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July 21, 2009

VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

**Re: Vulnerable Energy Consumers Coalition
EB-2009-0113
North Bay Hydro Distribution Limited – 2009 Electricity Distribution
Rate Rider Application**

Please find enclosed the submissions of the Vulnerable Energy Consumers Coalition (VECC) in the above-noted proceeding.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC

cc: Mr. Todd Wilcox, Chief Operating Officer
North Bay Hydro Distribution Limited

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an Application by North Bay Hydro Distribution Limited pursuant to section 78 of the *Ontario Energy Board Act* for an Order or Orders approving or fixing rate riders, effective July 1, 2009.

FINAL SUBMISSIONS

On Behalf of The

VULNERABLE ENERGY CONSUMERS COALITION (VECC)

July 22, 2009

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Vulnerable Energy Consumers' Coalition (VECC)
Final Argument

1 The Application

- 1.1 North Bay Hydro Distribution Limited ("NBHDL" or "the Applicant") filed an application ("the Application") with the Ontario Energy Board ("the Board" or "the OEB") dated April 20, 2009 under section 78 of the Ontario Energy Board Act, 1998 for RSVA-Related Rate Riders.
- 1.2 The Application sought approval for rate riders for each customer class that would be effective for the period July 1, 2009 to June 30, 2012 to recover the outstanding balance¹ of \$2,029,825 in the RSVA-related accounts (#1580, 1582, 1584, 1586 and 1588) as of December 31, 2008 together with carrying charges for the period January 1, 2009 to June 30, 2009 of \$17,149. The resulting overall requested recovery is \$2,046,974².
- 1.3 VECC's final submissions regarding NBHDL's' Application are set out in the following sections and deal with three issues:
- The effective date for the rate riders;
 - The proposed recovery period; and
 - The allocation of the balance in Account #1588 (RSVA-Power) to customer classes.

¹ This balance consists of \$2,110,574 in principal and (\$80.749) in carrying charges.

² Application, page 3

2 Effective Date for the Rate Riders

- 2.1 In its Application, NBHDL requested an effective date of July 1, 2009. The process established by the Board calls for Intervenor's Submissions by July 31st and NBHDL's Reply Submissions by August 11, 2009. Based on this schedule, VECC submits that it would be optimistic to expect a Board Decision in sufficient time for NBHDL to obtain a final rate order and implement the necessary billing system changes in time for a September 1, 2009 implementation. A reasonable expectation, at this juncture, would be for an October 1, 2009 implementation date at the earliest.
- 2.2 VECC submits that, as a practical matter, it would be appropriate for NBHDL to implement any rate riders approved by the OEB on November 1, 2009 such that the rate changes occur simultaneously with the implementation of any changes in the RPP rates. In VECC's view this would not only simplify things for NBHDL (i.e., avoid billings system changes twice in two months) and also simplify any communications needed to customers, as they can all be done at the same time.

3 Proposed Recovery Period

- 3.1 NBHDL is proposing a recovery period of July 1st 2009 to June 30th, 2012 – i.e., 36 months. In VECC's view it would be preferable if the recovery period (and resulting rate adjustment) coincided with other scheduled changes to the rates charged by electricity distributors and occurred on either May 1st or November 1st. As noted earlier, the reasons for this include minimizing the number of billing system changes NBHDL must make, minimizing the number of rate changes customers see and simplifying customer communications.
- 3.2 During the interrogatory process³ VECC sought to clarify when NBHDL would be submitting its next cost of service based rate application. The objective was to determine if it would be possible to align the end of the recovery period with the implementation of rates based on cost of service (as opposed to IRM). However,

³ See VECC #2 (a) and #2 (b)

NBHDL's current plans are to file for cost of service based rates for 2010. In VECC's view, given the size of the balance to be recovered, a recovery period of less than one year is too short; while a recovery period extending beyond 4 years⁴ is too long. Overall, VECC believes that a recovery period of roughly 3 years – as proposed by NBHDL is appropriate.

- 3.3 If the Board adopts VECC submissions regarding a November 1, 2009 effective date then VECC submits the rate rider should be for the 36 month period ending October 31, 2012. If the Board adopts an earlier effective date, VECC submits it would be appropriate to still continue the rate rider until October 30, 2012 and the values for the rate riders should be adjusted accordingly.

4 Allocation of RSVA-Power Balances

- 4.1 For RPP customers the Global Adjustment charge is included in the RPP price and the global adjustments attributable to RPP designated customers are captured in a variance account held by the OPA and cleared through the setting of the RPP prices⁵. As result, the Board authorized the establishment of a 1588 sub-account to track the differences between the global adjustment amounts billed to non-RPP consumers and the global adjustment charges levied against these consumers⁶.
- 4.2 NBHDL has indicated that of the \$3,780,064 associated with the RSVA-Power Account (Account #1588), \$460,449 is attributable to the Global Adjustment Sub-Account⁷. In its Application, NBHDL has proposed to allocate the entire Account #1588 balance to be recovered to customer classes based on the relative kWhs for each class. In VECC's view, it would be more appropriate to recover the balance associated with the Global Adjustment Sub-Account from customer classes based on the non-RPP kWhs associated with each class, since the Global Adjustment charge to distributors is only that associated with non-RPP consumers.

⁴ This comment assumes a 2010 rebasing would be followed by a 3-year IRM period.

⁵ Board Letter to Electricity Distributors, February 15, 2005.

⁶ Uniform System of Accounts (revised July 2007), page 36. See also footnote #5.

⁷ VECC #3 b)

VECC notes that this approach is consistent with that recommended by Board Staff⁸ in its April 1, 2009 Discussion Paper for the Electricity Distributors' Deferral and Variance Account Review Initiative (EB-2008-0046).

- 4.3 In response to VECC #3 (c), NBHDL has provided the rate riders for each class based on this approach. VECC submits that these are the rate riders that should be approved by the Board based on the Applicant's proposed balances for recovery and a 36 month recovery period. Should the Board determine that either the balances to be recovered are different from those proposed or a different recovery period should be used, then the rate riders would be adjusted accordingly.

5 Recovery of Reasonably Incurred Costs

- 5.1 VECC submits that its participation in this proceeding has been focused and responsible. Accordingly, VECC requests an award of costs in the amount of 100% of its reasonably-incurred fees and disbursements.

Respectfully Submitted on the 22nd Day of July 2009

Michael Buonaguro
Counsel for VECC

⁸ See page 31