Submission

by the intervenor Lubov Volnyansky

Enersource Hydro Mississauga Inc.,

Lost Revenue Adjustment Mechanism

EB-2013-0024

**Introduction.**

Enersource Hydro Missisauga Inc. (“Enersource”) filed an application with the Ontario Energy Board (the “Board”) on February 15,2013, under s.78 of Ontario Energy Board Act,1998,seeking approval for changes to the distribution rates for the lost revenue in 2011 and 2012 . Enersource has requested the recovery of **$1,753,174** of the lost revenue.

**Background.**

Enersource Hydro Mississauga Inc. is a licensed electricity distributor.

As a condition of a distributor’s licence Enersource must participate in authorized CDM activities under the Board’s Guidelines for Electricity Distributor Conservation and Demand Management, and the Board would authorize a Lost Revenue Adjustment Variance Account (“LRAMVA”) to capture, at the customer rate-class level, the difference between the level of CDM program activities included in the distributor’s load forecast and the actual, verified impacts of authorized CDM activities between 2011 and 2014.

On Jan.27,2012, Enersource applied to the Board seeking approval of the recovery $856,957 in lost revenue including $16,660 in carrying charges over a one-year period. The lost revenues include the persisting impacts of 2005-2009 CDM programs in 2010 and lost revenues from 2010 CDM programs in 2010.

The Board approved the recovery of $860,339 based on the Board’s view that LRAM is accruable. The customers received new charges in the Delivery component- the rate rider of Lost Revenue Adjustment Mechanism(LRAM)/Shared Savings Mechanism(SSM) (2012) in the amount of 0.0003$/kWh effective until April30,2013- the case EB-2011-0100.

On April 27,2012(updated on May 17,2012) Enersource applied to the Board for permission to increase its delivery charges beginning Jan1, 2013 and Jan.1,2014 - the case EB-2012-0033.

The Board has determined 2013 rates with effective date January 2013(implementation date February 2013) with the continued rate of 0.0003$/kWh of lost Revenue Adjustment Mechanism(LRAM)/Shared Savings Mechanism(SSM) (2012) effective until April30,2013.

The Board also disallowed $2 million of the $20 million cost of the new building that was purchased in 2012. That means Enersource won’t be able to boost rates to recover that money.

On February 15,2013, Enersource has requested the recovery of $1,753,174 of the lost revenue in 2011 and 2012.

**Submission.**

1.The Consumer rights violation:

Enersource has applied to the Ontario Energy Board for permission to change its delivery charges beginning May 1, 2013 to reflect the recovery of costs associated with lost revenues in 2011 and 2012 in the amount of **$1,753,174** that violates the Consumer rights under s.1.6 of the Condition of Service which indicates that the Consumer is not liable “..under any circumstances for any loss of profits or revenue..” .

Evidence for support of an allegation

1.1. Enersource Hydro Mississauga Inc. is serving approximately 250,000 customers in the City of Mississauga. The number of customers Enersource services has increased by approximately 1.2% from 2008 to 2013.(The Board decision EB-2012-0033 )

**Forecast – no significant increase of electricity demand.**

**The existing customers are not liable for the fallen electricity demand and for the lost revenue**.

1.2. The charges in the form of rates as the Rate Rider for Recovery of Lost Revenue Adjustment Mechanism (LRAM)/Shared Savings Mechanism (SSM) and rate Rider for Recovery of Foregone Revenue must be removed from the bills of consumers who are not liable under any circumstances for the bad management of business as lost revenue.

2. Violation of s.78 of the Ontario Energy Board Act, 1998,S.O. 1998, CHAPTER 15 Schedule B (amended s.6(1) the Ontario Energy Board Amendment Act (Electricity Pricing), 2003).

The Application relates to rates for the distributing of electricity may be made only with the written approval of the Minister.

Applications under s. 78

(1)  An application for an order under section 78 may be made only with the written approval of the Minister if the application relates to,

(a) rates for the distributing of electricity; or

(b) rates for the retailing of electricity in order to meet a distributor’s obligations under section 29 of the Electricity Act, 1998

**Evidence for support of an allegation:**

**The Minster of Energy approval was not filed with the Board and was not** **served.**

3 The violation of s.1(e) of the Electricity Act,1998, by not providing non-discriminatory access to transmission and distribution systems in Ontario by imposing the vulnerable energy consumers to double charges for electricity and has infringed the human rights to equal treatment with respect to services under s.1 and s.9 of the Ontario Human Rights Code.

The Delivery charges/ the Delivery component with numerous charges with rates that include the rate for Lost Revenue Adjustment Mechanism and without rates (not affected by how much energy was used) that include “membership” charge under the name “Customer charge”, Recovery of Stranded Meter Assets are **unreasonable and discriminatory** specifically for the clients with the consumption of electricity around 500 kWh per billing period and can be constitutes as the abuse or possible abuse of market power under s.38 of the Electricity Act.

**Evidence for support of allegations 3.**

3.1. Enersource bills the customers with the five regular items on residential and general service customers’ electric bills:

1. Electricity prices based on the electricity rates that set by the Ontario Energy Board, through its Regulated Price Plan (RPP).

2. Delivery Charges

3. Regulatory charges

4. Debt retirement charge

5. HST

The Table 1of changes of the charges for residential consumers for the period 2011-2013 attached .

3.2. How the Delivery charges will impact the bills for residential electricity consumption was based on the consumption level of 800 kWh per the billing period

from a general guideline of residential consumption level of 100, 250, 500, 800, 1000, 1500, 2000, that left the vulnerable consumers of 100 to 800 kWh at a disadvantageous position as they are facing **double charges** for the electricity as the delivery component prevails over the charges under the electricity rates –the consumers must pay for the delivery charges more than the actual electricity that is incongruent with the purpose of the electricity distribution –see the Excel file “Delivery charges discriminatory”attached that was filed with the Board.

3.3. The delivery component includes the Customer charge or service charge that is not affected by how much energy was used and can therefore be considered as a "membership" charge that discriminates the clients with the consumption of electricity around 500 kWh per billing period.

3.4. The distribution rate and the transmission rate of the delivery charges are redundant with the adjustment factor and with electricity rate resulting in triple charges for electricity.

* 1. The actual market price of electricity has dropped to just around **2 cents** per kilowatt hour, and on-peak rate of **11.8 cents** per kilowatt hour is discriminatory for the low income consumers who use the electric stove for the food preparation and have no privilege of flexibility to use the gas or solar energy.

L.Volnyansky opposes Enersource’s request for the recovery of **$1,753,174** of the lost revenue.

May 17, 2013

Table 1. Changes of the charges for residential consumers for the period 2011-2013 attached .

|  |  |  |
| --- | --- | --- |
| **2011** | **2012** | **2013** |
| **1.Electricity rates** | | |
| * **7.1¢/kWh for the first 1,000 kWh used per month and**; * 8.3¢/kWh for all kWh used above 1,000 kWh per month | **On peak 0.117**  **Mid peak 0.1**  **Off peak 0.065** | **On peak 0.118**  **Mid peak 0.099**  **Off peak 0.063** |
| **2.Delivery Charges/Component**  Delivery is the cost of bringing electricity from generating stations to your home or business and **is calculated using the readings on your meter that record your usage.** | | |
| **Customer Charge: $28.16 per regular billing period** | **Service Charge $ 11.87** | **Service Charge $ 12.83** |
| The customer charge is based on fixed costs such as meter costs and administration. **It is not affected by how much energy you use**. It includes meter reading and billing. If your billing period is shorter or longer than the normal period of 55-65 days, the customer charge is prorated accordingly. | | |
| **Transmission Charge: $0.0120/kWh** | **Retail Transmission Rate – Network Service Rate $/kWh 0.0073**  **Retail Transmission Rate – Line and Transformation Connection Service Rate $/kWh 0.005** | **Retail Transmission Rate** – Network Service Rate **$/kWh 0.0073**  **Retail Transmission Rate** – Line and Transformation Connection Service Rate **$/kWh 0.0057** |
| The Transmission Charge covers the costs of transmitting electricity from generators to Mississauga. | | |
| **Distribution Charge: $0.0100/kWh** | **Distribution Volumetric Rate $/kWh 0.0119** | **Distribution Volumetric Rate $/kWh 0.0129**  **Low Voltage Service Rate $/kWh 0.0002** |
| The Distribution Charge helps pay for delivery of electricity to your home, as well as the cost of designing, building and maintaining the power-distribution system. | | |
| **Delivery Charges components** | | |
|  | Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until January 31, 2014  Applicable only for Non-RPP Customers **$/kWh (0.0022)**  Rate Rider for Deferral/Variance Account Disposition (2012) – effective until January 31, 2014 **-$/kWh (0.0011)**  Rate Rider for Disposition of Accounts 1521 and 1562 (2012) – effective until April 30, 2013 **$/kWh (0.0004)**  Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM)  Recovery (2012) – effective until April 30, 2013 **$/kWh 0.0003**  Rate Rider for Tax Changes – effective until April 30, 2013 **$/kWh (0.0004)** | Rate Rider for Disposition of **Residual Historical Smart Meter Costs** – effective until December 31, 2013 **$ (0.77)**  Rate Rider **for Recovery of Stranded Meter Assets** – effective until December 31, 2013 **$ 1.73**  Rate Rider for Disposition of Global Adjustment Sub-Account (2012) – effective until January 31, 2014  Applicable only for Non-RPP Customers **$/kWh (0.0022)**  Rate Rider for Disposition of Global Adjustment Sub-Account (2013) – effective until December 31, 2013  Applicable only for Non-RPP Customers **$/kWh 0.0005**  Rate Rider for Disposition of Deferral/Variance Accounts (2012) – effective until January 31, 2014 **$/kWh (0.0011)**  Rate Rider for Disposition of Deferral/Variance Accounts (2013) – effective until December 31, 2013 **$/kWh (0.0001)**  Rate Rider for Disposition of Accounts 1521 and 1562 (2012) – effective until April 30, 2013 **$/kWh (0.0004)**  Rate Rider for Recovery of Lost Revenue Adjustment Mechanism (LRAM)/Shared Savings Mechanism (SSM)  (2012) – effective until April 30, 2013 **$/kWh 0.0003**  Rate Rider for Recovery of Foregone Revenue– effective until December 31, 2013 **$/kWh 0.0003** |
| **3.Regulatory Charges** | | |
| **Wholesale Market Service: $0.0065/kWh** | **Wholesale Market Service Rate $/kWh** **0.0052** | **Wholesale Market Service Rate** **$/kWh 0.0052** |
| This charge covers costs such as market regulation and the management of the system. It is calculated on the **adjusted kWh used**. | | |
| **Special Purpose Charge: $0.0004/kWh** | **Rural Rate Protection Charge $/kWh 0.0011** | **Rural Rate Protection Charge $/kWh 0.0011** |
| **Standard Supply Service (SSS) Rate: $0.25/month** | **Standard Supply Service – Administrative Charge (if applicable) $ 0.25** | **Standard Supply Service – Administrative Charge (if applicable) $ 0.25** |
| **Adjustment Factor: 1.0360** | **Total Loss Factor – Secondary Metered Customer < 5,000 kW 1.0360** | **Total Loss Factor – Secondary Metered Customer < 5,000 kW 1.0360** |
| **4.Debt retirement charge** | | |
| **5.HST = 13%**  **(GST =5%)** | | |