

February 20, 2012

Ms. Kirstin Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27th Floor  
Toronto, ON M4P 1E4

**Re: Reply Submission - 2012 IRM Rate Application EB-2011-0196**

Dear Ms. Walli:

Please find enclosed St. Thomas reply submission to Board staff's and VECC's submissions with respect to the application and evidence (the "Application") submitted by St. Thomas Energy Inc. for new rates under Third Generation Incentive Regulation Mechanism, effective May 1, 2012.

This document is being filed pursuant to the Board's e-Filing Services.

Yours Truly,

A handwritten signature in black ink, appearing to read 'S. Filice', is written over a light gray rectangular background.

Shawn Filice  
President and Chief Operating Officer

# Reply Submission

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## INTRODUCTION

St. Thomas Energy Inc. (“St. Thomas”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”), received on October 28, 2011, under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the distribution rates that St. Thomas charges for electricity distribution, to be effective May 1, 2012.

The Application is based on the Board’s guidelines for 3<sup>rd</sup> Generation Incentive Regulation Mechanism. On December 14, 2011, St. Thomas filed a revised application to update the LRAM calculations for the OPA’s Final 2010 results issued on November 15, 2011.

On February 6, 2012 Board staff made submissions on the following matters:

- Adjustments to the Revenue-to-Cost Ratios;
- Disposition of Group 1 Deferral and Variance Account Balances;
- Retail Transmission Service Rates (“RTSR”) Adjustment Workform;
- Account 1521 – Special Purpose Charge (“SPC”);
- Account 1562 – PILs Disposition; and
- Lost Revenue Adjustment Mechanism (“LRAM”).

On February 6, 2012 VECC made submissions on the following matters:

- Lost Revenue Adjustment Mechanism (“LRAM”) Claim.

St. Thomas concurs with Board staff and VECC submissions on the following matters:

- Adjustments to the Revenue-to-Cost Ratios;
- Disposition of Group 1 Deferral and Variance Account Balances;

- Retail Transmission Service Rates (“RTSR”) Adjustment Workform; and
- Account 1521 – Special Purpose Charge (“SPC”);

St. Thomas wishes to address the following submission.

**Account 1562 – PILs Disposition**

Board staff’s submission on St. Thomas’s Account 1562 – PILs Disposition focused on three issues:

- Start date for recording the PILs proxy entitlement and the amount;
- Interest Expense used in SIMPIL True-up Calculations; and
- Unbilled revenue accrual.

St. Thomas concurs with Board staff and VECC submissions on Interest Expense used in SIMPIL True-up Calculation

Board staff requested St. Thomas to clarify the response to Board staff IR# 8 c) by providing the dollars billed to customers after April 30, 2006 using the rates that were in effect prior to May 1, 2006 and the PILs dollar amounts included in these billings. This is presented in attachment 1 attached.

St. Thomas wishes to address the matter brought forward by Board staff with respect to the start date for recording the PILs proxy entitlement and the amount.

Board staff submits that the Board require St. Thomas to adjust its PIL’s Proxy start date to some date contrary to the Board’s own DECISION WITH REASONS AND ORDER (RP-2002-0100 EB-2002-0109) dated October 25, 2002.

Page 3 of the Decision noted:

*The Applicant applied to adjust its distribution rates for the following:*

...

1 • the 2001 deferred Payments in Lieu of Taxes (PILs), \$203,311.

2 • the 2002 Payments in Lieu of Taxes (PILs), \$833,247.

3 *Page 6 of the Decision noted:*

4 *The Board adjusts the 2002 Payments in Lieu of Taxes (PILs) amount by*  
5 *\$61,282 to reflect the Board's findings contained herein.*

6 *Subject to these adjustments, the Board finds that the Applicant's proposals in*  
7 *the Revised Application conform with the Board's earlier decisions, directives and*  
8 *guidelines and the resulting rates are just and reasonable.*

9  
10 St. Thomas agrees with Board staff that the Board decision did explicitly deny St.  
11 Thomas request for recovery of unbilled MAAR and with the explicit denial for  
12 establishing a deferral account for lost revenue. However St. Thomas would argue that  
13 these denials were only focused on collection amounts in rates.

14  
15 St. Thomas would argue that the Board's decision approved St. Thomas to apply the  
16 PIL's Proxy in conformance with the Boards original intent. That intent was to provide  
17 the distributor the ability to collect from customers the monies that the distributor is  
18 required to pay in the form of PIL's to the Ministry of Finance. St. Thomas would point  
19 out that Board staff argument overlooks the fact that St. Thomas was required and did  
20 pay PIL`s for the period October 1, 2001 thru December 31, 2002 as shown in the  
21 evidence. Should the Board deny St. Thomas from applying the PIL`s Proxy for the  
22 period noted by Board staff the Board would be in effect denying St. Thomas recovery  
23 of monies paid for PIL`s.

24  
25 For this reason St. Thomas submits that its Account 1562 – PILs Disposition claim as  
26 requested is appropriate and is fully consistent with previous Board decisions. St.  
27 Thomas requests that the Board approve the Account 1562 – PILs Disposition claim for  
28 \$848,695 as developed and fully supported in the evidence.

29

**Lost Revenue Adjustment Mechanism ("LRAM") Claim**

Board staff's and VECC's submissions on St. Thomas's LRAM claim focused on two issues:

- Denial of St. Thomas's LRAM claim for the 2011 lost revenue from the persistence periods 2006, 2007, 2008 ,2009 and 2010.
- Acceptance of St. Thomas's LRAM claim for the period 2010 and persistence of 2006 – 2009 programs after 2009.

St. Thomas concurs with the submissions with respect acceptance of lost revenues for 2010. However St. Thomas wishes to address the issue with respect to 2011.

St. Thomas Energy's last Board approved load forecast was for 2011, and was based on monthly class specific data from January 2004 to May 2010. No variables were identified specific to CDM other than an adjustment (reduced) for the planned CDM achievements of the programs that STE will deliver in order to realize its codified (2011 to 2014 period) CDM achievements. It is St. Thomas Energy's submission that there was insufficient historical actual data (2006-2009) to comply with the General Requirements under section 2.6.1.4 of the OEB's June 22, 2011 filing requirements. LRAM claims for 2005-2009 were calculated and approved by the Board through inclusion of a specific LRAM claim in its 2011 rate submission.

For its 2012 IRM submission, there have been no changes to St. Thomas Energy's load forecast. Based on the above paragraph, St. Thomas Energy's submits that there was no reliable predictive variable for CDM in the 2011 load forecast. On this basis, St. Thomas Energy submits that persistence of 2006-2010 CDM Program results into 2011 should be included in final LRAM amounts.

1 2010 CDM program results were not included in the 2011 load forecast and therefore  
2 should be included in total LRAM calculations.

3  
4 Claims for persistence of 2006 – 2010 program results into 2011 should also be  
5 included in the total calculated LRAM. Since the only results included for consideration  
6 for 2011 are persistent results from prior years, sufficient time has passed to enable an  
7 accurate LRAM calculation, consistent with OEB CDM guidelines.

8  
9 In its submission Board staff requested that St. Thomas provide an updated LRAM  
10 amount that only includes lost revenues in 2010 based on the information outlined  
11 above, and the associated rate riders. St. Thomas has attached the requested  
12 information to be in conformance to Board staff's request only. This is included as  
13 attachment 2.

14  
15 St. Thomas submits that its LRAM claim as requested is appropriate and is fully  
16 consistent with previous Board decisions. St. Thomas requests that the Board approve  
17 the LRAM claim for \$120,419.52 as developed and fully supported in the evidence.

18  
19 ~ All of which is respectfully submitted ~  
20

St. Thomas Energy Inc.

EB-2011-0196

Filed: February 20, 2012

Exhibit 6

Tab1

Schedule 1

Attachment1

Attachment 1 of 2

Attachment 1 Unbilled Revenue





St. Thomas Energy Inc.

EB-2011-0196

Filed: February 20, 2012

Exhibit 6

Tab1

Schedule 1

Attachment2

Attachment 2 of 2

Attachment 2 LRAM

ATTACHMENT B  
Foregone Revenue by Class and Program

		2009		2010				2011				
Class	Year	kWh or	Rate per	Load Unit	kWh or	Rate per	Revenue	Load Unit	kWh or	Rate per	Revenue	Total Revenue
Program	Implemented	kW	Unit		kW	Unit			kW	Unit		
OPA Programs												
Residential												
Secondary Fridge Retirement Pilot	2006	kWh	0.0157	15,756	kWh	0.0156	\$246.31	15,756	kWh	0.0156	\$245.79	\$492.10
Cool & Hot Savings Rebate	2006-2007	kWh	0.0157	102,303	kWh	0.0156	\$1,599.34	102,303	kWh	0.0156	\$1,595.93	\$3,195.28
	2006	kWh	0.0157	38,894	kWh	0.0156	\$608.04	38,894	kWh	0.0156	\$606.74	\$1,214.78
	2007	kWh	0.0157	63,410	kWh	0.0156	\$991.30	63,410	kWh	0.0156	\$989.19	\$1,980.49
Cool Savings Rebate Program	2008-2010	kWh	0.0157	261,472	kWh	0.0156	\$4,087.68	261,472	kWh	0.0156	\$4,078.96	\$8,166.64
	2008	kWh	0.0157	69,235	kWh	0.0156	\$1,082.38	69,235	kWh	0.0156	\$1,080.07	\$2,162.45
	2009	kWh	0.0157	83,899	kWh	0.0156	\$1,311.62	83,899	kWh	0.0156	\$1,308.83	\$2,620.45
	2010	kWh	0.0157	108,337	kWh	0.0156	\$1,693.67	108,337	kWh	0.0156	\$1,690.06	\$3,383.73
Every Kilowatt Counts	2006-2007	kWh	0.0157	505,574	kWh	0.0156	\$7,903.81	505,574	kWh	0.0156	\$7,886.95	\$15,790.76
	2006	kWh	0.0157	130,118	kWh	0.0156	\$2,034.18	130,118	kWh	0.0156	\$2,029.84	\$4,064.02
	2007	kWh	0.0157	375,456	kWh	0.0156	\$5,869.63	375,456	kWh	0.0156	\$5,857.11	\$11,726.74
Great Refrigerator Roundup	2007-2010	kWh	0.0157	577,139	kWh	0.0156	\$9,022.60	576,828	kWh	0.0156	\$8,998.52	\$18,021.12
	2007	kWh	0.0157	71,634	kWh	0.0156	\$1,119.87	71,323	kWh	0.0156	\$1,112.64	\$2,232.51
	2008	kWh	0.0157	181,314	kWh	0.0156	\$2,834.55	181,314	kWh	0.0156	\$2,828.50	\$5,663.05
	2009	kWh	0.0157	157,764	kWh	0.0156	\$2,466.37	157,764	kWh	0.0156	\$2,461.11	\$4,927.48
	2010	kWh	0.0157	166,427	kWh	0.0156	\$2,601.81	166,427	kWh	0.0156	\$2,596.27	\$5,198.08
peaksaver®	2007-2010	kWh	0.0157	4,440	kWh	0.0156	\$69.41	4,440	kWh	0.0156	\$69.26	\$138.67
	2007	kWh	0.0157	0	kWh	0.0156	\$0.00	0	kWh	0.0156	\$0.00	\$0.00
	2008	kWh	0.0157	3,694	kWh	0.0156	\$57.74	3,694	kWh	0.0156	\$57.62	\$115.36
	2009	kWh	0.0157	161	kWh	0.0156	\$2.52	161	kWh	0.0156	\$2.51	\$5.03
	2010	kWh	0.0157	585	kWh	0.0156	\$9.15	585	kWh	0.0156	\$9.13	\$18.28
Summer Savings	2007	kWh	0.0157	15,426	kWh	0.0156	\$241.16	15,426	kWh	0.0156	\$240.64	\$481.80
Social Housing – Pilot	2007	kWh	0.0157	34,547	kWh	0.0156	\$540.08	34,547	kWh	0.0156	\$538.93	\$1,079.01
Summer Sweepstakes	2008	kWh	0.0157	86,919	kWh	0.0156	\$1,358.83	86,919	kWh	0.0156	\$1,355.94	\$2,714.77
Every Kilowatt Counts Power Savings Event	2008-2010	kWh	0.0157	546,582	kWh	0.0156	\$8,544.90	539,703	kWh	0.0156	\$8,419.36	\$16,964.26
	2008	kWh	0.0157	349,927	kWh	0.0156	\$5,470.52	349,927	kWh	0.0156	\$5,458.86	\$10,929.38
	2009	kWh	0.0157	139,834	kWh	0.0156	\$2,186.08	139,834	kWh	0.0156	\$2,181.41	\$4,367.49
	2010	kWh	0.0157	56,821	kWh	0.0156	\$888.30	49,941	kWh	0.0156	\$779.09	\$1,667.39
Multi-Family Energy Efficiency Rebates	2010	kWh	0.0157	90,936	kWh	0.0156	\$1,421.64	90,936	kWh	0.0156	\$1,418.61	\$2,840.25
												\$69,884.64
GENERAL SERVICE Less Than 50kW												
OPA Conservation Programs												
High Performance New Construction	2008-2010	kWh	0.0143	86,602	kWh	0.0142	\$1,232.63	86,602	kWh	0.0142	\$1,229.75	\$2,462.38
	2008	kWh	0.0143	780	kWh	0.0142	\$11.11	780	kWh	0.0142	\$11.08	\$22.19
	2009	kWh	0.0143	19,535	kWh	0.0142	\$278.05	19,535	kWh	0.0142	\$277.39	\$555.44
	2010	kWh	0.0143	66,287	kWh	0.0142	\$943.48	66,287	kWh	0.0142	\$941.27	\$1,884.76
Power Savings Blitz	2008-2010	kWh	0.0143	1,035,611	kWh	0.0142	\$14,740.20	1,035,611	kWh	0.0142	\$14,705.68	\$29,445.87
	2008	kWh	0.0143	43,775	kWh	0.0142	\$623.07	43,775	kWh	0.0142	\$621.61	\$1,244.68
	2009	kWh	0.0143	546,968	kWh	0.0142	\$7,785.18	546,968	kWh	0.0142	\$7,766.95	\$15,552.14



Q2 2010	0.55%
Q3 2010	0.89%
Q4 2010	1.20%
Q1 2011	1.47%
Q2 2011	1.47%
Q3 2011	1.47%
Q4 2011	1.47%