

Dear Board Members:

I am not in favor of the sale of Haldimand County Hydro Inc. (HCHI) to Hydro One Inc. (HOI). (EB-2014-0244) To begin with, it is not right that the Ontario government is recommending that Local Distribution Companies (LDCs) amalgamate or they will be mandated to do so. Our HCHI utility is providing great service, is reliable and is reasonably priced whereas if we are sold to HOI, our present service, reliability and cost will be negatively affected as demonstrated by the OEB's own Utility Scorecard and thousands of HOI complaints to the Ont. Ombudsman.

First, the gov't recommendations and mandate which prompted this application.

a) The Drummond Report of Feb. 2012 recommended that the province: "Consolidate Ontario's 80 local distribution companies along regional lines to create economies of scale." (Recommendation 12-13)

b) The Distribution Sector Review Panel Report was released on Dec. 13, 2012. It recommended that LDCs' "consolidation should be completed within two years of the Government's acceptance of the recommendations of this report." The Panel recommended "that the government take legislative action to ensure complete consolidation. Any new regional distributor in southern Ontario should have a minimum of 400,000 customers. Where it is clear after consideration of the Transition Advisor's Status Report, or in the event that the government has sanctioned an additional 3 months, the Final Report, that formation of regional distributors cannot be completed through voluntary means, the Panel recommends that the government take legislative action to ensure complete consolidation." (Chapter 6, Recommendations, Regional Distributors)

c) The Long Term Energy Plan of Dec. 2013, P.16 reiterated the move to consolidate the province's LDCs by pursuing "innovative partnership and transformative initiatives to drive efficiencies that will result in ratepayer savings."

So HCHI needed to amalgamate or it would be mandated by legislation and needed to join with a utility with a large customer base to meet the minimum of 400,000 customers.

And if it wasn't enough that the government is forcing amalgamations, Hydro One is also owned by the Ontario government.

In this sale application OEB-2014-0244, HOI says that:

"The approval of the application has no adverse impact on the price, adequacy, reliability and quality of service of HCHI or HOI." (Exhibit A, Tab 1, Schedule 1, Page 5 of 6, line 16-17)

The OEB's objectives:

"The OEB in carrying out its responsibilities, shall be guided by the following objectives: To protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service..." (Exhibit A, Tab 2, Schedule 1, Page 1 of 23, line 16-17)

The OEB's goal in their Notice of this Application states that: "We make decisions that serve the public interest. Our goal is to promote a financially viable and efficient energy sector that provides you with reliable energy services at a reasonable cost."

I do not agree that application OEB-2014-0244 will serve the public's interest but rather the sale would cause less quality service, poorer reliability and more cost to HCHI's electricity consumers.

Proof #1 - Ontario Ombudsman

From the Ontario Ombudsman website:

"Hydro One investigation announcement, Feb. 4, 2014

Opening remarks – André Marin

Today, I am launching a systemic investigation of Hydro One that will focus on two key issues: First, whether Hydro One's customer billing practices are transparent, and second, whether Hydro One's process for responding to customer billing concerns is timely and effective.

This investigation is the result of years of behind-the-scenes efforts by my staff to resolve hundreds of complaints, one case at a time. We have helped many people sort out egregious errors and baffling bills. We've worked with senior Hydro One officials to ensure they credit people who were overbilled and don't cut off power to people in need. But the complaints have continued to increase – we are already at almost double last year's amount, and we are only 10 months into the fiscal year. The stories we are hearing will be familiar to many of you in the media – stories of huge, unexplained "catch-up" bills, multiple bills, or "estimated" bills with no rhyme or reason. And when customers try to get answers from Hydro One, they are stymied – just as my Office has often been stymied when we intervened. All of this points to potential systemic problems that warrant an in-depth investigation by my Special Ombudsman Response Team. I have notified Hydro One and the Ministry of Energy of this investigation, and I expect their full co-operation in providing my investigators with interviews and information about Hydro One's billing and customer service operations. In order to help the greatest number of people in the shortest amount of time, we will focus our investigation on the serious billing and communication issues that customers have raised about Hydro One, and we will complete it within nine months. After that, I will draft a report and recommendations based on the evidence gathered and the response we receive."

Mr. Marin's office had received 7,900 complaints at that time and more were coming in.

The Ombudsman is investigating these multitude of complaints from Ontario residents concerning HOI and its billing and customer service problems. The Ombudsman's report will be out late this year which will be too late for this letter of comment but I urge the OEB to read the Ombudsman's recommendations and wait for his report before making a decision on this application. If this application is approved, then I would request that conditions be added to the decision concerning HOI's billing practices and customer service so that HCHI's customers are protected.

Customer service is one way in which HOI is not a reliable service. Reliable energy is not only energy being there when we need it but customer service needs to be reliable as well, as one of the “reliable energy services” under the OEB’s goal as stated in their Notice of Application. However, the OEB’s Scorecard below, shows that HCHI customers’ electricity reliability will also be reduced if this application is approved.

Proof #2 - HOI vs HCHI Scorecard

Ontario has created a new tool to measure how well Ontario’s electricity distributors are performing. Each year, starting with the 2013 year, all utilities will report their scorecard performances annually.

Of the 73 electrical distributors in Ontario, HOI is:

1. the second most costly distributor
2. the second worst distributor in responding to telephone calls
3. the worst distributor for average number of hours power to customers is interrupted
4. the second worst distributor for average number of times power to customers is interrupted
5. one of only four distributors receiving a least efficient rating for cost control of the 73 distributors reporting.

HCHI however, performed better than HOI in all areas mentioned above and overall HCHI performed better than HOI in 13 of the 16 categories.

Specific results from Scorecard comparisons as noted above are:

Telephone calls answered on time: target of 65%: HOI: 63.6% **(failed)**; HCHI: 81.1%
Average no. of hrs. power to customer is interrupted: HOI: 26.57 hrs.; HCHI: 9.69 hrs.
Average no. of times power to customer is interrupted: HOI: 4.23; HCHI: 2.57
Total cost per customer: HOI: \$1,046; HCHI: \$681
Cost control efficiency: HOI: 5 **(least efficient on scale of 1-5)**; HCHI: 2

The figures speak for themselves. HCHI far outshines HOI under categories that demonstrate the utility’s service, reliability and cost.

Five new measures were added to the scorecard in March of 2014 so the data is not available for the 2013 period. They are:

1. First Contact Resolution (how well the utility resolves a customer’s concern on the first contact)
 2. Billing Accuracy
 3. Customer Satisfaction Survey Results
 4. Public Safety
 5. Distribution System Plan Implementation Progress
- (OEB’s “Frequently Asked Questions 2013 Scorecard for Ontario’s Electricity Distributors P.3)

Remembering the Ombudsman's remarks above, at present, HOI would not pass new categories 1,2 & 3 above. In my experience with HCHI, it would pass all 5 of these new categories with flying colours.

The OEB should check its Scorecard results in the future to study the results of the amalgamations years down the road and then we'll see how amalgamations negatively affected customers' service, reliability and cost of distribution.

So looking back at the Ombudsman's remarks and the OEB's own Scorecard, the sale of HCHI to HOI would decrease HCHI's customers' level of customer service, reliability and cost, not promote it.

Other Comments

The sale of neighboring Norfolk Power Inc. and possible sale of HCHI will be an additional onerous debt to HOI and its customers and the Scorecard already shows that HOI's costs per customer are greater than HCHI (almost twice the cost) and yet HOI states that there will be various savings to HCHI customers if the sale is approved.

Let me repeat: **HOI is the province's second most costly distributor** as per the OEB's own Scorecard.

If this application is approved, HOI plans to make savings through: "reduction in back-office staff, including accounting, administration, and customer service." (Exhibit A, Tab 2, Schedule 1, P. 2 of 23, Line 15)

Whether this application is approved or not, based on the thousands of complaints to the Ombudsman's Office, I would suggest that HOI should not reduce its accounting or customer service staff because its customer service and billing problems would become even worse than they are now. HCHI customers are enjoying great customer service now and I wish it to remain that way. HOI should be hiring **more** accounting and customer service staff to fix its horrendous billing errors and to be available to respond to customers' issues.

I attended the two Haldimand Council meetings with presentations from HOI and resident delegations concerning the sale of HCHI to HOI. One resident businessman reported that one way for a utility to recover costs is in the form of fees. He reported that fees are much higher when using HOI for microfit solar system hookups (2013) for similar connections: HOI cost: \$1,500 plus HST as compared to HCHI cost: \$163.71 plus HST. Dealing with HOI took a longer time because of a longer process involved. Higher rate of service fees is not conducive to "the public interest" for existing businesses and homeowners or for attracting new ones.

I realize that the comments I made in this letter concerning the Ontario gov't's amalgamation recommendations are a provincial gov't issue but since it was those recommendations which caused HCHI to seek amalgamation in the first place, they do

have a direct bearing on the reason for this application. I will also send my concerns on these gov't matters in writing to the Energy Minister.

In summary, the Ont. Government is forcing its 73 LDCs to amalgamate into 6-10 regional distributors in southern Ontario. Bigger is not always better.

HCHI is performing extremely well and we are very pleased and proud of their work, their excellent service, efficiency and reliability and low costs. Once again the gov't is meddling and trying to destroy something that is working just fine.

The OEB is required to serve the public interest by promoting a financially viable and efficient energy sector that provides us with reliable energy services at a reasonable cost. The OEB's own Scorecard shows how well HCHI is performing and how HOI is at the bottom of the list of Ontario's distributors in service, reliability and cost. We have seen from the Ombudsman's remarks, that HOI has serious billing and customer service issues. I would advise the OEB to wait to read the Ombudsman's Report later this year before making any decision on this application. This sale would not be in HCHI's customers' interests.

I recommend that this application **not** be approved.

Thank you.

Betty Ortt

