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BY RESS and EMAIL

July 25, 2011
Our File No. 20110131

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
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Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2010-0131 – Enbridge Customer Care

We are counsel for the School Energy Coalition. We have reviewed the correspondence sent to the Board on July 20, 2011 by Mr. Stevens and today by Mr. Warren. We are in agreement with the sentiments and principles expressed in those letters, but wish to add, briefly, SEC's perspective on this process.

SEC has long been a vocal supporter of collaborative efforts between utilities and their stakeholders to find innovative solutions to rate-related issues. Our experience has been that, despite the best efforts of the Board, contested proceedings can easily become essentially adversarial. In multilateral discussions, by contrast, methods of resolving differences can be proposed and discussed that are not easily raised in the hearing context. We know that the Board also feels this way, and we have supported the Board's efforts in the last several years to make rate regulation more collaborative in nature. (SEC's first principle is, and has always been: "Always look for win-win solutions", and this Board direction is consistent with that principle.)

In discussing this principle with both our client's members, and others in the energy sector, we regularly use this particular customer care consultation between Enbridge and its stakeholders as the premier example of consultation that benefits everyone. In this case, the benefits emerged for three reasons:

- After a highly combative (as well as costly and time consuming) period of several years debating previous customer care and CIS arrangements, Enbridge fully embraced collaboration as their preferred approach going forward. For this unreserved shift to the new approach, in our view they should be applauded.

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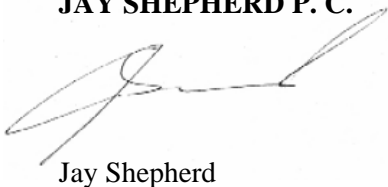
- The process allowed for the development of the customer care “template”, which allowed all of the costs associated with customer care to be considered together. The standard problems associated with looking at individual costs, and trying to consider their impacts on other costs, both capital and operating, were minimized by ensuring that all customer care costs and their interrelationships were integrated. This unusual approach benefitted both intervenors and utility, and added clarity to the various tradeoffs that are always present. While the Board can and does do this in contested proceedings, the clarity and simplicity added by the template is difficult to replicate in a hearing process.
- Both Enbridge and stakeholders were presented with a clear balancing of certainty/risk against budget levels. As the process unfolded, it became clear that Enbridge could work within a fixed budget, accepting any residual risks, and the stakeholders could achieve their own goal of minimizing rate increases relating to customer care. Both were willing to move on less important issues to achieve their most important goals.

In our view, the result was an exceptional example of what utilities and their stakeholders can do if they identify a common goal and work toward it. The utility ended up with several years of budget predictability in this important area, with broad freedom to optimize operational decisions. The ratepayers ended up with minimal increases in costs, and low, gradual, and controlled rate impacts. Both were able to achieve this while increasing, not decreasing, the quality of customer care being provided.

SEC is not aware of the Board’s rationale for considering the requirement of an oral hearing, and exclusion of ADR as an option for the current application. There are obviously reasons why that may be necessary. However, on the basis of the past history relating to this sometimes controversial and difficult area, and unless there are additional policy considerations of which we are not aware, we believe that the collaborative approach that has worked so well to date should at least be given an opportunity to continue producing those great results.

All of which is respectfully submitted.

Yours very truly,
JAY SHEPHERD P. C.



Jay Shepherd

cc: Wayne McNally, SEC (email)
David Stevens, Aird & Berlis (email)
Robert Warren, Weir Foulds (email)
Peter Thompson, BLG (email)
Interested parties (email)