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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: Espanola Regional Hydro Distribution Corporation (ERHDC)
2012 Distribution Rate Application (EB-2011-0319)
Draft Tariff of Rates and Charges**

As Counsel for the Vulnerable Energy Consumers Coalition (VECC), I am writing to provide VECC's comments on the Draft Rate Order circulated by ERHDC on October 11, 2012.

VECC's only comment is with respect to ERHDC's rate mitigation proposals. In its Decision (page 25) the Board stated that – "*should ERHDC determine that rate impacts in its draft Rate Order would exceed the 10% total bill threshold for typical customers in any class, ERHDC should document this and propose a reasonable plan to address such a situation.*" In the Draft Rate Order ERHDC has indicated (page 61) that implementation of the Board's Decision would yield rate impacts exceeding the 10% threshold for typical customers and has set out two alternative approaches for addressing the issue.

The first approach involves extending the recovery of period for all rate riders to four years starting May 1, 2012 and deferring the recovery of the foregone revenue resulting from the fact that the new rates being effective May 1, 2012 but not implemented until November 1, 2012. The second alternative involves extending the recovery period for all rate riders to four years and postponing the recovery of the revenue associated with the SMDR and the SMRR until the 2013/14 rate year.

VECC submits that the second alternative would have a material impact on low volume customers in 2013/14 since the smart meter and stranded meter-related costs would all be recovered through the monthly charge in one year as opposed to four years.

Having considered the bill impacts associated with each alternative VECC submits that Alternative 1 is the preferred approach for residential class.

Thank you.

Yours truly,



Michael Janigan
Counsel for VECC

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