



Jerry Van Ooteghem
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September 9, 2009

BY COURIER & RESS

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
2300 Yonge Street, 26th Floor, P.O. Box 2319
TORONTO, ON M4P 1E4

**Re: Kitchener-Wilmot Hydro Inc: Report on Notification re: Eligibility for the
Regulated Price Plan (RPP)
Board File No. EB-2009-0317**

Dear Ms. Walli:

Further to the Ontario Energy Board's (the Board) letter of August 13, 2009 to all licensed electricity distributors regarding the changes to RPP eligibility, effective November 1, 2009, Kitchener-Wilmot Hydro Inc. (KWHI) submits that it is in the process of communicating the changes to Ontario Regulation 95/05 – *Classes of Consumers and Determination of Rates* (made under the *Ontario Energy Board Act, 1998*) to all of its affected customers.

Approximately 230 of KWHI's customers will be affected by the RPP eligibility change and, as part of this customer education initiative, KWHI has composed letters that will be delivered to all affected customers. One version of the letter is intended for customers with an interval meter. The second version is intended for those customers without interval meters. KWHI anticipates that the letters will be sent to all affected customers by the end of September 2009. Each letter will be accompanied by a brochure issued by the IESO, which provides additional helpful information on the upcoming changes to electricity prices in Ontario. Copies of both versions of the letter and the IESO brochure are attached.

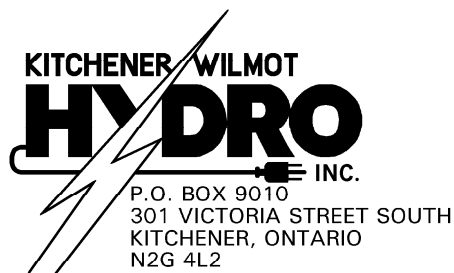
Should you require any further information, kindly contact the undersigned.

Respectfully submitted,

Original Signed by

J. Van Ooteghem, P.Eng.

President & CEO



Customer Services
TEL : (519) 745-4771
FAX: (519) 745-3631

VERSION 1 – CUSTOMERS WITH INTERVAL METER

September 9, 2009

«First_Name»
«Address_Line_1»
«Address_Line_2»
«City»
«State»

Re: Account «Account_Number»
«Service_address»

Dear «Salutation»:

Effective November 1, 2009, consumers eligible for the Regulated Price Plan (RPP) will change as per the Ontario Regulation 95/95 – *Classes of Consumers and Determination of Rates* (made under the *Ontario Energy Board Act, 1998*) (altogether the “Regulation”).

After reviewing your account, our records indicate your account will no longer be eligible for Regulated Price Plan pricing. Your next scheduled billing dated _____ will reflect the Hourly electricity price.

In addition to the energy price change, you will also be credited or charged the one-time Regulated Price Plan Settlement Variance, which applies to all customers who are no longer eligible for the RPP. The value of the variance changes every month depending on the difference between the actual price paid to generators and the forecast price paid under the Regulated Price Plan.

Enclosed is a brochure detailing the changes to your electricity pricing.

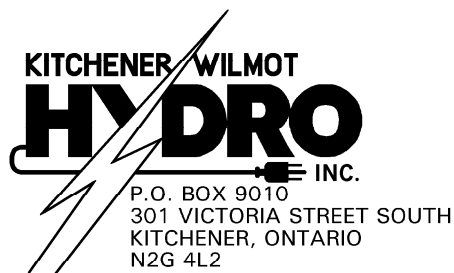
Should you have any questions regarding this matter, please contact the undersigned at 519-745-4771 extension 246, or, Rhonda Moreau, Manager of Customer Services at 519-749-6181.

Yours very truly,

Kim S. Koehler
Customer Services Supervisor
Billing Section

KSK:pt

Enclosure



Customer Services
TEL : (519) 745-4771
FAX: (519) 745-3631

VERSION 2 – CUSTOMERS WITHOUT INTERVAL METER

September 9, 2009

«First_Name»
«Address_Line_1»
«Address_Line_2»
«City»
«State»

Re: Account «Account_Number»
«Service_address»

Dear «Salutation»:

Effective November 1, 2009, consumers eligible for the Regulated Price Plan (RPP) will change as per the Ontario Regulation 95/95 – *Classes of Consumers and Determination of Rates* (made under the *Ontario Energy Board Act, 1998*) (altogether the “Regulation”).

After reviewing your account, our records indicate your account will no longer be eligible for RPP pricing. Your next scheduled billing dated _____ will reflect the Weighted Average Electricity Price.

Should you wish to receive hourly Ontario energy pricing, you may contact our office to discuss the installation and associated costs of an interval meter.

In addition to the energy price change, you will also be credited or charged the one-time Regulated Price Plan Settlement Variance, which applies to all customers who are no longer eligible for the RPP. The value of the variance changes every month depending on the difference between the actual price paid to generators and the forecast price paid under the Regulated Price Plan.

Enclosed is a brochure detailing the changes to your electricity pricing.

Should you have any questions regarding this matter, please contact the undersigned at 519-745-4771 extension 246, or, Rhonda Moreau, Manager of Customer Services at 519-749-6181.

Yours very truly,

Kim S. Koehler
Customer Services Supervisor
Billing Section
KSK:pt
Enclosure

Moving to Hourly Prices

On November 1, 2009*, Ontario's public sector including municipalities, universities, schools, hospitals and other designated customers will move from paying the Regulated Price Plan (RPP) to a market-based, or hourly, price for electricity.

Many public sector customers have already moved to market prices to save money.

* Extended from May 1, 2009



Timmins and District Hospital made the switch to hourly pricing and saved money on its electricity bill

Timmins and District Hospital was paying for virtually all of its consumption at the higher-tiered RPP rate. In April 2006, it moved off the RPP and since that time has saved over \$230,000 on its bill.

Visit www.ieso.ca/publicsector for more information.

For more information about the change in electricity pricing for the public sector visit:

IESO Website:

www.ieso.ca/publicsector

Electricity Pricing Information:

www.ieso.ca/electricitypricing

Retail Electricity Contracts:

www.ieso.ca/retailers

Business and Institutional Profiles and Publications:

www.ieso.ca/businessprofiles

Your local distribution company:

www.ieso.ca/findutility

Or contact IESO Customer Relations:

Tel.: 905-403-6900

Toll-Free: 1-888-448-7777

Fax: 905-403-6921

E-mail: customer.relations@ieso.ca

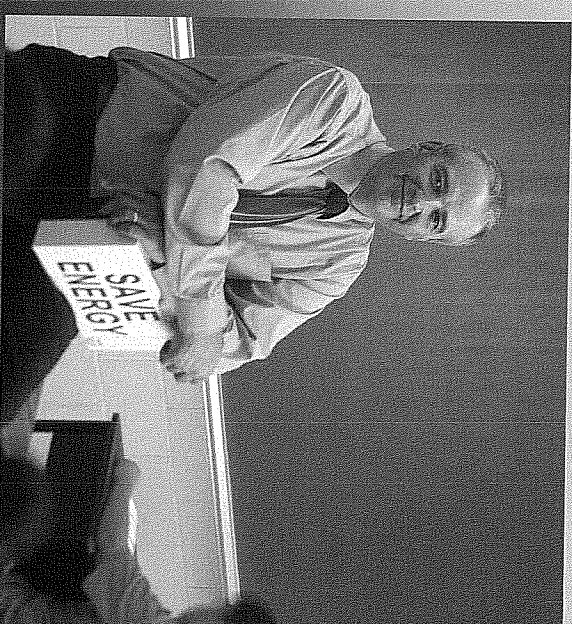
The Independent Electricity System Operator (IESO) is a not-for-profit entity that manages the province's power system so that Ontarians receive power when and where they need it. Ontario's IESO balances demand for electricity against available supply through the wholesale market and directs the flow of electricity across the transmission system.



Power to Ontario. On Demand.



Power to Ontario. On Demand.



**WHAT YOU NEED
TO KNOW ABOUT
CHANGES TO
ELECTRICITY PRICES
COMING NOVEMBER 1,
2009**

**A Guide for Ontario's
Public Sector**

Market Price Options

Changes to Electricity Commodity Prices coming November 1, 2009*

Most municipalities, universities, schools and hospitals and other designated customers who are still on the Regulated Price Plan (RPP) will no longer be billed the RPP rate starting November 1, 2009.

This change applies to all accounts with consumption greater than 250,000 kilowatt hours (kWh) per year and demand greater than 50 kilowatts (which is equivalent to an electricity bill of approximately \$2,000 per month). Customers with or without an interval meter can now voluntarily come off the RPP before November 1, 2009. Contact your local distribution company for more information.

On November 1, 2009, these customers will pay Ontario's market price for the energy portion of their bill – that is, the hourly electricity price or a weighted average electricity price.

* Extended from May 1, 2009

HOW WILL YOUR ELECTRICITY BILL CHANGE?

The electricity charge on your bill appears as a single line when you're on the RPP. It includes both the commodity charge and the Provincial Benefit¹. When you leave the RPP, the electricity charge and Provincial Benefit¹ will appear as two separate line items.

You will also receive an RPP Settlement Variance which is a one-time credit or charge. A consumer leaving the RPP in May that consumed 250,000 kWh per year would have received a credit of almost \$500. The value of the variance changes every month depending on the difference between the actual price paid to generators and the forecast price paid under the RPP.

Hourly electricity price: Facilities with an interval meter will pay the hourly price for electricity. That means paying for electricity when it is used.

Weighted average electricity price: Without an interval meter customers will pay a weighted average of the hourly price based on the consumption patterns of consumers in the area.

Retail contracts: Contracts are another way to purchase the electricity commodity but they do not cover other charges such as delivery and the Provincial Benefit.¹ Contracts can add an element of certainty as they allow you to lock in your electricity price for a term. Before you sign, ensure you understand all the terms and conditions.

Some customers aggregate their energy use with other facilities in their community or sector to increase their buying power. Contact IESO Customer Relations (see reverse) for more information.

¹ **NOTE:** There is an adjustment to the market price called the Provincial Benefit that applies to all electricity consumers. This charge or credit is included in the RPP rate but will be itemized separately on your bill once you leave the RPP.

Regulated Price Plan (RPP)

Public sector consumers still paying the fixed RPP rate (adjusted semi-annually) are charged based on a consumption threshold.

Effective May 1, 2009:

- 5.7 cents per kilowatt hour (kWh) up to 750 kWh
- 6.6 cents per kWh over 750 kWh

It is likely that most of your consumption is charged at the higher rate of 6.6 cents per kWh.

Public sector consumers who have already moved off the RPP pay market prices or the price in their retail contract or a combination of the two. The average market price with adjustments since November 2008 has been 5.4 cents per kWh.

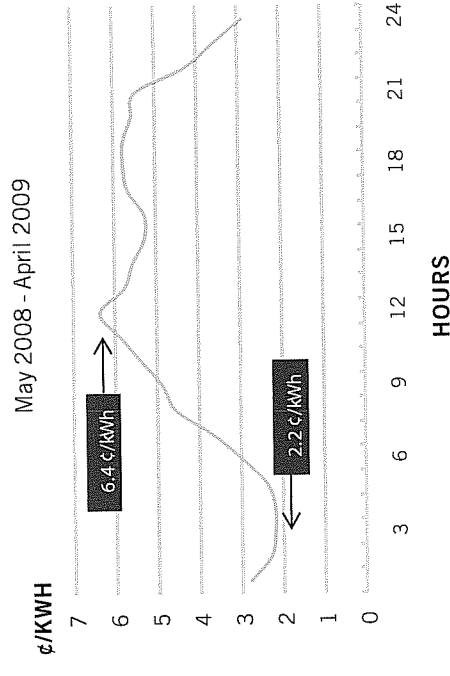
Ontario's Electricity Market



In Ontario's wholesale electricity market, the Independent Electricity System Operator (IESO) calculates price by balancing the supply of electricity with demand. As demand increases, more expensive forms of generation can raise the price.

Factors such as weather, consumer behaviour and available generation cause the price to fluctuate over the course of the day. Many customers are able to respond to changes in the hourly price by shifting some of their demand to off-peak periods.

Hourly average electricity price:



On average daytime prices are 35 per cent higher than at night and on weekends.