



August 18, 2006

Via Courier

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Young Street
Toronto, ON M4P 1E4

Dear Ms. Kirsten Walli:

Re: Proposed Minimum Filing Requirements – EB -2006-0170

We welcome the opportunity to comment on the proposed Minimum Filing Requirements for Transmission and Distribution Rate Applications, please find our comments relating to the proposal;

Comparing costs between distributors

The proposal has indicated that there will be a detailed variance analysis comparing costs among the Local Distribution Companies (LDCs). Would this be a duplication of the work that has already been done on the comparative and cohorts study or is there a different methodology behind the variance analysis?

Working Capital Allowance

The allowance for working capital in the proposal has indicated that the Ontario Energy Board (OEB) is giving the LDC's two options in determining their working capital amount, which has the potential to be more work for the OEB to evaluate the numerous LDC's. This approach would be more time consuming for the OEB and other LDCs in evaluating the LDC, so we are in favour of the current rate approach that was used in the current rate applications, 15% of Operation and Maintenance expenses plus cost of power.

Weather Normalizing

In normalizing the operating revenue would entail time and increase in resources. In most cases the smaller LDC's, there is limited resources in maintain the history of weather in order to normalize the data. If the proposal is to incorporate the normalization of the data this will increase the cost for the LDC which in return would be going to the customer and also increase the resource that the smaller LDC's do not have which would increase the cost. The Board would have to explain in-depth the methodology that would be used in normalizing the data, that would be used to determine within reason the revenue data for the time period. It would be difficult for small LDCs to incur this cost without recovery from the customers. Will the OEB allow LDCs to recover the additional costs for this and other filing requirements?

Capital Structure

Another issue is the cost of capital structure, currently there is a proceeding (EB-2006-0088) on the capital structure to comply with a generic structure for all LDC's. Is the OEB going to take into consideration the individual risk of the LDC or is the OEB going to default to the ruling that will come from that proceeding. If the OEB is going to fall back on the default capital structure this is going to prolong the decision of the OEB in approving rates.

Light handed Regulation

In the overall assumptions of the proposal is that the LDC will incur increase cost that would in return be given to the customers and consume more time to compare the cost and revenue between historical to bridge to approved rates. The OEB will also have an increased in time to evaluate the individual LDC with the increase in detailed information proposed by this report. Even though the OEB has separated the LDC in the multi-year rate plan, by dividing the LDC into groups has not save any time or giving more quality review because the time save is getting used up by the in-depth information that contain in the proposal. The understanding of the OEB methodology for regulating electricity industry is to have light handed regulatory submissions, in the past the OEB approach was to keep it simple, easy to understand, minimum data to ensure the LDC rates was just and reasonable. This may not be the case it's duplicating the gas industry that would not be appropriate for the LDC market at this current time.

Sincerely yours,

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