



ONTARIO ENERGY BOARD

BOARD STAFF SUBMISSION

Veridian Connections Inc.

EB-2013-0174

March 27, 2014

Introduction

On March 26, 2014 Veridian Connections Inc. (“Veridian”) filed a Settlement Proposal with respect to its application for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2014.

The parties to the Settlement Proposal are Veridian and all the Board-approved intervenors in the EB-2013-0174 proceeding: the Consumers Counsel of Canada, the Vulnerable Energy Consumers Coalition, Energy Probe Research Foundation and the School Energy Coalition.

The Settlement Proposal represents a complete settlement of all issues.

This submission reflects observations which arise from Board staff’s review of the evidence and the settlement proposal, and is intended to assist the Board in deciding upon Veridian’s Application with respect to the issues laid out in the Settlement Proposal and in setting just and reasonable rates.

Board staff notes that there have been a number of updates to the evidence in the course of this proceeding. This submission is based on the status of the record as of Veridian’s Settlement Proposal.

Submission

Board staff has reviewed the Settlement Proposal in the context of the objectives of the Renewed Regulatory Framework for Electricity, other applicable Board policies, relevant Board decisions, and the Board’s statutory obligations. While parties considered the issues and Veridian’s planning in the limited context of the test year, Board staff is of the view that the proposed settlement reflects a careful evaluation of the distributor’s planned outcomes in this proceeding, and appropriate consideration of relevant issues. This is the first year of implementation for the Renewed Regulatory Framework for Electricity, and Board staff took this into consideration in assessing the Settlement Proposal. Board staff submits that the Board’s approval of the Settlement Proposal as filed would adequately reflect the public interest and would result in just and reasonable rates for customers.

The Settlement Proposal includes a draft accounting order for the establishment of a variance account (Account 1533, Renewable Generation Funding Adder Deferral

Account, "Sub-account Provincial Rate Protection Payment Variances"). The purpose of the variance account is to track the variance between Veridian's revenue requirement required to support the portion of the eligible investments for which rate protection is required (per Section 79.1(1) of the Ontario Energy Board Act and the related Ontario Regulation 330/09) and the rate protection payments collected from the Independent Electricity System Operator. The draft accounting order also provides that the prudence of the planned investments, including the costs recorded in the account and their eligibility for provincial rate protection under O. Reg. 330/09 and any disposition and recovery of variance account balances, are matters that will be addressed and determined in a future proceeding. Board staff notes that staff was involved with the drafting of the proposed accounting order and is satisfied that it is appropriate as proposed.

-All of which is respectfully submitted-