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December 21, 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-2015-0091 Niagara-on-the-Lake Hydro Inc.
Final Submissions of Vulnerable Energy Consumers Coalition (VECC)**

Please find enclosed the final 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: Niagara-on-the-Lake Hydro Inc.

Niagara-on-the-Lake Hydro Inc.**Application for electricity distribution rates and other charges
effective May 1, 2016.****Submissions of the Vulnerable Energy Consumers Coalition**Clearance of Deferral Account 1576 – CGAAP Accounting Changes

- Niagara-on-the-Lake Hydro Inc. (NOTL) filed an IRM application on September 25, 2015 for 2016 electricity distribution rates effective May 1, 2016. NOTL's last cost of service rebasing application was for 2014 rates (EB-2013-0155).
- In this application, NOTL proposes to clear the balance in Deferral Account 1576 of \$202,237 as a refund to customers over a three year term. Specifically, NOTL is seeking 1576 Rate Riders for Additional Disposition of Account 1576 effective until April 30, 2019. NOTL also proposes to implement the beginning transition to 100% Fixed rates for Residential customers as per the Board's new policy.¹
- In NOTL's 2014 cost of service rebasing, an amount of \$893,861 for Accounting Changes under CGAAP was approved to be included in the Account 1576 Rate Rider calculation with a disposition period of 5 years.
- This calculation was based on the change that would occur in depreciation of 2012 year-end assets and 2013 additions for the 12-month period of 2013.
- NOTL indicates the impact of the accounting change continued during the 4-month period from January to April, 2014 until the re- based rates came into effect on May 1, 2014. In this application, NOTL proposes to pass on the benefit of the accounting change for this additional 4-month period to customers through a Supplementary Account 1576 Rate Rider, effective May 1, 2016 for the remaining 3 years of the 5-year period that the original 1576 rate rider was approved to be in effect, i.e. until April 30, 2019.
- The updated Account 1576 balance is \$1,096,098 compared to \$893,861; a difference of \$202,037. The updated CGAAP Accounting Changes in Account 1576 includes the same WACC of 6.61% as was used in the original Account 1676 Rate Rider.²

¹ EB-2012-0410 A New Distribution Rate Design for Residential Electricity Customers dated April 2, 2015

² Manager's Summary Page 16

- The new Supplementary Rate Riders are provided in Table 3.8 below from the evidence for a 3 year disposition period from May 1, 2016 to April 30, 2019.³

Table 3.8 –Supplementary Rate Riders

C = Difference in 1576 Balance and Supplementary Rate Riders

Please indicate the Rate Rider Recovery Period (in years) 3 (2016, 2017, 2018)

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Balance of Accounts 1575 and 1576	Rate Rider for Accounts 1575 and 1576
Residential	kWh	66,912,797	-\$ 73,964	0.0004
General Service Less Than 50 kW	kWh	35,318,239	-\$ 39,040	0.0004
General Service 50 to 4,000 kW	kW	203,974	-\$ 87,705	0.1433
Unmetered Scattered Load	kWh	219,430	-\$ 243	0.0004
Street Lighting	kW	3,238	-\$ 1,286	0.1324
Total			-\$ 202,237	

- For all of the customer classes, NOTL calculated a variable rate rider based on either kWh or kW.⁴
- In response to interrogatory Board Staff IR#5(c), NOTL calculated a revised rate rider of (\$0.2842) per month for Residential customers on a fixed basis over a 3 year term.
- Starting in 2016, the Board’s new rate design policy for electricity distributors (EB-2012-0410)⁵ expects distributors to begin to shift the rate design for residential customers toward fully fixed rates with a four-year implementation phase-in period.
- VECC submits a Fixed Rate Rider for Residential customers is appropriate and consistent with the Board’s new fully fixed rate design policy for residential customers. NOTL agrees that for the Residential Rate class, the Supplementary Rate Rider for Account 1576 should be on a fixed basis.⁶
- With respect to the disposition period for the Supplemental Account 1576 Rate Riders, VECC supports a disposition period of 2 years for the reasons discussed below under bill impacts.

³ Manager’s Summary Page

⁴ EB-2015-0251 Page 9

⁵ EB-2012-0410 A New Distribution Rate Design for Residential Electricity Customers dated April 2, 2015

⁶

Bill Impacts

- NOTL calculates bill impacts resulting from its application as follows:⁷

Customer Class	Bill Impacts
Res 800 kWh	3.9%
Res 228 kWh (10th percentile)	8.9%
GS< 50 kW	8.5%
GS>50 kWh	13.10%
USL	7.8%
Street Lighting	11.1%

- The Residential, GS<50kW and Unmetered Scattered Load customer classes have total bill impacts of less than 10%. The GS>50 kW and Street Lighting customer classes have total bill impacts greater than 10%. NOTL is not proposing any rate mitigation measures.⁸
- In response to Board Staff IR#4(a), NOTL re-calculates the Delivery Charge only bill impacts for the lowest 10% percentile of electricity consumption Residential RPP (228 kWh) and non-RPP customers (365 kWh) as 1.21% and 9.54% respectively. This impact % calculation excludes the effect of the removal of the Ontario Clean Energy Benefit (OCEB) on January 1, 2016 which represented a 10% credit on customers' total bill. The calculation also excludes the new Wholesale Market Service (WMS) rate, RRRAP and OESP rates announced on November 19, 2015 by the Board as these rates are not part of the Delivery Charges (sub-total C on the bill impact sheet).
- VECC notes the bill impact for the Residential non-RPP customer is close to 10% and significantly over 10% (i.e. 19%) when the bill impact calculations include the full impact of the 2016 changes listed above.
- As shown in the Table above, NOTL calculates the total bill impact of the rate changes on the General Service 50 to 4,999 KW rate class as 13.10%.⁹
- In a letter dated October 14, 2015, NOTL advised its Large customers (GS>50 kW) of a significant increase in delivery charges to this customer class effective May 1, 2016 due to the impact of the Global Adjustment. The proposed delivery charge in 2016 (\$1,605.50) is more than two times the 2015 charge (\$698.06).

⁷ Manager's Summary Page 43 Table 7.1

⁸ Manager's Summary Page 47

⁹ Manager's Summary Page 47

- NOTL explains that the high rate impact for the GS>50 kW class is largely due to the Global Adjustment variance account due to the timing of posting and the periods covered in the RPP Settlement true-ups. NOTL notes that for the 2014 and 2015 rate years the GS>50 kW class benefitted from a large negative rate rider. The total bill for this class was reduced by 9.22% in 2014 with a small increase of 1.15% in 2015. Going forward, NOTL indicates it will ensure that the true-up for the remainder of 2015 (May to December) is posted to 2015 and that any future true-ups are properly aligned to the appropriate years.¹⁰
- VECC supports rate mitigation for the GS>50 kW customer class in 2016.
- NOTL provides alternatives that could be used to mitigate the impact on the GS>50 kW customer class that are based on variations of the period for the following rate riders:
 - Dispose of the Account 1589 Global Adjustment over 2 years instead of 1 year.¹¹ Extending the disposition period reduces the bill impact as the rider is a debit amount.
 - Change the disposition of the original Account 1576 rate rider approved in the 2014 cost of service decision currently approved as 3 years to April 30, 2019 to one year or two years. This reduces the bill impact as the rider is a credit amount.
 - Change the new Account 1576 adjustment rate rider included in this application from 3 years to April 30, 2019 to one or two years, which would reduce the bill impact as the rider is a credit amount.
- NOTL also indicates it would be willing to consider these rate riders as a group i.e. each rider at 1 year or each rider at 2 years.¹² VECC supports a group approach.
- From the bill impacts provided, a 2 year disposition period for the GA Rate Rider and both 1576 Rate Riders (old and new) provides the lowest rate impacts.
- VECC supports varying the disposition period to 2 years for the GA Rate Rider and both Account 1576 Rate Riders (old and new). VECC submits all customer classes, not just the GS>50 kW customer class, will benefit from this change. This is particularly important for the Residential customer class where the removal of the Ontario Clean Energy Benefit (OCEB) in 2016 (10% credit of customers' total bill) puts upward pressure on the bill.

¹⁰ Board Staff IR#3

¹¹ Board Staff IR#4(e)

¹² Board Staff IR#4(e)

Recovery of Reasonably Incurred Costs

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 21st day of December 2015.