



***PUBLIC INTEREST ADVOCACY CENTRE
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June 20, 2014

VIA E-MAIL

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

Dear Ms. Walli:

Regarding: EB-2014-0199, Review of the Quarterly Rate Adjustment Mechanism

Pursuant to Procedural Order No. 1, issued June 3, 2014 and amended June 5, 2014, VECC provides its comments below with respect to the four issues delineated by the Board in the first phase of this proceeding.

- (i) Whether the QRAM process should be amended to require, in certain cases, a substantive review of the application, including a review of the execution of the gas supply plan;**

VECC submits that although the approved QRAM approach for setting commodity rates for system supply customers has generally worked well, there have been recent instances (e.g., 2014 Q1) when the same approach gave rise to material and atypical increases with overall bill impacts that would not have, and generally could not have, been typically foreseen by system supply customers.

VECC submits that a screening metric based on either commodity and/or bill impact could be set by the Board, the breaching of which could trigger a threshold question as to whether a more full review should be required on a case-by-case basis could be a potential solution. This trigger could be based

upon the fairly rare – but experienced – events in which an atypically large increase is proposed by the utility.

(ii) If the QRAM process is amended as described, what circumstances should trigger a substantive review;

As stated above, the triggering could be of a threshold question to which all parties would have an opportunity to make submissions on a particular application. The Board could then decide, on the evidence before it, whether to proceed with a substantive review.

(iii) Whether the Board should establish a policy on rate mitigation to protect system supply customers from rate volatility; for example, by further smoothing rate impacts over time; and

VECC submits that while rate mitigation should be used sparingly, it is extreme to suggest that rate mitigation should never be used.

Under a triggering mechanism as proposed above, VECC submits that only in those cases in which the trigger has been breached should rate smoothing or mitigation be considered.

(iv) Whether the Board should establish protocols for communications to distribution customers.

VECC submits that the utilities must do a better job of communicating with their distribution customers regarding the pricing of commodity and also with respect to giving their customers fair and advance warning when material increases in commodity costs are expected. Absent the utilities voluntarily adopting sufficient protocols, VECC submits that the Board should establish these protocols on a non-voluntary basis.

Thank you.

Yours truly,



Michael Janigan
Counsel for VECC