



May 15, 2009

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: Objection to Claimed Costs (EB-2008-0227)

On April 9, 2009, the Board directed AMPCO, CCC, SEC, CME, and VECC to file cost claims to EWU within 26 days. The Board directed EWU to file any objections to those cost claims within 40 days. Enclosed are EWU's objections to the Intervenor's cost claims.

EWU filed a Cost of Service application for 2009 rates on September 18, 2008. The Board approved 6 Intervenor's: those listed above and Ford Motor Company. The Board has decided that the 5 Intervenor's listed above are eligible to make claims for costs.

EWU received costs claims on May 4, 2009 from CCC and VECC, on May 7, 2009 from AMPCO and on May 14, 2009 from SEC.

CME did not forward a cost claim to EWU. In the interest of the possibility that CME filed a cost claim with the Board, but did not forward a copy to EWU, EWU's notes its position is that no costs should be awarded to CME. CME did not attend the Issues Day, Settlement Conference or Settlement Hearing Day and CME did not file any interrogatories or written arguments in this proceeding.

The following cost claims were forwarded to EWU:

Intervenor	Cost Claim
AMPCO	\$34,557.98
CCC	\$45,703.35
SEC	\$26,784.20
VECC	\$26,377.35
TOTAL	\$133,422.88

EWU objects to the amounts of these cost claims. The cost claims equal \$1.58 per customer and 0.25% of the initially proposed revenue requirement. These amounts are unreasonably detrimental to Windsor ratepayers and contrary to the Board's directive that the Intervenor's be mindful of that impact.

Basis for Cost Awards

On November 14, 2008 the Board issued Procedural Order No. 1. In PO1, the Board stated:

“The Board recognizes the costs of an intervention can be relatively significant for any distributor. While the Board recognizes active participation in the review of an application, intervenors should be mindful of the potential impact of these costs upon ratepayers, which the Board will take into consideration when it determines its cost awards. The Board will also take into account the quality and relevance of the intervention. In addition, the Board will consider any duplication of effort by intervenors in this proceeding. As a guide, the Board has attached a table (Appendix A) that summarizes the approved cost awards for those distributors that made cost of service applications for their 2008 rates.”

It is noteworthy that PO1 was the point at which parties were granted Intervenor status. Accordingly, each Intervenor had due and proper notice from the very outset of its participation that there would be limits on cost awards and that regard should be had to the awards granted in the Cost of Service proceedings cited in PO1.

Cost Award Analysis

Appendix A to PO1 provided a compilation of cost award information. While that table provided averages of cost awards as percentages of the proposed revenue requirement (0.36%) and on a cost per customer basis (\$1.51), it is clear from Appendix A that the averages are not particularly helpful. The averages hide a truth that is evident from even a cursory glance at the information that drives the averages: the larger the LDC, generally the lower the percentages of the proposed revenue requirement and the lower the cost per customer. Using the averages would be unreasonable, as is demonstrated by applying the averages to 5 largest LDCs profiled:

Comparison of Cost Award Averages to Actual Cost Awards

	0.36% Avg.	\$1.51 Avg.	Actual Cost Award
Oshawa PUC	\$73,584	\$76,977	\$22,205
Barrie Hydro	\$126,031	\$103,488	\$11,968
Enersource Hydro	\$447,480	\$277,396	\$111,258
Hydro Ottawa	\$532,624	\$433,362	\$81,426
Toronto Hydro	\$1,794,240	\$1,026,595	\$250,344

Similarly, had the level of costs claimed in this proceeding been awarded in the 5 proceedings noted above, the costs would have been just as unreasonable as applying the averages, as demonstrated below:

Extrapolation of Cost Claims in EB-2008-0227 to Previous Applicants

	0.25% Avg.	\$1.58 Avg.	Actual Cost Award
Oshawa PUC	\$51,100	\$80,545	\$22,205
Barrie Hydro	\$87,521	\$108,285	\$11,968
Enersource Hydro	\$310,750	\$290,255	\$111,258
Hydro Ottawa	\$369,878	\$453,452	\$81,426
Toronto Hydro	\$1,246,000	\$1,074,185	\$250,344

In EWU's proceeding, there was one set of interrogatories, no technical conference, no oral hearing, and a settlement in which EWU made significant concessions in the interest of mitigating rate impact in its economically challenged service area. Despite these considerations, the costs claimed by the Intervenor are greater than the costs awarded in the Oshawa PUC, Barrie Hydro and Hydro Ottawa proceedings combined.

Recommendation

While the averages of the 13 LDCs in the PO1 Appendix A are not useful, the underlying data is very useful. That data allows for the creation of ranges and other averages that may be more instructive. As an attachment, EWU has provided a cost award analysis that focuses on the 2 LDCs from the list that are closest in size to EWU (Oshawa PUC and Barrie Hydro) and 2 LDCs from the list that, though significantly larger than EWU, were similarly involved settlement proceedings and little or no written argument (Enersource Hydro and Hydro Ottawa). By conducting the analysis in this way, EWU has given regard to the nature of the proceedings and participation therein, per the Board's directive in PO1.

Through this analysis, it appears reasonable for EWU and its ratepayers to absorb a total cost award sum of approximately \$35,327.

EWU perceives that the record of proceedings accurately reflects the quality, relevance and duplication of effort by the Intervenor and takes no position on the allocation of the \$35,327 sum amongst the Intervenor.

Yours very truly,

ENWIN Utilities Ltd.

[original signed]

Per: Andrew J. Sasso
 Director, Regulatory Affairs
 519-255-2735
regulatory@enwin.com

ATTACHMENT: COST AWARD ANALYSIS

	Intervenors	Proposed RR	Compared to EWU	Customers	Compared to EWU	Award	Aw/PRR	Aw/Cust	Extrapolation to EWU		
									Aw/PRR	Aw/Cust	Average
Oshawa PUC	3	\$ 20,440,000	38%	50,978	60%	\$ 22,205	0.11%	\$ 0.44	\$ 58,917	\$ 36,820	\$ 47,869
Barrie Hydro	2	\$ 35,008,572	65%	68,535	81%	\$ 11,968	0.03%	\$ 0.17	\$ 18,541	\$ 14,761	\$ 16,651
Enersource Hydro	5	\$ 124,300,000	229%	183,706	217%	\$ 111,258	0.09%	\$ 0.61	\$ 48,545	\$ 51,195	\$ 49,870
Hydro Ottawa	4	\$ 147,951,054	273%	286,995	340%	\$ 81,426	0.06%	\$ 0.28	\$ 29,849	\$ 23,983	\$ 26,916
EWU	4*	\$ 54,235,554		84,532							
Range - Low	2	\$ 20,440,000	38%	50,978	60%	\$ 11,968	0.03%	\$ 0.17	\$ 18,541	\$ 14,761	\$ 16,651
Range - High	5	\$ 147,951,054	273%	286,995	340%	\$ 111,258	0.11%	\$ 0.61	\$ 58,917	\$ 51,195	\$ 49,870
Average	4	\$ 81,924,907	151%	147,554	175%	\$ 56,714	0.07%	\$ 0.37	\$ 38,963	\$ 31,690	\$ 35,327

* EWU had 4 cost-eligible and active Intervenors (AMPCO, CCC, SEC, VECC)