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Michael Buonaguro  
Counsel for VECC  
(416) 767-1666

January 27, 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: Vulnerable Energy Consumers Coalition (VECC)**  
**Waterloo North Hydro Inc. B-2011-0201**  
**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: Waterloo North Hydro Inc.  
Mr. Albert Singh

**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 Waterloo North 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 27, 2012**

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## **Vulnerable Energy Consumers Coalition (VECC)**

### **Final Argument**

#### **1 The Application**

- 1.1 Waterloo North Hydro Inc. (“Waterloo North 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, Waterloo North Hydro included the 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)**

- 2.1 Waterloo North Hydro is applying to the Board in this application for the recovery of lost revenue of \$161,037 (\$157,267 plus \$3,770 in carrying charges), through four year rate riders effective May 1, 2012, related to the impact of OPA CDM program activities.
- 2.2 Waterloo North Hydro confirmed that it has not recovered any of the amounts associated with this LRAM claim in the past.<sup>1</sup>
- 2.3 In this application, Waterloo North Hydro seeks lost revenue from 2006-2010 OPA CDM programs, for the year 2010, which includes persisting lost revenue from OPA CDM programs implemented prior to 2010.
- 2.4 Waterloo North Hydro received updated Final 2010 OPA CDM Results on November 15, 2011 and updated the proposed LRAM claim from \$157,267 to \$157,533 (excluding carrying charges), an increase of \$266.<sup>2</sup>
- 2.5 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

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<sup>1</sup> Response to VECC Interrogatory # 1 (a) & Response to Board Staff Interrogatory # 10 (e)

<sup>2</sup> Response to Board Staff Interrogatory # 10 (a) & VECC Interrogatory # 3 (a)

assumptions represent the best estimate of the impacts of the programs.

- 2.6 VECC accepts for LRAM purposes, the OPA's verification of the energy savings for Waterloo North Hydro's 2006 to 2010 OPA-funded CDM programs.
- 2.7 VECC submits Waterloo North 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 have been removed from the LRAM claim beginning in 2010.

### Load Forecast

- 2.8 As part of Waterloo North Hydro's 2011 Cost of Service (COS) Application (EB-2010-0144), the load forecast was updated for rates effective May 1, 2011. Waterloo North Hydro indicates that its 2011 approved load forecast included a CDM savings of 5,366,065 kWh for 2010 and 6,625,000 kWh for 2011. Waterloo North Hydro also notes that no CDM savings are included in the 2010 rates used to calculate this LRAM claim.<sup>3</sup>
- 2.9 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>4</sup>

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

- 2.10 In accordance with the Board's guidelines, VECC submits that energy savings from CDM programs implemented between 2006 and 2010 are accruable in 2010, as these savings have not yet been claimed and they accrued prior to the updated 2011 load forecast underpinning current rates.
- 2.11 VECC submits that Waterloo North Hydro's updated LRAM amount should be approved.

### **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.

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<sup>3</sup> Response to VECC Interrogatory # 1 (b) & Board Staff Interrogatory # 10 (g)

<sup>4</sup> Guidelines for Electricity Distributor Conservation and Demand Management (EB-3008-0037), Page 18

All of which is respectfully submitted this 27<sup>th</sup> day of January 2012.