

Filed: February 26, 2013  
EB-2013-0196 / 0187 / 0198  
BDR Report Attachments

<b>Unitized Statistics and Service Quality Requirements For the year ended December 31, 2012</b>	Hydro One Networks Inc.	Norfolk Power Distribution Inc.
# of Customers per sq km of Service Area	1.88	27.52
# of Customers per km of Line	10.32	24.48
<b>Average Power &amp; Distribution Revenue less Cost of Power &amp; Related Costs</b>		
Per Customer Annually	\$ 1,032.86	\$ 621.43
Per Total kWh Purchased	\$ 0.050	\$ 0.031
<b>Average Cost of Power &amp; Related Costs</b>		
Per Customer Annually	\$ 1,976.31	\$ 1,783.50
Per Total kWh Purchased	\$ 0.096	\$ 0.090
Avg Monthly kWh Consumed per Customer	1,719.03	1,648.80
Avg Peak (kW) per Customer	2.50	3.22
OM&A Per Customer	\$ 439.77	\$ 333.43
<b>Net Income Per Customer</b>	\$ 211.70	\$ 77.21
Net Fixed Assets per Customer	\$ 4,811.59	\$ 2,824.30
<b>Service Quality Requirements</b>		
Low Voltage Connections (OEB Min. Standard: 90%)	95.70	91.70
High Voltage Connections (OEB Min. Standard: 90%)	95.70	100.00
Telephone Accessibility (OEB Min. Standard: 65%)	83.40	84.10
Appointments Met (OEB Min. Standard: 90%)	98.60	94.10
Written Response to Enquiries (OEB Min. Standard: 80%)	99.80	87.50
Emergency Urban Response (OEB Min. Standard: 80%)	N/A	82.40
Emergency Rural Response (OEB Min. Standard: 80%)	81.40	100.00
Telephone Call Abandon Rate (OEB Standard: not exceed 10%)	1.30	5.10
Appointments Scheduling (OEB Min. Standard: 90%)	98.50	96.00
Rescheduling a Missed Appointment (OEB Standard: 100%)	97.60	31.60
Reconnection Performance Standard (OEB Min. Standard: 85%)	97.60	100.00
<b>Service Reliability Indices</b>		
SAIDI-Annual	11.29	2.28
SAIFI-Annual	3.68	1.47
CAIDI-Annual	3.07	1.55
<b>Loss of Supply Adjusted Service Reliability Indices</b>		
SAIDI-Annual	10.58	1.78
SAIFI-Annual	3.15	1.19
CAIDI-Annual	3.36	1.49

N/A - Denominator is zero.

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Rate Design

Filed: 2013-12-19  
 EB-2013-0416  
 Exhibit G1-4-2  
 Attachment 5  
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**2019 Rate Design**

				A	B	C	D=A-C	E	F=A/B	G	H=B*G	I=H-A	J=I/D	K	L=J-K-C				
Number of Customers	GWh	kWs	Revenue	Allocated Cost	Misc Revenue	Revenue from Rates	2018 R/C Ratio	R/C Ratio from the CAM	Target 2019 R/C Ratio	Total revenue to be collected	Shift in Revenue	Change in revenue from rates	Fixed Charge (\$/month)	Revenue from Fixed Charge	Revenue from Volumetric Charge	Volumetric Charge (¢/kWh)	Volumetric Charge (\$/kW)	% Fixed Revenue	
UR	218,777	1,988	-	\$ 95,306,404	\$ 89,482,887	\$ 4,520,949	\$ 90,785,455	1.06	1.07	1.02	\$ 91,272,545	\$ (4,033,859)	-4%	19.57	\$ 51,377,965	\$ 35,373,630	1.779		59%
R1	462,189	5,101	-	\$ 344,989,533	\$ 325,438,899	\$ 12,691,159	\$ 332,298,373	1.06	1.06	1.02	\$ 331,947,677	\$ (13,041,856)	-4%	27.89	\$ 154,673,253	\$ 164,583,265	3.227		48%
R2	346,430	4,719	-	\$ 615,452,250	\$ 627,126,359	\$ 16,015,559	\$ 599,436,692	0.98	0.98	0.99	\$ 621,792,962	\$ 6,340,712	1%	81.74	\$ 339,786,285	\$ 265,991,119	5.637		56%
Seasonal	146,063	428	-	\$ 107,793,630	\$ 109,745,486	\$ 3,028,674	\$ 104,764,955	0.98	0.98	0.99	\$ 108,812,155	\$ 1,018,526	1%	31.55	\$ 55,292,445	\$ 50,491,036	11.810		52%
GSe	94,827	2,109	-	\$ 179,232,849	\$ 178,506,435	\$ 4,553,231	\$ 174,679,618	1.01	1.00	1.00	\$ 179,232,849	\$ -	0%	32.47	\$ 36,947,944	\$ 137,731,674	6.532		21%
GSd	6,463	2,396	8,162,219	\$ 169,994,665	\$ 177,648,555	\$ 2,531,257	\$ 167,463,407	0.98	0.96	0.99	\$ 176,137,742	\$ 6,143,078	4%	106.94	\$ 8,293,244	\$ 165,313,241	6.900	20.253	5%
UGe	17,974	588	-	\$ 24,872,399	\$ 25,592,334	\$ 651,932	\$ 24,220,467	0.98	0.97	0.99	\$ 25,374,684	\$ 502,285	2%	27.82	\$ 5,999,564	\$ 18,723,188	3.184		24%
UGd	1,929	1,042	2,882,415	\$ 35,034,472	\$ 36,594,657	\$ 411,984	\$ 34,622,488	0.98	0.96	0.99	\$ 36,283,438	\$ 1,248,966	4%	111.74	\$ 2,585,963	\$ 33,285,491	3.193	11.548	7%
StLgt	5,074	127	-	\$ 15,079,008	\$ 15,404,291	\$ 321,946	\$ 14,757,062	0.98	0.98	0.99	\$ 15,273,285	\$ 194,277	1%	5.03	\$ 306,156	\$ 14,645,183	11.526		2%
Sen Lgt	29,411	22	-	\$ 8,217,571	\$ 8,520,956	\$ 3,050,055	\$ 5,167,516	0.96	0.96	0.99	\$ 8,448,490	\$ 230,919	4%	3.83	\$ 1,352,428	\$ 4,046,007	18.044		25%
USL	5,828	25	-	\$ 3,607,245	\$ 3,390,083	\$ 104,467	\$ 3,502,778	1.06	1.06	1.02	\$ 3,457,884	\$ (149,361)	-4%	37.47	\$ 2,620,676	\$ 732,742	2.972		78%
DGen	1,909	26	255,585	\$ 8,515,952	\$ 9,050,529	\$ 180,300	\$ 8,335,652	0.91	0.94	0.99	\$ 8,973,559	\$ 457,607	5%	285.98	\$ 6,551,237	\$ 2,242,022	8.671	8.772	75%
ST	835	15,673	28,874,041	\$ 57,879,971	\$ 59,474,479	\$ 954,764	\$ 56,925,208	0.98	0.97	0.99	\$ 58,968,678	\$ 1,088,706	2%	1,053.88	\$ 10,563,777	\$ 47,450,137	0.303	1.643	18%
<b>Total</b>	<b>1,337,709</b>	<b>34,242</b>	<b>40,174,260</b>	<b>\$ 1,665,975,948</b>	<b>\$ 1,665,975,948</b>	<b>\$ 49,016,278</b>	<b>\$ 1,616,959,671</b>				<b>\$ 1,665,975,948</b>	<b>\$ (0)</b>			<b>\$ 676,350,935</b>	<b>\$ 940,608,736</b>			

Phase-in Complete

Total Rev \$ 1,616,959,671  
 Misc Rev \$ 49,016,278  
 Total Rev Req \$ 1,665,975,948

2019 Revenue at 2018 rates \$ 1,569,305,970

3.0366%

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## NEWS

All Sections

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### **Hydro One sells C\$1.185 notes in two parts - term sheet**

October 02, 2013 Reuters

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Oct 2 (Reuters) - Hydro One on Wednesday sold C\$1.185 billion (\$1.15 billion) of medium-term notes in two parts, according to a term sheet seen by Reuters.

The sale consisted of C\$750 million in 2.780 percent notes due Oct. 9, 2018, which were priced at 99.995 to yield: 2.781 percent, according to the term sheet.

The sale also included \$435 million in 4.590 percent notes due Oct. 9, 2043, which were priced at 99.984 to yield 4.591 percent.

The joint lead managers on the sale were the investment 21 dealer arms of Bank ↗ of Montreal, Canadian Imperial Bank of Commerce, and Royal Bank of Canada.

(\$1=C\$1.03)

(Reporting by Caryn Trokie)

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# \$12M offer takes town by surprise

## Utility selloff called 'huge' decision

BRIAN CROSS  
*The Windsor Star*

For a town that's financially hurting, Tuesday's \$12 million offer for Amherstburg's 14-per cent share of Essex Power "is putting a big steak in front of the guard dog," says Coun. Bart DiPasquale.

He and other councillors were surprised by the size of Chatham-based Entegrus offer, triple the book value for the town's shares.

The question now being asked around town is whether council should chomp down on that \$12 million. Some residents are telling councillors the cash infusion would help solve the town's money problems — a debt load of at least \$44 million and reserves that

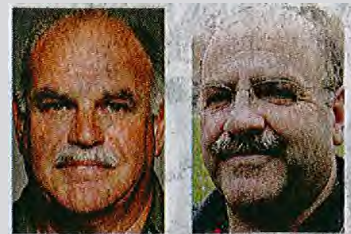
have been vacuumed dry to pay day-to-day expenses. But others view it as selling off a goose that lays annual golden eggs and is bound to keep rising in value.

"The majority (of residents) I've seen don't want it sold because it is probably the only thing that makes the town money," DiPasquale said Wednesday.

Coun. Bob Pillon said that up until Wednesday, what he heard from residents was, "don't do it." But some attitudes changed when they heard the dollar amount, much higher than earlier estimates between \$3.9 million and \$5.6 million.

"I said, if it's not between \$10 million and \$15 million, I wouldn't even consider it," said Pillon. "And there it is at 12, so I'm considering it. Anyone who wouldn't consider it is a fool."

The town's CACI Mike Phipps told *The Star* last week that selling the shares to Entegrus [could be](#) the financial "saviour," perhaps preventing a double-digit tax increase.



Bob Pillon

Bart DiPasquale

But Deputy Mayor Ron Sutherland says that despite the surprising size of the offer, he's maintaining his opposition. Selling off the shares "will make our financial problems worse," said Sutherland, who is running for mayor in the fall election.

"Twelve million sounds like a great deal," he said. But it would be a one-time infusion of cash at the expense of annual dividends that — if they were gone — would amount to two per cent of the tax base, he said.

While the information provided Tuesday was that Amherstburg received a \$200,000 dividend in 2012, Sutherland said he's received information from Essex Power that the

town has received an average of \$300,000 annually since the company was created in 2000.

Officials from Essex Power weren't available Wednesday to confirm that figure.

Tecumseh Mayor Gary McNamara, who chairs the Essex Power board, said Amherstburg council is facing a "huge" decision. "Do I give up my yearly dividends for one time? Once you sell it, it's gone."

The utility is jointly owned by the towns of Amherstburg (14 per cent), Tecumseh (about 27 per cent), LaSalle (about 29 per cent) and Leamington (about 27 per cent).

"The company is continuing to grow, it creates value for the shareholders, it pays dividends on a yearly basis and when you look at \$12 million, it's a one-shot deal," McNamara said.

He said if Amherstburg does decide to sell its shares, the other shareholder towns have first right of refusal, meaning they could decide to match the offer. Either an individual town could match it or they could decide to share the costs. In ad-

dition to the annual dividend, Tecumseh reaps other benefits from owning shares of the utility, including holding a note bearing four per cent interest and green municipal projects (such as rooftop solar projects at the arena) that bring in revenue, he said.

He said last year Essex Power paid out \$1.6 million in dividends to its shareholders, most of it coming from the unregulated side of its business that doesn't involve providing electricity to its customers. This includes a company called Utilismart, which develops electricity market software for about 80 per cent of the utilities in the province.

The town has 60 days to decide and is awaiting an expert's report on the fair market value of its shares, expected in April, which will be followed by a public meeting. Mayor Wayne Hurst said he's reserving judgment until he sees the report. He said everyone following the issue was probably "taken aback" by the size of the Entegrus offer.



1 Table 1.3 — Cost of Long-Term Debt

Weighted Debt Cost								
Description	Debt Holder	Affiliated with LOC?	Date of Issuance	Principal	Term (Years)	Rate%	Year Applied to	Interest Cost
Bank Loan 7580201	TD Bank	No	September 20, 2007	1,957,000	25	6.17%	2008	120,747
Bank Loan 682491T	TD Bank	No	September 20, 2004	1,257,000	15	6.02%	2008	196,071
Bank Loan 682495T	ID Bank	No	September 20, 2004	9,971,000	25	7.00%	2008	697,970
Debtenture	Infrastructure Ontario	No	December 3, 2007	1,958,514	25	5.01%	2008	98,122
Bank Loan 758020T	ID Bank	No	September 20, 2007	1,909,000	25	6.17%	2009	117,785
Bank Loan 6824911	ID Bank	No	September 20, 2004	1,040,000	15	6.02%	2009	183,008
Bank Loan 682495T	ID Bank	No	September 20, 2004	9,751,000	25	7.00%	2009	682,570
Debtenture	Infrastructure Ontario	No	December 3, 2007	1,914,923	25	5.01%	2009	95,938
Bank Loan 7580201	TD Bank	No	September 20, 2007	1,859,000	25	6.17%	2010	114,700
Bank Loan 682491T	ID Bank	No	September 20, 2004	2,811,000	15	6.02%	2010	169,222
Bank Loan 682495T	TD Bank	No	September 20, 2004	9,518,000	25	7.00%	2010	666,120
Debtenture	Infrastructure Ontario	No	December 3, 2007	1,869,121	25	5.01%	2010	93,643
Debtenture 09-01-2010-2	Infrastructure Ontario	No	September 1, 2010	5,600,000	25	4.73%	2010	284,880
Debtenture 09-01-2010-1	Infrastructure Ontario	No	September 1, 2010	2,400,000	15	17.2%	2010	89,280
Debtenture 09-01-2010-2	Infrastructure Ontario	No	September 1, 2010	5,540,286	25	4.73%	2011	262,056
Debtenture 09-01-2010-1	Infrastructure Ontario	No	September 1, 2010	2,299,839	15	3.72%	2011	85,554
Bank Loan 7580201	TD Bank	No	September 20, 2007	1,805,100	25	6.17%	2011	111,369
Bank Loan 682491T	TD Bank	No	September 20, 2004	2,568,000	15	6.02%	2011	154,594
Bank Loan 682495T	713 Bank	No	September 20, 2004	9,268,000	25	7.00%	2011	648,620
Debtenture	Infrastructure Ontario	No	December 3, 2007	1,620,995	25	5.01%	2011	91,232
Debtenture 09-01-2010-2	Infrastructure Ontario	No	September 1, 2010	5,416,589	25	4.73%	2012	256,205
Debtenture 09-01-2010-1	Infrastructure Ontario	No	September 1, 2010	2,093,895	15	17.2%	2012	77,893
Bank Loan 758020T	ID Bank	No	September 20, 2007	1,734,000	25	6.17%	2012	106,988
Bank Loan 682491T	713 Bank	No	September 20, 2004	2,243,000	15	6.02%	2012	135,029
Bank Loan 682495T	ID Bank	No	September 20, 2004	8,929,000	25	7.00%	2012	825,030
Debtenture	Infrastructure Ontario	No	December 3, 2007	1,770,428	25	5.01%	2012	88,696
New Debt	Infrastructure Ontario	No	June 30, 2012	6,000,000	25	4.39%	2012	263,400
2008 Total Long Term Debt				17,143,514	Total Interest Cost for 2008			1,112,910
Weighted Debt Cost Rate for 2008								6.49%
2009 Total Long Term Debt				16,614,923	Total Interest Cost for 2009			1,079,301
Weighted Debt Cost Rate for 2009								6.50%
2010 Total Long Term Debt				24,055,121	Total Interest Cost for 2010			1,397,845
Weighted Debt Cost Rate for 2010								5.81%
2011 Total Long Term Debt				23,300,120	Total Interest Cost for 2011			1,353,423
Weighted Debt Cost Rate for 2011								5.81%
2012 Total Long Term Debt				28,106,911	Total Interest Cost for 2012			1,553,242
Weighted Debt Cost Rate for 2012								5.51%

# Oinbudiprobingitydro One billing practices

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'Certain conditions

POSTED: TUESDAY, FEBRUARY 04, 2014 10:40 AM EST I UPDATED: TUESDAY, FEBRUARY 04, 2014 11:37 PM EST  
 SUN\* LOGIN



**Ontario Ombudsman Andre Marin announces an investigation into Hydro One billing practices at a Queen's Park media conference on Tuesday. Marin compared the utility, owned by Ontario taxpayers, to a "slippery pig." (ANTONELLA ARTUSO/Toronto Sun)**

TORONTO - Ontario's crusading ombudsman will investigate Hydro One's billing and customer service practices after receiving hundreds of complaints from its customers.

Andre Marin said he was met with stonewalling while trying to get answers for members of the public about excessive, delayed or inaccurate bills.

"That's why my heart goes out to those average citizens who try to take on the Goliath that is Hydro One," Marin said Tuesday, comparing the process to wrestling with a "slippery pig."

The Special Ombudsman Response Team (SORT) will focus on the publicly owned utility's billing system and how it responds to concerns raised by customers.

Marin said his office has received more than 600 complaints about Hydro One since April 1, including some from vulnerable people who face significant financial hardship as a result of their dealings with the electricity distribution company.

Hydro One clients have told the ombudsman about receiving skyrocketing "estimated" bills despite having smart meters in place.

"We are hearing from the public that they are quite prepared to be socially re-engineered as electrical trained seals doing their laundry at certain times to avoid excessive billing but on the other hand, they want to be able to understand their billing, they want accuracy in their billings," Marin said.

Customers with automatic bank withdrawal have been shocked to find Hydro One has removed \$10,000 to \$20,000 from their accounts, sometimes mistakenly, he said.

They're told that they will get a credit for future bills but it would take a lot of loads of laundry to use up a \$20,000 overpayment, he said.

"I certainly would not advise it," Marin said, when asked if he believes it's a good idea to give Hydro One automatic withdrawal privileges.

404 Capital Property Assessment Corporation (MPAC), and said the "anaemic" response of Hydro One reminds him of the

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priority on public service.

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Premier Kathleen Wynne said the Ontario government will work closely with the ombudsman to resolve the issues with

**STARIIJ16NOM \$0.99/MONTH\***

\*Certain conditions apply

"I am confident that Hydro One is already aware that there are problems and they are working to ameliorate the situation," Wynne said.

Hydro One president and CEO Carmine Marcello wrote an open letter to more than 1.3 million customers Tuesday in which he said the company transitioned to a new billing system last May to provide an improved level of service.

"Like other companies who have changed large, complicated billing systems in recent years, we have experienced some challenges in this conversion," Marcello said. "We know that approximately three per cent of our customers have received estimated bills for too long and about another two per cent have gone for more than 90 days without receiving a bill.

"While the vast majority of our customers continue to receive normal bills, some of our customers have not had a positive experience."

Marcello said Hydro One is taking aggressive steps to fix these problems.

Progressive Conservative MPP Vic Fedeli said the Ontario government would have known about these concerns for years.

"Hydro One issues are the number one complaint that I receive in my office," Fedeli said.

NDP Leader Andrea Horwath said she has also been pressing for action because the electricity system is not meeting the needs of citizens.

"This investigation, I hope, will help get to the bottom of why these bills are so out of whack," she said.



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## News/Canada

### Ombudsman to probe Hydro One's 'baffling' billing practices

Ombudsman Andre Marin says long suffering Hydro One customers are victims of "egregious errors and baffling bills."



RICHARD J. BRENNAN / TORONTO STAR

Ontario Ombudsman Andre Mahn Marin noted Tuesday that complaints about Hydro One to his office have more than doubled since the fiscal year 2011-2012

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**By:Richard J. Brennan**Provincial Politics,John SpearsBusiness reporter, Published on Tue Feb 04 2014

Ontario Ombudsman Andre Marin says long-suffering Hydro One customers are victims of "egregious errors and baffling bills" inflicted on them by an uncaring Crown corporation.

Marin announced Tuesday he is launching an investigation into Hydro One's billing practices that result in cases of customers being billed thousands of dollars for unclear reasons.

"(There) are stories of huge unexplained catch-up bills, multiple bills or estimated bills with no rhyme or reason. And when customers try to get answers from Hydro One they are stymied just as my office has often been stymied when we intervened," Marin told a Queen's Park news conference.

"With Hydro One . . . we feel we get the runaround. Sometimes it's like wrestling with a slippery pig and that's why my heart goes out to those average citizens that try to take on the Goliath that is Hydro One," he said.

Hydro One spokesperson Tiziana Baccega Rosa, acknowledged the level of service — the result of a \$153.7-million customer system changeover in May — is "unacceptable."

"We know we need to fix the mess and those plans are in place," she said.

Hydro One is Ontario's largest electricity company with about 1.3 million customers.

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Jim and Lynn Ellis from Southgate Township, near Attleboro, told the Star they know exactly what Marin is talking about.

After complaining in May about not getting bills, more than six months later they received a notice that they owed \$3,477.57, due by Dec. 3. Two weeks later another arrived for \$1,097.27.

Jim Ellis said his normal bill is \$200 to \$300 a month.

"I don't think we were treated very well by the system at all," he said, noting that whenever he tried to get answers he would have to deal with a different person at the Hydro One call centre.

Ellis said a Hydro One executive, who finally called at one point to apologize, told him there were "tens of thousands (of customers) in the same boat."

"I'm angry that it's a monopoly and you can't seem to get (anywhere) with it," he said.

"If there was an alternative, we'd be checking it out."

Marin noted that complaints about Hydro One to his office have more than doubled since the fiscal year 2011-2012 when 232 complaints were received, which then grew to 328 in 2012-2013 and jumped to 600 between April 1, 2013 and now.

"This all points to a systemic problem that warrants an in-depth investigation by my special ombudsman's response team," he said, noting that the probe should take about nine months.

Toronto resident Jim MacLean, who owns a cottage north of Huntsville, said Hydro One installed a smart metre two years ago at his cottage and the provincially-owned utility has never once used it because there is no reliable cell connection.

"Why would they even put them in if they can't use it," he said, noting that he keep getting bills "estimating" what his power consumption is.

Baccegga Rosa acknowledged there "are areas where the meters can't communicate — the actual infrastructure is just not there" but insists Hydro One hopes to eventually hook them up.

She said that of Hydro One's customers, 3.2 per cent are still receiving frequent estimated bills. Another 2 per cent haven't received any bill at all for more then 90 days.

Marin said part of his office investigation is to look at the transparency and reliability of the billing system.

"We are hearing from the public that they are quite prepared to be socially re-engineered as electrical trained seals doing their laundry at certain times to avoid excessive billing but on the other hand they want to be able to understand their billing, they want accuracy in their billing," he said.

The ombudsman said a common complaint from customers is that they don't get bills for months and months and "suddenly because they have direct withdrawal from the bank account, they wake

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up and their bank account is depleted and into their overdraft by \$10,000, \$20,000 . . . and then they can't get through to Hydro One." BDR Report Attachments

And he said then there are the customers who have that much money "skimmed" off their bank account by error. "And in that case Hydro One will simply say 'we can't return the money, we will simply give you a future credit.'"

Baccega Rosa disputed that assertion, saying the provincial utility will refund the money and any related overdraft bank charges.

Marin said the whole thing is leaving a "bad taste in the mouths of the citizens of Ontario and that why we are going to look at those two issues."

He described Hydro One's response to questions from his office as "anemic."

"We will be looking at whether that culture of public service is there at Hydro One or not and taking it from there."

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**THE GLOBE AND MAIL** O

February 4, 2014

## Hydro One to face major investigation as billing complaints mount

By Adrian Morrow

*Complaints against the electricity giant have more than doubled in the last two years*

A rapidly rising number of complaints about shoddy billing practices and poor customer service at Hydro One has prompted a major review of the Crown corporation.

While the ombudsman's investigation is expected to focus on accusations the agency overcharged hundreds of people — in at least one case by tens of millions of dollars — it will also probe how and why customers have trouble getting problems fixed after bringing them to Hydro's attention.

The transmission company is only the latest Ontario electrical organization to come under fire, after an audit that revealed generous pensions and big bonuses at Ontario Power Generation late last year.

"With Hydro One, it takes two, three, four calls, a couple of weeks, and then we don't get straightforward answers. We get the runaround," Ombudsman Andre Marin said at Queen's Park Tuesday. "It's like wrestling with a slippery pig."

The agency responded that many of its delays dealing with customer complaints are the result of switching to a new billing system last May. The changeover entailed setting up an entirely new computer platform, and Hydro One is still working out the bugs, said Laura Cooke, vice-president of corporation relations.

"The glitches that we expected to be able to resolve in a timely manner are taking much longer to resolve from a technology standpoint," she said. "As a result, it's taken longer for us to manage or resolve certain customer complaints."

Some customers charge that Hydro One sends them an "estimated" total on their bill, but won't explain how the estimates are arrived at, Mr. Marin said. In some situations, smart meters fail to give accurate readings because of interference from trees and hills. In other cases, he said, the utility stops billing a customer for a long period of time, then suddenly withdraws thousands of dollars from their bank account in one go.

In one extreme situation, which The Globe and Mail first revealed last month, Hydro mistakenly charged Beaver Valley Ski Club for \$36-million.

For Raymond and Judy Muldoon, retirees who live in the countryside near Sydenham, Ont., the trouble started innocuously enough. Last May, they noticed Hydro One was charging them \$20.87 for a sentinel light, a device they did not actually have. They told Hydro One about it. E-mails show it took the entire summer — and several reminders — for the utility to remove the charge from their bills. And nine months after their initial complaint, Mr. Muldoon said, they are still waiting to be reimbursed.

"I'm thinking: 'Come on, guys, you can do better than this,' " he said in an interview.

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In an open letter to customers Tuesday, Hydro One President Marcello promised to co-operate with Mr. Marin's investigation and use his suggestions to "do better." He said only a small percentage of the agency's 1.3 million customers have had problems.

Even before the problems of the past year, Hydro was a steady source of complaints. New Democratic Leader Andrea Horwath urged Mr. Marin in 2010 to look into the agency.

"This is a problem that, four years later, is obviously still occurring," she said.

"All members of our caucus have received complaints of the unfair treatment people are experiencing in this province. This is not an isolated issue," Energy Critic Lisa MacLeod said in a statement.

For now, Mr. Mahn said, his investigation will remain narrowly focused on billing and customer-service problems, and will be completed in nine months. But he said he might revisit other issues at the agency in future.

"If need be, we'll do a second Hydro investigation," he said. "There's a tremendous amount of grief over hydro rates, compensation, pensions, this kind of thing. But one step at a time."

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# Ontario ombudsman to probe Hydro One's use of smart meters

BY MATTHEW PEARSON, OTTAWA CITIZEN FEBRUARY 3, 2014



Ontario ombudsman Andre Marin is putting Hydro One's billing practices and time-of-use smart meters under his microscope, the Citizen has learned.

**Photograph by:** James Park, Ottawa Citizen

OTTAWA — Ontario ombudsman Andre Marin is putting Hydro One's billing practices and time-of-use smart meters under his microscope, the Citizen has learned.

Marin is expected to announce Tuesday that his office's next high-profile investigation will focus on the hydro utility. .

Time-of-use pricing coupled with so-called smart meters is supposed to give customers more control over their monthly electricity bill.

Smart meters are meant to record how much electricity is used and when, typically hourly, then send the information automatically to Hydro One through a wireless communications network.

But that's not always happening.

The meters have caused huge billing headaches for some customers in rural areas because many of the machines cannot transmit billing data properly to utility hubs. Hilly topography and tall trees interfere with the signals.

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EB-2013-0196 / 0187 / 0198

So unless affected customers can get through to Hydro One by phone or email to provide their meter readings, bills are based on estimates and often arrive irregularly.

As a result, many customers have received bills with outstanding balances in the thousands of dollars.

These are the issues that Marin, an independent officer of the legislature who investigates complaints from the public about Ontario government services, is expected to probe, several sources told the Citizen on Monday.

Hydro One customers currently have no practical way of independently verifying their hydro bills. Time-of-use meters only display aggregated energy consumption in the form of a numerical display, as opposed to a detailed summary.

Consumers also do not receive bills while their smart meter is out of the service, which has resulted in some facing huge bills once their meter is back online (again, without any ability to scrutinize the bills in a detailed fashion).

And there are reports of long wait times to fix faulty meters and network failures, often lasting up to a year.

Marin, who was appointed in 2005, is not known to go easy in his critiques.

His look into the use of force in provincial jails last year, for example, painted an ugly picture of the Ottawa-Carleton Detention Centre.

It prompted Community Safety and Correctional Services Minister Madeleine Meilleur to later pledge to implement his 45 recommendations to ensure incidents are properly investigated and guards appropriately disciplined.

"He's done some fairly explosive investigations into the operations of government agencies," said one source.

Last fall, after a Public Citizen column highlighted a couple's problems with billing errors and poor customer service, Hydro One's boss apologized.

In a letter to the Citizen, Carmine Marcello promised, "We will learn from this and we will do better."

Marcello said in the same letter that issues with smart meter communication should be resolved by mid-2014.

Hydro One says it has already installed more than 1.3 million smart meters and met the provincial government's target of having a smart meter in every home and small business by the end of 2010

All Hydro One customers are currently paying \$3.92 per month to recover smart meter-related costs, according to the utility's website.

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A spokeswoman for Energy Minister Bob Chiarelli said late Monday she wouldn't "pre-empt the ombudsman," but noted Hydro One introduced a new billing system last year that has caused a "small number" of Hydro One customers to experience sub-par service.

"Hydro One has been working to address outstanding issues as quickly and efficiently as possible," said Beckie Codd-Downey in an email.

"They have made a lot of progress in the past few months. Delivering value to energy consumers is a priority for our government."

*With files from Hugh Adami*

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## MPP Randy Hillier says Hydro One probe provides vindication to frustrated customers

BY MICHAEL WOODS, OTTAWA CITIZEN FEBRUARY 5, 2014



MPP Randy Hillier, the MPP for Lanark-Frontenac-Lennox and Addington, said he first met with Hydro One and the Ministry of Energy about the problems with smart meters in 2011. Since then, his office has fielded more and more complaints about what he calls "administrative and technical problems" at Hydro One.

**Photograph by:** Julie Oliver, Ottawa Citizen

OTTAWA — An MPP who has long voiced concerns about Hydro One's billing practices says he's pleased that Ontario ombudsman Andre Marin is launching an investigation into the government-owned hydro utility.

Randy Hillier, the MPP for Lanark-Frontenac-Lennox and Addington, said he first spoke with Marin in August about investigating the government-owned hydro utility's billing practices.

"This is a good day for Ontario. It's a good day for Hydro One customers," he told the Citizen on Tuesday. "I have a great deal of confidence that the ombudsman ... will be able to compel Hydro to divulge what actually is going on, and come up with some real practical solutions to end this travesty."

Marin announced Tuesday he will conduct a "systemic investigation" into complaints about billing and customer service at Hydro One.

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Time-of-use pricing, coupled with so-called smart meters, is supposed to give customers more control over their monthly electricity bill. Smart meters are meant to record how much electricity is used and when, then send the information to Hydro One through a wireless communications network.

But that doesn't always happen. The meters have caused huge billing headaches for some customers in rural areas because many of the machines cannot transmit billing data properly to utility hubs.

That means bills are based on estimates and often arrive irregularly, resulting in customers receiving bills with outstanding balances in the thousands of dollars.

Hillier said he first met with Hydro One and the Ministry of Energy about the problems with smart meters in 2011. Since then, his office has fielded more and more complaints about what he calls "administrative and technical problems" at Hydro One.

Hillier said the investigation provides vindication for the hundreds of people who have registered complaints.

"Dealing with government can be a very agonizingly slow, drawn out and frustrating process, and many people lose faith because of the slowness and the complexities of it. This, he said, shows that "yes, you should speak out, and you will be heard."

In a release, Marin's office said complaints about Hydro One to the ombudsman have risen steadily in recent years. The office has received more than 600 complaints since April 1, up from 328 in the 2012-13 fiscal year and 232 the year before.

Marin said his office has experienced "stonewalling" from Hydro One in trying to help Ontarians resolve problems with their bills.

"Our experience reflects what we are hearing from people across the province, and it is alarming. Many of those who have contacted us are in vulnerable situations and say they have faced significant financial hardship and stress because of their dealings with Hydro One," he said in a release.

Hydro One admitted it was not providing adequate customer service, which it contracted out to call centre operator Vertex, and said it would provide more training for the Vertex staff who answer the Hydro One phones.

"We know that the level of service we've been providing to customers is not acceptable," said Hydro One spokeswoman Tiziana Baccenga Rosa. "It's not what they deserve, and it's not what we want to give them." The Ministry of Energy also admitted Hydro One had problems with customer service, and promised full co-operation with the ombudsman's investigation.

Marin's office said the investigation will be completed within nine months, after which he will produce a report with recommendations.

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Hillier said he has offered some solutions, such as giving customers the ability to monitor their meter's transmissions online, and sending customers immediate notifications when there are unexplained spikes in electricity.

Hillier launched the website brokenhydro.ca on Tuesday, which features a petition and means for people to contact the premier and energy minister. He said the ombudsman's contact information will be added to the website.

*With files from Matthew Pearson and the Canadian Press*

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[twitter.com/michaelrwoods](https://twitter.com/michaelrwoods)

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\*Home / Canada / Hydro One probe by ombudsman gets 2,500 more complaints

## Hydro One probe by ombudsman gets 2,500 more complaints

Posted by: Lokalee Reporter M Canada 13 days ago 0 9 Views



Ontario ombudsman Andre Marin says the complaints continue to mount against Hydro One.

Since Ontario's ombudsman announced an investigation into Hydro One's billing practices and customer service last week, his office has received almost 2,500 more complaints.

With the total now at 3,100, Ontario's ombudsman has told his followers on Twitter not to despair.

Andre Mann said his staff is meeting weekly with the utility in an effort to sort out individual cases - customers who have had issues ranging from no bills for months, to unusually steep bills.

**II Ontario Ombudsman**  
@Ont\_Ombudsman

Follow

We now have weekly meetings w/OpHydroOne to move the individual cases along. Don't despair, we'll get you thru this.

5:24 PM - 11 Feb 2014

2 RETWEETS

In some cases, Mann said, customers' houses burned down and they continued to receive hydro bills.

As for the number of complaints, Marin said they continue to rise.

Prior to the investigation, Marin said he had about 650.

**N Ontario Ombudsman**  
@Ont\_Ombudsman

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Most bizarre @HydroOne complaints? Those whose houses burnt down. Completely. And they still were having actual use bills.

5:56 PM - 11 Feb 2014

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Article source: <http://www.cbc.ca/news/canada/sudbury/hydro-one-probe-by-ombudsman-gets-2-500-more-complaints-1.2533523?cmp=rss>

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## Ontario Ombudsman launches Hydro One investigation



Dave Reaney checks smart meter

Joanne Schnurr, CTV Ottawa

Published Tuesday, February 4, 2014 5:07PM EST

Last Updated Tuesday, February 4, 2014 5:09PM EST

Ontario's ombudsman has launched an investigation into Hydro One after hundreds of complaints to his office. CTV Ottawa highlighted many of these stories of people close to bankruptcy, unable to pay their utility bill. Andre Marin decided to launch his investigation after years of trying to resolve hundreds of complaints on an individual basis. He says dealing with Hydro One has been extremely difficult, like trying to catch a slippery pig.

David Baker knew there was something wrong with his smart meter. He's been heating his house near Prescott only with wood and couldn't understand why his hydro bill was so high.

"I have energy efficient everything in the house," said Baker in an earlier CTV story from December.

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Smiths Falls family cancels Christmas to pay hydro

Prescott family pulls the plug on Hydro One

The Bakers weren't the only Hydro One customers complaining about high bills. Hundreds of them turned to Ontario's Ombudsman for help after getting nowhere with the utility company.

"Stories of huge unexplained catch-up bills, multiple bills or estimated bills with no rhyme or reason," said Andre Marin at a news conference this morning in Toronto.

The ombudsman has now launched a full investigation. He says it's not about the price of electricity but about billing and communication problems; problems his own office has experienced firsthand.

"Sometimes it's like wrestling with a slippery pig," says Marin, "that's why my heart goes out to the average citizens who try to take on the Goliath that is Hydro One."

The ombudsman says complaints to his office about Hydro One have continued to mount. They more than doubled in the last year to 600. Most of those complaints were about bills being wrong or excessively high. Dave Reaney was one of those customers trying to get answers from Hydro One. He works in heating and cooling and knows the industry. He knew his bill for \$2800 over a 200-day period was way out of line.

"Their billing was completely erroneous," says Reaney, "they were billing me three times what my actual consumption was."

He says he fought Hydro One and won. David Baker is still fighting but hoping the ombudsman will help hundreds of customers like him struggling to just to pay their utility bill.

"It was in 2005 when I started complaining," said Baker today, "and here it is 2014 and yeah it is frustrating but I'm glad finally somebody listened."

Reaney welcomes the ombudsman's investigation but says is much deeper investigation is needed.

"I think it should be a criminal investigation at this point," says a frustrated Reaney, "I think the ombudsman is a good step but I think there's been some criminal activity and fraud, period."

Filed: February 26, 2013

EB-2013-0196 / 0187-0198

Ombudsman Andre Marin is asking anyone who has information pertaining to the investigation to contact his office at 1-800-263-1830, file an online complaint at [www.ombudsman.on.ca](http://www.ombudsman.on.ca) or email his office at [info@ombudsman.on.ca](mailto:info@ombudsman.on.ca). If you have information that the investigation will be conducted by the Special Ombudsman Response Team (SORT) and will be completed within nine months. Mann will then produce his report and recommendations.

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# **EMPIRICAL RESEARCH IN SUPPORT OF INCENTIVE RATE SETTING IN ONTARIO:**

## **REPORT TO THE ONTARIO ENERGY BOARD**

May 2013



**Pacific Economics Group Research, LLC**



## Unit Cost Evaluations

Company Name	2009-2011 Average / 2009-2011 Group Average	Efficiency Ranking
HYDRO HAWKESBURY INC.	-49.8%	1
HEARST POWER DISTRIBUTION COMPANY LIMITED	-29.1%	2
HALDIMAND COUNTY HYDRO INC.	-24.8%	3
KITCHENER-WILMOT HYDRO INC.	-23.8%	4
LONDON HYDRO INC.	-22.0%	5
PUC DISTRIBUTION INC.	-20.5%	6
HALTON HILLS HYDRO INC.	-19.0%	7
SIOUX LOOKOUT HYDRO INC.	-18.4%	8
HORIZON UTILITIES CORPORATION	-18.3%	9
NORTHERN ONTARIO WIRES INC.	-16.8%	10
E.L.K. ENERGY INC.	-16.2%	11
HYDRO 2000 INC.	-14.1%	12
VERIDIAN CONNECTIONS INC.	-12.4%	13
CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.	-11.9%	14
LAKEFRONT UTILITIES INC.	-11.5%	15
WASAGA DISTRIBUTION INC.	-11.4%	16
BURLINGTON HYDRO INC.	-11.2%	17
GRIMSBY POWER INCORPORATED	-11.1%	18
OSHAWA PUC NETWORKS INC.	-10.9%	19
BLUEWATER POWER DISTRIBUTION CORPORATION	-10.6%	20
WELLAND HYDRO-ELECTRIC SYSTEM CORP.	-10.3%	21
KINGSTON HYDRO CORPORATION	-9.5%	22
ESSEX POWERLINES CORPORATION	-8.0%	23
RIDEAU ST. LAWRENCE DISTRIBUTION INC.	-7.8%	24
HYDRO OTTAWA LIMITED	-7.3%	25
NORTH BAY HYDRO DISTRIBUTION LIMITED	-7.1%	26
CENTRE WELLINGTON HYDRO LTD.	-7.0%	27
THUNDER BAY HYDRO ELECTRICITY DISTRIBUTION IN	-6.3%	28
HYDRO ONE BRAMPTON NETWORKS INC.	-6.3%	29
POWERSTREAM INC.	-4.9%	30
NORFOLK POWER DISTRIBUTION INC.	-4.8%	31
LAKELAND POWER DISTRIBUTION LTD.	-4.5%	32
NIAGARA PENINSULA ENERGY INC.	-4.3%	33
BRANTFORD POWER INC.	-4.1%	34
ESPANOLA REGIONAL HYDRO DISTRIBUTION CORPOI	-3.9%	35
ENERSOURCE HYDRO MISSISSAUGA INC.	-3.5%	36
INNISFIL HYDRO DISTRIBUTION SYSTEMS LIMITED	-3.3%	37
WATERLOO NORTH HYDRO INC.	-2.2%	38
ST. THOMAS ENERGY INC.	-2.0%	39
COLLUS POWER CORPORATION	-1.8%	40
NEWMARKET-TAY POWER DISTRIBUTION LTD.	-1.6%	41
GREATER SUDBURY HYDRO INC.	-1.4%	42
TILLSONBURG HYDRO INC.	-0.2%	43

**PAULA ZARNETT**

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Paula Zarnett has 30 years broadly based experience in utility customer service, customer research, rates, and regulation.

Following a series of rate specialist positions in both the electricity and natural gas sectors, she was promoted to the position of Manager of Marketing and Energy Management at Toronto Hydro. There, her responsibilities included all rate and regulatory issues, customer research including load research and forecasting, and customer program design with a focus on conservation and demand management. She was responsible for establishment of the utility's Key Account group, which focused on assessing and meeting the service needs of the utility's largest customers.

During her career at Toronto Hydro, Paula carried out rate-related customer research, including questionnaire and interview research to select residential customers for a time of use rate pilot program, and to select commercial-industrial customers for load research. For two years, she led an organization-wide program of performance improvement, which included implementation of employee surveys as to overall employment satisfaction and satisfaction with the services provided by other departments (i.e. as internal customers).

In her consulting practice, Paula provides a variety of advisory and analytical services to clients facing the challenges of both traditional and restructured energy markets, with a focus on issues impacted by regulatory policy and process. Her work includes business case and project feasibility analysis, cost allocations and pricing designs, energy sector mergers and acquisitions, and expert testimony before regulators. She is a skilled hands-on analyst, experienced in handling large data sets.

She has performed assignments for clients in North America, China, Ghana, and Barbados.

**SELECTED EXPERIENCE BY SUBJECT AREA**

(INCLUDES PROJECTS UNDERTAKEN AS A CONSULTANT, AND IN THE COURSE OF RESPONSIBILITIES WITHIN ORGANIZATIONS)

*Rate Designs and Pricing Studies*

**IGPC Ethanol Inc.** – supported the intervention of this industrial consumer in the rate application of its gas supplier, Natural Resource Gas

**Rogers Cable and Communications Inc.** – representation at Ontario Energy Board staff consultation process with regard to rate designs for Ontario's electric distribution utilities; development of policy and position documents, attendance at stakeholder meetings, analysis in support of positions on rate design for General Service classification and unmetered scattered loads; distribution cost allocation stakeholder process and 2006 distribution rate handbook.

**City of Markham (Ontario)** – recommendations for restructuring water and wastewater rates

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**Oklahoma Gas and Electric** – review of results of residential time of use rate pilot including estimation of impact of the rate design on total customer consumption and peak hour consumption (load shifting).

**Summerside Electric/City of Summerside** – advisory and analysis service with regard to proposals of Maritime Electric for an Open Access Transmission Tariff.

**Nova Scotia Department of Energy** – advisory and analysis services to support intervention in Nova Scotia Power’s request to the regulator for approval of a fuel adjustment mechanism.

**BC Hydro** – assisted a staff team in development of a Phase I report on long-term rate strategy; research on rate designs in several North American jurisdictions.

**Energy East (RGE and NYSEG)** – analysis as to the potential value of load shifting which might take place as result of rate-driven (time of use or critical peak pricing) programs supported by universal interval metering in the State of New York; regulatory precedents as to cost recovery for advanced metering and meter reading technology

**East China Grid Company** – advice in developing and simulating an unbundled electricity distribution tariff for Shanghai Municipal and four provincial electric power companies

**British Columbia Ministry of Energy and Mines** – advisory and due diligence services with regard to recommendations by the British Columbia Utilities Commission for implementation of proposed Heritage Contract and stepped rates to wholesale and industrial customers.

**Perth-Andover Electric Light Commission** – long-term rate strategy and detailed bundled retail rate designs for all electricity consumer classifications.

**Toronto Hydro-Electric System** – development of market-based transfer pricing proposal for services to the regulated distribution utility, from a proposed competitive business affiliate.

**Volta River Authority (Ghana)** – development of tariff structure and preliminary rates for open access use of the national electric transmission system in Ghana.

**Enwave District Energy Limited** – determination of appropriate customer classification and pricing design alternatives for a district steam system in a context of competitive electricity and gas markets and wider service choices for existing and potential customers.

**Toronto Hydro** – development and initial implementation of time of use rates for residential and large industrial customers; development of pricing strategies and policies for all customer classes.

**Toronto Hydro** – development of all customer rate designs, implementation strategy, and preparation of annual submissions for approval of the rates. Managed a team of specialists in the preparation of associated detailed studies, load forecasts and load research.

**ORAL:**

*Testimony before Regulators*

**Toronto Hydro-Electric System** – Testified before the Ontario Energy Board in support of the allocated costs of service to customers that are individually metered suites in multi-unit residential buildings.

**Saint John Energy** – Testified before the New Brunswick Public Utilities Board in support of intervention in the Cost Allocation and Rate Design application of New Brunswick Power Distribution and Customer Service Corp.

**ICG Utilities** – coordinated preparation of applications, supporting materials, and other aspects of regulatory process for regional gas utility managements, as member of a head office specialist team; provided expert technical services in rate design, cost allocation, and working capital allowance determination (lead-lag); testified in three hearings before British Columbia regulator on the subject of lead-lag studies.

**Rogers Cable and Communication Inc.** – Testified before Ontario Energy Board in support of consensus for treatment of certain unmetered electricity loads in the development of guidelines for electricity distribution rates.

**WRITTEN:**

**Greater Sudbury Hydro** – study to allocate costs of services purchased from affiliate

**Bluewater Power** – study to allocate costs of services provided to and purchased from affiliates

**Kingston Hydro** – study to review transfer pricing methodologies and allocation of shared costs for services provided by non-regulated affiliates.

**FortisOntario** – Three studies to allocate corporate and shared costs among regulated and non-regulated affiliates

**EnWin Utilities** – study to allocate corporate and shared costs among corporate affiliates

**Ontario Power Authority** – model development and analysis in support of evaluation of a potential generation, transmission and demand response alternatives in York Region; report in support of generation alternative to the Ontario Energy Board.

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**City of Summerside** – testimony in support of intervention in the application of Maritime Electric to the Island Regulatory and Appeals Commission for approval of an Open Access Transmission Tariff.

*Cost Allocation and Load  
Research*

**Rogers Cable and Communications Inc.** – represented this consumer stakeholder in a regulator-driven process to resolve issues regulator-mandated methodology for the allocation of costs to street lighting and other unmetered loads

**Toronto Hydro-Electric System** – Study to allocate the cost of service to customers that are individually metered suites in multi-unit residential buildings.

**Rogers Cable and Communications Inc.** – represented a consumer stakeholder in a regulator-sponsored stakeholder process to determine a cost allocation methodology and analysis approach for information filings by all electric distribution utilities in Ontario.

**FortisOntario** – methodology review of allocation of shared costs to regulated and non-regulated business units and preparation of evidence for application to Ontario Energy Board for approval of 2006 electricity distribution rates

**Perth-Andover Electric Light Commission** – study to allocate the bundled costs of electricity service to customer classes and assess the impacts on cost allocation of changes to the wholesale rate structure.

**Saint John Energy** – two studies to allocate the bundled costs of electricity service to customer classes; one of these studies included analysis of metered system load profiles and publicly available typical customer profiles to develop demand allocation factors (new study now in progress)

**Enwave District Energy Limited** – study to allocate costs of service for a district steam system as a basis for pricing redesign; study included analysis of detailed time-related customer consumption data as a basis for allocation of costs, as well as operating and financial data.

**Toronto Hydro** – planning and execution of customer load research projects, including deployment of research metering, load data analysis and related customer research and surveys.

**Toronto Hydro** – coordination of first comprehensive cost of service study, a one-year cross-functional project, including in-depth data collection, selection of allocation methodologies and development of computer-based analytical tools. Led subsequent updates and refinements to the study.

**ICG Utilities Ltd.** – fully allocated cost of service studies for natural gas distribution systems in Manitoba and Alberta, including data analysis and development of computer-based analytical framework.

**City of Edmundston/Energy Edmundston** – business plan reflecting acquisition of distribution service territory and new supply contracts with NB Power

**City of Edmundston/Energy Edmundston** – analysis and strategic support in negotiation of contracts with NB Power for:

- Acquisition of 3,000 customers within the territorial boundaries of the City of Edmundston
- Purchase of wholesale electricity supply
- Sale of output of the City's hydro generators; and
- Sale of a portfolio of rental water heaters.

**City of Sault Ste. Marie** – review of municipally-owned electricity distribution company with regard to ownership options, capital structure and financing.

**Brantford Power** – facilitation of strategic planning session for Board of Directors.

**Orillia Power** – facilitation of strategic planning session for Board of Directors and key staff

**Oakville Hydro** – facilitation of regulatory strategic plan

**Burlington Hydro Inc.** – advisory services and analysis in connection with bid to acquire a local distribution utility.

**Markham Hydro Distribution Inc. and Town of Markham** – Due diligence services in support of amalgamation with Hydro Vaughan Distribution Inc. to form PowerStream Inc.

**City of Guelph** – independent advisor to the City with regard to fairness of ownership proportion in proposed merger; analysis of ownership options

**Township of King** - advice to municipality staff with regard to potential construction of a peaking generator in response to a contract award from Ontario Power Authority. This assignment included design, implementation and analysis of a web-based survey to determine attitudes of residents to the project.

**Hydro Ottawa Holdings Inc.** – as part of a larger project to provide strategic advice on four business units, provided financial modeling for valuation of Energy Ottawa Generation.

**Town of Markham, City of Vaughan and City of Barrie** – analysis, due diligence and advisory services in evaluation of potential investment in the solar business of PowerStream Inc.

**PUC Distribution Inc.** – advisory services and analysis in connection with certain issues of new assets and affiliate relationships

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**BDR Report Attachments**  
**Ontario Energy Board** – cross-jurisdictional review and assessment of regulatory approaches to the issue of farm stray voltage across North-America

**Ontario Energy Board** – comparison of heritage contracts and similar arrangements in leading jurisdictions

**Ontario Energy Board** – identification of appropriate roles and responsibilities for the OEB under alternative industry and market structure scenarios, including default supply arrangements

**Barbados Public Utilities Board** – study to recommend procedures, rules and systems for oversight of the natural gas sector by a new regulatory agency.

**Toronto Hydro** – testimony in public hearings before the Ontario Energy Board on subjects of wholesale and retail rate policy and electricity market development; advised management in strategy related to regulatory compliance and industry regulatory issues.

**Electricity Distributors Association** -- analysis of cash flow patterns of electricity distribution utilities in Ontario reflecting customer payment patterns and market settlement requirements

**Electricity Distributors Association** – study to determine the financial benefit to municipalities of ownership of local distribution companies (LDCs).

**National Grid Co.** -- Assessment and overview report on regulatory framework and issues in Ontario.

**Bruce Power** – Assessment and overview on industry structure, generation and transmission capacity, pricing and issues in New Brunswick

**CMS Energy** – report on Ontario electricity industry structure, market, and regulatory environment, in support of decision to respond to RFP for new generation in the province

**New Brunswick Municipal Electric Utilities Association** – cross jurisdictional survey with respect to policy as to regulation of municipal utilities and rural cooperatives.

## CAREER HISTORY

*2001 – Present*

**BDR** – consultant specializing in rate designs, cost and financial analysis, business planning and energy market restructuring issues.

*1998 – 2001*

**In association with Acres Management Consulting** – consultant specializing in rate designs, cost and financial analysis, business planning and energy market restructuring issues.

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1995 – 1998	<b>Toronto Hydro</b> – Manager, Marketing and Energy Management (responsible for demand management programs, customer rates, water heating programs, key account services, emergency telephone response, customer and load research and special projects)
1993 – 1995	<b>Toronto Hydro</b> – Special Assistant to the General Manager (responsible for organizational performance improvement initiatives)
1986 – 1992	<b>Toronto Hydro</b> – Supervisor of Rates and Cost Analysis
1984 – 1986	<b>Toronto Hydro</b> – Senior Rate Analyst
1981 – 1984	<b>ICG Utilities Ltd.</b> – Coordinator, Rate Administration
1979 – 1981	<b>H. Zinder &amp; Associates Canada Ltd.</b> , Senior Analyst

### EDUCATIONAL AND PROFESSIONAL QUALIFICATIONS

<i>Degrees and Designations</i>	Society of Management Accountants of Manitoba, CMA University of Calgary, Masters of Business Administration (Finance) University of Toronto, Bachelor of Arts (Hon), Anthropology
<i>Professional Association</i>	Society of Management Accountants of Manitoba
<i>Continuing Professional Development</i>	Queens University School of Business, Marketing Program Queens University School of Business, Sales Management Program Society of Management Accountants of Canada—Customer Profitability Analysis Society of Management Accountants of Canada—Strategic Cost Management Society of Management Accountants – Auditing I

### PROFESSIONAL INVOLVEMENT

<i>Teaching and Training, Industry Committees</i>	Instructor in Cost Allocation and Rate Design for Annual Energy Regulation Course, CAMPUT (Canadian Association of Members of Public Utility Tribunals) 2006, 2007, 2008. Member and present Vice-Chair, Electricity Distributors Association Commercial Members Steering Committee (2007 to present) Member – Ontario Energy Board Cost Allocation Working Group (2003 and 2005-6) Member – Ontario Energy Board Working Group on Cost Allocation for Unmetered Electricity Loads (2012-2013) Member – Municipal Electric Association Cost of Service Sub-Committee (1986-1988)
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## BDR Report Attachments

John is a lawyer by training and an independent investment banker by profession. He has over 30 years experience in the areas of business planning and enterprise valuations, financing and capital markets activities, and mergers and acquisitions (M&A). He has worked extensively throughout North America and over the past ten years he has specialized in the energy sector.

In his consulting practice, John has advised many Ontario based entities considering mergers, acquisitions and divestitures, joint ventures, and strategies re affiliates. In addition to his expertise in the valuation of utility businesses, John has expertise concerning the regulatory issues that arise from utility activities including problems arising from the inclusion of premiums over Rate Base in the prices paid for regulated utilities. John has led teams in many Strategic Options studies for both shareholders and Board of Directors/management teams such as for Burlington Hydro, Centre Wellington Hydro, Fortis Inc., the City of Guelph, the City of Markham, Oakville Hydro, Orangeville Hydro, PowerStream, the Town of Halton Hills, Hydro One, Thunder Bay Hydro and Westario Hydro.

John's diversified experience, over many years, includes advising both public and private sector entities as owners or developers of energy businesses in terms of policy, ownership and valuation of the various options open to them.

John is a member of the Board of Directors of Atlantic Power Corporation. Atlantic Power is a publicly traded company listed on the New York and Toronto Stock Exchanges. Atlantic holds some 28 investments in generation plants located in both the US and Canada.

He holds degrees from Queens University, Bachelor of Arts (BA Hons), from the University of Toronto Bachelor of Laws (JD) and from the University of British Columbia a Masters degree in Business Administration (MBA).

**REPRESENTATIVE DISTRIBUTION PROJECT EXPERIENCE**

<i>Burlington Hydro Inc</i>	Retained as an advisor to complete a Strategic Options Study.
<i>Centre Wellington</i>	Valuation in the context of a possible merger with a number of different utilities including Orangeville Hydro
<i>Guelph</i>	Led the team which advised the City of Guelph as to their strategic options and provided the "Fairness Opinion" regarding the proposed transaction with Horizon Utilities which ultimately did not close.
<i>Halton Hills</i>	Led the team which advised the Town of Halton Hills as to their strategic options
<i>Hydro Ottawa Holdings</i>	Assessed financing options for Hydro Ottawa Holdings As part of the study we developed a multi-year discounted cash flow valuation model for the distribution business, and advised on the impact of alternative hold/merge/sell options and sensitivities on shareholder value.

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*Hydro One*

Advised Hydro One regarding various “consolidation” options which might be available both specifically to Hydro One and generally as part of an overall policy which the Province might adopt.

*Hydro One and Northwestern Ontario LDCs (Zone 7)*

Facilitated a feasibility study for the potential amalgamation of the distribution utilities in Northwestern Ontario. The project included assessment of synergies, evaluation of impacts on shareholder values and identification and analysis of potential challenges and potential barriers.

*Hydro One*

In the 1999/2000 timeframe, Mr. McNeil had a series of contracts with Hydro One involving advisory services on a wide range of confidential projects relating to M & A, cost of capital, valuation, capital markets and regulatory matters. Publicly announced assignments include the acquisition of Brampton Hydro for \$260 million.

*Markham*

Led the team which has advised Markham re a number of matters relating to their investment in PowerStream including the assessment of its position as a major shareholder of PowerStream in relation to merger discussions with Barrie Hydro. The transaction closed on January 1, 2009

*Oakville Hydro*

Retained as an advisor to complete a Strategic Options Study.

*Orangeville Hydro*

Valuation in the context of a possible sale and valuation re merger with a number of different utilities including Centre Wellington Hydro

*PowerStream*

Valuation of COLLUS as part of an acquisition of up to 50% equity interest Transaction closed in mid-2012.

Advised the City with respect to a comprehensive assessment of its options re its electric distribution utility.

*PUC Distribution (Sault Ste Marie)*

Retained as an advisor to complete a Strategic Options Study

*Thunder Bay Hydro*

Retained as an advisor to complete a Strategic Options Study

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*Westario Hydro*

Valuations and structural advice in the context of a possible sale and valuations and structural advice re possible mergers with a number of different utilities

### **REPRESENTATIVE DISTRIBUTION AFFILIATE PROJECT EXPERIENCE**

In recent years John has also focused on facilitating M&A projects for Ontario LDC's with respect to essentially unregulated affiliate businesses. This work included developing valuations and facilitation of competitive bid processes for several clients including

*Fibre Networks*

- Sale of Simcoe County Broadband Networks
- Sale of PowerStreams fibre portfolio
- Sale of Veridian Telecom
- Sale of PUC Telecom
- Sale of Burlington Hydro Telecom

*Water Heater Portfolios*

- Sale of Veridian Water Heater portfolio
- Oakville Hydro (Sandpiper) acquisition of Horizon Water Heater portfolio
- Sale of Norfolk Energy Services Rental Equipment portfolio
- Sale of St Thomas (Ascent) Water Heater portfolio

### **PREVIOUS FIRMS**

*2002-Present*

Co –Founder and since 2005 President of BDR.

*1998-2001*

Executive Consultant, Acres Management Consulting, Toronto, Ontario

*1991–1998*

Managing Director, Scotia Capital Markets, Investment Banking Division, Toronto, Ontario

*1989–1990*

Consultant, NCL Investments Ltd., London, England  
Advised/executed merchant banking transactions.

*1987–1989*

Managing Director, Merrill Lynch Capital Markets  
Senior Vice President & Director, Merrill Lynch Canada  
Executive Director, Merrill Lynch Europe, Investment Banking Division

*1985–1987*

Executive Director, Union Bank of Switzerland (Securities) Investment Banking Division, London and Zurich

*1973–1979*

Vice President, Wood Gundy, Investment Banking Division, Toronto

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