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January 8, 2007

VIA EMAIL AND COURIER

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto, ON  
M4P 1E4

Dear Ms. Walli:

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

**VECC'S Comments Re: December 19<sup>th</sup>, 2006 Discussion Paper  
Report**

As Counsel to the Vulnerable Energy Consumer's Coalition (VECC), I am writing, per the Board's letter of December 19<sup>th</sup>, 2006, to provide our comments on the OEB Staff's Discussion Paper on the above issue.

*Criteria to be Considered In Determining Year of Rebasing*

The OEB Staff Discussion Paper suggests three general criteria that will be used in selecting LDCs for rebasing in 2008: Financial Attributes, Special Situations and Self-Nomination.

Very little detail is provided in the Paper as to precisely what measures of liquidity, earnings and cost levels will be used in selecting LDCs for rebasing. VECC agrees with the general principle that financial attributes should be key consideration in selecting LDCs for rebasing in 2008. However, for purposes of transparency and fairness, VECC believes that the specific measures that will be

used should be specified in the January 19<sup>th</sup> release. It will also assist LDCs in considering the need for and preparation of any self-nominations.

VECC also notes that the Paper references the Cost Allocation Review as one potential source of input. However, with the last cost allocation filings not due until March 31, 2007, it is unlikely that the Cost Allocation exercise will provide useful data for selecting LDCs for rebasing. However, it should be possible for the Board to review the filings and identify (prior to start of the summer) which should address cost allocation issues as part of their 2008 filing.

In terms of Special Situations, it is VECC's view that more weight should be placed on Prior Board Directions/Decisions and Rate Harmonization than on Not Being Reviewed in 2006. For those LDCs that were not reviewed in 2006, the consideration of their financial attributes (based on 2004 and 2005 actual results) should be sufficient to establish whether or not early review is needed.

Finally, with respect to Self-Nomination, VECC notes that there is not an equivalent provision at this stage in the process for customers or other stakeholders to nominate LDCs for early rebasing. VECC assumes that this is the one of the main reasons for permitting requests for reconsideration on or before April 15<sup>th</sup>. However, given these circumstances, the Board's March 15<sup>th</sup> list of proposed LDCs for rebasing is missing a key input and, in VECC's view, should clearly be considered as "preliminary".

### *Implementation*

As noted above, the implementation schedule calls for the Board to issue its "preliminary" list of proposed LDCs for rebasing in 2008 on March 15<sup>th</sup>. It is VECC's view that, at the same time, the Board should publish all of the information it considered in developing the "2008 list", including the values for the various financial attributes considered, documentation regarding all of the special situations considered and copies of all self-nominations submitted by LDCs. Without this information neither LDCs nor other stakeholders will be able to make effective requests for reconsideration of the "list".

VECC supports the Staff proposal to delay selection of the second and third tranches until another year of information becomes available.

Finally, VECC notes that the Board is not issuing cost awards for this stage of the consultation. If the Board wishes to receive comprehensive input from all stakeholders on its March 15<sup>th</sup> proposed list then, in VECC's view, cost awards should be made available to support parties in preparing their April 15<sup>th</sup> submissions requesting reconsideration of the Board's proposed list.

VECC looks forward to release of the finalized criteria on January 19<sup>th</sup> and appreciates the opportunity to comment. If you have any questions regarding the

preceding comments please contact either Bill Harper (416-348-0193) or myself (416-767-1666).

Yours truly,

A handwritten signature in blue ink, appearing to be 'M. Buonaguro', with a stylized flourish at the end.

Michael Buonaguro  
Counsel for VECC