

**Milton Hydro Distribution Inc.**

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Ms. Rosemarie Leclair, Chair & Chief Executive Officer

Ontario Energy Board

P.O. Box 2319

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**Re: Milton Hydro Distribution Inc.**

Dear Ms. Leclair

Almost every day, there is an article or report regarding the hardship and negative impact of the high price of electricity. The Ontario Energy Board, including you, as the Chair and CEO, has espoused that a goal of the OEB and its new Regulatory Framework is to drive efficiencies and thus lower costs. Minister Thibeault has referenced the mandate he was given by Premier Wynne regarding the costs to the customers and has publicly stated that “whether it is 50 cents or $50” he wants the savings for the customers.

Unfortunately, it appears as if those words and intentions may have hollow meaning, specifically in light of recent proceedings regarding Milton Hydro’s Motion to Vary the Cost of Service Decision. The full details of the Cost of Service application, the OEB Panel Decision and Motion to Vary, OEB files EB-2015-0089 and EB-2016-0255 respectively, are readily available; however a brief summary will provide the relevant details.

The basis of the Motion to Vary the Decision centers on an independent third party, Colliers International, valuation of a property that was deemed surplus and sold to an affiliate of Milton Hydro. In the appraisal documentation, Colliers affixed their signature to a certificate showing the property valuation of $2.4M. This signed certificate and full appraisal document was included in the Cost of Service application. Throughout the formal written interrogatories, Settlement Conference and oral hearing, there were no comments or challenges to the $2.4M valuation. Throughout the extensive hearing process, a discrepancy within the body (supportive documentation to the valuation) of the appraisal report went unnoticed by all parties including the OEB Panel, OEB staff, intervenors and Milton Hydro. The discrepancy was a quoted price per acre which if multiplied by the acreage produced a value of $2.7M. This discrepancy was only referenced in the OEB Panel Decision. Milton Hydro remains puzzled as to why the Panel would not seek clarification of the discrepancy rather than accuse Milton Hydro of “inappropriately” selecting the lower value.

Upon receipt of the Board Decision, Milton Hydro contacted Colliers seeking clarification, and Colliers confirmed that the certified $2.4M valuation was correct and that price per acre, contained within the body of the report, was a typographical error. This confirmation of appraised value and errors in the body of the report were the basis of the Motion to Vary the Decision of the Board Panel.

During the normal process for the Motion to Vary, no party requested an oral hearing and written submissions by Milton Hydro, OEB staff and intervenors were prepared. The original Cost of Service application had three intervenors but only two made submissions in the Motion to Vary. The OEB staff and one of the two intervenors supported the Motion to Vary and accepted the clarification by Colliers. The other intervenor tried to justify the $2.7M valuation. The new OEB Panel has been reviewing the written submissions since September, and has now expressed interest in holding an additional oral hearing with Colliers being present.

It is this action which makes the words and intent of the OEB and Minister, regarding cost and value to the customer, ring hollow. The evidence cannot be more factual and has already been supported by OEB staff and yet Milton Hydro, and therefore its stakeholders, is expected to pay the costs of an additional oral hearing, namely the costs for the OEB Panel, OEB staff, intervenors, Colliers and their legal representation and Milton Hydro staff and their legal representation.

The first OEB panel sullied Milton Hydro’s reputation by unilaterally and incorrectly stating that Milton Hydro “inappropriately” used the lower valuation and now it appears that a possible goal of the oral hearing is to try to discredit Colliers International, an independent third party.

This is an injustice to the dedicated board and staff at Milton Hydro and Colliers International, a respected and successful organization.

If an oral hearing is mandated, there will be compensation for the intervenors and all the legal teams, but where is the value to the customer, who should be the primary concern for all parties.

We respect that the new Panel has a duty to review all the information pertaining to the motion; however, Milton Hydro respectfully requests that in the interests of foregoing any further external costs, the Panel consider written responses to any questions that would allow them to render an informed decision. Milton Hydro has already paid in excess of $280,000.00, excluding any internal costs, associated with the Cost of Service application, and we sincerely hope that the customer will come first and the unnecessary costs of another oral hearing will not be incurred.

Respectfully submitted

Frank Lasowski

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President and CEO

Cc Minister of Energy Glenn Thibeault

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