



BY EMAIL

April 9, 2021

To: Parties in EB-2020-0061

The Ontario Energy Board (OEB) is deferring its decision on the settlement proposal pending further consideration by the parties on the bill impact for the streetlighting class. Despite the assurance in the settlement proposal that Wellington North Power Inc. (Wellington North) has discussed the bill increase for streetlighting with its shareholders (the municipalities) and they understand and accept the outcome, the OEB is concerned by the magnitude of the bill increase.

On reviewing the contributing factors to the bill increase, the OEB notes that a large portion of the balances in the Retail Commodity Variance Accounts (RCVAs) are allocated to the streetlighting class. The Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative¹ identified number of customers as the allocator for the RCVAs but did not provide direction with respect to classes that have one (or few) customer(s) and many connections. The use of number of connections, as currently proposed, as an allocator is often not an issue because the balances in the RCVAs are small. In this case, the balances in the RCVAs are high relative to the size of Wellington North. Given the nature of the RCVAs is to record costs of managing transactions in the retail market, the OEB questions the appropriateness of the streetlighting class being allocated a high amount of the balances.

The OEB is asking the parties to consider whether the use of number of customers, instead of number of connections, as the allocator for the RCVA would be appropriate. In this case, there are three customers in the streetlighting class, the municipalities. Following this consideration, the parties can report back to the OEB on whether any change will be made to the settlement proposal before the OEB makes its final decision.

¹ Dated July 31, 2009, EB-2008-0046

The OEB also notes that if the allocator for the RCVA is changed to the number of customers for the streetlighting class, the appropriateness of this same approach for the sentinel light and USL classes should be considered.

The parties should report back to the OEB by no later than April 19, 2021.

Yours truly,

Original Signed By

Christine E. Long
Registrar