



Ontario Energy Board
Commission de l'énergie de l'Ontario

OEB STAFF SUMMARY OF COMMUNITY MEETING

EB-2016-0096

Northern Ontario Wires Inc.

Application for 2017 Rates

January 13, 2017

TABLE OF CONTENTS

1 INTRODUCTION..... 2

2 THE PROCESS 3

3 SUMMARY OF THE MEETING 4

SCHEDULE A..... 6

SCHEDULE B..... 7

1 INTRODUCTION

Northern Ontario Wires Inc. (NOW) filed a cost of service application with the Ontario Energy Board (OEB) on September 16, 2016 seeking approval for changes to the rates that NOW charges for electricity distribution, to be effective May 1, 2017.

A Notice of Hearing was issued on October 20, 2016.

Further to the Notice of Hearing, the OEB hosted two community meetings on November 2, 2016 in Kapuskasing and Cochrane, Ontario regarding NOW's 2017 application.

This is an OEB staff report summarizing the outcomes of these community meetings. This report will be placed on the public record of the OEB hearing of this application along with copies of any written presentations made at the meeting. This report includes a summary of comments, questions and concerns raised during the community meeting by customers who attended the meeting. This summary is intended to capture the range of perspectives that were shared, rather than to provide a verbatim transcript of the meeting.

Customers are also able to submit individual written letters of comment with the OEB, either during a community meeting or any other time during the course of the OEB's review of an application. The OEB places written letters of comment on the public record of the specific proceeding. All comments must be submitted to the OEB before the decision-makers in that case begin to consider their decision on the application. In making its decision, the OEB considers everything on the public record, including all comments when determining whether to grant the requests made by NOW in this application.

2 THE PROCESS

The OEB convenes community meetings in the service territories of local distribution companies that have applied to the OEB to change their rates through a cost of service proceeding.

Community meetings are part of the OEB's process of reviewing a rate application. The OEB has established a [Consumer Engagement Framework](#) to ensure that the perspectives of customers served by rate-regulated entities are considered in the OEB's decision-making process.

Community meetings are hosted by OEB staff who inform customers about the role of the OEB in rate-setting and the processes involved. OEB representatives explain the various ways that customers can become involved in the adjudicative process. A copy of OEB staff's presentation is attached to this report as Schedule A.

To assist customers in better understanding the application, the utility makes a presentation explaining its proposals for capital, operations and other spending that result in the requested rate change. A copy of NOW's presentation is attached to this report as Schedule B.

Customers and municipal officials are also invited to make presentations outlining their thoughts on the utility's proposals.

Following the presentations, customers have the opportunity to ask questions of the OEB and the utility about the application and the regulatory process. The issues raised by customers in the community meetings are documented and used by OEB staff in reviewing the application, asking interrogatories and making submissions to the OEB panel hearing and deciding the application. Any verbal comments provided to OEB staff at the community meeting are summarized in this report with no attribution.

In addition to providing verbal comments to OEB staff, customers attending the meetings may express their concerns directly to the OEB by providing individual comments (with attribution) through an online form on the computers provided or by filling in a hard copy comment form, which is then submitted to the OEB by OEB staff.

3 SUMMARY OF THE MEETINGS

The NOW meetings were held at the Civic Centre Auditorium in Kapuskasing, Ontario from 1:00 pm to 3:00 pm and at the Tim Horton Events Centre in Cochrane from 6:00 pm to 8:00 pm on November 2, 2016. Approximately 20 customers attended the meeting in Kapuskasing and 15 in Cochrane to hear presentations from OEB staff and NOW. Prior to the presentations, OEB staff and NOW staff were available to informally talk to attendees and answer questions. OEB and NOW representatives responded to questions from attendees during and following the presentations.

The following OEB staff and NOW representatives attended the meeting:

OEB Staff

Kristi Sebalj, Registrar
Colin Schuch, Project Advisor
Sylvia Kovesfalvi, Manager
Andrew Bodrug, Senior Advisor

NOW

Dan Boucher, General Manager
Geoffrey Sutton, Chief Financial Officer, FIT and microFIT
Sandra Schroeder, Customer Service Manager
Roxanne Genier, Executive Assistant, Conservation and Safety Co-ordinator

The OEB and NOW presented at the meeting. There were no customer presentations at the meeting.

Meeting participants had questions related to NOW's application and why rates were increasing. There were also general questions around the OEB's role, smart meters and Time of Use pricing.

Specific Concerns Raised

- NOW's application – questions regarding the process, who the application affects, how long the rate increase is in effect
- Specific aspects of NOW's operations; e.g. tree trimming, use of cement poles, number of customers, service territory, dividends
- Electricity prices – general concerns regarding affordability,

- The OEB scorecard for utilities and the process for updating
- Extent of OEB oversight of increases in the cost of power, the regulated price plan, time of use rates, and distribution costs
- Questions about the number of customers with smart meters, TOU rates

SCHEDULE A
ONTARIO ENERGY BOARD PRESENTATION
NORTHERN ONTARIO WIRES INC.
EB-2016-0096
JANUARY 13, 2017



Ontario Energy Board

Commission de l'énergie de l'Ontario

About the Ontario Energy Board

OEB Community Meeting –
Cochrane, Ontario

November 2, 2016

Who We Are

- The Ontario Energy Board is an independent public agency.
 - Regulating gas since 1960 and electricity since 1999
- Our goal is to promote a sustainable and efficient energy sector that provides energy consumers with reliable energy services at a reasonable cost.



The OEB Sets Rates

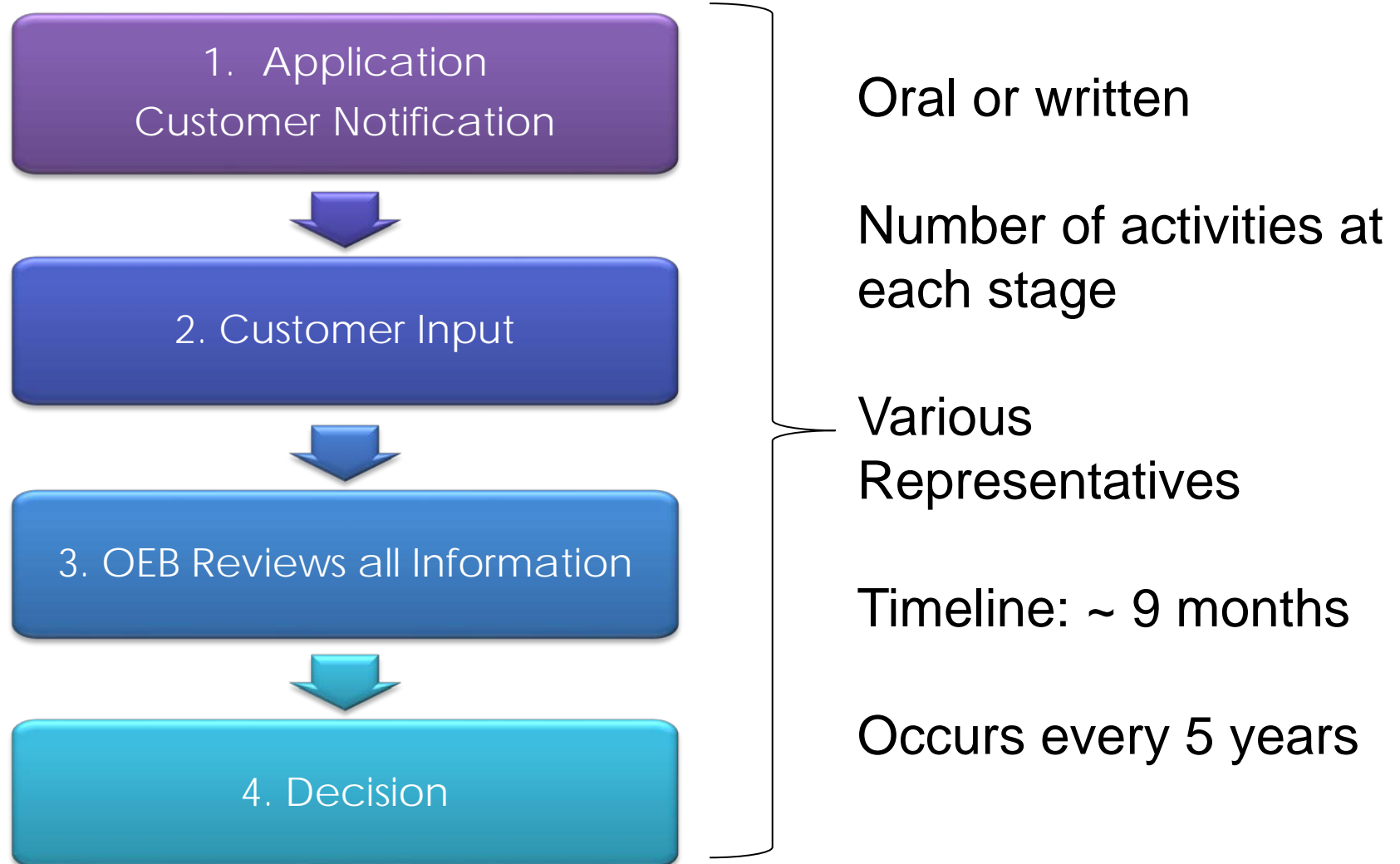
- The OEB reviews the “rates” that a local utility can charge customers
- A rate is an amount that recovers:
 - a utility's costs of providing distribution service (e.g. operations, maintenance, administrative expense, capital projects)
 - a return on equity

Delivering Value – Ensuring Reliability

The OEB's job is to align various objectives to ensure reliability



OEB Rate-Setting Process: Hearing Steps



Be Heard in the OEB's Process



OEB Hearings

- Open to all
 - Evidence is public
 - All written hearing materials posted on OEB website
 - All oral hearings open to the public and broadcast through OEB's website

What Can You Do?

- OEB wants to hear from you. We encourage you to:
 - Ask questions
 - Provide comments (in hard copy or on laptops)
 - Attend or listen in on the hearings
 - Follow the proceedings
- Your voice helps the OEB do our job:

Ensuring utilities deliver value by focusing on what matters most to you



What Happens Next?

- The OEB Panel decides on written or oral hearing
- Then they consider the information
 - Utility's application
 - Your comments
 - Intervenor submissions

Contact OEB to Learn More

Visit our
website



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Ontario Energy Board
Commission de l'énergie de l'Ontario

Your Voice Matters – Thank You



SCHEDULE B
NOW PRESENTATION
NORTHERN ONTARIO WIRES INC.
EB-2016-0096
JANUARY 13, 2017



Northern Ontario Wires Inc.

OEB Community Meeting
Kapuskasing and Cochrane
November 2, 2016

Snapshot of Northern Ontario Wires Inc.

- Approximately
 - 5,219 residential customers
 - 785 GS<50 customers
 - 71 GS>50 customers
- 15.7 employees
- One of the most efficient utilities based on PEG Benchmarking
- Serves three communities (Cochrane, Kapuskasing and Iroquois Falls)
- NOW Inc. portion of the bill amounts to approximately 22% of the total residential bill, the remaining 78% represents the Cost of Power, Regulatory, and Taxes
- NOW Inc. only adjusts rates through Cost of Service every five years

The Ask

- Bill impact – Average Residential (750kWh)

			Current	Proposed	\$ Change
Northern Ontario Wires Distribution			\$33.47	\$39.09	\$5.62
Other Distribution Charges			\$3.73	-\$0.04	-\$3.77
Transmission Charges			\$13.84	\$14.30	\$0.46
Sub-Total - Delivery			\$51.04	\$53.35	\$2.31
Regulatory Charges			\$5.06	\$5.06	\$0.00
Electricity (TOU)			\$83.54	\$83.54	\$0.00
Total Bill on TOU (before taxes)			\$139.64	\$141.95	\$2.31
HST			\$18.15	\$7.10	-\$11.05
Total Bill on TOU			\$157.79	\$149.05	-\$8.74

- Effective May 1, 2017

The Ask

- Bill impact – GS<50(2,000kWh)

			Current	Proposed	\$ Change
Northern Ontario Wires Distribution			\$59.87	\$72.56	\$12.69
Other Distribution Charges			\$8.59	-\$1.01	-\$9.60
Transmission Charges			\$35.85	\$37.05	\$1.20
Sub-Total - Delivery			\$104.31	\$108.60	\$4.29
Regulatory Charges			\$27.11	\$27.09	-\$0.02
Electricity (TOU)			\$222.78	\$222.78	\$0.00
Total Bill on TOU (before taxes)			\$354.20	\$358.47	\$4.27
HST			\$46.05	\$17.92	-\$28.13
Total Bill on TOU			\$400.25	\$376.39	-\$23.86

- Effective May 1, 2017

Rate Changes (2013 – to date)

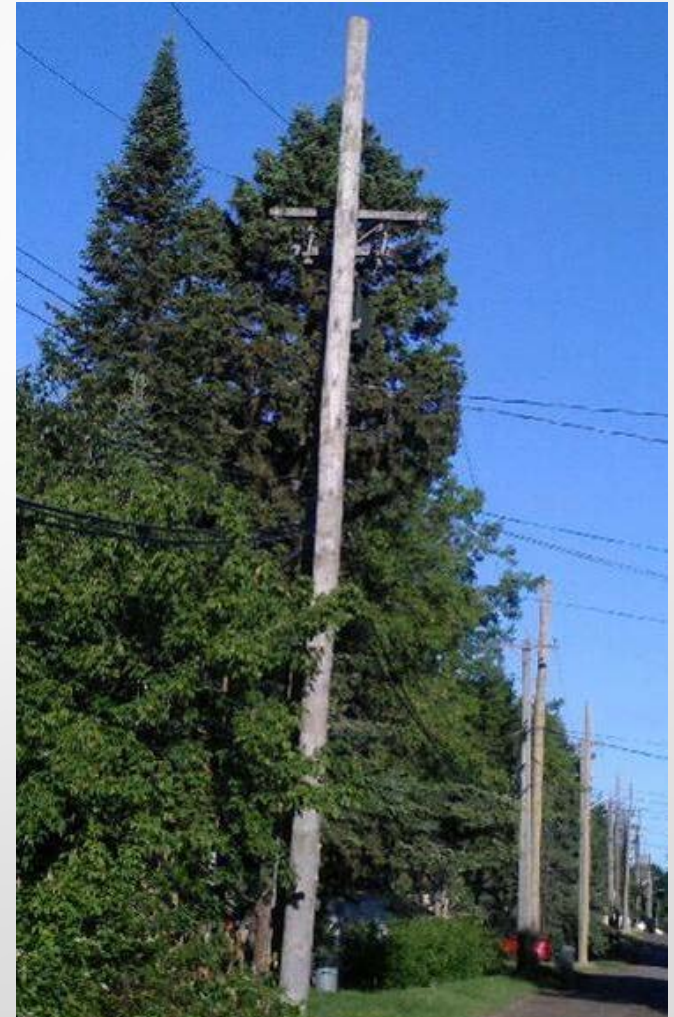
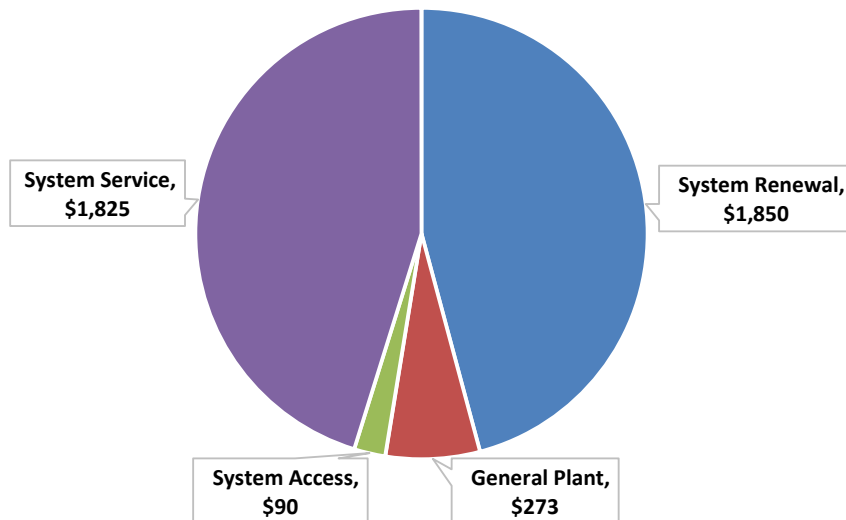
NOW Inc. Portion	Pass Through Cost of Power*
2013 - \$4.04 per month	2013 - \$8.17 per month
2014 - \$0.18 per month	2014 - \$5.21 per month
2015 - \$0.56 per month	2015 - \$10.78 per month
2016 - \$0.26 per month	2016 - \$3.34 per month
2017 - \$5.62 per month	

-
- Total distribution rate increase between 2013 – 2017 is: \$10.66 or average \$2.13 per month

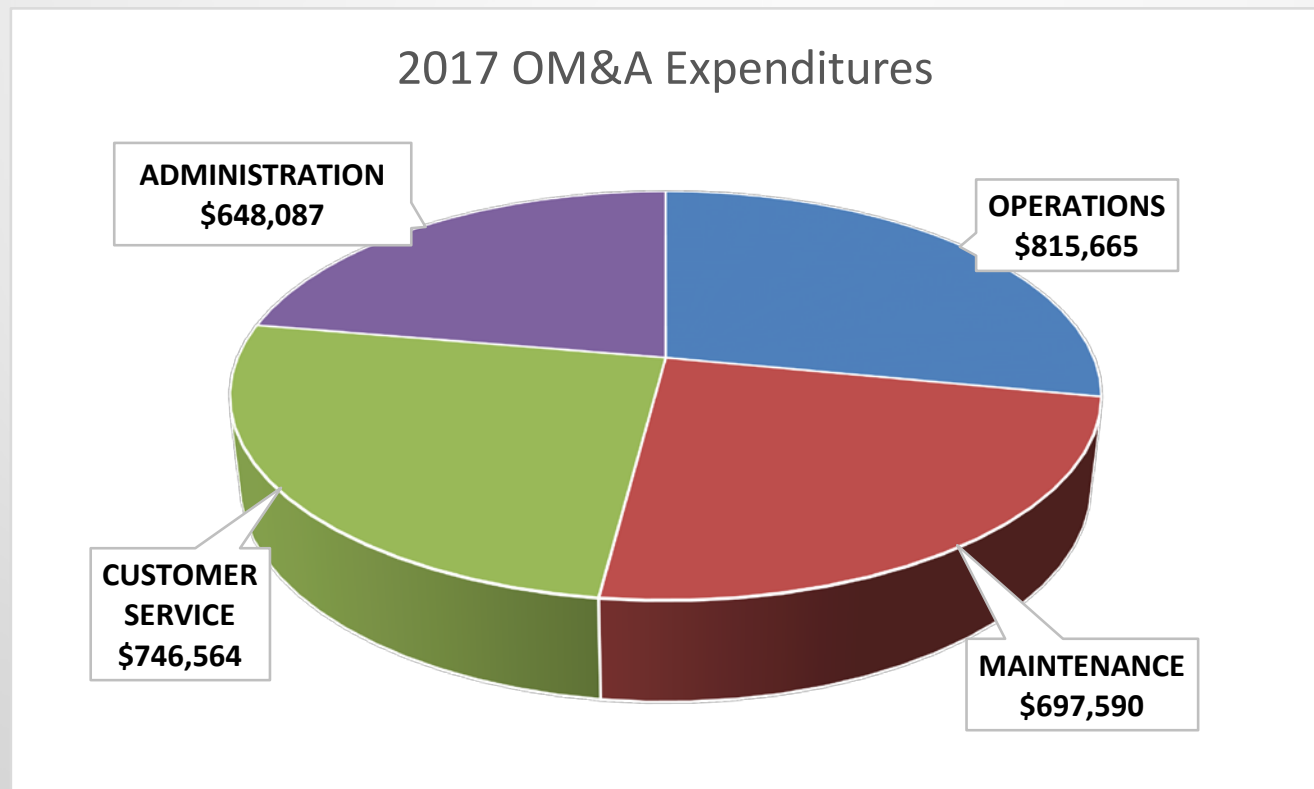
- * Assumed annualized rate on November 1 rate increases.

NOW Inc.'s Capital Investment

2017-2021 Forecasted* Capital Expenditures
(Thousands)



NOW Inc. Operations, Maintenance and Administration Costs



Customer Engagement

- *Customer Engagement Survey – May 2016 – Comments included more information on outages and updates to website.*
 - *Responses – Included in plan the implementation of an outage management system, planning website updates and will continue to provide conservation tips.*
- *Virtual Town Hall – July 2016 – Comments include more info on outages and to replace aging infrastructure before it breaks down.*
 - *Response – Reinforced inclusion of outage management system and communication improvements. Also corroborates NOW Inc.'s replacement strategy.*
- *Large Customer Visits – Annually March – May – Comments regarding total electricity costs*
 - *Response – Referred to CDM programs and have CDM applications underway*
- *School Visits – May – June 2016 – To educate students on electrical safety and conservation*
- *Customer Service Staff Interaction – Ongoing – Interaction in regards to billing, conservation and other queries from customers.*

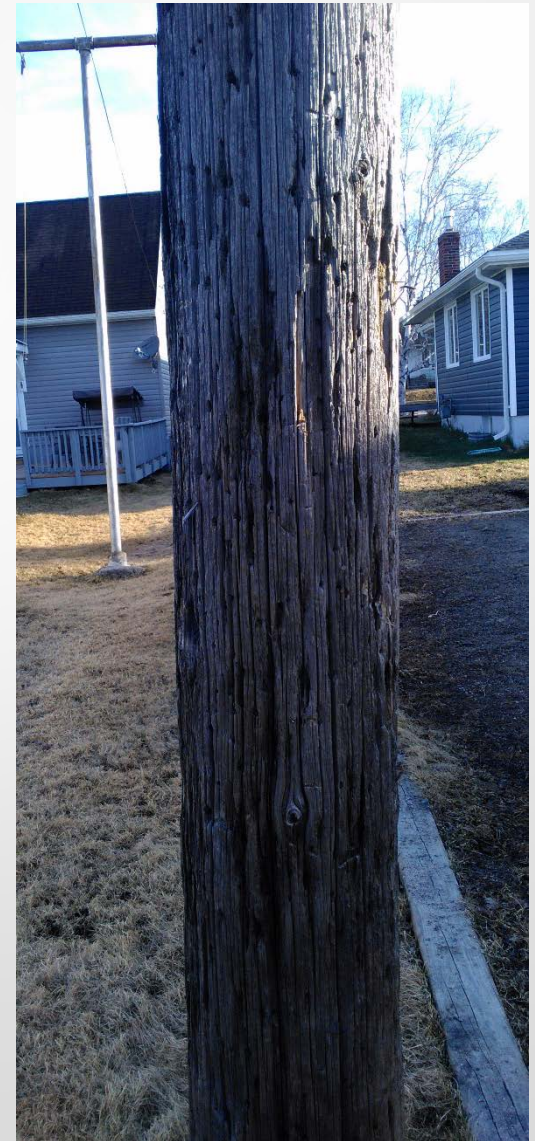
The Need

- We need this increase to pay for:
 - Pole Replacements for Aging infrastructure
 - Voltage conversions to remove aging substations and reduce line loss
 - Outage management system to mitigate unplanned outages and reduce overtime costs
 - Improve communication and customer interaction



The Risks

- Without this increase, we face:
 - Lack of investment in infrastructure leading to greater costs in the future
 - Increased number and duration of unplanned outages
 - Potential reduction in reliability of the system
 - Potential safety concerns
 - Continued financial challenges



Scorecard Highlights

- *Maintains Efficiency Assessment Cohort 1*
 - *After current application, NOW Inc. remains in Cohort 1 as one of the most efficient utilities in the province (71 utilities, 5 cohorts as of 2015)*
 - *There are 6 utilities in Cohort 1.*
- *Met targets set by the OEB*
- *NOW Inc. has under-earned since 2012*

Reporting on Progress

- NOW Inc. will include updates on its website including relevant reports
- NOW Inc. will publish on its website the annual scorecard of performance



For More Information

Visit www.northernontariowires.com

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