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Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
26th Floor, Box 2319
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Milton Hydro Distribution Inc. – 2016 Cost of Service Distribution Rate
Application
Board File No. EB-2016-0089**

We are counsel to Milton Hydro Distribution Inc. (“Milton Hydro”) in the above-captioned matter. We are writing to you today with respect to one of the outstanding issues in this proceeding – the Lost Revenue Adjustment Mechanism Variance Account (“LRAMVA”) calculation, which forms part of Issue 4.2 in the Board-approved Issues List.

On March 3, 2016, OEB staff filed a letter in this proceeding that included a memo from the IESO related to the use of demand savings in calculating lost revenues for the purpose of disposing of LRAMVA balances. As reported by OEB staff, “the IESO explained its definition of verified demand savings and specifically reported that the IESO’s methodology ‘makes no attempt to verify the impact that a demand response event may have on a customer’s demand for the purposes of billing for distribution service, even in months where the demand response program was activated.’ The memorandum also reported that while demand savings due to energy efficiency investments may persist beyond the peak season, effects are expected to vary based on the type of program.” OEB staff went on to confirm that the OEB is holding a stakeholder meeting on March 31, 2016 to gather input on the approach to recording demand savings in the LRAMVA; that the OEB expects to provide further policy guidance on the LRAMVA following this meeting; and that given the relevance of this information to the current Milton Hydro Cost of Service Application, which includes an LRAMVA claim, OEB staff are filing the IESO memo on the record of this proceeding for the panel’s consideration.

In light of these developments and the prospect of a generic approach to the treatment of demand savings for the purpose of determining LRAMVA balances, Milton Hydro respectfully suggests

that it would be premature to deal with the LRAMVA issue on a Milton-specific basis at this time. Milton Hydro suggests that the preferable approach would be to allow it to proceed with its proposed LRAMVA recovery as set out in the Application, but to approve those LRAMVA rate riders on an interim basis, with the actual amount to be recovered to be finally determined once the OEB has made a determination in its generic consultation on the LRAMVA.

In the event that the OEB is of the view that the LRAMVA issue in the current Milton Hydro proceeding should be disposed of now on a Milton-specific basis, we have the following comments with respect to the process for dealing with this issue. At page 9 of the Settlement Proposal filed on February 9, 2016, the Parties agreed that “this issue should be dealt with by way of a written hearing, as the subject matter of the disagreement among the Parties relates to the calculation of the kW demand to be used in the calculation of the LRAMVA, and the facts needed to address this issue are already publicly available.” Board staff acknowledged this suggestion in their February 16, 2016 submission on the Settlement Proposal and, at page 3 of that submission, Board staff confirmed that they found it appropriate “that the LRAMVA issue be designated as written hearing only.”

The Board’s Procedural Order No. 3 fixes the oral hearing dates for this matter, but does not address the request that the LRAMVA issue be disposed of only in writing. We ask that the Board confirm that if the LRAMVA issue is to be addressed in this proceeding, it be dealt with in writing only.

We thank you for your consideration in this matter.

Yours very truly,

BORDEN LADNER GERVAIS LLP

Per:

Original signed by James C. Sidlofsky

James C. Sidlofsky

cc: Frank Lasowski, Milton Hydro Distribution Inc.
Cameron McKenzie, Milton Hydro Distribution Inc.
Intervenors of Record

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