



PUBLIC INTEREST ADVOCACY CENTRE
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Michael Janigan
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December 24, 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)
Lakefront Utilities Inc. EB-2013-0148
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,

A handwritten signature in black ink, appearing to read 'Michael Janigan', is written over a horizontal line.

Michael Janigan
Counsel for VECC
Encl.

cc: Lakefront Utilities 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 Lakefront Utilities 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 23, 2013

Public Interest Advocacy Centre

ONE Nicholas Street
Suite 1204
Ottawa, Ontario
K1N 7B7

Michael Janigan
Counsel for VECC
(613) 562-4002 ext. 26

Vulnerable Energy Consumers Coalition (VECC)

Final Argument

1 The Application

- 1.1 Lakefront Utilities Inc. (“Lakefront”, “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, Lakefront is seeking proposed recovery of revenue losses due to conservation program adjustments. The following section sets out VECC’s final submissions regarding this aspect of the application.

2 Lost Revenue related to CDM

- 2.1 For CDM programs delivered within the 2011-2014 period, the Board established an LRAMVA (Account 1568) to capture the variance between the Board Approved CDM forecast and actual results. As part of Lakefront’s 2012 Cost of Service application (EB-2011-0250) the CDM component of the updated 2012 load forecast was approved.
- 2.2 During Lakefront’s 2013 IRM Application file number EB -2012-0144, the Board approved Lakefront’s disposal of its calculated 2011 LRAM balance of \$7,858 (\$7597 principal+ \$261 in carrying charges).¹
- 2.3 In this application, Lakefront proposes to clear its LRAMVA (Account 1568) as a credit balance of \$24,228 (\$23,877 principal + \$351 carrying charges) related to lost revenues in 2012 from CDM programs delivered in 2012. To calculate the kWh and KW difference between activities that were forecasted in Lakefront’s 2012 load forecast Lakefront takes the net of savings and adjustments by class and removes its annual forecast which was embedded into the Lakefront’s rates in 2012 (EB-2011-0250) and then applies its distribution rates by class for the year 2012 taking into consideration the rate change during the year 2012.²
- 2.4 Lakefront appropriately calculated its LRAMVA 1568 deferral and variance account dollars for the year 2012 using the allocated OPA Annual CDM Report - 2012 Final Verified Results Report dated September 3rd 2013 using net class specific savings.

¹ Application, Page 10

² Application, Page 11 Table 2: 2012 LRAMVA Principal Calculation (A)

- 2.5 In response to Board Staff interrogatory #14(b), Lakefront adjusted its LRAMVA calculations to include persisting 2011 savings in 2012 resulting in a \$16,032 reduction in the return to customers from \$24,228 including carrying charges to \$8,196 including \$119 in carrying charges. VECC submits this adjustment is appropriate subject to the comments below.
- 2.6 Lakefront has one Demand Response 3 Program in the Industrial class with activations in 2012. The net incremental monthly peak savings are 98 kW.³ For this customer, Lakefront does not have information on the activation and if it occurred at the same time as the customer's billing demand (kW) for the month was established.⁴
- 2.7 VECC submits that there are three fundamental problems with Lakefront's inclusion of Demand Response 3 programs in its LRAMVA. First, there is no evidence that the program was actually activated and there is no evidence that the program had any effect on Lakefront's actual 2012 load.
- 2.8 Second, if it was activated, it is not known from the evidence in this proceeding whether any Demand Response 3 activations in 2012 would have occurred at the same time as the customer's billing demand (kW) for the month was established, as the customer's monthly peak may not correspond to the system's peak.
- 2.9 Finally, even if they were coincident, if the demand response event was called, and the customer's monthly peak was shaved, it is likely that the customer's second highest peak in the month is only slightly less than their highest peak. Thus, the impact on distribution revenues is likely to be minimal with virtually zero impact on billing demand.
- 2.10 On this basis, VECC submits that in Lakefront's application, no lost revenues from participation in Demand Response 3 programs should be included for recovery.
- 2.11 VECC agrees with the submissions of Board Staff with respect to the calculation of lost revenues for GS>50-2,999 kW class related to Industrial and Pre-2011 Programs, that instead of converting peak demand savings (kW) to kWh values, the net kW savings are the appropriate savings vales to use since the GS>50-2,999 kW customers are billed on a kW basis.⁵ However, as stated in paragraph 2.11 above, VECC submits the recalculation of the lost revenues for the GS>50-2,999 kW class should not include the Demand Response 3 savings of 490 kW (98 kW x 5 months) for 2012 savings in 2012.

3 Recovery of Reasonably Incurred Costs

³ VECC Interrogatory #3(e)

⁴ VECC Interrogatory #3(f)

⁵ Board Staff Submission December 18, 2013, Page 5

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 23rd day of December 2013.