



PUBLIC INTEREST ADVOCACY CENTRE
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November 9, 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-2016-0070 – Festival Hydro Inc. 2017 IRM 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,

A handwritten signature in black ink, appearing to be 'Michael Janigan', written in a cursive style.

Michael Janigan
Counsel for VECC

Cc: Festival Hydro Inc.

Ontario Energy Board

IN THE MATTER OF AN APPLICATION BY

Festival Hydro Inc. (Festival Hydro)

**Application for electricity distribution rates
effective January 1, 2017.**

Final Submissions of Vulnerable Energy Consumers Coalition VECC)

Permanent Bypass Agreement Rate Rider

- In Festival Hydro's 2015 Cost of Service application (EB-2014-0073) the Board found that an amount \$1,230,026 should be used to calculate the Permanent Bypass Rate Rider given the uncertainty of the final invoiced amount. The Board approved a disposition period of 31 months, ending December 2017.¹ The Board took no issue with an adjustment as part of Festival Hydro's 2016 IRM application.
- In Festival Hydro's 2016 IRM application (EB-2015-0069), Festival Hydro indicated that Hydro One has provided three estimates to date: the original \$1,230,026 in December 2013; \$1,463,321 dated December 11, 2014 and the most recent draft calculation of \$932,094.² In its Decision, the OEB approved the continuation of the current Permanent Bypass rate rider in 2016 on an interim basis and stated that a true-up and rate rider adjustment will be made once the final invoice is received.
- As part of the current application for 2017 rates, Festival Hydro filed Hydro One's final invoice dated March 31, 2016 in the amount of \$932,094 (plus HST).
- Festival Hydro requests the continuation of the Permanent Bypass Rate Rider adjusted to reflect the remaining amount owing from each customer class with the objective of full recovery by December 31, 2017. The expected recovery to the end of 2016 is \$750,753, with \$181,341 left to recover in 2017.
- VECC supports Festival Hydro's true-up and rate rider adjustment based on the final invoiced amount from Hydro One.

¹ EB-2014-0073 Decision, Page 5

² EB-2015-0069 Board Staff IR#6(d)

Earnings Performance in 2015

- Festival Hydro's 2015 reported ROE was in excess of the 300 basis points dead band. The Board Approved ROE for 2015 was 9.30%. Festival Hydro's 2015 ROE was 14.24%, 194 basis points above the 300 basis points dead band.
- The Filing Requirements indicate if a distributor's earnings are in excess of the deadband and it applies for an increase to its base rates, the OEB expects it to substantiate its reasons for doing so.
- Festival Hydro is applying for approval to adjust its base rates. Festival Hydro indicates that the major contributor to the over earnings in 2015 was the disposal of the ICM rate rider from Festival Hydro's 2015 Cost of Service application (EB-2014-0073). If the ICM revenues are removed, Festival Hydro indicates that its ROE for the year (10.41%) would be within the 300 basis point dead band.³
- Festival Hydro indicates it does not expect overearnings beyond 2015 as these drivers are not expected to continue in 2016 and 2017 as the rate riders ended effective December 31, 2015.⁴ As such, Festival Hydro feels it's reasonable to request base rates in its 2017 IRM filing.⁵
- In considering the above, VECC does not oppose Festival Hydro's 2017 Price Cap adjustment to its base rates.

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 9th day of November 2016.

³ Board Staff IR#8 (a) & (b), VECC IR#2

⁴ Board Staff IR#8(c)

⁵ VECC IR#3