Date: June 13 2017

To: Ontario Energy Board

From: Terry R. Tighe
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Subject: Distribution Rate Application EB-2017-0049

I appreciate the opportunity to comment on the recent application (EB-2017-0049) submitted by Hydro One Networks regarding the proposal to increase Hydro Distribution Rates for the years 2018 through to 2022.

First and foremost I find it unacceptable that Hydro One would attempt to raise Distribution Rates for an extended duration of time, at proposed rates over the current average cost of living over the next 5 years, and as I will outline below they have clearly understated the percentage distribution increase to the Ontario Consumer. I certainly not a economist, but clearly setting increases to the Ontario Public's most important service without consideration to specific cost of living actuals that have recently run in the amount of 2 % a year clearly lends itself to a bias of ensuring treating the Hydro One Corporation "Very well", but the Ontario Consumer "Not so well". Also after all of the controversy regarding the Ontario Liberal Governments decision to fund the Fair Energy Act by "punting the tax burden down the road" in order to save Ontario residents 25% due to the ridiculously escalating cost of power, Hydro One would seem seize this opportunity to erode this savings while the consumer has been put somewhat at ease.

Obviously all Corporations need to raise rates in order to continue to function in a market based economy, but the case of Hydro One is a little different. Clearly they are not engaged in a market based economy, as they have no real competition. That being said, what are the market drivers that will ensure they will keep rates competitive, or improve productivity, or implement cost cutting measures, or controlling very lucrative wage packages, as they have no competitive forces in place to keep them in check. What we as Ontario Consumers are just starting to see, is the impact of the Government of Ontario decision to sell off one of our most precious assets and it is likely to get a lot uglier for current Ontario Citizens, and as well our children, and their children for many years in the future.

With respect to specifics I have 2 points I feel the Ontario Energy Board needs to consider before approving this request in its current iteration.

Number One, as always the financial impacts to the Ontario Consumer are grossly understated as specified by Hydro One Networks in EB2017-0049 - Exhibit A - TAB 3 - Schedule 1- Table 17. As it is a fact the cost to produce energy and the associated rate increases are almost always applied to the consumer at a different period of time than distribution costs increases. It is my opinion the fact that these increases being levied to consumers at different periods in time create a situation that makes it very opportunistic for Hydro One Networks to portray an impact by stating the percentage increase relative to the entire cost of power, when in fact the total costs passed onto customers occurs in different increments. It is in fact Hydro One Networks own strategy to split power generation and distribution costs on our invoices, and on their own web site that allows consumers to view their power usage, both power generation, and distribution costs are not aggregated. The point to be made here is in this application Hydro One Networks portrays this request as approximately a 2.7 % to 3.5% monthly increase on the total invoice depending on the rate classification the consumer falls in. As Hydro One continues to separate the cost to generate versus distribution, I will argue that the actual percentage increase in distribution cost will actually be in the range of 4.5 % to 12.3 % to be applied the first year and marginally decreasing the over the next 4 years. If you consider there is no guarantee to the magnitude to future rate increases associated with power generation once the rules to the Fair Energy Act expire, the potential to see the sum of cost increases both power generation and distribution could make the total increases unjustifiable and make the cost of electricity unaffordable for many Ontario residents. This type of “Shell Game” is very common and has been present in most of the recent rate increase requests I have viewed. Any questions regarding my calculations have always been completely ignored by Hydro One Networks.

My Second Issue with this application is the statement in Table G2 that Hydro One Networks has complied with all outstanding requests by the Ontario Energy Board. One item near and dear to my heart is the request that Hydro One eliminate the Seasonal Class of service. All of the facts and findings by the OEB have been very clear this classification is obsolete and the request was made in EB-2013-0416 and as that was basically ignored or as the OEB referred to their final decision on the rate request “A starting point in a move to eliminate the Seasonal Class of Service”. The OEB then requested Hydro One Networks to come back with information on elimination again in EB-2016-0315. According to Hydro One Networks they have complied and that is the end of the issue. I beg to differ! All of my correspondence on this issue to both the OEB and Hydro One Networks has fallen on deaf ears. Neither organization will respond with any meaningful data regarding the issue or its status, calls and correspondence goes unanswered, and it would seem again each party blames the other for no resolution. Again with my “Power Consumer” hat on, I really don’t care who is responsible for this not happening as requested, “This item has not been complied with by either party” so please don’t confirm it has so you can move onto further rate increases without resolution. For anyone who takes the time to review this document it may be of interest to know that distribution costs make up approximately 75 % of the Seasonal Class of service total power costs.

In summary I have taken the time to provide some comment because as a consumer it is our right to voice our concerns over decisions that will impact us for many years. Do I believe this will do any good, not likely! In the past few years when trying to deal with Hydro One Networks I have found corporate greed to be the mitigating factor in any issue regarding rate increases and such. They are the Gorilla in the room and quite frankly don’t really seem to give a damn. One the other hand the Ontario Energy Board indicates it is there for the consumer, but I have yet to see it exert any forceful persuasion over any issues I have been concerned with. And finally regarding correspondence sent to our Ontario Government, all I can say is their waste basket is full. I remain optimistic someone will recognise this rate increase is not appropriate in its current format.

Regards
Terry