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### **BY EMAIL and RESS**

December 16, 2016  
Our File No. 20160087

Ontario Energy Board  
2300 Yonge Street  
27<sup>th</sup> Floor  
Toronto, Ontario  
M4P 1E4

### **Attn: Kirsten Walli, Board Secretary**

Dear Ms. Walli:

### **Re: EB-2016-0087 – Kingston 2017 Rates**

We are counsel for the School Energy Coalition. Pursuant to Procedural Order #1 in this matter, this letter constitutes SEC's submissions on Kingston Hydro's Application.

With one exception, SEC believes that the Application, and the rates proposed, are consistent with the Applicant's Custom IR plan, and SEC has no objections to the results.

The one exception is the change, driven by the Filing Requirements, in the billing determinant used to collect the Global Adjustment from the GS>50 customers (changed from demand to energy). SEC was concerned that Kingston Hydro is reallocating the responsibility for the Global Adjustment between customers, with significant impacts on some customers, and there has been no hearing or other process to allow customers to defend their interests in this matter.

SEC has followed this issue up in two ways. First, we asked questions of the Applicant to ensure that the genesis and impacts of the change are fully known. Second, we explored with our clients the direct impact on schools of this change in billing determinants. (A third part of the issue, analysis of the rate design principles applicable, would only arise in this proceeding based on the answers to the first two questions. That did not, in the end, arise.)

After load analysis by our clients, it appears that on average schools will benefit slightly from the change in billing determinant from kilowatts to kilowatt-hours. Schools have an average load

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factor that is a little below the threshold that would make the change negative rather than positive. However, as the Board is aware schools are also very active in energy efficiency initiatives, some of which would flatten their demand and thus increase their load factor. Therefore, at some point in the future – likely in the medium term - this change is likely to become a small net cost to schools. It is not expected that either the benefit, or the future cost, will be large, as the load factor of schools will in any case remain in a relatively narrow range above and below the threshold.

As seen in the responses to SEC’s interrogatories, there are other customers that are impacted significantly by the change. Schools are not in that category.

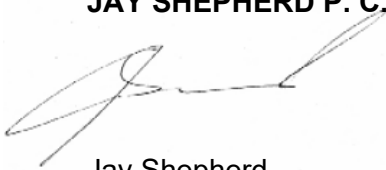
Therefore, SEC has concluded that schools are not the appropriate parties to object to this change in billing determinants. While we are certainly concerned with the manner in which the change was made, it would be somewhat perverse for SEC to object to a change that, at least initially, is benefitting schools.

SEC is therefore expressing its procedural concern in principle with this change, but is not opposed to the rates or rate riders proposed in the Application.

In keeping with the Board’s previous determination, SEC is not seeking recovery of its reasonably incurred costs in this matter.

All of which is respectfully submitted.

Yours very truly,  
**JAY SHEPHERD P. C.**



Jay Shepherd

cc: Wayne McNally, SEC (email)  
Interested Parties