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February 5, 2015

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:

**Re: EB-2014-0064 – Entegrus Powerlines Inc.
Vulnerable Energy Consumers Coalition (VECC) Final Submissions**

Please find enclosed the final 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 be 'Michael Janigan', written in a cursive style.

Michael Janigan
Counsel for VECC

Cc: Entegrus Powerlines Inc.

Vulnerable Energy Consumers Coalition (VECC)

Final Argument

1 The Application

- 1.1 Entegrus Powerlines Inc. (“Entegrus”, “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, 2015. The Application was filed based on a 4th Generation Incentive Rate-setting Mechanism (“4GIRM”) application.
- 1.2 Entegrus Powerlines, formally Chatham -Kent Hydro Inc. (“CKH”) and Middlesex Power Distribution Corporation (“MPDC”) maintains four separate Rate Zones: Chatham-Kent (CK), Strathroy, Mount Brydges and Parkhill (SMP), Dutton and Newbury.
- 1.3 As part of its application, Entegrus is seeking to clear the balance in its LRAM Variance Account which tracks the difference between the actual revenue impacts of conservation programs compared to what Entegrus had predicted. Entegrus proposes disposing of its LRAMVA balances for the CK and SMP Rate Zones as well as LRAM for the SMP Rate Zone.
- 1.4 The following section sets out VECC’s final submissions regarding this aspect of the application.

2 Lost Revenue Adjustment Mechanism Variance Account (LRAMVA)

- 2.1 In past applications, Entegrus’ approvals with respect to LRAM and LRAMVA are as follows:

CK Rate Zone

- 2006-2008 CDM/LRAM program years with persistence in 2009 approved (EB-2009-0261)
- 2009 CDM/LRAM program year with persistence in 2009 approved (EB-2011-0163)
- 2010 CDM/LRAM programs in 2010 and persistence from 2009 programs in 2010 not approved as should have been reflected in updated 2010 load forecast (EB 2011-0163)
- 2011-2012 LRAMVA program years with persistence through 2012 approved (EB-2013-0120)

SMP Rate Zone

- 2006 to 2009 CDM/LRAM program years with persistence in 2009 approved (EB 2010-0098)
- 2010 CDM/LRAM program year with persistence in 2010 approved (EB -2011-0148)
- 2011-2012 LRAMVA program years with persistence through 2012 approved (EB-2013-0120)

Dutton and Newbury Rate Zones

With respect to the Dutton and Newbury Rate Zones, Entegrus does not propose LRAM or LRAMVA disposition at this time as the amounts are not significant.¹

- 2.2 For CDM programs delivered for 2005 to the end of 2010, the recovery of LRAM amounts have historically been based on the Board's 2008 Guideline which notes lost revenues are only accruable until new rates (based on a new revenue requirement and load forecast) are set by the Board, as the savings would be assumed to be incorporated in the load forecast at that time unless there was explicit language within a distributor's cost of service decision that CDM impacts were not included in the load forecast.
- 2.3 With the inclusion by some distributors of a portion of their CDM target in their load forecast, the Board introduced a new set of LRAM principles to keep distributors whole for the 2011-2014 CDM term. For CDM programs delivered in the 2011 to 2014 timeframe, the Board established an LRAM Variance Account (LRAMVA), Account 1568, to capture the revenue variance between the CDM savings accounted for in the load forecast approved by the Board and the actual verified CDM program results.
- 2.4 Distributors can apply for the disposition of the LRAMVA on an annual basis, as part of their IRM rate applications, if the balance is deemed significant by the distributor. Entegrus considers its LRAMVA balances to be sufficiently significant.
- 2.5 In this application, Entegrus seeks LRAMVA disposition for the CK and SMP Rate Zones for 2011, 2012, 2013 CDM programs contributing towards Entegrus' 2011-2014 CDM targets with persistence from January 1, 2013 to December 31, 2013. For the CK Rate Zone the LRAMVA balance proposed for disposition is \$103,601.66. For the SMP Rate Zone, the LRAMVA balance is \$15,641.48.

For the SMP Rate Zone, Entegrus also seeks LRAM recovery in the amount of

¹ Manager's Summary Page 23

\$18,988.25 associated with 2006-2010 CDM programs with persistence from January 1, 2013 to December 31, 2013.

- 2.6 Entegrus retained IndEco Strategic Consulting to undertake a third party review to support its LRAMVA and LRAM dispositions. The proposed LRAMVA and LRAM disposition calculations are appropriately based on the OPA Final Verified Annual CDM Report provided in August 2014.
- 2.7 Entegrus confirms the LRAMVA and LRAM amounts have never been included in past claims.

LRAMVA - CK and SMP Rate Zones

- 2.8 CK distribution rates were last rebased in 2010 (EB-2009-0261). Entegrus confirms that its 2010 load forecast does not include CDM impacts related to 2011-2014 CDM programs.
- 2.9 For the SMP Rate Zone, base rates were last set in 2006 in the former Middlesex Power Distribution Corporation (MPDC) cost of service application (EB -2005-0351). Entegrus confirms no prior CDM activity has been captured in base rates. Entegrus is currently in the process of preparing a 2016 Cost of Service application for 2016 rates. Entegrus seeks rate harmonization for all four Rate Zones in this application.²
- 2.10 In response to Board Staff Interrogatory #2(a), Entegrus updated its LRAMVA amounts requested for disposition as shown in the table below to amend clerical errors. The update also results in updated rate riders.

LRAMVA		
Rate Zone	As Filed	Updated
CK	\$103,601.66	\$107,483.46
SMP	\$ 15,641.48	\$ 16,471.80

- 2.11 VECC notes that in Entegrus' prior LRAMVA application related to 2014 rates (EB-2013-0120), the LRAMVA disposition amounts approved by the Board reflect IndEco's review and determination that no distribution revenues are estimated to be lost from large general service customers' participation in demand response programs. In this application Entegrus concurs with IndEco's determination and states that customers participating in Demand Response 3 (DR3) programs are billed for distribution based on their peak monthly demand. Demand response

² VECC IR#2

programs do not lead to lost revenues due to demand reductions, and accordingly, no such losses are claimed in this application. Demand Response programs do not affect revenues.³ VECC supports this determination.

- 2.12 For the CK Rate Zone, CDM impacts related to 2011 to 2014 CDM programs are not reflected in CK's 2010 load forecast and none of the lost revenues requested have been included in previous claims. On this basis, VECC submits Entegrus is eligible for 100% of LRAMVA recovery for the CK Rate Zone of \$107,483.46 including carrying costs.
- 2.13 Similarly, for the SMP Rate Zone, none of the lost revenues requested have been included in previous claims and the 2006 load forecast does not account for load losses from 2011–2014 CDM programs. On this basis, VECC submits Entegrus is eligible for the LRAMVA and LRAM recovery for the SMP Rate Zone of \$16,471.80 and \$18,988.25, respectively.
- 2.14 VECC supports Entegrus' proposal to dispose of the LRAMVA and LRAM for recovery over a one year period from May 1, 2015 to April 30, 2016.

3 Recovery of Reasonably Incurred Costs

- 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 5th day of January 2015.

³ VECC IR#1(a) & (c)