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Michael Janigan  
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December 20, 2013

**VIA MAIL and E-MAIL**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge St.  
Toronto, ON  
M4P 1E4

Dear Ms. Walli:

**Re: Vulnerable Energy Consumers Coalition (VECC)**  
**Entegrus Powerlines Inc. EB-2013-0120**  
**Final Submissions of VECC**

Please find enclosed the submissions of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Thank you.

Yours truly,

Michael Janigan  
Counsel for VECC  
Encl.

cc: Entegrus Powerlines Inc.

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15 (Schedule B), as amended;

**AND IN THE MATTER OF** an Application by Entegrus Powerlines Inc. for an order or orders approving or fixing just and reasonable distribution rates to be effective May 1, 2014.

**FINAL SUBMISSIONS**

**On Behalf of The**

**Vulnerable Energy Consumers Coalition (VECC)**

**December 20, 2013**

**Public Interest Advocacy Centre**

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# **Vulnerable Energy Consumers Coalition (VECC)**

## **Final Argument**

### **1 The Application**

- 1.1 Entegrus Powerlines Inc. (“Entegrus”, “the Applicant”, or “the Utility”) filed an application (“the Application”) with the Ontario Energy Board (“the Board” or “the OEB”), under section 78 of the *Ontario Energy Board Act, 1998*, as amended, for electricity distribution rates effective May 1, 2014. The Application was filed based on a 4th Generation Incentive Rate-setting (“4GIR”) application.
- 1.2 As part of its application, Entegrus is seeking recovery of lost revenues related to conservation and demand management programs. The following section sets out VECC’s final submissions regarding this aspect of the application.

### **2 Lost Revenue related to CDM**

- 2.1 Entegrus Powerlines, formally Chatham-Kent Hydro Inc. (“CKH”) and Middlesex Power Distribution Corporation (“MPDC”) maintains four separate rate zones: Chatham-Kent (CK), Strathroy, Mount Brydges and Parkhill (SMP), Dutton and Newbury.

- 2.2 In past applications, Entegrus’ approvals with respect to LRAM are as follows:

#### **CK Rate Zone**

- 2006-2008 CDM program years with persistence in 2009 approved (EB-2009-0261)
- 2009 CDM program year with persistence in 2009 approved (EB-2011-0163)
- 2010 CDM programs in 2010 and persistence from 2009 programs in 2010 not approved as should have been reflected in updated 2010 load forecast (EB-2011-0163)

#### **SMP Rate Zone**

- 2006 to 2009 CDM program years with persistence in 2009 approved (EB-2010-0098)
- 2010 program year with persistence in 2010 approved (EB-2011-0148)

- 2.3 In this application, Entegrus seeks an LRAM adjustment for the CK and SMP rate zones. With respect to the Dutton and Newbury rate zones, Entegrus does not propose LRAM or LRAMVA disposition at this time as the amounts are not

significant.<sup>1</sup>

- 2.4 For CDM programs delivered for 2005 to the end of 2010, the recovery of LRAM amounts have historically been based on the Board's 2008 Guideline which notes lost revenues are only accruable until new rates (based on a new revenue requirement and load forecast) are set by the Board, as the savings would be assumed to be incorporated in the load forecast at that time unless there was explicit language within a distributor's cost of service decision that CDM impacts were not included in the load forecast.
- 2.5 With the inclusion by some distributors of a portion of their CDM target in their load forecast, the Board introduced a new set of LRAM principles to keep distributors whole for the 2011-2014 CDM term. For CDM programs delivered in the 2011 to 2014 timeframe, the Board established an LRAM Variance Account (LRAMVA), Account 1568, to capture the revenue variance between the CDM savings accounted for in the load forecast approved by the Board and the actual verified CDM program results.
- 2.6 In this application, Entegrus seeks recovery of revenue losses related to:

CK Rate Zone – LRAMVA

- Lost revenues in 2011 related to CDM programs delivered in 2011
- Persisting lost revenues in 2012 related to CDM programs delivered in 2011
- Lost revenues in 2012 related to CDM programs delivered in 2012

SMP Rate Zone – LRAM & LRAMVA

- Persisting lost revenues in 2011 and 2012 related to CDM programs delivered in 2006-2010
  - Lost revenues in 2011 related to CDM programs delivered in 2011
  - Persisting lost revenues in 2012 related to CDM programs delivered in 2011
  - Lost revenues in 2012 related to CDM programs delivered in 2012.
- 2.7 Entegrus retained IndEco Strategic Consulting to undertake a third party review of the CK and SMP lost revenue claims.
- 2.8 The proposed LRAM/LRAMVA claim summary is as follows including carrying charges to April 30, 2014. (Carrying charges accrue from the time of savings until disposition):

	LRAM/LRAMVA	Total Claim
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<sup>1</sup> Application, Page 15

	(excluding carrying charges) \$	(with carrying charges) \$
SMP Rate Zone LRAM	\$36,965	\$38,260
SMP Rate Zone LRAM VA	\$ 13,374	\$13,782
CK Rate Zone LRAM VA	\$ 84,064	\$86,528
	<b>\$134,403<sup>2</sup></b>	<b>\$138,570<sup>3</sup></b>

- 2.9 In response to VECC interrogatory #2(b), Entegrus confirmed that the lost revenues calculated for the SMP LRAM claim take into account the effective useful lives of each measure provided by the OPA and no measures that have expired were used in the LRAM calculations.
- 2.10 For the SMP rate zone, base rates were last set in 2006 in the former Middlesex Power Distribution Corporation (MPDC) cost of service application (EB-2005-0351). Entegrus indicates it will have an updated load forecast for this zone that includes a CDM component in 2016 when rates are harmonized as a result of the amalgamation of MPDC with CK.<sup>4</sup>
- 2.11 On this basis, VECC submits the LRAM (\$38,260) and LRAMVA (\$13,782) amounts requested by Entegrus totaling \$52,042 including carrying charges are eligible for recovery as none of the lost revenues requested have been included in previous claims and the 2006 load forecast does not account for load losses from 2011 – 2014 CDM programs.
- 2.12 For the CK Rate Zone, 2010 was a rebasing year and the 2010 approved load forecast underpins current rates. The 2010 load forecast reflects the impact of 2007-2010 CDM programs and associated persistence.<sup>5</sup>
- 2.13 CDM impacts related to 2011 to 2014 CDM programs are not reflected in CK's 2010 load forecast. On this basis, VECC submits Entegrus is eligible for 2011-2012 LRAMVA recovery for the CK rate zone of \$86,528 including carrying costs.
- 2.14 VECC agrees with Board Staff's position that the requested LRAM and LRAMVA amounts be administered in different ways.<sup>6</sup>

<sup>2</sup> Application Page 15 & Page 18, Exhibit 2 LRAMVA/LRAM Claim Summary

<sup>3</sup> Board Staff IR#8(b)

<sup>4</sup> Board Staff IR#8(c)

<sup>5</sup> VECC IR#1(a)

<sup>6</sup> Board Staff Submission December 20, 2013, Page 3

**3      Recovery of Reasonably Incurred Costs**

- 3.1      VECC submits that its participation in this proceeding has been focused and responsible. Accordingly, VECC requests an order of costs in the amount of 100% of its reasonably-incurred fees and disbursements.

All of which is respectfully submitted this 20<sup>th</sup> day of December 2013.