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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
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Dear Ms. Walli:

Re: Vulnerable Energy Consumers Coalition (VECC) Comments
Westario Power Inc. – 2009 Draft Rate Order
Board File: EB-2008-0250

As counsel for the Vulnerable Energy Consumers Coalition's (VECC) I am writing to provide comments regarding Westario Power Inc.'s Draft Rate Order circulated May 8th, 2009.

Transmission Costs

VECC's first comment is with respect to Westario's calculation of Transmission costs for purposes of determining the working capital allowance and the 2009 Retail Transmission Service Rates. In its calculation of 2009 Network and Connection charges (Exhibit B, Schedule 4), Westario has used the Uniform Transmission Rates effective January 1, 2009. However, as noted in the Board's Decision (page 30), Westario is an embedded distributor and the applicable transmission rates are the RTS rates of its host distributor – Hydro One Networks. As a result the rates used are not the ones applicable to Westario. In its EB-2008-0187 Application Hydro One Networks has proposed revised RTS rates for Sub-Transmission customers (Exhibit E/Tab 1/Schedule 2, page 3). It should be noted that these rates are materially less than the Uniform Transmission rate (e.g. \$2.24 vs. \$2.57 in the case of Network Charges), in part due to the diversity inherent in Hydro One Networks' customers' loads. It is VECC's submission that these are the RTS rates the Westario should use in its calculation of 2009 transmission costs for purpose of determining its working capital allowance.

VECC also notes that Westario has not provided any supporting materials indicating how it actually derived the RTS rates it is proposing for each customer class based on its forecast of 2009 transmission costs. In VECC's view, after Westario has revised its forecast Network and Connection transmission costs for 2009, it should provide a schedule setting out how the determination of the RTS rates for each customer class based on those costs.

Base Distribution Rates

Contrary to the Board's direction (page 36), Westario has not provided any supporting calculations showing the allocation of the base distribution revenue requirement to customer classes or the derivation of the base distribution rates as set out in Exhibit B/Tab 9/Attachment 1. As result, VECC is unable to readily determine whether or not Westario followed the Board's directions with respect to Cost Allocation and Rate Design.

Foregone Revenue Rate Rider

Westario has calculated the revenue shortfall associated with a June 1st as opposed to a May 1st implementation date and allocated this to customer classes based on each class' relative responsibility for 2009 based distribution revenues (Exhibit B/Schedule 8). In VECC's view there are two problems with Westario's approach. The first is that the distribution revenues by class used to calculate each class' responsibility include the LV rate rider. The second problem is that use of each class' 2009 revenue responsibility (net of LV costs) is only appropriate if the revenue to cost ratios are not changing. However, in Westario's case the ratios are changing for a number of the customer classes.

In VECC's view the more appropriate way to determine the responsibility of each class for the revenue shortfall is to determine the difference in annual revenues (net of LV and Smart Meter costs) for each customer class and then use 1/12th of this value to determine the rate rider for the class.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC

cc: Ms. Lisa Milne
Westario Power Inc.