

January 17, 2013

Vince Cooney, Policy Advisor  
Rates, Conservation & Policy Evaluation  
Regulatory Policy | Ontario Energy Board  
2300 Yonge Street  
Toronto, ON  
M4P 1E4

Your File No. EB-2012-0383

**Subject: Review of Cost Allocation Policy for Unmetered Loads**

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Dear Mr. Cooney:

The City of Brampton is one of the participants in the Ontario Energy Board's (OEB) review of Cost Allocation (CA) Model for Unmetered Load (UL) working group (ULWG). As a member of this working group, the City of Brampton has chosen to collaborate with the City of Hamilton to offer the OEB advice and feedback.

There are a number of concerns that the City of Brampton would like to bring to the attention of the Board regarding unmetered load (e.g. street lighting accounts). Street lighting is the largest electrical account in the City of Brampton's portfolio. The utility cost for street lighting has increased dramatically from 2010 to 2012. The following table illustrates how these increases have impacted the City's operating budget.

Charge Description	2010	2012	Variance	% Variance
Distribution Charge	181,671	774,319	592,648	326%
Debt Retirement Charge	191,381	209,345	17,964	9%
Non-Competitive Electricity Charge	184,068	197,219	13,151	7%
Conservation Assessment Recovery	7,322	0	(7,322)	-100%
Energy Charge	985,848	604,836	(381,012)	-39%
Service Charge	0	400,317	400,317	
Transmission Charges	252,753	335,638	82,885	33%
Global Adjustment	809,812	1,534,421	724,609	89%
Rate Riders	(12,199)	(51,835)	(39,636)	325%
<b>Totals:</b>	<b>2,600,656</b>	<b>4,004,260</b>	<b>1,403,604</b>	<b>54%</b>

These increases have proven to be a hardship to the City and its ability to manage in a predictable way operating budgets while moving progressively forward to mitigate the impacts of the streetlights on the environment. In our opinion, there is no financial benefit for the city to consider a transition to energy savings technologies or any other mitigating solution(s) as the cost for street light operations will not be guaranteed to decrease under the current costing model.

In the past, street lighting rate-class adjustments were applied and approved by the OEB without any consultation with municipalities, including Brampton. When one considers the predictability of operating street lights and the off peak consumption profiles, the past strategies of increasing unmetered rates has eliminated any opportunity for Brampton to fiscally manage and prepare municipal energy budgets.

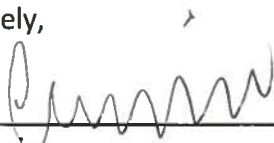
The City of Brampton seeks clarification on the following issues which are listed on the January 18<sup>th</sup> meeting # 2 Agenda and minute summary from the previous meeting held on December 10<sup>th</sup> 2012:

- Street lighting should have the lowest average cost of all electricity classes since they have the preferred load characteristics of predictability, consistency, and primarily off-peak consumption. Clarification is needed as to why the off-peak cost is higher than on-peak cost.
- The City of Brampton needs clarification as to why the commodity cost has decreased (1.5cents/KWh – 2012) but the service and distribution charges etc. have offset this decrease, thus keeping the street lighting overall costs high with no related increase in hydro services.
- Provide clarification as to how the methodologies are being utilized to estimate the operating hours (load shape) and demand consumption. There is no consistency among Local Distribution Companies (LCD) and the municipalities that they serve. Each Region or municipality should have their own accurate load shape normalized, based on the sunrise to sunset cycle. Hydro One Brampton currently monitors the street light on/off times within the City of Brampton via photocells installed in the East and West areas of the city through their SCADA system. This data could be utilized to create a very accurate loading profile.

- Provide clarification on the daisy chain (Service Charge fees in the previous table) approach for street lighting supply. The current setup of the (LDC) does not allow the City of Brampton to properly adopt daisy chaining methodologies. By adopting this approach, the number of connections will be reduced to reflect the true number of connections in the field and to be billed appropriately. As an example, Kitchener-Wilmot Hydro and Kingston Utilities implemented the changes in a way to minimize the number of connections used, which served to mitigate most of the impacts of the *revenue-to-cost* ratio impacts. Contrasting the Kitchener-Wilmot Hydro approaches (the utility revised their numbers after the initial Cost Allocation Study overstated the number of street light connections) reveals the daisy chain approach results in 1,585 connections versus 22,777 by counting the number of streetlights. Kitchener-Wilmot Hydro found that 99% of the municipal streetlights were group controlled, which resulted in a much lower charge to the municipal customer (*ref: A letter from AMO to OEB. Dated: Dec-1, 2010*). The City of Brampton seeks consistency like Kitchener-Wilmot for implementation of daisy chain connections.
- Reducing the City's carbon footprint is one of the desires in support of the Region of Peel Climate Change Initiatives. Brampton seeks clarification on how this can be achieved by reducing demand and consumption by adopting energy savings technology such as LED and adaptive controls (e.g. diming technology or light reduction during non-rush hours) and achieving annual energy savings through this implementation.

The City of Brampton, in collaboration with the city of Hamilton looks forward to your review and response to these very important questions, concerns and observations.

Yours sincerely,



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Kashif Jahangir,  
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Building and Property Management,  
**City of Brampton**

