

RECEIVED

EB-2012-0136

AUG 10 2012



ONTARIO ENERGY BOARD

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

August 8, 2012

Attention: Board Secretary

EB-2012-0136

OEB BOARD SECRETARY	
DATE	
TIME	
LOCATION	
BY	
FOR	
REMARKS	

5

I am writing this letter to request the Ontario Energy Board to consider the reality of many of Ontario's hydro consumers in deciding Hydro One's application for an electricity distribution rate increase. I am one of those consumers. My reality is that my income is NOT increasing to keep up with the increases awarded Hydro One in the last decade. I am sure there are many other hydro consumers like me.

Please consider the following in your analysis and decision making:

- 1) First, the delivery charge on my bill is a SIGNIFICANT part of my total bill. For the months of April 2011 to June 2012 my delivery costs were 43.6% of my total bill. So, your decision regarding an increase in delivery rates has a major consequence on my hydro bill.
- 2) Delivery rates have increased SUBSTANTIALLY in the last decade and those increases are NOW IN THE BASE. To quote from your own EB-2009-0096 Decision With Reasons – "*Since 2004, Hydro One's delivery rates have increased significantly. Between 2004 and 2009, rates for R1 increased about 28% whereas inflation ran about 9%. The increase between 2007 and 2009 has significantly outpaced inflation*". In 2010, delivery rates increased between 6.7% and 6.9%. In 2011, increases ranged between 6.8% and 8.0%. Again, the 2010 and 2011 increases far outweighed inflation. For many of us not working in the public or financial sectors, we would feel lucky to have even a cost of living increase in our paycheques or pensions.
- 3) The \$155 Million CIS project to replace Hydro One's computer systems is a one-time 2011 and 2012 undertaking which has added approximately 0.6% to the delivery rate on my bill. Can we expect any kind of decrease in delivery rate calculations to reflect that this is indeed a "one-time" capital injection or is this amount too, now imbedded in the base?

- 4) In reviewing the CIS project costs, the costs appear VERY, VERY RICH. The computer hardware and software costs total \$23.4 million – this is only 15% of the total estimate. That means that \$132 million or 85% of the costs are for manpower. Using a rough calculation of \$100K/year as an average salary for those working on this project – that means that there are 660 people working on this project for two years (\$132 M/100K/2 years). 660 PEOPLE FOR TWO YEARS – THAT’S A LOT OF PEOPLE!!!! I worked on large computer projects in the telecommunications industry before I retired 10 years ago so I may be out of touch with current information technology undertakings but my common sense detector considers these manpower costs to be bloated. Considering Hydro One is a government agency, one cannot question if Ontario taxpayers are paying for another fiasco like E-Health and ORNGE.
- 5) Was the CIS project tendered? Or was SAP/Accenture selected without tendering? And for those who work in information technology, it is well known that SAP is the cadillac of systems and Accenture one of the most expensive of consulting firms. Can Ontario taxpayers afford a gold-plated system in an era when austerity should be practiced at every opportunity?

In summary, it’s time to really consider the ability of customers paying the bills in your decision making regarding Hydro One’s requested delivery rate increases.

Thank you for giving me the opportunity to present my thoughts.

[REDACTED]

Diana Kwiatkowski