



**PUBLIC INTEREST ADVOCACY CENTRE  
LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC**

**ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7**

Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: [piac@piac.ca](mailto:piac@piac.ca). <http://www.piac.ca>

Michael Janigan  
Counsel for VECC

December 08, 2014

**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)  
VECC Interrogatories EB-2014-0071  
Espanola Regional Hydro Distribution Corporation**

Please find enclosed the interrogatories 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

cc: Espanola Regional Hydro Distribution Corporation

**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  
Espanola Regional Hydro Distribution Corporation (ERHDC) pursuant to  
section 78 of the Ontario Energy Board Act for an order approving  
just and reasonable rates and other charges  
for electricity distribution to be effective May 1, 2015.

**Information Requests of the Vulnerable Energy Consumers Coalition (VECC)**

**Earnings**

**VECC-1**

**Ref:** Manager's Summary, Section 3 Off-Ramps

**Preamble:** ERHDC states:

*“An off ramp is based on a pre-defined set of conditions under which a plan, based on any of the three rate-setting methods, would be terminated or modified before its normal end-of-term date due to excessive over or under earnings. In this application, ERHDC is not applying for an off-ramp.”*

- a) Please explain the pre-defined set of conditions under which a plan would be terminated or modified before its normal end of term date due to excessive over or under earnings.
- b) Please explain why ERHDC is not applying for an off-ramp as part of this application.
- c) Please provide ERHDC's return on equity and compare to the Board's approved return on equity for the years 2011, 2012, 2013 and forecast for 2014.
- d) Please explain any excessive over or under earnings outside of a deadband of +/- 300 basis points from the Board-approved return on equity.

## VECC-2

Ref: Filing Requirements For Electricity Distribution Rate Applications, 2014 Edition for 2015 Rate Applications, Chapter 3 Incentive Regulation, July 25, 2014, Page 13

Preamble: The Filing Requirements state:

### *3.2.10 Off-ramps*

*“For each of the Board’s three rate-setting options, a regulatory review may be triggered if a distributor’s earnings are outside of a deadband of +/- 300 basis points from the Board-approved return on equity. The Board monitors results filed by distributors as part of their reporting and record-keeping requirements and determines if a regulatory review is warranted. Any such review will be prospective, and could result in modifications, termination or the continuation of the respective Price Cap IR or Annual IR Index plan for that distributor.*

*The Board reminds distributors that the filing of an application for an increase to base rates during the IR period or under Annual IR index is the decision of the applicant; it is not a Board requirement. A distributor whose earnings are in excess of the deadband can refrain from seeking an adjustment to its base rates through a Price Cap IR or Annual IR Index plan. If not, the level of earnings may be raised as an issue in the application.*

*A distributor may choose to file only for disposition of Group 1 deferral and variance account balances in accordance with Board policies, without applying for adjustments to its base rates.”*

- a) Please discuss if ERHDC considered filing only for disposition of Group 1 deferral and variance account balances in accordance with Board policies, without applying for adjustments to its base rates. If not, why not?
- b) Please discuss ERHDC’s rationale for applying to adjust its base rates given its over-earnings in 2013.