



PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC

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March 30, 2006

VIA FAX AND EMAIL

Mr. John Zych
Board Secretary
Ontario Energy Board
P.O. Box 2319
26th Floor
2300 Yonge Street
Toronto, ON
M4P 1E4

Dear Mr. Zych:

Re: Letter of March 21, 2006 regarding the OEB's Proposed Regulatory Process for Setting Payment Amounts for Ontario Power Generation (OPG) Inc's Prescribed Generation Assets (EB-2006-0064)

Participation and Funding Request of the Vulnerable Energy Consumers Coalition (VECC)

As Counsel to the Vulnerable Energy Consumer's Coalition (VECC), I am writing, per the Board letter of March 21, to indicate VECC's interest in participating in the EB-2006-0064 process and to request funding for my client's participation, including participation by VECC's consultant.

Interests Represented

VECC is a coalition of groups that represents the interests of those energy consumers who, because of their household income, or other distinguishing characteristic such as age, literacy, etc, have a set of concerns that may differ in kind, and, in magnitude, from those of more affluent residential consumers as well as commercial and industrial consumers. The Vulnerable Energy

Consumers Coalition (VECC) is currently comprised of the Ontario Coalition of Senior Citizens (OCSCO), and the Federation of Metro Tenants Association.

OCSCO is itself a coalition of over 120 senior groups, as well as individual members, across Ontario. OCSCO represents the concerns of over 500,000 senior citizens through its group and individual memberships. OCSCO's objective is to improve the quality of life for Ontario Seniors.

The Federation of the Metro Tenants Association is a non-profit corporation composed of over ninety-two affiliated tenants associations, individual tenants, housing organizations, and members of non-profit housing co-ops.

Although the organization is not itself a member of VECC, the Public Interest Advocacy Centre (PIAC) in Ottawa assists in the representation of the interests of vulnerable consumers by ensuring the availability of competent representation and advice to the VECC participation. As well, PIAC coordinates the participation of VECC with the ongoing efforts to advance the interests of the specific constituency outside of the formal hearing process. PIAC has played this role in energy policy and ratemaking in Ontario for over two decades.

The nature of the coalition participating in Board proceedings poses particular challenges with respect to instructions. The participating organizations have a wide range of public policy interests so it is necessary, to some extent, to augment the information that is used to develop VECC participation. In brief, the counsel and advisers of VECC receive instruction and develop the representation of the interests of vulnerable consumers in the following manner:

PIAC's role includes timely consultation with the group members concerning the issues associated with OEB proceedings, reports and interface with the members, Board and organizational staff and use of resources of PIAC in the context of its support and coordination of the representation.

Through PIAC, liaison is also carried out with groups and organizations carrying out similar work on behalf of vulnerable consumers. This includes membership in organizations such as the National Association of State Utility Consumer Advocates (NASUCA), National Consumer Law Centre, and Consumers International.

Importance of Pricing for Prescribed OPG Generation Assets to VECC

VECC's constituents' general concerns are that electricity costs should be kept as low as possible consistent with maintaining acceptable reliability and quality of service. OPG's prescribed generation assets continue to represent a significant portion of the province's overall electricity supply and, as result, their pricing will have a material impact on consumers' electricity bills. At the same time, the

pricing methodology for these assets must encourage OPG to participate in the IESO-administered market in manner that enhances the overall efficiency of the market and contributes to the overall reliability of supply. As result, the pricing methodology for OPG's prescribed assets and the regulatory framework established for the review of future OPG applications are critical issues to VECC constituents.

Access to Other Sources of Funding

As noted in PIAC's letter of July 14, 2004 on the matter of Stakeholder Participation in the Board's regulatory policy development processes, there are two types of customer and public interest organizations:

- Those that are member sponsored and can allocate a limited amount of staff resources paid out of membership fees to respond to the economic or political interests of their members and
- Public interest groups that are not generally member funded or do not have funds available for tribunal interventions,

VECC is in the latter category and uses the Public Interest Advocacy Centre to provide and co-ordinate the representation of its interests. VECC's constituent organizations, which consist of over one half million members, belong primarily to seniors and tenant groups. In order to provide meaningful and informed comment on the issues on which the Board is seeking input, VECC must either ask its counsel, consultants and advisors to undertake pro bono work or not participate at all.

Request for Award of Costs

VECC requests that it be awarded costs for its participation in this proceeding and believes that it meets the eligibility criteria set out in the Ontario Energy Board's Rules of Practice and Procedure and its Practice Direction on Cost Awards.

Consulting Support

VECC plans to retain the services of Mr. Bill Harper of Econalysis Consulting Services to support its participation in the process and also seeks cost recovery for his participation.

Mr. Harper has worked in the Ontario energy sector for over 30 years, first with the Ontario Ministry of Energy undertaking research directly related to electricity issues and subsequently, with Ontario Hydro dealing with rates and regulatory matters. Since joining ECS, Mr. Harper has continued to be involved in rates and regulatory issues related to the Ontario electricity sector. He has also

participated in rate reviews for BC Hydro, the British Columbia Transmission Corporation, FortisBC, Manitoba Hydro and Hydro Québec. A full copy of his CV is attached.

Correspondence

The name and address of the agent authorized to receive documents on behalf of VECC is:

Mr. Michael Buonaguro
Counsel
c/o Public Interest Advocacy Centre
34 King Street East, Suite 1102
Toronto, Ontario
M5C 2X8
(416) 767-1666 (office)
(416) 348-0641 (fax)
mbuonaguro@piac.ca

VECC would request that all correspondence and documentation also be copied to VECC's consultant:

Mr. Bill Harper
Econalysis Consulting Services
34 King Street East, Suite 1102
Toronto, Ontario
M5C 2X8
(416) 348-0193 (office)
(416) 348-0641 (fax)
bharper@econalysis.ca

I look forward to a favorable response to this request.

Yours truly,



Michael Buonaguro
Counsel for VECC

Cc Andrew Barrett, OPG

CV FOR ECS CONSULTANT

William O. Harper

Mr. Harper has over 20 year experience in the design of rates and the regulation of electricity utilities. He has testified as an expert witness on rates before the Ontario Energy Board from 1988 to 1995, and before the Ontario Environmental Assessment Board. He was responsible for the regulatory policy framework for Ontario municipal electric utilities and for the regulatory review of utility submissions from 1989 to 1995. Mr. Harper coordinated the participation of Ontario Hydro (and its successor company Ontario Hydro Services Company) in major public reviews involving Committees of the Ontario Legislature, the Ontario Energy Board and the Macdonald Committee. He has served as a speaker on rate and regulatory issues for seminars sponsored by the APPA, MEA, EPRI, CEA, AMPCO and the Society of Management Accountants of Ontario. Since joining ECS, Mr. Harper has provided consulting support for client interventions on energy and telecommunications issues before the Ontario Energy Board, Manitoba Public Utilities Board, Québec's Régie de l'énergie, British Columbia Utilities Commission, and CRTC. He has also appeared before the Manitoba's Public Utilities Board, the Manitoba Clean Environment Commission and Quebec's Régie de l'énergie. Bill is currently a member of the Ontario Independent Electricity System Operator's Technical Panel.

EXPERIENCE

**Econalysis Consulting Services- Senior Consultant
2000 to present**

- Responsible for supporting client interventions in regulatory proceedings, including issues analyses & strategic direction, preparation of interrogatories, participation in settlement conferences, preparation of evidence and appearance as expert witness (where indicated by an asterix).
- Electricity
 - IMO 2000 Fees (OEB)
 - Hydro One Remote Communities Rate Application 2002-2004
 - OEB - Transmission System Code Review (2003)
 - OEB - Distribution Service Area Amendments (2003)
 - OEB – Regulated Asset Recovery (2004)
 - OEB – 2006 Electricity Rate Handbook Proceeding*
 - BC Hydro IPP By-Pass Rates
 - WKP Generation Asset Sale
 - BC Hydro Heritage Contract Proposals

- BC Hydro's 2004/05 and 2005/06 Revenue Requirement Application
- BC Transmission Corporation – Open Access Transmission Tariff Application -2004
- BCTC's 2005/06 Revenue Requirement Application
- BC Hydro's CFT for Vancouver Island Generation – 2004
- BC Hydro's 2005 Resource Expenditure and Acquisition Plan
- Fortis BC's 2005 Revenue Requirement Application
- Fortis BC's 2006 Revenue Requirement Application
- Hydro Québec-Distribution's 2002-2011 Supply Plan*
- Hydro Quebec-Distribution's 2002-2003 Cost of Service and Cost Allocation Methodology*
- Hydro Québec-Distribution's 2004-2005 Tariffs*
- Hydro Québec – Distribution's 2005/2006 Tariff Application*
- Hydro Québec – Distribution's 2006/06 Tariff Application*
- Hydro Québec – Distribution's 2005-2014 Supply Plan*
- Hydro Québec – Transmission's 2005 Tariff Application*
- Manitoba Hydro's Status Update Re: Acquisition of Centra Gas Manitoba Inc.*
- Manitoba Hydro's Diesel 2003/04 Rate Application
- Manitoba Hydro's 2004/05 and 2005/06 Rate Application*
- Manitoba Hydro/NCN NFAAT Submission re: Wuskwatim*

- Natural Gas Distribution
 - Enbridge Consumers Gas 2001 Rates
 - BC Centra Gas Rate Design and Proposed 2003-2005 Revenue Requirement
 - Rate of Return on Common Equity (BCUC)
 - Terasen Gas (Vancouver Island) LNG Storage Project (2004)

- Telecommunications Sector
 - Access to In-Building Wire (CRTC)
 - Extended Area Service (CRTC)
 - Regulatory Framework for Small Telecoms (CRTC)

- Other
 - Acted as Case Manager in the preparation of Hydro One Networks' 2001-2003 Distribution Rate Applications
 - Supported the implementation of OPG's Transition Rate Option program prior to Open Access in Ontario
 - Prepared Client Studies on various issues including:
 - The implications of the 2000/2001 natural gas price changes on natural gas use forecasting methodologies.
 - The separation of electricity transmission and distribution businesses in Ontario.

- The business requirements for Ontario transmission owners/operators.
- Various issues associated with electricity supply/distribution in remote communities
- Member of the OEB's 2004 Regulated Price Plan Working Group
- Member of the OEB's 2005/06 Cost Allocation Technical Advisory Team
- Member of the IESO Technical Panel (April 2004 to Present)

Hydro One Networks

Manager - Regulatory Integration, Regulatory and Stakeholder Affairs

(April 1999 to June 2000)

- Supervised professional and administrative staff with responsibility for:
 - providing regulatory research and advice in support of regulatory applications and business initiatives;
 - monitoring and intervening in other regulatory proceedings;
 - ensuring regulatory requirements and strategies are integrated into business planning and other Corporate processes;
 - providing case management services in support of specific regulatory applications.
- Acting Manager, Distribution Regulation since September 1999 with responsibility for:
 - coordinating the preparation of applications for OEB approval of changes to existing rate orders; sales of assets and the acquisition of other distribution utilities;
 - providing input to the Ontario Energy Board's emerging proposals with respect to the licences, codes and rate setting practices setting the regulatory framework for Ontario's electricity distribution utilities;
 - acting as liaison with Board staff on regulatory issues and provide regulatory input on business decisions affecting Hydro One Networks' distribution business.
- Supported the preparation and review before the OEB of Hydro One Networks' Application for 1999-2000 transmission and distribution rates.

Ontario Hydro

Team Leader, Public Hearings, Executive Services (Apr. 1995 to Apr. 1999)

- Supervised professional and admin staff responsible for managing Ontario Hydro's participation in specific public hearings and review processes.
- Directly involved in the coordination of Ontario Hydro's rate submissions to the Ontario Energy Board in 1995 and 1996, as well as Ontario Hydro's input to the Macdonald Committee on Electric Industry Restructuring and the Corporation's appearance before Committees of the Ontario Legislature dealing with Industry Restructuring and Nuclear Performance.

Manager – Rates, Energy Services and Environment (June 1993 to Apr. 95)

Manager – Rate Structures Department, Programs and Support Division

(February 1989 to June 1993)

- Supervised a professional staff with responsibility for:
 - Developing Corporate rate setting policies;
 - Designing rates structures for application by retail customers of Ontario Hydro and the municipal utilities;
 - Developing rates for distributors and for the sale of power to Hydro's direct industrial customers and supporting their review before the Ontario Energy Board;
 - Maintaining a policy framework for the execution of Hydro's regulation of municipal electric utilities;
 - Reviewing and recommending for approval, as appropriate, municipal electric utility submissions regarding rates and other financial matters;
 - Collecting and reporting on the annual financial and operating results of municipal electric utilities.
- Responsible for the development and implementation of Surplus Power, Real Time Pricing, and Back Up Power pricing options for large industrial customers.
- Appeared as an expert witness on rates before the Ontario Energy Board and other regulatory tribunals.
- Participated in a tariff study for the Ghana Power Sector, which involved the development of long run marginal cost-based tariffs, together with an implementation plan.

Section Head – Rate Structures, Rates Department November 1987 to February 1989

- With a professional staff of eight responsibilities included:
 - Developing rate setting policies and designing rate structures for application to retail customers of municipal electric utilities and Ontario Hydro;
 - Designing rates for municipal utilities and direct industrial customers and supporting their review before the Ontario Energy Board.
- Participated in the implementation of time of use rates, including the development of retail rate setting guidelines for utilities; training sessions for Hydro staff and customers presentations.
- Testified before the OEB on rate-related matters.

Superintendent – Rate Economics, Rates and Strategic Conservation Department February 1986 to November 1987

- Supervised a Section of professional staff with responsibility for:
 - Developing rate concepts for application to Ontario Hydro's customers, including incentive and time of use rates;
 - Maintaining the Branch's Net Revenue analysis capability then used for screening marketing initiatives;

- Providing support and guidance in the application of Hydro's existing rate structures and supporting Hydro's annual rate hearing.

**Power Costing/Senior Power Costing Analyst, Financial Policy Department
April 1980 to February 1986**

- Duties included:
 - Conducting studies on various cost allocation issues and preparing recommendations on revisions to cost of power policies and procedures;
 - Providing advice and guidance to Ontario Hydro personnel and external groups on the interpretation and application of cost of power policies;
 - Preparing reports for senior management and presentation to the Ontario Energy Board.
- Participated in the development of a new costing and pricing system for Ontario Hydro. Main area of work included policies for the time differentiation of rates.

**Ontario Ministry of Energy
Economist, Strategic Planning and Analysis Group
April 1975 to April 1980**

- Participated in the development of energy demand forecasting models for the province of Ontario, particularly industrial energy demand and Ontario Hydro's demand for primary fuels.
- Assisted in the preparation of Ministry publications and presentations on Ontario's energy supply/demand outlook.
- Acted as an economic and financial advisor in support of Ministry programs, particularly those concerning Ontario Hydro.

EDUCATION

Master of Applied Science – Management Science

- University of Waterloo, 1975
- Major in Applied Economics with a minor in Operations Research
- Ontario Graduate Scholarship, 1974

Honours Bachelor of Science

- University of Toronto, 1973
- Major in Mathematics and Economics
- Alumni Scholarship in Economics, 1972