



Hydro Ottawa ONTARIO'S ELECTRICITY DISTRIBUTION SECTOR



A leading, trusted, integrated utility services company

Ontario's local distribution companies (LDCs) take power from the high-voltage transmission grid, reduce the electricity voltage to a lower level (50,000 volts and under), and provide this electricity to customers — homes, businesses, institutions (such as hospitals and schools) and industry.

They also provide energy conservation services to their customers, as a condition of their distribution licenses issued by their regulator, the Ontario Energy Board.

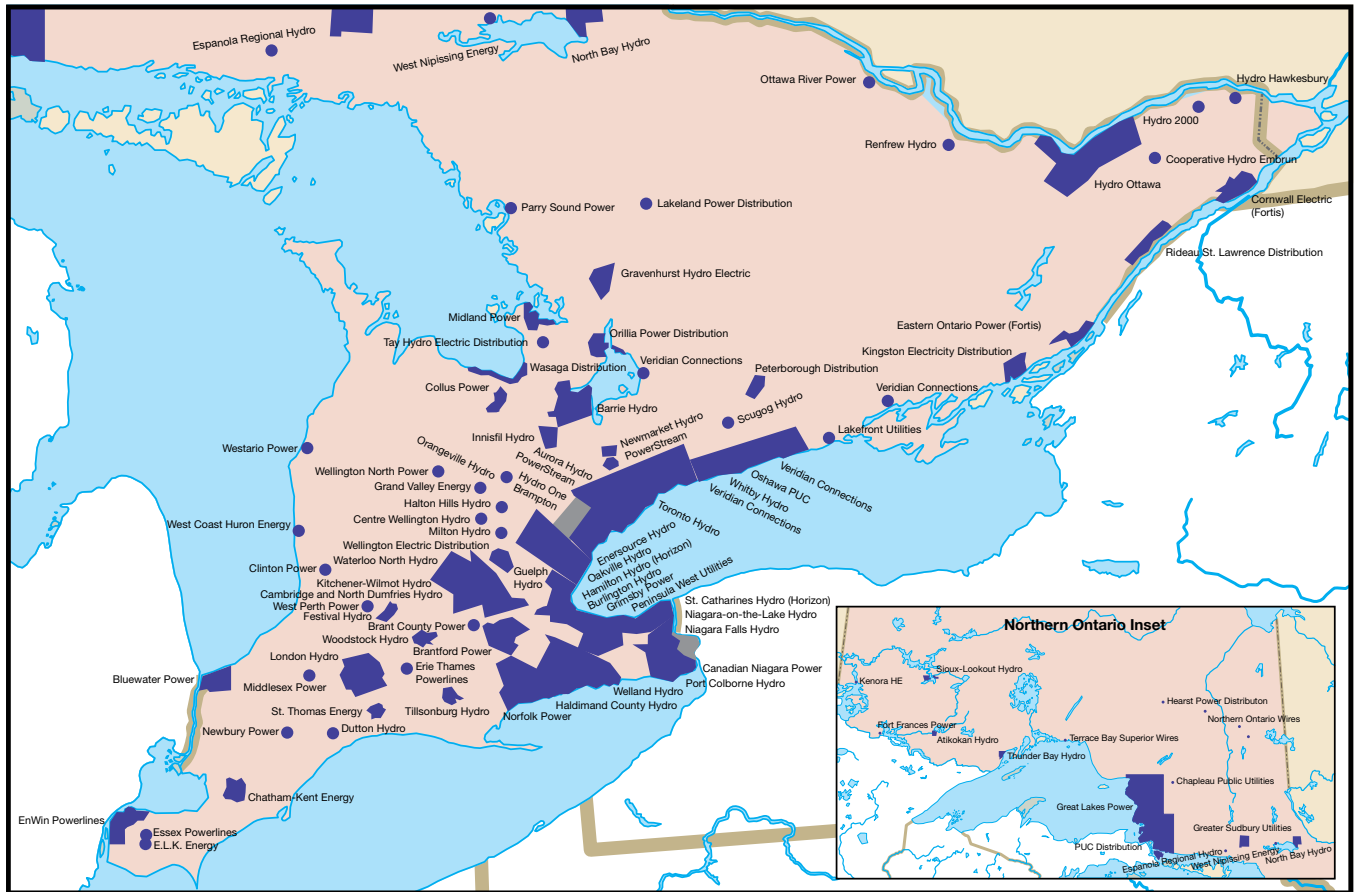
THE ROLE OF THE LOCAL DISTRIBUTION COMPANY

The functions carried out by Ontario's LDCs include the following:

- > Plan — Review performance and trending, project consumer demand growth, develop capital and maintenance plans;
- > Design — Apply standards and rigor to projects and retrofits and execute plan;
- > Build — Bring the conceptual design to construction;
- > Operate — 24/7 operations;
- > Maintain — Manage physical assets;
- > Restore — Outage management, customer communications;
- > Meter — Measure the customer's consumption;
- > Bill — Obtain all the usage information and send the bill to the customer;
- > Collect — Manage payment collection;
- > Conserve — Promote conservation and demand management programs; and
- > Customer Care — Manage the relationship with customers.



LOCATION OF ONTARIO'S LDCs



KEY FACTS ABOUT ONTARIO LDCs

There are 76 LDCs in Ontario (September 2012) serving more than 4.5 million bill-paying customers. More than 4 million of these are residential customers, and the other 500,000 are commercial and institutional customers.

Ontario's electricity distribution companies have total assets of about \$14 billion and annual revenues of about \$3 billion.

Hydro One Networks is the province's largest electricity distributor with 1.3 million customers and 123,000 km of wires. Owned by the Province of Ontario, it primarily serves the rural parts of the province as well as the city of Brampton, Ontario.

Most electricity distribution companies serve urban customers and are municipally owned. Toronto Hydro (709,000 customers), Powerstream (335,000 customers) and Hydro Ottawa (305,000 customers) are the largest municipally-owned distribution companies in Ontario.

DISTRIBUTION RATES

LDCs are responsible for billing customers for their use of electricity, even though they keep only a percentage of the total electricity bill for the distribution services they provide. Hydro Ottawa, for example, keeps only about 20 percent of the total bill payment, with the other 80 percent flowing back to electricity generators, to Hydro One for transmission, to other entities for regulatory charges, to the provincial government to pay down the debt of the former Ontario Hydro, and to pay the harmonized sales tax.

Distribution rates are set following a public hearing before the Ontario Energy Board. Public hearings for each of the distribution companies are usually held annually.

For more information on rates, see the Backgrounder on Hydro Ottawa Electricity Rates.

Sources: Websites of Ontario Ministry of Energy, Electricity Distributors Association



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