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2 September, 2016

BY EMAIL & BY COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

Board File No. EB-2015-0072
Grimsby Power --- 2016 COS Application
Energy Probe – Draft Rate Order Submissions

Pursuant to the Decision and Order, issued August 18, 2016, attached please find the Submissions of Energy Probe Research Foundation (Energy Probe) in respect of the Draft Rate Order in the EB-2015-0072 proceeding for consideration of the Board.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

- cc. Doug Curtiss, Grimsby Power (By email)
Mioara Domokos, Grimsby Power (By email)
James Sidlofsky, Borden Ladner Gervais LLP (By email)
Bruce Bacon, Consultant, Borden Ladner Gervais LLP (By email)
Randy Aiken, Aiken & Associates (By email)
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EB-2015-0072

Grimsby Power Inc.

**Application for electricity distribution rates and other charges
beginning May 1, 2016**

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

September 2, 2016

**GRIMSBY POWER INC.
2016 RATES CASE**

EB-2015-0072

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

A- INTRODUCTION

On August 18, 2016, the Ontario Energy Board ("Board") issued its Decision and Order in which it ordered Grimsby Power Inc. ("Grimsby") to file a Draft Rate Order ("DRO") reflecting the Board's findings.

The Board addressed the three issues that were disputed: whether the 2016 budgeted OM&A expenses were appropriate, PILS (loss carry forward) and the effective date for rates.

Grimsby filed the DRO on August 30, 2016. This is the Submission of Energy Probe Research Foundation ("Energy Probe") related to the DRO.

B - SUBMISSIONS

i) Revenue Requirement Impacts

On behalf of Energy Probe I have reviewed the impacts of the Board decision of both the decision on OM&A and PILS.

With respect to the reduction in OM&A to the Board approved level of \$3,134,546, Energy Probe has reviewed the summary of proposed changes shown on line 8 of Table 2 in the DRO. Energy Probe has been able to replicate the figures shown for the change in OM&A, the working capital allowance component of rate base and the regulated return on capital and submit they are all accurate.

With respect to the PILS change on line 8 of Table 2 in the amount of (\$24,478), Energy Probe submits that this is an accurate calculate of the reduction due to the Grimsby Power's change in the CCA class from 1 to 47 for the former Niagara West Transformation Corporation assets (a reduction of \$23,692) and a further reduction of \$786 due to the reduction in OM&A expenses (through the reduction in the return on equity of the reduction in the working capital allowance).

With respect to the loss carry forward to be used in the calculation of PILS, the Board approved a loss carryforward amount of \$391,821 in place of the \$0 proposed by Grimsby. Grimsby has amortized this amount over 5 years (rebasing year and 4 years of IRM). The impact of this adjustment is shown in line 9 of Table 2 in the DRO. Energy Probe has been able to calculate the impact of this change on the gross PILS and submits that the Grimsby calculation is accurate.

In summary, Energy Probe has no issues with the calculation of the revenue requirement and deficiency as provided by Grimsby in response to the Board decision.

ii) Cost Allocation and Rate Design

Energy Probe has reviewed the cost allocation and rate design proposals described in the DRO with respect to the revenue to cost ratios and the calculation of the fixed and variable rates and submits that Grimsby has appropriately reflected the Settlement Proposal on these issues.

However, Energy Probe notes that some of the total bill impacts shown in Table 9 are higher than 10%. In particular, the increase is higher than this level for some street lighting and unmetered scattered load customers. The Settlement Proposal that was accepted by the Board indicated that the parties accept the evidence of Grimsby Power that rate mitigation was not required for any rate classes.

In the event that the Board does believe rate mitigation is required, Energy Probe submits that given the increase in the street light total bill is only a little over 10% (at 10.42%), no rate mitigation is required for that class.

However, the total bill impacts for the unmetered service class are significantly above 10%. If the Board determines that rate mitigation is required for this class, Energy Probe submits that the Board should direct Grimsby to increase rates for this class at the maximum 10% per year threshold until the revenue to cost ratio for this class (currently at 52.28% as shown in Table 3 in the DRO) reaches the lower boundary of the Board approved range for this class of 80%. To offset this reduction in revenue, Energy Probe submits that the additional revenue should be recovered from the residential rate class, through a small increase in the revenue to cost ratio for 2016 and subsequent years.

iii) Tariff Schedules

Energy Probe has not reviewed the proposed tariff schedules in detail. Energy Probe notes that Board Staff usually does a comprehensive review of the tariff of rates and charges. As such, Energy Probe has not done a more comprehensive review of the tariffs.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

September 2, 2016

**Randy Aiken
Consultant to Energy Probe**