

To: Registrar, Ontario Energy Board (registrar@oeb.ca)

CC: Hon. Stephen Lecce, Minister of Energy and Mines;
Mr Ric Bresee, Member of Provincial Parliament Hastings—Lennox and Addington;
Ms Jule Girvin, OEB Regulatory Consultant, Consumers Council of Canada (CCC);
Mr Mark Garner, OEB Regulatory Representative, Vulnerable Energy Consumers Coalition (VECC);
Mr John Lawford, Public Interest Advocacy Centre (PIAC), VECC Legal Counsel.

Date: November 11, 2026

Dear Registrar,

I am writing as an established residential electricity ratepayer in Ontario to formally object to the cost-allocation methodology and proposed multi-year rate increases outlined in Hydro One's 2028–2032 Joint Rate Application (EB-2026-0164).

While I recognize the necessity of routine maintenance to ensure baseline grid reliability, Hydro One's proposal to impose cumulative, above-inflation delivery rate increases on existing residential customers to fund a massive $37-billion capital expansion program is inequitable, economically distorted, and contrary to foundational principles of public utility regulation. Existing domestic consumers with static demand served by legacy infrastructure should not be forced to cross-subsidize grid expansions driven by new, high-demand commercial and industrial entrants.

1. Violation of the "Cost-Causation" Principle

The bedrock of fair rate-setting in Ontario is cost-causation: *the customer or customer class that causes a utility to incur a capital or operational cost must bear the responsibility for paying it.*

- Static Residential Demand vs. Industrial Load Growth: Existing residential households are not driving the unprecedented load growth cited as the justification for new high-voltage transmission corridors, regional transformer stations, and feeder upgrades. On the contrary, residential per-capita electricity consumption has remained largely flat or has declined due to appliance efficiency standards, LED adoption, and household conservation.

- The Drivers of Expansion: The multi-billion-dollar capacity expansions in this application are overwhelmingly driven by large-scale commercial and industrial load additions, including:

    - Hyperscale AI and Cloud Data Centers requiring continuous, baseload multi-megawatt power;

    - Electric Vehicle (EV) Battery Gigafactories and Automotive Supply Chain Plants;

    - Heavy Industrial Electrification, including electric arc furnace steelmaking, industrial heat processing, and green hydrogen production;

    - Controlled-Environment Agriculture, such as massive commercial greenhouse operations utilizing high-intensity grow lighting; and

    - Cryptocurrency Mining and Server Farms, which place extreme, non-stop strain on localized distribution networks.

Rolling the capital costs of grid upgrades designed for these massive point-loads into the generalized rate base forces captive residential ratepayers to pay for capacity they neither requested nor consume.

2. Asymmetric Risk and the Threat of "Stranded Assets"

Socializing the upfront capital costs of industrial grid expansion across residential delivery rates creates an unacceptable asymmetry of risk between private corporations and everyday households:

Private Profit, Public Risk: The corporations building data centers, battery plants, and industrial facilities do so to generate private shareholder profit. Yet under Hydro One's rate-base pooling model, residential ratepayers are forced to act as involuntary venture financiers—absorbing the capital costs up front without receiving any equity, dividend, or rate rebate in return.

- Stranded Asset Liability: High-demand industries are notoriously sensitive to technological shifts, global supply chains, energy price arbitrage, and government subsidy changes. If a hyperscale data center becomes obsolete, a crypto-mining operator relocates to a cheaper jurisdiction, or an industrial plant scales back production five years after Hydro One builds a $150-million substation to serve it, residential ratepayers will remain on the hook to pay off that stranded asset in their monthly delivery charges for the next 30 to 40 years.

3. "Growth Must Pay for Growth": Mandatory Direct Capital Recovery

In municipal planning across Ontario, new commercial and residential developers are legally required to pay upfront Development Charges so that existing taxpayers do not subsidize the water mains, sewers, and roads required for new builds. Electricity grid expansion must be governed by the exact same standard:

1. 100% Upfront Capital Contributions (CIAC): Any transmission line extension, substation expansion, or distribution upgrade triggered by a new large-load connection (e.g., loads exceeding 1 MW) must be funded 100% upfront by the commercial proponent through non-refundable Capital Contributions in Aid of Construction, rather than amortized across existing rate classes.

2. Ring-Fenced Industrial Rate Classes: New mega-loads must be placed into dedicated, ring-fenced rate classifications with strict take-or-pay minimum demand contracts and financial security guarantees, ensuring that existing residential classes (UR, R1, R2) are completely insulated from both the capital build-out and any future load departure.

4. Legacy Infrastructure Has Already Been Paid For

As an established customer connected to an existing distribution circuit, my historical delivery charges have already paid for, depreciated, and amortized the local poles, wires, and transformers serving my home. Imposing real, above-inflation delivery increases—projected to exceed general CPI inflation by more than $18 per month by 2032—when I receive zero incremental capacity or service improvement is an unjustified wealth transfer from captive residential consumers to new corporate grid users.

Conclusion and Relief Requested

I urge the Ontario Energy Board to reject any cost-allocation framework in EB-2026-0164 that embeds growth-driven transmission and distribution expansion costs into existing residential delivery rates. Specifically, the OEB should require Hydro One to:

- Segregate baseline asset renewal/maintenance from load-growth capital expenditures;
- Cap residential delivery rate increases strictly at or below the rate of general inflation (CPI) for existing customers with static demand; and
- Enforce strict cost-causation rules requiring new high-demand industrial and commercial entrants to fund 100% of the grid infrastructure required to connect and serve them.

Thank you for entering this submission into the public record for proceeding EB-2026-0164.

I look forward to receiving your response to my correspondence.

Sincerely,

Chris O'Callaghan
Amherstview, Ontario

