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

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

Michael Buonaguro
Counsel for VECC
(416) 767-1666

October 7, 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: Vulnerable Energy Consumers Coalition (VECC)
Final Submissions: EB-2009-0146
Renfrew Hydro Inc. – 2010 Electricity Distribution Rate Application

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

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.
cc: Renfrew Hydro Inc.

EB-2009-0146

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an Application by Renfrew Hydro Inc. pursuant to section 78 of the *Ontario Energy Board Act* for an Order or Orders approving just and reasonable rates for electricity distribution to be effective May 1, 2010.

FINAL SUBMISSIONS

On Behalf of The

VULNERABLE ENERGY CONSUMERS COALITION (VECC)

October 7, 2010

Michael Buonaguro
Public Interest Advocacy Centre
34 King Street East
Suite 1102
Toronto, Ontario
M5C 2X8

Tel: 416-767-1666
E-mail: mbuonaguro@piac,ca

Vulnerable Energy Consumers Coalition (VECC)

Final Argument

1 The Application

1.1 Renfrew Hydro Inc. ("Renfrew" "the Applicant," or "the Utility") filed an application ("the Application") with the Ontario Energy Board ("the Board" or "the OEB") on May 28, 2010, under section 78 of the Ontario Energy Board Act, 1998 for electricity distribution rates effective May 1, 2010. The Application projected a 2010 rate base of $6,021,836, requested a distribution revenue requirement of $1,892,874[1] for the 2010 test year and claimed a gross revenue deficiency of $300,431 based on existing rates. The associated percentage increase in distribution revenues was 18.9%[2].

1.2 In its Application, Renfrew also requested: (i) approval for revised Retail Service Transmission Rates; (ii) approval of a utility-specific Smart Meter rate adder of $2.05/metered customer/month; (iii) approval of a revised loss factor; (iv) approval to dispose of the balances in a number of its Deferral and Variance accounts and v) approval to use the Board approved accounts to collect costs in connection with the GEGEA.[3]

1.3 In its responses to first round interrogatories, Renfrew provided a number of Application Amendments that resulted in a revised requested 2010 Rate Base of $6,016,657 and a revised Service Revenue Requirement for 2010 of $2,017,737[4].

1.4 The following sections provide VECC's final submissions on Renfrew's Application.

[1] Including Miscellaneous Revenues the overall requested Service Revenue Requirement for 2010 was $2,032,651.
[2] Exhibit 1/Tab 4/Schedule 9, pages 7-8
[3] Exhibit 1/Tab 1/Schedule 3, pages 1-3
[4] OEB Staff #1

2 Capital Spending and Rate Base

2.1 The amended projected Test Year rate base is $6,016,657 is comprised of $4,542,987 in net fixed assets and $1,473,670 in working capital allowance.[5]

Capital Spending

2.2 Renfrew does not have a formal strategic asset investment plan[6]. However, all assets are inspected on a three year cycle and, based on the results, capital spending requirements are prioritized[7]. In VECC's view this approach to asset management is reasonable for purposes of establishing the 2010 capital spending.

2.3 VECC notes that, in preparing its Application, Renfrew revised its initial cost projections for 2010 capital spending in order to exclude PST. Furthermore, the $20,382 removed is in line with the PST paid on capital spending in previous years[8]. In VECC's view, no further adjustments need to be made to the 2010 capital spending to account for the introduction of the HST.

2.4 Capital expenditures for 2010 are projected to be $516,999. In the previous three years, capital spending has ranged from $368,204 to $633,657[9]. However, if one removes the spending on computer software, transportation equipment and distribution station equipment, the annual spending for 2007-2009 ranges between $313 k and $398 k, while the comparable spending for 2010 is $386 k[10]. Overall, VECC finds this proposed level of capital spending for 2010 to be reasonable.

2.5 The increase to $517 k in 2010 is due to the proposed purchase and installation of a new transformer for Renfrew's MS#2[11]. In response to interrogatories Renfrew has provided adequate justification for this expenditure[12].

[5] OEB Staff #1 – revised RRWF, page 3
[6] OEB Staff #2
[7] OEB Staff #2 and VECC #9
[8] VECC #4 and #29
[9] VECC #8
[10] VECC #8
[11] Exhibit 2/Tab 4/schedule 3, page 9
[12] VECC #10 d) and #32

2.6 Overall, VECC submits that Renfrew's proposed 2010 capital spending is appropriate.

2010 Net Fixed Assets

2.7 Renfrew's practice is to treat incremental costs recovered for system expansions as revenue from jobbing rather than capital contributions[13]. In response to OEB Staff interrogatories[14] Renfrew has indicated that the impact of this practice has a minimal effect on rate base. While the proposed rate base for 2010 may be a reasonable basis for setting rates, Renfrew should be directed to adjust its accounting practices such that, in the future, they conform with the Board's Accounting Procedures Handbook.

2.8 Renfrew notes that it does not apply the ½ year rule for depreciation in its financial statements. However, for rate setting purposes, depreciation was recalculated as though the ½ year rule was in effect starting in 2005[15]. This suggests to VECC that Renfrew's 2006 Rates were set using financial results that did not reflect the ½ year rule. If this is the case, then VECC submits that the net fixed assets (up to December 31, 2009) used in the determination of rate base should be calculated on the same basis and the ½ rule adjustment introduced only starting in 2010 – the year for which the new rates are to be approved. VECC invites Renfrew to comment, in its Reply Submissions, on the materiality of such a change.

Working Capital Allowance (WCA)

2.9 Renfrew has used the "15% rule" to calculate its 2010 Working Capital Allowance of $1,473,670[16].

2.10 VECC notes that Renfrew has taken into account both the RPP and non-RPP volumes in deriving a weighted average commodity price[17] and has also used the

---

[13] Exhibit 2/Tab 2/Schedule 3, page 1
[14] OEB Staff #10
[15] OEB Staff #9
[16] OEB Staff #1, RRWF, page 3
[17] OEB Staff #7

most recent RPP report as the basis for the inputs[18].

3 Load Forecast

Load Forecast Methodology

3.1 Renfrew's load forecast methodology consists of the following steps[19]:

- First, for each customer class, the actual average use per customer was determined for the years 2005 to 2009 inclusive. Using these results a five-year average was calculated and used as the normalized average use per customer.
- Second, the number of customers in each class for 2010 was forecast for Residential, GS<50 and Street Lighting using the average annual growth from 2005-2009. In the case of GS>50 and USL, the year end 2010 customer count was assumed to be the same as for 2009.
- Finally, 2010 retail sales by class were forecast using the results from previous two steps.

3.2 Overall, the total billed energy for 2010 is forecast to be 98,720,894 kWh[20]. This value is 1.6% less than the normalized sales for 2009[21] and 1.8% higher than the actual sales for 2009[22].

3.3 Renfrew readily acknowledges that this is not the preferred approach to load forecasting. However, it did explore a number of alternatives, including multiple regression analysis using wholesale purchases, and found the results using these approaches to be unreasonable[23].

3.4 VECC submits that, for purposes of setting 2010 rates the Board should accept Renfrew's load forecasting methodology. However, the Board should also encourage Renfrew to continue to explore alternative approaches to load forecasting.

[18] VECC #33
[19] Exhibit 3/Tab 1/Schedule 2, Attachment 1, pages 4-6
[20] Exhibit 3/Tab 1/Schedule 2, Attachment 1, page 6
[21] Exhibit 3/Tab 1/Schedule 2, Attachment 1, page 6
[22] Exhibit 3/Tab 1/Schedule 1, Attachment 1, page 1
[23] Exhibit 3/Tab 1/Schedule 1, Attachment 1, pages 2-3 and OEB Staff S#5

2010 Load Forecast Results

3.5 A key input to Renfrew's 2010 load forecast is the forecast customer count for each rate class. VECC notes that, based on actual customer counts to date for 2010[24], the forecast count for Residential is likely to be too low whereas the forecast for the General Service classes is likely to be too high. Renfrew has not updated its year end customer count projections nor its average customer count projections for 2010. As a result, in VECC's view, there is a limited evidentiary basis on which to determine an alternative customer count forecast for 2010.

4 Revenue Offsets

4.1 VECC has no submissions regarding Renfrew's 2010 forecast for Other Revenues.

5 Operating Costs

OM&A

5.1 OM&A expenses for 2010 are forecast to be $1,149,829[25]. This compares with OM&A costs of $1,053,643 in 2008 and $1,032,421 in 2009. Renfrew explains that the material increase in 2010 is due to a number of one-time factors[26]:

- Cost of COS Application - $49,250
- Cost of IFRS Implementation - $15,000
- Recruitment of Linesman Apprentice for Succession - $34,000
- PCB Testing of Transformers - $12,000.

Offsetting these increases is a $21,765 adjustment for the elimination of PST. After these one-time factors are taken into account the increase in OM&A in 2010 over 2009 is less than 3% which in VECC's view is reasonable.

5.2 With respect to IFRS costs, Renfrew is forecasting that the total cost of converting to IFRS will be $60,000 and has included one-quarter of this in the current

[24] VECC #34
[25] Exhibit 4/Tab 1/Schedule 1, Attachment 1, page 1
[26] Exhibit 4/Tab 1/Schedule 2, page 1 & Exhibit 4/Tab 3/Schedule 1, pages 1-2

Application[27]. Renfrew also proposes to track the difference between the forecast and actual cost of IFRS implementation in a variance account[28].

5.3 The Board's Report on IFRS (EB-2008-0408, page 43) directed that for distributors (such as Renfrew) that did not have any "approved" IFRS costs already included in their rates, the IFRS costs should be recorded in a deferral account for future recovery. Renfrew has expressed a preference for its proposed approach on the basis that it is a small utility and is concerned regarding its cash[29]. In VECC's view $15,000 is not material in terms of Renfrew's total Revenue Requirement and the Board should exercise caution in creating precedents for departure from its established approach to accounting for IFRS costs.

5.4 In response to interrogatories Renfrew has revised the information in the original Application regarding the Compensation Charged to OM&A in 2010 from $675,101 to $655.454[30]. The interrogatory responses[31] state that the $675,101 was a preliminary figure that was revised prior to the submission of the original Application. VECC interprets this to mean that while the compensation details reported in Exhibit 4/Tab 4/Schedule 1 were incorrect, the OM&A costs reported in Exhibit 4/Tab 2/Schedule 1 and used in determining the overall revenue requirement reflected the correct amount of compensation costs (i.e., $655,454). VECC invites Renfrew to confirm that this is the case in its Reply Submissions. Otherwise, a downward adjustment of $19,647 is required to the 2010 OM&A costs.

Affiliate Transactions

5.5 Renfrew provides streetlight and traffic light maintenance services to the Town of Renfrew and also rents garage, office and storage space from Renfrew Generation – both of which are affiliates[32]. There is a rental agreement with

27 Exhibit 4/Tab 2/Schedule 2, page 1
28 VECC #18
29 VECC #18
30 OEB Staff #22 and VECC #36
31 VECC #36
32 VECC #19

Renfrew Generation[33] wherein the pricing is market based. However there is no service agreement between Renfrew Hydro and the Town[34].

5.6 Renfrew states that it has initiated discussions with the town to establish such an agreement and expects one to be completed before May 1, 2011[35]. VECC submits that the Board should follow-up to ensure that an appropriate agreement is put in place. This can be done by directing the Utility to file a copy of the completed Service Agreement and/or having its compliance staff purse the matter directly with Renfrew.

Depreciation

5.7 VECC has no submissions regarding Renfrew's proposed 2010 depreciation expense.

Taxes

5.8 VECC notes that Renfrew has revised its PILs calculations to include Apprenticeship Tax Credits[36]. VECC has no further submissions regarding Renfrew's propose PILs.

6 Cost of Capital/Capital Structure

6.1 Renfrew has three outstanding debt issues: i) a demand note with the Town of Renfrew, ii) a fixed term note with RBC and iii) variable rate loan with RBC[37]. The cost of variable rate loan is forecast to be 5% for 2010[38]. However, Renfrew is proposing to use the Board's deemed cost of long-term debt (5.87%) based on its interpretation of the Board's 2009 Cost of Capital report[39]. VECC submits that Renfrew has misinterpreted the Report in that it directs utilities to use the deemed

[33] Exhibit 1/Tab 3/Schedule4, Attachment 1
[34] VECC #19 d)
[35] VECC #19 d)
[36] VECC #20 and OEB Staff #1
[37] Exhibit 5/Tab 1/Schedule 1, Attachment 1
[38] Exhibit 5/Tab 1/Schedule 2, Attachment 1
[39] Exhibit 5/Tab 1/Schedule 2, page 1

rate as the <u>ceiling</u> on the rate allowed for debt that has a variable rate[40]. As result, in the case of Renfrew the interest rate applicable to the variable rate note should be 5%.

6.2 In Renfrew's case the variable rate note is less than 1% of the total debt and the difference between 5% and 5.87% is such that the impact on Renfrew's average cost of debt is not material. However, VECC is concerned with the precedent that will be established should the Board approve the use of the Board's deemed rate in this instance.

6.3 Apart from the cost of long term debt, VECC has no other submissions regarding Renfrew's proposed cost of capital or capital structure.

7 Cost Allocation

7.1 Renfrew has prepared a 2010 cost allocation study using 2010 costs and scaling the various loads used in its 2006 study to match the change in load forecast for each customer class between then and 2010[41]. In preparing the 2010 Cost Allocation study Renfrew's consultant used 2010 revenues by customer class based on 2009 rates and, as a result, the overall revenue to cost ratio is 85.22% as opposed to 100%[42]. The initial 2010 cost allocation model also included the smart meter rate adder in determining revenues by customer class[43].

7.2 In response to a VECC and OEB Staff interrogatories, Renfrew produced an updated Run that reflect the revised Revenue Requirement, excluded the smart meter rate adder and determined the revenue to cost ratios that would result if the 2010 revenue deficiency was addressed through a uniform rate increase to all customer classes[44]. The following table compares these results with those from Renfrew's 2006 Cost Allocation (corrected for the treatment of the transformer ownership allowance).

40

41 Exhibit 7, ERA Report, pages 8-9

42 Exhibit 7, ERA Report, page 11

43 VECC #14 and #23 a)

44 VECC #37 and OEB#1 – Revised CA Model – Sheet O1

7.3 It should be noted that in determining the 2010 Revenue to Cost ratios, Renfrew increased the total revenue (based on distribution revenue plus miscellaneous revenues) for each class by the same percentage as opposed to increasing the distribution revenues[45]. Correction for this error would lead to revisions in the 2010 revenue to cost ratios set out below.

REVENUE TO COST RATIOS – 2006 vs. 2010 Results		
Customer Class	**2006 (TOA Adjustment) Cost Allocation**	**2010 Cost Allocation (Uniform Increase)**
Residential	124.48%	121.77%
GS<50	95.90%	91.03%
GS>50	74.22%	79.97%
Street Lighting	28.60%	32.22%
USL	57.56%	40.99%
Total	100.0%	100.0%

Sources: Exhibit 7, Tab 1, Schedule 1, ERA Report, page 11
VECC #37 b) & c) and OEB Staff #1, Revised CA Run – Sheet O1

Use of the Cost Allocation Study Results in Setting 2010 Rates

7.4 For 2010, Renfrew has used the 2006 Cost Allocation results as the “starting point” for determining its proposed revenue to cost ratio adjustments for 2010[46]. For those customer classes whose (2006) ratio is below the Board’s prescribed range (i.e., GS>50, Street Lighting and USL), Renfrew is proposing to move the ratios to the applicable floor boundary by 2013. For some classes the boundary is achieved in 2010 (e.g. GS>50) where as for others (e.g. USL and Street Lighting) the full four years is required[47]. Over this same four year period, the proposal is to reduce the revenue to cost ratio for the Residential class to 114%. In order to do

[45] VECC #37 a)
[46] Exhibit 7/Tsb 1/Schedule 2, page 1 and VECC #23 c)
[47] Exhibit 7/Tab 1/Schedule 2, pages 1-2

so, it is necessary for the GS<50 ratio to also be increased[48]. The following table compares Renfrew's proposed 2010 R/C ratios with those from the 2006 Cost Allocation and the 2010 Cost Allocation.

REVENUE TO COST RATIOS (%)			
Customer Class	**2006 (TOA Adj) Cost Allocation**	**2010 Cost Allocation (Uniform Increase)**	**2010 Proposed**
Residential	124	122	117
GS<50	96	91	100
GS>50	74	80	80
Street Lighting	29	32	40
USL	58	41	64
Total	100.0	100.0	100

Sources: Exhibit 7, Tab 1, Schedule 2, page 2
VECC #37 b) & c) and OEB Staff #1, Revised CA Run – Sheet O1

7.5 In VECC's view the appropriate starting point for considering changes in the revenue to cost ratios is the ratios that would arise from adopting a uniform increase in rates across all customer classes for 2010. The cost allocation results can then be used to determine if there needs to be any revenue responsibility shifts between customer classes such that a non-uniform set of rate increases across the customer classes is appropriate. VECC notes that with the exception of those utilities using ERA to undertake their cost allocation this is the approach used by all of the other distributors in Ontario. Examples include:

- The approach used by Hydro One Networks in its 2008 Rate Application[49] where the results were adopted by the Board for rate setting and again in its most recent 2010/2011 Rate Application[50].

[48] Exhibit 7/Tab 1/Schedule 2, pages 1-2 and VECC #22
[49] EB-2007-0681, Exhibit G1, Tab 3, Schedule 1, pages 1-2
[50] EB-2009-0096, Exhibit G1, Tab 3, Schedule 1, pages 1-2

- The approach used by Burlington Hydro in its 2010 Rate Application which was recently approved by the OEB[51].
- The approach used by Festival Hydro in its 2010 Rate Application which was recently approved by the OEB[52].

7.6 The use of the 2006 (as opposed to the 2010) Cost Allocation as the "starting point" affects the ratios for 2010 (and beyond) if either:

a) the starting ratios are outside the range and the proposal is to phase-in the adjustment to the target range, or

b) the starting ratios are within the Board's range and the proposal is to adjust them closer to 100%.

7.7 In the case of Renfrew both situations exist. Indeed, as outlined in VECC #23 c), use of the 2006 Cost Allocation gives rise to anomalous results for the Residential class in that the revenue to cost ratio is meant to decrease in 2010, but the proposed revenue responsibility is greater than what would result from a simple uniform rate increase across all classes.

7.8 VECC's other concern with Renfrew's application of the cost allocation results is its determination revenue responsibility at existing rates. In doing these calculations Renfrew initially used 2009 rates that include i) the smart meter adder, ii) the LV rate adder and iii) the TOA discount. VECC notes that Renfrew has acknowledged that all these items should be excluded[53].

7.9 VECC takes no issue with Renfrew's targeted revenue to cost ratios with the exception of that for the GS<50 class, provided the "starting points" are determined as discussed above. The ratios for the GS>50, USL and Street Light classes should be increased to their respective lower boundaries over the next 4 years based on a timetable that is mind full of year over year impacts. The increased revenues should be used to reduce the revenue to cost ratio for

---

[51] EB-2009-0259, VECC #27

[52] EB-2009-0263, VECC #16 and Board Decision, page 35

[53] VECC #21 b) and #23

Residential – the only class currently over 100% and, indeed, over its upper boundary limit. However, if required in order to achieve the 115% result for Residential consideration should first be given to further increasing the GS>50 ratio, since this ratio is already close to its lower boundary and the impacts should be manageable, before adjusting the GS<50 ratio which is already over 90%.

8 Rate Design

8.1 The current 2009 fixed monthly charges for Residential, GS<50 and GS>50 are all above the maximum per the Board's guidelines[54]. In all three cases, Renfrew is proposing to maintain the same fixed charge for 2010. VECC submits that this approach is reasonable and consistent with the Board's guidelines.

8.2 Renfrew has estimated its 2010 LV charges based on 2009 billing quantities and 2010 rates, adjusted by 1.8% to reflect the increase in loads between 2009 actual and the 2010 forecast. The estimated total cost of $98,962 is allocated to customer classes based on each class' share of test year's transmission connection revenues[55]. VECC considers this approach to be reasonable.

8.3 Renfrew has revised it proposed loss factors to reflect the fact that the SFLF should not apply to energy purchases from embedded generators[56]. With this revision, VECC submits that Renfrew's proposed loss factors are reasonable.

9 Retail Transmission Service Rates

9.1 Renfrew has developed its proposed 2010 Retail Transmission Service Rates taking into account both the historic trends in the relevant variance accounts as well as updated transmission rates[57]. VECC submits that the proposed rates should be accepted by the Board.

[54] Exhibit 8/Tab 2/Schedule 1, page 1 & Attachment 1 and VECC #25 a)
[55] Exhibit 8/Tab 3/Schedule 2
[56] OEB Staff #4
[57] Exhibit 8/Tab 3/Schedule 1 and Attachments 1 & 2

10 Deferral and Variance Accounts

Proposed New Deferral/Variance Accounts

10.1 Renfrew is requesting a deferral account to record the actual amounts of PST paid in the first six months of 2010. As noted earlier, Renfrew's adjustments to capital spending and OM&A were based on the estimated PST for the full year. Renfrew would then seek recovery of these amounts at a future date[58]. While different from the standard approach used by most utilities rebasing in 2010, VECC has no objections to Renfrew's proposal.

10.2 VECC has already expressed its concerns regarding Renfrew's proposal to use a variance account to track the difference between the $60,000 it proposes to include in rates (over 2010-213) and the actual cost of IFRS implementation.

Account Balances Proposed for Disposition

10.3 Renfrew is proposing to dispose of the December 31, 2009 balances in all of its Group 1 Accounts. The overall total, for all accounts except the Global Adjustment sub-account, results in a credit to customers and the proposal is to refund it over a four year period[59]. In the case of the Global Adjustment, Renfrew proposes to recover the amount owing over one year[60] and to do so just from the non-RPP/non-MUSH customers. In all cases, the proposed allocation to customer classes is in accordance with the Board's EDDVAR Report of July 2009.

10.4 Renfrew is also proposing to dispose of the December 31, 2009 balances in four of its Group 2 Accounts, with the total amount for recovery being less than $70,000[61]. The majority of this is Other Regulatory Assets (Account #1508). This recovery is netted against the refund of the Group 1 Accounts and recovered over the same four year period. Again, the allocation to customer classes is in

[58] Exhibit 9/Tab 1/Schedule 1, page 3
[59] Exhibit 9/Tab 2/Schedule 1
[60] Exhibit 9/Tab 2/Schedule 2
[61] Exhibit 9/Tab 2/schedule 1, Attachment 1

accordance with Board practice.

10.5 VECC has no issues with the amounts proposed for disposition in the various deferral/variance accounts or with the proposed allocation to customer classes. VECC has some reservations regarding the proposed 4 year disposition period. However, it notes that a shorter period could well result in a reduction in the effective variable rate for 2010 relative to 2009 and, as a result, accepts Renfrew's proposal.

11 Smart Meters

11.1 Renfrew is proposing a smart meter funding adder of $2.05/month/metered customer[62]. VECC has no submissions regarding this proposal.

12 Effective Date

12.1 Renfrew is requesting an effective date of July 1, 2010[63]. This is based on the Board's Decision and Order of June 24, 2010 that declared the current rates interim as of July 1, 2010. VECC submits that the effective date should be after July 1 2010:

- Renfrew has provided no real reason for not filing in August 2009 as distributors with Cost of Service Applications were directed to do[64].
- Renfrew acknowledges that its 2010 rates would not necessarily become effective May 1, 2010 if its rate application was after August 2009[65]. Renfrew's application was filed on May 28, 2010 – 9 months after the August 2009 deadline. Based simply on the delay in filing, one could set the effective date as February 1, 2011.
- The Board's performance metrics call for "written proceedings" to be completed within 185 days – or approximately 6 months after an application is filed. Based on this metric an effective date of December 1, 2010 would be

[62] Exhibit 9/Tab 3/Schedule 2, Attachment 1, page 3
[63] VECC #1
[64] OEB Staff #3
[65] OEB Staff #3

reasonable expectation.

- Based on the actual review time, it appears that the Rate Order is likely to be approved in November 2010 with implementation no earlier than December 1, 2010.

Given the above observations, in VECC's view, the effective date should be no earlier than November 1, 2010 and that even this date is "generous" given the late filing date. VECC notes that for 2010 rates a number of utilities have filed their applications well after the August 2009 deadline. Indeed, the Board and interested stakeholders now find themselves dealing with many of these applications at the same time as the work load associated with the review of the 2011 rate applications is starting to escalate. In VECC's view the Board needs to send a clear message that, without a sound rationale[66] there are material consequences to not filing on time.

13 Recovery of Reasonably Incurred Costs

13.1 VECC submits that its participation in this proceeding has been focused and responsible. Accordingly, VECC requests an award of costs in the amount of 100% of its reasonably-incurred fees and disbursements.

All of which is respectfully submitted this 7th day of October 2010

[66] VECC would expect that in the event the result of an application was a rate decrease the effective date would be set to ensure that the reduction was fully passed on to ratepayers, rather than allow a utility to benefit from a late filing.