

September 11th, 2014

Delivered by Courier and email

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2701
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: **Board File Number: EB-2014-0213 – Application by Hydro One Inc. for leave to purchase all of the issued and outstanding shares of Woodstock Hydro Holdings**

On behalf of the Concerned Citizens Against the Sale of Woodstock Hydro ("CSASWH"), I have emailed and sent two printed copies by courier this day.

All correspondence related to this proceeding should be addressed to the undersigned.

Sincerely,



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INTERROGATORIES

FROM THE

CONCERNED CITIZENS AGAINST THE SALE OF WOODSTOCK HYDRO

For the MAAD Application of Hydro One Networks Inc. Purchase of

Woodstock Hydro Services Inc.

- Hydro One has indicated that rates will be reduced and frozen for Woodstock Hydro customers for a period of 5 years. Once a merger of rates for Woodstock Hydro customers with Hydro One rates is completed, please explain how Woodstock customers will benefit from the transaction given the results of a rate comparison below (which compares Woodstock and Norfolk rates with Hydro One Urban rates and Medium density)?

800 kWh	HONI Urban Impacts		
Community	Distribution	Difference	% Change
Woodstock	\$ 45.80	\$ 8.66	19%
Norfolk	\$ 53.23	\$ 1.23	2%
HONI UR	\$ 54.46		
800 kWh	HONI Medium Density Impacts		
Community	Distribution	Difference	% Change
Woodstock	\$ 45.80	\$ 23.90	52%
Norfolk	\$ 53.23	\$ 16.47	31%
HONI MED	\$ 69.70		

- It is clear from the preceding table that, while Norfolk customers would see a minor increase in rates upon merger with Hydro One's, the citizens of Woodstock will be struck with a significant increase by comparison. Based on the rate increases detailed in question 1 above and the number of current Woodstock Hydro customers, our calculation is that the Woodstock Hydro customers will see a rate increase of approximately \$120 per year, at a minimum. Put another way, collectively, Woodstock Hydro customers will see an increase of approximately \$2,000,000 annually. Please reconcile how this change in rates described above satisfies the OEB's no harm test given the large increase in rates Woodstock Hydro customers can expect following the five-year freeze?
- Hydro One has indicated that all Woodstock Hydro staff will be guaranteed employment for a period of one year and that significant efficiencies will be realized by merging their operations after that time. Given the referenced efficiencies, detailed in Table 1 of the application, how will the customers of Woodstock Hydro share in the projected annual savings of \$1,312,946 per year?

4. How will the customers of Woodstock Hydro benefit from the projected savings when the 1% reduction in distribution rates is effectively a rebate of approximately \$78,000 per year or only 6% of the projected annual savings (\$5 per year per customer)? A savings which will be borne on the backs of for Woodstock Hydro staff and citizens of the City of Woodstock. It appears from all the information filed that other than the 1% reduction or approximately \$390,000 the customers of Woodstock Hydro will receive no other benefit from the dismantling of its utility.
5. As referenced in the previous questions, Woodstock Hydro customers will see a minor decrease in its rates of \$5/year for five years and a substantial increase in its rates of \$120/year in perpetuity following the merger of rates after year 5. As an example, looking out 10 years with the above rate scenarios, a typical Woodstock Hydro customer will see a rate increase of \$575 (a decrease of \$25 for the first five years and an increase of \$600 for the next 5). Therefore, collectively, all Woodstock Hydro customers will be looking at a rate increase of \$9,200,000 after a 10-year period. Please explain how the substantial rate increases described above satisfies the OEB's no harm test?
6. In its application Hydro One has pointed to the fact that Woodstock Hydro customers will see benefits because of Hydro One's Enhanced call centre services. While the fact Hydro One offers 24/7 service and automated notifications may be of some benefit to customers please explain how it would overcome the publically documented deficiencies of Hydro One's inability to timely and accurately bill its current customers?
7. Hydro One has agreed to pay the city of Woodstock \$200,000 if service reliability targets are not met. Please indicate if this penalty is one time or imposed every year that Hydro One fails to meet the reliability targets? Also please demonstrate that the cost of the penalty is a significant enough deterrent to Hydro One to ensure that it would make every reasonable effort to meet the targets as laid out in the agreement. Has Hydro One included this provision in agreements with other acquired utilities and if so, have they had to pay the penalty in those situations?
8. Woodstock Hydro has been an industry leader in conservation initiatives within the province of Ontario. They have realized more than one and a half times its targeted energy savings to lead all utilities against their targets set by the Government. However, Hydro One had only achieved 45% of its targets for the same timeframe. Please explain (beyond the reference in the agreement that Hydro One will continue to provide CDM activities) how the customers of Woodstock will continue to receive the industry leading conservation initiatives delivered by Woodstock Hydro under the new merged framework?

Respectfully submitted on behalf of Concerned Citizens Against the Sale of Woodstock Hydro
this 11th day of September, 2014


Michael Harding