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October 24, 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)
Hydro One Brampton Networks Inc. EB-2012-0135
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 Janigan
Counsel for VECC
Encl.

cc: Hydro One Brampton Networks Inc.
Scott Miller

EB-2012-0135

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 Hydro One Brampton Networks Inc. for an order or orders approving or fixing just and reasonable distribution rates to be effective January 1, 2013.

FINAL SUBMISSIONS

On Behalf of The

Vulnerable Energy Consumers Coalition (VECC)

October 23, 2012

Public Interest Advocacy Centre

ONE Nicholas Street
Suite 1204
Ottawa, Ontario
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Vulnerable Energy Consumers Coalition (VECC)

Final Argument

1 The Application

1.1 Hydro One Brampton Networks Inc. ("HOBNI", "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 January 1, 2013. 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, HOBNI included the recovery of the impact of lost revenues associated with various conservation and demand management (CDM) activities (i.e. an LRAM recovery) as well as a proposed incremental capital module (ICM).

1.3 In its response to interrogatories, HOBNI withdrew its ICM request for "Typical" capital of $2.06 million as these expenditures were not examined as part of the 2011 cost of service review. HOBNI also withdrew its request for additional revenue for incremental "Escalated Issue" capital of $2.47 million as it has been determined that some of the requested capital will be recovered through future increased load. Accordingly, HOBNI withdrew its request for an ICM rate rider.

1.4 The following section sets out VECC's final submissions regarding the LRAM aspect of this application.

2 Lost Revenue Adjustment Mechanism (LRAM) Recovery

2.1 In this application, HOBNI is seeking approval of an LRAM claim of $374,629 including carrying charges of $6,088 for the persisting impacts of 2010 OPA CDM programs in 2011 and 2012. HOBNI is proposing one year rate riders to recover its LRAM claim.

2.2 HOBNI makes its LRAM claim in this application pursuant to the updated CDM Guidelines[1] and Filing Requirements[2] regarding LRAM claims for pre-2011 CDM activities.

[1] Guidelines for Electricity Distributor Conservation and Demand Management EB-2012-0003 dated April 26, 2012

[2] Filing Requirements For Electricity Transmission and Distribution Applications Last Revised on June 28, 2012

2.3 HOBNI filed an LRAM claim as part of its 2012 IRM rate application (EB-2011-0174) and received approval for the recovery of lost revenues in 2009 and 2010 associated with CDM activities for the years 2005 to 2010. CDM impacts for the 2010 program year in 2011 were not approved.

2.4 In its EB-2011-0174 Decision, the Board stated at page 13:

> "The Board finds HOBNI's application for LRAM for 2011 to be inconsistent with the Guidelines, and agrees that the 2011 forecast is final in all respects and that these savings should have been incorporated into HOBNI's 2011 forecast at the time of rebasing."

2.5 HOBNI indicates the Board's Decision and Order (EB-2011-0174) dated December 22, 2011 was based on 2008 CDM Guidelines (Guidelines for Electricity Distributor Conservation and Demand Management, dated March 28, 2008 (EB-2008-0037)) and that the Board found HOBNI's application for 2011 to be inconsistent with the guidelines in affect at that time. HOBNI believes its current claim is consistent with the updated CDM guidelines issued April 26, 2012 and the filing requirements on June 28, 2012 for pre-2011 CDM activities and is now eligible to recover the lost revenue associated with 2010 CDM programs. The basis for this is HOBNI's understanding of the Board's guidelines and filing requirements related to the eligibility for LRAM recovery to now allow distributors to make a claim for the recovery of LRAM for persisting lost revenue for 2010 CDM programs in subsequent years.[3] In HOBNI`s view, the LRAM guidelines have evolved with respect to lost revenue for the persistence of pre-2011 CDM activities and allows for recovery for those distributors whose load forecast has not been updated with respect to its CDM activities as part of a cost of service application.[4]

2.6 HOBNI indicates its load forecast has not been updated with respect to its 2010 CDM programs as part of a cost of service application since the CDM programs, for which persistent lost revenue is sought, were implemented.[5]

2.7 VECC notes the Board`s updated 2012 CDM Guidelines state on page 11:

> "The 2008 CDM Guidelines also noted that 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. The LRAM principles outlined below are built on the foundation of those developed and discussed in the 2008 CDM Guidelines."`

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[3] Board Staff IR#2 & VECC IR#1

[4] Application, Tab2, Schedule 6.0, Page 2

[5] Tab 2, Schedule 6.0, Page 4

2.8 The updated CDM Guidelines also state on page 14:

> "The 2008 CDM Guidelines state as follows: "lost revenues are only accruable` until new rates (based on a new revenue requirement and load forecast) are set by the Board, as the CDM savings would be assumed to be incorporated in the load forecast at that time." The intent of the LRAM in the 2008 CDM Guidelines was to keep electricity distributors revenue neutral for CDM activities implemented by the distributor during the years in which its rates were set using the incentive regulation mechanism, and that future LRAM claims should be unnecessary once a distributor rebases and updates its load forecast.
>
> The Board therefore expects that LRAM for pre-2011 CDM activities should be completed with the 2012 rate applications, outside of persisting historical CDM impacts realized after 2010 for those distributors whose load forecast has not been updated as part of a cost of service application."

2.9 VECC notes that an updated load forecast was approved as part of HOBNI's 2011 Cost of Service application for rates effective January 1, 2011. VECC submits that HOBNI's rebased load forecast for 2011approved by the Board is final in all respects and includes the CDM savings from 2010 and as per the CDM Guidelines these savings should not be accruable in 2011 or beyond.

2.10 VECC submits HOBNI's LRAM request is inconsistent with the Board's past and current CDM guidelines and the Board's Decision in HOBNI's 2012 IRM application EB-2011-0174.

2.11 For the reasons noted above, VECC submits that HOBNI's LRAM request in this application should not be approved.

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.

All of which is respectfully submitted this 23rd day of October 2012.