

## Electricity Distribution Rate Change - Board File number: EB-2012-0138

### Background:

Hydro Ottawa's distribution rates are set by the Ontario Energy Board (OEB), based on applications submitted by Hydro Ottawa.

On August 3, 2012, Hydro Ottawa filed an application for changes to its distribution rates, effective January 1, 2013.

### Rate Application:

- Distribution charges cover the cost of building and maintaining Hydro Ottawa's distribution system; these charges currently represent **only 20%** of the total bill for a typical residential customer using 800 kWh/month.
- This Application was submitted following the OEB's guidelines for Incentive Regulation Mechanism (IRM), which involves an increase for inflation minus an adjustment for expected productivity; in addition, certain factors that reduced Hydro Ottawa rates in previous years will no longer apply next year; this will result in an increase in the customer's bill.
- If approved as submitted, Hydro Ottawa's application will result in an increase to a typical Regulated Price Plan residential customer's **total bill of 0.57% or 65 cents** per month (consumption of 800 kWh per month).
- The monthly bill for a General Service (GS) customer consuming 2,000 kWh per month and having a monthly demand of less than 50 kW would decrease by about **\$5.35**.
- The difference between the increase and the decrease has to do with the one year riders that are coming off – they are presently a refund for Residential customer and a Charge for General Service customer, when they come off the Residential customers bill will go up and the GS bill will go down.
- A rider is a temporary credit or charge designed to recover or refund OEB approved amounts, following a prudence review.
- Hydro Ottawa's distribution rates have been very stable over the past several years, helping our customers to keep their costs down.
- Major Hydro Ottawa business priorities that are reflected in this application include:
  - Continuing to invest in our infrastructure to keep our service reliable; and
  - Preparing for the industry-wide challenge of an aging workforce by continuing and growing our trades apprenticeship programs.
- The rate-setting process is open and transparent, with opportunities for public participation. The OEB makes the final decision on distribution rates for the coming year.

- OEB comparisons have consistently shown that Hydro Ottawa's operating, maintenance and administration costs are below the provincial average; we continue to make efficiency improvements year after year.

**Public Notification of Rate Application:**

- Hydro Ottawa's Rate Application Notice (**Board File number: EB-2012-0138**) will be published on **Friday, August 31<sup>st</sup>** in both The Citizen and Le Droit.
- Application for intervenor or observer status must be sent by letter and received by the Board no later than 10 days from the date of publication of the Notice. Deadline is **Monday, September 10<sup>th</sup>**, 2012.
- Comments may be filed, but must be received 30 days from the date of publication of the Notice. Deadline is **Sunday, September 30<sup>th</sup>**, 2012.

**Electricity Commodity:**

- Electricity commodity rates are set by the OEB twice per year (May 1 and November 1), and **not related** to Hydro Ottawa's Electricity Distribution Rate Change.
- Electricity commodity rates are a pass through charge that Hydro Ottawa collects on behalf of other market participants such as Ontario Power Generation, Bruce Power, natural gas plant and wind farm owners, and others that generate electricity in Ontario
- The OEB will announce new commodity rates for customers on the Regulated Price Plan (RPP) **beginning November 1, 2012.**

