



**FINANCIAL SERVICES DEPARTMENT  
KITCHENER UTILITIES**

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**BY E-MAIL & COURIER**

October 30, 2008

Ontario Energy Board  
Attn: Ms. Kirsten Walli, Board Secretary  
P.O. Box 2319  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, Ontario, M4P 1E4

Dear Ms. Walli:

**Re: EB-2008-0150 – Consultation on Energy Issues Relating to Low Income Consumers –  
Written Comments of the City of Kitchener (“Kitchener”)**

Pursuant to the Ontario Energy Board’s (“Board’s”) letters dated September 5, 2008, October 1, 2008 and October 20, 2008, Kitchener is pleased to submit its brief written comments in this consultation process. Kitchener attended the stakeholder conference in September 2008 and appreciates this opportunity to provide its views on key questions and some guiding principles at this information gathering stage of the process. We look forward to further participation and input as the consultation progresses with the release of the Board’s report in due course.

Kitchener owns and operates a public natural gas utility serving energy consumers in its service territory, including low income consumers. Kitchener has safely and reliably operated its gas utility for over 100 years to the mutual benefit of its customers and municipal taxpayers. This long history of service and growth through cyclical periods of economic prosperity and contraction has provided Kitchener with much practical experience on energy issues relating to consumers, including those designated as low income.

Kitchener agrees with the Board Members sitting in these consultation proceedings, including Chairman Wetston, that these issues are complex and demand attention. As he said, it is important to have a very open discussion about the possibilities in addressing them. It is equally important to strike the right balance between solutions and any relief provided to low income consumers by utilities and / or their ratepayers versus society at large. In Kitchener’s respectful view, energy affordability is a social issue, and not a utility rate-making issue.

At the core of this inquiry lies the policy question of whether natural gas and electricity services should be deemed essential and universally accessible regardless of whether the consumer can pay for them. If the answer to this question is “no”, then marginal improvements to the existing programs to assist low income energy consumers in Ontario, many of which are voluntary, would likely be sufficient. However, if the answer to the policy question is “yes”, then wholesale changes are required and would presumably be mandated to some extent on participants in the Ontario energy market. This is where significant opportunities and dangers lie, in our respectful view.

It is one of the jobs of government to provide or facilitate financial support to those in need who can't fully support themselves. Social programs are best delivered by government and social agencies. Unlike the gas and electric utilities, government and social agencies have the requisite expertise and resources to do so. However, there are no “free lunches”. Full or partial funding for services provided to those who can't pay for them must come in some fashion from those who can more than pay for the same services.

In other words, those with means subsidize those without means. This is where compassion collides with financial self-interest. As a simple practical matter, the Board and stakeholders must consider the receptivity of the majority of energy consumers who can pay for the utility services which they receive to mandated subsidization of low income consumers who cannot.

Kitchener can appreciate that some of the motivation behind this consultation process may have arisen from the toxic mix of deteriorating economic conditions with volatile and high energy prices in Ontario and elsewhere. This toxin can indiscriminately put severe stress on finances. While low income consumers – residential customers, in particular – are likely to be most vulnerable, other energy consumers in Ontario are not immune. Respectfully, we all need to keep that in mind as these consultations progress.

In our view, any assistance for low income consumers in Ontario to pay their energy bills should not come from utility rates, for example, by establishing a separate customer class with reduced rates relative to equivalent services. Such an approach would be discriminatory and violates fundamental rate-making principles of cost causality and fairness.

Existing provincial and municipal agencies and resources are available and better positioned than the gas and electric utilities to provide financial relief to low income consumers. They can administer such programs more effectively by minimizing any potential for abuse or duplication and ensuring participant privacy. The cost of such programs to reduce the financial burden of low income consumers would be better and more fairly borne by society at large as a social program and not by utility ratepayers as a rate program.

Kitchener believes that any new programs to assist low income consumers, voluntary or otherwise, should be aligned with existing programs. Targeted DSM programs for low income consumers are perhaps the best example in this regard. Kitchener agrees with other participants in these consultations that have suggested that perhaps the best way to assist low income consumers is to permanently reduce their energy use. Of course, such targeted DSM programs must be developed and delivered in an efficient and effective manner.

In these consultations, it is clearly sensible for the Board and stakeholders to carefully consider the experience of other jurisdictions in developing and delivering energy related programs for low income consumers through the gas and electric utilities. When considering their potential applicability to Ontario, Kitchener believes it is also important to account for jurisdictional differences in the overall social welfare regime relative to our Province.

In conclusion, Kitchener agrees that a need exists for support to low income consumers in Ontario. The challenge ahead is to be creative about finding effective and efficient solutions to satisfy this need, while delivering them in a fair and balanced fashion. Kitchener looks forward to participating in further consultations and efforts in meeting this challenge.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Gruenbauer', is positioned above the typed name.

James A. Gruenbauer, CMA  
Manager, Regulatory Affairs and Supply

Cc: W. Malcolm (Kitchener)  
J. Alick Ryder, Q.C. (RWBH)  
Participants in EB-2008-0150