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April 5, 2007

VIA - E-MAIL

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

Dear Ms. Walli,

Re: Vulnerable Energy Consumers Coalition (VECC)
Additional Submissions Re: EB-2007-0514
Canadian Niagara Power – Fort Erie: 2007 Electricity Distribution Rate Application

On March 7, 2007, VECC filed submissions with respect to Canadian Niagara Power – Fort Erie's 2007 Electricity Distribution Rate Application. Subsequently, on April 4, 2007 Board Staff filed its submission regarding the Application. VECC has reviewed Board Staff's comments and, in particular their disagreement with submissions that the regulatory assets related to the storm damaged be recovered based both customer count and energy usage. In light of this, set out below are further submissions regarding CNP – Fort Erie's Rate Application.

Board Staff acknowledges that under normal build/repair conditions allocating such costs on the basis of both customer numbers and usage would be justified on the principle of cost causality. However, they go on to suggest that because the circumstances involved were not "normal", a different approach is required. The argument is that since damage was widespread and restoration efforts benefited all customers (regardless of their class designation) that the cost should be allocated totally based on customer count.

VECC disagrees. All that the Board Staff arguments support is the principle that the costs should be allocated to all customer classes. The arguments do not support a specific allocation. In particular, they do not support a specific allocation that is different from the one Board Staff has acknowledged is appropriate under normal build/repair circumstances. Indeed, utilities similarly argue, when supporting normal build and repair programs, that they are "needed" in order to maintain a reliable supply of power and in doing so "minimize health and safety risks" as well as to meet customers' electricity needs. VECC reiterates it original March 7, 2007 submission that "the Z-factor costs being claimed by CNP – Fort Erie should also be allocated to customer classes based on customer count and usage".

Please contact either Bill Harper (416-348-0193) or myself (416-767-1666) if you have any questions regarding our submissions.

Yours truly,

Michael Buonaguro
Counsel for VECC
cc: CNP – Fort Erie