

Chapleau PUC

LRAM Support

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Table of Contents

1. Introduction.....	2
2. Scope	2
3. LRAM Principles	2
4. Process	3
5. Results	3
6. Determination of LRAM Amount	3
7. Recommendations.....	4

Attachments

Attachment A – CDM Load Impacts by Class and Program

Attachment B - LRAM Amounts

Attachment C – LRAM Totals

Attachment D - OPA Assumptions

1. Introduction

With success in its CDM activities, Chapleau PUC has lost revenues that need to be addressed as part of its 2012 rates submission to the Ontario Energy Board (OEB). This process will ensure that future CDM investments are sustainable in the long term by becoming a standard element in future rate filings.

The Ontario Energy Board (OEB) introduced a process outlined in the March 28, 2008 Guidelines for Electricity Distributor Conservation and Demand Management EB-2008-0037 (“CDM Guidelines”) for rate-based applications to recover revenues lost to customer energy conservation, and to share in gains from effective CDM programs prior to the completion of Third Tranche CDM programs. The mechanism developed by the OEB to calculate lost revenue for savings is the Lost Revenue Adjustment Mechanism (LRAM).

2. Scope

Chapleau PUC requested that Burman Energy Consultants Group Inc. (Burman Energy) prepare and critically assess an additional LRAM claim for program results to the end of 2010. The most recently published OPA 2010 Final CDM Results Summary, released September 16, 2011, were used to calculate LRAM amounts.

Burman Energy committed to providing the following:

1. Review available suitability of published Chapleau PUC data for determining appropriate input assumptions.
2. Prepare and finalize LRAM calculations and assumptions consistent with CDM Guidelines and suitable for inclusion in Chapleau PUC’ 2012 COS application, with supporting details.
3. Produce a report, recommendations, and support related to LRAM assessments/findings.

In performing the above tasks, Burman Energy’s involvement is intended to constitute a third party review as specified in the OEB’s CDM Guidelines.

3. LRAM Principles

The OEB issued GUIDELINES FOR ELECTRICITY DISTRIBUTOR CONSERVATION AND DEMAND MANAGEMENT, EB-2008-0037 were applied to the preparation of this LRAM application.

LRAM was calculated as the product of the demand/energy savings by customer class and the Board-approved variable distribution charge appropriate to each respective class (net of Regulatory Asset Recovery rate riders) for Chapleau PUC.

The OPA published program evaluation reports were utilized where available in the validation of input assumptions.

4. Process

In calculating LRAM, Burman Energy:

1. Reviewed existing LRAM CDM Guidelines and precedents set through LDC submissions to the OEB, to identify the most prudent course for Chapleau PUC LRAM.
2. Sought counsel within OEB staff to validate assumptions and processes to complete LRAM submission consistent with other LDC submissions.
3. Reviewed Chapleau PUC's CDM program results and input assumptions.
4. Verified correct input assumptions were applied in LRAM calculations.
5. Prepared report and recommendations related to LRAM calculations consistent with OEB CDM Guidelines which are in the accompanying documentation.

5. Results

A review of Chapleau PUC's CDM program supporting data verified that documentation exists to support the use of OPA program evaluations as the basis for LRAM calculations. Input assumptions and free ridership rates for the 2010 program were not provided in the September 16, 2011 OPA 2010 Final CDM Results Summary. These input assumptions will be updated once the 2010 Final CDM Results Detailed report is released. Input assumptions and free ridership rates for 2006-2009 programs are identified in Attachment D

The accompanying table below summarizes the calculated amounts for LRAM for Chapleau PUC's OPA programs. The calculation of the results, by program and customer class as applicable, are explained in the text below, and detailed in the appended attachment.

Rate Class

	LRAM \$
<u>OPA Programs</u>	
RESIDENTIAL	\$22,221.91
GENERAL SERVICE <50KW	\$189.02
GENERAL SERVICE >50KW	\$720.22
	\$23,131.15

6. Calculation of LRAM

OPA sponsored programs represent lost revenue through their successful implementation and are included in LRAM calculations.

LRAM amounts were identified by rate class consistent with the CDM Guidelines for programs that impacted revenues from 2006 to 2010 for OPA programs. No adjustments were made to incorporate impacts for any kW/kWh reductions assumed in current Board approved load forecasts.

The sum of all program LRAM calculations, including OPA sponsored programs is \$23,131.15

Attachment A summarizes load impacts by class and program. Attachment B (Foregone Revenue By Class and Program) summarizes the CDM load impacts by program and rate class and the resultant revenue impacts.

The LRAM amounts arising from CDM programs in each respective rate class are allocated to that class for recovery.

7. Recommendations

Burman Energy recommends the following:

1. LRAM amounts arising from CDM programs in each rate class be allocated to that class for recovery.
2. Prepare adjustments to account for any kW/kWh savings amounts included in current load forecasts.
3. Rate impacts, proposed rate riders and respective terms to mitigate LRAM recovery be addressed by Chapleau PUC