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Michael Buonaguro  
Counsel for VECC  
(416) 767-1666

March 07, 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)**  
**Fort Frances Power Corporation EB-2011-0146**  
**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: Fort Frances Power Corporation  
Mr. Joerg Ruppenstein

**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 Fort Frances Power 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)**

**March 7, 2012**

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# Vulnerable Energy Consumers Coalition (VECC)

## Final Argument

### 1 The Application

- 1.1 Fort Frances Power Corporation (“Fort Frances Power”, “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, Fort Frances Power 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 sets out VECC’s final submissions regarding this aspect of the application.

### 2 Lost Revenue Adjustment Mechanism (LRAM Recovery) & Shared Savings Mechanism (SSM)

- 2.1 Fort Frances Power applied to the Board in this application for the recovery of \$50,043 (\$47, 297 plus \$2,746 in carrying charges) through one year rate riders effective May 1, 2012 to recover lost revenue from CDM activities.
- 2.2 In this application, the LRAM covers lost revenues in the years 2006 to 2010 from the impact of OPA CDM programs implemented from 2006 to 2010.<sup>1</sup>
- 2.3 Fort Frances Power has no prior LRAM claims.<sup>2</sup>
- 2.4 Fort Frances Power used the 2006-2010 Final OPA CDM Results to calculate its LRAM amount.<sup>3</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 assumptions represent the best estimate of the impacts of the programs.

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<sup>1</sup> FFPC\_LRAM\_2006-2010\_120221

<sup>2</sup> Response to VECC Interrogatory # 1 (a)

<sup>3</sup> Response to Board Staff Interrogatory # 13 (a)

## OPA Funded Programs

- 2.6 VECC accepts for LRAM purposes, the OPA's verification of the energy savings for Fort Frances Power's OPA-funded CDM programs using the 2006-2010 Final OPA CDM Results.
- 2.7 VECC submits Fort Frances Power has confirmed through interrogatory responses that savings for the OPA's 2006 Every Kilowatt Counts Program regarding 13-15 W Energy Star CFL and Seasonal LED programs have been removed from the LRAM claim beginning in 2010.<sup>4</sup>

## Load Forecast

- 2.8 Fort Frances Power's load forecast was last approved by the Board in 2006.<sup>5</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>6</sup>

## 2006 to 2010 CDM Programs – Recovery of Lost Revenue in 2006, 2007, 2008, 2009 & 2010

- 2.10 In accordance with the Board's guidelines, VECC supports the approval of the lost revenues requested by Fort Frances Power in the years 2006 to 2010 from the impact of CDM programs implemented from 2006 and 2010, as these savings have not been claimed and are not reflected in the load forecast that underpins current rates.
- 2.11 In summary, VECC submits that the total LRAM claim of \$50,043 should be approved by the Board.

## **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>4</sup> Response to VECC Interrogatory # 2 (d)

<sup>5</sup> Response to VECC Interrogatory # 1 (c)

<sup>6</sup> Guidelines for Electricity Distributor Conservation and Demand Management (EB-3008-0037), Page 18

All of which is respectfully submitted this 7<sup>th</sup> day of March 2012.