Ontario Energy
Board

Commission de l'énergie
de l'Ontario

EB-2010-0142

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S. O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF an application by Toronto Hydro-Electric System Limited for an order approving just and reasonable rates and other charges for electricity distribution.

BEFORE: Ken Quesnelle
Presiding Member

Marika Hare
Member

Karen Taylor
Member

DECISION ON DRAFT ORDER REGARDING SUITE METERING ISSUES

April 17, 2012

Toronto Hydro-Electric System Limited ("THESL") filed an application, dated August 23, 2010, with the Ontario Energy Board under section 78 of the *Ontario Energy Board Act, S.O. 1998*, c.15, Schedule B, seeking approval for changes to the rates that THESL charges for electricity distribution, to be effective May 1, 2011.

The Board issued a Notice of Application and Hearing dated September 15, 2010.

On March 25, 2011, a Settlement Agreement was filed with the Board which incorporated settlement of most outstanding issues in this proceeding. On March 29, 2011, the Board announced its acceptance of the Settlement Agreement. Unsettled issues remained in five areas, one of which was the appropriateness of THESL's suite metering cost allocation and whether or not THESL should establish a separate rate class for multi-unit residential customers that are served directly by THESL through its suite metering provision.

On July 7, 2011, the Board issued its Partial Decision and Order (the "Partial Decision") in this proceeding. Among other things, the Partial Decision found that while all findings in the Partial Decision are final and would result in a final rate order for 2011 rates, the Board would require supplementary evidence to be filed on the suite metering issues as outlined in the Partial Decision (the "supplementary evidence"). The Board stated that any rate implications that arise from the findings in the supplementary proceeding would be reflected in THESL's 2012 rates and will not have retroactive effect in any way. A final Rate Order was issued by the Board on July 28, 2011.

The Board issued its Decision and Order on Suite Metering Issues (the "Suite Metering Decision") on February 22, 2012. A corrected version of the Suite Metering Decision was issued on March 9, 2012 (the "Corrected Suite Metering Decision"). In the Corrected Suite Metering Decision, the Board ordered THESL to file a revised cost allocation model and related rates and other material reflecting the Board's findings.

THESL filed the relevant material on March 19, 2012. Board staff and intervenor comments were due by March 26, 2012 and were received from staff, the Smart Sub-metering Working Group ("SSMWG") and the Vulnerable Energy Consumers Coalition ("VECC").

Board staff submitted that THESL's submission was in accordance with the direction provided by the Board and had no further comments upon it.

The SSMWG's comments were limited to THESL's request to delay implementation of the new Quadlogic rate class. The SSMWG stated that it failed to understand why a local distribution utility that faced annual changes to rates would take up to nine months to implement a rate order. The SSMWG noted in this context that the Board had made it clear in its Partial Decision and Order dated July 7, 2011 and at the oral hearing held December 7, 2011 that the Board required the creation of a separate rate class for multi-residential customers utilizing Quadlogic technology and that THESL had not indicated at any time prior to this submission that it had such concerns. The SSMWG accordingly submitted that THESL's request to delay implementation to the fall should not be accepted.

THESL responded by noting that the Board had directed THESL to implement the new rate in conjunction with its rate setting process for 2012 and that it was unclear from the SSMWG submissions what date it expected 2012 rates to be implemented. THESL argued that as conditions now stand, it is most likely that the 2012 rate proceeding, which by Board Order must reflect its findings in this current decision, will not itself conclude until the fall of 2012, and, as such, it would be contrary for THESL to implement the new suite metering rate on May 1, or any other date prior to the general 2012 rate implementation, even if it were able to do so. THESL noted the extensive and complex processes required for suite meter rate implementation, but argued that as events have unfolded, it is far from obvious that the time required for these processes will in fact be the limiting factor for the timing of that implementation.

As noted by THESL, the Board directed THESL to implement the new Quadlogic rate in conjunction with its rate setting process for 2012. The Board expects THESL to be ready to implement the new rates arising out of this proceeding at the time the rates arising out of THESL's 2012 rate-setting process come into effect.

VECC had comments in a number of areas related to THESL's submission and THESL responded to them. The Board accepts THESL's explanations for the matters raised by VECC with the exception of those in the two areas discussed below.

VECC stated that its only concern regarding THESL's implementation of the direct allocation of meter costs for the Quadlogic class was that the customer/meter numbers for the remaining residential class had not been adjusted to remove Quadlogic metered customers in the model filed on March 19, 2012. VECC argued that while correcting the meter/customer count for the Residential class would not impact the meter capital costs allocated to the Quadlogic class, it would impact on both the allocation of meter capital costs to the other customer classes and the allocation of meter expenses (account 5705) to all customer classes, including the Quadlogic class.

THESL responded that in directly allocating the Quadlogic meter costs, it had followed the Board's directions. THESL acknowledged that the total meter count for the residential class should likely be adjusted to remove the Quadlogic meter customers from the count. THESL agreed with VECC that if this was done there would be no impact on the meter capital costs allocated to the Quadlogic class, but that there would be a change in the allocation of meter expenses. This would be an increase in the allocation of these costs to the Quadlogic class of approximately $43,000.

The Board hereby directs THESL to adjust the total meter count for the residential class to remove the Quadlogic meter customers from the count and to file an updated draft Order and cost allocation model reflecting it.

VECC stated that where meter reading costs were concerned, while the Board had in its Corrected Suite Metering Decision determined that the appropriate weighting factor for the Quadlogic class meter reading was 3.6 relative to a value of 1.0 for a smart meter residential class customer, the March 19, 2012 cost allocation filing had used a weighting factor for the residential class of 3.0.

THESL responded that the factor of 3.0 used for Residential Urban is for outside or inside reads of analog meters which are not the same as residential smart meters. THESL stated that these are inside and outside meters that have not been converted to smart meters because of physical access or other technical issues.

The Board notes that VECC's raising of this matter has identified a data issue related to which account meter reading costs are recorded in the 2011 cost allocation model . This issue is that most costs related to meter reading appear to be aggregated into Account 5615 General Administrative Salaries and Expenses rather than being included in Account 5310, Meter Reading Expenses, as is the case in the 2012 cost allocation model. The Board notes that the relatively small number of Residential meter readings, and the relatively small amount of cost in Account 5310, together with the Residential weighting factor of 3.0, have been used in the 2011 cost allocation model ever since the initial filing in December 2010. The Board will not require any change in the 2011 model regarding meter reading.

The Board, in the Corrected Suite Metering Decision, expressed the view that the development of a new rate class is an iterative process, one that is likely to span more than one proceeding. The Board accordingly directs THESL to file a cost allocation model in its next cost of service application that will disaggregate meter reading costs appropriately into Account 5310, as has been done in the 2012 cost allocation model, in place of the approach used in the 2011 cost allocation model wherein these expenses have been aggregated into Account 5615.

VECC also sought in its submission further clarification of the tracking account established by the Board in the Corrected Suite Metering Decision. The Board has determined that it need not provide any further direction on this matter beyond what is contained in the Corrected Suite Metering Decision.

The Board also notes that certain cost eligible parties may have incurred additional costs in relation to comments made in response to the material filed by THESL on March 19, 2012 and required by the Board to be filed no later than March 26, 2012. The Board will therefore make provision for such parties to file new or amended cost claims.

THE BOARD ORDERS THAT:

1. Toronto Hydro-Electric System Limited shall file an updated draft Order and cost allocation model reflecting the Board's directions to Toronto Hydro-Electric System Limited in this Decision by Friday April 20, 2012.

2. Intervenors shall file with the Board and forward to THESL any new or amended cost claims within 7 days from the date of this Decision.

3. THESL shall file with the Board and forward to intervenors any objections to any new or amended claimed costs within 14 days from the date of this Decision.

4. Intervenors shall file with the Board and forward to THESL any responses to any objections to any new or amended cost claims within 21 days of the date of this Decision.

5. THESL shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

All filings to the Board must quote the file number, EB-2010-0142, be made through the Board's web portal at https://www.errr.ontarioenergyboard.ca, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at http://www.ontarioenergyboard.ca/OEB/Industry. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

DATED at Toronto, April 17, 2012

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary