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December 12, 2008

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: Procedural Order No. 3
COLLLUS Power Corp. (COLLUS)
Application for 2009 Electricity Distribution Rates
Board File No. EB-2008-0226

The following are the submissions of the Vulnerable Energy Consumers Coalition (VECC) on the procedural issues identified in the Board's Procedural Order No. 3 issued December 3, 2008:

a) whether further discovery is required, either in the form of further interrogatories or a technical conference;

VECC has reviewed the interrogatory responses of the Applicant and submits that provision for a second round of interrogatories is warranted. Identified below are a number of interrogatories that were not fully answered and/or require follow-up:

<u>Response to VECC #4 a) and Board Staff #3.7</u> – There is material discrepancy between the customer counts provided in Board Staff 3.7 a) and those set out in the original Application – Exhibit 3/Tab 2/Schedule 2, page 1. Also, there was a marked change in some of the reliability measures in 2007 for which it would be useful to obtain an explanation.

Response to VECC #6 b) and Board Staff #1.09 – In VECC's IR COLLUS was asked to provide the 2006 and 2007 payments to COLLUS Solutions and explain how they were determined. The response provides the percentage split of COLLUS Solutions' charges between COLLUS Power and the Collingwood Public Utilities Service Board but does not explain how the percentages were established. Board Staff #1.09 states that the charges are "cost-based" but does not explain how the costs are determined (e.g. Are they allocated in some fashion or based on actual work performed/time spent?).

Response to VECC #11 and Board Staff #3.6 – The response to Board Staff #3.6 indicates that a large developer could be starting a development in Creemore well ahead of schedule and uses this a rationale for not delaying the construction of MS#9. It would be useful for COLLUS to address the implications of this accelerated development on its customer count and load forecast – as presented in Exhibit 3.

Response to VECC #14 a) and Board Staff #9.2 – It appears that, as result of the new proposed Retail Transmission Connection Service Rate (per Staff #9.2), COLLUS will need to update the Transmission costs used in its working capital calculation.

Response to Board Staff #6.1 – The kWh's reported in Exhibit 3/Tab 2/Schedule 2, page 4 as being the basis for the Retail NAC's do not match those used in the cost allocation runs filed with the interrogatory responses. For example, in the case of the Residential class the Application reports a value of 111,105,540 kWh where as the Cost Allocation uses a value of 118,612,349 kWh (per Input Sheet I6, Cell D27). Clarification is required as using the values derived from the Cost Allocation Run would change the 2009 load forecast.

Response to VECC #20 a) and Board Staff 1.2 c)-2 – The response to the OEB Staff IR provides an updated table with new 2009 Total Compensation costs from those in the original Application. COLLUS has not indicated if these changes lead to a change in the overall OM&A costs requested for 2009.

Response to VECC #30 c) – COLLUS has only provided the bill impact calculations and not the underlying revenue allocation to customer classes and revenue to cost ratios for the alternate scenario set out in the question.

Response to VECC #31 – The response does not indicate where/how the values in some of the Table's columns were derived. In particular, it is not apparent how the totals in columns (C) and (E) were apportioned to customer classes.

Response to VECC #32 – The derivation of revenues by class (at current 2008 rates) does not account for the reduced revenues in the GS>50 and Large User classes due to the transformer ownership allowance discount.

Response to VECC #33 – The response provided appears to have removed $187,730 related to the transformer ownership allowance. This value reflects the 2006 EDR which was based on 2 Large Users. However, COLLUS has revised its Cost Allocation to exclude ALCOA. Therefore the Cost Allocation Run results presented In Table 2 (Exhibit 8/Tab 1/Schedule 2) should have already excluded the transformer ownership discount attributable to ALCOA from both revenue and costs. There is a need for COLLUS to review/revise the response it provided to VECC #33 and confirm whether the Cost Allocation Run (Excluding ALCOA) was performed correctly. If the original Cost Allocation Run requires updating then COLLUS may need to reconsider its proposed Revenue to Cost ratios for 2009.

Finally, in response to some of the interrogatories (e.g., VECC #19) COLLUS has indicated that it would need to update its application and undertook to do so when preparing the draft rate order. In VECC's view, it would facilitate the balance of process if COLLUS were to summarize the revisions it is proposing to make and the resulting impact on the revenue requirement prior to parties having to make their final submissions. This could be done in conjunction with the COLLUS responses to a second round of interrogatories.

b) whether a settlement conference would be appropriate; and

Given the recent correspondence from COLLUS on the matter, VECC does not believe that a settlement conference is appropriate.

c) whether a written or oral hearing is preferred.

Assuming the responses to the second round of interrogatories are complete, VECC believes that a written hearing would suffice and be more cost-effective than an oral hearing. Alternatively, the Board could consider a brief technical conference if further clarification, beyond the requested second round of interrogatories, is required.

Yours truly,

Michael Buonaguro
Counsel for VECC

cc: Mr. Darius Vaiciunas