Sharron Curley, [redacted]

Jan. 16, 2019

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

RE: EB-2018-0242

Dear Ms. Walli,

I am a customer of PDI. This letter is to protest the sale of Peterborough Distribution Incorporated (PDI) to Hydro One Networks Inc. The sale will result in substantial harm to the customers and businesses currently served by this utility. There are 37,392 customers. PDI's residential rate increase for 2018 was 1.65% on par with inflation. That resulted in a monthly bill increase of $0.53 for a residential customer consuming 750 kWh, effective May 1, 2018.

Hydro One proposed rate increases are:

- 2018 an increase of $2.79 per month
- 2019 an increase of $2.47 per month
- 2020 an increase of $2.31 per month
- 2021 an increase of $1.95 per month
- 2022 an increase of $2.23 per month

PDI placed 7th in performance and provided the city a profit of $107.4 million. The OEB scorecard for 2017 saw PDI placing 4th. In summary an exceptionally well run LDC.

Being acquired by the most expensive utility in the province cannot be of benefit. We will end up paying considerably more. The short term gain is miniscule whereas the long term will bring significant cost increases. For example the 1% reduction in base distribution delivery rate (residential) is only $.09 monthly. The promised earnings sharing experienced by other acquired are paltry and Hydro One keeps more than half the profits. Compare that with the $1 million annual earnings the city receives.

It is unfortunate that EB-2017-0049 has not been concluded as it deals with Hydro One rate increases for all customers but especially the *Acquired* Norfolk, Haldimand and Woodstock. Certainly Hydro One's proposed increases for these acquired LDCs are staggering.

Key submissions by intervenors in the EB-2017-0049 proceedings are relevant.

- The City of Hamilton brought their concerns that they were not going to receive any cost reductions after having upgraded their street lighting to LED. They should be seeing a savings of $142,000 BUT Hydro says that only when overall use by all clients go down would a reduction occur. The city of Peterborough is currently upgrading their street lighting and as such would also not see the anticipated cost savings.
- Frequent Intervenors raised other concerns.
    - Efficiency of Hydro One is going down - not up
    - Capital plans for every year go unfinished without penalty.
    - Hydro One proposes major investments in reliability despite *their* survey that is emphatic in saying customers are not willing to pay.
    - Lack of good data for planning equipment replacement and upgrades
    - Executive and staff salaries are well above average.

- Experiences of Previous Acquired LDC's show:
    - The study commissioned by Niagara-0n-the-Lake for the period 2005 to 2016 show acquired LDC's rates increased by 250%, while LDC's (with under 50K customers) increased by 20% and Hydro One Urban rates increased by 50% .

    - In the Orillia - Hydro One MAAD EB-2016-0276 customers would be placed in an "Acquired" category whose costs would NOT be based on the cost to serve them but on whatever formula Hydro One sees fit. In addition Hydro One was unable to forecast year 11 costs when asked.
    - The consolidation of utilities has not demonstrated Economies of Scale .
    - The consolidation of utilities has not Increased efficiencies.

Lack of accountability once absorbed results in costs that do not reflect the cost to serve. Peterborough Utilities is a leader in conservation programs. Where does that leave them? There is no incentive for customers to invest in energy upgrades when a utilities' cost allocation model does not reflect reduced electric use and the lowering of cost for electricity.

Peterborough plans major road widening and realignment work. Once owned by Hydro One, the costs for pole work will be considerably higher due to Hydro One labour costs. There will be increased costs to PDI in order to read the water meters as the electric and water meters are integrated. Schools, the hospital and the city of Peterborough will all pay more and thus drive up taxes. Industries large and small who looked favourably on PDI to serve them affordably may look elsewhere.

Granting the MAAD application will harm customers by increased costs on their bills, municipal tax increases by the city and discourage investment all within a framework of little to no accountability.

Until Hydro One improves efficiency and demonstrates a customer centric focus there should be a moratorium on acquisitions...period. Their lack of customer regard has recently been demonstrated by:

- Suggesting monies collected from arrears goes only to shareholders
- Suggesting they can charge customers “phantom” taxes. (Taxes they will be exempt from paying the Federal Govt.)
- Passing along pension contributions when their Pension Fund is fully funded for years to come.

OEB offers several methodologies for rate setting. This is very complex accounting. Why are there no methodologies for cost allocation models? There is distinct lack of metrics and good data throughout Ontario Hydro operations. In reading the various transcriptions where Hydro One is questioned as to costs charged customers the response is that it is determined by the cost allocation model. Based on what? It would be far better to define Service Districts, do performance monitoring within each district, insist that cost allocation models reflect the cost to serve that district, penalize underperformers and reward those that meet their targets. What we have now is a crippling lack of metrics and a monopoly that has no incentive to change.

Say NO to the sale of PDI to Hydro One. Customers of the most efficient LDCs are the most impacted by amalgamation.

Regards, Sharron Curley