



**PUBLIC INTEREST ADVOCACY CENTRE**  
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**ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7**

Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: [piac@piac.ca](mailto:piac@piac.ca). <http://www.piac.ca>

Michael Buonaguro  
Counsel for VECC  
(416) 767-1666

June 13, 2011

**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: Kenora Hydro Electric Corporation Ltd. – 2011 Electricity Distribution Rate Application (EB-2010-0135)**  
**Draft Rate Order - VECC's Comments**

The Vulnerable Energy Consumers Coalition has reviewed the Draft Rate Order (DRO) distributed by Kenora Hydro on June 7, 2011. Set out below are a number of areas where further details are required in order to confirm that the DRO conforms with the Board's Decision. In addition, VECC has identified one area where it appears a correction is required.

*Areas Requiring Clarification*

There are three areas where, in VECC's view, further details are required in order to demonstrate the DRO is consistent with the Board's Decision. These are itemized below. In each case, VECC suggests that Board Staff should work with Kenora Hydro to ensure the appropriateness of the DRO:

- Deferral And Variance Account Rate Riders (page 17) – No supporting documentation was provided to demonstrate that the proposed rate riders are consistent with the revised load forecast and the shorter 10 month recovery period.
- Monthly Service Charges and Variable Rates (page 24) – No supporting calculations were provided to demonstrate that the proposed distribution rates are based on the existing fixed/variable split for each class.

- Revenue to Cost Ratios (page 25) – Kenora's Application (which was accepted by the Board) called for an increase in the revenue to cost ratio for the GS<50 class to the lower end of the Board's range (i.e., 80%) and an offsetting decreases in the ratios for the GS>50 and USL classes. Apart from small changes due to rounding, the ratios for the Residential and Street Light classes were unchanged. However, in the DRO the ratio for GS<50 increases to something (nominally) in excess of 80% and the ratio for Street Lights appears to increase by more than what could be attributed to rounding.

### *Correction Required*

In its EB-2010-0135 Decision (page 8) the Board directed Kenora to file an updated Cost of Power calculation taking into account the most recent OEB RPP Report and Kenora's most recent RPP/non-RPP kWh split by class. The Board also directed Kenora to include in the DRO sufficient detail to support the calculation.

In its DRO (page 14) Kenora has not provided any details supporting the prices used (i.e., \$0.068 and \$0.0758 / kWh). Furthermore, for many classes, Kenora appears to have used the same price for both the RPP and non-RPP portions of the load. Consistent with the Board's Direction, Kenora should set out its calculation of updated RPP and non-RPP prices based on the Board's most recent RPP Report and then show the determination of the commodity portion of the cost of power based on these values, the updated load forecast and the 2010 RPP/non-RPP split by customer class.

Thank you.

Yours truly,

Michael Buonaguro  
Counsel for VECC

cc: Kenora Hydro Electric Corporation Ltd.  
Attention: Mr. David Sinclair