MEDIA SCAN: HYDRO RATE REDUCTION PLAN

June 27, 2017

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PETERBOROUGH EXAMINER: *REDUCING HYDRO BILLS IS THE RIGHT THING TO DO: ENERGY MINISTER*
By: Glenn Thibeault, Minister of Energy
Tuesday, June 27, 2017 12:40:08 EDT PM

http://www.thepeterboroughexaminer.com/2017/06/27/reducing-hydro-bills-is-the-right-thing-to-do-energy-minister

Hydro bills are coming down in Ontario, and here's why it's the right thing to do

When we introduced Ontario's Fair Hydro Plan in March, our government committed to fundamentally restructuring the system to deliver the biggest cut to electricity rates in Ontario's history.

I'm happy to say that the Fair Hydro Plan is now a reality. And I believe this is the fairer way forward.

This past week the Ontario Energy Board (OEB) announced it had taken the final steps to lower electricity prices by an average of 25 per cent for all residential consumers in the province. As many as half a million small businesses and farms will also benefit.

The OEB, the province's independent body that sets rates, lowered bills in response to the Fair Hydro Act, 2017, which passed in the Ontario Legislature on May 31. All Progressive Conservative and NDP MPPs in attendance that day opposed our plan to bring down electricity rates and voted against the Fair Hydro Plan.

Relief through the Fair Hydro Plan is immediate. We also designed these reductions to last, by holding electricity rates to inflation for four years. In addition, we're updating our Long-term Energy Plan, which will continue our trend of taking costs out of the electricity system and making it more affordable for ratepayers.

Fifteen years ago, our electricity system had become unreliable, the victim of years of neglect by governments of all stripes, which culminated in the unforgettable blackout of 2003. We had to reinvest in our system, and that came at a cost to ratepayers. But the fact is electricity bills were becoming unaffordable for too many people. Premier Wynne and I spoke to people across the province about their electricity bills, hearing how they were struggling with rising payments.

In September, 2016 we announced an eight per cent rate reduction, equivalent to the provincial portion of the HST. But that wasn't enough. People's bills were still increasing too much, too fast. As we continued to listen to peoples' concerns it became clear that we needed to bring even more relief, and it had to apply to everyone in the province, which led to our Fair Hydro Plan. We heard that the most vulnerable among us needed even more support. That's why we expanded the Ontario Electricity Support Program (OESP), providing 50 per cent more support in the form of monthly credits for people with low incomes. Today, more households are eligible for the program than ever before.

People in rural and Northern communities also pay more for electricity, because it takes more infrastructure to deliver electricity to where they live. Today, the Rural or Remote Rate Protection program has been expanded to help about 800,000 households - cutting electricity bills by 40 to 50 per cent for eligible customers, effective July 1.

These changes to the way we pay for electricity are fairer, and they are lasting. We can afford them because of Ontario's strengthening economy, which is the fastest growing in Canada, and we need them to ensure the growth in our economy translates to more opportunity and security for people right across Ontario. There is no better way to use the province's recently balanced budget than by giving everyone the break they need on their hydro bills. It's the right thing to do for Ontario and the fair thing to do for your family.

Sudbury MPP Glenn Thibeault is Ontario's minister of energy.

***Hamilton News**: Ontario Energy Board urged to reject Hydro One rate increase application*

By: Kevin Werner
Jun 27, 2017 11:24

https://www.hamiltonnews.com/news-story/7394346-ontario-energy-board-urged-to-reject-hydro-one-rate-increase-application/

Ontario Hydro officials felt the shock and anger of local residents venting against potentially higher electricity bills next year.

The Ontario Energy Board hosted one of a number of community meetings around the province at the Ancaster Rotary Centre June 22. Hydro One's proposed five-year rate application to the board, if approved, will increase distribution charges from $51.02 in 2017 to $62.77 in 2022. About 20 people attended the meeting, along with nearly an equal number of Hydro One officials and board representatives.

"When is it going to stop?" said Sarah Warry-Polijanski, organizer of the Hamiltonians Against High Hydro Rate rallies, who is also seeking to become the Hamilton Mountain provincial Tory candidate. "I'm only asking that these rate increases don't go through. It is unfair to residents, to taxpayers."

Ben Levitt, Progressive Conservative provincial candidate for Hamilton West-Ancaster-Dundas, also urged the Ontario Energy Board to reject Hydro One's rate application.

He said people are already "struggling" with hydro bills, with some residents faced with the choice of putting food on the table or paying their hydro bill.

"Enough is enough," said Levitt. "Plain and simple, our community can't afford this and the people in Ontario can't afford this."

Warry-Polijanski and Levitt both attacked Hydro One's executives for earning about $11 million in salaries and bonuses, including Hydro One's chief executive Officer Mayo Schmidt, who received $859,000 in salary, plus bonuses that totalled $4.5 million in 2016. They said utility officials in other provinces earn considerably less.

Hydro officials defended the salaries, saying the proposed rate increases are for replacing and upgrading aging hydro infrastructure. They said about 80 per cent of the compensation is linked to the company improving its customer service, operational efficiency and reliability.

Oded Hubert, vice-president of regulatory affairs for Hydro One, said the priorities for Hydro One is to "keep costs down" and provide reliable service at current service levels.

The application includes a rate increase in 2018 of $2.79 per month, $2.49 per month in 2019, $2.31 per month in 2020, $1.95 per month in 2021 and $2.23 per month in 2022.

Hubert said in the first year, the $2.79 rate increase would be offset by the Ontario government's Fair Hydro Plan, which is proposing to cut on average homeowners' bills by 25 per cent, while Hydro One customers, who are predominately in rural areas, would see an average cut of about 31 per cent.

But there would still be a $1.95 increase in 2018 to a homeowner's bill because of what he said was the "flow through transmission costs." So in 2018, the average homeowner's bill would be $124 per month from $177 because of the Liberals' hydro plan.

Hubert said Hydro One, which serves 1.3 million customers, including in the rural parts of Ancaster, Glanbrook, parts of upper Stoney Creek and Flamborough, said the company plans to invest about $1.2 million to expand and upgrade the distribution system in 2018. Some of those capital investments include improving Sydenham distribution lines, constructing new lines from Nebo and Dundas transmission stations, upgrading the Ancaster West distribution station, refurbishing lines in Dundas and improving stations in Duff and Troy.

Community meetings have also been held in Sudbury, Owen Sound, Rockland and Dryden.

No hearing date has been scheduled for Hydro One's application, filed March 31, 2017. But there has already been over 150 letters of comment or intervention submitted, including from the City of Hamilton, on the application.

THE REVIEW: *HYDRO ONE'S DISTRIBUTION RATE APPLICATION, EXPLAINED*
By: Francis Tessier-Burns
June 27, 2017

https://thereview.ca/2017/06/27/hydro-ones-distribution-rate-application-explained/

The Ontario Energy Board held a public consultation session last week in Rockland, regarding Hydro One's application to up its delivery rates over the next five years.

At the meeting, Oded Hubert, the vice president of Regulatory Affairs for Hydro One, presented why the utility's Distribution Plan.

The plan highlights necessary infrastructure upgrades and future investments for increased productivity.

For example, after identifying about 400,000 poles—of the 1.6 million owned by Hydro One—that will reach the end of their service life within the next five years, the plan indicates only about 72,000 will be replaced within the time frame relevant to the application, so between 2018 and 2022, for a total cost of $579 million.

That's nearly $8,050 per pole.

According to Hubert, a large part of the infrastructure was installed in the 1950s and 1960s and now "requires attention," since the average life of a power pole is 62 years.

Hélène Dutrisac asked why this wasn't taken into account before now.

"Yes, we did know there would be a bulge, but until now the work program did not require massive investment, now is the time we need to step up the investment," said Hubert.

Also over the next five years, Hydro One wants refurbish an average of 15 stations per year, for a total of $148 million, about $1.97 million per station.

When it comes to maintenance, the presentation showed it will cost about $150 million to maintain 12,750 kilometres of "rights-of-way," and $78 million for an estimated 42,645 trouble calls in 2018 alone.

To fund these projects, the utility application would increase the base distribution charge from $51.02 per month in 2017 to $62.77 per month in 2022. This is according to the OEB's presentation at the public meeting.

Fair Hydro Plan
Earlier this year, the province approved the Fair Hydro Act, which will drop hydro prices next month.

On average the Act is said to drop overall hydro bills by about 25 per cent for an average consumer, using about 750 kWh per month.

But that cut will likely lead to increased costs down the line.

Both Hubert and Kristi Sebalj, the registrar and senior legal counsel for the OEB, said they received many messages asking why Hydro One was upping its prices

The Fair Hydro Act introduces distribution rate protection. In the case of Hydro One, that protection applies to R2 and R1 customers.

Under the protection, the OEB sets a maximum monthly base distribution charge, which is says is a decrease for most eligible customers.

On June 22, the OEB set the maximum monthly base charge at $36.43, which will kick in on July 1 and will remain until changed by the OEB.

When it comes to Hydro One’s application, Sebalj said the OEB is still currently collecting customer input.

TV Transcripts

None