



PUBLIC INTEREST ADVOCACY CENTRE
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June 19, 2009

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) Comments
Thunder Bay Hydro Electricity Distribution Inc. – 2009 Draft Rate Order
Board File: EB-2008-0245

As counsel for the Vulnerable Energy Consumers Coalition (VECC), I am writing to provide comments regarding Thunder Bay Hydro's Draft Rate Order.

Base Distribution Revenue Requirement

Apart from the issues raised by Energy Probe in its June 17, 2009 letter, VECC has no concerns with Thunder Bay Hydro's determination of the Base Distribution Revenue Requirement.

Foregone Revenue Rate Rider

VECC notes that the proposed rate rider will be in effect for only two months (i.e., July 1st to August 31st). In general, it would be more appropriate if the foregone revenue was recovered over the remaining 10 months of the Rate Year. The bill impact customers will see on July 1st would be less and there would be a greater degree of rate stability over the test year. However, in Thunder Bay's case, averaging the recovery over a 10 months period could create problems with the derivation of the variable rate for those customer classes that are billed on a kWh basis.

VECC also notes that Fixed Rate Rider Allocation shown on page 15 is the full \$1.97 smart meter rate adder for 2009. This would be appropriate if the 2008 approved rates

used in the derivation of the foregone revenue did not include the \$0.27 smart meter rate adder for 2008 (based on Exhibit 8/Tab 1/Schedule 1, page 9). However, it is VECC's understanding the rates used for 2008 (e.g. \$11.22 for residential) do include the smart meter rate adder. As a result, the allocation of the fixed rate rider requires adjustment.

Revenue to Cost Ratios

VECC notes that Thunder Bay Hydro continues to apply the Revenue to Cost ratios to its Base Distribution Revenue Requirement as opposed to the Service Revenue Requirement as used in the Cost Allocation filings. However, the impacts are likely to be small and the results, as presented by Thunder Bay Hydro, are acceptable.

Rate Design

Thunder Bay Hydro has not provided any schedules detailing the derivation of the proposed distribution rates by customer class. Furthermore, in the case of the Residential class, VECC has been unable to replicate the calculation of the proposed fixed charge. Thunder Bay should provide supporting documentation.

Thank you.

Yours truly,

Michael Buonaguro

cc: Ms. Cindy Speziale
Thunder Bay Hydro Distribution Inc.