

IN THE MATTER OF the *Ontario Energy Board Act, 1998, S.O. 1998, c.O.15, Sch. B;*

**AND IN THE MATTER OF an Application by
EnWin Utilities Ltd. for an Order or Order setting
just and reasonable rates commencing May 1, 2009.**

FINAL ARGUMENT ON ISSUE 7.2

FROM THE

SCHOOL ENERGY COALITION

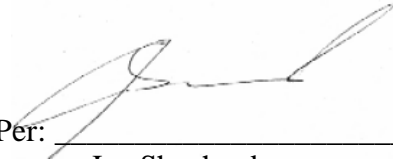
1. Pursuant to Procedural Order #3 in this proceeding, the Applicant has on February 27, 2009 filed their Argument in Chief with respect to Issue 7.2, the only issue not settled pursuant to the approved Settlement Agreement. These are the submissions of the School Energy Coalition with respect to that issue.
2. In the evidence, as revised pursuant to the Settlement Agreement, it is clear that the two general service classes – GS<50 and GS>50 – are overcontributing for a total of about \$4 million a year, or about 9% of revenues (net of transformer allowances). That money is mainly represented by undercontributions from residential and streetlighting classes that total roughly \$4 million as well. The \$4 million amount represents a cross-subsidy from the general service classes to residential users and municipalities. As always, we are concerned that annual cross-subsidies of millions of dollars are allowed to continue indefinitely.
3. In the Argument in Chief, the Applicant has put forward a revised proposal for adjustments to revenue to cost ratios. The original Application did not make much of a dent in this \$4 million cross-subsidy. Under the new proposal, which expressly follows the Board's policies and rules for cost re-allocation, about ten percent (around \$400,000) of the cross-subsidy is reduced in each of 2009, 2010 and 2011. Essentially all of that adjustment comes from bringing the streetlighting and sentinel lighting classes into range. The cross-subsidy of residential consumers by general service ratepayers remains unaddressed.
4. We agree with the Applicant that their proposal complies with the Board's policies, and it appears to us that, within those policies, it is as far as the Applicant can go to address the problem. Thus, we support the Applicant's new approach and believe the Board should approve it.
5. That having been said, this situation points out the problems with the Board's approach to addressing cost re-allocation. In this case, the best a utility can do to bring more fairness to class

allocations is to leave one class, GS>50, paying 25-30% more than the evidence says they should pay, and even that is three years out. It is difficult to explain to a ratepayer such as a school board that the Board has carried out extensive research, has determined the costs associated with serving them, and then has decided that rates 80% higher than that are acceptable. A ratepayer who is overpaying by 25% or 30% is not satisfied with the explanation that it could be worse: it could be 80%.

6. We therefore continue to express our concern that the current Board approach to cost re-allocation does not have an endpoint in which customers can be confident their rates will approach the cost to serve. We support the proposal of the Applicant in this case, but with that serious caveat.

Respectfully submitted on behalf of the School Energy Coalition this 6th day of March, 2009

SHIBLEY RIGHTON LLP


Per: _____
Jay Shepherd