

By Hand

May 15, 2003

Mr. Paul Pudge
Board Secretary
Ontario Energy Board
P. O. Box 2319
2300 Yonge St., 26th Floor
Toronto, Ontario
M4P 1E4

Dear Mr. Pudge:

Re: RP-2003-0044 Submissions in Response to Procedural Order No. 4 on behalf of Centre Wellington Hydro Ltd. and Veridian Connections Inc.

There is no issue of "jurisdiction" for the Ontario Energy Board ("Board") in the above noted matter as stated by Hydro One Network Inc. in its response dated May 8, 2003 to Procedural Order No. 4.

A license area amendment is likely to occur for either one or both of the following reasons:

- i) A customer has asked for an alternative connection; or
- ii) A Local Distribution Company ("LDC" or "Distributor") has made a decision to offer distribution or network services on lands contiguous to its existing service area(s), or in alternative areas as a result of economic or technical developments.

Consequently, there is no "effect" of transferring customers. The expectation is that customers will make their own decisions concerning connections to any licensed distributor offering network services in any area of the Province of Ontario. A decision of the Board does not have the "effect" of transferring any customer who has a choice to select alternative distribution services. The Board does not have the power to "effect" the transfer of customers except in the case of an emergency as in s.59 (1) of the *Ontario Energy Board Act, 1998*.

A licence amendment offers customers, where and when it is practical and feasible, an alternative to connect to a distributor offering competitive or alternate services. There is no obligation on a customer to connect (or transfer) to an alternative service. It simply becomes the customer's choice to do so if they wish.

The stated issue raises the matter of the need for clear definitions of terms such as "existing customer", "new customer", non-discriminatory access, "by-pass", "service territory", "lies along", property rights; etc. The lack of clarity in definitions, terms and conditions that impact licence amendments applications will continue to impede regulatory efficiency and certainty through the course of electricity restructuring in Ontario.

Customer choice and the independence of customers to be free to make their own choices of suppliers in a competitive energy market is the foundation of electricity restructuring in Ontario.

Customers who are sensitive to prices (commodity and service) are likely to look for alternatives. This is good news for both the customer and the LDCs because the search for alternatives drives incentives for change and stimulates innovation. We are now beginning to see these changes develop quickly in the Ontario electricity marketplace. The requirement for service area amendments is an example of change and why we are before the Board in this matter.

The restructured electricity industry in Ontario is now in a dynamic state of flux as it continues to evolve and as the demands of customers and consumers change. This leads the customer to explore and consider, for example, price differentiation that is measurable and the possibility different physical supply as a result. All market participants need to be flexible to meet the new demands.

In addition to the statutory provisions identified by Hydro One Networks in its submissions, the following additional statutory provisions should be added the list and are indicated in bold lettering below. We will rely on these provisions.

Electricity Act, 1998

Section 1
Section 26(1)
Section 28
Section 29

Ontario Energy Board Act, 1998

Section 1
Section 5
Section 19
Section 20
Section 29
Section 56
Section 57
Section 59
Section 70(1) (2) (6) (11) (13) (15)
Section 74(1)
Section 86

Thank you for the opportunity to make our submissions on behalf of Centre Wellington Hydro Ltd. and Veridian Connections Inc. in this matter.

Yours truly

Michael D. McLeod

cc: Andy Chan
All Parties

mdm/ss