

October 29, 2010

File 18958

VIA COURIER and RESS FILING

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, Ontario M4P 1E4

Chris G. Paliare
Ian J. Roland
Ken Rosenberg
Linda R. Rothstein
Richard P. Stephenson
Nick Coleman
Margaret L. Waddell
Donald K. Eady
Gordon D. Capern
Lily I. Harmer
Andrew Lokan
John Monger
Odette Soriano
Andrew C. Lewis
Megan E. Shortreed
Massimo Starnino
Karen Jones
Robert A. Centa
Nini Jones
Jeffrey Larry
Emily Lawrence
Denise Sayer
Danny Kastner
Tina H. Lie
Jean-Claude Killey
Jodi Martin
Michael Fenrick
Susan Brown
Nasha Nijhawan

HONORARY COUNSEL
Ian G. Scott, Q.C., O.C.
(1934 - 2006)

Dear Ms. Walli

Re: Initiative to Develop Electricity Distribution System Reliability Standards (EB-2010-0249)

The Power Workers' Union ("PWU") represents a large portion of the employees working in Ontario's electricity industry. Attached please find a list of PWU employers.

The PWU is committed to participating in regulatory consultations and proceedings to contribute to the development of regulatory direction and policy that ensures ongoing service quality, reliability and safety at a reasonable price for Ontario customers. To this end, please find the PWU's submission, prepared by our expert consultant Frank Cronin, on the research material and issues list provided in the consultation to Develop Electricity Distribution System Reliability Standards (EB-2010-0249).

The PWU commends the Board for undertaking this much needed consultation on electricity distribution system reliability standards. Having participated in the Board's consultation on 1st Generation PBR, it is the PWU's understanding that the distributors are required to abide by the current minimum standard service reliability guidelines set out in the Board's Electricity Distribution Rate Handbook as a condition of licence. Given that these guidelines have been in place for ten years, the PWU strongly urges the Board to adopt its own guidelines as the start point in the development of robust service reliability regulation, including rewards and penalties, for incorporation into the Incentive Regulation (IR) framework. Just as the Board has recognized the critical connections among rates, costs, and reliability, the PWU stresses the need for the Board to explicitly recognize the critical interconnections among capital investments, O&M budgets, and reliability levels. These relationships also point to the need to explicitly incorporate service reliability in the IR framework for a 4th Generation IR, if not

sooner. Pollara's customer survey results point to the need for improved service reliability for those customers not satisfied with the current level of reliability now, not years from now. While anticipated new technology (e.g. smart metering) may provide new information, it is critical for the Board to continue with the current service reliability metrics to ensure a continuous record of reliability performance that is consistent with metrics used internationally. At minimum, the PWU believes that it is essential for the Board to amend the service reliability guidelines immediately to preclude the possible interpretation that the guidelines allow for the deterioration of service reliability standards.

The PWU believes that the integrated approach to regulation proposed above is consistent with the Board's Renewed Regulatory Framework for Electricity articulated in its October 27th 2010 letter to stakeholders that notes the importance of setting appropriate standards for performance and efficiency and rewarding distributors and transmitters that exceed the standards. The PWU commends the Board for its initiative "to focus on long-term outcomes that ensure that the Province's electricity system provides value for money for consumers". However, the PWU would caution the Board that it is essential to base the renewed regulatory framework on comprehensive Ontario distributors' and transmitters' information to ensure that expectations are realistic which in turn will contribute to the effectiveness of the regulatory framework.

With regard to the consultation process, in the PWU's view the approach taken by the Board in the development of 1st Generation PBR that involved the participation of a task force should be adopted in this consultation. Further, interested parties and Board staff can benefit from an additional stakeholder conference once stakeholders have had the opportunity to review each others' written submissions. Discussions on the written submission will contribute to Board staff's and participants' understanding of the options that will contribute to the scope of the task force's deliberations.

We hope you will find the PWU's comments useful.

Yours very truly,

PALIARE ROLAND ROSENBERG ROTHSTEIN LLP

Original Signed By

Richard P. Stephenson

RPS:jr

encl.

cc: Judy Kwik

John Sprackett

Doc 771180v1