



**PUBLIC INTEREST ADVOCACY CENTRE**  
**LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC**  
**ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7R7**

Michael Buonaguro  
Counsel for VECC  
(416) 767-1666

February 13, 2012

**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)**  
**Notice of Intervention: EB-2011-0054**

These are the comments of VECC with respect to the cost claim objections filed by Hydro Ottawa Limited on February 9, 2012.

### **SEC SPECIFIC ISSUES**

VECC can confirm that it (and others) deferred the lead on issues related to the transition to IFRS to SEC, such that VECC expects (without having reviewed the SEC cost claim) that a material component of the cost claim differential between SEC and other intervenors is as a result of SEC having taken that lead role.

### **GENERAL ISSUES**

The objection filed by the Applicant relates, it appears, to a comparison of the previous cost of service application<sup>1</sup> filed by Hydro Ottawa and the current proceeding; in VECC's view the two proceedings are not comparable in the way that Hydro Ottawa presumes them to be.

We have had the opportunity to review the comments of SEC with respect to the general objection submitted by Hydro Ottawa and agree with SEC's observations

---

<sup>1</sup> It should be noted that, as SEC points out, there was an intervening cost of service application filed by Hydro Ottawa in EB-2010-0133 wherein Hydro Ottawa attempted to rebase its rates early. However, as the Board will know, that attempt was unsuccessful.

about the relative complexity of the current (“2011”) proceeding in contrast with Hydro Ottawa’s application in EB-2007-0713 (the “2007” proceeding).

To that end VECC would like to reiterate that the two proceedings were fundamentally different in several aspects, including but not limited to the following:

1. The 2007 proceeding did not convene a technical conference.

The 2011 proceeding convened a 2 day technical conference, including the preparation and provision of questions in advance. The necessity for a technical conference in this proceeding, VECC submits, is reflective of the complexity of the issues at stake.

2. The 2007 proceeding included a settlement on all “substantive” issues, with only one issue (in terms of VECC’s participation) remaining completely unsettled and proceeding by way of written submissions.<sup>2</sup>

The 2011 proceeding went to a 2 day oral hearing (with written submissions) on several issues, including Working Capital Allowance, Long Term Debt Rate, transition to IFRS, the 2012 Load Forecast, LRAM, disposition of Smart Meter related amounts, and, most notably, the 2012 OM&A proposed spending.

3. The docketed time in the 2007 proceeding was split between the pre-November 15, 2007 tariff and the post-November 15 2007 Tariff.

The 2011 proceeding is governed entirely by the post-November 15, 2007 tariff.

Applying the post-November 15, 2007 tariff to VECC’s 2007 cost claim would have, by way of example, increased that claim by approximately 12%.

Considering these factors, along with the fact that Hydro Ottawa is one of the first large distributors to have their rates rebased after a full term of 3rd generation IRM (along with the fact that Hydro Ottawa was one of the few distributors to seek early rebasing, albeit unsuccessfully), VECC respectfully submits that the level of effort reflected in its costs claim was appropriate.

---

<sup>2</sup> Ottawa claimed for recovery of a revenue deficiency for the 4 month period prior to the May 1<sup>st</sup>, 2008 rate increase, an issue captured in unsettled issues 4.2 and 8.4, which issues went directly to a written hearing. An additional issue (issue 3.4, concerning Ottawa’s capitalization policy) went to a short oral hearing; however VECC neither participated in nor claimed time for that hearing.

Thank you.

Yours truly,

A handwritten signature in blue ink, appearing to be 'M. Buonaguro', with a stylized, cursive 'M' and a horizontal line extending to the right.

Michael Buonaguro  
Counsel for VECC