



SHIBLEY RIGHTON LLP
Barristers and Solicitors

John De Vellis
Direct Line (416) 214-5232
Direct Fax (416) 214-5432
john.devellis@shibleyrighton.com

TORONTO OFFICE:
250 University Avenue, Suite 700, Toronto, Ontario, M5H 3E5
Main 416 214-5200 Toll free 1-877-214-5200
Facsimile 416 214-5400

WINDSOR OFFICE:
2510 Ouellette Avenue, Windsor, Ontario, N8X 1L4
Main 519 969-9844 Toll free 1-866-522-7988
Facsimile 519 969-8045

www.shibleyrighton.com

Please Reply to the TORONTO OFFICE

September 15, 2009

File No. 2090190

By Email and Courier

Ontario Energy Board
2300 Yonge Street
26th Floor
Toronto, Ontario

Dear Ms. Walli:

Re: Hydro One Networks, Distribution Rate Application: EB-2009-0096
School Energy Coalition submissions on Draft Issues List

Further to Procedural Order #1 in the above-captioned proceeding, we are writing to provide the submissions of the School Energy Coalition on the draft Issues List.

Our submissions are based in large part on the numerous Letters of Comment that have been submitted by both individuals and small to medium-sized businesses in Hydro One's service area. These letters tell the story of residential and commercial ratepayers who are struggling to pay electricity bills that have already increased rapidly in the last several years and who are now faced with a series of extraordinarily large distribution rate increases in a period of 18 months (from May 1, 2009 to January 1, 2011).

A sampling of the letters reveals the hardship faced by Hydro One's customers. For example, one such customer, Lorne Bent writes:

To whom it may concern, please consider this when you are considering the above rate increase applications, folks like my wife and I have done everything humanly possible to reduce our consumption, we use nothing but energy efficient lights, do our laundry in cold water, do not use the dryer, we do not have air-conditioning, we are virtually living in darkness. If our home was a ship and we were jettisoning to make the ship more energy efficient, we would now be ripping up the boards below the water line. We can do no more, please remember that these increases are not just tacked

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onto our hydro bill, but everything we buy will go up as suppliers pass down these increases to their customers... I ask you to refuse hydro these rate increases.

On the commercial side, several businesses have written to say the proposed increases threaten the viability of their business and therefore the livelihood of several hundred people. One such letter is from Ethyl Canada Inc., which writes as follows:

Our company business is down 20% the past 2 years due to lost sales volume, and lower pricing necessary to avoid further lost sales volume. Because of the lost business, we have had to dramatically cut back on expenditures to ensure survival going forward in an extremely competitive market place. At this point any significant increase in cost, such as the rate increase proposed by Hydro One, will force us to cut cost even further as the marketplace will not support a price increase at this time to recover the rate increase. Therefore, it could mean layoffs. We do not see a reversal of business fortunes any time soon. In speaking with other business people in the community I know we are not alone in our financial struggles.

In SEC's submission, these comments and others like them reflect the reality that successive double digit rate increases are both unfair to consumers and economically damaging.

Furthermore, the size of Hydro One's service area means that the impact of this increase will be felt across the province. The proposed \$226 million increase in revenue requirement from 2008 to 2011, for example, amounts to 0.04% of Ontario's 2008 GDP.¹ In SEC's submission, a single-source increase in costs of that magnitude should be examined not just on the basis of whether the expenditures proposed have been justified but also on the basis of whether the resulting impact on Ontario consumers is reasonable.

Accordingly, SEC proposes that an issue be added to the Issues List as follows:

1.5 Is the overall increase in revenue requirement reasonable given the impact on residential and business consumers?

Other Matters

With respect to the other matters raised in the Procedural Order, SEC supports CCC's submission that the determination of what issues can be dealt with in writing be made at the settlement conference.

All of which is respectfully submitted.

¹ Ontario's 2008 GDP was \$587.9 Billion: see <http://www40.statcan.ca/101/cst01/econ15-eng.htm>

Yours truly,

SHIBLEY RIGHTON LLP

Original signed

John De Vellis