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**BY EMAIL**

February 13, 2008  
Our File No. 2070588

Ontario Energy Board  
2300 Yonge Street  
27<sup>th</sup> Floor  
Toronto, Ontario  
M4P 1E4

**Attn: Kirsten Walli, Board Secretary**

Dear Ms. Walli:

**Re: Hydro One Distribution 2008 – EB-2007-0681**

We are writing this letter on behalf of the School Energy Coalition to propose a modified approach to the above proceeding to deal with the Applicant's Harmonization Plan.

As the Board is aware, this Application includes a proposal to harmonize the rates for customers in the Acquired Utilities to match the rates of the Legacy customers. As a result of that proposal, distribution rates for some customers will increase by 100% or more. This may in fact affect schools more than some other customer groups, although many customers will face the large increases.

Hydro One has put notices in more than one hundred newspapers, as well as paid advertising in many of them, in an effort to get the information on this harmonization plan out to the public. Notwithstanding this, we have first-hand knowledge that, until we started to talk to school boards specifically, they and many other members of the public were simply not aware of the potential impacts of this plan. We believe that, as other members of the public in the affected towns, including in particular, residential consumers, small local businesses, and institutions such as hospitals, start to understand the economic impact of these changes, there could be significant public concern.

To ensure that this issue is dealt with thoroughly, we would ask the Board to consider the following process:

1. Divide the current Application into two phases. In phase 1, the Board would consider revenue requirement, and the resulting 2008 rates without harmonization. Harmonization would not

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be included in the interrogatories, ADR, or oral hearing in this phase. At the end of phase 1, the Board would issue a rate order implementing new, non-harmonized rates. In phase 2, the Board would consider the proposed harmonization plan as a separate process within the overall Application, and – after interrogatories on the plan, ADR, hearing (if necessary) and decision - issue a new rate order implementing all or any component of harmonized rates, with timing to be determined as part of that proceeding. This phasing is something the Board has done before in many cases, and has been shown to promote efficient consideration of disparate issues.

2. In the harmonization phase, presumably during the summer, the Board would schedule opportunities for members of the public in affected communities to speak to the Board panel directly, preferably in their local communities. We believe that, in this regard, it may be possible to select three or four towns that are affected, and that are centrally located to other affected towns so that members of the public can travel to a central hearing site.

We note that this could have the effect of delaying the harmonization plan by several months, and that it has already been delayed for a number of years. On the other hand, we are concerned that, rather than rushing to a conclusion that may be unacceptable to members of the public (when they finally realize the impacts), it may be better for the Board to take a small amount of extra time to ensure that it has engaged the affected towns and ratepayers before it deliberates on such a significant change.

The procedural proposal set out in this letter has been discussed with the other parties to this proceeding, and we will attend to speak to it before the Board on February 15, 2008 at Issues Day. Some other parties may have different views on this issue, and they will speak to those views at that time.

All of which is respectfully submitted.

Yours very truly,  
**SHIBLEY RIGHTON LLP**

A handwritten signature in dark ink, appearing to read 'Jay Shepherd', with a stylized, flowing script.

Jay Shepherd

cc: Bob Williams, SEC (email)  
Gail Anderson, SEC (email)  
Don Rogers, Rogers Moore (email)  
Susan Frank, Hydro One (email)  
Michael Millar, OEB (email)  
Interested Parties (email)