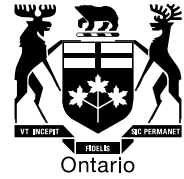


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BY E-MAIL

September 7, 2016

Board Secretary
Ontario Energy Board
2300 Yonge Street, Ste. 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: Grimsby Power Inc.
2016 Distribution Rates Application
Board File Number EB-2015-0072
OEB staff comments on Grimsby Power Draft Rate Order**

As directed by the Ontario Energy Board (OEB) in its August 18, 2016 Decision and Order, Grimsby Power Inc. (Grimsby Power) filed its draft rate order on August 30, 2016. Intervenors and OEB staff were provided the opportunity to comment on the draft rate order by September 7, 2016.

OEB staff reviewed the draft rate order as filed and is satisfied that Grimsby Power has appropriately reflected the OEB Decision and Order in determining its distribution rates with an implementation date of September 1, 2016. However, OEB staff makes the following comments:

Rate Rider for Recovery of Stranded Meter Assets

OEB staff notes that Grimsby Power has proposed a fixed rate of \$0.01 per month for each of the Residential, GS <50kW and GS 50 to 4,999 kW rate classes to recover the residual balance of \$719 in its Account 1555 Sub-Account for Stranded Meters. In the Settlement Proposal, parties accepted that Grimsby Power's proposed methods of disposing of deferral and variance accounts were appropriate.

Grimsby Power has not provided a table showing the calculation of this rate rider in its draft rate order. OEB staff has calculated that, at the approved forecast customer numbers for these three rate classes of 11,285, Grimsby Power would recover \$1,354.20 over the one year that the rate is proposed to be in effect. OEB staff submits that it is inappropriate to charge a rate that would deliberately over-recover a residual balance.

Furthermore, OEB staff submits that it is inappropriate for the recovery of this residual balance to be labeled on the tariff sheets as a stranded meter rate rider. Grimsby Power's customers have already paid the stranded meter rate rider through their 2012 rates.

The accounting treatment for the recovery of stranded meters, as described in Question 10 of the July 12, 2012 *Accounting Procedures Handbook Frequently Asked Questions* states that a distributor may submit the residual balance for review and finalization in its next cost of service application following final disposition of the stranded meter account balances. The recovery method for residual balances is not specified in the procedures.

OEB staff acknowledges that Grimsby's draft rate order filing is consistent with the settlement proposal accepted by the OEB. OEB staff also notes that this balance is far below Grimsby Power's materiality threshold. Nevertheless, OEB staff suggests that as a policy matter, and as a more accurate means to recover this balance, Grimsby Power should include this balance in the calculation of Grimsby Power's Group 2 deferral and variance account rate riders, allocating the \$719 balance to the three affected rate classes on the basis of customer numbers, similar to the allocation of the original balance. Upon this final disposition, the balance in Account 1555 would then be transferred to Account 1595 along with Grimsby Power's other deferral and variance accounts per the OEB's practice on this matter. This is a largely administrative matter, however in the event that Grimsby Power follows this disposition method, OEB staff submits that Grimsby Power may wish to confirm in its reply whether it has secured the consent of parties to the settlement proposal to make this adjustment.

PILs Model

OEB staff has reviewed the PILs model submitted with Grimsby Power's draft rate order and is satisfied that the model as prepared accurately reflects the OEB's findings. However, OEB staff notes that the model submitted is difficult to follow, due to the inclusion of multiple tabs representing different model versions for the bridge and test years. OEB staff respectfully requests that Grimsby Power provide a final version which represents only the scenario approved by the OEB in order to clarify the record in this proceeding for future reference.

Bill Impacts

In the Settlement Proposal, parties accepted the evidence from Grimsby Power that rate mitigation is not required. OEB staff notes that, although the bill impacts as calculated in the draft rate order have significantly improved from those calculated in response to interrogatories, some significant bill impacts remain. In particular, the Unmetered Scattered Load rate class bill impact continues to be well above the 10% threshold for rate mitigation at 45.99%. In OEB staff's view, OEB policy obliges Grimsby Power to propose a mitigation plan for this class or explain why one is unnecessary.

Tariff of Rates and Charges

OEB staff has reviewed the tariff of rates and charges attached to the draft rate order and notes certain discrepancies from the calculated rates provided. Specifically:

- GS <50 kW – Account 1568 rate rider is missing from this tariff
- GS 50 to 4,999 – Low Voltage Service Rate of \$0.3623 is inconsistent with the rate of \$0.3649 shown in Exhibit 8, Table 8-9
- GS 50 to 4,999 – Global Adjustment rate rider of \$1.6622 is inconsistent with the rate of \$1.6620 calculated in Table 8 of the draft rate order
- Street Lighting – Low Voltage Service Rate of \$0.2657 is inconsistent with the rate of \$0.2676 shown in Exhibit 8, Table 8-9

In addition to these discrepancies, OEB staff notes that certain wording and formats in the tariff sheets provided are inconsistent with the tariff sheets approved by the OEB for 2016. OEB staff respectfully requests Grimsby Power to work with OEB staff to make format and wording corrections to the final corrected tariffs to be provided with its reply comments.

Yours truly,

Original signed by

Martha McOuat
Ontario Energy Board staff

cc. All Parties, EB-2015-0072