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ONTARIO ENERGY BOARD

RE: reference number EB-2018-0242

Hello Ms. Walli,

I'm writing to register my opposition to the sale of Peterborough Distribution Inc. (PDI) to Hydro One. I'm opposed to the sale for various reasons, all of which relate to the financial implications of the sale to ratepayers in Peterborough.

My objections to the sale are as follows:

- a) Hydro One has the most expensive distribution rates in the Province of Ontario while PDI has one of the lowest. No evidence has been presented by Hydro One to show that after ten years of rate regulation, as dictated in the contract, that ratepayers will not be paying much higher rates for Hydro One's services than they would pay for PDI.

PDI has argued that they cannot afford to pay for future infrastructure needs, even though projections for profits done by an independent consultant (Navigant) show that in the medium to long term future, PDI will continue to increase profits beyond what their best returns were in the past few decades. There is only one ratepayer and whether PDI or Hydro One meets future needs, the cost of this infrastructure will be paid by Peterborough ratepayers. Hydro One argues that economy of scale will make infrastructure costs less expensive, but it is doubtful they would achieve more cost savings than they already do, given they are already the Province's largest distributor.

PDI has presented very little cost-benefit analysis of the sale to justify the sale other than to promote the minimal dollar value of savings in the rate guarantees offered in the sale contract. As well, they have only presented financial information to the public that supports the sale. Increased future earnings, as reported by Navigant, have been concealed in their own presentations on the sale.

- b) Peterborough City Councillors were not able to view the contract till December, 2018, four months after the City signed the deal and twenty months after voting 5-4 to sell PDI. Councillors were therefore not able to make an informed decision on the financial benefit or cost of selling PDI. In other words, City Staff and not the representatives of Peterborough citizens and probably the Mayor were the only people who knew the full details of the contract before signing. This process circumvented the responsibility of City Councillors to represent the financial interests of this community's citizens.

- c) The previous Mayor of Peterborough, Darryl Bennett, may have been in a conflict of interest when casting the deciding vote for a sale. At the time he voted, he was a paid board member of PDI, the private company that publicly advocated for the sale. Given that there was considerable opposition to the sale both at City Council and in the community, for Mr. Bennet to take the side of a company that was paying him to represent the sale casts doubt on his impartiality when voting for the sale at Council. This potential conflict is highlighted by the fact that a member of City of Peterborough Holding Inc. (CoPHI), David Clarke, did not have his position renewed in 2017, probably because he didn't support the untendered process by which the sale proceeded. CoPHI regulates all utilities in Peterborough and also recommended the sale, though not with Mr. Clarke's support.
- d) The City refused to accept any competing bids for PDI and entered into an exclusive agreement with Hydro One right from the beginning of negotiations to sell PDI. Notably, one neighbouring company, Veridian, wrote to Council asking to submit a bid, but this proposal was rejected for no good reason. Ratepayers and their representatives on Council were denied the opportunity to choose a different buyer for PDI, one that would perhaps have given more local control to Peterborough ratepayers.
- e) Future costs of the transition from centralized generation and distribution of electricity to locally generated and distribution of energy have not been included as a factor for the sale of PDI. Most energy analysts assert that as we move away from fossil fuels and nuclear power, communities with local control over energy needs will best be able to adapt to the challenges of a changing climate. Hydro One, increasingly a company focused on international business and large urban centres, is less likely to meet the future needs of a small city like Peterborough in a timely manner. Whatever economies of scale there are will dictate that more populated areas be serviced first. Our needs will not be addressed as quickly and this delay in meeting our needs will likely cost ratepayers more in the long-run as efficient technology comes to us later than other larger communities.

Thank you for considering this letter and the argument presented opposing the sale of Peterborough Distribution Inc. to Hydro One.

Yours sincerely,



Peter Morgan

