



June 26, 2007

Mr. Peter O'Dell
Assistant Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
27th floor
Toronto, ON M4P 1E4

Re: **EB-2006-0268:**
Comparison of Distributor Costs; Consultation on Consultant's Report.

Dear Mr. O'Dell:

Following from your notice of April 27, 2007 the Building Owners and Managers Association of Greater Toronto (BOMA) is pleased to provide the following comments.

We start from a basic premise that benchmarking is highly appropriate for electricity distribution utilities in Ontario, should continue to be refined, and should ultimately be applied vigorously in rate reviews. Benchmarking allows both regulators and consumers the opportunity to highlight best practices, while exposing inefficiencies. As noted in the PEG report, a large number of LDCs in Ontario further supports the need for, and validity of, benchmarking.

As BOMA has noted in previous submissions to the OEB regarding LDC efficiencies, distribution costs for large commercial customers vary widely between LDCs. The net effective distribution cost (including monthly customer charge) range from under \$3/MWh to approaching \$20/MWh. While legitimate underlying costs differences may exist, this wide range of cost highlights the likelihood of inefficiencies, and the high end numbers suggest the possibility of inequitable cost allocation to this rate class

With respect to the possible methodologies for benchmarking, BOMA Toronto favours indexing as opposed to econometrics. We believe that if consumers are to undertake assessments of LDC costs, then indices are the only practical approach. Whatever benefits econometrics may provide, we believe the increased complexity will impair broader consumer understanding, and make ratemaking less transparent. However, we do concur with PEG's suggestion that unit cost indices can be refined using the results of econometric modeling.

The challenge is to establish indices that are representative of external business conditions, while providing for legitimate comparison with peers. We note that PEG has highlighted flaws in existing data. This is echoed by LDCs that have pointed out both errors and inconsistencies in the data as published by the OEB.

We do not believe this is an insurmountable challenge and support the improvements in data gathering and collection as proposed by PEG. In addition we believe that there should be full delineation of revenue, volume and peak load data for **all** customer rate classes. For example, especially in urban LDCs the GS > 50kW category is often the largest. Further delineation of the rate classes within this group (e.g. 50- 1000 kW; 1000-5000 kW) would be especially useful and would also provide greater transparency to ensure equity between rate classes.

Also, as a matter of practicality moving forward, we concur with PEG's suggestion that despite existing deficiencies that may limit its application, benchmarking can initially be used to expedite rate applications of apparent good performance while flagging those applications that warrant more thorough review.

Thank you for the opportunity to provide these general comments and we look forward to continued participation in this consultation.

Yours truly,



Chuck Stradling
Executive Vice President
BOMA Toronto