



September 20, 2018

VIA EMAIL, RESS & COURIER

Ms. Kirsten Walli, Board Secretary
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Collus PowerStream Corp. ("CollusLDC")
EB-2017-0373/EB-2017-0374
1% Rate Reduction for Residential Customers**

As stated in Decision and Order EB-2017-0373 and EB-2017-0374, EPCOR Collingwood Distribution Corp. ("EPCOR") proposed (and received approval) for a negative rate rider for Collus PowerStream Corp. ("CollusLDC") residential customers, the effect of which would be a 1% reduction in residential customers' base distribution rates (exclusive of rate riders). This negative rate rider will be effective for the first five years following the transaction, although rates will continue to be adjusted by the price cap incentive rate mechanism.

As stated in the Application in the above noted proceeding, the cost of the rate rider is expected to be approximately \$50,000 per year (\$250,000 over the five year period).¹ EPCOR confirmed that it will not seek to recover this in rates and has shown, in response to interrogatories, that this cost is to be recovered from anticipated productivity gains during the deferred rebasing period.²

The OEB approved EPCOR's request for a 1% rate reduction to base residential distribution rates (exclusive of rate riders) relative to those established through CollusLDC's 2018 rate setting process (EB-2017-0034).

The calculation of the rate rider can be determined as:

Service Charge: Currently \$21.41 per 30 day period - calculates to a 1% negative rate rider of (\$0.2141) (subject to rounding)

¹ EB-2017-0373/0374, Application and Evidence, dated December 21, 2017 at page 32.

² EB-2017-0373/0374, Application and Evidence, dated December 21, 2017 at page 39; EB-2017-0373/0374, EPCOR Response to Board Staff Interrogatory Request, 1-Staff-13, dated May 3, 2018 at page 29.

Distribution Volumetric Rate: \$0.0053 per kWh - calculates to a rate rider of (\$0.000053). (subject to rounding)

The total expected bill reduction per customer per month (based on 750kWh) is \$0.21 (fixed component) +\$0.08 (variable component) for a total of \$0.29.

As referenced in the OEB report EB-2012-0410, Rate Design for Electricity Distributors, LDC's have been instructed to pursue a fixed rate design over a transition period. Using the current IRM model as a design, CollusLDC expects to complete to a fully fixed residential distribution rate as of May 1st, 2019. As this rate rider is expected to last for the first five years, the above calculated rate rider would be created in conflict with the spirit of this policy.

As such, EPCOR is proposing a simplified calculation of a fixed rate rider of (\$0.29) per residential connection per month.

EPCOR also proposes to have this rate rider commence October 1, 2018, the anticipated day of the closing of the transaction and the earliest the transaction can close, or on the day of close (whichever is later) to demonstrate diligence and responsibility in meeting the commitments outlined in the MAAD application.

Should you have any questions, please do not hesitate to contact the undersigned.

Sincerely,



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