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November 20, 2014

BY FAX & BY COURIER

Ms. Kirsten Walli
 Board Secretary
 Ontario Energy Board
 2300 Yonge St, Suite 2701
 Toronto ON M4P 1E4

RP 12/1/14

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 DEC 01 2014
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 ONTARIO ENERGY BOARD

Dear Ms. Walli:

Board File No. EB-2014-0086
Innisfil Hydro Distribution Electricity Limited --- 2015 Rates
Energy Probe – Argument

Pursuant to Procedural Order No. 3, issued October 31, 2014, please find attached the Argument of Energy Probe Research Foundation (Energy Probe) in the EB-2014-0086 proceeding for the consideration of the Board.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

- cc. Brenda Pinke, Innisfil Hydro (By email)
- Laurie Ann Cooledge, Innisfil Hydro (By email)
- Randy Aiken, Aiken & Associates (By email)
- Interested Parties (By email)

EB-2014-0086

OEB BOARD SECRETARY	
File No:	Sub File: <i>16</i>
Panel:	<i>AD, MH</i>
Licensing:	<i>Birgit</i>
Other:	
	<i>NG</i>

Ontario Energy Board

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Innisfil Hydro
Distribution Systems Limited for an order approving just and
reasonable rates and other charges for electricity distribution to
be effective January 1, 2015.

**ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

ARGUMENT

November 20, 2014

**INNISFIL HYDRO DISTRIBUTION SYSTEMS LIMITED
2015 RATES APPLICATION**

EB-2014-0086

ARGUMENT OF ENERGY PROBE RESEARCH FOUNDATION

A- INTRODUCTION

Innisfil Hydro Distribution Systems Limited ("Innisfil Hydro") filed an application with the Ontario Energy Board ("Board") on August 13, 2014 seeking approval for changes to the rates that Innisfil Hydro charges for electricity distribution, to be effective January 1, 2015.

Included in the application was a request for cost recovery of new headquarters through an Incremental Capital Module ("ICM") as well as a request for a new deferral account to track lost revenues due to the change in streetlight technology by the Town of Innisfil.

An agreement was reached by the Parties to this proceeding on Innisfil Hydro's request to cover the costs of its new headquarters and the Settlement Agreement was filed on November 12, 2014.

Innisfil Hydro filed its' Argument-in-Chief related to the request for the new deferral account on November 13, 2014 in which to record any lost revenues from the Street Light rate class resulting from a LED conversion prescriptive program initiated by the Town of Innisfil. This account would be in place until Innisfil Hydro's next rebasing application which is scheduled for 2017 rates (Argument-in-Chief, para. 12).

This is the Argument of the Energy Probe Research Foundation ("Energy Probe") related to the request for the new deferral account related to the LED conversion prescriptive program initiated by the Town of Innisfil and the subsequent reduction in revenues in 2015 and 2016.

B - SUBMISSIONS

Energy Probe submits that the request of Innisfil Hydro appears to be based on the conclusion that there is no Lost Revenue Adjustment Mechanism Variance Account ("LRAMVA") available in 2015 and beyond to track the difference between forecasted and actual volume reductions due to CDM programs delivered within the 2011 through 2014 period.

Energy Probe notes that the Guidelines for Electricity Distributor Conservation and Demand Management EB-2012-0003, issued on April 26, 2012 specifically state that the *"The CDM Code applies to the 4-year period that started on January 1, 2011 and finishes on December 31, 2014. The CDM Guidelines are applicable to this same timeframe."* (page 1)

As a result, it appears to Energy Probe that there is no LRAMVA currently available for Innisfil Hydro, or any other electricity distributor, for CDM programs delivered in 2011 through 2014, beyond December 31, 2014.

Energy Probe submits that the Board should reject the request of Innisfil Hydro for a new deferral account for the loss in street light revenues resulting from the LED conversion prescriptive program undertaken by the Town of Innisfil for a number of reasons.

First, Energy Probe submits that the Board is likely to continue the LRAM and LRAMVA mechanisms in 2015 and beyond to account for the impact of CDM programs delivered in the 2011 through 2014 period. This is especially important for distributors, like Innisfil Hydro, that will not rebase for several years. If the Board does so, Innisfil will not require the requested account, as it would be duplicative of the LRAMVA.

Second, if the Board does not continue the LRAM and LRAMVA for 2015 and subsequent years based on the impact of the CDM programs delivered in 2011 through 2014, as discussed in the previous paragraph, then Energy Probe submits that it would not be appropriate for the Board to approve this account for Innisfil Hydro because no other distributor would have a similar account.

Third, if the Board were to determine that the requested account should be approved for Innisfil Hydro, then Energy Probe submits that the Board should approve similar accounts for each of Innisfil Hydro's rate classes. There is no justification for the establishment of the Street Light class account and not the establishment of accounts for each of the other rate classes, especially when the distributor notes that it will not meet its CDM target (Argument-in-Chief, para. 11).

In summary, Energy Probe submits that updated CDM guidelines are likely to be issued in the near future and will identify the treatment in 2015 and beyond of CDM program impacts initiated in 2011 through 2014. Even if the Board does not address this issue, Energy Probe submits that Innisfil Hydro should not have any special treatment with respect to lost revenue in 2015 and future years until its next rebasing from that of any other electricity distributor. Further, if the Board does grant the relief requested, then the relief should extend to all revenue variances for all rate classes in 2015 and future years.

C - COSTS

Energy Probe requests that it be awarded 100% of its reasonably incurred costs. Energy Probe focused on the incremental capital module and the request for the new deferral account.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

November 20, 2014

**Randy Aiken
Consultant to Energy Probe**