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Ms Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Re: VECC Intervenor Request - EB-2010-0093

Innisfil Hydro Distribution Systems Limited (Innisfil Hydro) filed its 2011 IRM application EB-2010-0093 (2011 IRM) on October 1, 2010. Innisfil Hydro received the Letter of Direction and Notice of Application and Hearing for an Electricity Distribution Rate Change from the Ontario Energy Board (Board) on October 22, 2010. Vulnerable Energy Consumers Coalition (VECC) filed a Notice of Intervention on Innisfil Hydro's EB-2010-0093 filing on November 15, 2010.

In response to VECC's request to intervene in relation to Innisfil Hydro's proposal for revenue-to-cost ratio adjustments, Innisfil Hydro would like to provide the following background information:

- 1) Innisfil Hydro provided responses to 29 interrogatories and 6 intervenors specific to the Cost Allocation within its 2009 Cost of Service filing EB-2008-0233 (2009 COS), of which 19 interrogatories were from VECC.
- 2) Innisfil Hydro stated within its Reply Submission¹ that a balanced approach to the cost allocation was applied, where possible, to bring customers toward unity and within the approved bands by the Board. The following table was provided within the Reply Submission with the R/C Ratio VECC as the revised starting point to account for the transformer allowance correction:²

Customer Class	R/C Ratio Original	R/C Ratio VECC #20
Residential	101.6	101.75
GS<50 kW	131.0	131.13
GS>50kW	146.6	144.69
Street Lighting	9.5	9.47
Sentinel Lighting	17.0	17.01
USL	78.9	78.88

¹ Page 37 paragraph 2

² Page 38 paragraph 3

- 3) Within Innisfil Hydro's Decision and Order ³ a revenue to cost summary table is provided:

Customer Class	Informational Filing	Column 1 Revised (TOA)	Application:Ex 8/Tab 1/ Sch 2/p 2	Board Target Range
Residential	101.6	101.75	101.2	80-115
GS<50kW	131.0	131.13	116.2	80-120
GS>50kW	146.6	144.69	135.8	80-180
Street Lights	9.5	9.47	40.0	70-120
Sentinel Lights	17.0	17.01	43.0	70-120
USL	78.9	78.88	80.0	80-120

The Board's findings within Innisfil Hydro's Decision and Order ⁴ accepts Innisfil Hydro's proposal to move the revenue to cost ratios in order to achieve unity and to reduce cross-subsidization. The Board also highlighted that it is within the utility's discretion to move towards revenue to cost ratios of unity as long as the impact can be borne by affected rate classes.

- 4) The following table summarizes the revenue to cost ratios by customer class for 2009 to 2011:

Customer Class	Column 1 Revised (TOA)	2009 COS	2010 IRM	2011 IRM	Board Target Range
Residential	101.75	101.16	101.16	101.16	80-115
GS<50kW	131.13	116.16	109.09	101.00	80-120
GS>50kW	144.69	135.72	127.46	119.00	80-180
Street Lights	9.47	39.96	54.98	70.00	70-120
Sentinel Lights	17.01	42.77	56.39	70.00	70-120
USL	78.88	80.02	80.02	80.00	80-120

Innisfil Hydro has continued to apply the revenue to cost ratio strategy as approved within its 2009 Decision and Order and in subsequent IRM filings. Innisfil Hydro has applied the final phase-in of the Street and Sentinel customer classes to the bottom end of the Board Target Range. Innisfil Hydro has continued to apply the rebalancing of the revenue to cost ratios to the GS<> 50kW customer classes for 2009, 2010 and 2011.

³ Page 26 paragraph 2

⁴ Page 28 paragraph 3 & 4

In summary, Innisfil Hydro questions the value add that VECC could provide to the Innisfil Hydro ratepayers with respect to the 2011 IRM revenue to cost ratios at this point in time. Innisfil Hydro would like to also point out that VECC did not intervene on the 2010 IRM filing which applied the same revenue to cost ratio strategy as defined in the table in bullet #4.

In light of the current Cost Allocation review (EB-2010-0219), Innisfil Hydro recommends that remaining questions on Cost Allocation be put forth in the consultation process and not as an intervenor of Innisfil Hydro's 2011 IRM.

Sincerely,

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