



BACKGROUNDER

Notice of Rate Application Decision January 2014 – Board File Number EB-2013-0143

Summary

On Friday, August 16, 2013, Hydro Ottawa filed an application with the Ontario Energy Board (OEB) for changes to its distribution rates. The regulator approved an increase of 1.06%, or \$1.29, to the total monthly bill for a typical Regulated Price Plan residential customer consuming 800 kWh per month. The total monthly bill for a small business (general service) customer consuming 2,000 kWh per month, and having a monthly demand of less than 50 kW, will increase by about 1.01%, or \$2.92 per month.

Here is a breakdown of the total monthly increase for a typical residential customer:

Item	Amount	Recipient
Increase in Hydro Ottawa distribution charges	\$0.37	Hydro Ottawa
Reduction in credits previously applied to customer's bills as part of normal regulatory procedures	\$0.32	Hydro Ottawa
Increase in Retail Transmission Service Rates	\$0.58	Hydro One
HST	\$0.16	Province of Ontario
Reduction to total bill from the Ontario Clean Energy Benefit	-\$0.14	Ratepayer
Total	\$1.29	

On Thursday, September 5, 2013, Hydro Ottawa received the OEB's Letter of Direction informing us to publish the Notice of Application and Hearing related to our 2014 Rate Application. As per the OEB's requirements, Hydro Ottawa had the English and French Notices published in the *Ottawa Citizen* and *Le Droit* on Friday, September 13, 2013.

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.

Major Hydro Ottawa business priorities are reflected in this application, and 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.

Questions and Answers

Q1 How much will my rates increase?

A1 The total monthly bill for a residential customer that consumes 800 kWh per month would increase by \$1.29 per month. The monthly bill for a small business (general service) customer consuming 2,000 kWh per month and having a demand of less than 50 kW would increase by \$2.92.

Q2 If Hydro Ottawa's distribution rates are increasing by only \$0.37 a month, why are monthly bills going up by \$1.29?

A2 While \$0.37 a month is the increase in Hydro Ottawa Distribution Charges, we pass along the remaining charges, without mark-up, to other parties such as Hydro One (see the pie chart below). Generally, if you are a typical residential customer using 800kWh/month, only about 19.4% of your total bill goes to Hydro Ottawa to cover the cost of building and maintaining our distribution system.

Q3 Why are my rates increasing?

A3 This rate change application was submitted following the OEB's guidelines for Incentive Regulation Mechanism (IRM), to account for inflation minus an adjustment for expected productivity.

Hydro Ottawa's distribution rates have been very stable over the past several years, helping our customers to keep their costs down. 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.

Q4 When will the rate changes come into effect?

A4 The rate change will take effect January 1, 2014.

Q5 Who sets electricity rates? Why are they always changing?

A5 Hydro Ottawa's distribution rates are set by the Ontario Energy Board (OEB), based on applications submitted by Hydro Ottawa. Hydro Ottawa submits an application to change these rates once per year.

The Ontario Energy Board reviews and adjusts electricity commodity rates twice per year (May 1 and November 1); however, these are not related to Hydro Ottawa's Distribution Rate Application.

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.

Q6 How can I learn more?

A6 For more information or to access any document related to Hydro Ottawa's Rate Application, including the OEB's decision, enter file number EB-2013-0143 on the OEB's website at ontarioenergyboard.ca/notice or call the OEB's Consumer Relations Centre at 1-877-632-2727.

