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VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: Vulnerable Energy Consumers Coalition (VECC)
Letter of Comment: EB-2009-0212
Atikokan Hydro Inc. – 2010 Electricity Distribution Rate Application

As counsel for the Vulnerable Energy Consumers Coalition (VECC), I am writing to provide comments on Atikokan Hydro's 2010 Electricity Distribution Rate Application. VECC's review of the Application and its comments are limited to Atikokan Hydro's implementation of the Board's EB-2008-0014 Decision regarding cost allocation and the appropriate revenue to cost ratios.

In its Application Atikokan Hydro proposes to maintain the current revenue to cost ratio of 62.5% for the USL class and to only increase the ratio for the GS>50 class to 70%. In both cases the proposal for 2010 is inconsistent with the Board's Decision (EB-2008-0014, pages 17-18) which called for the ratios for both classes to be moved to the lower end of Board's target range by 2010. The resulting ratio would be 80% in 2010 for both classes. What Atikokan Hydro is effectively requesting is that the Board "vary" its original Decision. VECC submits that it would be inappropriate for the Board to do so in the context of the current proceeding. Atikokan Hydro has provided some rationale for the proposed departure. However, there has been no formal Notice provided nor process established for parties to test whether it is reasonable to vary the Board's previous Decision.

In addition, Atikokan is proposing to use the increased revenues from the proposed shifts in the ratios for USL and GS>50 to reduce the revenue to cost ratios for both the Residential and GS<50 classes to 105% and 100% respectively. As of 2009, the ratios for both classes were roughly equivalent: 107.6% and 108.3% respectively and Atikokan has used the increased revenue to primarily reduce the ratio for the GS<50 class. Again, this is inconsistent with the Board's EB-2008-0014 Decision which directed (page 18) that the increased revenue be used primarily to reduce the revenue requirement for the Residential class. In VECC's view, the application of the additional revenues should result in a revenue to cost ratio for the Residential class that is no higher than that for the GS<50 class.

Thank you for the opportunity to comment.

Yours truly,

Michael Buonaguro
Counsel for VECC

cc: Atikokan Hydro Inc.