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February 9, 2012

By RESS and Courier

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli,

**Re: EB-2011-0054 - Hydro Ottawa Limited (“Hydro Ottawa”)
Response to Intervenor Cost Claims**

On December 28, 2011, the Ontario Energy Board (the “Board” or “OEB”) issued its Decision and Order in the above-captioned proceeding. The Board provided for intervenors to file their cost claims. The Board also provided for Hydro Ottawa to file any objections to those claimed costs within 10 business days from the date of issuance of the final Rate Order.

The Board issued its final rate order on January 26, 2012 and Hydro Ottawa has received cost claims from the following intervenors: Consumers Council of Canada (“CCC”), Ecology Ottawa, Energy Probe, School Energy Coalition (“SEC”) and Vulnerable Energy Consumers Coalition (“VECC”). Hydro Ottawa has the following comments on these cost claims.

Costs claimed by Ecology Ottawa

Ecology Ottawa submitted a cost claim for \$3,118.50. This cost claim consists of three main components, 3 hours of preparation time, 6 hours of attendance at the technical conference and travel costs. Ecology Ottawa’s consultant Mr. Dana Silk, claimed a per hour rate of \$330.

As noted above, Ecology Ottawa only participated in the technical conference and thereafter were not heard from again. Ecology Ottawa did not participate in either the settlement conference or the oral hearing and did not provide the Board with submissions during the argument phase of the proceeding.

In Ecology Ottawa’s request to the Board for consideration of intervenor status and funding, dated August 9, 2011 Ecology Ottawa stated:

As such, Ecology Ottawa is ready notably to help the Board determine if:

- *Hydro Ottawa’s Green Energy Act Plan is appropriate.*

- *The impact of CDM is appropriately reflected in Hydro Ottawa's load forecast.*
- *The proposed elimination of the smart meter rate adder and the inclusion of the smart meter costs in the 2012 revenue requirement is appropriate.*
- *The fixed to variable splits for each class are appropriate.*
- *The proposed retail transmission service rates are appropriate.*

Hydro Ottawa respectfully submits that the Board should reject Ecology Ottawa's claim for costs because Ecology Ottawa did not meet any of its stated objectives for participating in the rate proceeding.

In the event that the Board does accept Ecology Ottawa's claim for costs, Hydro Ottawa respectfully submits that the Board adjust the per hour rate for Mr. Silk from \$330 to \$170. Excluded from the cost claim submission is any information on Mr. Silk's qualifications and therefore any justification for the amount of \$330 per hour. According to the OEB's Practice Direction for Cost Awards, curriculum vitae must be attached to the cost claim which Mr. Silk and Ecology Ottawa did not provide.

Costs Claimed by CCC, Energy Probe, SEC and VECC

Following the receipt of the submissions of the above intervenors, Hydro Ottawa did some analysis of the costs claims in this proceeding compared to those claimed by the same parties in Hydro Ottawa's last cost-of-service proceeding (EB-2007-0713). The following table summarizes the cost claims and awards for EB-2007-0713.

Intervenor	Hours Claimed	EB-2007-0713	
		Costs Claimed	Costs Awarded
Consumers Council of Canada	71.3	\$ 21,493.11	\$ 21,493.11
Energy Probe	76.0	\$ 17,915.79	\$ 17,915.79
School Energy Coalition	192.3	\$ 38,623.50	\$ 22,383.16
Vulnerable Energy Consumers Coalition	68.1	\$ 19,633.89	\$ 19,633.89
Total	407.7	\$ 97,666.29	\$ 81,425.95

The following table provides a summary of the claim for hours and costs for the same intervenors in the current proceeding.

Intervenor	Hours Claimed	EB-2011-0054	
		Costs Claimed	Costs Awarded
Consumers Council of Canada	156.1	\$ 51,513.00	\$ -
Energy Probe	124.1	\$ 41,490.16	\$ -
School Energy Coalition	274.2	\$ 56,176.00	\$ -
Vulnerable Energy Consumers Coalition	165.3	\$ 48,751.25	\$ -
Total	719.7	\$ 197,930.41	\$ -

Hydro Ottawa is fully aware that in comparing the rate proceeding of EB-2007-0713 to EB-2011-0054, one must recognize that these proceedings are not identical. However, the total costs claimed in this proceeding by these intervenors when compared to the costs awarded by the Board in Hydro Ottawa's last cost-of-service hearing are 143% higher. Comparing the hours claimed in EB-2007-0713 to the current proceeding, there has been a 76% increase in the amount of claimed hours. Of course, this percentage increase does not reflect the implicit reduction to the hours for SEC in EB-2007-0713 as its cost claim was reduced by the Board which would result in an even greater percentage increase in the claimed hours.

A review of the hours claimed, yields an average of 179.9 hours, with Energy Probe being the lowest at 124.1 hours and SEC the highest at 274.2. However, the average hours claimed by CCC, Energy Probe and VECC are only 148.5 hours. Therefore, SEC total hours claimed are 52% greater than the average hours claimed for all four intervenors but 85% greater than the average of CCC, Energy Probe and VECC.

SEC Claim Specifics

Regarding SEC's claim, Hydro Ottawa submits that although the total cost claim is higher than the other three intervenors by only 15%, the total hours claimed by SEC are so much greater than the other intervenors that a significant adjustment to the hours claimed and the resulting total cost claim is required. As stated above, the average hours claimed by CCC, Energy Probe and VECC are 148.5 hours. In SEC's cost claim, Mr. Rubenstein's hours are 186.7 and are greater than the CCC, Energy Probe and VECC average by over 25%. In addition, Mr. Shepherd has claimed 87.5 hours or 59% of the average of CCC, Energy Probe and VECC. Hydro Ottawa understands that the EB-2011-0054 rate proceeding was Mr. Rubenstein's first major utility case and therefore may require additional time and training versus a more experienced lawyer, however, Hydro Ottawa submits that such training should be a cost borne by Mr. Shepherd's organization or the School Energy Coalition organization and not Hydro Ottawa customers.

Therefore, Hydro Ottawa proposes that SEC claimed hours be reduced to the average of CCC, Energy Probe and VECC of 148.5 hours and those 148.5 hours be split between Mr. Rubenstein and Mr. Shepherd in the same proportion as their claimed hours (68% for Mr. Rubenstein or 101 hours and 32% for Mr. Shepherd or 47.5 hours). The end result would be a reduction in the total cost claim of SEC by \$24,469 ($186.7 - 101 = 85.7 \times \170 per hour for Mr. Rubenstein and $(87.5 - 47.5 = 40 \times \330 per hour for Mr. Shepherd).

Claims of CCC, Energy Probe, SEC and VECC

Hydro Ottawa submits that if the Board were to accept Hydro Ottawa's position on the SEC cost claim then the total amount of costs claimed by all four intervenors would be reduced from \$197,930.41 to \$173,461.41. This resulting \$173,461 for total costs would still be a 113% increase in costs from the 2008 cost-of-service proceeding or approximately a 21% per annum increase.

Either the requested cost of claim of \$197,930.41 and its increase of 143% or Hydro Ottawa's proposed adjusted claim of \$173,461.41 and its increase of 113% are by far the largest percentage increase in a particular cost item that Hydro Ottawa has since the 2008 cost-of-service application.

Therefore, Hydro Ottawa submits that while recognizing

- (a) the changes in the guidelines for hourly rates,
- (b) the length and complexity of the 2012 rate application, and
- (c) the need and ability of intervenors to be more efficient/productive throughout the rate case process,

that a more reasonable, yet quite generous, increase for intervenors costs from the 2008 approved levels of the Board would be 10% per annum (compounded) which would yield a total cost claim from these intervenors of \$119,216 or \$120,000. This equates to a total cost increase of 50% over the four years.

Conclusion

In conclusion, Hydro Ottawa submits that the Board should (a) reject Ecology Ottawa's cost claim, (b) adjust SEC's cost claim to address the anomaly in their cost claim relative to the claims from CCC, Energy Probe and VECC and (c) reduce all the cost claims of CCC, Energy Probe, SEC and VECC to a more reasonable overall and per annum increase in their total costs.

Yours truly,

Original signed by P. Hoey

Patrick Hoey
Director, Regulatory Affairs