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January 9, 2009

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. 2
West Coast Huron Energy Inc.
Application for 2009 Electricity Distribution Rates
Board File No. EB-2008-0248**

The following are the submissions of the Vulnerable Energy Consumers Coalition (VECC) on the procedural issues identified in the Board's Procedural Order No. 2 issued January 5, 2009:

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 further discovery is warranted in this case, in some cases due to the lack of a complete response and in other cases due to the response provided giving rise to further issues. In support, VECC offers the following examples with respect to specific first-round IR responses provided by the Applicant.

Response to VECC #1 a) – Based on this response it appears that the Distribution Revenues reported in Exhibit 7/Tab 1/Schedule 2 are too high (by virtue of including the Smart Meter Rate adders and not recognizing the transformer ownership discounts) and a revised version of the exhibit is required.

Response to VECC #3 and #4 – Both responses make reference to WCHEI updating its load forecast in January 2009 and WCHEI has not provided responses to these information requests.

Response to VECC #6 – Although dealing primarily with Cost Allocation, this response will need to be updated to reflect WCHEI's January 2009 Load Forecast.

Response to VECC #7 b) – WHCEI does not appear to have removed the transformer ownership allowance from the “costs” included in the CA run as requested in the original question. The result is that the overall Revenue to Cost Ratio does not reconcile to 100%. The response needs to be corrected.

Response to VECC #8 d); e) and f) – Based on these responses and the response to OEB #40, it is clear that the under recovery was not allocated to all customer classes. An explanation is required as to why some classes were excluded from this allocation. Also, further clarification is required regarding OEB #40 (e.g., how were the 2009 miscellaneous revenues assigned to customer classes?)

Response to VECC #11 a) – In the interest of transparency and to confirm the calculation was performed as requested, it would be useful if WHCEI also provided the actual fixed and variable rates used to calculate the distribution revenues provided in the response.

Response to VECC #11 c) – As the response notes, the current results do not reconcile with the proposed revenue requirement and WCHEI will be updating. VECC's view is

that the Board should make provision for parties to submit information requests on the update.

Responses to VECC #13 a) and b) – In response to these IRs about WCHEI's capitalization policy, the utility stated that it “does not capitalize OM&A expenses.” However, Appendix N, which provides the utility's capitalization policy, indicates that “Betterments” are capitalized. VECC would like clarification on this issue with respect to how betterments are accomplished, if not through OM&A spending.

Response to VECC #14 a) – This IR requested the nature of “the \$13,524 additions to Account No. 1915” made in 2007. The response refers to Board Staff IR #10 c) (which subsequently references Board Staff Schedule 3 c)) and disputes the amount of the additions that the VECC IR presumed.

On checking Exhibit 2/Tab2/Schedule 1, it appears that the \$13,524 was the GBV in 2007, and represented an increase of about \$12,500 rather than the additions figure cited.

However, VECC was unable to find the requested details in the reference to the Board Staff IR response and the Schedule referenced. VECC would like clarification with respect to this IR.

Response to VECC #16 – This IR requested whether WCHE had developed a multi-year capital spending plan and, if so, for a copy of the most recent multi-year capital spending plan that had been approved by the utility's Board of Directors. WCHE responded that yes, it did have such a plan and referred VECC to Appendix I. But, Appendix I appears to be an engineering assessment study commissioned by the utility rather than the requested capital spending plan. Details of the approved, multi-year capital spending program appear to not have been provided.

Response to VECC #19 a) – This IR was submitted so that VECC could understand why “Rent from Electric Property and Sales of Water and Water Power” had decreased so significantly in 2007. The response indicated that “[i]n 2006 revenues were grouped in a different manner than the 2006 Board approved. 2007 actual and onward are grouped in a similar manner.” Further elaboration on the changes in groupings made in 2006 would be useful to understand the variation in these revenues.

Based on the preceding examples, VECC’s view is that further discovery is essential in this proceeding in order to complete the record so as to determine just and reasonable rates for WCHE for 2009.

Further, VECC submits that the planned January 2009 load forecast update will impact a number of aspects to the Application including working capital, retail transmission service rates, cost allocation and rate design. It may also lead to changes in 2009 OM&A and capital spending. As such, provision should be made for an additional round of information requests that would deal with the implications of the upcoming load forecast update.

b) *Whether a settlement conference would be appropriate; and*

Due to the state of the evidentiary record, VECC is unable to provide any recommendation in response to this issue at this time. Once further discovery has been completed VECC will be in a better position to comment on whether a settlement conference would be appropriate.

c) *Whether a written or oral hearing is preferred.*

Due to the state of the evidentiary record, VECC is unable to provide any recommendation in response to this issue at this time. Once further discovery has been completed VECC will be in a better position to comment on whether an oral hearing phase is required.

Yours truly,

Michael Buonaguro
Counsel for VECC

cc: WCHEI