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June 7, 2013

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, Ontario, M4P 1E4

Dear Ms. Walli:

**Re: EB-2012-0383 – Review of Cost Allocation Policy for Unmetered Loads -
Comments of the London Property Management Association on Consultant's
Report**

This letter is in response to the Ontario Energy Board's ("Board" or "OEB") May 17, 2013 letter related to the above noted consultation and contains the comments made on behalf of the London Property Management Association ("LPMA"). The Board's letter indicated that it had posted for comment the consultant's report entitled *Review of Cost Allocation Policy for Unmetered Loads*. ("the Report"). Three paper copies have been provided to the Board and an electronic version has been filed through the Board's web portal at www.pes.ontarioenergyboard.ca/eservice/.

In the Board's letter, it was requested that comments be organized in the same order of the recommendations set out in the Report. The comments below follow the same order as those used in the Working Group Issues, Elenchus Comments and Recommendations section of the Report. For convenience, the same numbering as used in the Report has also been used.

6.1 Distribution Rate Setting

LPMA agrees that it is good utility practice for the distributors to inform their customers about the rate rebasing processing and in particular, the methodologies used in the cost allocation and rate design process, along with the resulting impacts.

However, LPMA does not believe the optimal time to do this is during the preparation of the rate rebasing application. This should be an ongoing process so as to encourage customers to provide distributors with the most current information available and to

provide the distributors with adequate time to verify the information being provided before it is used in a rate application.

LPMA further submits that the OEB should host information sessions for unmetered load customers outlining and explaining the regulatory process in Ontario, including the cost allocation model and explaining the importance to these customers of providing distributors with the most current information available. These information sessions should be scheduled so as to provide adequate time for the unmetered customers to provide the updated information to the distributors that are rebasing and for those distributors to verify the information in a timely manner in order to include the data in the rebasing application.

6.2 Unmetered Loads Data and Conditions of Service

LPMA agrees with the recommendation that the Board should request distributors to document their requirements in their Conditions of Service Section and that the distributor be required to bring this section to the attention of the unmetered load customers. This is simply good communication between the distributor and their customers.

It is also recommended that the Board should determine a generic process for maintaining accurate and up-to-date unmetered load data and that this generic process should be specified in the Conditions of Service document for each distributor. This standard approach would assist those unmetered load customers that are served by more than one distributor.

6.3 Connection Configuration for Street Lighting

LPMA strongly agrees with the statement that the actual configuration used by a distributor in connecting unmetered loads should be reflected in their cost allocation. This properly reflects cost causality. The fact that different cost allocation impacts will result for unmetered loads from one utility to another is irrelevant. The same can be said of virtually every other class of customer. Allocation factors (billing and collecting, services, etc.) vary from distributor to distributor based on the unique characteristics of each distributor. The key point is that the allocation reflect the circumstances of each distributor.

LPMA notes that the Report states that it the responsibility of the unmetered customer to maintain asset inventory and to alert the distributor of material changes, especially where the customer believes such changes may affect its bill. LPMA believes that this should be clarified that a change in the bill can be an increase or a decrease.

LPMA further submits that it also the responsibility of the distributor to ensure the accuracy and completeness of the unmetered customer asset inventory.

6.4 New Technology for Street Lighting Consumption

LPMA agrees with the recommendation that the Board should direct distributors to update unmetered load profiles when they can be supported by evidence presented by the unmetered load customers. However, the recommendation as is currently stated deals only with the changes in load profiles that reflect energy efficiency improvements. LPMA submits that the updated unmetered load profiles may be the result of more than just energy efficiency improvements, and, regardless of the driver, should be updated.

LPMA also believes that the evidence presented by the unmetered load customers should be verified by the distributor either through random testing or through the verification process undertaken by another distributor where the updated unmetered load customer profile is similar.

6.5 Financial Impact of Streetlight Energy Efficiency Investments

Better communication between distributors and unmetered load customers and between those customers and the OEB, as noted under 6.1 above, is key to ensuring that unmetered load customers have a better understanding of the rate setting process and how energy efficiency investments may impact on rates.

The Board should also explain the zero sum concept in cost allocation. In other words, efficiency improvements made in other classes, or the loss of a large customer, for example, may result in higher rates for unmetered load customers. Similarly, with lower costs allocated to unmetered load customers, the rates charged to other classes may increase. It would have been interesting to see some sensitivity analysis performed around these two scenarios as part of the Report to see, as an example, the impact of CDM programs targeted to residential and general service customers on unmetered load customers rates.

6.6 Amperage Versus kW as Allocator

LPMA submits that any review of the change in the demand allocator should be subject to a separate review process because of the potentially large impact on customers in all rate classes.

6.7 Minimum System Versus 100% Demand Related Costs

As is stated in the Report, there was not work undertaken by the Working Group that would indicate the need to alter the use of the Minimum System Method in the cost allocation model. As a result, LPMA believes it would be premature to make any

changes at this time. Rather, if it is determined that a review of Minimum System Method is warranted, it should be undertaken as part of a separate and broader review process.

6.8 Weighting Factors for Services, Billing and Collecting

LPMA agrees with the recommendation that the examples shown on how to develop services and billing and collecting weighting factors should be brought to the attention of distributors in order for them to properly develop their own specific weighting factors.

In addition, LPMA submits that the Board should direct the distributors to file the type of information found in and used in the examples provided in support of their weighting factors used in the cost allocation model when the distributor rebases. This would provide the necessary information for parties to determine whether or not the weighting factors are appropriate.

6.9 Rate Design Issues

LPMA agrees that standard terminology with respect to unmetered loads should be applied by all distributors consistently. This would simply bill comparison for those unmetered load customers served by more than one distributor.

6.10 Street Light Rates Past and Future Changes

LPMA does not agree with the statement that further movement towards cost based distribution rates may not be required. The current Board approved ranges for revenue to cost ratios for the unmetered load classes have among the widest ranges of any class. In particular, street lighting has a ratio of 70% to 120%. No other class has a lower boundary less than 80%.

LPMA submits that any movement towards unity or to smaller ranges will requirement the movement of all classes, since cost allocation is a zero sum exercise. The current Report deals only with the unmetered loads customers and does not take into account the need or lack thereof, of moving the other classes more towards fully cost based rates.

6.11 Revenue to Cost Ratio Ranges

Despite the comments above, LPMA believes that the street lighting range should be narrowed from the current 70% to 120% range to 80% to 120%. The upper limit would remain at 120%, consistent with all the other rate classes, with the exception of the residential and large use classes which have an upper boundary of 115%.

By moving the lower limit from 70% to 80%, the Board would be moving the street lighting floor to the same level as for sentinel lights and the unmetered scattered load

classes. LPMA further notes that no other class has a lower limit of less than 80%, while some classes (residential and large user) have higher lower limits of 85%.

Based on the recommendations in the report related to better communication between distributors and the OEB with unmetered load customers, and the impetus to update information on unmetered load customer asset inventory, coupled with a clearer understanding of the determination of the service and billing and collecting weighting factors for cost allocation purposes, LPMA believes that there is sufficient improvement that can be reasonably expected in the cost allocation model for the street lighting class and that a lower limit significantly below other customers, including other unmetered customers, is no longer appropriate.

6.12 Computer Model Changes

LPMA agrees that no changes are needed to the cost allocation computer model at this time.

6.13 Distributor Specific Sensitivity Analysis

LPMA submits that any costs incurred by the distributors to provide the sensitivity analysis should be recoverable from the customer requesting the specific information.

Sincerely,

Randy Aiken

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