



THE BOARD OF DIRECTORS

Chair, GAIL REGAN

President, Cara Holdings Ltd.

President, PATRICIA ADAMS

MAX ALLEN

Producer, IDEAS, CBC Radio

GEORGE CONNELL

President Emeritus, University of Toronto

ANDREW COYNE

Journalist

IAN GRAY

President, St. Lawrence Starch Co.

Secretary/Treasurer, ANNETTA TURNER

DAVID NOWLAN

Professor Emeritus, Economics, University of Toronto

CLIFFORD ORWIN

Professor of Political Science, University of Toronto

ANDREW ROMAN

Barrister & Solicitor, Miller Thomson

MARGARET WENTE

Columnist, Globe and Mail

July 11, 2005

VIA FACSIMILE & EMAIL

Mr. John Zych
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2601
Toronto, ON M4P 1E4

Dear Mr. Zych:

Ontario Energy Board – Cost Allocation Review
Board File No. EB-2005-0317
Energy Probe Funding Request

Please find 3 hard copies of the request for funding by Energy Probe Research Foundation with respect to participation in the process to review cost allocation in the electricity distribution sector, as described in the Ontario Energy Board letter of June 24, 2005. A PDF version is being forwarded electronically to your attention.

Should you require additional information, please do not hesitate to contact me.

Sincerely,

David S. MacIntosh
Case Manager

cc. Tom Adams, Energy Probe (By email)
Randy Aiken, Aiken & Associates (By email)
CAreview (By email)

Energy Probe Research Foundation 225 BRUNSWICK AVE., TORONTO, ONTARIO M5S 2M6

Phone: (416) 964-9223 Fax: (416) 964-8239 E-mail: EnergyProbe@nextcity.com Internet: www.EnergyProbe.org

Ontario Energy Board

COST ALLOCATION REVIEW

Energy Probe Research Foundation

◆Request for Funding◆

Submitted July 11, 2005

Cost Allocation Review – Request for Funding

i) Statement of Interest

Energy Probe Research Foundation (Energy Probe) is a non-profit environmental and consumer organization which promotes economic efficiency in the use of resources. Energy Probe participates in national and provincial conferences and regulatory forums on energy issues which it believes to be in the public interest.

The Foundation, Canada's third-largest environmental policy organization and Canada's largest energy policy organization, has over 30,000 supporters, half of them in Ontario, of which most have tangibly expressed interest in energy issues. Energy Probe also has a strong consumer focus and is frequently acknowledged in the media as a consumer watchdog.

Many Energy Probe supporters receive information updates, often several times a week. Energy Probe frequently has direct communication with the public through interviews with the media, communications on the Internet, public speaking, and direct mail communication with its supporters.

Energy Probe has a history of representing the interests of many Ontarians who are not financial supporters, and receives active feedback on its initiatives through public and media interaction.

Energy Probe has appeared before the Board for over 30 years, during which time it has been noted for its cooperative spirit, its often-unique perspective, and its contribution to the development of fair and reasonable rates for both individual consumers and commercial/industrial purchasers of natural gas and electricity. Its approach has been to look beyond annual cost minimization to consider what would be best for the marketplace in the long term.

Energy Probe then, is a non-profit organization which relies on individual donations to help protect the public interest. Without the prospect of funding assistance, its participation in the consultation initiatives of the Ontario Energy Board, and its ability to produce policy position papers, would be quite limited as well.

Members of Energy Probe's team regularly attend meetings of its Board of Directors, making presentations, providing written summaries of activities, answering the questions of Board Members, and receiving their input.

In addition, Energy Probe reports its regulatory priorities to supporters by direct mail and receives both financial support and comments in response from those supporters.

ii) Energy Probe's Participation

Energy Probe intends on fully participating in all of the phases of the discussions, including but not limited to its participation in the:

- 1st Phase Technical Workshop on electricity distribution sector cost allocation principles and methodologies;
- 2nd Phase Technical Workshop on fixed/variable splits and select distribution rate classification/design changes;
- 3rd Phase Technical Workshop on mandatory cost allocation filing requirements, OEB cost allocation model design, and data inputs;
- written submissions on proposed cost allocation principles and methodologies, and select rate design matters; and,
- written submissions on proposed OEB filing requirements.

Energy Probe would like to remind the Board that in prior Board processes in which it has expressed its interest, it has participated well beyond attendance.

For example, in the 2006 Electricity Distribution Rates consultations, during the Initial Consultation on July 6th and 7th of 2004, Energy Probe was the only non-utility related stakeholder to actively participate in the Board's consultation on issues other than DSM, making both oral and written presentations, and providing a significant contribution to the development of the preliminary Issues List. In addition to that, Energy Probe made contact with a number of utilities, and provided feedback, after discussion with the utilities, with respect to the expectations of regulated rate-making processes.

Energy Probe took a very active role in the recent Recovery of Regulatory Assets proceedings, being the only non-utility intervenor to file evidence.

With respect to the areas of interest which the Board has identified as likely generating Technical Workshops, Energy Probe has significant interest in all of the topics, has taken part in Board proceedings which examined these issues in both the electricity and gas sectors, and believes that it can participate in a knowledgeable manner to address each.

Distribution Cost Allocation and Rate Design are fundamental issues to all consumers, and Energy Probe has traditionally taken a view that costs should follow causality where possible, and be tied to time periods of incursion.

iii) Other Sources of Funding

Energy Probe will access funding from general donations from its supporters to make up any shortfall should it exceed the cost allowances of the Board. Energy Probe relies on volunteers to be able to support its regulatory and other work, including a volunteer Board of Directors.

iv) Technical Advisory Team Nomination

Energy Probe wishes to nominate the following expert to serve as a member of the Technical Advisory Team to provide technical input to Board staff:

Mr. Randy Aiken
Aiken & Associates
578 McNaughton Ave. West
Chatham ON N7L 4J6

Mr. Aiken is widely considered to be exceptionally well qualified to add value to this Board process. It is the understanding of Energy Probe that the London Property Management Association and/or the Wholesale Gas Service Purchasers Group may also nominate Mr. Aiken.

A resume of Mr. Aiken, which was filed as an exhibit in the current EB-2005-0001 EGD 2006 Rates Case, is attached.

RANDALL E. AIKEN

578 McNaughton Ave. West
Chatham, Ontario, N7L 4J6
(519) 351 - 8624
Fax: (519) 351-4331
E-mail: raiken@xcelco.on.ca

CAREER HISTORY

1992 - Present **AIKEN & ASSOCIATES, Chatham, Ontario**

* Leading a team of public utility professionals providing services in the areas of utility economics, finance, regulation and litigation.

* Providing consulting services and expertise in the areas of public utility regulatory case management, cost of service regulation, performance based regulation, litigation support, evidence preparation, sales and revenue forecasting, economic analysis, O & M budget analysis, capital project analysis, cost allocation, rate design and regulatory support.

* Provide expert testimony on behalf of clients before the Ontario Energy Board.

* Provide cross-examination of expert witnesses on behalf of clients before the OEB.

1986 - 1992 **UNION GAS LIMITED, Chatham, Ontario**

Senior Economist 1987-1992

Supervisor Forecasts & Market Statistics 1986-1987

* Gas sales throughput and revenue forecasting for budget and regulatory purposes.

* Forecast and analysis of macroeconomic scenarios for Canada, Ontario, and various industries for strategic planning purposes.

* Testified before Ontario Energy Board at several rates and facility cases.

* Communicated national and provincial economic outlooks and industry analysis to senior management.

* Designed and implemented regional gas sales models for throughput and revenues and incorporated advanced forecasting techniques into sales and revenue models.

* Implemented facility forecast analysis procedures and improved and expanded management reporting systems related to forecast variance analysis.

1984 - 1986 **CHASE ECONOMETRICS (now Global Insight), Toronto, Ontario**
Economist

* As a member of a small team, assisted in the production and publication of the Canadian Macro, Canadian Provincial and Canadian Cost Planning services.

* Responsible for customer-specific projects and associated client support.

* Received President's Award in 1985 for outstanding performance.

1982 **INFORMETRICA LIMITED, Ottawa, Ontario**
Student Economist Work Terms - Spring & Fall 1982

* Employed on work terms as part of the requirements for the M.A.
(Economics) degree at the University of Waterloo.

SELECTED UTILITY, REGULATORY AND RELATED EXPERIENCE

- 2005 RP-2003-0063/EB-2004-0542 Provided expert analysis and litigation support in Union Gas 'Embedded Storage Rates' proceeding for the London Property Management Association ("LPMA") and the Wholesale Gas Service Purchasers Group ("WGSPG").
- 2005 RP-2003-0063/EB-2005-0189 Represented LPMA at Union Motion to vary the RP-2003-0063/EB-2004-0480 Decision.
- 2005 Prepared Economic Evaluation Model for Five Nations Energy Inc.
- 2005 Prepared evidence and provided regulatory support for NRG for gas cost proceedings (EB-2005-0235, EB-2005-0296).
- 2004 RP-2003-0063/EB-2004-0480 Prepared submissions on behalf of LPMA and WGSPG with respect to Union's proposal for rates for 2005.
- 2004-2005 RP-2003-0204 Distribution Rates for Attawapiskat Power Corporation – develop model and prepare evidence and interrogatory responses for three different test periods.
- 2004 RP-2004-0196 Smart Meter Initiative – member of the Cost Considerations Working Group.
- 2004 RP-2004-0188 2006 Electricity Distribution Rates – member of the Test Year, Rate Base and Taxes/PILS working groups. Provided submissions on behalf of LPMA.
- 2004-2005 Providing financial modelling, evidence preparation and interrogatory responses for Great Lakes Power Limited related to their Transmission Division.
- 2004 Provided evidence preparation, rate case management, sales forecasts, cost allocation, rate design, etc. for NRG (RP-2004-0167) for the Ontario Energy Board. Testified at hearing.
- 2004 Prepared evidence and provided regulatory support for NRG for gas cost proceedings (EB-2004-0213, EB-2004-0269, EB-2004-0413, EB-2004-0509)
- 2004 Prepared evidence and testified for NRG for gas cost recovery mechanism (RP-2002-0147/EB-2004-0004)
- 2004 Provided expert analysis on cost allocation and rate design issues for Energy Probe in Enbridge Gas Distribution 2005 Rates Case (RP-2003-0203).
- 2003 Provided expert analysis and litigation support in Union Gas 2004 Rates Case (RP-2003-0063) for the LPMA and WGSPG.
- 2003 Provided expert analysis and litigation support in Review of the Board's Guidelines for setting ROE (RP-2002-0158/EB-2002-0484) for the LPMA.
- 2003 Provided expert analysis and litigation support in review of the Quarterly Rate Adjustment Mechanism (EB-2003-0056) for Union Gas Ltd. on behalf of the LPMA.
- 2003 Provided evidence preparation and testimony, rate case management, sales forecasts, cost allocation, rate design, etc. for NRG (RP-2002-0147) for the Ontario Energy Board.

- 2003 Prepared evidence and regulatory support for NRG for gas cost proceedings (EB-2003-0007, EB-2003-0061, EB-2003-0239, EB-2003-0286)
- 2002-2003 Provided evidence preparation, rate case management, sales forecasts, cost allocation, rate design, expert testimony, etc. for NRG (RP-2002-0147) for the Ontario Energy Board.
- 2002-2003 Provided expert analysis and litigation support in Union Gas 'Customer Review Process' (RP-2002-0130) to establish rates for 2003 for WGSPG and LPMA.
- 2002-2005 Member of Union Gas DSM Consultative, including Audit Subcommittee (2002).
- 2002-2003 Provided evidence preparation and rate design assistance to Great Lakes Power for distribution rates application to the Ontario Energy Board.
- 2002 Provided evidence and testified at Hydro One Networks Distribution Rates case at the Ontario Energy Board on behalf of a coalition of municipal electric distributors (Enersource Mississauga Hydro, Ottawa Hydro, London Hydro, St. Catharines Hydro, Oshawa PUC Networks).
- 2002 Prepared evidence and regulatory support for NRG for a gas cost increase proceeding (EB-2002-0229)
- 2001 Prepared evidence and regulatory support for NRG for a gas cost increase proceeding (EB-2001-0005)
- 2001 Provided evidence preparation, rate case management, sales forecasts, cost allocation, rate design, etc. for NRG (RP-2000-0126) for the Ontario Energy Board.
- 2001 Provided regulatory and analytical support for Cogenerators Alliance in TransCanada Pipeline Tolls and Tariffs Application (RH-1-2001).
- 2001-2002 Provided expert analysis and litigation support in Union Gas 'Enabling Unbundling' (RP-2000-0078) case for the WGSPG and LPMA.
- 2001-2002 Provided expert analysis and litigation support in Union Gas 'Customer Review Process' (RP-2001-0029) to establish rates for 2001 and 2002 for WGSPG and LPMA.
- 2001-2003 Providing regulatory assistance and analysis for Kitchener Utilities.
- 2001-2003 Provided evidence preparation and cost allocation and rate design for Five Nations Energy Inc. for pre-market and post-market (pooled) opening transmission rates and for distribution rates for related local distribution companies (Attawapiskat Power Corporation, Kashechewan Power Corporation, Fort Albany Power Corporation) for filing with the Ontario Energy Board.
- 2000-2001 Prepared evidence on rate unbundling for Middlesex Power Distribution Corporation in accordance with the Ontario Energy Board Electricity Distribution Rate Handbook and harmonized rates from three utilities.
- 2000-2002 Provide consulting services related to natural gas transportation, and distribution to TransAlta Energy Corporation.
- 1999 - 2000 Provided expert analysis and litigation support in Union Gas Unbundling and PBR rates case (RP-1999-0017) on behalf of WGSPG, Major Energy Consumers and Producers ("MECAP") and LPMA.
- 2000 Assisted LaSalle HES in the design and implementation of an intermediate use rate. Provided assistance in preparation of Ontario Energy Board filing and OEB approval of rate addition.

- 2000 For NRG, provided analysis and input on the proposed Distribution Access Rule at the Ontario Energy Board.
- 2000 Prepared evidence and regulatory support for NRG for gas cost increase proceedings (EB-2000-0113, EB-2000-0308).
- 2000 Provided analysis of bundled and unbundled service options and costs for Trigen Energy Canada Inc.
- 1999 For NRG, provided rate case management, expert testimony and evidence preparation for rates application.
- 1999 Completed cost allocation and rate design study for NRG. Provided expert testimony before OEB.
- 1999 For NRG and Six Nations Natural Gas Company Ltd., provided case management and litigation support in RP-1999-0011 (Contract between City of Kitchener and Union Gas).
- 1999 Provided analysis of gas distribution rates for proposed co-generation facility for TransAlta Energy Corporation.
- 1998 Managed rate case intervention and provided evidence on behalf of WGSPG, NRG, Tractebel Power, and Northland Power in Union Gas rates proceeding (E.B.R.O. 499).
- 1998 For NRG, updated and enhanced throughput and revenue forecast models for budget and regulatory use.
- 1997 For NRG, provided rate case management, evidence preparation and expert testimony for rates application, including cost allocation and rate design study.
- 1997 For NRG, provided assistance in reviewing Legislative Change (E.B.O. 202).
- 1997 For NRG and Sunoco, provided regulatory support and analysis with respect to proposed changes to load balancing costs (E.B.R.O. 494-06).
- 1997 For NRG, prepared throughput and revenue forecast and model for use in rate case. Also prepared updated working cash study and updated depreciation study.
- 1997 For PanEnergy Marketing, provided assistance in review of merger proposal between Centra Gas Ontario and Union Gas (E.B.O. 195).
- 1996 For Ontario Hot Mix Producers Association, provided support in preparation of Letter of Comment filed at Union Gas/Centra Gas rates case (E.B.R.O. 493/494).
- 1996 For NRG, provided litigation support in the review of the rates and costs proposed by Union Gas (E.B.R.O. 493/494).
- 1996 For NRG, provided a report on the issues in the separation of ancillary programs from the regulated utility service.
- 1996 For the Electric Utilities Group, provided litigation support in the review of proposed rate changes by Ontario Hydro.
- 1996 For NRG, provided litigation support in the review of proposed gas cost adjustments by Union Gas (E.B.R.O. 486-04).
- 1996 For PanEnergy Marketing, provided a report on the determination of Buy/Sell reference prices for Ontario LDCs.
- 1996 For NRG, oversaw the implementation of revised gas sales rates and structures.

- 1996 For Direct Energy Marketing, provided an analysis of historical trends of Ontario LDC residential gas and distribution costs.
- 1995 For NRG, managed rates case, including evidence preparation, operating and capital budget preparation, gas sales and other operating revenue and rates forecasts.
- 1995 For NRG, enhanced and refined cost allocation model and rate design analysis.
- 1995 - Present Create and update monthly Purchased Gas Variation Account ("PGVA") report for the Ontario Energy Board ("OEB") on behalf of NRG.
- 1995 For London Hydro, prepared a long-term outlook for the price of natural gas.
- 1995 For London Hydro, prepared a report comparing the annual cost of using natural gas by a residential customer for the period 1981 to 1995.
- 1994 For NRG, prepared a working cash study and testified about same before OEB.
- 1994 For NRG, prepared a depreciation study and testified about same before OEB.
- 1994 For NRG, developed a gas sales forecasting model and provided customer, volume and revenue forecasts. Testified on behalf of NRG in support of forecasts before OEB.
- 1994 For NRG, managed rates case, including evidence preparation, and testified on behalf of NRG before OEB. Coordinated information requirements on behalf of NRG for cost allocation, rate design and rate of return studies.
- 1994 For London Hydro, prepared a long-term outlook for the price of natural gas.
- 1994 For Key Property Management Corp., prepared a report on the practice of group billing by Union Gas.
- 1993 For NRG, managed rate case, including evidence preparation, and testified on behalf of NRG before OEB.
- 1993 For NRG, prepared a report and a financial analysis model for the feasibility analysis of system expansion projects.
- 1993 For NRG, prepared a report and model for setting water heater rental rates.

APPEARANCES BEFORE ONTARIO ENERGY BOARD

Witness

- RP-2004-0167/EB-2005-0188 – Rehearing Motion – Natural Resource Gas Limited
- RP-2004-0167 - Main Rates Case – Natural Resource Gas Ltd (Rates for 2005)
- EB-2004-0004 - Purchased Gas Commodity Variance Account Amendment
- RP-2002-0147 - Main Rates Case - Natural Resource Gas Ltd. (Rates for 2003, 2004)
- RP-2000-0023 - Distribution Rates - Hydro One Networks Inc. (on behalf of London Hydro, Ottawa Hydro, St. Catharines Hydro, Oshawa PUC Networks and Enersource Mississauga Hydro)
- RP-2001-0036 - Uniform Transmission Rates - Five Nations Energy Inc.
- RP-2000-0126 - Main Rates Case - Natural Resource Gas Ltd. (Rates for 2001, 2002)
- RP-1999-0031 - Main Rates Case - Natural Resource Gas Ltd. (Rates for 2000)
- E.B.R.O. 496 - Main Rates Case - Natural Resource Gas Ltd. (Rates for 1998, 1999)
- E.B.R.O. 491 - Main Rates Case - Natural Resource Gas Ltd. (Rates for 1996, 1997)
- E.B.R.O. 488 - Main Rates Case - Natural Resource Gas Ltd. (Rates for 1995)
- E.B.R.O. 480 - Main Rates Case - Natural Resource Gas Ltd. (Rates for 1993, 1994)
- E.B.R.O. 470 - Main Rates Case - Union Gas Ltd.
- E.B.R.O. 462 - Main Rates Case - Union Gas Ltd.

E.B.L.O. 237 - Facilities Application - Union Gas Ltd.
E.B.L.O. 234 - Facilities Application - Union Gas Ltd.
E.B.L.O. 230 - Facilities Application - Union Gas Ltd.

Cross-Examination & Submissions

RP-2003-0063/EB-2004-0542 – Union Gas Embedded Storage Rate
RP-2003-0063/EB-2005-0189 – Union Gas Motion
RP-2003-0063 - Union Gas Rate Case – Fiscal 2004 (on behalf of LPMA and WGSPG)
RP-2002-0158 - Review of Board’s Guidelines for Setting ROE (on behalf of LPMA)
EB-2003-0056 - Quarterly Rate Adjustment Mechanism - Union Gas Ltd. (May, 2003) (on behalf of LPMA)
RP-2002-0130 - Customer Review Process (2003 Rates) - Union Gas Ltd. (on behalf of LPMA and WGSPG)
RP-2001-0029 - Customer Review Process - Union Gas Limited (on behalf of LPMA and WGSPG)
RP-1999-0017 - Unbundling & Performance Based Regulation - Union Gas Limited (On behalf of LPMA, WGSPG, MECAP)
E.B.R.O. 499 - Main Rates Case - Union Gas Limited (On behalf of WGSPG)

PUBLICATIONS

“The Demand for Natural Gas: Modelling Conservation Due to Furnace Efficiency Improvements”,
American Gas Association Forecasting Review, Volume 3, April 1992.

UNIVERSITY EDUCATION

1983 M.A. (Economics), University of Waterloo
1981 B.Math. (Honours Statistics with Economics), University of Waterloo

PROFESSIONAL QUALIFICATIONS

1994 Certificate in Financial Planning

OUTSIDE ACTIVITIES/INTERESTS

Interests and hobbies include woodworking, gardening, and tennis.