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January 24, 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-2010-0101
Niagara-on-the-Lake Hydro 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

cc: Jim Huntington President
Niagara-on-the-Lake Hydro 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 Niagara-on-the-Lake Hydro 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 24, 2011

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Vulnerable Energy Consumers Coalition (VECC)
Final Argument

1 The Application

- 1.1 Niagara-on-the-Lake Hydro Inc. (“NOTL”, “the Applicant,” or “the Utility”) filed an application (“the Application”) with the Ontario Energy Board (“the Board” or “the OEB”), 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 3rd Generation Incentive Regulation, which provide for a formulaic adjustment to distribution rates and related charges.
- 1.2. As part of its Application NOTL 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 section sets out VECC’s final submissions regarding these two aspects of the Application.
- 1.3 The following sections set out VECC’s final submissions regarding these aspects of the Application.

2 Revenue To cost Ratios

- 2.1 VECC has reviewed the revenue to cost ratio adjustments proposed by NOTL and submits that:
 - The adjustments are in accordance with the Board’s EB-2008-0237 Decision, and
 - The Revenue-Cost Ratio Adjustment Work Form has been completed appropriately.

3 Lost Revenue Adjustment Mechanism (LRAM) and Shared Savings Mechanism (SSM) Recovery

3.1 The details of the updated filed claim of \$129,149 by rate class, and the calculation of the rate riders are as follows:

LRAM & SSM Totals			
Rate Class			
	LRAM \$	SSM \$	TOTAL \$
Third Tranche			
RESIDENTIAL	\$1,714.41	\$104.54	\$1,818.95
GENERAL SERVICE 50 TO 4,999 Kw	\$1,476.90	\$3,110.29	\$4,587.20
THIRD TRANCHE UTILITY COSTS		-\$87.60	-\$87.60
OPA Programs			
RESIDENTIAL	\$30,728.07		\$30,728.07
GENERAL SERVICE <50KW	\$4,875.20		\$4,875.20
GENERAL SERVICE >50KW	\$87,227.33		\$87,227.33
	\$126,021.91	\$3,127.24	\$129,149.15

2011 IRM - LRAM and SSM Rider				
Rate Class	Amounts (2005 to 2009)			
	LRAM	SSM	Pro-rated Share of Utility Costs	Total
	\$	\$	\$	\$
Third Tranche				
Residential	\$1,714	\$105	-\$3	\$1,816
GS<50kW	\$0	\$0	\$0	\$0
GS>50 kW	\$1,477	\$3,110	-\$85	\$4,502
OPA Programs				
Residential	\$30,728	\$0	\$0	\$30,728
GS<50kW	\$4,875	\$0	\$0	\$4,875
GS>50 kW	\$87,227	\$0	\$0	\$87,227
Total	\$126,022	\$3,215	-\$88	\$129,149
Class Totals	Total Claim	Billing Determinants (2009 Audited RRR)	Metrics	One Year Rate Riders
	\$			\$/unit (kWh or kW)
Residential	\$32,544	63,529,367	kWh	0.000512
GS<50kW	\$4,875	33,919,641	kWh	0.000144
GS>50 kW	\$91,730	194,671	kW	0.471204
Total	\$129,149			

LRAM –Third tranche CDM

3.2 VECC has reviewed the responses to its IRs and accepts that NOTL's responses

and revised spreadsheet ¹ demonstrate that, although there were minor adjustments, for some Residential mass market input assumptions, the kWh savings and LRAM contribution is substantially in accordance with the Board's Guidelines and the Horizon Decision .regarding use of OPA 2010 Prescriptive Measures and Assumptions List values.

- 3.3 The exception to this is the *Residential Xmas Light Exchange Program 2006*. The basis of the *original claim* for this program as filed is in Attachment A to the Burman Report. VECC IRR # 1 shows the underlying assumptions and calculation:

2006 LED Christmas Light Trade In:

2007(sic): $57\text{kWh} * 700 \text{ units} = 39,900 \text{ kWh} - 5\% = 37,905 \text{ kWh}$

2008(sic): $57\text{kWh} * 700 \text{ units} = 39,900 \text{ kWh} - 5\% = 37,905 \text{ kWh} * (1/3) = 12,635 \text{ kWh}$

Total: $37,905 + 12,635 = 50,540 \text{ kWh}$

- 3.4 VECC notes that as a result of questions NOTL revised its LRAM claim for the 2006 Residential Xmas Light Exchange (SLEDs) from net 50,540 kWh for 2008 and 2009 to 25,175 kWh².

- 3.5 VECC cannot reconcile the revised savings of 25,175 kWh to the OPA 2010 Prescriptive Measures and Assumptions List (pages 141-142).

- 3.6 Assuming these are C7 SLEDs³ the OPA M&A List (Page 141-142) shows the annual savings per string to be 13.5 kWh and therefore the total full year savings should be

*700 Strings * 13.5 kWh = 9450 kWh (gross) For two years the total should be approximately 18,900 kWh (gross)*

¹ NOTL Attachment A to D LRAM 2009 Finals 06 to 08 change 20101223.xls

² NOTL Attachment A to D LRAM 2009 Finals 06 to 08 change 20101223.xls

³ If the Xmas lights were mini SLED strings, then the OPA Measures and Assumptions List (Page 144) value would be 4.83 kWh/string or 3381 kWh/yr

- 3.7 VECC submits that NOTL should be required to provide a justification for the revised savings and demonstrate that these are consistent with the OPA 2010 Prescriptive M&A Lists.
- 3.8 Although VECC's focus is the Residential sector CDM, we note that for the 2005 LED Christmas Light Conversion Program (Old Town and Town of Niagara on the Lake) the savings have been similarly reduced and NOTL should again demonstrate that this change is consistent with the OPA 2010 Prescriptive M&A Lists.
- 3.9 Any changes resulting from the above responses should be carried through into a revised final LRAM claim and Rate Riders

LRAM-OPA CDM Programs

- 3.10 VECC accepts for LRAM purposes, the OPA Verification of OPA-funded CDM programs, including the update as a result of the final 2009 OPA results.

SSM

- 3.11 Because of the non-retroactivity provision in the Guidelines for SSM claims for third tranche and rate-funded CDM, VECC accepts that NOTL has used the OEB input assumptions for the years for the SSM claim as filed. For most programs the SSM was claimed in EB-2008-0237.

Summary

- 3.12 VECC urges the Board to reject NOTL's revised LRAM claim and direct that NOTL verify that for all Residential and GS<50kW Mass Market Measures, the OPA 2010 Prescriptive Market Measures and Assumptions List annual Energy Savings (kWh) values have been used for LRAM claims.

4 Recovery of Reasonably Incurred Costs

- 4.1 VECC submits that its participation in this proceeding has been focused and responsible and has provided ratepayer input to the review of the LRAM Claim.. 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 24th day of January 2011