

December 21, 2007

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, Ontario  
M4P 1E4

Dear Ms. Walli:

**Re: Hydro Ottawa Limited – EB-2007-0713 – Request for Interim Rates**

Hydro Ottawa Limited (“Hydro Ottawa”) filed an application with the Ontario Energy Board (“Board”) on September 19, 2007, seeking approval for changes to rates that it charges for electricity distribution to be effective May 1, 2008. As part of that application Hydro Ottawa has requested that its currently approved distribution rates be declared interim as of January 1, 2008.

By Procedural order No. 2, dated December 12, 2007, the Board requested that parties make submissions regarding Ottawa Hydro’s request for interim rates. These are the submissions of the Consumers Council of Canada (“Council”).

Hydro Ottawa’s application for interim rates is based on its proposal, as set out in its 2008 Rate Application evidence, to recover a projected revenue deficiency for the period January 1 to April 30, 2008. Hydro Ottawa is also seeking approval for a rate rider to recover this deficiency. (Exhibit A1/T2/S1)

The Council does not support Hydro Ottawa request for interim rates and will not be supporting its request for recovery of the deficiency. Hydro Ottawa’s current rates were set by the Board pursuant to the 2<sup>nd</sup> Generation Incentive Regulation Mechanism (“IRM”) for the period May 1, 2007 to April 30, 2008. The current cost of service rate application has been made as pursuant to the Board’s schedule for its 3<sup>rd</sup> Generation IRM. On May 4, 2007, the Board requested that Ottawa, one of 25 selected distributors, file a cost of service application for rates effective May 1, 2008. The Board made no provision for rates to change prior to that date. Allowing Hydro Ottawa to recover the deficiency, as requested would be, in effect, a rate change prior to May 1, 2008.

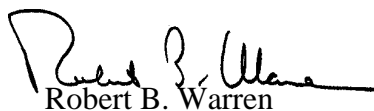
The Council is concerned that if the Board were to grant Ottawa’s request for interim rates and recovery of the deficiency, other distributors in the same position would apply for the same type of relief. This is not consistent with the Board’s plans to implement the 2<sup>nd</sup> and

3<sup>rd</sup> Generation IRMs. This would also be extremely unfair to ratepayers as rates would only be changed to reflect a revenue deficiency, but not in the case of a revenue sufficiency. If Hydro Ottawa was projecting to over-earn in the period January 1, 2008 to April 30, 2008, it is clear that they would not have filed an application to refund that projected sufficiency to its ratepayers.

The Council submits that there is no basis on which to grant Ottawa Hydro's request for interim rates. Allowing Hydro Ottawa to effectively increase rates January 1, 2008, is not consistent with the Board's plans to set rates for Ontario distributors beginning May 1, 2007. Granting the relief requested would be both unfair to ratepayers and could be a dangerous precedent for the process going forward. If Hydro Ottawa was of the view that the 2<sup>nd</sup> Generation IRM was not an adequate rate-setting mechanism it had an opportunity to apply for its rates to be set on a cost of service basis. It chose not to do so. Accordingly, the Council urges the Board to reject Hydro Ottawa's request.

Yours very truly,

**WeirFoulds LLP**



Robert B. Warren

RBW/dh

1020902.1