Aiken & Associates
578 McNaughton Ave. West
Chatham, Ontario, N7L 4J6
Phone: (519) 351-8624
E-mail: randy.aiken@sympatico.ca

January 31, 2024

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Marconi,

RE: EB-2022-0325 – Generic Hearing on Uniform Transmission Rates – Phase 2 - Submissions of the London Property Management Association on OEB Staff Recommendations Regarding Issues 1, 2 and 3

On behalf of the London Property Management Association ("LPMA") I have reviewed the background information and recommendations of the Ontario Energy Board Staff ("Staff") provided in Appendix B to Procedural Order No. 1 in this proceeding dated December 8, 2023 related to issues 1, 2 and 3. LPMA's submissions on these recommendations are found below. LPMA believes the background information provided by Staff is comprehensive and does not require repeating in the submissions that follow.

Issue 1. Timing of UTR decisions

LPMA agrees with Staff that the OEB should continue with its current practices for addressing Uniform Transmission Rates ("UTR") timing-related issues. This includes the OEB issuing forecast UTRs to be used in the distributors' annual rate updates on a timelier basis.

The difference between the forecast (interim) UTR decisions effective January 1 and the final UTR rates are recorded in deferral/variance accounts that address the potential timing issues associated with implementation. LPMA believes that this approach should decrease amounts that accumulate in the distributor's transmission accounts.

LPMA submits that in addition to the above approach, the OEB should continue to monitor the balances in the distributor's transmission accounts. With short term interest rates, and interest rates applied to deferral and variance accounts being significantly higher in the current economic environment compared to those of just a few years ago, there is a potential for significant interest related costs that could accrue to ratepayers and/or distributors, depending on the balances in these accounts. By monitoring the balances in the transmission related accounts, the OEB could ensure that the balances are cleared prospectively in a timely basis (potentially more than once a year) to ensure that both ratepayers and distributors are not burdened with unnecessary interest costs.

Issue 2. Number of decimal places for UTRs

LPMA agrees with the Staff recommendation that since the impact of a $0.01/kW/Month change in the UTRs in any pool does not meet any transmitter's materiality threshold, there is no need to expand the number of decimal places for the UTRs at this time. LPMA submits that the OEB should review the need for more decimal places if there are any future UTR-related issues or increases in charge determinants that may impact potential impacts as compared to materiality thresholds.

LPMA also submits that the OEB should quantify any added administrative burden and potential implementation costs of moving to four decimal places. This information would be useful for parties in addressing any future review of the number of decimal places for UTRs.

Issue 3. Prorating transmission charges for new connections to account for when the connection took place in the month.

LPMA supports the principle that costs should follow benefits, and supports the Staff recommendation for the proration of line connection and transformation connection charges for new connections.

LPMA submits that the implementation of the proration should begin as soon as possible and that the OEB should set an effective date, in consultation with the IESO.

Staff suggest that the proration of line connection and transformation connection charges for newly connected transmission customers in their first month of connection may have revenue impacts for transmitters and that the OEB should work with transmitters to determine if anything should be done to address the revenue impacts that the prorations might have on transmitters. LPMA submits that if the OEB accepts this recommendation, it should include indicate that the revenue impacts on a transmitter would need to exceed its materiality threshold to be considered for some form of relief.

LPMA notes that in the Staff recommendation, an example is provided of a customer connecting on the 20th day of a month that has 30 days, and that the proration would equal 10/30 based on 10 days of service. This assumes that no service is received on the day of connection. In this example, if the connection day (20th of the month) is considered a day of service, the proration factor would be 11/30. LPMA does not take a position on which approach is more appropriate, but submits that the OEB should clearly state whether or not the day of connection is considered a day of service in the calculation of the proration factor to avoid potential confusion and inconsistencies.

Other Potential Issues

Procedural Order No. 1 stated that the OEB would consider any submissions received and would determine if any further steps regarding Issues 1, 2 or 3 should be undertaken.

While Issue 3 is focused on the proration of line connection and transformation connection charges for new connections to account for when the connection took place in the month, LPMA submits that there is potential for a parallel issue of the proration of these transmission charges in circumstances when a customer disconnects from the transmission system at a time other than the end of the month. LPMA believes that the same principle that costs should follow benefits and that a customer that disconnects during the month should not be required to pay for services for which it is no longer receiving.

Also, with respect to Issue 3, LPMA notes that the Staff recommendations are silent on the issue of the network charges for customers that connect to (or disconnect from) the transmission system during and whether or not those charges should be prorated to reflect when the new connection was made. While the network charge determinant is somewhat more complex than either the line connection or transformation connection determinants, it is not clear why the principle of costs follow benefits should not be followed for the network charges.

Finally, LPMA believes that the OEB should also consider the proration issue for distribution service customers. It is LPMA's understanding that for these customers who connect or disconnect at some time other than the start or end of a billing period, there is no proration of the monthly service charges and/or demand-based charges. Again, LPMA submits that the costs follow benefits should also apply to distribution connected customers. Further, LPMA notes that in the natural gas rate schedules, there is a requirement for this proration. Specifically, the M1 rate schedule for Enbridge Gas Inc. (which includes residential and small commercial customers) includes a note that states *"During any month in which a customer terminates service or begins service, the fixed charge for the month will be prorated to such"*.

Yours very truly,

Randy Aiken

Digitally signed by Randy Aiken
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Randy Aiken
Aiken & Associates