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Toronto, May 15, 2008

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700
P.O. Box 2319
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

**RE: Oshawa PUC Networks Inc.
EB-2008-0099**

On behalf of Oshawa PUC Networks Inc. ("OPUC"), we are writing to advise the Board that we wish to make a submission at the oral hearing on May 16, 2008.

OPUC's submission is as follows:

- 1) AMPCO's motion is about cost allocation. Should AMPCO or any other party in this proceeding propose to adjust OPUC's Board approved revenue requirement from EB-2007-0710, OPUC would object and reserves the right to respond accordingly.
- 2) AMPCO has proposed that, in bringing OPUC's revenue to cost ratios to unity, any deficiencies experienced by OPUC would be tracked and recovered at a future date. OPUC submits that the use of deferral or variance accounts as suggested by AMPCO would adversely affect OPUC's cash-flow position. If OPUC were to defer recovering its revenue requirement as proposed by AMPCO based on revenue to cost unity OPUC would suffer an annual deficiency of approximately \$753,000. To meet such a cash flow deficiency, OPUC would need to borrow these funds at a time when it needs borrowing capacity for its required and approved capital expenditure programs. This would put a strain on OPUC's borrowing covenants and cost of borrowing.

Carrying costs of this deficiency would presumably be borne by OPUC's customers, so AMPCO's proposal would adversely impact them. Therefore, OPUC submits that the Board should reject AMPCO's motion in its entirety.

- 3) The Board has opened this proceeding to numerous stakeholders and has ordered that OPUC will be required to pay the cost awards. OPUC is aware of no Board-approved mechanism in place that will allow OPUC to recover its costs associated with cost awards. At the time that OPUC filed its distribution rate application, it was unforeseeable that OPUC would be selected by AMPCO as the test-case for an industry wide issue that would be open to stakeholders. Therefore, such costs were not contemplated in OPUC's distribution rate application. It is common practice for applicants to be able to recover intervenor costs, and it would be unfair to deny OPUC the same in this circumstance. Accordingly, OPUC requests that it be permitted to record intervenor costs in a deferral account for disbursal at a future date, as originally proposed by OPUC in its rate application. That proposal was denied by the Board. However in light of these unique circumstances, we request that the Board reconsider.

Should the Board reject this request, then OPUC submits that OPUC should not be solely responsible for the costs of this proceeding. Rather, costs should be borne distributors generally since the issues raised are of general application to the industry. This general application was recognized by the Board in Procedural Order No. 1, where it provided:

First, this application raises serious matters that may have implications for other cases.

Yours very truly,



Andrew Taylor