

April 1, 2010

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

Dear Ms. Walli:

**Re: Orillia Power Distribution Corporation
2010 Electricity Distribution Rate Application
Response to Comments - Draft Rate Order EB-2009-0273**

Orillia Power Distribution Corporation ("Orillia Power") filed a Draft Rate Order related to the 2010 Cost of Service Electricity Distribution Rate Application on May 19, 2010. Comments were received from Board Staff and the Vulnerable Energy Consumers Coalition ("VECC").

Board staff asked that the standard template for page 4 of 10 of the Tariff of Rates and Charges be updated to delete the words "Approved on an Interim Basis" from the main heading and added to the monthly rates heading. Orillia Power has made this change and is refilling the draft rate order with this letter.

VECC had concerns regarding the level of documentation on cost allocation. In particular, details were requested as to how the changes agreed to in the Settlement Agreement were translated into the Service Revenue Requirement and Base Revenue Requirement filed as part of the draft rate order with specific regards to the cost allocation model. In addition, VECC also wanted to ensure that the load forecast agreed to as part of the settlement process was reflected.

In it's letter, VECC mentioned that it could not determine from the evidence filed as to whether the settlement agreement process was reflected in the fixed residential service charge.

Regarding VECC's concern on cost allocation and load forecast, Orillia Power has attached to this letter, Sheet O1 from the cost allocation model – Revenue to Cost Summary Worksheet as well as the customer data sheet. Orillia Power believes that when these schedules are reviewed in conjunction with the schedule on the next page and the evidence filed in the draft rate order (specifically Appendices C, E, F, H and I), VECC will be able to confirm that the rates filed in the draft rate order reflect the proper and agreed upon allocation among the rate classes based on the revenue requirement determined as part of the settlement process and the Board Decision.

Regarding the concern on rates design, Orillia Power wishes to confirm that indeed the residential fixed service charge does reflect the settlement agreement. During that process, Orillia agreed to lower it's proposed rate for the residential fixed service charge to the level established by the Cost Allocation Model – "Minimum system with PLCC adjustment". As can be seen by the attachment of sheet O2 from Orillia's model, that rate is \$13.47 which corresponds to the filed Tariff sheet.

A copy of the cost allocation model in Excel has been filed through the Board's web portal.

I can be reached at (705)326-2495 ext 222 should the Board require anything further.

Respectfully,



Pat Hurley,
Treasurer
Orillia Power Distribution Corporation