



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

**OEB STAFF SUMMARY OF
COMMUNITY MEETING**

EB-2015-0100

**Rideau St. Lawrence Distribution Inc.
Application for 2017 Rates**

January 31, 2017

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1 INTRODUCTION

Rideau St. Lawrence Distribution Inc. (Rideau St. Lawrence Distribution) filed a cost of service application with the Ontario Energy Board (OEB) on October 21, 2016 seeking approval for changes to the rates that Rideau St. Lawrence Distribution charges for electricity distribution, to be effective January 1, 2017. For a typical residential customer beginning January 1, 2017, the proposed increase was \$3.78 per month.

A Notice of Hearing was issued on January 3, 2017.

Further to the Notice of Hearing, the OEB hosted one community meeting on January 16, 2017 in Prescott, Ontario regarding Rideau St. Lawrence Distribution 2017 rates application.

This is an OEB staff report summarizing the outcomes of this community meeting. 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 Rideau St. Lawrence Distribution 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 Rideau St. Lawrence Distribution'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 MEETING

The Rideau St. Lawrence Distribution meeting was held at the Prescott Legion Hall in Prescott, Ontario on January 16, 2017 from 6:00 p.m. to 8:15 p.m. Approximately 4 customers attended the meeting to hear presentations from OEB staff and Rideau St. Lawrence Distribution. Prior to the presentations, OEB staff and Rideau St. Lawrence Distribution staff were available to informally talk to attendees and answer questions. OEB and Rideau St. Lawrence Distribution representatives responded to questions from attendees during and following the presentations.

The following OEB staff and Rideau St. Lawrence Distribution representatives attended the meeting:

OEB Staff

Andrew Bodrug, Senior Advisor
Lynn Ramsay, Senior Advisor
Jane Scott, Manager Major Applications
Donald Lau, Project Advisor

Rideau St. Lawrence Distribution

John Walsh, President & CEO
Peter Soules, CFO
John Biccum, RSL Operations Manager

James Annable, RSL Board Member
Hugh H. George, RSL Board Member
Donald W. Gibson, RSL Board Member
Bill Ewing, Councillor, South Dundas and RSL Board Member

Other attendees of note include:

Pat Sayeau, Mayor, Edwardsburg/Cardinal
Archie Mellan, Councillor, South Dundas
Marc St. Pierre, Councillor, South Dundas
Gord Eamer, P. Eng, Cornerstone Hydro Electric Concepts (CHEC)
Jay Shepherd, Energy Chambers

The OEB and Rideau St. Lawrence Distribution presented at the meeting. Patrick (Pat) Sayeau, Mayor, Edwardsburgh Cardinal also made a presentation. Jane Scott read

aloud a comment letter received earlier that day from a customer who was unable to attend the meeting.

Meeting participants did not pose any specific questions related to Rideau St. Lawrence Distribution's application. Participants had questions concerning the commodity cost of their hydro bill, specifically how does the energy market function and the role Global Adjustment plays in the energy market. Participants wanted to be consulted about the portions of their hydro bills which were not part of Rideau St. Lawrence Distribution's application. Participants also questioned if OEB considers the hardship of price increases as part of the application process.

SCHEDULE A
ONTARIO ENERGY BOARD PRESENTATION
RIDEAU ST. LAWRENCE DISTRIBUTION INC.
EB-2015-0100
JANUARY 16, 2017



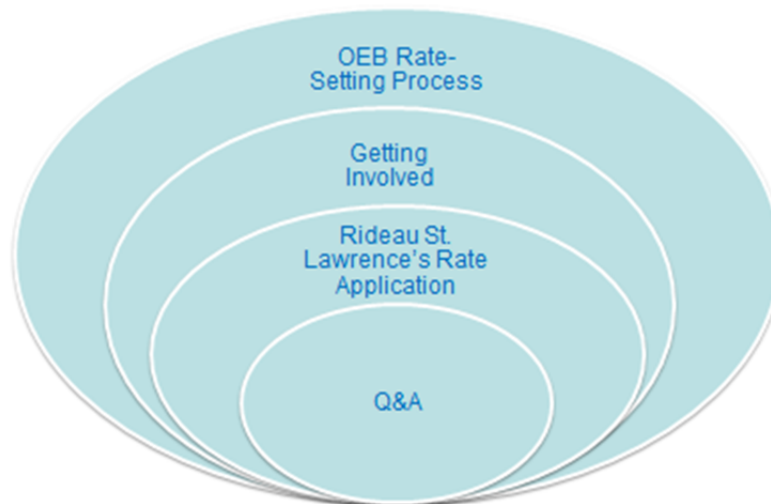
Ontario Energy Board Commission de l'énergie de l'Ontario

Getting involved in OEB's decision-making process

OEB Community Meeting – Prescott

January 16, 2017

Scope of Tonight's Meeting



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 Distribution Rates

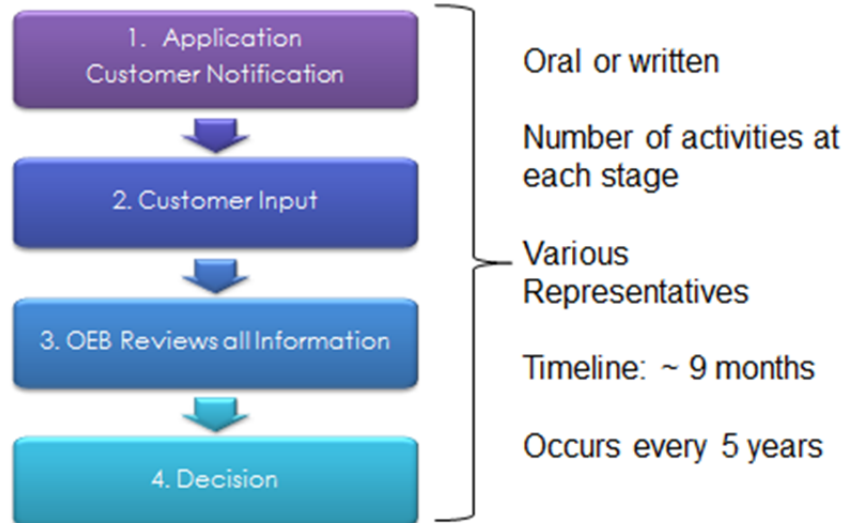
- The OEB reviews the “rates” that a local utility can charge customers
- A rate is an amount that recovers:
 - a utility’s costs of providing distribution service (such as operations, maintenance, administrative expense, capital projects)
 - a fair return on equity

Delivering Value – Ensuring Reliability

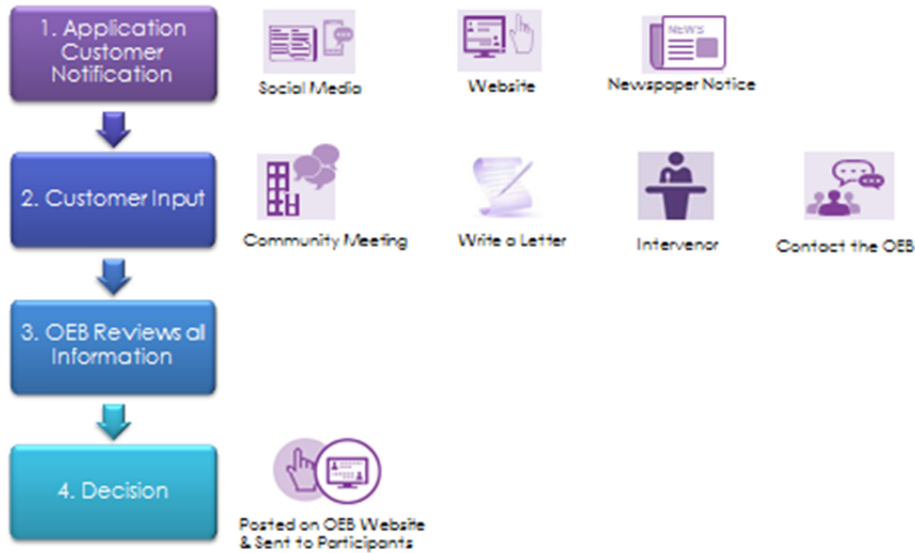
The OEB's job is to align various objectives to ensure reliability



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 (via post or email)
 - 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



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Your Voice Matters – Thank You



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SCHEDULE B

RIDEAU ST. LAWRENCE DISTRIBUTION PRESENTATION

RIDEAU ST. LAWRENCE DISTRIBUTION INC.

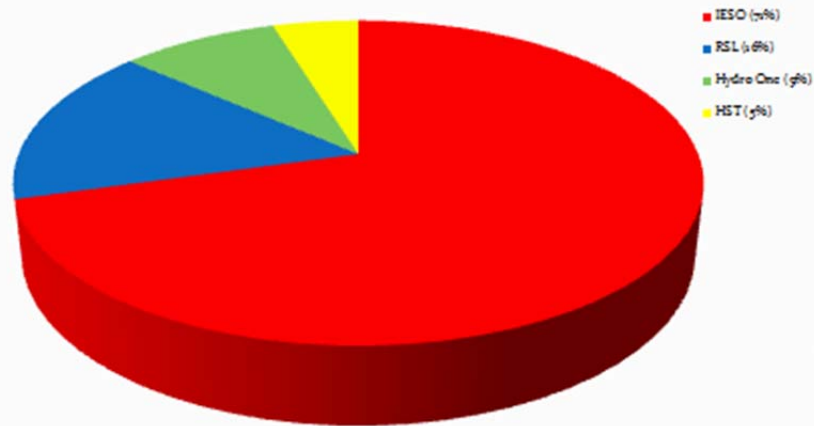
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JANUARY 16, 2017

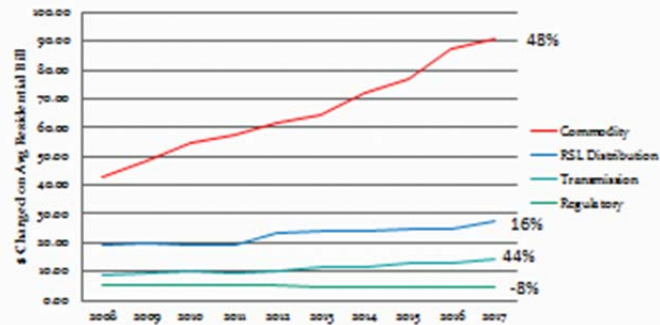
2016 Cost of Service Rate Application

Rideau St. Lawrence Distribution Inc.

RSL's Portion of The Electric Bill



Rate Increases By Category



- RSL adjusts rates through the Cost of Service application every five years.

Who is RSL?

- Formed by a merger of local municipally-owned hydro utilities
- Primarily owned by the Town of Prescott, The Municipality of South Dundas, the Township of Edwardsburg/Cardinal, and the Village of Westport
- Local employer, with offices in Prescott, Morrisburg, and Westport
- 17 local employees (was 16 when formed in 2000)
- Provides electric distribution to Prescott, Morrisburg, Iroquois, Cardinal, Westport, and Williamsburg
- 6 independent distribution systems, 1 for each community

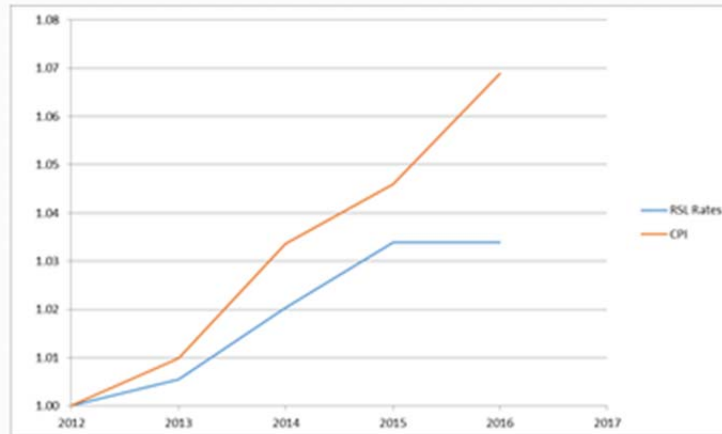
What Makes RSL Different?

- Local control and management
- Access to all RSL staff
- Competitive Delivery rates
- Reinvestments in our communities

Why Is RSL Applying for New Rates?

- Every 5 years, utilities typically file a “Cost of Service” rate application with the OEB.
- The application illustrates RSL’s plan for the next 5 years, and the rates requested.
- Costs have increased since the last application in 2012.

Trend of RSL Rates vs CPI



How Much Will the Monthly Bill Increase?

Average Residential (750 kWh)	Current	Proposed	\$ Change
RSL Charges	\$24.44	\$27.51	\$3.07
Other Distribution Charges		\$0.71	\$0.71
Sub-Total	\$24.44	\$28.22	\$3.78
Other Charges	\$10.87	\$9.28	\$1.59
Transmission Charges	\$11.42	\$10.95	\$0.47
Total- Delivery	\$46.73	\$48.45	\$1.72
Regulatory Charges	\$5.75	\$5.12	\$0.63
Electricity (Time of Use)	\$76.61	\$76.61	\$0.00
Total Bill on TOU (before taxes)	\$129.09	\$130.18	\$1.09
HST	\$6.45	\$6.51	\$0.06
Total Bill on Time of Use	\$135.54	\$136.69	\$1.15

How Much Will the Monthly Bill Increase?

Commercial (2,000 kWh)	Current	Proposed	\$ Change
RSL Charges	\$48.92	\$54.81	\$5.89
Other Distribution Charges		\$2.80	\$2.80
Sub-Total	\$48.92	\$57.61	\$8.69
Other Charges	\$27.07	\$22.46	\$4.61
Transmission Charges	\$27.86	\$26.70	\$1.16
Total - Delivery	\$103.85	\$106.77	\$2.92
Regulatory Charges	\$28.93	\$27.25	\$1.68
Electricity (Time of Use)	\$204.28	\$204.28	\$0.00
Total Bill on Time of Use (before taxes)	\$337.06	\$338.30	\$1.24
HST	\$16.85	\$16.92	\$0.06
Total Bill on Time of Use	\$353.91	\$355.22	\$1.30

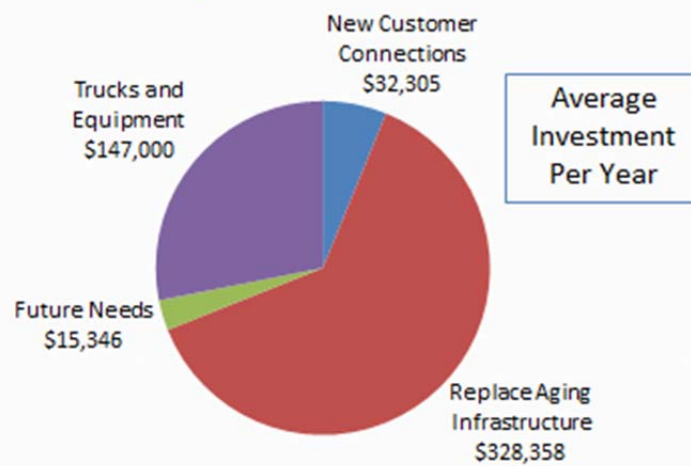
What Are RSL's Costs?

- Capital
- Operations

Capital Costs

- Replace aging poles, wires, transformers, and meters
- New customers (homes, businesses)
- Substation improvements and replacements
- Vehicles and other equipment

Where Is the \$ Invested?



2016 Capital Plan



Description	Total
Koplen 2 degree poles behind NB	6,274.00
Loyalist North side near lot from Melkio to Augusta	13,686.55
Sheldrake North side near lot from Melkio to Augusta	6,904.7
William Place small conductor #4	21,555.40
Campbell Rd Widening	41,355.24
Westport Sewage Plant	119,570.42
Miscellaneous Pole Replacements (20)	22,716.00
Miscellaneous Service Replacements	6,000.00
PCB Transformer Replacements (15)	52,374.00
Smart Meter Replacements (45)	5,625.00
Total Overhead Plant	300,455.96
MS Second Transformer - remaining work	50,000.00
MS1 - Re-stone the yard	3,000.00
Paint existing transformer	3,500.00
Re-gasket transformer	6,500.00
MS1 - Re-stone the yard	3,000.00
MS1 QJ.2 - Change barbed wire on top of fence and dog round	2,000.00
MS2 QJ.20 - Re-gasket transformer	6,500.00
MS2 QJ.20 - Paint transformer	3,500.00
Total Sub Stations	78,000.00



2017 Capital Plan



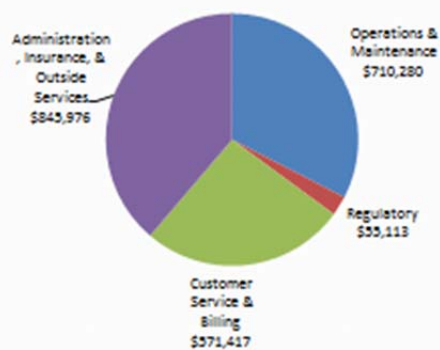
Description	Total
Orchardway Small Conductor	54,561.21
Church St North side near lot along park	70,655.40
James St E & Prince St	32,115.47
Duke St from Park to Linda Place	24,309.32
Miscellaneous Pole Replacements (5)	11,358.00
Miscellaneous Service Replacements	8,000.00
PCB Transformer Replacements (15)	52,374.00
Industrial Meter Replacements (3)	15,333.00
Smart Meter Replacements (45)	5,625.00
Total Overhead Plant	234,331.40
MS41 QJ.2 - Change 3 main breakers to reclosers	150,000.00
MS1 QJ.2 - Change 46kv dead ends to polymer type	4,500.00
Total Sub Stations	154,500.00



Operations

- Distribution System Maintenance
- Billing and Collecting
- Customer Service
- Administration/Regulatory

What Are RSL's Operating Costs?



Reasons for Cost Increases

- Inflation/Cost of Living Increases
- New mandated costs:
 - Smart meters and electronic meter reading
 - Customer Satisfaction Surveys
 - Safety Awareness Surveys
 - Monthly Billing
- Increased Capital Spending:
 - Replacement of 2001 Digger Truck
 - Backup transformer for the substation in Iroquois
 - Aging pole and wire replacements

Customer Input to the Application

- Two open house meetings
 - May 2016 – 3 customers
 - December 2016 – 4 customers
- Result: few comments, general satisfaction with the Capital plan.

Customer Input to the Application

- Customer Satisfaction Survey
 - Conducted in April 2015
 - Over 400 responses (7% of our customers - statistically valid)
- Result: Support proactive replacement of aging equipment
- 80% confidence in RSL judgement for prioritizing investments

Customer Input to the Application

- Customers are unwilling to pay more for:
 - Outage management system
 - Website/self-service enhancements
 - Conservation education
 - Electric safety education
 - Extended office hours

Customer Input to the Application

- Meetings with Municipal Councils
 - Regional planning coordination
 - Conservation programs
- Meetings with large customers
 - Conservation programs
 - Meetings with CHEC Roving Energy Manager

Customer Input to the Application

- Daily interactions between customers and RSL staff.
 - Local access
 - Exchange of information – local development
 - Questions about energy consumption
 - Feedback on bill cost

Without this increase, we face:

- Lack of investment in infrastructure leading to greater costs in the future
- Potential reduction in reliability of the system
- Potential safety concerns
- Continued financial challenges

Scorecard - Rideau St. Lawrence Distribution Inc. 3/20/2014

Performance Outcomes	Performance Categories	Measures	2011	2012	2013	2014	2015	Trend	Target	
									Industry	Contributor
Customer Focus Services are provided to a customer that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	100.00%	99.20%	98.50%	97.40%	100.00%	📈	95.00%	95.00%
		Scheduled Appointments Met On Time	98.20%	98.80%	98.10%	98.50%	98.20%	📈	95.00%	95.00%
		Telephone Calls Answered On Time	97.10%	98.30%	98.30%	98.30%	92.80%	📉	85.00%	85.00%
	Customer Satisfaction	First Contact Resolution				99%	99%	📈	98.00%	98.00%
		Billing Accuracy				98.08%	98.55%	📈	98.00%	98.00%
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved, and distribution system is secure, reliable and worthy of public investment.	Safety	Level of Compliance with Ontario Regulation 220/4		C	C	C	C	📈	C	C
		Serious Electrical Incident Index	0	0	0	0	0	📈	0	0
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ¹	0.88	0.48	0.42	0.30	1.17	📉	0.91	0.91
		Average Number of Times that Power to a Customer is Interrupted ¹	0.05	0.17	0.24	0.14	0.20	📉	0.10	0.10
	Asset Management	Distribution System Plan Implementation Progress				79%	82%	📈	80%	80%
		Efficiency Assessment		3	3	3	3	📈	3	3
	Cost Control	Total Cost per Customer ²	\$403	\$417	\$469	\$508	\$548	📈	\$500	\$500
		Total Cost per Km of Line ³	\$27,817	\$27,152	\$27,852	\$28,349	\$30,359	📈	\$28,000	\$28,000
Public Policy Requirements Distribution's dollar on compliance mandated by government (e.g., to regulation and regulatory requirements imposed further to Ministerial directives by the Board).	Compliance & Demand Management	Renewable Generation Connection Impact Assessments Completed On Time						📈	100.00%	100.00%
		New Micro-embedded Generation Facilities Connected On Time				100.00%		📈	90.00%	90.00%
Financial Performance Financial stability is maintained, and savings from operational effectiveness are maximized.	Financial Ratios	Liquidity - Current Ratio (Current Assets/Current Liabilities)	1.40	0.98	1.20	1.08	0.88	📉	1.00	1.00
		Leverage - Total Debt (includes short-term and long-term debt) to Equity Ratio	0.82	0.87	0.58	0.52	0.45	📈	0.50	0.50
		Profitability - Regulatory Return on Equity	Deemed (included in index)	8.57%	9.12%	9.12%	9.12%	9.12%	📈	8.00%
		Actual	2.04%	4.47%	12.10%	8.76%	4.97%	📈	8.00%	8.00%

1. Compliance with Ontario Regulation 220/4 assessed: Compliant (C), Needs Improvement (NI) or Non-Compliant (NC).
2. The metric value (dollar) is based on the comparison of the current 5-year rolling average to the best 5-year (2010 to 2014) average distribution-specific target on the right. An upward arrow indicates decreasing industry-wide demand reduction-improving reliability.
3. A benchmarking analysis determines the cost per km figure from the distributor's reported information.
4. The O&M measure is based on the new 2013-2020 Consumption Free Framework. This measure is under review and subject to change in the future.


Legend: 📈 Same trend, 📉 Down, 📊 Not, 📈 Target met, 📉 Target not met

Scorecard Highlights

- All OEB Service Quality Measures have been consistently exceeded.
- Fully compliant with ESA Safety requirements and Zero Serious Public Safety Incidents in last 5 years.
- Cost per customer and per km. of line has increased (increase in costs combined with virtually unchanged number of customers).

Reporting on Progress

- Website – www.rslu.ca
- Twitter – @RideauStLawrenc
- Information sessions and direct communications



Feedback & Discussion

SCHEDULE C
CUSTOMER PRESENTATION
RIDEAU ST. LAWRENCE DISTRIBUTION INC.
EB-2015-0100
JANUARY 16, 2017

PRESENTATION TO THE ONTARIO ENERGY BOARD...JAN 16 / 2017

RIDEAU ST. LAWRENCE Distribution Inc. (RSL) has applied to the Ontario Energy Board (OEB) for a modest increase of approximately \$3.78 per month in their distribution rates. I am here to support the RSL application even though increases in Hydro Bills may be a very unpopular position at this time. Of all the complaints that I hear from residents there is no doubt that the rising costs on electrical bills is the most serious issue facing seniors and other low income families, so why would I support this application at this time. Let me explain my position.

First and foremost it must be remembered that RSL is owned by their customers, the same folks who pay the electrical bills. RSL operates solely as an electrical DISTRIBUTION COMPANY, staffed by folks we know and who live in our communities. They purchase electricity from the Independent Electricity System Operator (IESO) at the best market price available for the time and day and distribute the power to their customers in South Dundas, Cardinal, Prescott and Westport over lines and poles and through electrical substations and household meters which they own and must maintain.

My township, The Township of Edwardsburgh Cardinal, owns 11.92% of the shares of RSL and has appointed Mr Don Gibson, a very knowledgeable and experienced businessman with many years of experience at electrical utilities, to represent us on the Board of Directors of RSL. However I personally have attended every Annual General Meeting of the company for the past ten years where I have taken the opportunity to study the financial statements of the company, speak directly to the Auditor, ask many probing questions about the business operations and the financial position of the company and thus satisfy myself that the company is operated effectively and efficiently and in the best interests of its customers and shareholders.

As the 11.92% shareholder of RSL, the Township of Edwardsburgh Cardinal receives an annual dividend , (in 2016 the amount of \$19,077) which our Council places in a special Reserve Account to be used to support expenditures in the Village of Cardinal, the original owner of that local utility.

Additionally our township loaned RSL the sum of \$225,000 to be used as Operating Capital when it was first being formed by the amalgamation of the four former local utilities. In 2015 this loan paid our township an annual interest payment of \$9,922 ,at an interest rate 4.41% , which we use to defray taxes throughout the entire township.

Not only do our residents benefit from the dividend and interest payments. It has been calculated that in 2015 they also enjoyed direct savings on their electrical bills of \$20.00 per month compared to Ontario Hydro customers using the same amount of electricity, while also enjoying the distinct advantage of superior customer service at the counter or over the phone where we have direct interface with folks we know who are attentive to our problems and

complaints.

In summary, I believe that RSL provides a valuable local electrical distribution system which operates in the best interests of its customers and owners and since we have a high degree of confidence in the Management and the Board of Directors I know that they would not be requesting an increase of their distribution rates unless they felt it absolutely necessary and in the best interest of the company, its shareholders and customers.

As the owners of RSL we understand that it is in our best interests to keep the company in a sound financial position to avoid business failure which would place us at the mercy of Hydro One and therefore we support the application presently before the Board.

Pat Sayeau, Mayor

Township of Edwardsburgh Cardinal