

May 2, 2016

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

RE: 2016 IRM Rate Application (EB-2015-0090) and Application to Dispose of LRAMVA Balance (EB-2015-0328)

Dear Ms. Walli:

In accordance with the Board's Decision and Procedural Order No. 2, issued April 21, 2016, Niagara Peninsula Energy Inc. ("NPEI") hereby submits its response to comments received from Energy Probe and Board Staff on its Draft Rate Order.

Energy Probe submitted that NPEI has correctly calculated the change in 2015 revenue requirement of \$297,194. Energy Probe also agrees with NPEI's proposed fixed and volumetric rate riders to return \$238,351 to customers. Board Staff had no issue with NPEI's Proposed Tariffs of Rates and Charges. Accordingly, NPEI requests that the Board approve NPEI's Tariffs of Rates and Charges for 2015 and 2016 as filed in the Draft Rate Order of April 25, 2016.

Board Staff submitted that 1508 Other Regulatory Assets, Subaccount Working Capital Allowance Lead-Lag Study Deferral Account should be closed at this time. NPEI has requested the continuance of the lead/lag study sub-account of 1508 to record further incremental lead/lag study costs which are not known at this, such as intervenor costs.

In NPEI's view, Board Staff's proposal to close the lead/lag study sub-account before all costs have been recorded is contrary to the Board's Decision and Order in NPEI's 2015 COS Application, which states: *"The Board directs NPEI to establish a new deferral account to capture **all** incremental costs associated with the study, both internal and external costs to ensure NPEI is **not financially affected** by the Board's directive."*¹ (Emphasis added).

¹ EB-2014-0096, Decision and Order, page 7, May 14, 2015

Accordingly, NPEI reiterates its request for the continuance of the lead/lag study sub-account of 1508 in order to record all incremental costs as per Board direction.

Further, NPEI requests that any residual balance be brought forward for disposition in a future rate proceeding.

An electronic copy has been submitted to the Board through the RESS system. Two hard copies will be delivered to the OEB office by courier.

This document is being filed pursuant to the Board's e-filing service.

Please contact myself should anything further be required, I can be reached at 905-353-6004.

Yours truly,
NIAGARA PENINSULA ENERGY INC.

A handwritten signature in blue ink that reads "Suzanne Wilson". The signature is written in a cursive, flowing style.

Suzanne Wilson, CPA, CA
Vice-President, Finance
Suzanne.Wilson@npei.ca