

## Comments on Technical Workshop, November 2 and 3, 2005

### Canadian Manufacturers & Exporters

**Attention: Pascale Duguay and John Vrantidis**

CME's comments on the Technical Workshop are as follows:

1. The Workshop was well organized. The moderators were knowledgeable and sought to ensure that issues were discussed in a balanced way.
2. Notwithstanding the above, CME has two related concerns.
3. **Concern #1** - Cost allocation principles are being decided upon without any understanding and / or a consideration of their impact on rates and on LDCs.

The discussion of principles to date appears to have been conducted in an academic manner with no relationship to the real world. It is of major concern that the rate impact of cost allocation principles will not likely take place until late 2006.

In CME's view, sound principles are key to establishing equitable rates. It is highly inappropriate to put off consideration of the rate impact of cost allocation principles to a future date.

4. **Concern #2** – Many if not most of the LDC personnel who attended the Workshop only appeared to become engaged / animated until the Workshop discussion got to the account level.

In other words, there did not appear to be much connection in the minds of most LDC attendees between principles and issues at the account level

5. Given the above, CME suggests that more attention be placed on the principles that will / should underlie cost allocation, including a full examination of the implications on rates – who wins / who loses among rate classes and among LDCs.