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January 29, 2016

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-2015-0054 – Brant County Power Inc. 2016 Rate Application
Submissions of Vulnerable Energy Consumers Coalition (VECC)

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

Thank you.

Yours truly,

Michael Janigan
Counsel for VECC

Cc: Brant County Power Inc.

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EB-2015-0054

Ontario Energy Board

IN THE MATTER OF AN APPLICATION BY

Brant County Power Inc.

Application for electricity distribution rates effective January 1, 2016.

Final Submissions of Vulnerable Energy Consumers Coalition VECC)

<u>Shift to Fully Fixed Residential Rates</u>

- Brant County Power Inc. (Brant County) filed an application on October 19, 2015 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule 15), (Schedule B) for electricity distribution rates effective May 1, 2016.
- Starting in 2016, the Board's new rate design policy for electricity distributors (EB-2012-0410)[1] expects distributors to begin to shift the rate design for residential customers toward fully fixed rates with a four-year implementation phase-in period.
- The Board's policy states "In the event that the monthly service charge would have to rise more than $4 per year in order to effect this change, distributors shall apply to extend the transition period. It is expected that in most cases, only a fifth transition year would be required to make the changes within the $4 impact threshold identified in the policy. A distributor shall propose an alternative or additional strategy in the event that an additional transition year is insufficient. Consistent with OEB policy regarding mitigation, a distributor may propose as part of its application that no extension is necessary; such a position must be substantiated with reasons."[2]
- Brant County's application includes a request to not mitigate the impact of the shift to fixed rates beyond the OEB-mandated 4 year transition period, even though the rate impact is above the OEB's $4 threshold. For Brant County, a four year phase in

[1] EB-2012-0410 A New Distribution Rate Design for Residential Electricity Customers dated April 2, 2015
[2] Filing Requirements For Electricity Distribution Rate Applications -2015 Edition for 2016 Rate Applications - Chapter 2 Page 63

period results in an increase of $4.37.[3]

- Brant County's rationale for not proposing an extension in the transition period to keep the increase in the monthly service charge at or below $4 is based on the amalgamation of Brant County and Cambridge and North Dumfries Hydro Inc. (CND) effective January 1, 2016. The amalgamated entity intends to harmonize distribution rates as part of its next Cost of Service Rebasing application for May 1, 2019 rates and the 4 year transition to fully fixed rates timeframe aligns with the rebasing timeframe. Brant County's position is that extending the transition period to 5 years would cause unnecessary customer confusion and would be inconsistent with CND's proposed phase in period of 4 years.[4]

- Brant County confirms that if the number of years to transition to the new rate design was changed to 5 years the increase would decrease from $4.37 to $3.49.

- The Board's implementation approach for the new rate design explained in a July 16, 2015 letter, requires that the 10% bill impact test be applied to customers at the lowest 10th percentile of electricity consumption and if the bill impact is 10% or higher, the distributor must make a proposal for a rate mitigation plan.[5]

- Brant County determined that the consumption level at the 10th percentile is 350 kWh.[6]

- In response to VECC IR#1, Brant County provided the total bill impacts at the 10th percentile consumption level comparing a 4 year and a 5 year transition period to fully fixed rates taking into consideration all of the changes in 2016 including the removal of the Debt Retirement Charge and OCEB, as well as the addition of the OESP charge and the change in the Wholesale Market Service Rate from $0.0044 to $0.0038. For the 10th percentile customer the total bill impact under a 4 year transition period is 18.99% ($12.42) compared to 18.14% ($11.86) under a 5 year transition period.; a difference of $0.56 per month.

- Brant County is not proposing rate mitigation because the removal of the OCEB accounts for the majority of the increase in the bill and when it is excluded the total

[3] EB-2015-0054 Manager's Summary Page 12
[4] EB-2015-0054 Manager's Summary Page 13
[5] EB-2012-0410 A New Distribution Rate Design for Residential Electricity Customers dated April 2, 2015 Page 26
[6] EB-2015-0054 Manager's Summary Page 14

bill impact is less than 10%.[7]

- Brant County makes the point that the implementation of the Ontario Electricity Support Program (OESP) is available for low income customers to manage their electricity bills and many of the low income customers will fall into the category of low average consumption customers.[8] VECC notes that all customers pay for the OESP which also puts upward pressure on the bill.

- VECC acknowledges that the Board's Chapter 3 Filing Requirements have established that only bill impacts associated with changes in the cost of distribution service are considered when assessing the combined effects of the shift to fixed rates. VECC also acknowledges recent Board Decisions where the Board has determined that changes to the bill resulting from the provincial government's decision to phase out the Ontario Clean Energy Benefit and the Debt Retirement Charge are not within the scope of the evaluation.[9] However, VECC submits the combined effects of all of the proposed rate changes in 2016 provides the full picture and more accurately reflects the true costs and impacts on customers.

- VECC understands that the removal of the OECB is beyond the control of the local utility but submits that given the unique changes in 2016 a longer transition period would benefit customers and bring the increase below the $4 threshold, consistent with the Board's new rate design policy.

- In addition, VECC notes that under a 4 year transition period, the increase in the distribution only portion of the bill for the lowest 10th percentile customer is above the 10% threshold and a mitigation plan is warranted.[10]

- For the reasons discussed above, VECC supports a 5 year transition period over a 4 year transition period. Further, VECC supports extending the transition over a longer period than 5 years in order to keep total bill impacts below 10% when all of the changes in 2016 are considered.

[7] VECC IR#1
[8] EB-2015-0054 Manager's Summary Page 15

[9] Board Decision Lakeland Power Distribution Ltd. EB-2015-0086 Page 12
[10] VECC IR#1

- The MAADs Application EB-2014-0217 Decision dated October 30, 2014, predates the Board's new rate design policy for residential customers.

- The MAADs Decision indicates that CND proposes to harmonize rates at the time of rebasing of the consolidated utility, which is to be deferred until 2019, at the time of CND's next scheduled cost of service application. This proposal is consistent with the timeframe contemplated by the 2007 Report.[11] The 2007 Report permits distributors to defer rebasing for a period of up to five years following the closing date of the transaction.

- The Board issued a Report "Rate-Making Associated with Distributor Consolidation" fated March 26, 2015 that amends the 2007 Report to allow consolidating entities to choose a deferred rebasing period of up to 10 years after the closing of the transaction.

- Given the recent amendments regarding deferred rebasing for consolidated entities noted above, VECC submits the amalgamated entity has options and could decide to defer rebasing to 2020 (or later) to align with a 5 year or longer transition period to keep the increase in the monthly service charge at or below $4 to be consistent with the Board's new Rate Design Policy (EB-2012-0410). This approach addresses the issue of unnecessary customer confusion.

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 29th day of January 2016.

[11] Report of the Board regarding Rate-Making Policies Associated with Distributor Consolidation, issued July 23, 2007