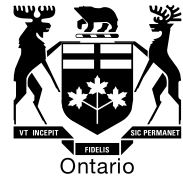


**Ontario Energy  
Board**  
P.O. Box 2319  
27th. Floor  
2300 Yonge Street  
Toronto ON M4P 1E4  
Telephone: 416- 481-1967  
Facsimile: 416- 440-7656  
Toll free: 1-888-632-6273

**Commission de l'Énergie  
de l'Ontario**  
C.P. 2319  
27e étage  
2300, rue Yonge  
Toronto ON M4P 1E4  
Téléphone; 416- 481-1967  
Télécopieur: 416- 440-7656  
Numéro sans frais: 1-888-632-6273



**BY E-MAIL**

October 3, 2017

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Thunder Bay Hydro Electricity Distribution Inc.  
Application for Rates  
Board File Number EB-2016-0105**

Please find attached OEB staff's submission on the draft rate order filed by Thunder Bay Hydro for this application.

*Original Signed By*

Martin Davies  
Project Advisor, Rates  
Major Applications

**2017 ELECTRICITY DISTRIBUTION RATES**  
**Thunder Bay Hydro Electricity Distribution Inc.**

**EB-2016-0105**

**ONTARIO ENERGY BOARD**  
**STAFF SUBMISSION ON DRAFT RATE ORDER**

**October 3, 2017**

## **INTRODUCTION**

On September 28, 2017, Thunder Bay Hydro Electricity Distribution Inc. (Thunder Bay Hydro) filed a draft Rate Order (DRO) pursuant to the Ontario Energy Board's EB-2016-0105 Decision and Order (Decision) dated September 21, 2017.

The Decision found that the effective date of Thunder Bay Hydro's rate order would be September 1, 2017 with an October 1, 2017 implementation date for the rate order given the timelines set out for comments and responses.

OEB staff's comments on the DRO follow.

### **Capital Expenditure Impacts**

#### ***Background***

Thunder Bay Hydro stated in the DRO that<sup>1</sup>:

The removal of \$1M to the capital expenditures was also removed from Thunder Bay Hydro's Fixed Asset Continuity cost additions, as well as the accumulated depreciation addition related to this reduction. The net impact of this reduction to accumulated depreciation was deduction to depreciation of \$12,500, resulting in a net book value reduction of \$987,500.

#### ***Discussion and Submission***

OEB staff notes that Thunder Bay Hydro did not provide an explanation as to how it determined the net impact of the reduction to depreciation of \$12,500, nor how the related capital cost allowance (CCA) reduction was determined when revising the PILs calculation.

OEB staff submits that it would be helpful to the OEB if Thunder Bay Hydro in its reply submission provided an explanation as to how these reductions were determined, including the depreciation and CCA rate assumptions that were used and why they were considered to be appropriate.

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<sup>1</sup> Pp. 8-9

## **Revenue Requirement Workform (RRWF)**

### ***Background***

The data input section of the RRWF included in the DRO filing appears to show a change in the Adjustments column for the transition from the “Initial Application” column to the “Interrogatory Responses” column that is not the same as that shown in the RRWF filed after the oral hearing had concluded. Specifically, “Distribution Revenue at Proposed Rates” shows a change in these two columns from \$717,186 in the July filing to \$720,701 in the DRO filing.

### ***Discussion and Submission***

OEB staff notes that while this change is not material, it is also one that would not be expected. OEB staff submits that Thunder Bay Hydro should provide an explanation of this change and whether or not any other similar changes have been made and if so, provide reasons as to why they were made.

## **Tariff of Rates and Charges**

### ***Background***

Thunder Bay Hydro filed a Tariff of Rates and Charges as part of its DRO which included fixed distribution charge monthly rate riders to four decimal places.

### ***Discussion and Submission***

OEB staff notes that the number of decimal places on OEB approved Tariff of Rates and Charges displayed for fixed distribution charge monthly rate riders is normally two. As such, OEB staff submits that the number of decimal places for such charges on Thunder Bay Hydro’s Tariff of Rates and Charges should be reduced to two to conform with normal OEB practice.

OEB staff also notes that in March 2017, the OEB issued a Decision and Order rescinding the Ontario Electricity Support Program (OESP) charge effective May 1, 2017 (EB-2017-0135) and this charge accordingly needs to be removed from Thunder Bay Hydro’s tariff. OEB staff notes that although the OESP credits must

also be removed from the tariff, Thunder Bay Hydro must continue to apply the OESP credits as set by the OEB's December 21, 2016 Order for OESP credits (EB-2016-0376) on bills issued to eligible low-income customers until such time as that Order is superseded.

OEB staff also believes that a number of formatting changes to the proposed tariff are necessary in order for it to conform with tariffs approved for other distributors. OEB staff will discuss these changes with Thunder Bay Hydro, but will not list them here. In the event, Thunder Bay Hydro has any concerns with these changes, it can state such concerns in its reply submission.

- All of which is respectfully submitted-