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January 26, 2012

**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: Renfrew Hydro Inc. EB-2011-0195**

Please find enclosed the submissions of VECC in the above-noted proceeding. The submissions were due January 13, 2012; accordingly they are late. We discovered that these submissions were not filed as a result of a communication from the Board on January 25, 2012 confirming that we had not filed submissions.

We can confirm that the submissions were completed and available for filing on January 13, 2012; they were simply not filed due to inadvertence on our part. In reviewing our email records it appears that we had no less than 7 different filings due on January 13, 2012, and it appears that in making our various filings we inadvertently failed to forward the enclosed submissions to the Board or to the utility.

We apologize for the delay in filing, and respectfully ask that the Board accept and consider our submissions.

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 (Schedule B), as amended;

**AND IN THE MATTER OF** an Application by Renfrew 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)**

**January 13, 2012**

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## **FINAL SUBMISSIONS OF VECC**

### **1 The Application**

- 1.1 Renfrew Hydro Inc. (“Renfrew 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 3<sup>rd</sup> 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, Renfrew Hydro included adjustments to several 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 Renfrew Hydro in its last Cost of Service (COS) application in 2010 (EB-2009-0146), to increase the revenue to cost ratios for GS > 50 kW customer class progressively over the 2010-2013 period. Specifically, from 80% in 2010, to 84% in 2011, to 87% in 2012 and 90% in 2013. However, the GS > 50 kW upward progression should only continue until the Residential class reaches a limit of 100%.<sup>1</sup> The Board also approved the following changes to revenue cost ratios in 2012: GS < 50 kW to 100%, Unmetered Scattered Load (USL) to 75% and Street Lighting to 60%.<sup>2</sup>
- 2.2 In response to interrogatories, Renfrew Hydro agreed to updated the 2012 IRM revenue to cost ratio adjustment workform.
- 2.3 VECC submits that the revenue to cost ratio adjustments are in accordance with the EB-2009-0146 Decision.

### **3 Lost Revenue Adjustment Mechanism (LRAM Recovery)**

- 3.1 Renfrew Hydro is applying to the Board in this application for the recovery of 58,257.82 of lost distribution revenue through a one-year rate rider, as a result of the successful implementation of OPA CDM programs from 2006 to 2010.
- 3.2 Renfrew Hydro indicates that it has not filed any previous LRAM applications.<sup>3</sup>

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<sup>1</sup> Exhibit 1, Tab 2, Schedule 4, Page 1

<sup>2</sup> EB-2009-0146 Board Decision, Page 30

<sup>3</sup> Exhibit 1, Tab 1, Schedule 2, Page 1

- 3.3 In this application, Renfrew Hydro is requesting the recovery of lost revenues in the years 2006 to April 30, 2012 resulting from OPA programs delivered between 2006 and 2010.
- 3.4 Renfrew Hydro's original LRAM claim in this application was based on 2006-2009 Final OPA CDM Results (January 24, 2011) for 2009 CDM programs & 2010 Final OPA CDM Results Summary for 2010 CDM Programs (September 16, 2011). Renfrew Hydro received final 2010 OPA evaluation results on November 15, 2011. Renfrew Hydro re-filed its LRAM claim in response to Board Staff and VECC interrogatories to reflect the final 2010 evaluation results provided by the OPA.<sup>4</sup>
- 3.5 The Table below shows the original and updated LRAM claim by customer class:

| Rate Class        | Original<br>Lost<br>Revenue <sup>5</sup> | Revised<br>Lost<br>Revenue <sup>6</sup> |
|-------------------|--|---|
| Residential       | \$43,261.45                              | \$43,369.53                             |
| GS< 50 kW         | \$10,935.67                              | \$10,880.79                             |
| GS 50 to 4,999 kW | \$4,060.69                               | \$4,059.70                              |
| <b>Total</b>      | <b>\$58,257.82</b>                       | <b>\$58,310.02</b>                      |

### Load Forecast

- 3.6 Renfrew Hydro's last load forecast was approved by the Board Decision EB-2009-0146 for the purpose of setting rates effective May 1, 2010. Renfrew indicates there were no direct CDM savings from OPA programs included in Renfrew's load forecast.<sup>7</sup>
- 3.7 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."<sup>8</sup>
- 3.8 In the recent Hydro Ottawa Decision (EB-2011-0054), the Board disallowed a true-up of the effects of CDM. The Board noted firstly, that the Board's CDM Guidelines do not consider symmetry with respect to LRAM; and secondly, that

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<sup>4</sup> Response to Board Staff Interrogatory # 7

<sup>5</sup> Exhibit 1, Tab 2, Schedule 6, Page 1

<sup>6</sup> Response to Board Staff Interrogatory # 9

<sup>7</sup> Response to Board Staff Interrogatory # 7

<sup>8</sup> Guidelines for Electricity Distributor Conservation and Demand Management (EB-3008-0037), Page 18

there have been expectations related to LRAM including no-true up of the effects of CDM activities embedded in a rebasing year.<sup>9</sup>

- 3.9 VECC notes that in other recent Decisions, the Board disallowed LRAM claims in the rebasing year and beyond for CDM programs implemented prior to (and including) the rebasing year.
- 3.10 In the Whitby Hydro Decision (EB-2011-0206), the Board disallowed the LRAM claim for the rebasing year as the Board is of the view that it is not appropriate to vary from the stated policy which states that lost revenues are only accruable until new rates are set by the Board, as the CDM savings would be assumed to be incorporated in the load forecast at that time.<sup>10</sup> In the Hydro One Brampton Decision (EB-2011-0174), the Board found the request for LRAM in 2011 (its rebasing year) inconsistent with the Guidelines and agreed these savings should have been incorporated into the 2011 load forecast at the time of rebasing.<sup>11</sup>

#### 2006 to 2010 CDM Programs – Recovery of Lost Revenue in 2010 and Beyond

- 3.11 In accordance with the Board's guidelines and recent Decisions, VECC submits that energy savings from Renfrew Hydro's CDM programs deployed between 2006 and 2010 are not accruable in 2010 and beyond as savings should have been incorporated in the 2010 load forecast at the time of rebasing.

#### 2006 to 2009 CDM Programs – Recovery of Lost Revenue in 2006, 2007, 2008 & 2009

- 3.12 VECC supports the approval of the lost revenues in the years 2006 to 2009 requested by Renfrew Hydro for CDM programs implemented in 2006 to 2009 as Renfrew Hydro did not collect this revenue while under IRM.
- 3.13 In summary, VECC submits that the LRAM claim should only include the lost revenue for the period 2006 to 2009 resulting from OPA CDM measures installed between 2006 and 2009.

### **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 13<sup>th</sup> day of January 2012.

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<sup>9</sup> EB-2011-0054 Hydro Ottawa Decision, Page 24

<sup>10</sup> EB-2011-0206 Whitby Hydro Decision, Page 14

<sup>11</sup> EB-2011-0174 Hydro Brampton Decision, Page 13