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Ontario Energy Board
Suite 2700
2300 Yonge Street
Toronto, Ontario
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ATT: Kirsten Walli, Secretary

January 08, 2007
Dear Ms. Walli,

**Re: Multi-year Electricity Distribution Rate Setting Plan
Selection of Electricity LDCs for Rebasing
Board File No. EB-2006-0330**

In accordance with the OEB's web posting of December 19, 2006, the ECMI coalition (ECMI) submits its comments on Board staff's Discussion Paper "Screening Methodology to Establish a Rebasing Schedule for Electricity LDCs."

Three paper copies are enclosed. Electronic copies in both Adobe Acrobat and Word have been sent this date by email to boardsec@oeb.gov.on.ca.

Requested contact details are as follows:-

Roger White
President
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Respectfully submitted for the Board's consideration,

Original signed by R. White

Roger White
President

ECMI comments on Board staff's Discussion Paper "Screening Methodology to Establish a Rebasing Schedule for Electricity LDCs."

General Comment

The apparent optics of the criteria set out in the discussion paper are appropriate from ECMI's perspective. These criteria are, however, like beauty. Few people can argue with their purpose but their interpretation and implementation is so broad as to create potential inequalities with respect to the treatment of LDCs. The underpinning of these criteria is the issue. As set out in the discussion paper, the descriptions of the criteria are so vague as to make meaningful comment difficult. For instance, the use of "standard financial indicators" with respect to liquidity does not amplify in any way what the criteria will be. There is a high risk that anyone who reads such a description will interpret it in their own way based on individual paradigms. This may to inconsistency in regulation. The absence of plain language and specific description of the criteria does not facilitate comment on the discussion paper.

This difficulty in commenting is compounded by the lack of clear description of how these criteria will be applied to individual LDCs. The discussion paper indicates that weightings will be assigned to the criteria but is silent on weightings between the criteria. In order to apply a weighting system it is necessary that within each criteria there be a scoring system to which the criteria weighting would be applied. The derivation of the scoring within each criteria and weightings between the criteria are fundamental to this process.

Ultimately, the clarity and transparency of the determination of the weighting factors between the criteria and the scoring within each criteria will establish whatever level of credibility this process produces.

The proposed process will be validated by the clarity of the reasons for the selected weightings and the scoring within each criteria. These reasons will make the process transparent and permit the universality of the application which will produce the equity between distributors.

In addition, there may be other equally valid criteria which come to light as a result of this process.

Future test year application may require weather normalised load data. As Hydro One Networks has virtually exclusive access to this technical capability, the schedule may be dependent on both Hydro One's willingness and timely delivery of any required load analysis. Both these factors should be considered in the Board's decision.