



December 17<sup>th</sup>, 2018

Attention: Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27th Floor  
Toronto ON M4P 1E4

**Re: File No: EB- 2015-0304 - Energy Retailer Service Charges**

Local Authority Services (LAS) is writing to the Ontario Energy Board (OEB) in response to the Board's invitation to comment on its Final Report – Energy Retailer Service Charges, issued November 29, 2018.

LAS is a not-for-profit established to help the municipal sector save money, make money or solve capacity challenges locally. Our purpose is to aggregate collectively with municipalities in managing costs including offering an electricity hedge and distributor consolidated billing to municipalities.

LAS agrees that the existing fee structure requires updating, but does not agree with the proposed doubling of costs as this is out of line with the rate of inflation.

The OEB's proposed increase is not supported by sufficient disclosure within the Final Report as demonstrated by the following:

- **Potential for skewed data**

The Final Report refers to a "wide variability in the level of fixed and variable costs by the OEB, indicating that electricity distributors may categorize expenses differently". This kind of approach can skew data and lead to the wrong conclusions.

- **Need for transparency**

The expense disclosures within the report are not consistent. Only two working group distributors included bad debt costs, this disclosure should be a requirement for all distributors.

It is unclear if the data used to determine the respective rate increases was collected by the OEB from all distributors or only the sample.

There is no indication the data analyzed covered the 16-year period (2002 – 2018). A full analysis would isolate anomalies in reporting which would need to be adjusted for the purposes of rate calculation, there are no disclosures in the report to indicate these steps were taken.

- **Need for fairness**

Electricity retailers should not be required to pay for bad debt generated from Distributors as bad debt should be captured in the overall system.

It must also be noted, the proposed rate change will directly affect the end consumer, as municipalities will be forced to pass these costs onto the taxpayer.

Thank you for the opportunity to provide comment on the Final Report. If you have any questions, please contact Judy Dezell, Director of Enterprise Centre, Business Partnerships & LAS at 416-971-9856 or [jdezell@amo.on.ca](mailto:jdezell@amo.on.ca).

Sincerely,



Gary McNamara  
LAS Chair

cc. Jamie McGarvey, AMO President

