

Rideau St. Lawrence Distribution Inc.

REPLY SUBMISSION

2013 ELECTRICITY DISTRIBUTION RATES

EB-2012-0164

Submitted January 25, 2013

Introduction

Rideau St. Lawrence Distribution Inc. ("Rideau") filed an application with the Ontario Energy Board (the "Board"), dated October 25, 2012, under section 78 of the Ontario Energy Board Act, 1998, seeking approval for changes to the distribution rates that Rideau St. Lawrence charges for electricity distribution, to be effective May 1, 2013. The application is based on the Board's guidelines for 3rd Generation Incentive Regulation Mechanism which provides for a mechanistic and formulaic adjustment to distribution rates between cost of service applications.

On December 13, 2012, Board staff filed interrogatories. On January 4, 2013 Rideau St. Lawrence responded to those interrogatories.

On January 23, 2013, Board staff filed their submissions and this document is being filed in response to those submissions. Rideau's reply submission is limited to matters noted by Board staff.

Board staff made detailed submissions on the following matters:

- Deferral and Variance Accounts;
- Retail Transmission Service Rates;
- Shared Tax Savings Rates;
- Lost Revenue Adjustment Mechanism – pre 2011 CDM Activities;
- LRAMVA for 2011 CDM Activities
- LRAM Rate Riders.

DEFERRAL AND VARIANCE ACCOUNTS

Staff Submission

Rideau completed the Deferral and Variance Account continuity schedule included in the Rate Generator Model at Tab 5 for its Group 1 Deferral and Variance Accounts. Rideau's total Group 1 Deferral and Variance Account balances amount to a credit of \$185,287, which does not include any amounts from Account 1588 as discussed below. Based on the disposition threshold test calculation, the Group 1 Deferral and Variance

Account balances equate to -\$0.0018 per kWh which exceeds the threshold of +/- \$0.001 per kWh. As such, Rideau has requested disposition of its Group 1 Deferral and Variance Account balances over a one-year period.

Board staff has reviewed the Model for Rideau's Group 1 Account balances and notes that the principal balances as of December 31, 2011 reconcile with the balances as reported as part of the 2.1.7 Reporting and Record-Keeping Requirements ("RRR"). Also, the disposition threshold has been exceeded. Board staff has no issue with Rideau's request to dispose of its 2011 Group 1 Deferral and Variance Account balances at this time. Board staff further notes that the requested disposition period of one year is in accordance with the Electricity Distributors' Deferral and Variance Account Review Initiative (EB-2008-0046) ("the EDDVAR Report").

Board staff agrees with Rideau's request to dispose of the 2011 Group 1 Deferral and Variance accounts as proposed in its application.

Response:

Rideau makes no further submission on this issue.

RETAIL TRANSMISSION SERVICE RATES (RTSR)

Staff Submission

Rideau has completed the RTSR Workform and has proposed RTSRs consistent with the methodology outlined in Guideline G-2008-001 Revision 4.0. Board staff has reviewed the RTSR Workform and reconciled the figures included with both Rideau's last RRR report 2.1.5 as well as Rideau's last Board-approved Tariff of Rates and Charges. Board staff will adjust Rideau's RTSR Workform to incorporate the changes to the Uniform Transmission Rates issued on December 20, 2012.

Board staff agrees with RSL's proposed Retail Service Transmission Rates (RSTR's) subject to updating the proposed rates to be consistent with the Uniform Transmission Rates issued on December 20, 2012.

Response:

Rideau had requested the opportunity to update the RTSRs included in their application should the RTSR's charged to Rideau change before the rates applied for in this application are approved and in effect.

Rideau concurs with the Board staff submission.

SHARED TAX SAVINGS WORKFORM

Staff Submission

Board staff has reviewed the Workform for Rideau's shared tax savings amount and notes that the amounts reconcile with Rideau's last cost of service Board-approved Revenue Requirement Workform. Board staff confirms that there are \$0 in the tax sharing cell in tab 5 of the tax savings workform.

Board staff agrees with Rideau's tax savings calculation.

Response:

Rideau makes no further submission on this issue.

LOST REVENUE ADJUSTMENT MECHANISM – PRE-2011 CDM ACTIVITIES

Staff Submission

Board staff submits that Rideau has appropriately relied on the Board's CDM Guidelines, issued April 26, 2012 (EB-2012-0003) (the "2012 CDM Guidelines"). At section 13.6 of the 2012 CDM Guidelines it states in relation to LRAM for pre-CDM Code activities that "it is the Board's expectation that LRAM for pre-2011 CDM activities should be completed with the 2012 rate applications, outside of persisting historical CDM impacts realized after 2012 for those distributors whose load forecast has not been updated as part of a cost of service application." Board staff notes that Rideau last rebased in 2008 and filed its cost of service application on November 20, 2007, prior to the issuance of the Board's CDM Guidelines, issued on March 28, 2008 (EB-2008-0037) (the "2008 CDM Guidelines"). Board staff submits that Rideau could not have reasonably been expected to implement the rules regarding LRAM in its 2008 load forecast as the rules were not known to Rideau at that time. Board staff further notes that Rideau's most recent cost of service application was for 2012 rates (EB-2011-0274). Board staff submits that Rideau has met the filing requirements outlined in both the 2008 and 2012 CDM Guidelines and supports the recovery of Rideau's requested LRAM amount of \$15,108.73.

Board staff supports Rideau's request to recover LRAM for pre 2011 CDM Activities.

Response:

Rideau makes no further submission on this issue.

LRAMVA FOR 2011 CDM ACTIVITIES

Background

Rideau has requested to dispose of the balance in its LRAMVA in account 1568 of \$5,125.58 for recovery of 2011 lost revenues in relation to Rideau's 2011 CDM programs. Rideau's 2011 CDM program savings will contribute towards Rideau's 2011-2014 CDM Targets. Rideau's LRAMVA amount has been calculated using the final 2011 net program evaluation results from the OPA.

Section 13.4 of the 2012 CDM Guidelines states that "distributors may apply for disposition of the balance in the LRAMVA on an annual basis as part of their IRM rate applications if the balance is deemed significant by the applicant". Rideau noted in

response to Board staff interrogatory 4(a) that it deems its LRAMVA amount significant from both a timing and intergenerational aspect. Rideau noted that beginning in 2012, it will be calculating its LRAM amounts in a different manner than it has up to and including 2011 as it will be offsetting its lost revenues from CDM programs by the CDM reduction that was approved as part of Rideau's load forecast in its 2012 cost of service application. Rideau has also proposed to dispose of its LRAMVA balance at this time to avoid intergenerational issues.

Board staff notes that section 13.2 of the 2012 CDM Guidelines state that:

"Distributors will generally be expected to include a CDM component in their load forecast in cost of service proceedings to ensure that its customers are realizing the true effects of conservation at the earliest date possible and to mitigate the variance between forecasted revenue losses and actual revenue losses. If the distributor has included a CDM load reduction forecast in its distribution rates, the amount of the forecast that was adjusted for CDM at the rate class level would be compared to the actual CDM results verified by an independent third party for each year of the CDM program (i.e., 2011 to 2014) in accordance with the OPA's EM&V Protocols as set out in Section 6.1 of the CDM Code. The variance calculated from this comparison will result in a credit or debit to the ratepayer at the customer rate class level in the LRAMVA."

Staff Submission

Board staff notes that Rideau did not have its load forecast updated until its 2012 cost of service application. Board staff submits that as Rideau did not have a CDM reduction underpinning its 2011 rates, it has properly calculated its 2011 LRAMVA amount as the entirety of its lost revenues realized from its 2011 CDM programs. Board staff supports Rideau's request to dispose of its LRAMVA amount of \$5,125.58 in account 1568 to avoid any intergenerational issues and to allow Rideau to remain consistent in how it recovers its lost revenues up to the 2011 CDM program year.

Board staff supports Rideau's request to recover LRAMVA from 2011 CDM Activities.

Response:

Rideau makes no further submission on this issue.

LRAM Rate Riders

Staff Submission

Board staff submits that Rideau should be directed to recover its lost revenues through separate rate riders, one for its requested LRAM amount and one for its LRAMVA amounts to provide clarity for what has been recovered and avoid any confusion in future proceedings.

Response:

Rideau concurs with the Board staff submission on this matter.

ALL OF WHICH IS RESPECTFULLY SUBMITTED