EB-2007-0517

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 Chatham-Kent Hydro 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 23, 2007

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

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

Vulnerable Energy Consumers' Coalition (VECC)
Submission

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-oops. 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 Chatham-Kent Hydro Inc. ("Chatham-Kent").

2 VECC's intervention in Chatham-Kent's 2007 Rate Application was predicated by the utility's proposal for a rate adjustment associated with the recovery of costs for certain conservation and demand management (CDM) initiatives and specific related issues such as the Total Cost Resource (TRC) test of proposed CDM programs and the allocation of proposed CDM program costs to customer classes for recovery in 2007 rates. VECC was also interested in the continued implementation of rate harmonization by Chatham-Kent.

2 <u>TRC Test of Proposed CDM Programs</u>

2.1 As part of their 2007 EDR Application Chatham-Kent submitted an Analysis of Conservation and Demand Management Programs for the 2007 IRM. The Summary of TRC Analysis for 2007 CDM Funding chart contained therein indicates that Chatham-Kent's Sub-metering program has a ratio of benefits to cost below 1.0 with a score of 0.70. In other words, the costs of this program are greater than the benefits and this program does not meet the TRC test.

2.2 VECC notes that Section 1.1 TRC Calculation of the Total Resource Cost Guide published by the OEB on October 2, 2006 directs that evaluating the cost effectiveness of CDM is done in stages at many different levels that include technology or measure, program and portfolio and that this three layered structure is key to performing TRC analyses. It is an expectation of CDM programs to yield net benefits at all three stages of TRC analysis. VECC recognizes that under some circumstances programs may be acceptable even though scoring below 1.0 net TRC, however there is no indication that such circumstances exist in this case. Because of the failure to meet the OEB prescribed TRC test, with further information (i.e. the program is a targeted Low-Income program or pilot project justifying a lower then 1.0 TRC value) VECC submits that the Board should not approve the Sub-metering CDM program.

3 Allocation of CDM Program Funding

3.1 Chatham-Kent's 2007 EDR Application includes a CDM Schedule for 2007 IRM (page 273 of Application Part 1). This schedule shows a proposed allocation of $200,000 CDM funding with $175,000 allocated to the Residential customer class and $25,000 allocated to the General Service less than 50 kW customer class.

3.2 The body of information pertaining to Chatham-Kent's CDM program cost allocation lacks the clarity necessary to assess the reasonableness and appropriateness of the allocation. Specifically, absent is any explanation of what customers the different programs are targeting. As seen in the evidence detail under each program heading Chatham-Kent's Social Housing and Sub-metering programs reference apartments and multiple residential family complex unit types that are typically bulk metered and classified as some type of General Service customer class. It appears that if anything, some, if not all, of the costs associated with these programs would be more appropriately allocated to the General Service customer class and not the Residential customer class as proposed in Chatham-

Kent's Application. Alternatively, in the absence of any explanation or rationale to support the allocation of CDM program costs, one must consider an allocation across all customer classes to be equally valid as any other available option.

3.3 In the case of Chatham-Kent's Load Control program, there is no information of where the load control equipment is going to be installed and no explanation or rational provided to support the proposed allocation of program costs to the Residential customer class. In the absence of such rationale, one must consider an allocation across all customer classes to be equally valid as any other available option.

4 Rate Harmonization

4.1 VECC notes that Chatham-Kent's proposed continuation of rate harmonization will have significant impact on the bills of certain customers. Specifically, VECC is concerned the Application evidence indicates that customers with consumption of 500 kWh per month and less in the community of Blenheim will experience a bill impact in excess of 10%. VECC suggests that Board staff be directed to follow up with Chatham-Kent to determine the number of customers that will be impacted by this continued rate harmonization and consider the associated implications before giving final approval for the proposed continued rate harmonization.

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 23rd Day of March 2007

Michael Buonaguro
Counsel for VECC