



Submission of the Consumers Council of Canada to the Ontario Distribution Sector Panel

June 29, 2012

The Consumers Council of Canada (“Council”) is pleased to be invited to appear before the Ontario Distribution Sector Panel on July 17, 2012. We then will address some of the key issues that the Panel is considering. We have set out below, at a high level, some of the issues of most concern to the Council and suggestions about how the Panel might inform its recommendations:

1. At the end of the day any restructuring initiatives should be focused on what is best for Ontario electricity ratepayers. It should be about creating efficiencies and cost reductions in the distribution sector without compromising the safety and reliability of electricity supply. Efficiencies and cost reductions should ultimately be reflected in reductions in rates.
2. How the rights of consumers* can be sufficiently protected should be considered in the context of any restructuring.
3. The Panel should carefully examine cases where consolidation/mergers did take place and determine whether the resulting efficiencies outweighed any costs (Toronto Hydro-Electric System Limited, Powerstream Inc., Horizon Utilities Inc., etc.) and any other “lessons learned.”
4. Hydro One Networks Inc. (“HON”) has acquired more than 70 Local Distribution Companies (“LDC”) over the past decade. This is an important case study for the Panel to consider in evaluating the risks and rewards of consolidation from a consumer perspective. An examination of that process should be undertaken to see who has ultimately benefited from that initiative. In addition, there should be an examination of an appropriate strategy for HON going forward. What have been its objectives in acquiring LDCs? Are those objectives still appropriate and in the interests of ratepayers across the Province? Regarding HON, the Panel should also explore to what extent the current Rural Rate Assistance Program continues to be appropriate.
5. An automatic presumption should not be made that regarding electric utilities “bigger is necessarily better.” Finding the appropriate scale across the Province will be critical.
6. The Ontario Energy Board (“OEB”) and its experts have collected data comparing LDCs, their cost structures and their rates, etc. The Panel should engage the OEB, in this regard, and to the extent possible, make use of that data.
7. Regulatory oversight of the Ontario LDCs should not be compromised in any way during and after any restructuring initiatives. The LDCs are regulated monopolies that require oversight

to ensure that the interests of consumers are sufficiently protected. Any major changes to the sector must be coordinated with the OEB to ensure effective regulatory oversight.

8. The Panel should consider the current financing arrangements of LDCs and to what extent these could be better aligned with the interests of the utility ratepayers.

***Applicable Consumer Rights**

Charter of Consumer Rights

1. Basic Needs

The right to basic goods and services that guarantee survival.

The responsibility to use these goods and services appropriately. To take action to ensure that basic needs are available.

2. Safety

The right to be protected against goods or services that are hazardous to health and life.

The responsibility to read instructions and take precautions. To take action to choose safety equipment, use products as instructed and teach safety to children.

3. Information

The right to be given the facts needed to make an informed choice, to be protected against misleading advertising or labelling.

The responsibility to search out and use available information. To take action to read and follow labels and research before purchase.

4. Choice

The right to choose products and services at competitive prices with an assurance of satisfactory quality.

The responsibility to make informed and responsible choices. To take action to resist high-pressure sales and to comparison shop.

5. Representation

The right to express consumer interests in the making of decisions.

The responsibility to make opinions known. To take action to make your voice heard and to encourage others to participate.

6. Redress

The right to be compensated for misrepresentation, shoddy goods or unsatisfactory services.

The responsibility to fight for the quality that should be provided. Take action by complaining effectively and refusing to accept shoddy workmanship.

7. Consumer Education

The right to acquire the knowledge and skills necessary to be an informed consumer.

The responsibility to take advantage of consumer opportunities. Take action by attending seminars and workshops, work to ensure consumer education takes place in schools.

8. Healthy Environment

The right to live and work in an environment that is neither threatening nor dangerous and which permits a life of dignity and well-being.

The responsibility to minimize environmental damage through careful choice and use of consumer goods and services. Take action to reduce waste, to reuse products whenever possible and to recycle whenever possible.

9. Privacy

The right to privacy particularly as it applies to personal information.

The responsibility to know how information will be used and to divulge personal information only when appropriate.

Consumer Rights for Residential Energy Consumers

Basic Needs: The right to access reliable sources of energy at affordable prices to meet household needs (e.g. heat, light, cooking, etc.). Affordable prices are prices that reflect the true cost of production and delivery, are borne equitably by all segments of society and do not require consumers to neglect other basic needs such as shelter and food.

Safety: The right to a safe supply of electricity, and other sources of fuel (gas, propane, oil etc).

Information: The right to timely, accurate and complete information about sources of energy, pricing and wise use of energy so residential consumers can make informed choices about their energy use.

Choice: The right to choose energy products and services at competitive prices, and, when this is not possible because of a monopoly situation, the right to have independent and effective regulatory oversight ensure that pricing of energy is fair and reasonable.

Representation: The right to have the residential consumer interest effectively represented in the regulatory and government processes.

Redress: The right to be compensated for and protected from unsatisfactory service or undue pressure to purchase energy services.

Consumer Education: The right to acquire knowledge and skills about energy products and services their wise use.

Healthy Environment: The right to energy at a reasonable cost from sources that minimize damage to the environment.

Privacy: The right to privacy of personal information that is collected from energy providers to provide energy services.