

October 7, 2014

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
P.O. Box 2319  
Toronto, ON  
M4P 1E4

Dear Ms. Walli:

**Re: EB-2014-0002 Horizon Utilities Corporation - Distribution Rates 2015-2019 – Motion by the City of Hamilton**

I am representing the Consumers Council of Canada in the above-referenced Ontario Energy Board (“Board”) proceeding. On September 4, 2014, the City of Hamilton, an intervenor in this proceeding, filed a Notice of Motion and Motion Record with the Board seeking the following relief:

1. An order freezing the rates of Horizon Utilities Corporation (“Horizon”) for the street lighting class at the 2014 levels for a period to be determined by the Board;
2. In the alternative, an order requiring that the rates for the street lighting class, as they may be determined in the EB-2014-0002, be interim, and be re-considered and, if appropriate, be re-set following the outcome of the Board’s considerations in EB-2012-0238;
3. An order granting leave to withdraw the evidence of WattsWorth Analysis Inc. (“WW”), filed on behalf of the City of Hamilton.

The Notice of Motion sets out the basis on which the City of Hamilton argues that the Board should grant the relief requested. The City of Hamilton relies on a report issued by the Board on December 19, 2013, entitled, “Review of the Board’s Cost Allocation Policy for Unmetered Loads” (EB-2012-0383). In addition, the City of Hamilton relies on a letter dated August 21, 2014, in which the Board has stated its intent to undertake a study of, among other things, the appropriateness for the application of existing methods of cost allocation to various street light system configurations and to update the Board’s Cost Allocation Model with respect to the cost allocation to various street lighting system configurations.

The City of Hamilton concludes that, “In light of the Board’s statements in EB-2012-0383 and in light of the commencement of the study, it would be premature, and unfair to the City of Hamilton, to set rates for the street lighting class until the study has been completed.” The City asks that in the alternative, rates for the street

lighting class be deemed interim and reconsidered following completion of the study. (Notice of Motion, pp. 2-3)

The Board has determined that the Motion will be heard on Thursday, October 9, 2014. I am unable to attend the hearing of the Motion, but the Council has a few brief submissions to make regarding the motion. The Council is opposed to the motion for the following reasons:

1. The Board at any point in time is in the middle of policy reviews. Some of those reviews occur over a long period of time. It would be a dangerous precedent and completely unmanageable for the Board and utilities if rates were frozen or held interim for all utilities pending the outcome of all or any policy reviews. For example, the Board is currently undertaking a review of revenue decoupling. If the City of Hamilton's motion is granted, ratepayer groups may well argue that all rates be frozen pending the outcome of that current Board policy review;
2. The Board should set rates on the basis of the evidence in this proceeding and not on the basis of what might be the potential outcome of a non-binding policy review;
3. The Board's filing guidelines for 2015 cost of service applicants provide no special treatment for the street lighting class, despite the issuance of the December 19, 2013 Report;
4. If the City of Hamilton's rates are frozen or declared interim, there are corresponding impacts on the rates for other customer classes. This could result in an unfair allocation of costs to these classes, or retroactive adjustments depending upon when the interim rates are finalized;
5. It is not clear at this point when the study will be completed, and more importantly it is not clear as to when the Board's final report might be issued; and
6. The same motion was brought in the most recent Hydro One Networks proceeding, with the City of Hamilton making essentially the same arguments. The Board denied the motion. The Board concluded, that it accepted the arguments of those opposed to the motion on both the interpretation of the Board's intent in the Report of the Board (EB-2013-0383), and the manner in which the Board should deal with the current rates during reviews of rate-setting policies. The Board added that certainty of rates paid at the time of system use to be a very important attribute of a fair and reasonable ratemaking scheme. From the Council's perspective there is no reason for the Board to make a different finding in this proceeding.

Please accept this letter as the submissions of the Council regarding the City of Hamilton's motion.

Yours truly,

*Julie E. Girvan*

Julie E. Girvan

CC Mark Rodger, BLG  
Horizon Utilities Corporation, Regulatory Affairs  
Maureen Helt, Board Staff Counsel  
All Parties