

January 31, 2006

Mr. John Vrantsidis,
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Toronto, Ontario, Canada
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Dear Mr. Vrantsidis:

**Re: EB-2005-0317 Cost Allocation Review - Phase Two
Unmetered Scattered Loads**

In response to your invitation for brief written comments from stakeholders following Board staff presentations on December 15 and 16, 2005, the following summarizes the position of the Canadian Cable Telecommunications Association ("CCTA"). Our comments are focused on the proposals for treatment of unmetered scattered loads ("USL").

***Cost Justified
Approach:***

CCTA strongly supports Board staff's recommendation that a full cost-justified approach to rates for USL be explored through the informational filings, and that the same cost causation principles should be applied to unmetered scattered loads as to all customers groups. In allocating costs to unmetered scattered loads, specific attention should be paid to costs avoided where a load is not metered.

Customer Class:

CCTA strongly supports the recommendation that loads which are currently not metered by the LDC should be treated as USL for purposes of the informational filings.

We concur with the recommendation that in order to create classes that are relatively homogeneous as to load shape, photo controlled USL should be treated as part of a class that includes sentinel lights, and non-photo controlled USL be treated as a separate customer classification.

CCTA anticipates that the results of the informational filings will confirm the need for a separate USL rate class, and recommends that non-photo controlled USL have a separate rate based on its allocated cost of service.



**Criteria for
Membership in the
USL Class:**

Criteria were extensively discussed in the sessions of the technical advisory group, and presented as part of the Board staff proposal. CCTA supports a requirement for criteria, combined with an objective process to determine whether specific connections or applications meet those criteria.

CCTA submits that such criteria should only be determined through a process which allows for a thorough consideration of relevant facts to be brought forward by all stakeholders, and for the Board to consider and determine appropriate criteria. Further, once criteria are approved by the Board, the criteria should be consistently applied by LDCs.


In CCTA's view, no load or connection type that is currently unmetered by an individual LDC should be removed from the class of unmetered loads without a fair opportunity for the USL customer to work with the LDC, and if necessary, to offer evidence to the Board that it meets the criteria.

CCTA notes that the process to date has not provided for a review of the relevant facts, and CCTA proposes that the current treatment by the LDC (i.e. metered or not metered) should be used as the basis of customer classification for purposes of the informational filings. All loads that are currently unmetered within an LDC should be treated as a separate class (or if photo controlled, as part of a class with sentinel lighting) for purposes of that LDC's informational filings.

**Allocation
Approach:**

CCTA generally supports the allocation of costs in accordance with the methodology agreed by the technical advisory group and recommended by Board staff. For the most part, these recommendations are consistent with the methodology which will apply to all customer classes, while providing for recognition of the specific costs avoided in serving USL customers. Specifically, CCTA accepts that unmetered load customers should bear the allocated costs of distribution facilities excluding accounts 1825 and 1970.

With respect to billing costs, CCTA concurs that, for the informational filings, billing costs should be allocated based on number of bills issued to the USL class, recognizing that some LDCs issue one bill per connection while others issue each USL customer a summary bill. Summary billing should result in cost savings for the LDC, while providing an opportunity for the customer to reduce its own administrative costs associated with its electricity accounts. As such, CCTA believes that summary billing represents the



appropriate standard of service to a USL customer within an LDC, and concurs with the recommendation that the USL class should be allocated the costs of summary billing to its members where it is offered.

Board staff's presentation suggested a possible adjustment to the 1 NCP approach in computing the allocation to non-photo controlled USL of demand-related distribution system costs, to remove any benefits of diversity. No adjustment to the 1 NCP approach has been proposed for any other class based on load factor or load shape. It is therefore CCTA's position that the 1 NCP method should be applied to non-photo controlled USL in the same manner as to other classes.

CCTA concurs that the USL class should receive an allocation of miscellaneous and other revenues on the same basis as other customer classes.

Load and Load Shape:

CCTA understands that load profiles will be considered as part of Phase 3 of the Cost Allocation Review. CCTA also notes the reference by Board staff to load profiles in Board staff's presentations on December 15 and 16. Specifically, the presentation on Data Needs for Rate Classification Changes recognized that data with respect to energy load (kWh) and CP and NCP (kW) for the new class will be required. CCTA concurs with this, and would appreciate the opportunity to participate in all processes to review such issues and bring forward relevant information in support of appropriate values for use in the informational filings.

CCTA believes that treatment as a separate class entails a separate determination of load and load shape. In the absence of an interval metered sample, we recommend that these be determined taking into account information presented by USL customers such as the consumption characteristics of the equipment and factors affecting such consumption characteristics over time.

Rate Classification Approach:

CCTA supports a flat rather than a hierarchical approach, consistent with widely accepted methodology. We believe that a flat approach moves beyond historical rate class relationships which may or may not continue to be justified.

Rate Design:

CCTA concurs with the recommendation for a two part rate design, consisting of a charge per connection and a volumetric charge, each determined for the USL class based on that class' separately allocated costs of service.



Monitoring:

The subject of monitoring USL was extensively discussed in the technical advisory group sessions. CCTA recognizes the importance for LDCs to have processes in place to maintain accurate records of the number of USL connections, as well as a reasonably reliable approach to determining consumption, and CCTA supports the development of appropriate, cost effective measures to develop or improve reporting and recording of unmetered loads for billing and operational purposes. Board staff has accepted the consensus of the group that the costs to the LDC of monitoring be directly allocated to the USL class.

If the LDC has not incurred monitoring costs in the test year, CCTA believes that no costs should be allocated for purposes of that LDC's informational filing. For the future, CCTA concurs that the expenses of a reasonable and cost effective monitoring program, commensurate with the risk of inaccurate charges for the consumption of unmetered scattered loads, should be eligible for inclusion in the revenue requirement and should be recovered from the USL class.

CCTA concurs with the view of Board staff that the determination of an appropriate type and level of monitoring is a compliance issue, and understands that it has been declared by Board staff to be beyond the scope of this cost allocation review process. CCTA would be pleased to work with Board staff and other stakeholders in a separate process to review such compliance issues in an appropriate forum.

Please accept our thanks for the opportunity to participate in the Phase 2 technical advisory group and to provide these comments. We look forward to participating in Phase 3 of the Cost Allocation Review and will be pleased to contribute to the cost allocation review as it continues to unfold.

Yours truly,



Paula Zarnett, Vice President
BDR, A Gestalt Company
On behalf of CCTA