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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
M4P 1E4

Dear Ms. Walli:

**Re: Essex Powerlines Corporation – 2010 Draft Rate Order
Vulnerable Energy Consumers Coalition (VECC) Comments
Board File: EB-2009-0143**

As counsel for the Vulnerable Energy Consumers Coalition's (VECC) I am writing to provide comments regarding Essex Powerlines' Draft Rate Order circulated March 19 2010. VECC's only comments are with respect the allocation of the Revenue Requirement to customer classes.

Under the terms of the Settlement Agreement, Essex agreed to use the revenue to cost ratios from the revised 2010 Cost Allocation model as the starting point in determining the proposed revenue to cost ratios for each class. Consistent with this Agreement Essex has provided an updated Cost Allocation model (and associated revenue to cost ratios). In the cost allocation model these ratios are calculated using total allocated costs (i.e. Service Revenue Requirement) and total revenue by class (including an allocated portion of Miscellaneous Revenues)¹.

However, in utilizing the results, Essex has applied the ratios to the allocated Base Distribution Revenue Requirement for each class². This yields a slightly

¹ DRO, Cost Allocation Model, Sheet O1

² DRO, RateMaker Model, Sheets F3 & F4

different revenue requirement allocation by class for rate setting purposes than if the ratios had been applied to the allocated Service Revenue Requirement for each class and then the class' share of the Base Distribution Revenue Requirement determined by subtracting the class' allocated share of Miscellaneous Revenues.

VECC notes that this correction is likely to only have a minor effect on the allocation of the Base Distribution Revenue Requirement to customer classes. As a result, unless other issues arise and recalculations are required, it would be reasonable to adopt the rates in the Draft Rate Order as filed and direct Essex to use the correct approach during the IRM year.

Yours truly,

Michael Buonaguro
Counsel for VECC