

Re: H1 application bullets

From: "Teliszewsky, Andrew (ENERGY)" </o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=teliszewsky, andrew (energy)4fe">
To: "Nekolaichuk, Colin (ENERGY)" <colin.nekolaichuk@ontario.ca>, "Berry, James (ENERGY)" <james.berry5@ontario.ca>
Date: Thu, 08 Jun 2017 12:04:12 -0400

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From: Nekolaichuk, Colin (ENERGY)
Sent: Thursday, June 8, 2017 12:00 PM
To: Berry, James (ENERGY); Teliszewsky, Andrew (ENERGY)
Subject: H1 application bullets

Below are the bullets I plan to share with M in a few minutes. They address some specific questions he had in our pre-brief. In particular, I'll draw your attention to the point on H1 urban customers highlighted below, which is a high-level explanation of what we've been unable to get from Ministry this week. Let me know if this is accurate.

Top-line

- We do not want to interfere with any utility's ability to maintain a reliable system
- Regardless of the outcome of the OEB's process, Hydro One customers will not see an increase to their bills. We've been clear that Ontarians will see a significant decrease in their overall bills this summer through Ontario's Fair Hydro Plan
- The Fair Hydro Plan provides immediate relief in the short-term by reducing electricity bills by 25% on average for all Ontarians - up to 40-50% if you're a rural or low-income Hydro One customer
- It then holds rates to inflation for the following four years, managing affordability in the medium-term. Our 2017 Long-Term Energy Plan will show Ontario families and businesses a snapshot of our future energy system, including supply, demand, and affordability, over the longer term.
- We've also been extremely clear that Hydro One – like all utilities in Ontario – does not have the power to set its own distribution rates. It must submit an application with the Ontario Energy Board (OEB), an independent, quasi-judicial body with a mandate to protect Ontario energy consumers.
- The OEB has a mandate to protect consumers, and does not approve all applications

Application approvals/denials

- In 2010, Hydro One asked for a rate increase for distribution, and actually had its rate cut by 9 per cent
- In 2012, Hydro One asked for a rate increase for transmission, and actually had its rate cut by 3 per cent
- Utilities rarely get all they ask for – in the last eight years, the OEB has reviewed over 100 major rate applications and reduced requested rate increases by an average of about 40 per cent

Timing for Hydro One's rate application

- The OEB review will take about 6 to 9 months
- Applications are part of a utility's long-term plan, and are planned well in advance of the submission

The OEB Review Process

- The OEB notifies consumers by placing a notice of application in newspapers across Ontario
- Holds OEB Community meetings in communities served by the utility
- Invites consumers to submit letters of comment for consideration by the decision-makers
- Provides funding to intervenors representing consumers so they can have a say in the process and take an active role in the hearing
- Holds a hearing which involves written questions (interrogatories) on the application and a technical conference. Many major rate applications also involve an oral hearing before a panel of OEB members. That will be the case with this application.

Hydro One customers

- Regardless of the outcome of the OEB's process, Hydro One customers will not see an increase to their bills.
- Ontario's Fair Hydro Plan is reducing distribution costs for eligible rural or remote customers by expanding Rural or Remote Rate Protection (RRRP) to support approximately 800,000 customers with some of the highest distribution rates.
- A Hydro One low-density customer (R2) consuming 2,500 kilowatt hours per month would have their distribution cost reduced by about \$75 per month under the Fair Hydro Plan.
- A Hydro One medium-density customer (R1) using the same amount of electricity per month would have their distribution cost reduced by about \$53 per month.
- **Hydro One urban customers will see their electricity bills go down by an average of 25 per cent – and held to the rate of inflation for four years**
 - o **Any rate application approvals will be offset by refinancing the Global Adjustment, which is a key component of the Fair Hydro Plan**
- Specific dollar amount savings will be dependent on each customer's electricity consumption.

Patrick Brown's letter

- We know that Patrick Brown loves to distract from the fact that he has absolutely no plan when it comes to managing electricity rates.
- Last week he voted against the Fair Hydro Plan, meaning he voted against reducing electricity bills by 25% on average, and holding electricity rates to inflation - which is exactly what his letter seems to ask for.
- Nearly 100 days ago Patrick Brown said his energy plan was coming soon, but we are still waiting to hear how he would reduce electricity rates.

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