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June 10, 2012

BY EMAIL & COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

Board File No. EB-2012-0033

Enersource Hydro Mississauga Inc. – 2013 & 2014 Cost of Service Application

Letter from the Applicant to the Board June 7, 2012

Energy Probe has reviewed a letter from the Applicant to the Board making certain proposals in respect of the granting of cost eligibility to intervenors in its Cost of Service proceeding for 2013 rates citing the 2011 Annual Report issued by the Office of the Auditor General of Ontario for justification. Further, Energy Probe has received letters from counsel for the School Energy Coalition (SEC) and for the Consumers Council of Canada (CCC) filed in response to the Applicant's proposals.

Energy Probe supports the submissions of SEC and CCC and will not repeat them here.

It might be of interest to the Board to note that in the EB-2007-0706 Cost of Service rates proceeding of Enersource, its last cost of service review, all issues were the subject of a Settlement Agreement presented to the Board by Mr. Moran, counsel for Enersource Hydro in that proceeding, at an Oral Hearing on January 4, 2008. SEC, CCC, Energy Probe, AMPCO and VECC were all present in support. Mr. Peter Faye was Board counsel. The Settlement Agreement was accepted by the Board Panel. The following comments were made by the Panel Chair, Mr. Sommerville, as quoted from the last page of the transcript:

So the Board has accepted the settlement agreement, congratulates the parties for having entered into what appears to be a creative and useful settlement, and thank you for coming down today. We do appreciate your diligence in this. And with that, we will adjourn. Thank you.

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The Board may also be interested that the Decision and Order on Cost Awards issued on June 2, 2008, states in the 3rd paragraph of Page 2:

The Board received cost claims from AMPCO, CCC, EP, SEC and VECC.
No responses to the cost claims were received from Enersource.

In respect of the 2011 Annual Report issued by the Office of the Auditor General of Ontario, the report noted that local electricity distributors complained that there was significant overlap between questions posed by intervenors and Board staff, and even that intervenors were in some instances recycling questions or requests from other rate cases.

Neither of these two occurrences is surprising. Both Board staff and intervenors are reviewing the same material. It is more cost effective for the distributors to find where questions and requests are duplicative than for every intervenor to review all interrogatories; the distributors are only required to answer a question once.

In respect of the recycling of questions from other rate cases, the Auditor neglected to note that all the distributors are filing information on similar processes and functions in formats required by the Board. Recycling questions could be termed a learning process. The Auditor failed to note that it is how intervenors manage the answers that is critical to regulatory review.

In the end, it is somewhat mystifying that Enersource Hydro, with apparently a quite positive intervenor experience in its last cost of service review and virtually the same intervenors applying for cost eligibility in its current review, has taken such a harsh position on cost eligibility. One might wonder what the Applicant is really seeking from this initiative.

Should you require additional information, please do not hesitate to contact me.

Yours truly,



David S. MacIntosh
Case Manager

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