

April 23, 2010

Robert B. Warren
T: 416-947-5075
rwarren@weirfoulds.com

File 10606.00047

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
27th Floor, 2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: Re: Hydro One Networks 2010 and 2011 Distribution Rates - EB-2009-0096 - Rate Order

We are Counsel to the Consumers Council of Canada ("Council"). We have reviewed Hydro One Networks Inc.'s Draft Rate Order and the other materials filed in support of the Draft Rate Order for its 2010 rates. We also participated in the briefing session held on April 20, 2010. We have the following comments on those materials.

The Council's comments relate to the Customer Notices provided at Tab 5 of the materials. In the Ontario Energy Board's ("Board") Decision dated April 9, 2010 the Board made the following comment:

All parties who made submissions commented that communication must clearly inform ratepayers that the rate increase resulting from this decision is only one component of a many-faceted customer bill and that the other components will also change during the rate period.

The Board concurs.

It is critical, that to the extent possible, HON explains how the customers' bills will change and why. As noted by the Board this is not simply restricted to the changes resulting from the distribution rate increase. HON has provided separate notices for its Legacy Customers and its Acquired Customers.

Notice for Legacy Customers:

In the first section it states that the OEB has approved new delivery rates for Hydro One customers. The Council submits that "Delivery" should be defined up front. We suggest, "This includes the cost of bringing power to your home or business (distribution) and the cost of bringing power to the distribution system along high voltage transmission lines (transmission)."

It is also important to indicate what part of the bill delivery represents. If it is 40% that should be explicit.

To state that the Delivery rate increase will add \$5.66 per month to a typical residential customer bill is correct. However to give better notice to customers as to what they will see on their bill we suggest stating that other components of the bill are also increasing. Specifically customers on the RPP program will be subject to an additional 8% increase on average and a further 8% on July 1, when the Harmonized Sales Tax comes into effect. As it reads now, customers may only be expecting a \$5.66 increase whereas the actual increase will be approximately 16% higher because of those other two factors alone.

As was noted in the hearing, the average consumption for HON's residential consumers is 800 kWhs per month. If this is the case it would appropriate to use that level of consumption if it better represents a typical impact. This comment holds true for the chart on page two as well. With respect to the chart we also suggest that a column is added indicating the overall bill impact at the various consumption levels.

In the second section where the increase to the ROE is highlighted we suggest that it be reworded in the following way, "The increase also reflects a higher common equity return (or profit) as requested by HON and approved by the OEB."

With respect to the \$80 million reduction cited, the Council supports the comments made by the CME that this is misleading. It should be removed.

In the section entitled, "Are there any other changes to my bill?" we repeat our comments about the RPP and the HST. The 8% HST is a known increase and the RPP change is known as well.

With respect to the Time-of-Use Rates - can HON provide any indication as to when TOU pricing will be rolled out? If, for example it will begin in the Fall of 2010 this information will be helpful. From the Council's perspective giving customers only 30 days notice is not adequate. In addition, it should be noted that one of the drivers of the increases is the fact that customers are now paying for smart meter technology in their rates.

With respect to the Special Purpose Charge it is misleading to say it is for one year only. It may well extend beyond one year and be a permanent element on the bill. Under "Regulatory Charges" there should be some mention of the Special Purpose Charge as well.

Under the GST/HST section we suggest adding that, "Currently you are only charged the 5% federal portion."

Notice for Acquired Customers:

We submit that the changes suggested above should be made to the Notice for Acquired Customers. As the Notice is now drafted customers will not be expecting increases of more than 10%. The RPP change and the introduction of the HST alone will add an additional 16% on top of that 10% for some customers. From our perspective the current draft notice is very misleading.

In the section "How much will my bill increase" we suggest that the \$5.34 be referred to as a monthly increase - that is "\$5.34/month".

The Council recognizes that it is a challenge to draft these notices in a way that is helpful to the customers. However, we reiterate our position that it is imperative to give notice to customers of all pending changes.

Yours truly,

WeirFoulds LLP



Robert B. Warren

RBW/rck

c: Donald R. Rogers Q.C.
Hydro One Networks Inc., attention: Susan Frank
Julie Girvan

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