



**PUBLIC INTEREST ADVOCACY CENTRE**  
**LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC**

ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7

Michael Buonaguro  
Counsel for VECC  
(416) 767-1666

January 10, 2011

**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 (VECC)**  
**Final Submissions: EB-2010-0115**  
**Thunder Bay Hydro Electricity Distribution Inc. – 2011 Electricity**  
**Distribution Rate 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  
Encl.  
cc: Thunder Bay Hydro Electricity Distribution Inc.

**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 Thunder Bay Hydro Electricity Distribution Inc. pursuant to section 78 of the *Ontario Energy Board Act* for an Order or Orders approving just and reasonable rates for electricity distribution to be effective May 1, 2011.**

**FINAL SUBMISSIONS**

**On Behalf of The**

**VULNERABLE ENERGY CONSUMERS COALITION (VECC)**

**January 10, 2011**

**Michael Buonaguro  
Public Interest Advocacy Centre  
34 King Street East  
Suite 1102  
Toronto, Ontario  
M5C 2X8**

**Tel: 416-767-1666  
E-mail: [mbuonaguro@piac.ca](mailto:mbuonaguro@piac.ca)**

**Vulnerable Energy Consumers Coalition (VECC)**  
**Final Argument**

**1 The Application**

- 1.1 Thunder Bay Hydro Electricity Distribution Inc. ("Thunder Bay", "the Applicant," or "the Utility") filed an application ("the Application") with the Ontario Energy Board ("the Board" or "the OEB") on September 17, 2010, under section 78 of the Ontario Energy Board Act, 1998 for electricity distribution rates effective May 1, 2011. The Application was filed in accordance with the OEB's guidelines for 3<sup>rd</sup> Generation Incentive Regulation, which provide for a formulaic adjustment to distribution rates and related charges.
- 1.2 As part of its Application Thunder Bay included an adjustment to the customer class revenue to cost ratios and a request to recover the impact of lost revenues associated with various conservation and demand management (CDM) activities (i.e., an LRAM recovery). The following sections set out VECC's final submissions regarding these two aspects of the Application.

**2 Revenue to Cost Ratio Adjustments**

- 2.1 VECC has reviewed Thunder Bay's proposed revenue to cost ratio adjustments and submits that:
- The adjustments are in accordance with the Board's EB-2008-0245 Decision, and
  - The Revenue-Cost Ratio Adjustment Work Form has been completed appropriately.

### **3 Lost Revenue Adjustment Mechanism (LRAM) Recovery**

#### *LRAM Claim-Third Tranche CDM*

3.1 The Boards CDM Guidelines March 2008, EB-2008-0037, Section 7.5 specify

Given the ratemaking implications of program evaluations, intervenors, ratepayers and the Board need to be confident that evaluations are an accurate reflection of actual program results. Where a distributor is making a claim for LRAM in relation to programs funded by the OPA, or where the distributor is making a claim for LRAM and/or SSM in relation to programs funded through distribution rates, distributors should engage an independent third party. *This independent third party review applies to LRAM or SSM claims made in relation to programs funded in 2007 and beyond.[emphasis added]*

3.2 Thunder Bay's position<sup>1</sup> is that it is not required to have an independent review of its LRAM/SSM claim because:

- a) the claim is for programs funded in years 2005-2007
- b) the need for this was argued in the prior case EB-2008-0245
- c) the claim is a continuation into 2010 for the same programs that an LRAM was approved in the last case

3.3 However, regardless of whether an independent review is required for 3<sup>rd</sup> tranche programs, VECC is concerned about the use of Best Available Input Assumptions as required by the Board's TRC Guidelines Section 7.3 and the Board's Letter of January 29, 2009 regarding its adoption of the OPA Measures and Assumptions List as the Best Available Input assumptions.

3.4 VECC IR#1 asked Thunder Bay to provide information to allow us to verify the details of the input assumptions for its third tranche programs. We were provided with last year's filing with a few updates. This only gives aggregate kWh savings with no supporting detail and no information on unit savings, free ridership etc.

3.5 VECC suspects that the majority of the input assumptions have not been brought in line with the OPA Prescriptive Measures and Input Assumptions Lists 2010, but cannot verify this. For CFLs it appears the Thunder Bay has recognized

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<sup>1</sup> VECC #1 a) and #2

persistence and made an attempt at an adjustment per VECC IRR# 1(f).

- 3.6 Accordingly, the lack of an independent third party review has likely resulted in a continuation of outdated input assumptions with the exception of adjustment of persistence factors for some 2005/2006 CFL programs.
- 3.7 The fact that TBHDI found an error in the Summer Sweepstakes Program persistence estimate also raises a concern about the accuracy of the overall LRAM claim.
- 3.8 The bottom line is that VECC is unable to provide any assistance to the Board as to whether the Residential LRAM claim is accurate or not. Therefore it will be up to Board staff to determine and recommend the best approach to follow at this point.
- 3.9 We would note the Thunder Bay LRAM claim is significant in terms of the dollars involved and corresponding impact on ratepayers. It therefore merits careful consideration regarding its disposition.

#### *LRAM Claim – OPA Programs*

- 3.10 VECC accepts for LRAM purposes, the OPA Verification of OPA-funded CDM programs.

#### **4 Recovery of Reasonably Incurred Costs**

- 4.1 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.

**All of which is respectfully submitted this 10<sup>th</sup> day of January 2011.**