



July 4, 2008

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
TORONTO, ON M4P 1E4

Attention: Kirsten Walli, Board Secretary

**Re: Written Arguments for the Hearing regarding an Electricity
Distribution Rate Change - Hydro One Networks Inc. - File No.
EB-2007-0681**

Elected officials for the City of Owen Sound and the Municipalities of West Grey and Grey Highlands have reviewed Hydro One's notice to the Ontario Energy Board for rate harmonization. We are responding with specific concerns and requests relating to both the process and content of Hydro One's application. The Municipality of West Grey holds Intervener status in this matter, and the City of Owen Sound and Municipality of Grey Highlands have Observer status. The respective councils have directed the municipalities to submit the following comments to the Board:

- **UNFAIR AND UNCLEAR NOTICE**

Hydro One's notice in this matter does not constitute a genuine attempt to involve affected consumers in the application before the Ontario Energy Board and violates the rules of natural justice by preventing residents from understanding and responding to the issues. The municipalities draw attention to the Board's procedures, which specifically reference the requirement that the rules of natural justice, as prescribed in the Statutory Powers Procedures Act, be followed.

The notice was inconsistently provided: the notice was published for one day in the Owen Sound Sun Times newspaper on January 23, 2008, and in the Markdale Standard for a week in February, 2008. There is no explanation for the discrepancy in publications periods. Additionally, the municipalities of Grey Highlands and the City of Owen Sound were at no time directly served with a notice despite being the elected representatives for the affected residents.

The notice was incomplete: the published notice did not include a deadline for requesting any form of representation at the hearing – despite the fact that deadlines do, in fact, exist.

Upon contacting the OEB office, officials seemed puzzled that the City of Owen Sound had not received direct notice and that the published notice did not contain a reference to deadlines.

The notice is confusing, misleading at best and deceitful at worst: the notice does not use simple language or comprehensive calculations to convey the significance of the matter to the public.

For example:

In the Owen Sound Sun Times newspaper notice the first highlighted message reads **“Average Delivery Rate Increase on the Total Bill.”** Most customers would wonder, is the Delivery Rate increasing or the Total Bill?

The notice then moves to a chart and the headings read: **“Average 2008 Increase on Total Bill”** and **“Average Increase on total Bill at the end of 4 Years.”** Again most customers would ask, what happened to the aforementioned Delivery Charges?

The next heading on the notice reads: **“How do I know if this might affect me?”** This is misleading as the heading should say: **“This Rate Increase will affect all users of Electricity in Owen Sound.”**

Further, Hydro One is masking the real distribution rate increase by only showing it blended with a constant energy charge, thereby lowering the overall percentage increase. Consumers have been given the impression that they are facing an increase of 30% over four years. In fact, the total bill increase could be, for example, in excess of 50% depending on energy rates after the removal of the Rate Protection Plan.

The average Hydro One customer would find it difficult, if not impossible, to assess the net effect of the proposed increase on their bill.

- **HARMONIZATION UNWARRANTED**

Owen Sound, West Grey and Grey Highlands request that the rates do not change. When our locally owned utilities were sold to Hydro One the agreements did not contemplate rate increases for the purpose of

harmonization. Rather, the agreements provided for differential treatment that reflected our lower income levels and the potentially drastic impact of sharp rate increases on industry, commerce and jobs. Hydro One assured us the rates would be kept low and the spirit of that assurance should continue.

Hydro One is more than capable of administering different rate structures in different parts of the Province. We strongly urge the Board take this into consideration.

However, if the Board does approve the proposed rate increase, we request that it be phased in over a much longer period than that proposed and include a reasonable percentage cap on annual adjustments. This will help minimize serious impacts on residential consumers, industry and commerce during a time of economic slowdown. Alternatively, we suggest that the Board consider ordering a capital contribution to our municipalities to offset the increases.

- **INCREASES EXCESSIVE**

As far as we can determine, from reviewing the ambiguous notice and some 3,600 pages of Hydro One submission materials, the rates appear to be increasing approximately 30 per cent over four years. That's roughly 7 per cent annually, and is simply unacceptable.

The increase is particularly troubling when Westario Power, who operates in the same region, is looking at rate decreases. We respectfully request that the Board investigate this discrepancy before making a final decision.

Ontario's economic engine has historically been fuelled by affordable energy costs. The City of Owen Sound and the Municipalities of West Grey and Grey Highlands call upon the Ontario Energy Board to respect that heritage in its deliberations and decisions.

Alternatively, the Board could order a capital contribution to our municipalities to offset the increases.

Finally, the municipalities request that the Board direct Hydro One to undertake productivity improvements, such as consolidation of billings and merging of accounts, to provide substantial operational savings to the organization. Such efficiencies are necessary to protect the future economic viability of South Central Ontario.

All respectfully submitted by,



Christine Robinson,
Chief Administrative Officer/Clerk
The Municipality of West Grey
402813 Grey Road 4, R. R. #2
DURHAM ON NOG 1R0
519-369-2200 EXT. 222
1-800-538-9647
Fax: 519-369-5962
robinsonC@westgrey.com



Glen Henry
Director of Corporate Services
The Corporation of the City of Owen Sound
808 2nd Avenue East
OWEN SOUND ON N4K 2H4
519-376-4440 EXT. 220
Fax: 519-371-0511
ghenry@e-owensound.com



Kelley Coulter
Chief Administrative Officer
The Municipality of Grey Highlands
P.O. Box 409
MARKDALE ON N0C 1H0
519-986-2811 ext. 231
1-888-342-4059
Fax: 519-986-3643
coulterk@greyhighlands.ca

c: rudra.mukherji@oeb.gov.on.ca
Jennifer.lea@oeb.gov.on.ca

Glen MacDonald, Senior Advisor, Hydro One Networks Inc.
8th Floor, South Tower, 483 Bay St.
TORONTO ON M5G 2P5

Glen.MacDonald@HydroOne.com