



Ontario Energy Board Commission de l'énergie de l'Ontario

DECISION AND PROCEDURAL ORDER NO. 3

EB-2017-0132

ENWIN UTILITIES LTD.

Application for Recovery of Stranded Meter Costs and Recovery of the Incremental Revenue Requirement for Smart Meter Implementation

BEFORE: Lynne Anderson
Presiding Member

September 28, 2017

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1 INTRODUCTION AND SUMMARY

This is a decision of the Ontario Energy Board (OEB) on an application filed by EnWin Utilities Ltd. (EnWin) for the recovery of costs related to stranded conventional meters and for recovery of the incremental revenue requirement for smart meter implementation, effective November 1, 2017 (the Application). Under the *Ontario Energy Board Act, 1998* (Act), distributors must apply to the OEB to change the rates they charge their customers.

EnWin provides electricity distribution services to approximately 88,000 residential and commercial customers in the City of Windsor.

In its decision and order dated March 13, 2014¹, the OEB ordered that EnWin must file a separate application to address its stranded meter variance account and the amounts embedded in base rates for conventional meters, and that such an application must be filed by March 13, 2017, if EnWin had not chosen to rebase by then. EnWin has not rebased since that decision was issued.

EnWin originally asked the OEB to approve recovery of stranded meter costs. Through the interrogatory process, EnWin updated its application to include recovery of the incremental revenue requirement for smart meter implementation.

EnWin and OEB staff participated in a settlement conference in this proceeding and filed a settlement proposal (Settlement Proposal) with the OEB on September 14, 2017, that addressed all issues in the proceeding. As there were no other intervenors in the proceeding, the OEB determined that OEB staff and EnWin would be the only parties to the Settlement Proposal.

The Settlement Proposal established Stranded Meter Rate Riders (SMRR) for the recovery of costs for stranded conventional meters for each of its Residential and General Service < 50 kW customer classes effective from November 1, 2017 and continuing for a period of 26 months until December 31, 2019.

The Settlement Proposal also established Smart Meter Incremental Revenue Rate Riders (SMIRR) for each of its Residential and General Service < 50 kW customer classes effective from November 1, 2017 and continuing for a period of 26 months until December 31, 2019.

¹ EB-2013-0348

For a typical Residential customer with monthly consumption of 750 kWh, the total bill impact under the Settlement Proposal would be an increase of about \$0.45 per month – a percentage increase of about 0.39%. For a typical General Service < 50 kW customer with monthly consumption of 2,000 kWh, the total bill impact under the Settlement Proposal would be an increase of about \$1.85 per month – a percentage increase of 0.59%.

The OEB is prepared to approve the rates that arise from the Settlement Proposal, provided that certain wording changes are made to the Settlement Proposal. The wording changes are discussed in the findings, below.

2 THE PROCESS

EnWin filed an application on March 13, 2017 for November 1, 2017 rates. On April 18, 2017, the OEB deemed the application incomplete and issued a letter requesting further information. The revised application was filed on April 24, 2017. The OEB issued a Notice of Application May 8, 2017, inviting parties to apply for intervenor status. No requests for intervenor status were received, nor was a request made for an oral hearing.

The OEB issued Procedural Order No.1 on June 14, 2017. This Procedural Order established, among other things, the timetable for a written interrogatory discovery process and for written submissions.

EnWin filed its interrogatory responses on August 8, 2017.

The OEB then issued Procedural Order No.2 on August 17, 2017. This Procedural Order canceled the dates for submissions from OEB staff and EnWin scheduled in Procedural Order No.1, and established the date for a settlement conference, with EnWin and OEB staff as the parties to the settlement conference.

The settlement conference was held on August 24, 2017. EnWin and OEB staff resolved all issues and EnWin filed the Settlement Proposal with the OEB on September 14, 2017.

3 DECISION ON THE ISSUES

The Settlement Proposal filed by the parties represented a full settlement of all the issues. Through the settlement process, the parties agreed to newly calculated SMRRs and SMIRRs.

Findings

The OEB finds that the Settlement Proposal is a reasonable outcome, provided that the parties are prepared to include certain additional wording regarding the timing of EnWin's next rebasing application, for the reasons discussed below. The OEB would be prepared to approve a revised version of the Settlement Proposal that addresses this matter, and has provided suggested amendments in this Decision.

On Pages 2 and 4 of the Settlement Proposal, the parties make the following statements:

However, the parties acknowledge that the timing for EnWin's next rebasing application is at EnWin's discretion. [Page 2 of the Settlement Proposal]

However, as noted above, the parties acknowledge that the timing for EnWin's next rebasing application is at EnWin's discretion. [Page 4 of the Settlement Proposal]

The OEB notes that EnWin has opted for the Annual Incentive Rate-setting Index (Annual IR) method for rate applications, and has not rebased its rates since 2009. There is no term for the Annual IR option and EnWin has not rebased for more than five years. The OEB agrees that under these circumstances EnWin can generally determine when it will exit the Annual IR option to file a rebasing application (either cost of service or custom incentive rate-setting). However, this decision is not solely within EnWin's discretion. The OEB monitors EnWin's performance and can require EnWin to file a rebasing application if its performance is not satisfactory. In order to approve the Settlement Proposal, the OEB requires this issue to be clarified.

The OEB would be prepared to approve a revised Settlement Proposal should the parties agree to make clear that EnWin's discretion on when to rebase is subject to the OEB being satisfied as to its performance. The OEB has proposed the following wording that would be acceptable to it in substitution for the text set out above:

However, the parties acknowledge that EnWin's adoption of the OEB's annual incentive rate-setting option means the timing for EnWin's next rebasing application is at EnWin's discretion, subject to EnWin continuing to maintain performance that is satisfactory to the OEB. [Page 2 of the Settlement Proposal]

However, as noted above, the parties acknowledge that EnWin's adoption of the OEB's annual incentive rate-setting option means the timing for EnWin's next rebasing application is at EnWin's discretion, subject to EnWin continuing to maintain performance that is satisfactory to the OEB. [Page 4 of the Settlement Proposal]

The OEB suggests that EnWin confer with OEB staff and advise the OEB of its progress by October 4, 2017. If the parties agree to an amendment, the OEB would find it helpful if a draft rate order were appended to the revised Settlement Proposal.

4 ORDER

THE BOARD ORDERS THAT:

1. Should EnWin and OEB staff agree to amend the Settlement Proposal, EnWin shall file the amended Settlement Proposal, together with a draft rate order, or in the alternative notify the OEB that there will be no settlement, by October 4, 2017.

DATED at Toronto September 28, 2017

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary