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BY E-MAIL AND WEB POSTING

August 21, 2014

**To: All Licensed Electricity Distributors,
All Other Interested Parties**

**RE: Review of Cost Allocation Policy for Unmetered Loads:
Cost Allocation to Different Types of Street lighting Configurations
Board File No: EB-2012-0383**

On December 19, 2013, the Board issued its [Report of the Board: Review of the Board's Cost Allocation Policy for Unmetered Loads](#) (the "December Report").

Unmetered loads include street lighting, sentinel lighting and unmetered scattered load classes. In the December Report, the Board stated the following with respect to the different types of street lighting configurations:

The Board remains concerned with the allocation of costs to daisy-chain configured systems. The disparity in the cost allocation result between a street lighting customer configuration with multiple devices per connection and a street lighting customer with a device to connection ratio close to 1:1 appears to be disproportionate when compared to actual costs to serve the street lighting rate class. The Board believes that further investigation is necessary before making a determination.
(p.6)

In its letter posted with the December Report, the Board indicated that it would also initiate a separate single-issue consultation process on the allocation of costs to daisy-chain configured street lighting systems.

The Board has engaged Navigant Consulting Limited (“Navigant”) to undertake a study with the following key objectives:

- examine the utility and municipality assets and the portion of utility assets required to serve the various street lighting system configurations and associated costs;
- examine the existing methods of cost allocation and assess their appropriateness for application to the various street lighting system configurations;
- examine and classify the determinants relevant to the allocation of costs to common connection street lighting systems and one-device-per-connection systems; and
- update the Cost Allocation Model, as required, with respect to the cost allocation to various street lighting system configurations.

As part of their research, Navigant will solicit input from a number of distributors, municipalities, members of the Unmetered Loads Working Group, and other industry associations in addressing the objectives of the study.

Any questions regarding this consultation process should be directed to Vince Cooney at vincent.cooney@ontarioenergyboard.ca or at 416-440-8143. The Board’s toll-free number is 1-888-632-6273.

Yours truly,

Original Signed By

Lynne Anderson
Vice President, Applications