



***PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC***

ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7

Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: piac@piac.ca. <http://www.piac.ca>

Michael Buonaguro
Counsel for VECC
(416) 767-1666

December 01, 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)
Burlington Hydro Inc. EB-2011-0155
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: Burlington Hydro Inc.
Mr. Stephen Shields, Manager, Regulatory Affairs

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 Burlington Hydro Inc. for an order or orders approving or fixing just and reasonable distribution rates to be effective May 1, 2012.

FINAL SUBMISSIONS

On Behalf of The

Vulnerable Energy Consumers Coalition (VECC)

November 29, 2011

Michael Buonaguro
Public Interest Advocacy Centre
34 King Street East
Suite 1102
Toronto, Ontario
M5C 2X8

Tel: 416-767-1666
Email: mbuonaguro@piac.ca

Vulnerable Energy Consumers Coalition (VECC)

Final Argument

1 The Application

- 1.1 Burlington Hydro Inc. (“Burlington Hydro”, “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, 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, Burlington included 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 this aspect of the application.

2 Lost Revenue Adjustment Mechanism (LRAM Recovery)

- 2.1 Burlington Hydro applied to the Board in this application for the recovery of \$367,885 of lost distribution revenue (including carrying charges) through a two year rate rider effective May 1, 2012, as a result of the successful implementation of OPA CDM programs in 2009 and 2010.
- 2.2 Burlington Hydro has filed two previous LRAM claims in rate cases EB-2009-0259 (COS) and EB-2010-0067 (IRM).
- 2.3 The LRAM claim in this application covers the impacts of 2009 OPA program for the period between January 1, 2011 and April 30, 2012. An LRAM claim for the period before January 1, 2011 was included in Burlington Hydro’s 2011 IRM application (EB-2010-0067). This LRAM claim also includes 2010 programs for the period January 1, 2010 and April 30, 2012. Energy savings related to 2011 OPA programs have not been captured in this LRAM claim, and lost revenues from these programs will be collected as part of a future claim.¹
- 2.4 Burlington’s original LRAM claim in this application was based on 2006-2009 Final OPA CDM Results for 2009 CDM. For 2010 CDM programs, preliminary 2010 savings estimates was used and Burlington Hydro indicated it would finalize the LRAM claim associated with 2010 programs once the OPA releases its final 2010 OPA program results.² Burlington Hydro re-filed its LRAM claim on

¹ Manager’s Summary, October 26, 2011, LRAM Rate Rider

² Tab 5, Third Party Review: LRAM Claim, IndEco Report, September 16, 2011, Page 3

October 26, 2011 to reflect the final 2010 results provided by the OPA.

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

Rate Class	Original Lost Revenue	Original Carrying Cost	Original LRAM Claim ³	Updated Lost Revenue	Updated Carrying Cost	Updated LRAM Claim ⁴
Residential	\$104,006	\$1,693	\$105,699	\$99,506	\$1,611	\$101,117
GS< 50 kW	\$204,588	\$3,298	\$207,886	\$150,271	\$2,316	\$152,587
GS 50-4999 kW	\$53,380	\$921	\$54,301	\$19,157	\$304	\$19,461
Total	\$361,974	\$5,911	\$367,885	\$268,934	\$4,231	\$273,165

- 2.6 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.

OPA Funded Programs

- 2.7 VECC accepts for LRAM purposes, the OPA verification of the energy savings for Burlington Hydro's 2009 and 2010 OPA-funded CDM programs using the OPA's Final 2006-2009 CDM Program Results and the OPA's Final 2010 CDM Program Results.
- 2.8 VECC notes that on Page 12 of the Table provided in response to VECC Interrogatory # 2 (a) to provide the input assumptions at the program/measure level based on OPA Final Results, for the 2009 Every Kilowatt Counts Power Savings Event, 101 kWh is used as the input assumption to calculate gross annual energy savings for Installed CFLs (Spring Campaign, Participant Spillover). VECC submits that this input assumption value is outdated and 46.32 kWh should be used to calculate the gross annual energy savings, however the impact on lost revenue is immaterial.
- 2.9 VECC submits Burlington Hydro has appropriately demonstrated through interrogatory responses that savings for the OPA's 2006 Every Kilowatt Counts Program regarding 13-15 W Energy Star CFL's are not included in the LRAM claim. LRAM is being claimed for programs delivered in 2009 and 2010 only.⁵
- 2.10 Burlington Hydro has confirmed that no adjustments to the claim are needed as the LRAM claim already accounts for any measures that expired before the full

³Manager's Summary, dated September 16, 2011, LRAM Rate Rider, Page 6

⁴ Manager's Summary, dated October 26, 2011, LRAM Rate Rider

⁵ VECC Interrogatory Response # 2 (c)

span of the LRAM claim.⁶

Load Forecast

- 2.11 Burlington Hydro indicates that none of the CDM load reductions estimated was factored into the load forecast underpinning 2010-2011 rates.⁷
- 2.12 Burlington Hydro confirmed in its last LRAM claim for third tranche and 2006-8 OPA programs (2011 IRM application EB-2010-0067), that it had not included lost revenues from these programs in its load forecast when new rates were last set.⁸
- 2.13 VECC is satisfied that the load forecast underpinning rates does not capture load reductions from 2009 and 2010 OPA programs.

Recovery Period

- 2.14 Burlington Hydro's proposes that the 2009 OPA Program LRAM claims cover the period between January 1, 2011 to April 30, 2012 and the 2010 OPA Program LRAM claims cover the period January 1, 2010 to April 20, 2012.
- 2.15 The Board's Guidelines indicate that "LRAM is a retrospective adjustment, which is designed to recover revenues lost from distributor supported CDM activities in a prior year."⁹
- 2.16 In response to interrogatories from Board Staff, Burlington Hydro indicates that a distinction must be made between lost revenue in 2011 due to programs started in 2011, and lost revenue due to programs started in earlier years. An implemented program will lead to energy savings, and thus lost revenues, that will persist over the lifetime of the program's measures. For example, if a 2009 program consists of a measure with a lifetime of two years, the program will lead to lost revenue until the end of 2011. This would be unrelated to lost revenue due to a program started in 2011.¹⁰
- 2.17 VECC agrees with the distinction made by Burlington Hydro, however, VECC submits that Burlington Hydro is calculating estimated lost revenues for 2009 and 2010 CDM Programs in 2011 and 2012 based on the OPA's Measures and Assumptions list and OPA verified results available at the timing of this application, which is not appropriate or in accordance with the Guidelines.

⁶ VECC Interrogatory Response # 2 (d)

⁷ Manager's Summary, October 26, 2011, LRAM Rate Rider

⁸ EB-2010-0067, Board Staff Interrogatory Response # 2a

⁹ Guidelines for Electricity Distributor Conservation and Demand Management, EB-2008-0037, Page 18

¹⁰ Board Staff Interrogatory Response # 4 (b)

- 2.18 Page 34 of the Board's Chapter 2 Filing Guidelines for Transmission and Distribution Applications dated June 22, 2011 states:

"Distributors intending to file an LRAM or SSM application for CDM Programs funded through distribution rates, or an LRAM application for CDM Programs funded by the OPA between 2005 and 2010, shall do so as part of their 2012 rate application filings, either cost-of-service or IRM. If a distributor does not file for the recovery of LRAM or SSM amounts in its 2012 rate application, it will forego the opportunity to recover LRAM or SSM for this legacy period of CDM activity."

- 2.19 VECC submits that the Board's updated Chapter 2 Guidelines do not specify the LRAM recovery period. VECC interprets the Board's guideline to mean that if a distributor does not file for the recovery of LRAM/SSM for 2005 to 2010 CDM programs, to the end of the program implementation period, i.e. to the end of 2010, it would forego the opportunity to do so. VECC does not believe the Chapter 2 update is intended to override the requirement that the most current OPA Measures and Assumptions lists, as updated by the OPA from time to time, represent the best estimate of losses associated with a distributor's CDM programs.
- 2.20 In the absence of OPA input assumptions and verified final results for 2011 and 2012, VECC submits that the LRAM claim should be adjusted to the end of 2010, for 2009 and 2010 OPA programs. Given that Burlington Hydro has already claimed the lost revenue for 2009 OPA programs to the end of 2010 in a prior LRAM claim, the revised LRAM claim in this application would include only 2010 OPA Programs.
- 2.21 In response to Board Staff Interrogatory # 4 (c), Burlington Hydro indicates that if the proposed 2011 and 2012 lost revenues were removed, the amount of the LRAM claim would be \$73,568 including carrying charges. VECC submits the Board should approve an LRAM claim in the amount of \$73,568.
- 2.22 If the Board approves Burlington's LRAM claim to April 30, 2012, VECC submits that Burlington Hydro should file an updated LRAM application to recover or refund any variance between the requested amounts and verified amounts for January 1, 2011 to April 30, 2012 based on the most recent OPA Measures and Assumptions List and verified results from the OPA.

3 Recovery of Reasonably Incurred Costs

- 3.1 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 29th day of November 2011.