



Public Interest Advocacy Centre
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June 4, 2014

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Toronto, ON
M4P 1E4

Dear Ms. Walli:

**Re: Milton Hydro Distribution Inc., Distribution License ED-2003-0014
Z-Factor Application EB-2014-0162
Vulnerable Energy Consumers Coalition
Response to Procedural Order No. 1**

We are in receipt to Procedural Order No. 1 in the above noted matter. The Order sets out two areas of inquiry by the Board prior to the consideration of VECC's request for intervenor status and cost award eligibility. The first pertains to the inquiry of the Applicant as to any request originating from low-income and/or vulnerable customer group(s), from Milton who requested VECC to intervene on their behalf and to provide any correspondence between the specific low-income and/or vulnerable customer group(s) and VECC related to VECC's intervention."

We note that a response to this request was provided by counsel for VECC by letter filed with the Board on May 28, 2014. We have attached a copy of the same to this correspondence for easy reference. Notwithstanding the fact that it is likely that, in this case, VECC's coalition members may have members in Milton, some additional comments may also be necessary and helpful to this issue.

VECC intervenes where an application touches upon the interests of vulnerable consumers and it believes that its participation may be of assistance to the Board in resolving the issues therein. As VECC counsel, Michael Buonaguro noted in a letter dated October 21, 2008 filed in EB-2008-0238, the case referenced in our letter of May 28, 2014:

"While numbers and residence of organization members might conceivably be important in circumstances where the Board considers issues such as compensation to, or treatment of, land owners for certain LDC projects and operations and where a group seeks to represent the interests of that constituency, it is unlikely to be relevant in the routine determination of issues of revenue requirement including cost allocation and rate design. With respect, the

NOWI approach confuses the pertinent question of whether the application concerns the interests of the rate-paying constituency that VECC seeks to represent with the identification of individual ratepayers in the organizations making up the VECC coalition. VECC does not believe that NOWI would claim that its application will have no impact upon vulnerable consumers and/or that there are no such customers of NOWI within its franchise area; VECC believes that its constituency, as outlined in its letter of intervention, provides a sufficient basis for the Board to permit VECC, as it has repeatedly in the past, to represent that aspect of the public interest in this process.”

VECC also notes that the recently completed Review of the Framework Governing the Participation of Intervenors in Board Proceedings Board File No. EB-2013-0301 did not include restrictions on representation based on residence of constituents within the franchise area of an applicant in the final recommendations. This result occurred despite the fact that this qualification was advanced by a number of utilities in the proceeding. VECC would suggest that the previous Board approach remains correct and, most of all, practical. If the applicant wishes a different result, the appropriate course would be to apply to review and vary the recent decision in EB 2013-0301.

With respect to the specific interest of VECC in the issues associated with the application, we will try to be less obtuse in our description of our intended work. In general terms, VECC has an interest in the definition, application and facts in support of any z factor. This is first and foremost because, VECC is frequently involved in negotiating the terms and conditions of the settlement of the rates that may be undone or amended by the application of the appropriate z factor. In VECC’s submission, requested z factors must be subject to rigorous review.

In this case, Milton Hydro seeks recovery of a Z-factor claim in the amount of \$946,967 including carrying costs related to incremental OM&A costs incurred to restore electricity service to approximately 15,000 customers after a severe ice storm on December 21 & 22, 2013. VECC's interest in this application is to review how Milton Hydro's application meets the Z-Factor Eligibility Criteria as set out in Chapter 3 of the Board's Filing Requirements for Electricity Distribution Rate Applications issued July 17, 2013. Specifically, VECC is interested in reviewing the three criteria causation, materiality and prudence as they relate to Milton Hydro's application in order to assist the Board in determining the Z factor recovery and relief to be provided.

If further information is required with respect to either of the two areas of inquiry, VECC will endeavor to provide it.

Thank you.

Yours truly,

A handwritten signature in black ink, appearing to read "Michael Janigan". The signature is stylized with a long horizontal stroke at the end.

Michael Janigan
Counsel for VECC