

LETTER TO Eligible LDC CEOs

Dear ,

On March 2, 2017, the government announced Ontario's Fair Hydro Plan that would lower electricity bills by 25 per cent on average for all residential consumers in the province. I want to provide you with information on additional action we are taking to help more families with their delivery charges, including customers of INSERT LDC NAME.

Currently, Hydro One R2 residential customers and customers of Algoma Power and Hydro One Remotes benefit from Rural or Remote Rate Protection (RRRP). The benefit provided by RRRP subsidizes the distribution costs for these LDCs, in recognition that the cost to serve these customers is significantly higher than those for other Ontario customers. About 350,000 customers currently benefit from the RRRP.

Our government will broaden the RRRP to provide distribution charge relief to additional customers served by LDCs with the highest rates. About 800,000 customers would benefit from the enhanced RRRP program. LDCs benefitting from the expanded RRRP include: Hydro One (R2 and R1 rate classes), and residential classes of Northern Ontario Wires Inc., Lakeland Power (Parry Sound service territory only), Chapleau Public Utilities Corporation, Sioux Lookout Hydro, InnPower Corporation, Atikokan Hydro, and Algoma Power. The benefits would differ from LDC to LDC. A maximum monthly distribution charge for residential customers would be set for customers of eligible LDCs, using the lowest cost distribution LDC from the group, as set by the Ontario Energy Board (OEB). LDCs would be eligible to recover any lost revenue from the rate protection provided under this program.

The government will also move to fund the RRRP, including the enhanced distribution rate relief through the tax base, reducing regulatory charges to all consumers. The government is moving forward with legislation that will put these distribution rate relief measures into place as soon as possible. Your customers can expect to see relief on their regulatory line as well as reduced distribution charges starting in the fall of 2017.

We will work with the OEB to develop program specifics and will keep you informed of your changing regulatory requirements. In the meantime, if you have any questions, please contact Sunita Chander, Director of Distribution and Agency Policy, at 416-325-6594 or at Sunita.Chander@ontario.ca

I trust you receive this as good news for your customers, and will assist me in sharing the message about this benefit which will be in addition to the 25 per cent off their hydro bill.

With thanks,

Glenn Thibeault
Minister