

Subject:
Date:

FW: EB-2015-0004: Public Comment re: Hydro Ottawa Limited Rate Application
June-04-15 3:22:16 PM

From: Bob Hurter [mailto:]
Sent: June-04-15 3:16 PM
To: BoardSec
Subject: EB-2015-0004: Public Comment re: Hydro Ottawa Limited Rate Application

Dear Sir or Madam,

I am both a residential and business consumer of electricity delivered by Hydro Ottawa Limited, and strongly object to the proposed rate increase of at least 24% (or maybe higher if the proposed increases in 2019 and 2020 are revised higher in 2018 by Hydro Ottawa) over the five year period starting in 2016. This proposed average annual increase is 2.5 times the annual inflation rate for Ottawa of 2.0% in 2014 which is completely unacceptable.

In my business, we have done everything to reduce usage and costs including installing low energy lighting and often working with the lights off and using natural lighting. The same for my residence. But, every time we work to reduce our electricity costs, Hydro Ottawa comes along with yet another rate increase and all of our work is for nothing.

And, Hydro Ottawa is becoming adept at misleading consumers into thinking that they are reducing their electricity costs when they are actually rising every year. Hydro Ottawa billed on a 2 month cycle until last year when they switched to a monthly billing cycle supposedly to improve billing and payment receipt. In my opinion, the real reason for the change in billing cycle is that consumers were starting to complain about the high costs on the 2 month cycle so to reduce complaints going to a 1 month cycle gave consumers the false impression that their electricity costs were going down. It is like the car dealership that used to advertise cars for \$200/month and are now advertising \$50/week. Hydro Ottawa's move to a monthly billing cycle was nothing more than smoke and mirrors in an attempt to confuse consumers about rising electricity costs. And, what about the extra cost of sending monthly bills?

With respect to the survey by Hydro Ottawa hired Innovative Research Group, I find it unsatisfactory. As one who has crafted surveys in the past, I can tell you that anyone can develop questions in a manner to get the results that the group paying for the survey wants. In this case, Hydro Ottawa got exactly the answers that they wanted and **paid for**. However, if you were ask a straightforward and clear question - do you want your electricity rates to go up by 24% over the next 5 years - you will get a very different answer.

The problem with Hydro Ottawa is that it is wholly owned by the City of Ottawa, and the City has been draining its coffers for years to allow City Council to keep the property tax rate increases low. Any business which forecasts needed capital improvements and retiring employee as Hydro Ottawa is claiming now, works hard to increase its Retained Earnings to offset these costs. And, they do not pay dividends to shareholders if the cash is needed for asset replacement or elsewhere.

However, looking back at the last three published Hydro Ottawa financial statements for the years 2011, 2012 and 2013, anyone can see that the City has been draining the cash out of Hydro Ottawa. In 2011, Hydro Ottawa's net income was \$26,497,000 and dividends paid to the City were \$17,500,000. In 2012, Hydro Ottawa's net income was \$31,281,000 and dividends paid to the City were \$16,600,000. And In 2013, Hydro Ottawa's net income was \$32,548,000 and dividends paid to the City were \$18,600,000. As a percentage of net income, the dividends paid to the City were 66.0%, 53.1% and 57.1% respectively for 2011, 2012 and 2013. I do not know of any company that pays such rich dividends and returns less than half of their net income to Retained Earnings which are needed for capital projects.

Hydro Ottawa is simply a cash cow for the City which it can milk at any time for whatever reason. Unwarranted and high rate increases are just another hidden tax on the already overtaxed Ottawa rate payers.

If you grant Hydro Ottawa a rate increase, it should be restricted to the same rate increase as for property taxes that the City Council decides on annually. In the past few years, City Council has made a big deal of keeping the property tax increase under or at the annual inflation rate for Ottawa, and this is all that should be allowed for any Hydro Ottawa rate increases.

Yours sincerely,

Robert Hurter

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