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July 31, 2019

VIA E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Toronto, ON
M4P 1E4

Dear Ms. Walli:

**Re: EB-2018-0028 – Energy + Inc. 2019 Distribution Rates
Submission regarding objection to cost claim**

VECC has reviewed the submission of Energy+ Inc. with respect to our cost claim in the above noted proceeding. As has been noted by Energy +, notwithstanding the use of two separate consultants VECC's costs in respect to attendance at Board proceedings are similar to other parties. As we have noted to the Board on other occasions VECC works hard to adhere to the Board's principle that parties should avoid needless duplication of resources at the various parts of the proceeding and, to this end, carefully ensures that cost recovery is sought for only one consultant even when two are in attendance.

VECC understands the Applicant's concern as to our costs in this proceeding. It has been a highly unusual event even from our perspective. In this Application an inordinate amount of time and effort was expended on the issues of standby rates and other aspects of large user rates that might impact residential consumers. This is unusual. One party has not submitted costs in this case and because they are not eligible to do so, but this issue impacted them directly. In our view had they provided their costs those would have been similar or likely in excess of VECC's in regard to those issues.

The fact of the matter is that VECC has retained in this case one of Canada's acknowledged experts in the issue of rate design and cost allocation, Mr. Bill Harper. Mr. Harper has worked for consumer interests in similar proceedings in Quebec, Manitoba and British Columbia. His expertise, we submit, was drawn upon and relied upon by the other parties- the School Energy Coalition (SEC) and the Consumers Council of Canada. It is not an overstatement, we think, to say that Board staff benefited from our participation on these issues.

We are somewhat sympathetic to the Applicant because some of these costs were related to the generic issues regarding cost allocation, standby rates and net and gross billing issues. These are issues affecting all electricity distribution utilities (LDCs). The particular circumstances in this case brought the full impact of the lack of policy guidelines on that issue to bear upon this mid-sized Utility. A fairer solution would be for those costs to be shared more equitably among Ontario LDCs.

The resolution of the unfairness of the costs of addressing a generic issue in a single Utility's cost of service proceeding is not found in denying or reducing the costs of parties working toward resolution of those issues. As the Applicant has acknowledged, the cost allocation and rate design issues involved were complex and VECC's consultant played a lead role in addressing them. For this reason we believe our costs are reasonable, that we had a reasonable expectation of recovery of those costs as they were being incurred and that VECC should not be penalized because the process for resolving the generic issues raised in this proceeding was less than perfect.

These are our respectful submissions.

Yours truly,



John Lawford
Counsel for VECC

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