



**CENTRE WELLINGTON HYDRO LTD.**  
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January 11 2016

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319, 27th Floor  
2300 Yonge Street,  
Toronto, Ontario M4P 1E4

Dear Ms. Walli,

Re: EB-2015-0059 Centre Wellington Hydro Ltd. 2016 IRM Application

Please find attached Centre Wellington Hydro Ltd. reply submission in the above noted proceeding.

The following revised models are being filed along with Centre Wellington's responses.

- EB-2015-0059 2016\_IRM\_RateGen\_Model V2\_Reply Submission\_20160111
- EB-2015-0059 LRAMVA Model\_2013 Final 2011-2014 Verified 2014 \_20130111

Should the board have questions regarding this matter please contact Florence Thiessen at [fthiessen@cwhydro.ca](mailto:fthiessen@cwhydro.ca) or Wayne Dyce at [wdyce@cwhydro.ca](mailto:wdyce@cwhydro.ca).

Yours truly,

*Original Signed by:*

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Florence Thiessen, CPA, CGA  
Vice President / Treasurer  
Centre Wellington Hydro Ltd.

## **Introduction**

Centre Wellington Hydro Ltd. (Centre Wellington) filed an application with the Ontario Energy Board (the OEB) on September 28, 2015 under section 78 of the Ontario Energy Board Act, seeking approval for changes to the rates that Centre Wellington charges for electricity distribution, effective May 1, 2016. The application is based on the 2016 Price Cap IR option.

The Vulnerable Energy Consumers' Coalition ("VECC") was granted intervenor status.

Interrogatories were submitted by Board Staff and VECC November 16 2015 and November 17, 2015 respectively. Centre Wellington filed its responses to the IRs on December 7, 2015. The utility received submission from both parties on December 21, 2015.

The herein submission reflects Center Wellington's views on Board Staff and VECC's submission. The views expressed in this reply submission are also intended to assist the Board in evaluating Center Wellington's application and in setting just and reasonable rates.

## **Retail Transmission Service Rates**

As indicated in their submission, OEB staff has no concerns with the data supporting the updated Retail Transmission Service Rates proposed by Centre Wellington. Pursuant to the OEB's Guideline G-2008-0001. Board staff has committed to updating the applicable data at the time of the OEB's Decision on the Application based on the Uniform Transmission Rates in place at that time. VECC did not make any submissions on the topic of Retail Transmission Service Rates.

### ***Discussion and Reply Submission***

Centre Wellington agrees with Board staff and submits that pending any updates from Board Staff of the applicable inputs, the Retail Transmission Service Rates have been calculated according to the OEB's Guidelines and should be approved.

### **Tax-Savings**

As noted by OEB staff in their submission, Centre Wellington calculated a shared tax amount of \$2,420 which it chose to dispose in a future rate application when sufficient balances have accumulated to ensure that the intended disposition results are achieved. Centre Wellington agreed with OEB staff.

### ***Discussion and Reply Submission***

Centre Wellington agreed with OEB staff and commits to the amount of \$2,420 being transferred to Account 1595 to be disposed in a future rate application.

### **Lost Revenue Adjustment Mechanism Variance Account (LRAMVA)**

In its original application, Centre Wellington filed for an LRAMVA disposition amount of \$82,616. In response to OEB staff interrogatories, Centre Wellington Hydro revised its LRAMVA amount to include the lost revenues related to its final verified 2014 CDM results it received from the IESO on August 31, 2015. Centre Wellington Hydro updated its calculation and revised its balances of account 1568 to \$122,840.

In its submission, the OEB staff noted that Centre Wellington Hydro had properly relied on the 2014 final verified results provided by the IESO. OEB staff however noted that Centre Wellington had not used the CDM load forecast adjustment amount

of 2,288,799 kWh as approved in its 2013 Cost of Service proceeding. OEB staff requested that Centre Wellington update its calculations to use the previously approved CDM load forecast adjustment.

### ***Discussion and Reply Submission***

In accordance with Board Staff's submission, Centre Wellington has updated its LRAMVA model to reflect the OEB's Decision on Centre Wellington's 2013 Cost of Service application (EB-2012-0113), which approved CDM impact adjustment of 2,288,799 kWh ( $2,288,799\text{kWh} = 974,577 + (2 * 657,422)$ ). A revised LRAMVA model is being filed in conjunction with these responses.

The utility used the 2011 "per class" allocation to allocate the savings of 2,288,799kWh. The proposed allocation per class is as follows:

<b>Class</b>	<b>Percentage</b>	<b>Savings (kWh)</b>
Residential	18%	-410,108
General Service < 50 kW	14%	-321,893
General Service 50 to 2999 kW	66%	-1,516,185
General Service 3000 to 4999 kW	2%	-40,612
Unmetered Scattered Load	0%	0
Sentinel Lighting	0%	0
Street Lighting	0%	0
<b>Total</b>	<b>100%</b>	<b>2,288,799</b>

As explained in CWH's response to IRs, the utility is now using an LRAMVA model which is more accurate and robust than excel tools used during the 2013 Cost of Service. While using the new model, the utility found that the LRAMVA calculations made prior to 2014 were incomplete and somewhat inaccurate. Rather than change historical values in the IRM model (which would create discrepancies in the balances and its RRR filing), the utility opted to make the necessary adjustment to its 2011 balances in the current application.

CWH therefore requests that the 2011 balance of \$4,803.74 approved in the 2013 Cost of Service application be revised to \$8,459.

Centre Wellington therefore seeks recovery of LRAMVA balances in the amount of 96,885 (\$95,443 in principle +\$1,442 in carrying charges). The revised balances are shown in the table below.

Description	Residential	General Service < 50 kW	General Service 50 to 2999 kW	General Service 3000 to 4999 kW	Total	Final Claim
2011 Forecast	\$0.00	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>	
<b>2011 Verified</b>	\$2,227.96	\$2,187.04	\$3,956.08	\$88.27	<b>\$8,459.36</b>	
2011 Cleared	\$0.00	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>	<b>\$8,459.36</b>
2012 Forecast	\$0.00	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>	
<b>2012 Verified</b>	\$3,647.69	\$14,307.07	\$5,802.54	\$82.72	<b>\$23,840.02</b>	
2012 Cleared	\$0.00	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>	<b>\$23,840.02</b>
2013 Forecast	-\$5,495.45	-\$5,488.28	-\$12,489.16	-\$234.33	<b>-\$23,707.22</b>	
<b>2013 Actuals</b>	\$5,362.43	\$18,972.89	\$36,106.68	\$87.75	<b>\$60,529.75</b>	
2013 Cleared	\$0.00	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>	<b>\$36,822.53</b>
2014 Forecast	-\$5,796.20	-\$5,890.65	-\$13,744.74	-\$249.19	<b>-\$25,680.78</b>	
<b>2014 Actuals</b>	\$9,346.85	\$29,461.20	\$13,105.32	\$88.52	<b>\$52,001.89</b>	
2014 Cleared					<b>\$0.00</b>	<b>\$26,321.11</b>
Carrying Charges <sup>1</sup>	\$189.66	\$658.58	\$590.61	\$3.75	<b>\$1,442.61</b>	<b>\$1,442.61</b>
<b>Balance</b>	<b>\$9,482.95</b>	<b>\$54,207.86</b>	<b>\$33,327.33</b>	<b>-\$132.51</b>	<b>\$96,885.63</b>	<b>\$96,885.63</b>

Please note that Centre Wellington updated the IRM 2016\_IRM\_RateGen\_Model to reflect the revised balances of account 1568. However, the allocation of 1568 at tab 5.Allocating Det-Var Balance did not update to reflect the new balances. Centre Wellington notes that the OEB will need to make the necessary changes to the model before the Bill Impacts are finalised.

### **Transition to Fully Fixed Residential Rates**

As summarized by both OEB staff and VECC, Centre Wellington originally proposed to apply the first stage of the transition to fully fixed rates for residential customers in its Residential class. In its originally filed rate generator model, calculations indicated that the fixed charge would have to be increased by \$7.49 per rate year if the utility were to complete the transition to fully fixed rates in four years. As a result, Centre Wellington proposed that it would implement the Policy over an 8 year period.

In its response to interrogatories, Centre Wellington noted that its calculation had been based on the total annual consumption of all classes in the model rather than the total annual consumption of the residential class only. Centre Wellington provided an updated model with corrected inputs; it shows the fixed charge would increase by less than \$3 under a four year implementation period. The impact on its customers at the 10th percentile is also less than 10%.

The OEB saw no issues with the proposed transition and associated increase.

In its submission, VECC expressed concerns with the overall methodology of calculating the bill Impacts. VECC noted that all of the proposed rate changes in 2016, beyond just the distribution service component of the bill, should be included in the impact analysis as it provides the full picture and more accurately reflects the true costs and impacts on customers. The changes cited by VECC include the following;

- Removal of the Ontario Clean Energy Benefit (OCEB) (10% credit to Residential customers),
- Addition of the new Ontario Clean Energy Support Program (OESP) charge of \$0.0011 effective [January 1<sup>st</sup> 2016](#),
- Removal of the Debt Retirement Charge (benefit to customers) and the
- Change in the Wholesale Market Service (WMS)

VECC's specifically expressed concerns about the removal of the OCEB in 2016 which puts significant upward pressure on the bill; it recommended delaying the transition to fully fixed charges for Residential customers to 2017.

### ***Discussion and Reply Submission***

Centre Wellington somewhat agrees with VECC in that certain upcoming changes were, intentionally or not, omitted from the bill impacts in the OEB's IRM model. However, the removal of the OCEB in 2016, which puts the most upward pressure on the bill, was in fact included in the bill impact calculations. Centre Wellington notes that the removal of Debt Retirement Charge was also included in the bill impacts. The reduction in Wholesale Market Services, which as not included in the model's calculations also serves to further reduce the overall bill.

Centre Wellington notes that at 3.17%, the impact on its customers at the 10th percentile is significantly less than 10%. The impacts on its residential customers at 800kWh are under 2% - this for both RPP and non-RPP customers.

Centre Wellington therefore agrees with Board Staff in that it has correctly updated the model and that the proposed transition to a fully fixed rate design over a four year period is appropriate.

The utility also notes that, for comparison purposes, it is also important that the methodology Centre Wellington used in calculating its bill impacts be consistent with all other applications before the OEB.

Centre Wellington believes that the bill impacts presented as part of the responses to IRs are accurate enough for the OEB to make an informed decision on the proposed transition to fixed rate which, in Centre Wellington's views, are just and reasonable.

~Respectfully submitted~