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January 26, 2024

Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON
M4P 1E4

Attention: Nancy Marconi, Registrar

Dear Ms. Marconi:

Re: EB-2023-0042 Application for 2024 Electricity Distribution Rates

Please find attached North Bay Hydro Distribution Limited's ("NBHDL") responses to OEB Staff Questions dated January 12, 2024.

In addition to the responses, NBHDL has submitted updated Rate Generator Models for North Bay and Espanola rate zones through the RESS Portal.

Respectfully Submitted,

A handwritten signature in black ink that reads 'MBrown'.

Melanie Brown
Regulatory and Billing Manager
North Bay Hydro Distribution Limited
705-474-8100 ext301
mbrown@northbayhydro.com

North Bay Hydro Distribution Limited
EB-2023-0042
January 12, 2024
OEB Staff Questions

Please note, North Bay Hydro Distribution Limited. (North Bay Hydro) is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff questions and any other supporting documentation, do not include personal information as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*, unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

1-Staff-1

Ref: North Bay and Espanola Rate Zone Rate Zone IRM Rate Generator Model, Tab 11, 18, and 21

OEB staff has updated the North Bay Rate Zone IRM rate generator model for the following items:

1. Updated Uniform Transmission Rates ¹ (Sheet 11)
2. Updated Hydro One Sub-Transmission Rates (Sheet 11)²
3. Updated Wholesale Market Service Rate and Rural or Remote Electricity Rate Protection Charge³ (Sheet 18)
4. Updated Time of Use(TOU) RPP Prices and Percentages(Sheet 18)
5. Updated the Ontario Electricity Rebate (OER) (Sheet 21)

Question:

- a) Please confirm that the models attached to these interrogatories reflects these updates.

RESPONSE:

- a) NBHDL confirms that the models attached to these interrogatories reflect the updated rates referenced above, except for 1. UTRs (Sheet 11 – Network Service Rate of \$5.76).

The Rate Order for UTRs was issued on January 18 and NBHDL has updated the Rate Generator Models (“RGM”) accordingly for both rate zones (Sheet 11) to reflect \$5.78 for the UTR – Network Service Rate. Please note this only impacts the proposed rates for the North Bay Rate Zone.

¹ EB-2023-0222, OEB Letter “2024 Preliminary Uniform Transmission Rates”, issued September 28,

² EB-2023-0030, Partial Decision and Rate Order, December 14, 2023,

³ EB-2023-0268, Decision and Order, December 7, 2023,

1-Staff-2

Ref: North Bay Rate Zone- Manager's Summary(Deferral and Variance Account Balances)p.9

References state that “The variance in cell “BW27” is due to a directionality error with respect to the calculation of carrying charges for Account 1586 – Connection. In 2022, \$4,666 in carrying charges should have been recorded as RSVA interest revenue with an offsetting increase (debit) to the carrying charges sub-account on the balance sheet. Instead, these costs were recorded as an RSVA interest expense with an offsetting decrease (CR) to the sub-account.”

Question:

- a) Please explain how North Bay Hydro identified the error and explain the nature of the adjustments in detail.
- b) Please confirm if the error pertains to 2022 only or if it will impact any other prior years. If yes, please provide the details regarding the periods that are impacted and the associated adjustments in the periods.
- c) Please describe North Bay Hydro's procedures implemented to prevent mistakes like those mentioned on page 9 of the Manager's summary above.

RESPONSE:

- a) NBHDL identified the error while reviewing the GL balances against the continuity schedules that NBHDL retains for each power account. In this case, the balance in the continuity schedule for carrying charges did not match the GL. Upon further review it was discovered that the GL used in recording the carrying charges for February 2022 (expense) was not revised in subsequent months to reflect that the RSVA entry was a revenue adjustment. The required adjustment, made in 2023, to correct the balance was \$9,332 DR to Account 1586 and an offsetting CR to carrying charge revenue.
- b) NBHDL can confirm that this error did not occur in prior years.
- c) Continuity schedules and GL balances will be reviewed by two members of the Finance management team as part of internal semi-annual and annual processes.

1-Staff-3

Ref 1: Espanola Rate Zone - Manager's Summary (Deferral and Variance Account Balances), p16

Ref 2: North Bay Hydro_2024 IRM Rate Generator Model_ERT_20231122 Tab 3

Staff notes that in the 2024 application, North Bay Hydro explained that it excluded accounts 1588 and 1589 in its request for disposition due to what it explained were variances in BW35 and BW36 where Data entry errors which it described, occurred when uploading information in the RRR filling". North Bay Hydro consequently proposed that it will request for a RRR revision at a later date.

- a) Please clarify if the proposed RRR revision request will impact other accounts' balances since the BW35-36 mentioned referred to Accounts 1595 only.

RESPONSE:

- a) The two issues above are separate and distinct issues; one related to the exclusion of 1588/1589 (paragraph 3 on page 16) and one related to the RRR balances filed for Account 1595 in 2022 as compared to the balances in Tab 3 (paragraph 2 on page 16) of the RGM.

The variances in "BW35" and "BW36" are related to Accounts 1595 and are tied to how amounts were rolled up for the varying years of disposition. These variances net to \$0 and are related to the values in the sub-accounts for the 2021 and 2022 dispositions.

1-Staff-4

Ref : Espanola Rate Zone Manager's Summary (Deferral and Variance Account Balances), p16

North Bay Hydro explained that during the 2023 IRM proceeding, the interrogatory process brought out to light potential issues and inaccuracies in the account balances of accounts 1588 and 1589 resulting in its withdrawal by North Bay Hydro to allow for a detailed review of these accounts.

In the 2024 IRM application, North Bay Hydro excluded these accounts which it explained, will allow it to “move forward with the continued review of the accounts”.

Question:

- a. Please confirm the status of the reconciliation of these accounts.
- b. Please clarify if the outcome of your reconciliation will likely result to retroactivity.

RESPONSE:

- a) NBHDL is working through this reconciliation process and will be taking steps to recalculate settlement amounts and DVA balances for the years 2021 through 2023. In addition, NBHDL is investigating the opportunity to have a 3rd party review the settlement process for the ERT.
- b) It is not expected that the outcome of this reconciliation will result in retroactivity. Balances for 1588/1589 were last disposed in the 2020 COS (EB-2020-0020) and related to 2019 balances. Any adjustments that flow out of the reconciliation will be recorded in the 2024 financial statements and will be incorporated in a future disposition.

1-Staff-5

Staff notes that in the 2024 application, North Bay Hydro requested the OEB for a change in the name used in the Tariff of Rates and Charges header.⁴

OEB staff has appropriately updated the North Bay and Espanola Rate Zones' IRM rate generator models for the following items.

1. North Bay Rate Zone -Tab 20(Final Tariff sheet).
2. Espanola Rate Zone -Tab 20(Final Tariff sheet).

While the update is currently visible only on Tab 20, all required adjustments will be automatically reflected on Tabs 1, 2, and 20 in the subsequent IRM season.

Question:

- a. Please confirm that the models attached to these interrogatories reflects these updates.
- b. Please confirm if the update is in line with North Bay Hydro's request.

RESPONSE:

- a) NBHDL confirms that the models attached to these interrogatories reflect the updates.
- b) NBHDL confirms that the update is in line with NBHDL's request.

⁴ Manager's summary, p.4