

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 Milton Hydro Distribution Inc. 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

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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 Milton Hydro Distribution Inc. ("Milton").

- 2 VECC's intervention in Milton's 2007 Rate Application was predicated by the utility's proposal of a rate adjustment associated with the recovery of costs for certain conservation and demand management (CDM) initiatives and specific related issues such as deferral account treatment of 2006 CDM spending, demonstration of CDM spending prudence, derivation of 2007 CDM rate riders, and the inclusion of 2006 CDM costs for recovery in 2007 rates.

2 Deferral Account Treatment of 2006 CDM Spending

- 2.1 In its Decision and Order dated April 12, 2006 (Decision) on the Application by Milton for 2006 electricity distribution rates (EDR) under file number RP-2005-0020/EB-2005-0391, the Board disallowed Milton's proposal to include in its 2006 distribution revenue requirement an amount of \$360,000 related to CDM activities. This disallowance was based on the fact that Milton had not filed required cost effectiveness screening results for the proposed CDM programs and that some of the Milton programs were not 'market support' programs.
- 2.2 On April 28, 2006, Milton filed a Notice of Motion (Motion) with the Board in relation to the abovementioned Decision. In its Motion, Milton Hydro requested that:
 1. the Board vary its Decision to permit Milton Hydro to recover in distribution rates \$300,750 relating to an amended CDM program proposal; and
 2. Milton be permitted to record these proposed CDM expenditures in a deferral account for future disposition by the Board.
- 2.3 Milton submitted new evidence pertaining to cost effectiveness testing which it had undertaken with respect to a subset of the CDM programs now being proposed. In the Board's Decision on Motion dated July 5, 2006, the Board acknowledged the public interest objectives related to the implementation of cost effective CDM

programs and authorized the establishment of the deferral account to record Milton's proposed new CDM spending.

2.4 In this Decision on Motion, the Board clearly stated the requirement for Milton to demonstrate the prudence of the expenditures recorded in the deferral account at the time that it seeks clearance of the deferral account balances through rates.

2.5 It is VECC's understanding that the abovementioned deferral account would function to record actual dollar amounts spent on CDM initiatives and programs; VECC submits that there is no information of this type provided in Milton's 2007 EDR Application.

3 Demonstration of CDM Spending Prudence

3.1 The Board's Decision on Motion did not dispense with the requirement for Milton to demonstrate the prudence of the expenditures recorded in the deferral account at the time that it seeks clearance of the deferral account balances through rates.

3.2 In their 2007 EDR Application, Milton has not provided any cost benefit analysis or any other type of information to demonstrate the prudence of the expenditures recorded in the deferral account. Indeed, the Application does not provide any information on the actual CDM costs incurred in 2006.

4 Inclusion of 2006 CDM Costs for Recovery in 2007 Rates

4.1 Because of the failure to provide 2006 actual CDM spending and a demonstration of CDM spending prudence, it is VECC's submission that the Board should not approve Milton's proposed CDM costs and rate riders for inclusion in its 2007 distribution rates.

5 Recovery of Reasonably Incurred Costs

5.1 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

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Counsel for VECC