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November 9, 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-2015-0113 & EB-2015-0251 – Whitby Hydro Electric Corporation  
Final Submissions of Vulnerable Energy Consumers Coalition (VECC)**

Please find enclosed the submissions of VECC in the above-noted proceeding.

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: Whitby Hydro Electric Corporation

**EB-2015-0113  
EB-2015-0251**

**Whitby Hydro Electric Corporation**

**Application for electricity distribution rates and other charges  
effective January 1, 2016.**

**Submissions of the Vulnerable Energy Consumers Coalition**

Clearance of Deferral Account 1576 – CGAAP Accounting Changes

- Whitby Hydro last rebased for 2011 rates. Whitby Hydro was scheduled to rebase in 2015 but received approval from the Board to defer rebasing to 2016. In 2016, Whitby Hydro again requested to defer rebasing for one year to 2017. The Board approved Whitby Hydro's request and indicated it would place Whitby Hydro on the list of distributors whose rates will be scheduled for rebasing for the 2017 rate year.
- Whitby Hydro Electric Corporation (Whitby Hydro) filed two separate applications for two rate adjustments effective January 1, 2016: one for an inflation based adjustment (EB-2015-0113) and another to refund a balance in deferral account 1576 to customers (EB-2015-0251).
- The Ontario Energy Board decided to consider both applications in a consolidated hearing. The rate change reflecting both adjustments is proposed to begin on January 1, 2016.
- Whitby Hydro's proposes to clear the balance in Deferral Account 1576 of \$2,159,600 as at December 31, 2014, as a refund to customers over a one year term. Whitby Hydro is seeking a 1576 rate adder which reflects a refund on customer bills associated with the 1576 balances that have accumulated to the end of 2014, prior to Whitby Hydro's next cost of service at which time it will finalize the disposition.
- The CGAAP Accounting Changes in Account 1576 are based on the audited balances at the end of December 31, 2014 and a calculated return. The balance includes a WACC component and Whitby Hydro has used its current Board WACC of 7.04%.<sup>1</sup>
- Whitby Hydro confirms that it proposes to keep Account 1576 open. A final disposition will be included as part of Whitby Hydro's next cost of service, at which time the account will undergo a full prudency review.<sup>2</sup>

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<sup>1</sup> EB-2015-0251 Page 8

<sup>2</sup> Board Staff IR#4

- With respect to allocation, Whitby Hydro has used kWh to allocate the percentage of the \$2,159,600 balance to each rate class using 2014 RRR date.<sup>3</sup>

**Table 5: Allocation of 1576 by Customer Class**

	Amount	Allocator	Residential	General Service less than 50 kW	General Service 50-4,999 kW	Unmetered Scattered Load	Sentinel Lighting	Street Lighting
1576	(2,159,600)	kWh	(891,751)	(213,714)	(1,026,516)	(4,396)	(91)	(23,132)
Total Metered kWh*			354,735,995	85,014,850	408,344,810	1,748,609	36,294	9,201,877
Allocated %			41.29%	9.90%	47.53%	0.20%	0.00%	1.07%

\* as reported in 2014 RRR

- To determine the 1576 Rate Adder, Whitby Hydro has calculated a fixed charge per customer (\$/customer) for the Residential class to be consistent with the Board's new fully fixed rate design policy. For the remaining customer classes, Whitby Hydro has calculated a variable rate rider on either kWh or kW.<sup>4</sup>

VECC supports Whitby Hydro's approach to allocate the balance and calculate the Rate Adder amounts for each customer class.

**Table 6: Rate Adder Calculation for Accounts 1576**

1576 Rate Adder Recovery Period  year

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Balance of Accounts 1575 and 1576	Rate Rider for Accounts 1576	
Residential	#customers	39,024	-\$ 891,751	-1.90	\$/customer
General Service less than 50 kW	kWh	85,014,850	-\$ 213,714	-	0.0025 /kWh
General Service 50-4,999 kW	kW	953,957	-\$ 1,026,516	-	1.0761 /kW
Unmetered Scattered Load	kWh	1,748,609	-\$ 4,396	-	0.0025 /kWh
Sentinel Lighting	kW	101	-\$ 91	-	0.9033 /kW
Street Lighting	kW	24,758	-\$ 23,132	-	0.9343 /kW
		-	\$ -	-	
<b>Total</b>			<b>-\$ 2,159,600</b>		

<sup>3</sup> EB-2015-0251 Page 8

<sup>4</sup> EB-2015-0251 Page 9

## Bill Impacts

- Whitby Hydro calculates total bill impacts including and excluding the 1576 Rate Adder and including and excluding the Ontario Clean Energy Benefit (OECB).<sup>5</sup>
- VECC agrees with Whitby Hydro that for RPP customers, the removal of the OECB in 2016 (10% credit of customers' total bill) has a very significant impact as it puts upward pressure on the bill and heavily influences the bill impacts.
- VECC notes there are other cost changes in 2016 that compound the effect of the removal of the OECB. These include implementation of the Board's new fully fixed rate design policy for residential customers and the new Ontario Electricity Support Program (OESP) starting January 1, 2016 that will be funded by all electricity ratepayers with a cost of about \$1 per month for the typical residential electricity consumer.<sup>6</sup> The removal of the Debt Retirement Charge in 2016 provides an offsetting benefit to ratepayers. VECC submits it is important to consider the combined effects all of the proposed rate changes as it provides the full picture and more accurately reflects the true costs to customers.

## Rate Design for Residential Customers

- Starting in 2016, the Board's new rate design policy for electricity distributors (EB-2012-0410) expects distributors to begin to shift rate design for residential customers toward fully fixed rates with a four-year implementation phase-in period.
- The Board's policy provides for a \$4 per year impact threshold regarding the change in the monthly service charge over a four year transition period noting that in the event the rise in the monthly fixed charge exceeds \$4 distributors may apply to extend the transition period.<sup>7</sup>
- Whitby Hydro proposes to incorporate the first phase of the transition to a fully fixed monthly distribution service charge as part of EB-2015-0113. The four year phase-in period beginning in 2016 results in a \$3.20 increase in the fixed monthly service charge for Residential customers, which is below the \$4 threshold.

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<sup>5</sup> EB-2015-0251 Page 10

<sup>6</sup> OEB News Release November 2, 2015 New Program Helps Low-Income Ontarians with Electricity Bills

<sup>7</sup> Filing Requirements For Electricity Distribution Rate Applications-2015 Edition for 2016 Rate Applications -Chapter 3 Incentive Rate-Setting Applications July 16, 2015, Page 8

- The Board’s fully fixed rate design policy also requires that the 10% bill impact test be applied to residential customers at the lowest 10<sup>th</sup> percentile of electricity consumption, at which point distributors must make a proposal for rate mitigation if bill impacts exceed 10%.<sup>8</sup>
- Whitby Hydro calculates 400 kWh (394 kWh rounded) as the 10<sup>th</sup> percentile consumption level.
- Whitby Hydro calculates the 2016 bill impacts including implementation of the Board’s Residential rate design policy and removal of the OECB and DRC<sup>9</sup> in 2016 as follows:

<b>Bill Impacts Including change to OCEB (and DRC)</b>	<b>Excluding 1576 Rate Adder</b>
Res 800 kWh	7.24%
Res 400 kWh (10th percentile)	9.94%
GS< 50 kW	11.86%
GS>50 kWh	4.38%
USL	11.58%
Sentinel Lights	12.74%
Street Lighting	3.6%

- VECC notes the total bill impact for several rate classes is above or very close to the 10% bill impact threshold.
- When the impact of the Account 1576 Rate Adder is included (credit to customers), the total bill impacts are as follows:<sup>10</sup>

<b>Bill Impacts Including change to OCEB (and DRC)</b>	<b>Excluding 1576 Rate Adder</b>	<b>Including 1576 Rate Adder</b>	<b>Net Impact of Account 1576 Rate Adder</b>
Res 800 kWh	7.24%	5.73%	-1.51%
Res 400 kWh (10th percentile)	9.94%	7.33%	-2.62%
GS< 50 kW	11.86%	10.20%	-1.66%
GS>50 kWh	4.38%	2.46%	-1.92%
USL	11.58%	10.00%	-1.58%
Sentinel Lights	12.74%	10.29%	-2.45%
Street Lighting	3.6%	2.03%	-1.58%

<sup>8</sup> OEB Letter July 16, 2015 Implementing a New Rate Design for Electricity Distributors

<sup>9</sup> EB-2015-0251 Page 10

<sup>10</sup> EB-2015-0113 Page 19

- Whitby Hydro calculates that the net impact of the 1576 Rate Adder is a 2% relief that serves to bring total bill impacts for RPP customers down to levels very close to or further below a 10% total bill impact.

### **VECC's Position**

- VECC supports Whitby Hydro's proposal to clear the balance in Account 1576 in 2016, as a credit to ratepayers (over a one year period) given the benefit to customers in 2016. The relief provided is especially important in 2016 given the removal of the OCEB and the addition of the OSEP.
- VECC notes that the total bill impact analysis provided above does not take into consideration the impact of the OSEP in 2016.
- VECC asks that Whitby Hydro indicate in its reply submissions if the total bill impact for any customer class exceeds 10% when the implementation of the OESP in 2016 is included in the bill impact analysis. VECC submits mitigation plans should be put in place for customer classes where the total bill impact exceeds 10%.

All of which is respectfully submitted this 9<sup>th</sup> day of November 2015.