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January 31, 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)
Essex Powerlines Corporation EB-2011-0166
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: Essex Powerlines Corporation
Mr. Richard Dimmel

EB-2011-0166

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 Essex Powerlines 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)

January 30, 2012

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Vulnerable Energy Consumers Coalition (VECC)

Final Argument

1 The Application

1.1 Essex Powerlines Corporation ("Essex Powerlines", "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, Essex Powerlines included requests to adjust revenue to cost ratios and recover the impact of lost revenues associated with various conservation and demand management (CDM) activities (i.e. an LRAM recovery). The following section sets out VECC's final submission regarding these aspects of the application.

2 Revenue to Cost Ratio Adjustment

2.1 In its 2010 Cost of Service (COS) application (EB-2009-0143), Essex Powerlines agreed to as part of the settlement process to transition the revenue to cost ratios for rate classes outside of the Board target ranges to the upper or lower limit of the range over the next two to four years, depending on the rate class.

2.2 Essex Powerlines' load forecast inputs to rate design as filed were approved as part of the Settlement Agreement in EB-2010-0082.[1] Board Staff Interrogatory # 1 noted that the customers/connections, billed kWh and billed kW for the Sentinel Lighting and Street Lighting classes used in the 2012 IRM Revenue to Cost Ratio Adjustment Workform did not reconcile with those established in the load forecast in Essex's last COS application.

2.3 In Essex Powerlines' 2010 COS application at Exhibit 3, Tab 1, Schedule 2, Attachment A: Inputs to Load Forecast, the approved figures for Sentinel Lighting and Street Lighting are as follows (as noted in Board Staff IR # 1):

Rate Class	Connections	kWh	kW
Sentinel Lighting	325	382,018	1,051
Street Lighting	7,681	5,929,159	18,021

[1] EB-2009-0143 Proposed Settlement Agreement, Page 10

2.4 VECC submits that the approved figures from the 2010 COS application are correct and should be used in Sheet 5 of the 2010 IRM Revenue to Cost Ratio Adjustment Workform to calculate current revenue from each rate class.

3 Lost Revenue Adjustment Mechanism (LRAM)

3.1 Essex Powerlines is applying to the Board in this application for the recovery of lost revenue of $508,029.80 through one year rate riders effective May 1, 2012 in relation to OPA CDM program activities. Essex Powerlines indicated that is not applying for carrying charges on LRAM amounts as they are not material.[2]

3.2 In this application, Essex Powerlines seeks lost revenues in 2006 through to April 30, 2012 as a result of the impact of OPA CDM programs implemented from 2006 to 2010.

3.3 Essex Powerlines confirmed that it has not claimed LRAM amounts in previous applications.[3]

3.4 Essex Powerlines originally used the OPA Final 2010 CDM Summary Results dated September 16, 2011 to calculate the LRAM amounts. Essex Powerlines received the OPA Final CDM Detailed Results on November 15, 2011 and updated the LRAM claim in response to interrogatories to $509,319.25, an increase of $1,289.45.[4]

Input Assumptions

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

3.6 Elenchus Research Associates prepared a 2006 to 2012 LRAM report for Essex Powerlines which validates participation levels, the kW and kWh impact for each program for each class, and a calculation of the impact of CDM programs on distribution revenue.[5]

3.7 VECC accepts for LRAM purposes, Elenchus' confirmation that the OPA's verification of the energy savings for OPA-funded CDM programs was used to calculate LRAM amounts.

[2] Response to VECC Interrogatory # 1 (c)
[3] Response to Board Staff Interrogatory # 19 (f)
[4] Response to VECC Interrogatory # 3 (b)
[5] Exhibit 7

3.8 VECC submits Essex Powerlines has confirmed through interrogatory responses that savings for the OPA's 2006 Every Kilowatt Counts Program regarding 13-15 W Energy Star CFL's have expired and have been removed from the LRAM claim beginning in 2010.

Load Forecast

3.9 As part of Essex Powerlines' 2010 COS Application (EB-2009-0143), the load forecast was updated for rates effective May 1, 2010. Essex Powerlines indicates that there were no direct CDM savings from OPA programs included in Essex Powerlines' load forecast.[6]

3.10 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."[7]

3.11 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 there have been expectations related to LRAM including no-true up of the effects of CDM activities embedded in a rebasing year.[8]

3.12 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.

3.13 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.[9]

3.14 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.[10]

[6] Response to VECC Interrogatory # 1 (b)
[7] Guidelines for Electricity Distributor Conservation and Demand Management (EB-3008-0037), Page 18
[8] EB-2011-0054 Hydro Ottawa Decision, Page 24
[9] EB-2011-0206 Whitby Hydro Decision, Page 14
[10] EB-2011-0174 Hydro Brampton Decision, Page 13

2006 to 2010 CDM Programs – Recovery of Lost Revenue in 2010, 2011 and 2012

3.15 In accordance with the Board's guidelines and recent Decisions, VECC submits that energy savings from the impact of OPA CDM programs implemented from 2006 to 2010 are not accruable in 2010 through April 20, 2012 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 and 2009

3.16 VECC supports the approval of the lost revenues requested by Essex Powerlines for the years 2006, 2007, 2008 and 2009 from the impact of OPA CDM programs implemented from 2006 to 2009, as these energy savings occurred prior to rebasing and have not been claimed.

3.17 In summary, VECC submits that the LRAM claim and associated rate riders approved by the Board should include the lost revenue in 2006, 2007, 2008 and 2009 from the impacts of OPA CDM programs delivered between 2006 and 2009, for the reasons noted above.

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 30th day of January 2012.