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November 17, 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)
Hydro One Brampton Networks Inc. EB-2011-0174
Final Submissions of VECC

Please find enclosed the submissions of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

cc: Hydro One Brampton Networks Inc.
Mr. Scott Miller, Regulatory Affairs Manager

EB-2011-0174

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B), as amended;

AND IN THE MATTER OF an Application by Hydro One Brampton Networks Inc. for an order or orders approving or fixing just and reasonable distribution rates to be effective January 1, 2012.

FINAL SUBMISSIONS

On Behalf of The

Vulnerable Energy Consumers Coalition (VECC)

November 17, 2011

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Vulnerable Energy Consumers Coalition (VECC)

Final Argument

1 The Application

1.1 Hydro One Brampton Networks Inc. ("HOBNI", "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 January 1, 2012. The Application was filed in accordance with the OEB's guidelines for 3rd Generation Incentive Regulation which provides for a mechanistic and formulaic adjustment to distribution rates between cost of service applications.

1.2 As part of its application, HOBNI included adjustments to two of 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 The Board directed HOBNI, in its Decision in HOBNI's 2011 cost of service (COS) application (EB-2010- 0132) to move the revenue-to-cost ratio for the streetlighting class from 41.2% to 70.0%, the bottom of the Boards' target range, with the change in revenue arising from this adjustment bring recovered from the GS 700 to 4,999 kW class.[1]

2.2 VECC submits that the revenue to cost ratio adjustments were input correctly in the Workform. However, HOBNI's treatment of the Transformer Allowance in its original filing caused the resulting revenue amounts in subsequent sheets to differ from the revenue values from HOBNI's 2011 COS filing resulting in a slight increase in the rebalancing of the GS 700 to 4,999 kW class revenue to cost ratio.

2.3 HOBNI's 2012 IRM3 Revenue to Cost Ratio Workform included at Tab 4 of the evidence did not include the Transformer Allowance on Sheet 8 as per HOBNI's 2011 COS application.

2.4 In response to VECC and Board Staff interrogatories[2], HOBNI re-filed the 2012 IRM3 Revenue to Cost Ratio Workform with the Transformer Allowance included for the GS 50 to 699 kW and the GS 700 to 4,999 kW customer rate classes. HOBNI noted in its interrogatory response that the resulting revenue amounts in

[1] EB-2011-0174 Tab 1, Schedule 2, Page 6
[2] Tab 11, Schedule 1, VECC Interrogatory #1a & Tab 11, Schedule 2, Board Staff Interrogatory #5a

subsequent sheets now correspond with revenue values from HOBNI's 2011 COS filing. This change also caused the revenue to cost ratio percentage for the GS 700 to 4,999 kW class to change from 132% to 130%, however, the resulting adjustments to the proposed rates remains the same. VECC submits that the 130% revenue to cost ratio for the GS 700 to 4,999 kW class is appropriate.

2.5 With these revisions, VECC submits that the revenue to cost ratio adjustments are in accordance with the EB-2010-0132 Decision and the Revenue to Cost Ratio Workform has been completed appropriately.

3 Lost Revenue Adjustment Mechanism (LRAM Recovery)

3.1 HOBNI is applying to the Board in this application for the recovery of lost distribution revenue through the establishment of one year rate rider effective January 1, 2012, as a result of the successful implementation of 2009 and 2010 OPA CDM programs.

3.2 HOBNI's original LRAM claim was based on the OPA's final results for 2009 programs, but for the 2010 OPA program, the results were based on 2010 estimates. HOBNI received the OPA verified results of the 2010 OPA programs on September 19, 2011 and the LRAM claim was updated in response to interrogatories from VECC and Board Staff.

3.3 The Table below shows the updated LRAM claim by customer class including carrying costs:

Rate Class	Original LRAM Claim[3]	Updated LRAM Claim[4]
Residential	$210,459	$157,648
GS<50 kW	$208,516	$338,936
GS 50 to 699 kW	$126,398	$79,706
GS 700 to 4,999 kW	$52,372	$32,787
Total	**$597,745**	**$609,077**

3.4 In the Board's Decision in the Horizon Application (EB-2009-0192), the Board indicated that distributors are to use the most current input assumptions which have been adopted by the Board when preparing their LRAM recovery as these assumptions represent the best estimate of the impacts of the programs. VECC accepts for LRAM purposes, the OPA verification of the energy savings for HOBNI's 2009 and 2010 OPA-funded CDM programs using final 2009 and 2010 OPA program results.

[3] Tab 6, Third Party Review (IndEco Report), LRAM Claim, Table 5, Page 8
[4] Tab 11, Schedule 1, VECC Interrogatory #3

3.5 In its original evidence, HOBNI indicated that none of the load reductions was factored into the load forecast underpinning 2009, 2010 and 2011 rates.[5]

3.6 In response to VECC and Board Staff interrogatories[6], HOBNI indicated that the LRAM claim was adjusted (decreased) to remove a portion of energy savings associated with 2009 programs that were accounted for in HOBNI's 2011 load forecast.

3.7 In the Board's Decision in HOBNI's 2011 COS application, the Board found that the appropriate CDM adjustment to be included in the load forecast for 2011 is 19 GWH, which represents 10% of its cumulative CDM target for the period 2011 - 2014.[7]

3.8 In response to Board Staff interrogatory #7, HOBNI indicated that via regression analysis, it determined in this application that its 2011 load forecast factored in 10.1 GWh from 2009 CDM programs. HOBNI removed 10.1 GWh from the energy savings in 2011 from 2009 CDM programs to ensure that they are not being double counted in the load forecast and in the LRAM claim.[8]

3.9 HOBNI is applying for an LRAM for energy savings over the three year period between January 1, 2009 and December 31, 2011. The Table below shows the LRAM claim by year[9]:

	LRAM Claimed in 2009	**LRAM Claimed in 2010**	**LRAM Claimed in 2011**	**Total**
2009 Programs	$124,213	$121,065	$18,409 (reflects 10.1 GWh removed from claimed energy savings in 2011)	$263,687
2010 Programs		$183,580	$161,811	$345,390
Total LRAM claim	**$124,213**	**$304,645**	**$180,220**	**$609,077**

3.10 HOBNI indicates that the CDM programs that were included in the 2011 forecast were programs that were initiated in 2005, 2006, 2007, 2008 and 2009; programs that were initiated in 2010 were not included.[10]

[5] Tab 1, Schedule 2.0, Page 14
[6] Tab 11, Schedule 1, VECC #3 & Tab 11, Schedule 2, Board Staff Interrogatory #7a
[7] EB-2010-0132 Decision, Page 8
[8] Tab 11, Schedule 2, Board Staff Interrogatory #7, Updated November 15, 2011, Page 2
[9] Tab 11, Schedule 2, Board Staff Interrogatory #7, Updated November 15, 2011, Page 3
[10] Tab 11, Schedule 2, Board Staff Interrogatory #7, Updated November 15, 2011, Page 1

3.12 The Board's Guideline states "The LRAM is determined by calculating the energy savings by customer class and valuing those energy savings using the distributor's Board-approved variable distribution charge appropriate to the class. The calculation does not include any Regulatory Asset Recovery rate riders, as these funds are subject to their own independent true-up process. Lost revenues are only accruable until new rates (based on a new revenue requirement and load forecast) are set by the Board, as the savings would be assumed to be incorporated in the load forecast at that time."[11] VECC submits that based on the Board's Guidelines, lost revenue for HOBNI's 2009 programs and 2010 are not accruable in 2011.

3.13 More specifically, the load forecast methodology utilized by in its 2011 Rate Application used a regression analysis of historical data that included 2009 actual use and therefore included 2009 CDM program impacts. Furthermore, HOBNI's regression model would capture not only historical savings but would carry forward projections for future years trends in the historical data regarding increased CDM savings over time that would be implicit in the 2011 forecast. VECC submits that lost revenue in 2011 from additional 2010 CDM programs has already been accounted for in the 2011 load forecast. Thus, the LRAM claim should not include any lost revenue in 2011 from 2009 and 2010 CDM programs.

3.14 HOBNI claims that through regression analysis it has identified the 2009 program effects not captured in its 2011 load forecast. However, it has not provided any supporting evidence on its regression analysis. As a result, neither VECC nor the Board can verify HOBNI's claim. In light of this, VECC sees no reason to depart from the policy set out in the Board's Guideline.

3.15 VECC submits that that LRAM claim, exclusive of estimated revenues past December 31, 2010, provided in Board Staff interrogatory #6b, should be approved by the Board.

Rate Class	**LRAM between January 1, 2009 & December 31, 2010**
Residential	$132,227
GS < 50 kW	$133,031
GS 5o to 699 kW	$73,934
GS 700 to 4,999 kW	$32,010
Total	**$371,201**

3.16 In response to VECC interrogatory # 4, HOBNI verifies the input assumptions for CFLs that were most recently updated in 2009 as 8 years for measure life and 43 kWh for annual energy savings. VECC notes that in Appendix A to the Third Party Review at Page 22, Line 2, the input assumptions for the installed CFLs in the 2009 Every Kilowatt Counts Power Savings Event, indicate annual energy

[11] Guidelines for Electricity Distributor Conservation and Demand Management (EB-3008-0037), Page 18

savings of 101 kWh. VECC submits that an outdated input assumption has been used in this calculation.

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 order of costs in the amount of 100% of its reasonably-incurred fees and disbursements.

All of which is respectfully submitted this 17th day of November 2011.