

**Ontario Energy  
Board**  
P.O. Box 2319  
27th Floor  
2300 Yonge Street  
Toronto ON M4P 1E4  
Telephone: 416-481-1967  
Facsimile: 416-440-7656  
Toll free: 1-888-632-6273

**Commission de l'énergie  
de l'Ontario**  
C.P. 2319  
27e étage  
2300, rue Yonge  
Toronto ON M4P 1E4  
Téléphone: 416-481-1967  
Télécopieur: 416-440-7656  
Numéro sans frais: 1-888-632-6273



**BY EMAIL**

December 5, 2013

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Westario Power Inc. ("WPI")  
2014 IRM4 Distribution Rate Application  
Board Staff Submission  
Board File No. EB-2013-0180**

In accordance with Procedural Order #1, please find attached Board Staff's submission in the above noted proceeding. WPI and the intervenor have been copied on this filing.

WPI's reply to the submission is due on December 20, 2013.

Yours truly,

*Original Signed By*

Suresh Advani

Encl.



# **ONTARIO ENERGY BOARD**

## **STAFF SUBMISSION**

2014 ELECTRICITY DISTRIBUTION RATES

Westario Power Inc.

EB-2013-0180

**December 5, 2013**

**Board Staff Submission  
Westario Power Inc.  
2014 IRM4 Rate Application  
EB-2013-0180**

## **Introduction**

Westario Power Inc. (“WPI”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”) on September 27, 2013, seeking approval for changes to the distribution rates that WPI charges for electricity distribution, to be effective May 1, 2014. The Application is based on the 2014 Incentive Regulation Mechanism (“IRM”).

The purpose of this document is to provide the Board with the submissions of Board staff based on its review of the evidence submitted by WPI.

Board staff has reviewed WPI’s Application and its responses to interrogatories. Other than the submissions set out below, staff has no concerns with the application and the changes agreed to by WPI.

While the preset disposition threshold was not exceeded for Group 1 Accounts, Board staff notes that the Group 1 principal balances as of December 31, 2012 reconcile with the amounts reported by WPI as part of the *Reporting and Record-keeping Requirements* (“RRR”).

Board staff makes detailed submissions on the following:

- Review and Disposition of Lost Revenue Adjustment Mechanism
- RTSR Connection Rates

## **Review and Disposition of Lost Revenue Adjustment Mechanism Variance Account (“LRAMVA”)**

The Board’s *Guidelines for Electricity Distributor Conservation and Demand Management* (the “CDM Guidelines”) issued on April 26, 2012 outline the information that is required when filing an application for LRAMVA.

WPI has requested the recovery of an LRAMVA amount of \$47,280. The LRAMVA is comprised of 2012 lost revenues which consist of persisting lost revenues in 2012 from 2011 CDM programs and new 2012 lost revenues from 2012 CDM programs.

WPI rebased and had an updated load forecast approved as part of its 2013 Cost of Service application. None of the lost revenues included in this application were subject to any previous approvals and were not included in WPI's load forecast, therefore Board staff submits that all lost revenues are eligible for recovery.

WPI has provided all relevant rate riders by customer class and has proposed to recover its LRAMVA amount through a separate rate rider on a one-year basis. Board staff has no concerns with WPI's requested recovery of its LRAMVA.

### **Retail Transmission Service Rates ("RTSR") - Connection Rates**

Board staff notes the significant increase in RTSR Connection rates. Board staff also notes an increase of 174% in the Transformation Connection units billed relative to WPI's 2013 cost of service application (EB-2012-0176) and 169% from WPI's 2012 IRM application (EB-2011-0205).

Board staff further notes that WPI's projection of Transformation Connection units billed in its Application is consistent with the load forecast provided in the 2013 cost of service application, whereas the Transformation Connection units billed in the 2013 cost of service application is not consistent with the load forecast.

Board staff concludes that WPI's proposed increase in RTSR Connection rates appears to be an adjustment for rates that were calculated to recover an unrealistically low forecast of transmission costs in 2012 and 2013 and is expected to bring WPI's recovery of transmission costs through its customers' rates in 2014 much more in line with WPI's actual transmission expenses.

All of which is respectfully submitted