

May 11, 2010

BY COURIER (2 COPIES) AND EMAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
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Dear Ms. Walli:

**Re: Pollution Probe – Written Comments
EB-2010-0060 – Consultation on Distribution Revenue Decoupling**

Further to the Board's letters dated March 22, 2010 and April 23, 2010, Pollution Probe submits the following written comments for this consultation.

Pollution Probe submits that the forthcoming Board Staff discussion paper on revenue decoupling should include, for comparison purposes, details regarding North American utilities and revenue decoupling mechanisms. The discussion paper should also examine and include potential proposals for full revenue distribution decoupling. However, these proposals need to be pragmatic, and the discussion paper should thus also include analyses of these proposals' potential impacts.

Pollution Probe submits that the Board should closely examine the potential of full distribution revenue decoupling for Ontario's electric and gas distribution companies. Pollution Probe submits that such decoupling has potential important benefits that should be further explored, and such benefits include:

1. potentially eliminating the adverse impacts of energy conservation, efficiency, and demand management activities on utilities' revenues and profits between rate cases;
2. potentially eliminating the adverse impacts of local distributed generation projects (such as renewable energy and combined heat and power) on electric utilities' revenues and profits between rate cases; and

3. potentially reducing the risk of adopting innovative rate design reforms that are designed to promote energy efficiency and load management by utilities recovering a larger proportion of their revenue requirement in volumetric and/or capacity charges.

Pollution Probe thus submits that the Board Staff's forthcoming discussion paper on revenue decoupling should include the following to allow for a full and proper discussion and analysis of decoupling by the parties:

1. For comparison purposes, a list of the North American electric and gas electric utilities that have:
 - a. full distribution revenue decoupling;
 - b. weather-normalized revenue decoupling with a separate weather normalization; and
 - c. other forms of partial revenue decoupling.
2. A corresponding discussion of any significant problems that these utilities have experienced with:
 - a. full distribution revenue decoupling;
 - b. weather-normalized revenue decoupling with a separate weather normalization; and
 - c. other forms of partial revenue decoupling.
3. Pragmatic proposals for Ontario's electric and gas utilities to potentially implement full distribution revenue decoupling proposals. The proposals should also include detailed analyses of each proposal's potential impact on the utilities' annual rate volatility, bill volatility, and cost of capital.

As a result, Pollution Probe submits that the Board will be able to have a fuller and better understanding and future discussion of the potential benefits and options associated with distribution revenue decoupling.

We trust that these comments are of assistance, and please do not hesitate to contact the undersigned if you wish to discuss this matter further.

Yours truly,



Basil Alexander

BA/ba