

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an Application by Hearst Power Distribution Company Limited pursuant to section 78 of the *Ontario Energy Board Act* for an Order or Orders approving just and reasonable rates for the delivery and distribution of electricity.

ARGUMENT

On Behalf of

VULNERABLE ENERGY CONSUMERS COALITION (VECC)

March 7, 2007

**Michael Buonaguro
Public Interest Advocacy Centre
34 King Street East
Suite 1102
Toronto, Ontario
M5C 2X8**

Tel: (416) 767-1666 (office)
Email: mbuonaguro@piac.ca

Vulnerable Energy Consumers' Coalition (VECC)

Argument

1 Introduction

- 1.1 The Vulnerable Energy Consumers Coalition (VECC) consists of the following organizations:
 - (a) The Federation of Metro Tenants Association
 - (b) The Ontario Coalition of Senior Citizens' Organizations (OCSCO)
- 1.2 The Federation of the Metro Tenants Association is a non-profit corporation composed of over ninety-two affiliated tenants associations, individual tenants, housing organizations, and members of non-profit housing co-ops. In addition to encouraging the organization of tenants and the promotion of decent and affordable housing, the Federation provides general information, advice, and assistance to tenants.
- 1.3 The Ontario Coalition of Senior Citizens' Organizations (OCSCO) is a coalition of over 120 senior groups as well as individual members across Ontario. OCSCO represents the concerns of over 500,000 senior citizens through its group and individual members. OCSCO's mission is to improve the quality of life for Ontario's seniors.
- 1.4 VECC's interest in this proceeding is to ensure that consumer interests and in particular the interests of the low-income and vulnerable users of electricity are fully represented in the determination of just and reasonable 2007 distribution rates for Hearst Power Distribution Company Limited ("Hearst").

- 1.5 VECC's intervention in Hearst's 2007 Rate Application was predicated by the utility's proposal for recovery through 2007 rates of 3rd tranche equivalent spending on Conservation and Demand Management (CDM).

2 Recovery of 3rd Tranche Equivalent CDM Spending

- 2.1 Hearst received approval to recover \$70,000 incremental CDM spending (3rd tranche equivalent) by Ontario Energy Board (OEB, Board) Decision and Order of November 24, 2005. The \$70,000 amount comprises \$39,750 capital and \$30,250 operating expenses. Since the \$70,000 expenditure could not be incorporated into the derivation of 2005 rates Hearst was directed by the Board to make the appropriate adjustment to its 2006 rate application.
- 2.2 Accordingly, Hearst's 2006 Electricity Distribution Rates (EDR) Application included CDM program related adjustments in the amount of \$70,000; specifically, a Tier 1 adjustment to rate base in the amount of \$39,750 and a Tier 1 adjustment to distribution expenses in the amount of \$30,250. Hearst's electricity distribution rates approved by the Board effective May 25, 2006 included both of these CDM related cost components for a total of \$70,000.
- 2.3 In this manner, \$30,250 CDM-related distribution expense is recovered over a period of one year and \$39,750 CDM-related rate base expense is recovered through appropriate capital-related expenses over several years in the same way as other rate base components.
- 2.4 In Table 1 and subsequent language of their 2007 EDR Application Manager's Summary, Hearst suggests only \$30, 250 as the amount recovered in 2006 rates and proposes \$39,750 should be approved for recovery in 2007 rates.
- 2.5 VECC submits that since the entire approved CDM amount of \$70,000 was factored into Hearst's 2006 electricity distribution rates that serve as the starting point for 2007 rate derivation and there is no Board approved incremental CDM amount, there is no reason to justify the inclusion of any incremental CDM amount in Hearst's 2007 electricity distribution rates. VECC has reviewed the rationale put

forward by Hearst and submits that the Board should not approve the CDM-related rate riders as proposed by the utility.

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 award of costs in the amount of 100% of its reasonably-incurred fees and disbursements.

Respectfully Submitted on the 7th Day of March, 2007

Michael Buonaguro
Counsel for VECC