



EB-2010-0142

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S. O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF an application by Toronto
Hydro-Electric System Limited for an order approving
just and reasonable rates and other charges for
electricity distribution.

BEFORE: Ken Quesnelle
Presiding Member

Marika Hare
Member

Karen Taylor
Member

FINAL ORDER REGARDING SUITE METERING ISSUES

April 26, 2012

Toronto Hydro-Electric System Limited ("THESL") filed an application, dated August 23, 2010, with the Ontario Energy Board under section 78 of the *Ontario Energy Board Act*, S.O. 1998, c.15, Schedule B, seeking approval for changes to the rates that THESL charges for electricity distribution, to be effective May 1, 2011.

The Board issued a Notice of Application and Hearing dated September 15, 2010.

On March 25, 2011, a Settlement Agreement was filed with the Board which incorporated settlement of most outstanding issues in this proceeding. On March 29, 2011, the Board announced its acceptance of the Settlement Agreement. Unsettled issues remained in five areas, one of which was the appropriateness of THESL's suite

metering cost allocation and whether or not THESL should establish a separate rate class for multi-unit residential customers that are served directly by THESL through its suite metering provision.

On July 7, 2011, the Board issued its Partial Decision and Order (the “Partial Decision”) in this proceeding. Among other things, the Partial Decision found that while all findings in the Partial Decision are final and would result in a final rate order for 2011 rates, the Board would require supplementary evidence to be filed on the suite metering issues as outlined in the Partial Decision (the “supplementary evidence”). The Board stated that any rate implications that arise from the findings in the supplementary proceeding would be reflected in THESL’s 2012 rates and will not have retroactive effect in any way. A final Rate Order was issued by the Board on July 28, 2011.

The Board issued its Decision and Order on Suite Metering Issues (the “Suite Metering Decision”) on February 22, 2012. A corrected version of the Suite Metering Decision was issued on March 9, 2012 (the “Corrected Suite Metering Decision”). In the Corrected Suite Metering Decision, the Board ordered THESL to file a revised cost allocation model and related rates and other material reflecting the Board’s findings.

THESL filed the relevant material on March 19, 2012. Board staff and intervenor comments were due by March 26, 2012 and were received from staff, the Smart Sub-metering Working Group (“SSMWG”) and the Vulnerable Energy Consumers Coalition (“VECC”). THESL filed its reply comments on April 2, 2012.

On April 17, 2012, the Board issued its Decision on Draft Order Regarding Suite Metering Issues (the “DDO”) in which the Board made its findings on the comments provided by Board staff and intervenors and THESL’s reply.

In the DDO, the Board noted that THESL’s implementation of the direct allocation of meter costs for the Quadlogic class in the cost allocation model had not incorporated an adjustment for the remaining residential class to remove Quadlogic metered customers from that class’ customer/meter numbers. The DDO directed THESL to remove the Quadlogic metered customers from the total meter count for the residential class and to file an updated draft Order and cost allocation model reflecting this change by Friday April 20, 2012.

On April 20, 2012, THESL filed the required material.

The Board has reviewed this material and accepts it. However, the Board notes that the revised rates contained in THESL's April 20, 2012 filing do not incorporate any reduction to the Residential Variable charge relative to THESL's March 19, 2012 filing to reflect any reduced costs to that class arising from the Board's finding in the DDO.

The basis for expecting reduced costs attributable to the Residential class to occur as a result of the Board's finding is that the residential revenue requirement would be expected to be lower for two reasons: (1) the correction for the number of customers, and (2) the direct allocation of more costs to the Quadlogic class. The volumetric revenue on which the Residential Variable charge would be calculated is based on the residential revenue requirement less a fixed amount of revenue from the monthly service charge, which was set at \$18.25 in the Corrected Suite Metering Decision. As such, the residual revenue on which the volumetric rate is calculated would be expected to go down, producing a reduction in the Residential Variable charge which did not occur. Accordingly, as part of its 2012 rate setting process, the Board will require THESL to provide an explanation as to why this reduction did not occur or to file a new cost allocation model run to reflect the DDO of the Board and produce the expected reduction in the Residential Variable charge.

The Board notes that the Corrected Suite Metering Decision has no impact on THESL's current approved tariff. THESL is directed to incorporate the rates shown in the "New Rates" column in the table below in an appropriate manner into its 2012 rate application in conformity with the Corrected Suite Metering Decision:

| | Current Rates | New Rates |
|--------------------|----------------------|------------------|
| Quadlogic | | |
| Fixed (\$/30 days) | N/A | 17.00 |
| Variable (\$/kWh) | N/A | 0.02565 |
| | | |
| Residential | | |
| Fixed (\$/30 days) | 18.25 | 18.25 |
| Variable (\$/kWh) | 0.01520 | 0.01507 |

The Board further notes that in the "Current Rates" column, the Residential class is defined as it is in THESL's current approved tariff, which includes Quadlogic metered customers. In the "New Rates" column, the Residential class has the same definition as

in the current approved tariff, with the exception of the exclusion of the Quadlogic metered customers moved to the new class.

The Board directs THESL to propose a formal name for the new Quadlogic class and text for the definition of this class to be incorporated into the proposed Tariff of Rates and Charges filed as part of its 2012 rate application. In addition, THESL should provide any similar necessary related changes to the Residential class to appropriately reflect the creation of the new Quadlogic class in conformity with the Corrected Suite Metering Decision.

THE BOARD ORDERS THAT:

1. Toronto Hydro-Electric System Limited is directed to incorporate the rates of \$17.00 for the Quadlogic class fixed charge and \$0.02565 for the Quadlogic class variable charge and \$18.25 for the remaining Residential class fixed charge and \$0.01507 for the remaining residential class variable charge into its 2012 rate application in conformity with the Corrected Suite Metering Decision and subsequent Board directives arising from this application.
2. Toronto Hydro-Electric System Limited is directed to propose a formal name for the new Quadlogic class and text for the definition of this class to be incorporated into the proposed Tariff of Rates and Charges filed as part of its 2012 rate application. In addition, THESL should provide any similar necessary related changes to the Residential class to appropriately reflect the creation of the new Quadlogic class in conformity with the Corrected Suite Metering Decision.
3. Toronto Hydro-Electric System Limited is to provide an explanation as to why the reduction in the Residential Variable charge did not occur based on the directions of the Board in the DDO, or THESL is directed to file a new cost allocation model run to reflect the DDO of the Board and produce the expected reduction in the Residential Variable charge as part of its 2012 rate setting process.

DATED at Toronto, April 26, 2012

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary