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May 3, 2010

BY EMAIL & COURIER

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge St, Suite 2701  
Toronto ON M4P 1E4

Dear Ms. Walli:

**Board File No. EB-2009-0261**  
**Chatham-Kent Hydro Inc. – 2010 Cost of Service Application**  
**Energy Probe Argument**

Pursuant to the Decision and Order, issued by the Board on April 20, 2010, please find attached the Comments of Energy Probe Research Foundation (Energy Probe) in respect of the draft Rate Order in the EB-2009-0261 proceeding for consideration by the Board. An electronic version of this communication will be forwarded in PDF format.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh  
Case Manager

cc: Dave Kenney, Chatham-Kent Hydro Inc. (By email)  
James Sidlofsky, Borden Ladner Gervais LLP (By email)  
Randy Aiken, Aiken & Associates (By email)  
Intervenors of Record (By email)  
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**Ontario Energy Board**

**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 Chatham-  
Kent Hydro Inc. for an order approving just and reasonable  
rates and other charges for electricity distribution to be  
effective May 1, 2010.

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**COMMENTS ON THE DRAFT RATE ORDER  
ENERGY PROBE RESEARCH FOUNDATION  
("ENERGY PROBE")**

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**May 3, 2010**

**CHATHAM-KENT HYDRO INC.  
2010 RATES**

**EB-2009-0261**

**COMMENTS ON DRAFT RATE ORDER**

As part of the Decision and Order dated April 20, 2010, the Board ordered Chatham-Kent Hydro ("CK Hydro") to file with the Board and forward to intervenors a draft Rate Order within 10 days of the date of the Decision. The draft Rate Order was to provide detailed supporting information showing the calculation of the final rates including the Revenue Requirement Work Form.

The Board further ordered that intervenors should file any comments on the draft Rate Order with the Board and forward to CK Hydro within 5 days of the date of the filing of the draft Rate Order.

CK Hydro filed the draft Rate Order on April 30, 2010.

**a) Revenue Requirement**

Energy Probe has had the opportunity to review the draft Rate Order and believes that it accurately reflects the impact of both the Settlement Agreement and the Decision with respect to the calculation of the overall revenue requirement. Energy Probe also believes that the draft Rate Order appropriately reflects cost allocation and rate design changes as agreed upon by the parties.

**b) Rate Rider**

In the Decision and Order, the Board indicated that the date of the final Rate Order would be June 1, 2010 and directed CK Hydro to calculate class-specific rate riders to recover the one month of foregone revenue.

Energy Probe has reviewed the calculation of the rate rider shown on page 2 of Appendix F to the draft Rate Order and believes it accurately reflects the recovery of the one month of foregone revenue.

Energy Probe also agrees with the CK Hydro proposal to recover the foregone revenue over just one month, in June. This will allow CK Hydro to recover the revenue while avoiding having customers pay the harmonized sales tax (effective July 1, 2010) on the rate rider recovery.

**c) Deferral and Variance Accounts**

The Board also directed CK Hydro to re-calculate the rate riders to collect the deferral and variance account balances over a period of 11 months rather than 12 months, and over 23 months rather than 24 months for the Global Adjustment sub-account.

Energy Probe has reviewed the adjustments made to re-calculate the rate riders to rebate/collect the balances over 11 and 23 months, respectively, and believes the adjustments have been done correctly.

However, upon review of the data on page 3 of Appendix F, it does not appear the CK Hydro is recovering the balance of \$135,492 associated with the Recovery of Regulatory Asset Balances. In particular, while this amount is included in the "Subtotal - Non RSVA - Variable" line in the "Amount" column, it does not appear to be included in the subtotal for any of the rate class columns or the "Total" column. Energy Probe submits that CK Hydro should indicate whether or not this exclusion is correct and if not, provide a revised calculation of the rate riders.

**d) Draft Rate Schedules**

Energy Probe did not review the draft rate schedules in detail, under the assumption that Board Staff would review them for accuracy. However, Energy Probe notes a difference in the monthly service charge of \$0.64 in a number of rate classes between the figures shown in Appendix C (pages 5 & 6) and those shown in Appendix E. For example, the residential service charge is \$17.86 in Appendix C, while it is shown as \$18.54 in Appendix E. Energy Probe requests that an explanation for this difference be provided.