



December 20, 2004

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Corporate Services Department

Peter H. O'Dell  
Assistant Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street  
26<sup>th</sup> Floor  
Toronto, ON  
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Dear Mr. O'Dell:

Re: 2006 Electricity Distribution Rate Guidelines, Board File No. RP-2004-0188

Further to our letters dated February 11, 2003, and your request for stakeholder input as outlined by the Information Notice dated Oct 15, 2004, the comments and suggestions of The Regional Municipality of York (York Region) with respect to this OEB Key Initiative are outlined below.

York Region continues to experience significant discrepancies in the application of customer service and distribution charges to street and traffic lights (unmetered scattered loads) by Local Distribution Companies (LDCs). The purpose of this letter is to bring your attention to this issue and present our recommended solution.

Currently there are four LDCs serving York Region: Aurora Hydro; Hydro One; Newmarket Hydro; and PowerStream. PowerStream is the product of recent amalgamation and now serves the City of Vaughan, the Town of Richmond Hill and the Town of Markham. Street and traffic lights are billed differently in each of these municipalities. For clarity purposes, we refer to PowerStream Vaughan, PowerStream Richmond Hill and PowerStream Markham in order to account for these differences.

Many of the street and traffic lights maintained by York Region are unmetered. Billing for unmetered load is based on location. A location may refer to a traffic light(s) and nearby street lights (consolidated), or simply a single traffic light or group of street lights. Furthermore, there are consolidated bills (contain many locations) and bills for each location. The enclosed table summarizes the cost and application of customer service and distribution charges and presents the wide range of billing methodologies applied to York Region accounts.

Aurora Hydro, Newmarket Hydro, PowerStream Vaughan (traffic light locations only) and PowerStream Richmond Hill apply a customer service charge (general service <50kW) to each unmetered street and/or traffic light location (257 locations in total). Additionally, PowerStream Markham and PowerStream Vaughan apply a customer service charge per street light luminaire (2069 luminaries in total). In comparison PowerStream Markham applies **one** customer service charge for all unmetered traffic light locations. Rather than applying customer service charges for unmetered sites, Hydro One has elevated distribution charges between 2 to 5 times that of other LDCs serving York Region.

We question the applicability of these customer service and distribution charges on two fronts:

- (1) The origin and validity of these rates from a cost allocation/ recovery perspective. A customer service charge is a fixed charge to cover costs such as meter reading, billing and account maintenance. However, unmetered street lighting and traffic signal accounts are billed based on estimated consumption. Regional employees calculate the consumption values based on an agreed upon methodology. Furthermore, Regional employees also perform an 'account maintenance' role, by keeping an inventory including, but not limited to the following: all traffic signal and street lighting accounts; locations; billing structure; luminaire type; number of luminaires; size; wattage controller; number of connections; and heater and fan details. With each new installation or retrofit, they update the database and send written correspondence to appropriate LDC informing them of the change.
- (2) The customer service charge is not affected by the amount of energy used. However, given the number of unmetered accounts the Region has as well as the nature of street and traffic lighting consumption, investigation into the validity of the service charge is warranted. For example, on average the customer service charge comprises 28% of the total electricity bill. This high proportion is ascribed to the relatively small average electricity usage, which in many cases is dwarfed by a flat customer charge. This disproportion will increase significantly over coming years as a LED replacement project for traffic signals is completed, thereby cutting the electricity consumption even further. Simply put, in some cases the customer service charge is equal to or greater than the actual electricity consumption. This is also the case for Hydro One distribution rates, which are significantly higher than those of other LDCs, and make up roughly 32% of the bill.

We feel unmetered scattered loads would be more appropriately billed by applying a customer service charge (general service <50kW) to a consolidated sum of street lighting and traffic signal 'sub-accounts' (i.e. one customer service charge applied for all accounts, rather than each account individually). The individual traffic signal and street lighting locations are then referred to by sub-account number (e.g. 'code number') for accounting purposes and appended accordingly. We also feel that the general service <50kW distribution rate should be applied in place of any elevated distribution rates.

Currently PowerStream Markham follows the recommended practice outlined above and in our opinion this should be the model treatment for all unmetered scattered loads. If all LDCs billed unmetered scattered loads in this manner, York Region would save approximately \$114,000 per year.

Exercising due diligence on behalf of the taxpayer, we consider it critical that the issue of inappropriate application of customer service and distribution charges to street lighting and traffic signal accounts is resolved. I appreciate your understanding and assistance in this matter.

Sincerely,



Barry Crowe  
Director, Property Services

MJ/TF

Customer Service and Distribution Charges for Unmetered Scattered Loads

<b>LDC</b>	<b>Customer Charge</b>	<b>Distribution Charge</b>	<b># of Unmetered Locations</b>
Aurora Hydro	\$32.21 per location	\$0.0071/kWh	49
Hydro One	No Customer Service Charge	\$0.034/kWh	196
PowerStream Vaughan-Traffic Lights	\$34.04 per location	\$0.0123/kWh	164
PowerStream Vaughan-Street Lights	\$1.14 per luminaire	\$3.6502/kW	1432 luminaires
PowerStream Markham-Traffic Lights	\$36.00 for all locations	\$0.0084/kWh	148
PowerStream Markham-Street Lights	\$0.53 per luminaire	\$1.4313/kW	637 luminaires
PowerStream Richmond Hill	\$40.60 per location	\$0.011/kWh	40
Newmarket Hydro	\$21.98 per location	\$0.0158/kWh	4