Hydro One Transmission Decision

Bill impact

- Depending on Hydro One’s Draft Rate Order, it’s estimated that the **bill impact for 2017 would be an increase of 0.1%, and 0.2% for 2018.**

- That said, our Fair Hydro Plan has lowered bills by 25% on average for households and as many as half a million small businesses and farms this summer.

- This is the single largest rate reduction in the province’s history, with rates also held to inflation for the next four years.

- In fact, Hydro One’s rural customers will be seeing even greater reductions from our Fair Hydro Plan

- We are expanding support to those customers facing the highest delivery costs in the province, including Hydro One’s rural customers

- As a result, some of these Ontarians will see reductions as large as 40-50% of their bill

- These are truly substantial savings

- On this side of the House, we’re working hard to provide real relief

Transmission

- The Ontario Energy Board (OEB) is an independent regulator with a mandate to protect the interests of Ontario ratepayers.
- The board reduced Hydro One’s ask by $278 million over two years for administrative and capital expenditure costs.
    - **This is a reduction of almost 10% of what they asked for.**

- This is a great example of the OEB's strong record of denying hydro companies all that they ask for, and reviewing rate applications with the consumer in mind first.
- Over the past ten years, the OEB has denied, or reduced the outcome of rate applications many times
    - In 2010 Hydro One asked for a rate increase for distribution, received a 9% reduction for its capital request
    - In 2012 Hydro One asked for a rate increase for transmission, received a 3% reduction for its capital request
    - When Ontario Power Generation applied for a 6.2% rate increase in 2011, the OEB denied the request and lowered rates by 0.8%.
    - In 2014 OPG asked for a rate increase and the OEB approved about half the requested amount
    - In 2011 Toronto Hydro made a distribution request to the OEB and received 10.8% less than requested

- The OEB's mandate is to protect the interests of ratepayers and to set just and reasonable rates, and it will continue to do so by balancing the interest of consumers with those of utilities

Tax Deferral

- As the independent, arms-length regulator of the Province's energy sector, the OEB continues to balance the interests of consumers with those of utilities.
- Part of the OEB's decision and order included the deferral tax issue. **The OEB has indicated that some of the value of the tax asset should be given to ratepayers.**
- In determining the appropriate allocation of these tax benefits between the shareholder and ratepayer, the OEB relied on the principles from a previous case to inform their decision.
- The province will continue to review the decision carefully and assess the accounting impacts to the province.

Executive Compensation

- Hydro One is now a publicly traded company, and decisions over compensation are not made directly by government
- But let's look at what's changed since Hydro One became publicly traded:

New Customer-focused Company

- Hydro One has become a better run company since we broadened its ownership
- It's providing better service and better value, both to its customers and to the province
- Just a few of the customer initiatives they've taken on in recent months:
    - Introduced more active customer communication, calling customers directly with issues
    - Giving customers choice with billing cycles, helping them to better manage their bills
    - Introduced e-billing, and are working towards mobile billing
    - Ending the practice of security deposits for new customers
    - And of course introducing a voluntary ban on winter disconnects