



3240 Mavis Road  
Mississauga, Ontario  
L5C 3K1

Tel: (905) 566-2727  
Fax (905) 566-2737

February 15, 2011

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P. O. Box 2319  
2300 Yonge Street  
Suite 2700  
Toronto, Ontario  
M4P 1E4

Dear Ms. Walli:

**Re: Enersource Hydro Mississauga Inc. Application for Distribution Rates  
Effective May 1, 2011  
Final Submission (EB-2010-0078)**

Enclosed is the final submission (the "Final Submission") by Enersource Hydro Mississauga Inc. for the subject proceeding.

This Final Submission is being filed via the Board's RESS, and is being provided via email to the intervenors of record. Two hard copies of the Final Submission will be delivered via courier to the Board.

If you have any questions or concerns with this Final Submission, please do not hesitate to contact me at (905) 283-4098.

Sincerely,

*(Original signed by)*

Gia M. DeJulio  
Director, Regulatory Affairs

cc. Dan Pastoric, Executive Vice-President and Chief Operating Officer  
Norman Wolff, Executive Vice-President and Chief Financial Officer  
Michael Buonaguro, Counsel for VECC, [mbuonaguro@piac.ca](mailto:mbuonaguro@piac.ca)  
Dr. Roger Higgin, Econalysis, [rhiggin@econalysis.ca](mailto:rhiggin@econalysis.ca)  
Lawrie Gluck, Ontario Energy Board Staff, [lawrie.gluck@oeb.gov.on.ca](mailto:lawrie.gluck@oeb.gov.on.ca)

**Final Submission  
Enersource Hydro Mississauga Inc.  
EB-2010-0078**

1. This is the final submission of Enersource Hydro Mississauga Inc. ("Enersource") in reply to the submissions filed by Board Staff and the Vulnerable Energy Consumers Coalition ("VECC").
2. Enersource makes submissions on the following matters:
  - Smart Meter Funding Adder; and
  - Lost Revenue Adjustment Mechanism.

**Smart Meter Funding Adder**

**Enersource's Proposal**

3. Enersource proposes to decrease its Board-approved smart meter funding adder ("SMFA") from \$2.17 to \$2.12 per metered-customer per month.<sup>1</sup> The decrease in the SMFA is primarily due to lower than budgeted operating expenses related to the implementation of a web presentment application. Enersource has followed the Guidelines G-2008-0002 for *Smart Meter Funding and Cost Recovery* (the "Board's Guidelines").

**Positions of Intervenors**

4. Board Staff noted that "actual smart meter expenditures will be subject to a prudence review when Enersource makes an application for the disposition of smart meter related variance account balances in a subsequent proceeding. Board staff takes no issue with Enersource's proposal to decrease its smart meter funding adder to \$2.12 per metered customer per month".<sup>2</sup>

---

<sup>1</sup> See Tab 2, Manager's Summary, p. 4 and Tab 4, Smart Meter Funding Adder, p. 3.

<sup>2</sup> See Board Staff submission, dated January 25, 2011, p. 3.

5. VECC filed a submission in this proceeding, arguing that Enersource should calculate its SMFA on a class basis, using capital cost as the cost driver to allocate the 2011 revenue requirement.<sup>3</sup>

### **Enersource's Response**

6. Enersource's approach is consistent with the Board's template and methodology for calculating the SMFA; it is therefore just and reasonable. True, some utilities use the approach recommended by VECC - which benefits residential customers - but some do not. Enersource's approach should only be rejected if the Board finds that it does not lead to a just and reasonable rate.

### **Lost Revenue Adjustment Mechanism**

#### **Enersource's Proposal**

7. Enersource proposes to recover lost revenues of \$699,236, which includes \$13,291 in carrying charges, under Lost Revenue Adjustment Mechanism ("LRAM") related CDM activities during the period January 1 to December 31, 2009.<sup>4</sup>

#### **Positions of Intervenors**

8. Board staff submitted that "Enersource has complied with the Board's CDM Guidelines in preparing the LRAM portion of its Application. Board staff submits that it has no issues with the LRAM claim as filed."<sup>5</sup>
9. VECC submitted that it does not support the LRAM claim as filed for Enersource-funded third tranche CDM. While admitting that Enersource (and SeeLine) have applied the best available input assumptions i.e., OPA 2010 Prescriptive Measures and Assumptions List values, for 2005 third tranche and 2007 rate funded programs, VECC asserts that Enersource has not done so for one third tranche-funded program involving Mass Market measures, including CFL hand-outs in 2006, i.e., the 2006 Every Kilowatt Counts – Spring and Fall program<sup>6</sup>.

---

<sup>3</sup> See VECC submission, dated January 25, 2011, p. 2

<sup>4</sup> See Tab 3, Lost Revenue Adjustment Mechanism, p. 2.

<sup>5</sup> See Board Staff Submission, dated January 25, 2011, p. 5.

<sup>6</sup> See VECC Submission, dated January 25, 2011, p. 4

10. VECC disagrees with the evidence in Attachment I, Appendix B that “the LRAM claim for this program is based on the OPA 2009 results (and therefore should be accepted)”<sup>7</sup>. VECC submits that this is a third tranche-funded program and the LRAM should be based on best available input assumptions at the time of the Third Party Independent review.
11. VECC also referenced the “Horizon Decision” [EB-2009-0158 and EB-2009-0192] stating that it stipulates “that Best Available Input Assumptions at the time of the third party review should be used.”<sup>8</sup>

### **Enersource’s Response**

12. In accordance with the Board’s CDM Guidelines<sup>9</sup>, Enersource calculated the volumes lost from CDM programs using the latest input assumptions at the time of the third party assessment. The latest input assumptions at the time of SeeLine’s assessment came from the OPA 2010 Prescriptive Measures and Assumptions List.
13. Enersource also advises that it used the results from the OPA’s report to Enersource, issued on August 13, 2010, and further confirmed in an email of September 29, 2010 entitled “2006-8 Final + 2009 Preliminary OPA CDM Results - Enersource Hydro Mississauga Inc.” to determine the results and consequential lost distribution volumes from the 2006 Every Kilowatt Counts program.
14. The OPA has since sent two subsequent emails to Enersource, addressing CDM results. In an email dated December 2, 2010, the OPA issued “2006-2009 Final OPA CDM Results – Enersource Hydro Mississauga Inc.” In an email dated January 24, 2011, the OPA issued an “Update” of that report. The results for the 2006 Every Kilowatt Counts program did not change in either of these subsequent reports.
15. Enersource utilized the OPA’s verification of results of the 2006 Every Kilowatt Counts program, and submits that this is an appropriate and acceptable source. The

---

<sup>7</sup> See VECC submission, dated January 25, 2011, p. 4.

<sup>8</sup> See VECC Submission, dated January 25, 2011, p. 5.

<sup>9</sup> The Board’s Guidelines for Electricity Distributor Conservation and Demand Management issued on March 28, 2008 in EB-2008-0037.

Board states in the CDM Guidelines<sup>10</sup> that “The Board would consider an evaluation by the OPA or a third party designated by the OPA to be sufficient.”

16. With respect to VECC's reference to the “Horizon Decision”, Enersource submits that the Board's decision in that proceeding, EB-2009-0158 and EB-2009-0192, addressed the requirement to use the most recent generic input assumptions, and also addressed whether the Board's direction in the CDM Guidelines (that the most current or updated information be used for LRAM purposes) applied to programs offered before 2007.
17. The Board's “Horizon Decision” was not about choosing between results from a program-specific evaluation and the most current generic data, nor was it about making a distinction in the data to be used based on the source of funding for the program. The Board stated that “utilities should always use the most current input assumptions which have been adopted by the Board when preparing their applications because these assumptions represent the best estimate of the impact of the programs”<sup>11</sup>.
18. Enersource advises that in both the current Application and in its prior year's application (EB-2009-0400) Enersource took the Board's “Horizon Decision” into consideration and made sure that the most current information was utilized, which was then verified by the third party reviewer, SeeLine.
19. Enersource submits that its determination of the LRAM claim is fully consistent with the manner in which it calculated its claim in its prior year's application, which was approved with no changes or conditions by the Board. In its decision dated February 26, 2010, the Board found that Enersource had filed its application consistent with the Board's CDM Guidelines and had used the most appropriate input assumptions when calculating its LRAM amount.
20. For the reasons above, Enersource submits that its Application ought to be approved as filed.

---

<sup>10</sup> See the Board's CDM Guidelines, p. 28.

<sup>11</sup> See “Horizon Decision”, p. 5.