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Mr. Brad Duguid
Minister of Energy and Infrastructure
Hearst Block, 4th Floor
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Dear Minister:

The Consumers Council of Canada is very concerned about the decision of the Ontario Energy Board (OEB) to allow utilities to increase their return on equity to 10%. The issue has now been raised in the Legislature.

The Consumer Council believes the threshold question is whether publicly-owned utilities should be allowed to earn a ROE. Public utilities are just that, public. They have little or no risk. The money thus earned is a hidden, and regressive, tax. Their shareholders are their customers, city or provincial taxpayers who are already paying increased rates to cover the costs of a variety of initiatives (smart meters, green technology, etc). Fairness to consumers should be the guiding principle. The OEB sets rates based on a complex formula designed to ensure the utilities cover their costs (which include a return to their shareholder – the city or province). Now it seems those costs have just gone up, and electricity consumers will pay yet again.

Consumers don't object to paying reasonable costs to ensure the lights are on, and the environment is not unduly damaged. We rightly expect the OEB to be looking out for our interests as the regulator of public utilities where decisions should result from a fair process, one that allows a searching examination, in this case for increased ROE. The OEB allowed for the increase in the absence of a balanced process and based its recommendations on the fact that private US firms are somehow comparable.

The Consumers Council of Canada urges you to review the recent decision of the OEB in the light of the fundamentally flawed process through which this decision was made. Any decision affecting rates requires a proper hearing, which, in turn, allows cross-examination. That was not done in that case. Ontario consumers deserve better.

Don Mercer
President, Consumers Council of Canada