



***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 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-2010-0105  
Orangeville Hydro Limited – 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: Jan Howard Manger of Finance & Rates.  
Orangeville Hydro Ltd.

**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 Orangeville Hydro Limited 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**

**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 Orangeville Hydro Limited (“OHL” or “Orangeville”) 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 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 Orangeville included

- a) an adjustment to the customer class revenue to cost ratios,
- b) an increase in its 2011 Smart Meter Funding Adder from the \$1.00 per customer per month to (revised) \$2.88 per customer per month, and
- c) a request to recover the impact of lost revenues associated with various conservation and demand management (CDM) activities (i.e., an LRAM recovery).

1.3 The following sections set out VECC’s final submissions regarding these aspects of the Application.

**2 Revenue To Cost Ratios**

2.1 In response to interrogatories, Orangeville has corrected the 2010 revenue to cost ratios used as the starting point for the proposed adjustments<sup>1</sup> and included the Transformer Ownership Allowance in the Revenue Cost Ratio Workform<sup>2</sup>. VECC submits that, with these corrections:

- The adjustments are in accordance with the Board’s EB-2009-0272 Decision, and
- The Revenue-Cost Ratio Adjustment Work Form has been completed

---

<sup>1</sup> VECC #5

<sup>2</sup> VECC #6

appropriately.

### **3 Smart Meter Funding Adder (SMFA)**

- 3.1 VECC notes that in response to its request to calculate an SMFA on a class – specific basis using Capital Cost to allocate the Revenue requirement <sup>3</sup>

Orangeville states:

OHL will not be able to calculate the class-specific proxy 2011/12 rate adders using capital cost as the cost driver for allocating the 2011 Revenue Requirement (Sheet 8) as noted in IR #1 c OHL followed the Guideline G-2008-0002 and the APH. OHL refers to the Board's Decision in the matter of the application by PowerStream Inc. EB-2010-0209, effective November 1, 2010.

*'The Board finds that a cost allocation approach based on class specific revenue requirement calculations offset by class specific smart meter funding to be inconsistent with previous Board decisions, and that there has been no clear requirement to track costs by class.'*

- 3.2 First OHL has selectively cited the Board's EB-2010-0209 Decision. The Board also accepted Powerstream's cost allocation (page 14ff). At page 17, it .stated that "the Board finds that PowerStream's original cost allocation methodology is reasonable and based on the principle of cost causality".

- 3.3 Second, Orangeville states (VECC IRR #2c) that

"We are unable to provide the estimated 2011 total capital costs (procurement and installation) for each of the Residential and GS<50 kW classes."

- 3.4 VECC cannot accept that Orangeville cannot at least *estimate* the capital costs based on its procurement and installation costs for residential and commercial meters. It should then apply the allocation methodology used by PowerStream to allocate the revenue requirement to each class in order to generate a class-specific 2011 SMFA.

- 3.5 VECC submits that this is fairer to ratepayers than an Aggregate SMFA as proposed by Orangeville.

---

<sup>3</sup> SMFA Calculation Model Sheet 7

- 3.6 VECC notes that Bluewater (EB-2010-0065) provided such a calculation in response to VECC IRs (without agreeing to the principle).

#### 4 **Lost Revenue Adjustment Mechanism (LRAM) and Shared Savings Mechanism (SSM) Recovery**

- 4.1 VECC IRR#4 shows the details of the updated filed claim of **\$99,818.85** by rate class, and the calculation of the rate riders as follows

Revised LRAM Totals				
Rate Class	Submitted LRAM \$	Revised LRAM \$		
<u>Third Tranche</u>				
Residential	\$ 840.00	\$ 840.00		
General Service 50 to 4,999 kW	\$ 24,849.33	\$ 24,849.33		
<u>OPA Programs</u>				
Residential	\$ 66,088.24	\$ 71,359.22		
General Service <50 kW	\$ 2,951.38	\$ 2,716.74		
General Service >50 kW	\$ 53.72	\$ 53.56		
	\$ 94,782.67	\$ 99,818.85		
<u>Rate Riders by Class</u>				
Total by Rate Class	LRAM \$	2010 Forecasted kWh/kW	Per Volumetric	Unit
Residential	\$ 72,199.22	85,739,256	0.0008	kWh
General Service <50 kW	\$ 2,716.74	38,644,867	0.0001	kWh
General Service >50 kW	\$ 24,902.89	294,391	0.0846	kW

#### *LRAM –Third tranche CDM*

- 4.2 VECC has reviewed the responses to its IRs and accepts that OHL's responses and revised spreadsheet <sup>4</sup> demonstrate that, 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.

<sup>4</sup> NOTL Attachment A to D LRAM 2009 Finals 06 to 08 change 20101223.xls

4.3 The exception to this is the 2007 *Reduce the Juice Energy Audits 15W CFLs*.

4.4 VECC IRR # 3 shows the underlying input assumptions and calculation:

**Reduce the Juice Energy Audits 15W CFLs**

2006

# of Units: 1,720

Unit kWh Savings: 43.2 kWh

Lifetime Savings / unit: 344 kWh

Free Ridership: 10%

2007

# of Units: 142

Unit kWh Savings: 180 kWh (OEB Commercial Assumptions and Measures)

Lifetime Savings / unit: 344

Free Ridership: 10%

4.5 VECC cannot reconcile the 2007 savings of 46,010 kwh to the OPA 2010 Prescriptive Measures and Assumptions List (pages 73-74). Although the lifetime has been reduced, this does not explain why the 2007 units installed should generate higher savings than 2006 units.

Reduce the Juice: 2007 15W

2007: 142 units \* 180 kWh = 25,560 kWh - 10% = 23,005 kWh

2008: 142 units \* 180 kWh = 25,560 kWh - 10% = 23,005 kWh

Total: 23,005 + 23,005 = 46,010 kWh

4.6 The OPA 2010 Prescriptive M&A List (Page 73-74) shows the annual savings per 15 W CFL bulb in commercial applications to be 44.35 kWh (same as assumed for the 2006 program) and therefore the total full year savings should be:

*142 units\*44.35 kWh= 6209 kWh (gross) 5588.1 kWh (net). For two 2007 and 2008 years the total should be approximately 12,418 kWh (gross) 11,176.2 kWh net*

4.7 VECC submits that Orangeville should be required to provide a justification for the 2007 *Reduce the Juice* savings and demonstrate that these are consistent with the OPA 2010 Prescriptive M&A Lists.

4.8 Any changes resulting from the above responses should be carried through into a revised final LRAM claim and Rate Riders

### *LRAM-OPA CDM Programs*

- 4.9 In response to IRs Orangeville has provided updated OPA results<sup>5</sup>. Orangeville has revised Table 1 and Table 2 of the Manager's Summary. OHL states (VECC IRR#4) that it will not be requesting an adjustment to the LRAM Rate Riders as the finalized results do not affect the adjustment.
- 4.10 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.

### *Summary*

- 4.11 VECC urges the Board to direct that Orangeville verify and demonstrate that for all Residential and GS<50kw Mass Market Measures, specifically CFLs, the OPA 2010 Prescriptive Market Measures and Assumptions List annual Energy Savings (kWh) input values have been used for its LRAM claims. If this is not the case, the LRAM Claim should be revised 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.

All of which is respectfully submitted this 24<sup>th</sup> day of January 2011

---

<sup>5</sup> 2006-2009 Final.OPA CDM Results.Orangeville Hydro Limited.xls - TAB: Initiative Level – LDC