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Comments re EB-2016-0056 Rate Application

Dear Ms. Kovesfalvi,

I would like to start by offering my thanks to the OEB to participate in both the community meeting as well as providing written comment.

A couple of comments on the set up from a technical point:

1. I was not able to hear the operator's instructions as to how to participate in the question portion of the call.
2. I did not have the password for the webex portion at first. It would be handy to have had it included in the instruction letter of how to set up the webex or the email delivering the set up instructions, as well as written instructions for how to signal to the operator that one wanted to ask a question or make a comment.
3. During an earlier call where the technical people indicated Skype would not be permitted, it was indicated that there would be a chat option available. I was not able to find the chat option on the webex screen. Chat options are really good because there is no misunderstood questions or answers.

In general, I think that the presentation was good. Ms. Wiens did an excellent job of stating Atikokan Hydro's position and needs.

I do think that while it was good to be able to participate [to some degree] in the community meeting, a cost benefit of such efforts as well as other OEB initiatives needs to be considered. I do not know how many listeners like myself that there were, but there did not seem to be an overwhelming public interest. The cost to Atikokan Hydro per Atikokan Hydro customer was probably significant. I do not know how much OEB staff time and costs went into these meetings, but those costs will also end up on the customer's bill [electricity or provincial tax]. I fully realize that senior OEB management feels strongly that if many customers participate in such meeting opportunities that the customers will understand the process better and feel involved. I strongly suggest this is an incorrect assumption. I think the senior citizen whose son asked for information on assistance with her power bill would have sooner had the cost of such meetings left off of her hydro bill so that she could put the money towards a package of hamburger or a Kraft dinner.

I believe that it is time for the Ontario Energy Board to actually review many existing requirements forced on LDCs and also review any new requirements from a cost benefit perspective to the LDC and to the customer. This review must include all costs incurred by the OEB in developing and scoping such requests as well as the ongoing costs to both the OEB and LDC in implementing and administering the program. If there is not a clear, definitive and verifiable cost benefit to either the LDC or the customer, then the program should either be scrapped if in existence or not developed if in planning.

Some other items mentioned by the OEB were the Score Card as well I believe as comparator LDCs. I will include comment on those items and the uniqueness of a low population LDC in a large municipal area as separate appendices:

1. Past costs to LDCs with doubtful benefit
2. History, Geography and Physics
3. Benefits of an LDC to customers

Again, I would say thank you for the opportunity to participate, and understand this letter will be posted as part of the application record.

Sincerely

Wilf Thorburn

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Appendix 1. Past costs to LDCs with doubtful benefit

If we go back over the years, there have been many times the Minister of Energy has asserted Ministerial wishes on the OEB, who have [despite claiming arm's length distance] passed orders that have cost the LDC money, and provided no benefit to either customers or the LDC.

1. A case in point would be the additional cost to reprint Ministerial messages proclaiming the benefits of the Ontario Clean Energy Benefit on billing envelopes. This cost labour to send the envelopes to the printer, cost to the printer, labour to return the envelopes, and much more labour to get the envelopes to work in the bill insertion machines.
2. Various surveys related to customer satisfaction that are difficult to get customers to participate in.
3. ESA surveys mandated by the OEB to be completed
4. 2204 audits that have to find some issues to justify themselves
5. The report card [score card] that never gets looked at [check your tracking statistics and find out how many customers actually go to the score card page on the OEB site or the LDC site, and more importantly, how long they stay on the page]
6. Lobbyists [Interveners] who have no actual ties to the specific LDC consumers, yet claim to represent consumers [VECC]

My ask would be that if the OEB truly believes that the surveys, community meetings, forcing Utilities to provide services that they are neither staffed for nor have traditional expertise in, and all of the other processes [interveners] as well as the OEB cost to administer these items are of any value, that the OEB understands that the LDC must have higher rates in order to provide the services that the OEB believe are of benefit.

Appendix 2 History, Geography and Physics

There are three items that neither legislators nor regulators can influence. They are History, Geography and Physics.

History as it relates to Atikokan Hydro Inc.

1. The physical layout of the Town of Atikokan probably has more kilometers of streets and sidewalks per dwelling or customer than most communities. This will also hold true for utility poles and infrastructure. While this may be described as picturesque, it makes both public works and electrical distribution costs higher than some areas.
2. The population of the Town of Atikokan was well over 5,500 during the 1950s and 1960s. The amount of infrastructure has not reduced by one pole with the reduction in population to less than 2,500.

3. The location of Atikokan Hydro's point of supply in relation to its customer base was determined in the late 1940s by events that Atikokan Hydro had no control over, but have left the LDC with expensive sub-transmission lines to maintain

Geography as it relates to Atikokan Hydro Inc.

1. As noted in the previous section [History], Geography cannot be changed or controlled by either the legislator or the regulator.
2. The sub transmission lines referenced in the history section are located in very rugged and inaccessible terrain. There are 300 meter spans and the line was built to 115 kV standards. This means all work on this line must be contracted out to entities that have the off road equipment to access the structures.
3. The town of Atikokan [formerly Township of Atikokan] is 19.3 km square. The source of supply is close to the northern municipal border, and the main distribution area is in the centre of the square.
4. There are no real neighbouring LDCs. Thunder Bay would be 200 km to the east and Fort Frances would be 140 km to the west. Hydro One have a couple of pockets of maybe 200 customers in a few spots in between either of the neighbouring LDCs, but there are no service centres. Point being that shared equipment and work forces are not practical.

Physics

1. Physics will not respond to regulation or legislation.
2. The design and construction of the existing sub-transmission lines is such that it cannot be changed because it is operating at a lower voltage. The lines are sized not only for thermal load, but also for physical strength to support the weight of 300 meter spans. The poles are often two and 3 pole structures with 27 and 30 meter poles. Even normal Hydro One rural distribution is supported by 80 to 100 meter running spans on 12 to 15 meter poles.
3. There will be line loss attributed to the sub-transmission portion of the circuits which is in addition to the normal distribution losses by a "typical" LDC. Unfortunately, physics insists on adding the two components when comparing the power purchased at the source of the sub-transmission lines to the cumulative power metered and sold to the customers / consumers.

Appendix 3 Benefits of an LDC to customers

In conclusion, I understand the OEB has an important job in ensuring rates are fair and necessary. I have lived all of my life in Northwest Ontario. I am now retired. It is comforting to know that if the power goes out, or if there is a problem, that the on call person will probably respond within 20 minutes. Other areas I have lived in will have an 8 to 12 hour response time. That is a long time at -40.

The examples I have given are simply to suggest that comparators do not always tell the whole story. I am not aware of any LDC that is as remote as Atikokan Hydro is and has the same rugged terrain, when one compares distance to a neighbouring LDC, or the terrain that must be addressed, or the amount of infrastructure due to the design of the town and the distance from the grid source of power.

It is amazing that the LDC functions as well as it does with the number of staff that it can afford with the continuous drain on resources to establish various customer benefit programs [clean energy, low income, customer satisfaction, conservation programs, etc.]. The OEB must recognize that there is a cost to such programs, and must ensure the rates are high enough to ensure these obligations can be met.

With the changing weather patterns that we are experiencing in the central part of Canada, we should be expecting costs to rise in both maintenance and replacement of infrastructure. As a customer and rate payer, I certainly would urge the OEB to not fall into political correctness, and limit rates to a point that reliability really suffers.

It should be noted that the cost per customer in Atikokan will be driven by the same physical characteristics no matter whose name is on the bill. As long as it is Atikokan Hydro, then at least a customer or rate payer has a place to ask questions. If it is a provincial entity, probably the power could be off for 300 days in Atikokan, and the provincial entity would still meet there target for reliability.