

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
27th Floor
Toronto ON M4P 1E4
Telephone: 416-481-1967
Facsimile: 416-440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
2300, rue Yonge
27^e étage
Toronto ON M4P 1E4
Téléphone: 416-481-1967
Télécopieur: 416-440-7656
Numéro sans frais: 1-888-632-6273



VIA E-MAIL AND WEB-POSTING

December 17, 2015

Ms. Katrina Miller
Keep Hydro Public Coalition
719 Bloor Street West, Suite 105
Toronto ON M6G 1L5

Ms. Karen Eatwell
President, National Farmers Union – Ontario
5420 Hwy 6 N, RR5
Guelph ON N1H 6J2

Dear Ms. Miller and Ms. Eatwell,

RE: Sale of Hydro One: Complaint, Allegation and Request for Motion

We are responding to your November 2, 2015 letter to Rosemarie Leclair, the Chair & CEO of the Ontario Energy Board (OEB).

In your letter, you asked the OEB to use section 19 of the *Ontario Energy Board Act, 1998* (Act) and begin, on its own initiative, a review of the Province's sale of part of its interest in Hydro One. Your letter also contains a complaint that section 86 of the Act is or will be contravened because the following aspects of the sale are not being brought to the OEB for approval:

- the transfer of all of the Hydro One Inc. shares held by the Province to Hydro One Limited; and
- the ultimate acquisition of 60% of the shares in Hydro One Limited pursuant to a public offering.

The Province's plan to sell a part of its interest in Hydro One has been known for some time; so have the details of the transactions involved in the Province's Initial Public Offering of 15% of its shares in early November. No further shares have been offered for sale at this time, and the government has been clear that no single person will be allowed to purchase more than 10% of those shares. The OEB is satisfied that neither aspect of the Province's sale transactions referred to in your letter require OEB approval under section 86 of the Act.

Your request that the OEB review the sale on its own initiative refers to section 19 of the Act. Section 19(1) states that the OEB can “determine all questions of law and fact”, but only to the extent that the matter is within the OEB’s jurisdiction. The OEB’s authority under section 19(4) relates only to matters that the OEB could decide in the context of an application. As indicated above, both aspects of the sale transactions referred to in your letter are outside the scope of the OEB’s review powers under section 86. As such, neither the transactions themselves nor their policy merits are properly the subject of the sort of proceeding under section 19 of the Act that would be the broad debate or general review requested in your letter.

Your letter expresses a concern that the privatization of Hydro One will put an upward pressure on rates. The OEB has clear and broad jurisdiction over rate-making, and all the tools it needs to set just and reasonable rates for subsidiaries of Hydro One Inc., irrespective of their ownership. The OEB has long regulated the rates of privately-owned natural gas utilities in substantially the same manner as it regulates the rates of publicly-owned electricity utilities. The recent Supreme Court of Canada decision you referred to in your letter reinforces both the importance of the OEB’s rate-setting mandate and the wide scope it has when setting rates.

The OEB’s oversight of a utility’s reliability and quality of service is also wide-ranging and is similarly not affected by any change in a utility’s ownership. The OEB will continue to use its reliability and service quality standards to regularly assess the performance of Hydro One subsidiaries, as it does for all utilities. And we can ensure that corrective action is taken if and when a utility’s performance is not meeting our mandatory standards.

The OEB retains independent and robust oversight of the rates charged by Hydro One subsidiaries and of the reliability and quality of service that they provide to their customers. The OEB will continue to exercise that authority in the public interest. You may count on the OEB to do so in a manner that is impartial, fair and transparent.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary