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BY EMAIL and RESS

April 6, 2014
Our File No. EB-2013-0416

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2013-0416 Hydro One Distribution – Draft Rate Order

We are counsel for the School Energy Coalition. Pursuant to the Board's Decision with Reasons in this matter, SEC has reviewed the Draft Rate Order, and the additional materials provided by Hydro One during the Technical Conference and in Undertakings. We have one comment on the proposed rate order.

While we are aware that the Board ordered the collection of the four months of foregone revenue through fixed charge monthly rider alone, the detailed information from Hydro One now demonstrates that this can create significant anomalies within rate classes. The fact that it is solely fixed means that smaller customers will generally undercontribute, while larger customers will generally overcontribute. However, this is not consistent, because in some cases there is negative foregone revenue for either the fixed or variable component of rates in the four month period.

SEC has calculated the impacts on the residential and general service customers, and attaches a spreadsheet that shows the results. Because of the tight time frames, this spreadsheet has not been reviewed by Hydro One, and we would ask that they check it, and confirm or correct the results in their Reply. A copy of the live Excel version has also been provided.



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This analysis shows that recovering the foregone revenue through both a fixed and variable charge would more closely track the actual over or under-collection of revenues from each customer for the first four months of this year. Conversely, recovery through a fixed charge alone matches the foregone revenue for the customer only if the customer's load is at the class average, but the recovery can be substantially off if the load is not average.

We note that such a change would benefit some schools (smaller schools in the demand-billed classes), but add an additional cost for other schools (larger schools in the energy-billed classes). However, in our submission tracking recovery as precisely as possible is more important than the impact on any particular customer group.

SEC therefore asks that the Board consider changing the direction in the Decision, and instead provide for a combination fixed and variable recovery of the foregone revenue, in light of the detailed information the Board now has available to it from Hydro One, and the impacts of that information as set forth in our analysis.

All of which is respectfully submitted.

Yours very truly,
JAY SHEPHERD P. C.

Jay Shepherd

cc: Wayne McNally, SEC (email)
Interested Parties

Foregone Revenue Analysis

	Foregone Revenue							Amounts Collected and Rates						
	Billing Units	Existing Rates	New Rates	Lost Revenue	SM Adjust.	Net Lost Revenue	Billing Units	Implied Rate	Collects	Proposed Rate	Low	Class Average	High	
UR	Load										200	768	2500	
	Fixed	209,540	\$12.7200	\$19.0700	\$5,322,316	\$3,285,588	\$2,036,728	209,540	\$1.2150	\$2,036,728	-\$0.80	\$9.72	\$9.72	\$9.72
	Variable	714,651,671	\$0.0256	\$0.0208	-\$3,430,328		-\$3,430,328	1,286,627,553	-\$0.0027	-\$3,430,328		-\$4.27	-\$16.37	-\$53.32
	Total											\$5.45	-\$6.65	-\$43.60
	Proposed											-\$6.40	-\$6.40	-\$6.40
	Difference											\$11.85	-\$0.25	-\$37.20
	Actual Lost											\$5.88	-\$5.02	-\$38.28
R1	Load										200	888	2500	
	Fixed	433,844	\$20.1500	\$26.0300	\$10,204,011	\$6,802,678	\$3,401,333	433,844	\$0.9800	\$3,401,333	\$0.56	\$7.84	\$7.84	\$7.84
	Variable	1,889,884,233	\$0.0339	\$0.0331	-\$1,511,907		-\$1,511,907	3,082,083,033	-\$0.0005	-\$1,511,907		-\$0.78	-\$3.48	-\$9.81
	Total											\$7.06	\$4.36	-\$1.97
	Proposed											\$4.48	\$4.48	\$4.48
	Difference											\$2.58	-\$0.12	-\$6.45
	Actual Lost											\$7.20	\$5.00	-\$0.16
R2	Load										200	1131	2500	
	Fixed	329,176	\$57.6100	\$65.5200	\$10,415,129	\$5,161,472	\$5,253,657	329,176	\$1.9950	\$5,253,657	\$5.55	\$15.96	\$15.96	\$15.96
	Variable	1,831,177,717	\$0.0372	\$0.0424	\$9,522,124		\$9,522,124	2,979,468,892	\$0.0032	\$9,522,124		\$5.11	\$28.93	\$63.92
	Total											\$21.07	\$44.89	\$79.88
	Proposed											\$44.40	\$44.40	\$44.40
	Difference											-\$23.33	\$0.49	\$35.48
	Actual Lost											\$20.12	\$39.49	\$67.96
Seaso	Load										200	300	2500	
	Fixed	153,968	\$19.7100	\$28.6200	\$5,487,420	\$2,414,221	\$3,073,199	153,968	\$2.4950	\$3,073,199	\$1.08	\$19.96	\$19.96	\$19.96
	Variable	308,199,285	\$0.0821	\$0.0764	-\$1,756,736		-\$1,756,736	369,117,460	-\$0.0048	-\$1,756,736		-\$7.61	-\$11.41	-\$95.19
	Total											\$12.35	\$8.55	-\$75.23
	Proposed											\$8.64	\$8.64	\$8.64
	Difference											\$3.71	-\$0.09	-\$83.87
	Actual Lost											\$15.40	\$13.13	-\$37.04
GSe	Load										500	1917	12000	
	Fixed	93,508	\$35.9200	\$26.3500	-\$3,579,486	\$1,466,212	-\$5,045,698	93,508	-\$6.7450	-\$5,045,698	\$6.42	-\$53.96	-\$53.96	-\$53.96
	Variable	760,875,561	\$0.0403	\$0.0532	\$9,815,295		\$9,815,295	1,433,934,107	\$0.0068	\$9,815,295		\$27.38	\$104.97	\$657.12
	Total											-\$26.58	\$51.01	\$603.16
	Proposed											\$51.36	\$51.36	\$51.36
	Difference											-\$77.94	-\$0.35	\$551.80
	Actual Lost											-\$28.16	\$44.95	\$565.24
GSd	Load										60	121	1000	
	Fixed	6,113	\$52.2700	\$74.9900	\$555,549	\$95,850	\$459,699	6,113	\$9.4000	\$459,699	\$94.31	\$75.20	\$75.20	\$75.20
	Variable	2,543,270	\$11.4330	\$13.0657	\$4,152,397		\$4,152,397	5,941,400	\$0.6989	\$4,152,397		\$335.47	\$679.27	\$5,591.14
	Total											\$410.67	\$754.47	\$5,666.34
	Proposed											\$754.48	\$754.48	\$754.48
	Difference											-\$343.81	-\$0.01	\$4,911.86
	Actual Lost											\$467.05	\$868.63	\$6,606.00
UGe	Load										500	2793	12000	
	Fixed	17,768	\$10.2000	\$20.0500	\$700,059	\$278,605	\$421,454	17,768	\$2.9650	\$421,454	\$11.61	\$23.72	\$23.72	\$23.72
	Variable	207,119,906	\$0.0168	\$0.0228	\$1,242,719		\$1,242,719	396,939,631	\$0.0031	\$1,242,719		\$12.52	\$69.94	\$300.55
	Total											\$36.24	\$93.66	\$324.27
	Proposed											\$92.88	\$92.88	\$92.88
	Difference											-\$56.64	\$0.78	\$231.39
	Actual Lost											\$35.72	\$90.74	\$311.72
UGd	Load										60	137	1000	
	Fixed	1,901	\$28.7100	\$78.7400	\$380,428	\$29,811	\$350,617	1,901	\$23.0548	\$350,617	\$61.68	\$184.44	\$184.44	\$184.44
	Variable	967,816	\$6.9350	\$7.5435	\$588,916		\$588,916	2,090,452	\$0.2817	\$588,916		\$135.22	\$309.79	\$2,253.74
	Total											\$319.66	\$494.23	\$2,438.17
	Proposed											\$493.44	\$493.44	\$493.44
	Difference											-\$173.78	\$0.79	\$1,944.73
	Actual Lost											\$330.48	\$519.01	\$2,618.44
ST	Load										1000	3158	10000	
	Fixed	810	\$583.2100	\$833.6300	\$811,361	\$12,697	\$798,664	810	\$123.2506	\$798,664	\$682.35	\$986.00	\$986.00	\$986.00
	Variable	10,232,285	\$0.7926	\$1.1465	\$3,621,206		\$3,621,206	20,464,570	\$0.1770	\$3,621,206		\$1,415.60	\$4,470.62	\$14,156.00
	Total											\$2,401.60	\$5,456.63	\$15,142.00
	Proposed											\$5,458.80	\$5,458.80	\$5,458.80
	Difference											-\$3,057.20	-\$2.17	\$9,683.20
	Actual Lost											\$2,401.60	\$5,456.63	\$15,142.00