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## **VIA E-MAIL AND WEB POSTING**

September 25, 2013

**To:** All Licensed Electricity Distributors and Transmitters  
All Participants in Consultation Process EB-2010-0379  
All Other Interested Stakeholders

**Re: Stakeholder Workshop on Low Voltage Adjustments in Benchmarking  
October 7, 2013  
Empirical Work in Support of Incentive Rate Setting in Ontario for  
Electricity Distributors  
Board File No.: EB-2010-0379**

The purpose of this letter is to notify interested stakeholders of an industry workshop that will be held on October 7, 2013 with respect to low voltage ("LV") costs included in total cost benchmarking of electricity distributors.

As was noted in the Board's February 26, 2013 "Request for Data to Support Empirical Work", LV costs differ depending on whom the services are purchased from, the voltage levels, and the line lengths. The costs associated with each situation are accounted for differently by the distributors. Without approximating these differences in the total cost benchmarking, the total costs for some distributors may appear understated while the total costs for other distributors may appear overstated.

To gather more complete LV cost information, Hydro One provided the Board with an additional set of data on payments it received for LV service from each distributor for the period 2002-2011 ([Summary of Hydro One Low Voltage Charges to Distributors 2002–2011](#)). Through the Board's February 26, 2013 data request, the Board collected additional information from other host distributors in the Province on the dollar amounts that they have billed each embedded distributor in their respective distribution systems for delivery services.

The Board released its *“Draft Report of the Board on Empirical Research to Support Incentive Rate-setting for Ontario’s Electricity Distributors”* on September 6, 2013. In its draft report, the Board directed staff to consult further with distributors through a workshop on the low voltage adjustments made by Pacific Economics Group Research, LLC (“PEG”) in its construction of total cost benchmarking.

Board staff has enlisted the help of representatives with specific expertise on this matter from the Vulnerable Energy Consumers Coalition, Hydro One Networks, Inc., the Electricity Distributors Association, and the Cornerstone Hydro Electric Concepts Association Inc. to plan and lead the workshop. Staff will facilitate the workshop.

The goal of the workshop is to have, by the conclusion of the workshop, stakeholder agreement on how to determine LV costs for each distributor that should be included in total cost benchmarking. The Board encourages all interested stakeholders, including electricity distributors to participate in this workshop. A draft agenda for the workshop is included in Attachment A

Staff will summarize to confirm the results at the end of the workshop. There will be no further consultations on LV cost allocation after this workshop. The Board will make its determination based on the results of the workshop. The Board’s consultant, PEG, will then be provided the data necessary to incorporate the LV costs into the benchmarking calculations to be finalized in October.

### **Industry Workshop Details and Cost Awards**

The industry workshop will take place on October 7<sup>th</sup> in the Board’s West Hearing Room, 25<sup>th</sup> floor, 2300 Yonge Street, Toronto. The workshop will be broadcast over the web and teleconference participation will be available. The workshop is expected to run from 9:30 a.m. to 5:00 p.m. Staff will provide the telephone number and contact instructions closer to October 7<sup>th</sup>.

Cost awards will be available to participants that have previously been found eligible in relation to this consultation process for the preparation for, attendance at, and reporting on the industry workshop, to a maximum of 10 hours. Only one representative from a party eligible for cost awards shall be funded.

Stakeholders that intend to participate in the workshop are asked to email notice of their intention to [RRF@ontarioenergyboard.ca](mailto:RRF@ontarioenergyboard.ca) by **September 27, 2013, and to include “EB-2010-0379 Industry Workshop Attendance” in the subject line of their email.** Participants are asked to indicate in their email whether they intend to attend in person or by telephone.

The participants will find the following information useful to prepare for the workshop.

[Empirical Research to Support Incentive Rate-setting](#)

- PEG's LV analysis and reports filed on September 6, 2013 as Working Papers - Part I.
- VECC's table of comparison of terminology used by Hydro One Networks since 2002 is provided in Attachment B. The table is contained in VECC's comments dated June 27, 2013 which were posted on July 7<sup>th</sup> on the Board's website.

If you have any questions regarding this consultation, please contact Duncan Skinner at 416-440-8127, or by e-mail at [RRF@ontarioenergyboard.ca](mailto:RRF@ontarioenergyboard.ca). The Board's toll-free number is 1-888-632-6273.

Yours truly,

*Original Signed By*

Kirsten Walli  
Board Secretary

Attachment A – Draft Agenda

Attachment B – VECC's table of Hydro One Network's LV charge types

## ATTACHMENT A

## Low Voltage Definitions Workshop

## DRAFT Agenda

<b>Location:</b> Ontario Energy Board West Hearing Room 25 <sup>th</sup> floor 2300 Yonge Street
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Monday, October 7, 2013

## LV Definitions for Total Cost Benchmarking

9:30 AM - 10:00 AM	Overview and Objectives for the day
10:00 AM - 10:45 PM	Review of LV costs and system
10:45 AM - 11:00 AM	Break
11:00 AM - 12:30 PM	Review Hydro One Network's LV individual charge types
12:30 PM - 1:15 PM	Lunch
1:15 PM - 2:45 PM	Continue to review Hydro One Network's LV individual charge types
2:45 PM - 3:00 PM	Break
3:00 PM - 4:30 PM	Continue to review Hydro One Network's LV individual charge types
4:30 PM - 5:00 PM	Summary of Workshop Decisions
5:00 PM	Adjournment

**ATTACHMENT B****VECC's Table of Hydro One Network's LV Charge Types**

<b>Post-May 1, 2008 Charges</b>	<b>Equivalent Pre-May 1, 2008 Charges</b>	<b>Comments</b>
HVDS – High (secondary $\geq 13.8$ kV)	Same but secondary $> 24.9$ kV	These are distribution stations with a primary $> 50$ kV.
HVDS – Low (secondary $< 13.8$ kV)	Same but secondary $< 24.9$ kV	
LVDS	Shared LVDS	These are distribution stations with primary $< 50$ kV
Meter Charge	N/A	For embedded distributors that do not own their own meter
Monthly Service Charge	N/A	Prior to 2008 all LV charges were variable
Specific ST Lines (Voltages 13.8 -> 44 kV)	Specific LV Lines	These are lines that are located within the embedded distributor's service area and used only by that distributor
Specific Primary Lines (Voltages 4.16 -> 12.5)	Specific Distribution Lines	
Common ST Lines	Shared LV Line	These are lines with voltages of $< 50$ kV that are used by more than one HON customer. For embedded distributors the lines can be inside or outside the distributor's service area

**Hydro One Network's Comments related to VECC's Table of LV Charge Types**

1. ST rates came into effective Feb. 1, 2009, not May 1, 2008.
2. LVDS in ST class exclude those with secondary voltages between 27.6 to 13.8.kv. The LVDS with secondary voltages from 27.6 to 13.8 were part of shared LVDS but are part of common ST pool.
3. Meter charges and monthly charges were bundled in LV but were unbundled in ST.
4. Common ST includes LVDS with secondary voltages  $\geq 13.8$  kv where shared LV line would exclude them.