service Charge (WMSC)	\$ 0.0044	299	\$ 1.32	\$ 0.0044	299	\$ 1.32	\$ -	0.00%
Rural and Remote Rate Protection (RRRP)	\$ 0.0013	299	\$ 0.39	\$ 0.0013	299	\$ 0.39	\$ -	0.00%
Standard Supply Service Charge	\$ 0.2500	1	\$ 0.25	\$ 0.25	1	\$ 0.25	\$ -	0.00%
Debt Retirement Charge (DRC)	\$ 0.0007	288	\$ 0.20	\$ -	288	\$ -	-\$ 0.20	-100.00%
Ontario Electricity Support Program (OESP)			\$ -	\$ -	299	\$ -	\$ -	
Non-RPP Retailer Avg. Price	\$ 0.0954	288	\$ 27.48	\$ 0.0954	288	\$ 27.48	\$ -	0.00%
Total Bill on Non-RPP Avg. Price			\$ 52.24			\$ 63.74	\$ 11.50	22.02%
HST		13%	\$ 6.79	13%		\$ 8.29	\$ 1.50	22.02%
Total Bill (including HST)			\$ 59.03			\$ 72.02	\$ 13.00	22.02%
<i>Ontario Clean Energy Benefit¹</i>								
Total Bill on Non-RPP Avg. Price			\$ 59.03			\$ 72.02	\$ 13.00	22.02%

- (c) If the answer to (b) is yes, has Niagara-on-the-Lake Hydro considered a mitigation plan for this subset of customers? If not, please explain why.
- (d) Please approximate how many customers would be affected by this rate impact (i.e. quantify the low volume Non-RPP customers in the Residential rate class).
- (e) Please provide bill impact calculations for all rate classes disposing of Account 1589 Global Adjustment over a two-year period while all other Group 1 Accounts stay at a one year period considering the GA has gone from a credit of \$500,000 in Niagara-on-the-Lake Hydro's 2015 IRM proceeding to a debit of over a million in Niagara-on-the-Lake Hydro's 2016 IRM proceeding. Please include all bill impact calculations.

Interrogatory #5 Account 1576 Supplemental Rate Rider

The OEB's letter issued on July 16, 2015 titled *Implementing a New Rate Design for Electricity Distributors* notes that going forward, any new "other" charges related to distribution¹ will be applied on a fixed basis. These charges typically have an end date.

¹ Examples of distribution-related charges are funding mechanisms for additional infrastructure investment (ICM/ACM) or the recovery of unforeseen costs from storm damage (Z-Factor).

In addition, section 2.8.2 of Chapter 2 of the *Filing Requirements for Electricity Distribution Rate Applications* states that “generally speaking, distributors must propose a fully fixed rate design for charges applicable to the residential class provided that those charges are specifically related to the distribution of electricity².”

- (a) Please confirm if Niagara-on-the-Lake Hydro agrees that for the Residential rate class, the supplemental rate rider for Account 1576 should be on a fixed basis.
- (b) If the answer to (a) is no, please explain why.
- (c) In the event the OEB approves a fixed rate approach to the disposition of Account 1576, please provide rate rider calculations for the supplemental rate rider for Account 1576 on a fixed basis for the Residential rate class.

² Examples of distribution-specific charges include: Group 2 Deferral and Variance Accounts including balances in accounts 1575/1576, ACM and ICM rate riders.