

Ontario Energy Board

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Oshawa PUC
Networks Inc. for an order approving just and reasonable rates
and other charges for electricity distribution to be effective
January 1, 2015 and for each following year through to
December 31, 2019.

**COMMENTS ON DRAFT RATE ORDER OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

December 1, 2015

**OSHAWA PUC NETWORKS INC.
CUSTOM IR RATES CASE 2015-2019**

EB-2014-0101

**SUBMISSION OF ENERGY PROBE RESEARCH FOUNDATION
ON DRAFT RATE ORDER**

A- INTRODUCTION

Oshawa PUC Networks Inc. ("Oshawa") filed its draft rate order ("DRO") on November 23, 2015, as directed by the Ontario Energy Board ("OEB") in its November 12, 2015 decision.

Board Staff filed their comments on the DRO on November 30, 2015.

This is the Submission of the Energy Probe Research Foundation ("Energy Probe") related to the DRO. Energy Probe has reviewed the OEB decision dated November 12, 2015, the DRO filed by Oshawa on November 23, 2015 and the comments filed by Board staff on November 30, 2015.

B - SUBMISSIONS

i) Revenue Deficiency Calculation

Energy Probe has reviewed the calculation of the revenue deficiency impact of the OEB decision for each of 2015 through 2019.

In particular, Energy Probe has reviewed the updated calculation of the rate base and the associated impacts on the cost of debt, return on equity and PILs and depreciation, as set out in the DRO in Table 1 and provided in more detail in the Tracking Sheet of the each of the Revenue Requirement Workforms ("RRWF") for 2015 through 2019. Energy Probe submits that Oshawa has appropriately reflected the Board decision.

ii) Foregone Revenue Rate Rider Calculations

Energy Probe notes that the calculation of the foregone revenue amount for the period October 1, 2015 through December 31, 2015 of \$615,000 (DRO, page 26) has not been shown. Energy Probe submits that based on the information provided in the DRO, the foregone revenue amount should be \$605,750.

The Oshawa estimate of \$650,000 is said to be based on the 2015 revenue requirement of \$20,975,000. However, Oshawa does not show the relationship between these two figures, other than to indicate the \$650,000 is approximately 25% of the revenue requirement that relates to the October 1, 2015 through December 31, 2015 period.

Energy Probe submits that the relationship between these two numbers can be found in the RRWF for 2015. The \$20,975,000 is the base revenue requirement shown in the Per Board Decision column of the Revenue Requirement sheet of the RRWF. This ties back into the figures shown on the Revenue Deficiency/Sufficiency sheet in the Per Board Decision, At Proposed Rates. In particular, the \$20,975,000 is broken down as \$18,553,000 from revenue at existing rates with the remaining \$2,423,000 being the deficiency.

Energy Probe submits that using 25% of the annual revenue deficiency for the period October 1, 2015 through December 31, 2015 is appropriate and notes that the Board has used this methodology in numerous other cases where foregone revenue for a portion of a year is to be recovered through a rate rider.

Using this 25% figure applied to the deficiency of \$2,423,000 would mean the recovery of \$605,750 through the rate rider.

Regarding the recovery of this amount, Energy Probe agrees with the submission of Board staff that the rate rider should be calculated based on the approved 2016 customer forecast and recovered as a fixed monthly charge.

Oshawa has allocated the amount of the foregone revenue to be collected to each rate class by the percentage of proposed revenue from the cost allocation model. Energy Probe submits that this is an appropriate allocation methodology. However, Oshawa did not indicate if the cost allocation model used was for 2015 or 2016. Given that this foregone revenue is related to 2015, Energy Probe submits that the allocation should be based on the 2015 cost allocation model.

iii) Other Board Staff Comments

Energy Probe has had the opportunity to review the remaining comments of Board staff (items 2 through 6) and agrees with them.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

December 1, 2015

**Randy Aiken
Consultant to Energy Probe**