



***PUBLIC INTEREST ADVOCACY CENTRE
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December 08, 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)
Horizon Utilities Corporation EB-2011-0172
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: Horizon Utilities Corporation
Ms. Indy-Butany-DeSouza

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 Horizon Utilities Corporation 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)

December 8, 2011

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Vulnerable Energy Consumers Coalition (VECC)

Final Argument

1 The Application

- 1.1 Horizon Utilities Corporation (“Horizon Utilities”, “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, Horizon Utilities included recovery of the impact of lost revenues associated with various conservation and demand management (CDM) activities (i.e. an LRAM recovery). The following section set out VECC’s final submissions regarding this aspect of the application.

2 Lost Revenue Adjustment Mechanism (LRAM Recovery)

- 2.1 Horizon Utilities is applying to the Board in this application for the recovery of \$1,608,274 in lost revenue including carrying charges for the rate years 2008 to 2010 through one year rate riders effective January 1, 2012.
- 2.2 Horizon Utilities filed prior LRAM claims in EB-2007-0697 and EB-2009-0192.
- 2.3 The LRAM claim in this application covers the impacts of 2005 to 2007 Third Tranche programs and 2007 to 2010 OPA programs over the period 2008 to 2010.
- 2.4 At the time of the application, Horizon Utilities used the OPA Final 2010 CDM Summary Results dated September, 14, 2011. Horizon Utilities received a more detailed version of the OPA Final 2010 CDM Summary Results Report on November 14, 2011. Horizon Utilities performed a comparison of the latest Report and the September 14, 2011 version and notes the adjustment to CDM energy and demand savings resulted in an increase to Horizon Utilities’ claim of \$1,251.¹
- 2.5 In the Board’s Decision in the Horizon Utilities 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.

¹ Response to VECC Interrogatory # 4 (c)

OPA Funded Programs

- 2.6 VECC accepts for LRAM purposes, the OPA verification of the energy savings for Horizon Utilities 2007 to 2010 OPA-funded CDM programs using the OPA's Final 2006-2009 Final OPA CDM Program Results and 2010 CDM Final CDM Program Results.

3rd Tranche Programs

- 2.7 For the 3rd Tranche LRAM claim, Horizon has used the latest available information on input assumptions, i.e., the 2011 OPA Prescriptive Measures and Assumptions Release issued March 2011.
- 2.8 Horizon Utilities indicated that as a result of comparing the September 14, 2011 results to the November 14, 2011 OPA 2010 Final CDM Program Results, it identified that the useful life of measures for 2010 resulted in a minor reduction of \$361 to its claim due to the removal of CDM savings contribution for the 2005 seasonal LED lights; the useful life of this measure was only 5 years and only persisted until 2009. The net impact of these adjustments to Horizon Utilities' LRAM claim is \$891.²
- 2.9 The Table below shows the updated LRAM claim by customer class including carrying costs:

Rate Class	Original 2010 Lost Revenue (Preliminary)	2010 LRAM Final Results
Residential	\$1,096,924	\$1,097,342
GS< 50 kW	\$188,773	\$188,858
GS 50-4,999 kW	\$300,400	\$300,804
Large User >5,000 kW	\$18,655	\$18,655
USL	\$3,523	\$3,523
Total	\$1,608,274	\$1,609,182

- 2.10 VECC accepts Horizon Utilities updated LRAM claim with the above noted adjustments.

Variance Account

- 2.11 Horizon Utilities indicates that in order to ensure that neither Horizon Utilities' ratepayers nor shareholder is disadvantaged through the recovery of the LRAM, Horizon Utilities proposes that the recovery of the approved LRAM amount be

² Response to VECC Interrogatory # 4 (c)

tracked in a variance account for disposition at a date to be determined.³

- 2.12 In the Board's Decision in Horizon's EB-2009-1092 application regarding LRAM/SSM recovery, the Board noted that Horizon Utilities had requested a variance account to track the recovery of the LRAM and SSM amounts. In the Decision the Board did not approve the establishment of a variance account under the electricity Uniform System of Accounts (USoA). This approach has not been used in other LRAM and SSM recovery applications and no reason or evidence has been presented as to why Horizon should have different treatment.⁴
- 2.13 VECC submits that the Board should not approve the establishment of a variance account in this proceeding.

Load Forecast

- 2.14 The 2011 Board approved load forecast includes CDM programs. This does not impact the current application as the load forecast that supports this LRAM claim was approved in the 2008 Cost of Service Application (EB-2007-0692) and this forecast did not incorporate CDM program savings.⁵

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 8th day of December 2011.

³EB-2011-0172, Tab 7, Page 11

⁴ EB-2009-0158/EB-2009-0192 Decision, Page 5

⁵ Response to VECC Interrogatory #1