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July 9, 2019 VIA E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Toronto, ON

Dear Ms. Walli:

Re: EB-2018-0028 Energy + Inc. (Energy+) 2019 Cost of Service Rates
VECC's Comments Re: Draft Rate Order

In accordance with the Board's Decision in the above proceeding, set out below are VECC's comments regarding the Draft Rate Order (DRO) filed by Energy+ on June 27, 2019.

Load Forecast & LRAMVA Threshold (DRO Sections C.5 and C.7)

The Board's Decision to not approve Energy+'s standby rate proposal means that changes are required to the load forecast as presented in the Settlement Proposal. These changes include:

- Removing the billing demand adjustment related to the standby charge for the Large Use class (30,443 kW)
- Including a CDM adjustment to the GS 50-999 class' load to account for the planned PSUP project in 2019 (1,200,000 kWh/3,787 kW based on the ½ year rule). The load forecast in the Settlement Proposal did not include a CDM adjustment for the energy and billing demand associated with the PSUP project on the basis that the load would be subject to a standby charge.
- Including a CDM adjustment to the GS 1,000-4,999 class' load to account for the 2018 PSUP project (15,720,000 kWh/35,837 kW). Again, the load forecast in the Settlement Proposal did not include a CDM adjustment for the energy and billing demand associated with the PSUP project on the basis that the load would be subject to a standby charge.

In VECC's view Energy+ has made the appropriate adjustments to its load forecast in order to account for the Board's decision as set out at page 20 of the DRO.

However, VECC has concerns regarding the LRAMVA thresholds that Energy+ is now proposing as a result of its revised CDM adjustments. Set out below are the LRAMVA thresholds by customer class as set out at page 29 of the Settlement Proposal.

Table 6 – 2019 Expected CDM Savings by Rate Class for LRAM Variance Account

Year	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 to 4999 kW	Large User	Street Lights	Total
2019 Test Year - kWh	23,915,258	6,999,588	9,916,083	8,166,186	1,749,897	7,582,887	58,329,899
2019 Test Year - kW Annual			31,295	19,165	3,989	21,852	76,300
2019 Test Year - kW Monthly			2,608	1,597	332	1,821	6,358

In contrast the LRAMVA thresholds in the DRO are as follows (per page 21):

Table 12: 2019 Expected CDM Savings by Rate Class for LRAM Variance Account

	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 to 4999 kW	Large User	Street Lights	Total
2019 kWh	21,412,371	6,267,036	10,610,512	29,353,933	1,566,759	6,789,288	75,999,899
2019 kW - Annual			33,486	68,891	3,571	19,565	125,514
2019 kW - Monthly			2,791	5,741	298	1,630	10,459

VECC takes no issue with the total proposed for the LRAMVA threshold - 75,999,899 kWh. What VECC does not understand is why, since the only changes to the CDM adjustment were in the GS 50-999 and GS 1,000-4,999 classes, the threshold values for all of the other classes have also changed. VECC would have expected the changes to be limited to these two classes and be equal to the annualized impacts of the PSUP projects now included in the CDM adjustment. These would be 2,400,000 kWh in the case of the GS 50-999 class and 15,270,000 kWh in the case of the GS 1,000-4,999 class.

Cost Allocation (DRO Section C.2)

The Board's Decision requires a number of adjustments to Energy+'s Cost Allocation Model as submitted with the Settlement Proposal. These include:

- Direct allocation of the costs and capital contributions related to the two dedicated feeders serving TMMC to the Large Use class.
- The removal of TMMC's load from the allocation of both overhead conductor (USOA 1835-4) and underground conductor (USOA 1845-4) costs.

The Board's Decision also directed Energy+ to set the revenue to cost ratios for the embedded distributor classes based the Board's policy as opposed to using 100% in all cases.

VECC has reviewed the Cost Allocation Model filed with the DRO and the revenue to cost ratio proposals set out in the Revenue Requirement Work Form. Apart from the issue noted by Board Staff regarding the number of bills attributed to the Large Use class, VECC has no issues with Energy+'s revisions related to cost allocation.

Rate Design (DRO Section C.3)

In its Decision the Board accepted Energy+'s revised proposal regarding Residential rate design which called for the transition period to be extended for an additional year. The Board also directed that the service charge for the Large Use class be held at its current level. In VECC's view, Energy+ has appropriately implemented both changes.

During the process of updating distribution rates as a result of the Decision, Energy+ noted that the monthly fixed charge for the GS 1000 to 4999 kW class was also above the ceiling value and therefore proposes to hold the rate at the existing fixed value of $864.41 to be consistent with the treatment of the Large Use class. VECC has no concerns with Energy+'s proposal for the GS 1000-4999 class.

RTSRs and LV Charges (DRO Section C.4)

Given Energy+'s explanation regarding the basis for the Large Use class billing determinant for Connection VECC has been able to reconcile all of the RTSR billing determinants set out in Table 9 with the revised load forecast except for those associated with the GS 50-999 and GS 1,000-4,999 classes.

For the GS 50-999 class the 2019 billing determinant based on the load forecasts is 1,564,769 kW (after inclusion of the market participants in the class – per the Cost Allocation model-Tab I6.1 and Table 10 of the DRO). However, the RTSR billing determinants are 1,564,327 kW and 1,570,736 kW for Network and Connection respectively (per Table 9). It is not clear to VECC why the billing determinant for Network differs from the load forecast. Also, VECC understands that the billing determinants for Network and Connection may differ due to application of gross load billing in the latter case. However, Energy+ has provided no explanation for the difference nor demonstrated its relationship to the PSUP project implemented by one of the class' customers.

In the case of the GS 1,000-4,999 class, the billing determinants for Network and Connection service are the same (552,811 kW) and the value differs from that in the load forecast for the class of 552,369 kW (after the inclusion of market participants – per the Cost Allocation model-Tab I6.1 and Table 10 of the DRO). Again, VECC would have expected the Network billing determinant to equal the load forecast. Also, for this class VECC would have expected there to be a difference between the billing determinants for Network and Connection in order to account for the fact the latter is billed on a gross load basis and the class' customers are implementing a PSUP project.

VECC notes that any revisions made to the billing determinants for Connections as a result of the preceding comments will impact the allocation of LV costs and the subsequent derivation of LV rates.

Energy+ Revenue Requirement (DRO – Revenue Requirement Work Form)

VECC notes that the Service Revenue Requirement and, more specifically, the Cost of Power used in the calculation of the Working Capital Base is the same in both the Settlement Proposal and the DRO. However, the load forecast in the DRO differs from that in the Settlement Proposal and the forecast purchased power for 2019 has decreased from 1,640,828,035 kWh to 1,623,893,807 kWh (see the Summary Tab of the respective Load Forecast Models). As result, VECC would have expected there to be a decrease in Rate Base and a related decrease in the Service Revenue Requirement.

Foregone Revenue Rate Rider (DRO, page 34)

The foregone revenue rater rider is meant to recover the revenues foregone due the rates not being implemented until August 1, 2019. Energy+ proposes to recover the Forgone Distribution Revenue over a five-month period (i.e., in the same calendar year in which the revenue was forgone). However Energy+ has not included the foregone revenue rate rider as part of the computation of the monthly bill impacts set out in the DRO (DRO, page 35). VECC disagrees with this approach to determining the bill impacts. The foregone revenue rate rider is one of the elements that will appear on customers' bills as of August 1, 2019 and should be included in the bill impact calculations.

In this regard, VECC notes the submissions by Board Staff that the inclusion of the foregone revenue rate rider will result in a total bill impact for the typical Residential customer of 10.4% and a total bill impact of 21.3% for low use customers. VECC supports Board Staff request that Energy+ explore mitigation options that would reduce the total bill impact for Residential customers. To this end, another option that Energy+ should consider in order to address the impact on low use Residential customers would be to extend the Residential class' transition to a fully fixed service charge by an additional year.

Please contact me if there are any questions.

Yours truly,

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Email copy:
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Intervenors of Record