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Michael Buonaguro
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(416) 767-1666

August 9, 2010

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: EB-2009-0408

Please find enclosed the comments of the Vulnerable Energy Consumers Coalition in the above-noted proceeding.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

EB-2009-0408

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an Application by Great Lakes Power Transmission Inc. on behalf of Great Lakes Power Transmission LP pursuant to section 78 of the *Ontario Energy Board Act, 1998* for an Order or Orders approving 2010 transmission rates and related matters;

AND IN THE MATTER OF an Implementation Proposal filed by Great Lakes Power Transmission Inc. on behalf of Great Lakes Power Transmission LP on July 30, 2010, as directed by The Ontario Energy Board in its Decision With Reasons issued on July 21, 2010.

SUBMISSIONS

On Behalf of The

VULNERABLE ENERGY CONSUMERS COALITION ("VECC")

August 9, 2010

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Vulnerable Energy Consumers' Coalition ("VECC")

Submissions

Introduction

On November 30, 2010, Great Lakes Power Transmission LP ("GLPT") filed an application with the Ontario Energy Board ("the Board") seeking approval for changes to the uniform transmission rates ("UTRs") charged by GLPT – and other provincial transmitters – effective January 1, 2010. The Board assigned Board File Number EB-2009-0408 to the application.

On May 17, 2010, GLPT and three intervenors filed a Proposed Settlement Agreement with the Board that covered all aspects related to the 2010 revenue requirement save one: the issue as to whether GLPT would be allowed to recover an income tax allowance of $1,729,806 in rates.

On July 21, 2010, the Board issued its Decision With Reasons on the outstanding issue and also provided direction with respect to implementation of its decisions in the proceeding. Regarding implementation, the Board encouraged GLPT to propose a scheme whereby changes to the existing UTRs would not be necessary:

"The Board sees benefit to minimizing the number of changes to UTRs where it is appropriate to do so. If GLPT is capable of making the necessary entries to the DRIAA account without necessitating changes to the existing UTRs at this time, the Board would encourage such a proposal. There are currently two other transmission rate applications before the Board, which provide opportunities to more appropriately align and reflect GLPT's 2010 Board approved transmission revenue requirement and charge determinants in the near future."[1]

In response to this direction, Great Lakes Power Transmission LP ("GLPT") filed an implementation proposal for 2010 rates with the Ontario Energy Board on July 30, 2010.

GLPT's Implementation Proposal

For the "Pre-Change Period," i.e., the period starting January 1, 2010, (the Board approved

[1] EB-2009-0408, Decision With Reasons, July 21, 2009

effective date for recovering GLPT's 2010 revenue requirement) and ending when GLPT's 2010 approved revenue requirement is implemented through changes to UTRs, GLPT proposes that

"For each month ... GLPT will record an increase in its monthly revenue that is in proportion to the annual increase from the current Board approved revenue requirement. In particular ... the incremental monthly revenue amount arising from the revenue requirement increase would be calculated by multiplying the revenue received under the IESO under current rates by an increment that is equal to the percentage increase from GLPT's current revenue requirement (arising from EB-2005-0241) to GLPT's approved 2010 revenue requirement (arising from EB-2009-0408), i.e., the annual deficiency experienced under current rates."[2]

GLPT uses the current approved revenue requirement of $34,785,422[3] and the 2010 approved revenue requirement effective January 1, 2010, of $35,141,618[4] to calculate a "1.02% increase" in the annual revenue requirement.[5]

GLPT then would multiply the actual monthly revenues received from the IESO by 1.02% to calculate the monthly incremental revenue required and record this revenue in Account 1574 as a partial offset to the current ratepayer credit balance in this account.[6] GLPT notes that under this proposal, the utility would be at risk for monthly volume variances in the Pre-Change Period.

For the "Post-Change Period, i.e., the period following implementation of GLPT's 2010 approved revenue requirement through changes to UTRs, GLPT proposes to *"cease recording the incremental revenue amounts in Account 1574*"[7] and disburse the balances in the existing deferral and variance accounts as per the Settlement Agreement.[8]

VECC's Comments

[2] GLPT's Implementation Proposal, July 30, 2010, page 3
[3] Settlement Agreement, EB-2005-0241, Appendix B, page 5 of 5
[4] Excluding $7,200 in "Other Revenue" which is not received from the IESO
[5] To arrive at the same figure shown as "Proportional Increase @ 1.02%" in the second box on page 3 of the Implementation Proposal entitled "Hypothetical Scenario," the actual percentage increase used must be 1.02398.
[6] This balance at December 31, 2009, was a ratepayer credit of $2,577,664 per EB-2009-0408 Settlement Agreement page 28.
[7] GLPT's Implementation Proposal, July 30, 2010, pages 3-4
[8] EB-2009-0408 Settlement Agreement, page 32

VECC understands the process of setting the UTRs and determining the revenue allocations from the three transmission pools as follows:

- The Board approved revenue requirements of the four provincial transmitters are summed resulting in a provincial revenue requirement for transmission;[9]
- This sum, the total provincial transmission revenue requirement, is then allocated among the three transmission pools[10] according to Hydro One's cost allocation;
- For each pool, the provincial charge determinant is the sum of the four transmitters' respective approved charge determinants;
- The UTR for each pool is determined by dividing the provincial revenue requirement allocated to each pool by the provincial charge determinant for the pool;
- For each month, the revenue accumulating in a pool is the particular UTR multiplied by the provincial load;
- The monthly revenue in each pool is then allocated to each transmitter based on the transmitter's total revenue requirement as a proportion of the total provincial revenue requirement.

The one area of the proposal of potential concern to VECC would be the case in which GLPT's forecast 2010 operating revenue at existing rates significantly exceeded GLPT's annual revenue requirement embedded in the exiting UTRs: in such a case, the recording of incremental monthly revenue as 1.02% of monthly revenue received from the IESO might materially exceed the actual incremental revenue required by GLPT to keep it whole during the Pre-Change Period.

In this respect, VECC has performed some analysis using current UTRs and Revenue Allocators[11] along with the updated provincial Charge Determinants[12] included in the Settlement Agreement: VECC notes that the revenue accruing to GLPT estimated using these inputs is not materially different from GLPT's previously approved revenue requirement.[13] As such, VECC accepts GLPT's Pre-Change Period proposal as acceptable.

VECC also accepts GLPT's proposals for the Post-Change Period as reasonable and in accordance with the Settlement Agreement accepted by the Board on May 21, 2010.

All of which is respectfully submitted this 9th day of August, 2010

[9] The transmitters are Hydro One, Five Nations, Canadian Niagara, and Great Lakes.
[10] The three pools are Network, Line Connection, and Transformation Connection.
[11] Per EB-2008-0272, Decision With reasons, January 5, 2010, Exhibit 4.0
[12] Settlement Agreement, May 17, 2010, page 23, para. 4.1
[13] VECC calculated the difference as less than 0.3%.