



Jay Shepherd

Professional Corporation
120 Eglinton Avenue East
Suite 500
Toronto, Ontario M4P 1E2

BY EMAIL

September 3, 2010
Our File No. 2010002

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2010-0002 – Hydro One Tx 2011/12

We are counsel for the School Energy Coalition. We have reviewed the letter of Hydro One with respect to the evidence of CME, and CME's response. We are writing to express our concern at Hydro One's position.

The CME evidence provides an important context for rate applications by entities such as Hydro One. It is true, of course, that this Board panel is not charged with a mandate to police all of the impacts of various regulatory, government and other decisions on the overall bill. However, accepting that reality is not the same as saying that rates for any regulated entity should be set in a vacuum, with no consideration of the reality faced by energy consumers. Hydro One appears to want the Board to turn a blind eye to that reality, a "see no evil" approach that is inconsistent with the longstanding philosophy of the Board, i.e. the balancing of interests.

In our view, one of the reasons ratepayer groups are represented before the Board is to sound the alarm when the impacts on the ratepayers of any particular application, and/or cumulative factors, become severe. The Board can then consider that context when deciding the rates to be approved. For example, when considering a substantial increase in OM&A, it is appropriate for the Board to consider whether some of that increase could be deferred without significant adverse effects, and whether this is the best year to be implementing that discretionary increase in spending in light of other factors affecting the industry (including other price hikes).

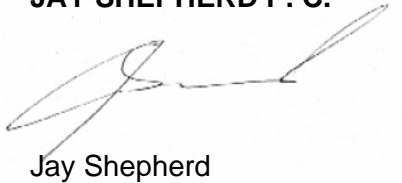
This is all most effectively done through the weight the Board gives to the evidence provided by the parties. This crucial balancing exercise is, on the other hand, not achieved if the Board accedes to utility requests to narrow the scope of evidence through a priori exclusions.

We fully understand that the Board sometimes has to choose regulatory efficiency by excluding evidence, particularly on specific technical issues, that the Board panel is not charged to consider. So, the Board sometimes has to say that Issue X is being considered in another forum, and so will not be considered in this one. That is a far cry from saying that the size of a customer's bill is not relevant in a rate case.

We urge the Board to hear and consider both the written and oral evidence that CME is offering, and then give it the appropriate weight in its final decision in light of the substance of the evidence (including prefiled evidence, interrogatory responses, oral evidence, and cross-examination), the other evidence in the proceeding, and the submissions of the parties in final argument.

All of which is respectfully submitted.

Yours very truly,
JAY SHEPHERD P. C.


Jay Shepherd

cc: Wayne McNally, SEC (email)
Interested parties (email)