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From: registrar
Sent: June 27, 2017 12:23 PM
To: [REDACTED]
Subject: Letter of Comment

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From: webmaster@ontarioenergyboard.ca [mailto:webmaster@ontarioenergyboard.ca]
Sent: June-14-17 4:16 PM
To: registrar
Subject: Letter of Comment - [REDACTED]

The Ontario Energy Board

-- Comment date --
2017-06-14

-- Case Number --
EB-2017-0049

-- Name --
Betty Ortt

-- Phone --
[REDACTED]

-- Company --

-- Address --
[REDACTED]

-- Comments --

The OEB must consider ratepayers' costs when deliberating about Hydro One's application EB-2017-0049. We already pay plenty for delivery of our electricity and Hydro One's service charges are already among the highest of distributors. Added with the extremely high rates for electricity used, Ontarians cannot afford any more hikes. Hydro One must reduce their costs, improve management and keep delivery rates and service charges as low as possible for all its users.

The 2015 Auditor General's Report noted: "In 2010 (the last year that comparative cost information was collected for the distribution system), the Canadian Electricity Association found that Hydro One had higher costs than the average of its members from 2006 to 2010. As well, in 2014, the OEB gave Hydro One its lowest cost-efficiency ranking among distributors. Hydro One's actual costs were more than 25% higher than what the OEB expected, indicating that Hydro One should be able to find cost

efficiencies to perform the same amount of work it currently does at a lower overall cost.” (2015 AG Report, Chapter 3, Section 3.06, Hydro One - Management of Electricity Transmission and Distribution Assets, Pg. 273)

“Effective December 4, 2015, the Building Ontario Up Act also removed the ability of the Office of the Auditor General to conduct and report on value-for-money audits on the operations of Hydro One Inc. As a result, this audit of Hydro One’s management of electricity transmission and distribution assets, which commenced prior to the tabling of the Building Ontario Up Act, will be the last value-for-money audit released by the Office.” (Pg. 247)

“Given that the Office of the Auditor General will no longer have jurisdiction over Hydro One as of December 4, 2015, we have made the following recommendation, requesting that the Ontario Energy Board take the observations we have made in this report into consideration during its regulatory processes: That the Ontario Energy Board, on behalf of electricity ratepayers in Ontario, as part of its regulatory oversight of Hydro One, review this report, the recommendations, and future actions taken by Hydro One to improve the reliability and cost-effectiveness of its transmission and distribution systems. This report contains 17 recommendations to Hydro One, consisting of 37 actions, to address the findings noted during this audit. (Pg. 252)

May I remind the OEB of its response to the Auditor General in the 2015 Auditor's Report: “As part of its regulatory regime, the Ontario Energy Board (OEB) uses processes to hold all utilities, including Hydro One, to a high standard of efficiency and effectiveness. The recommendations made by the Auditor General in this report are useful in further supporting our efforts and in holding Hydro One accountable for prudently managing its resources and improving its service. The OEB is committed to using all key information available for its deliberations and decision-making processes, and will, as appropriate, consider the areas of improvement identified by the Auditor General in future as it exercises its regulatory functions to ensure that Hydro One undertakes appropriate planning and investing, and optimal maintenance of its systems, and that it benchmarks itself against external comparators. The report highlights a number of areas where Hydro One can improve the quality of its planning and the cost-effectiveness of its execution of those plans.” Pg. 252

Has Hydro One complied with the recommendations of the Auditor and the OEB since that report?
Has it put cost efficiencies into practice and prudently managed its resources?

“...in Hydro One’s last rate application, the OEB approved only three years of a proposed capital spending plan rather than the five years Hydro One requested...” (Pg. 253) Perhaps it would be prudent to limit any requested delivery rate increases to a three year plan also.

Since the OEB has new members as it is now about 30% privately owned, the new members in particular need to read the Auditor General’s 2015 Report in detail and previous members will also need to read it again.

Hydro One’s CEO is reported to have been paid an annual salary of \$850,000 and incentives making the total between \$4.5 - \$4.84 million in 2016. The top five Hydro One’s executive salaries were \$11.7 million in all. These salaries are extremely excessive. Hydro One serves the public and should act accordingly! CEOs in British Columbia are paid 1/10 the amount. Another negative consequence to the public of Hydro One being part privately-owned, is that the public will no longer be able to see the salaries of the Sunshine List either, only the top five executive salaries.

Hydro One itself, notes that cost is the top priority for its customers. The following are quotes from Hydro One's application EB-2017-0049 (Exhibit A, P.9 of 36, Tab 3, Schedule 1)

- “Management and the new Board of Directors intend to increase Hydro One's focus on customers...
- The Distribution business plan aligns three factors: (i) customer needs and preferences ... (iii) customer bill impacts
- Controlling cost is the top priority for customers.” (Pg. 14)

In conclusion, the 2015 Auditor General Report noted that Hydro One had the lowest cost efficiency rating of all distributors, found several inefficiencies and gave several recommendations for making improvements.

Hydro One itself notes that cost is top priority for its customers and customer bill impacts are a main factor in its plan. The OEB must make sure that Hydro One has corrected its inefficiencies and reduced its costs to keep delivery rates and service charges low for all their users at all times. We already pay plenty for electricity delivery and Hydro One's service charges are already too high. Also, we already pay extremely high rates for the other portion of our bills, the electricity usage portion of our bills due to the Ontario government's rush for green power, non-researched directives, mismanagement, power surplus revenue losses, power curtailment and renewable back-up power costs, Global Adjustment and guaranteed high-priced long term contracts, even though the daily average market electricity price is very low. We cannot afford any more rate hikes period!

-- Attachment --