



ONTARIO ENERGY BOARD

STAFF SUBMISSION

2009 ELECTRICITY DISTRIBUTION RATES

EnWin Utilities Ltd. (“EnWin”)

EB-2008-0227

March 6, 2009

Introduction

ENWIN Utilities Ltd. ("EnWin") is owned by the Corporation of the City of Windsor and serves the customers in that municipality. ENWIN serves approximately 76,400 Residential customers, 7,100 smaller General Service customers, 1,200 larger General Service customers and 3 Intermediate Customers. ENWIN also has 10 customers in special Large Use rate classes. ENWIN filed its 2009 Distribution Rates rebasing Application on September 18, 2008.

After a round of Interrogatories from Board staff and intervenors, parties convened for a settlement conference on February 2, 2009. On February 13, 2009 Enwin filed a Settlement Proposal with the Board which was approved by the Board in the Settlement Proposal hearing, held on February 19, 2009.

The Settlement Proposal did not include settlement on one issue:

7.2 Are the proposed revenue to cost ratios appropriate?

In Procedural Order No. 3, the Board provided for written submissions on this issue. ENWIN submitted its Argument-in-Chief on February 27, 2009.

These submissions reflect observations and concerns which arise from Board staff's review of the pre-filed evidence and interrogatory responses ("IRs") made by EnWin on this issue, and its Argument-in-Chief, and are intended to assist the Board in evaluating EnWin's proposal.

Cost Allocation and Rate Design

Revenue to Cost Ratios

Background

At Exhibit 8-1-1, EnWin filed its Cost Allocation Informational Filing (January 15, 2007), which gives an indication of the revenue to cost ("R/C") ratios with the existing rate structure. EnWin also provided updated revenue to cost ratios in Attachment A to Exhibit 8-1-1.

As part of the settlement of issue 7.1, "Is Enwin's Cost Allocation Appropriate?" Enwin agreed to adjust the cost allocation methodology regarding the treatment of the Transformer Ownership Allowance.

In its Argument-in-Chief, Enwin outlines the final Revenue to Cost ratios proposed.

Board staff is in support of the Enwin proposal and the final Revenue to Cost ratios that result. Board staff notes that Enwin fully summarizes the principles it followed in these proposals in Table 2 of the Argument. EnWin also references each of the principles with a Board Report or a Board Decision.

Board Staff has only two comments on two apparent inconsistencies in the Argument:

- In Table 6, the total bill impacts appear not to be consistent with those in the Appendix F of the Settlement Proposal. The Streetlighting results are reasonably consistent. But for the Intermediate class Appendix F shows 3.2% impact whereas Table 6 and the discussion in argument say 5.2%. USL the same: 26.8% versus 40.2%
- The adjustment to the new rates and R/C ratio for the Intermediate class appears to be unintuitive. For instance, in the Application, an increase in distribution rates of 311% took the R/C ratio from 40% to 62% in 2009. In the settlement documentation, an increase in distribution rates of 254% takes the R/C ratio from -4% all the way to 80%.

Board staff invites EnWin to comment on these apparent inconsistencies in their reply argument and to clarify which portion of the evidence is to be relied on.

- All of which is respectfully submitted -