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February 8, 2008

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)
Notice of Intervention: EB-2007-0867
Middlesex Power Distribution Corporation – 2008 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.

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 Middlesex Power Distribution Corporation pursuant to section 78 of the *Ontario Energy Board Act* for an Order or Orders approving just and reasonable rates for the delivery and distribution of electricity.

FINAL SUBMISSIONS

On Behalf of

VULNERABLE ENERGY CONSUMERS COALITION (VECC)

February 8, 2008

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Vulnerable Energy Consumers' Coalition (VECC)
Final Argument

1 The Application

- 1.1 On November 1, 2007 Middlesex Power Distribution Corporation ("Middlesex") submitted an Application to the Ontario Energy Board for approval of its proposed 2008 distribution rates. This application is based on Board's prescribed 2nd GIRM with two exceptions. The first is that Middlesex is applying for new Retail Transmission Rates effective May 1, 2008. The second is that Middlesex is applying for a new Smart Meter Rate Adder of \$1.93 effective May 1, 2008.

2 Retail Transmission Charges

- 2.1 In VECC's view, the approach used by Middlesex¹ to determine the adjustments required to its currently approved Retail Transmission Rates Additions to account for the changes in wholesales transmission rates approved by the OEB last November is reasonable. The approach not only captures the reduction in wholesale transmission rates but should also serve to reduce future variances in the associated RSVA accounts.

3 Smart Meters

- 3.1 VECC has two issues with respect to Middlesex's proposed Smart Meter Rate Adders which are: a) the transparency of the process and b) the specific adders proposed for 2008.
- 3.2 The proposed \$1.93 adder includes \$1.23 to recover residential smart metering costs associated with installations installed prior to April 30, 2007; \$0.10 to recover

¹ Application, Appendix B

the costs to date (including 2008 costs) associated with GS smart meter installations up to September 2007² and \$0.60 to cover the cost for residential installations made between May 2007 and December 2007³.

- 3.3 While Middlesex has provided the derivation of the \$0.10 value in Appendix B of its Application, the Company has not provided supporting details regarding the \$0.60 nor the \$1.23. In the latter two cases it appears that Middlesex considers the information to be confidential⁴. VECC finds this position perplexing and is unable to understand why Middlesex could not provide background on the derivation of these two numbers similar to what it has done for the GS installations.
- 3.4 In view of the fact that the revenues and associated costs are being tracked in a deferral account which will eventually be reviewed as part of any final disposition VECC did not pursue the question of confidentiality in this proceeding. However, the Company's position has made it difficult for VECC to comment on the proposed Smart Meter Rate Adders, other than the proposed GS adder which appears reasonable.
- 3.5 VECC notes that in its submissions OEB staff has assumed that the revenues associated with the \$1.23 adder (along with the Smart Meter cost prior to April 30, 2007) would not be tracked in a variance account⁵. In VECC's view, such an approach is totally inappropriate. If Middlesex is seeking (final recovery) of costs through rates it should be required to disclose (publicly) how the impact on rates was determined. If the Staff view were to hold, it raises the prospect of close to 90 utilities in the province taking a similar position and portion of all future revenue requirement determinations being deemed "confidential". This is something that VECC submits is unacceptable as a long-run solution.
- 3.6 Finally, VECC notes that Board Staff appears to be arguing for the continuation of

² OEB Staff #2

³ OEB Staff #2

⁴ See responses to OEB Staff IRs #1, #2 and #3 as well as VECC IRs #3

⁵ Staff Submissions, page 5

the current \$1.35 adder as opposed to the \$1.23 proposed by Middlesex on the grounds that it will provide funding for other Smart Meter activities. In VECC's view, if the Board Staff's \$1.35 approach is adopted then clearly a Deferral/Variance account will be required.

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.

Respectfully Submitted on the 8th Day of February 2008

Michael Buonaguro
Counsel for VECC