

July 11, 2007

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File 10329

VIA EMAIL AND COURIER

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

Dear Ms. Walli:

Re: LDC Cost Allocation Filings

We are pleased to provide the Power Workers' Union responses to questions posed by Board Staff on implications arising from a review of the electricity distributor's cost allocation filings EB-2007-0667.

The Board Staff's questions that the PWU responds to and the PWU's responses are set out below:

Q: *What is the appropriate cost range to test the fixed monthly customer charge?*

A: The PWU points out that current rates were designed as per the Board's direction which anticipated that the utilities would set the variable energy charge at the minimum possible level and the monthly service charge at a higher level to minimize the risk of revenue shortfall. The PWU disagrees with Board staff's proposal, which is the reverse of the Board's direction on the current rate design. Further, the PWU submits that the rate design on which current rates are based should be taken into account in determining the appropriate cost range to test the fixed monthly customer charge.

Q: *Should the establishment of a USL credit be based on an individual utility's costs?*

A: The PWU supports cost-based rates that ensure ongoing LDC financial viability and the ability of LDCs to provide ongoing service quality, reliability and safety. The PWU therefore agrees with Board Staff's

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proposal for USL metering credits based on each LDC's individual application and not based on a provincial average cost.

Q: *Should the establishment of a transformer credit be based on an individual utility's costs?*

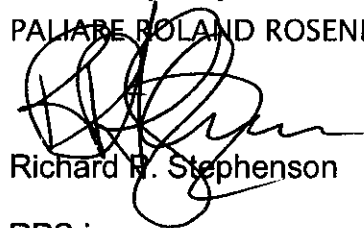
As in the second point above, the PWU supports cost based rates that allow LDCs to recover their true costs and therefore supports Board staff's proposal on transformer credit based on each LDC's application and not per a provincial average cost.

Q. *Should the determination of appropriate Stand-by rates for customers with load displacement generation be based on an individual utility's costs?*

A. As in the second point above, PWU supports cost-based rates, based on each LDC's individual application.

Yours very truly,

PALIARE ROLAND ROSENBERG ROTHSTEIN LLP



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