



PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC

ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7

Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: piac@piac.ca. <http://www.piac.ca>

Michael Buonaguro
Counsel for VECC
(416) 767-1666
mbuonaguro@piac.ca

November 7, 2007

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)
EB-2007-0647, EB-2007-0649, EB-2007-0650, EB-2007-0651, EB-2007-0652
Great Lakes Power Limited et al.

Please find enclosed the final argument of the Vulnerable Energy Consumers Coalition (VECC) in the above-noted proceeding.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

EB-2007-0647
EB-2007-0649
EB-2007-0650
EB-2007-0651
EB-2007-0652

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S. O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF an application by Great Lakes
Power Limited under section 86 of the *Ontario Energy
Board Act, 1998* seeking leave to transfer its transmission
system to Great Lakes Power Transmission LP;

AND IN THE MATTER OF an application by Great Lakes
Power Transmission Inc. on behalf of Great Lakes Power
Transmission LP under section 60 of the *Ontario Energy
Board Act, 1998* for an electricity transmission licence;

AND IN THE MATTER OF an application by Great Lakes
Power Limited under section 18 of the *Ontario Energy
Board Act, 1998* seeking leave to transfer its transmission
rate order to Great Lakes Power Transmission LP;

AND IN THE MATTER OF an application by Great Lakes
Power Limited under section 74 of the *Ontario Energy
Board Act, 1998* for a licence amendment;

AND IN THE MATTER OF an application by Great Lakes
Power Limited under section 18 of the *Ontario Energy
Board Act, 1998* seeking leave to transfer its leave to
construct order to Great Lakes Power Transmission LP.

VECC's FINAL SUBMISSIONS

- 1.0 These are the final written submissions of the Vulnerable Energy Consumers Coalition (VECC) in response to the above referenced applications by Great Lakes Power Limited, Great Lakes Power Transmission LP and Great Lakes Power Inc. ("the Parties").

2.0 Having reviewed the Applications and responses to information requests, VECC takes no issue with the specific transactions proposed in the Applications. VECC has identified two related issues of concerns; however, in VECC's view, these issues are best dealt with in future Great Lakes Power Transmission LP's (GLPTLP) proceedings. VECC's purpose in raising the issues in this submission is two-fold:

- first, to alert the Parties to its concerns, and
- second, to request that the Board defer any direction or decision on these matters until a future proceeding. Recognizing that the Board may choose to provide direction on these matters in the current proceeding, VECC has attempted to briefly outline the basis for its concerns.

3.0 VECC's first issue is with respect to the applicability of the pricing provisions of the Board's Affiliated Relationships Code ("the ARC") to transactions between GLPL and GLPTLP. In response to a VECC Interrogatory, the Parties indicated that:

"As a licensed transmitter licensed to operate GLPTLP's transmission system, GLPL is defined to be a "utility" under the Affiliate Relationships Code (the "ARC"). Section 2.3.2 relates to the provision of services by the non-utility affiliate to the utility. This is not the circumstance in the application before the Board. (VECC Question #3b)

4.0 While various parts of the ARC (e.g., Section 2.5.1 dealing with Equal Access to Services) only apply to certain types of affiliates, in VECC's reading of the Section 2.3.2 there is no distinction made as between utility and non-utility affiliates. Furthermore, the proposed revisions to the ARC distributed by the Board for comment on September 19, 2007 do not make any distinction between utility and non-utility affiliates when dealing with the matter of transfer pricing.

- 5.0 It is VECC's view that GLPTLP will have to comply with Section 2.3 of the ARC in terms of its pricing arrangements for services acquired from GLPL. However, it is also VECC's view that this issue is best dealt with in the context of GLPTLP's next rate application and would ask that the Board make a similar determination.
- 6.0 VECC's second issue is with respect to the suggestion by the Parties that the transaction costs incurred by GLPTLP will be recovered through transmission rates (see response to VECC #6 a)). In this circumstance, VECC does not consider the recovery of such costs through rates to be appropriate. The transaction is being undertaken in order to help ensure that the Parties will be compliant with Section 71 of the *Ontario Energy Board Act*, once Ontario Regulation 161/99 expires (Exhibit A, Tab 1, Schedule 2, page 1) and provides no direct benefit to customers.
- 7.0 Given that the transaction is part of an overall plan to comply with Section 71 of the Act, the circumstances are similar to those faced by municipal electricity distribution utilities immediately after industry restructuring, where corporate reorganizations and transfer bylaws were required in order for the municipal corporations to acquire their distributor's assets. The costs related to such transactions were not recoverable through rates (2000 Electricity Distribution Rate Handbook, page 5-5) and the same treatment should apply for these transaction costs as well.
- 8.0 Again, this is a matter best dealt with at the time of GLPTLP's next transmission rate order application. VECC therefore requests that the Board, in its decision regarding the current Applications, make no determination on this matter at this time.
- 9.0 The Vulnerable Energy Consumers Coalition hereby requests that the Board order payment for reasonably incurred costs in connection with our

participation in this proceeding. It is submitted that the Vulnerable Energy Consumers Coalition has participated responsibly in all aspects of the proceeding, in a manner designed to assist the Board as efficiently as possible.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 7th DAY OF
NOVEMBER 2007**