



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

**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

April 7, 2008

**VIA E-MAIL AND COURIER**

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

Dear Ms. Walli:

**Re: Oshawa PUC Networks Inc. – Draft Rate Order  
2008 Electricity Distribution Rate Application (EB-2007-0710)**

VECC has reviewed the Draft Rate Order filed with the Board by Oshawa PUC for rates effective May 1, 2008 and its comments are set out below.

*PILs*

The amount for PILs included in the Rate Order is \$1,946,023 (page 16 of 31). Oshawa PUC has not provided any details regarding the calculation of the amount and it is not readily apparent to VECC that this amount, which is higher than that proposed in either the Original Application (\$1,935,917) or in its final Submission (\$1,946,023), is correct. The Board's March 19, 2008 Decision included a number of changes that would serve to reduce the amount required for PILs including the lower ROE value, the updated CCA rate for recent computer purchases and the lower Federal tax rate. The Board should request a clear reconciliation of the PILs amount before finalizing the rates for 2008.

### *Deferral Accounts*

VECC acknowledges that the Board's Decision references approximately \$800,000 approved for recovery at this time (page 21). However, a careful reading of the Board's March 19<sup>th</sup> Decision as it applies to each of the deferral accounts indicates that it did not approve the clearance of Account 1562 (page 19), Accounts 1582-1588 (page 20) or Account #1590. Indeed, the only approval for clearance received by Oshawa was with respect to the December 31, 2006 balance (plus interest) in Account #1508 (page 19). Indeed the Decision indicated specifically how it planned to deal, in the future, with the other six accounts. In VECC's view the approved 2008 rates should only include the clearance of Account #1508. It is inappropriate to "pro-rate" the recovery of \$800,000 over accounts whose balances the Board has not approved for recovery and, in some instances, has expressed concern that the balances are being calculated correctly (e.g., Account #1562).

### *Cost Allocation*

Contrary to the Board's Decision (page 27), Oshawa PUC has not clearly laid out how the Board's direction on the revenue to cost ratios for the various customer classes yields the percentage revenue allocations (page 19) that it has used to assign the revenue requirement to customer classes. Furthermore, the "current revenue to cost ratios" that Oshawa uses as its starting point for the adjustment (page 18) are not the same as those set out in its Application (8/1/1, page 6) as being the results of its Cost Allocation Informational Filing. Oshawa appears to have made a number of unexplained adjustments similar to what were included in its Reply Submission (Appendix B, page 46). In VECC's view a clear reconciliation of both issues is required. In the interests of transparency, it would be preferable for Oshawa to address this matter in its reply.

Yours truly,



Michael Buonaguro  
Counsel for VECC