



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

OEB STAFF SUMMARY OF COMMUNITY MEETING

EB-2017-0032

**Centre Wellington Hydro Ltd.
Application for 2018 Rates**

October 6, 2017

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1 INTRODUCTION

Centre Wellington Hydro Ltd (Centre Wellington Hydro) filed a completed cost of service application with the Ontario Energy Board (OEB) on June 20, 2017 seeking approval for changes to the rates that Centre Wellington Hydro charges for electricity distribution, to be effective January 1, 2018. For a typical residential customer beginning January 1, 2018, the proposed increase is \$2.55 per month.

A Notice of Hearing was issued on July 27, 2017.

Further to the Notice of Hearing, the OEB hosted one community meeting on September 21, 2017 in Fergus, Ontario regarding Centre Wellington Hydro's 2018 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 Centre Wellington Hydro 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 Centre Wellington Hydro'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 Centre Wellington Hydro meeting was held at the Centre Wellington Community Sportsplex in Fergus, Ontario on September 21, 2017 from 6:00 p.m. to 8:30 p.m. Approximately 19 customers attended the meeting to hear presentations from OEB staff and Centre Wellington Hydro. Prior to the presentations, OEB staff and Centre Wellington Hydro staff were available to informally talk to attendees and answer questions. OEB and Centre Wellington Hydro representatives responded to questions from attendees during and following the presentations.

The following OEB staff and Centre Wellington Hydro representatives attended the meeting:

OEB Staff

Lynn Ramsay, Senior Advisor, Community Relations and Outreach
Mandy Usprech, Advisor, Community Relations and Outreach
Michael Millar, Counsel, Legal Services
Donald Lau, Project Advisor, Major Applications

Centre Wellington Hydro

Wayne Dyce, President
Florence Thiessen, Vice President, Finance / Regulatory
Heather Dowling, Manager, Finance/Regulatory
Pat Kelly, Manager, Customer Service
Carm Stefanelli, Operations Manager

The OEB and Centre Wellington Hydro presented at the meeting. There was one customer presentation at the meeting. The consumer presentation is attached to this report as Schedule C.

Meeting participants had questions related to the financial structure of Centre Wellington Hydro, justification for increase in rates, and other line items on the bill, such as generation and transmission costs. Consumers questioned the provincial business model on power generation, specifically about generation and the export of power. They compared the decrease of natural gas bills to the increase of electricity bills. Consumers also asked how Centre Wellington Hydro takes into consideration increases in population and how the new infrastructure required to service subdivisions affect rates.

Specific Concerns Raised

- Capital Plans – The utility's needs over the next five years to justify this rate increase
- Wages – Questions regarding wages and percentage of rate increase due to administrative costs
- Profit – Questions on the profit margin, who receives the profit, and has a non-profit organization been considered
- Rate Design – Questions on cost allocation and capital contributions for new subdivision developments

SCHEDULE A
ONTARIO ENERGY BOARD PRESENTATION
CENTRE WELLINGTON HYDRO LTD.
EB-2017-0032
OCTOBER 6, 2017



Getting Involved in OEB's Review of Centre Wellington Hydro's Rate Application

OEB Community Meeting

September 21, 2017

Every Voice Matters

- The OEB wants to hear from you to ensure we take your concerns into account as we make a decision about this application.
- OEB Community Meetings are held to give you an opportunity to:
 - Learn more about your utility's costs and rate application
 - Find out how to get involved in the OEB's process
 - Provide your comments to us about your utility's application.



September 21, 2017

Ontario Energy Board

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OEB – Regulating Ontario’s Energy Sector

- The OEB is Ontario's independent energy regulator. We work to ensure a sustainable, reliable energy sector that helps consumers get value from their natural gas and electricity services – for today and tomorrow.

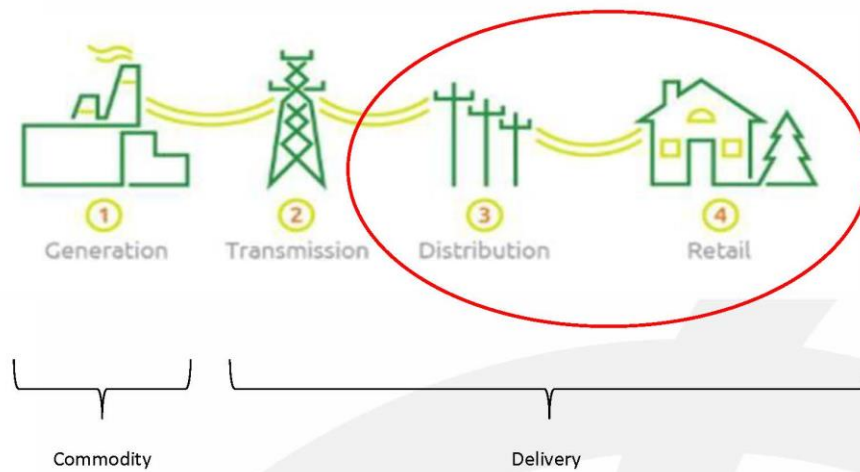


September 21, 2017

Ontario Energy Board

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Reviewing Distribution Rates



September 21, 2017

Ontario Energy Board

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Ontario's Fair Hydro Plan

- The *Fair Hydro Act, 2017* came into effect on June 1, 2017.
- This Act, together with proposed new regulations, will enable the government to move forward with initiatives that it has stated will:
 - Lower electricity bills by 25% on average for all residential customers and hundreds of small business and farms
 - Hold increases to the rate of inflation for four years
 - Provide additional electricity bill relief for:
 - residential customers in rural and remote areas
 - on-reserve First Nations residential customers
 - Fund electricity-related programs such as OESP through taxes



September 21, 2017

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Delivering Value – Ensuring Reliability

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

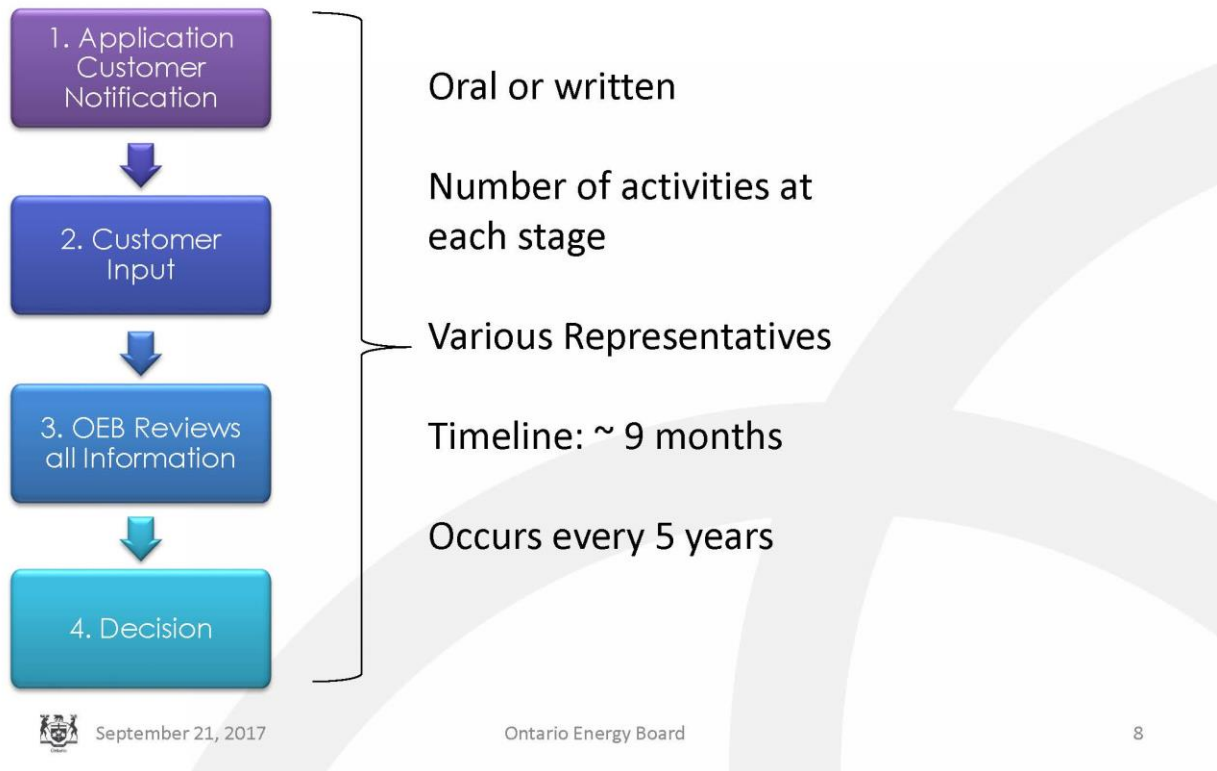


September 21, 2017

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Be Heard in the OEB's Process



Be Heard in the OEB's Process



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*



September 21, 2017

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Your Voice Matters – Thank You

Visit our website

416-314-2455
Toll Free 1-877-632-2727

www.oeb.ca

Twitter: @OntEnergyBoard

Ontario Energy Board, 2300 Yonge Street,
Suite 2701, Toronto, Ontario M4P 1E4

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SCHEDULE B
CENTRE WELLINGTON HYDRO LTD. PRESENTATION
CENTRE WELLINGTON HYDRO LTD.
EB-2017-0032
OCTOBER 6, 2017

ONTARIO ENERGY BOARD (OEB) COMMUNITY MEETING



WELCOME

1



Centre Wellington Hydro is a Local Distribution Company (LDC) wholly owned by the Township (you the tax payer). Our Service Territory is the town of Fergus and Elora. We own and operate the following major assets and more.

- | | |
|-----------------------------------|--------------------------------------|
| - 7,000 meters/customers | - 6 Distribution stations |
| - 91 Kilometers of overhead lines | - 70 kilometers of underground lines |
| - 489 Underground transformers | - 314 Overhead transformers |
| - Service centre and admin office | - 3,000 Poles |

DISTRIBUTION RATE SETTING



CW Hydro filed a **rate application** with the **Ontario Energy Board (OEB)** on May 1, 2017.

In the application, CW Hydro explained its plan for capital investment into the distribution system, operations and maintenance needs, as well as administration including finance and billing requirements.

It is **CW Hydro's goal to continue providing the high level of service you receive today**, with excellent system reliability, safety and customer satisfaction.

We used **your feedback, including priorities** from Customer Satisfaction Surveys, a Commercial and Industrial specific meeting and a Residential open house meeting prior to filing to determine the direction we take with our System planning.

The OEB will assess CW Hydro's Rate Application which will include your feedback to determine **CWH Distribution charges from 2018 – 2022**.

3



**CENTRE WELLINGTON HYDRO IS MEETING INDUSTRY TARGETS YEAR
OVER YEAR AS SEEN ON THE MOST RECENT 2016 SCORECARD.**



Scorecard - Centre Wellington Hydro Ltd.

Performance Outcomes	Performance Categories	Measures	2012	2013	2014	2015	2016	Trend	Target	Industry	Distributor
Customer Focus Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	100.00%	100.00%	96.60%	97.90%	99.30%	⬆	90.00%		
		Scheduled Appointments Met On Time	97.60%	99.40%	91.70%	97.60%	98.90%	⬆	90.00%		
	Customer Satisfaction	Telephone Calls Answered On Time	99.80%	99.90%	99.70%	99.60%	99.30%	⬆	65.00%		
		First Contact Resolution				0.5%	.003				
		Billing Accuracy			99.99%	99.98%	99.99%	⬆	98.00%		
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Customer Satisfaction Survey Results			A	A	77.3				
		Level of Public Awareness				84.10%	84.10%	⬆			
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C	⬆			C
	System Reliability	Serious Electrical Incident Index	0	0	0	0	0	⬆			0
		Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.000	0.000	⬆			0.000
		Average Number of Hours that Power to a Customer is Interrupted ²	0.26	2.87	0.02	0.14	0.10	⬆			0.89
	Asset Management	Average Number of Times that Power to a Customer is Interrupted ²	0.74	0.89	0.08	0.06	0.11	⬆			0.66
		Distribution System Plan Implementation Progress			80	89	86.36				
Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	Cost Control	Efficiency Assessment	3	3	3	3	3				
		Total Cost per Customer ³	\$599	\$614	\$617	\$654	\$677				
	Conservation & Demand Management	Total Cost per Km of Line ³	\$26,707	\$27,271	\$27,509	\$29,247	\$30,086				
		Net Cumulative Energy Savings ⁴				18.11%	37.11%				8.73 GWh
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time	100.00%	100.00%		100.00%					
Financial Performance Financial viability is maintained, and savings from operational effectiveness are sustainable.	Financial Ratios	New Micro-embedded Generation Facilities Connected On Time		100.00%	100.00%	100.00%	100.00%	⬆	90.00%		
		Liquidity: Current Ratio (Current Assets/Current Liabilities)	2.14	2.08	1.70	2.26	1.76				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.74	0.89	0.98	1.16	1.16				
		Profitability: Regulatory Return on Equity	8.01%	8.98%	8.98%	8.98%	8.98%				
		Deemed (included in rates) Achieved	2.99%	10.40%	10.96%	8.13%	4.01%				

¹ Compliance with Ontario Regulation 22/04 assessed: Compliant (C), Needs Improvement (NI), or Non-Compliant (NC).

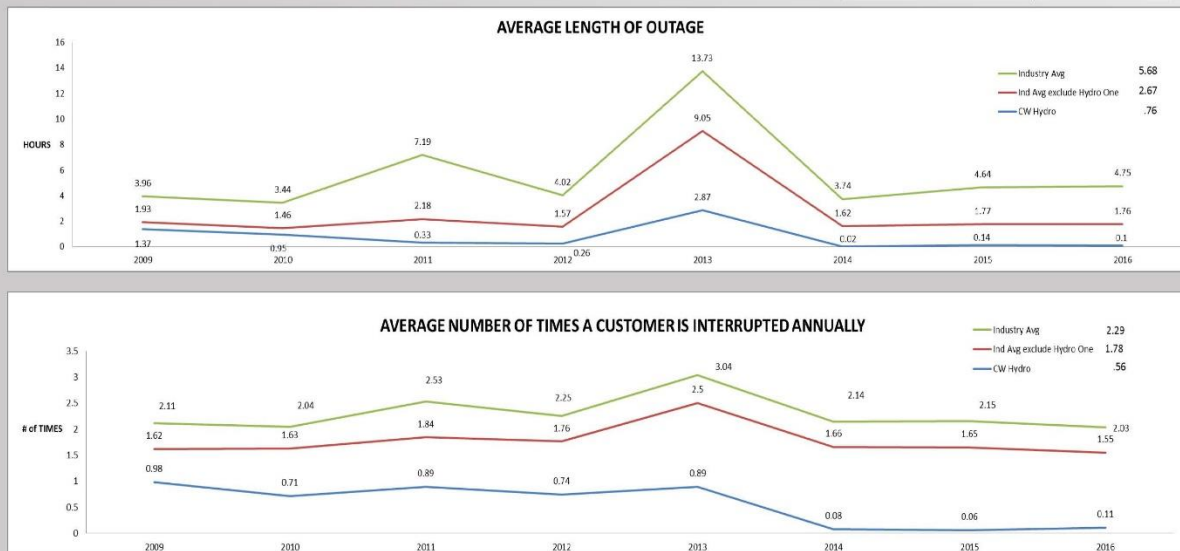
² The trend's arrow direction is based on the comparison of the current 5-year rolling average to the fixed 5-year (2010 to 2014) average distributor-specific target on the right. An upward arrow indicates decreasing reliability while downward indicates improving reliability.

³ A benchmarking analysis determines the total cost figures from the distributor's reported information.

⁴ The CDM measure is based on the new 2015-2020 Conservation First Framework.

Legend: 5-year trend
⬆ up ⬇ down ⬆ flat
Current year
● target met ● target not met

RELIABILITY

CWH CUSTOMERS PRIORITIES
FOR INVESTMENTS

- ❖ Customer priorities in black
 - ❖ CWH actions towards coinciding customer priorities
1. MAINTAIN AND UPGRADE EQUIPMENT
 - ❖ CWH uses over 60% of rates for maintaining and upgrading the Distribution System
 2. REDUCE TIME NEEDED TO RESTORE POWER
 - ❖ CWH installed automated equipment in all Stations between 2012 and 2017 to reduce outage times
 3. EDUCATION ABOUT ENERGY CONSERVATION
 - ❖ CWH one of only six Utilities (of >70) to meet provincial conservation targets thanks to customers involvement
 4. INVEST IN THE ELECTRIC GRID TO REDUCE NUMBER OF OUTAGES
 - ❖ CWH invested \$10M from 2012 to 2017 to rebuild six Stations to reduce outages
 5. INVEST IN TREE TRIMMING
 - ❖ CWH has a proactive two year tree trimming cycle and uses contractors during high growth years, when required.
 6. BURYING OVERHEAD WIRES
 - ❖ CWH works closely with the Municipality and other Utilities to rebuild infrastructure in a joint effort to reduce costs and go underground if viable.

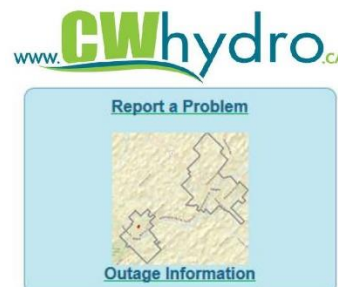
IMPROVING CUSTOMER EXPERIENCE

CWH has implemented changes to the way we deal with outages:

- ❖ CWH now posts outage information on the website, including the area affected, cause and estimated time of restoration. If it is a planned outage, the start time will be indicated.

This map is also interactive and customers can report problems such as street light problems or tree limbs close to wires. Staff review the map daily and generate the required work orders.

* Note – this site is not to be used to report emergencies or outages.



CWH has an arrangement with our local radio station, 101.1 FM The Grand, to communicate, on air, periodic updates during outages and emergencies, as well as post these updates on their Facebook and Twitter feeds.

CWH switched to a 24 hour call centre. Customers can now speak directly to a customer service representative 24/7.



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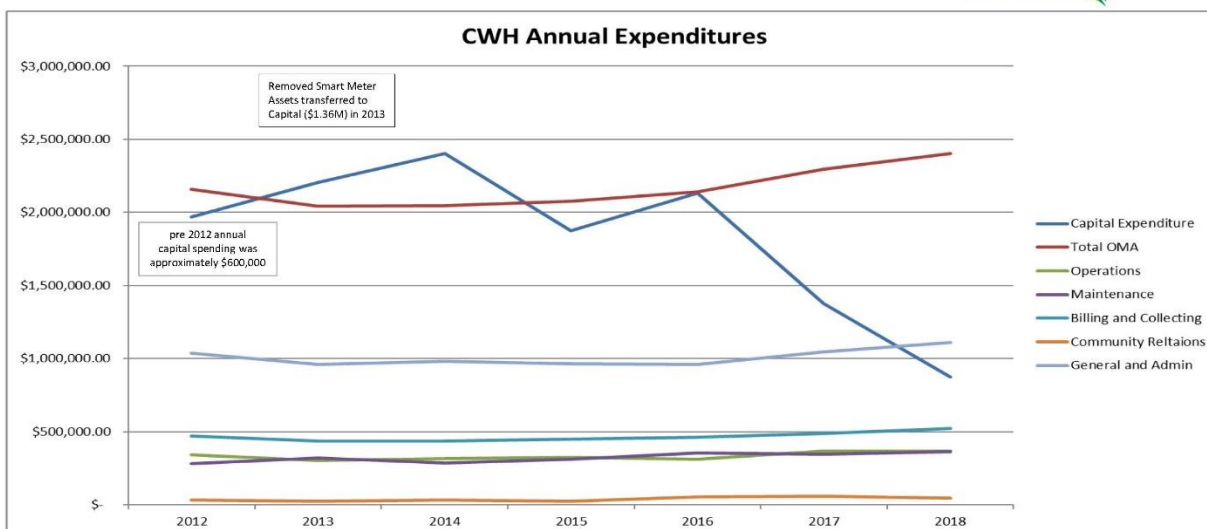
Centre Wellington Hydro 2018 to 2022 Planning



- CWH is at the end of a four year OEB approved Cost of Service term that saw aggressive capital expenditures of \$10M or on average \$2.5M annual investment, primarily into rebuilding stations. OM&A spending was just over \$2M annually.
- CWH's future capital projects and maintenance needs are addressed in a Distribution System Plan (DSP) which takes into account the condition of assets and prioritising their replacement. As well as maintenance requirements to ensure poles, transformers, wires etc. are being utilised to their full advantage.
- Preliminary budgets indicate that an annual Capital budget of approximately \$850K will be required for CWH to meet mandatory obligations and execute the DSP.

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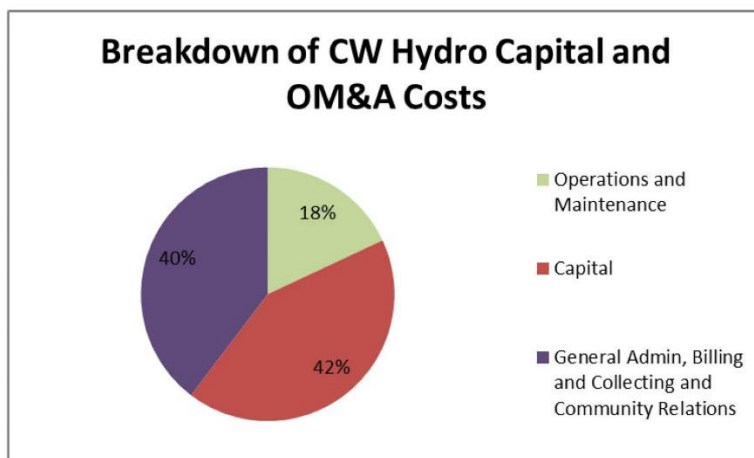
CWH Annual Expenditures



Capital spending will decline in 2018 after major capital expenditures towards stations were completed from 2012 to 2017.

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What do distribution rates pay for?

Capital

Rebuilding stations, pole lines and replacing underground and overhead transformers, burying overhead wires

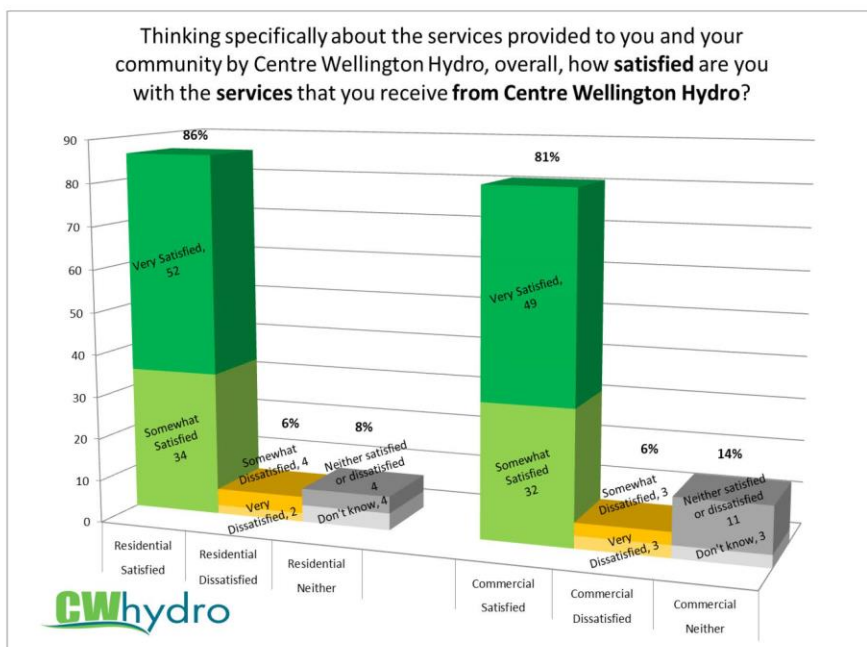
Operations and Maintenance

Restoring power during storms, tree trimming program, painting transformers, switch maintenance and meter replacements

General Administration, Billing

Includes all administrative functions, billing and collecting, finance, regulatory, records, customer service, all applicable software

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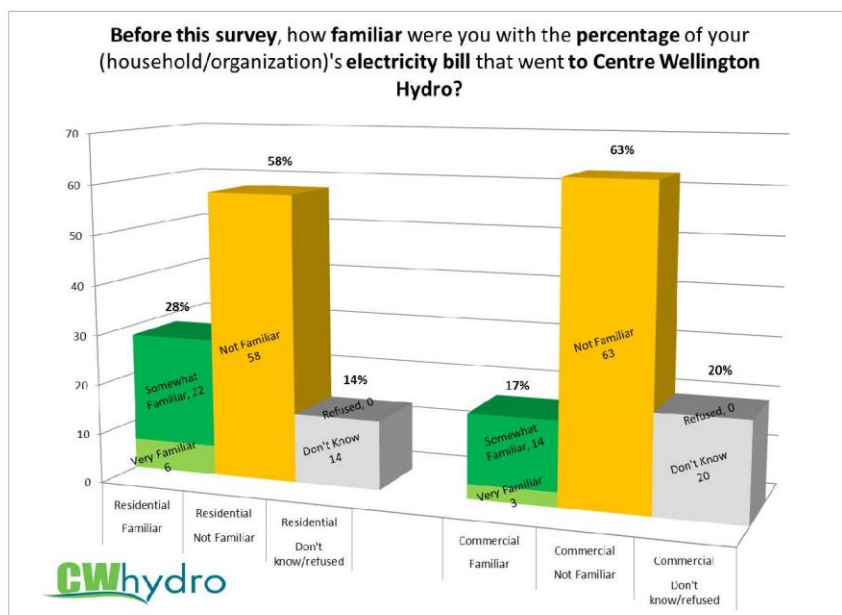


CWH 2017 CUSTOMER SATISFACTION SURVEY

When asked if satisfied with CWH's service over 80% of customers agreed.

CWH's overall customer satisfaction score for 2017 was 77.3% which was calculated using a technical process which included all questions responses.

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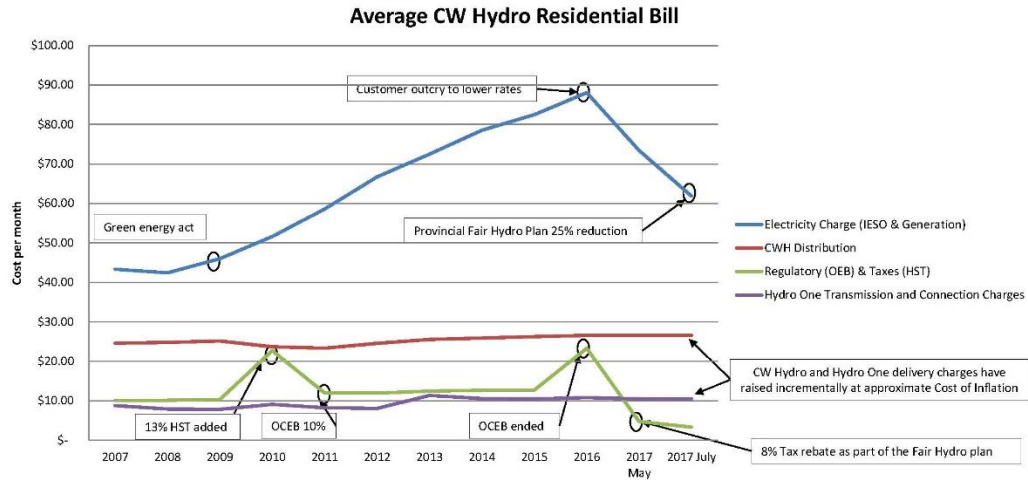
CWH 2017 CUSTOMER SATISFACTION SURVEY

Electricity bills can be hard to understand and confusing to customers.

A high number of responses indicated they aren't familiar with where their money goes and what CWH receives when paying their bill.

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Where does your money on the Hydro Bill go?



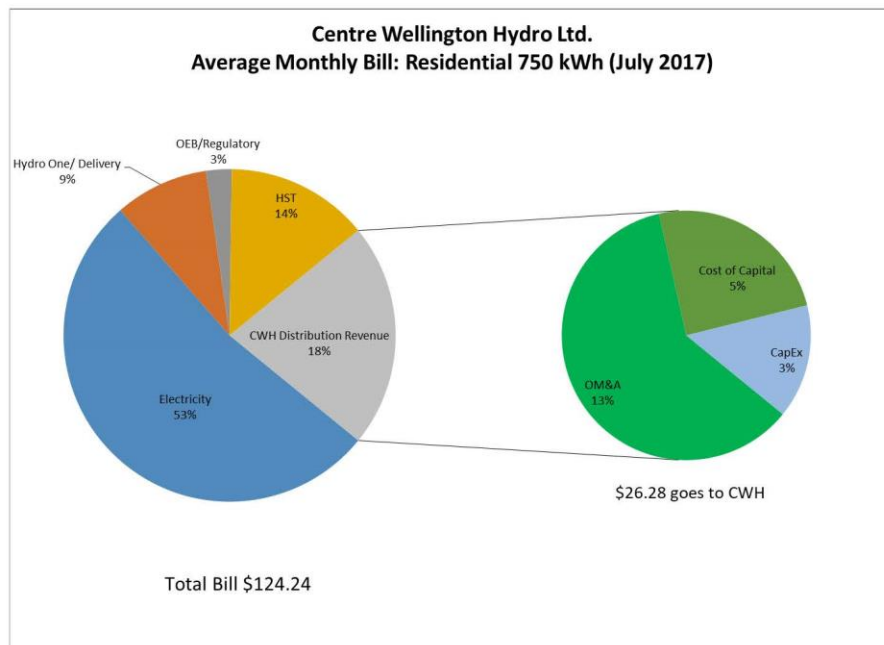
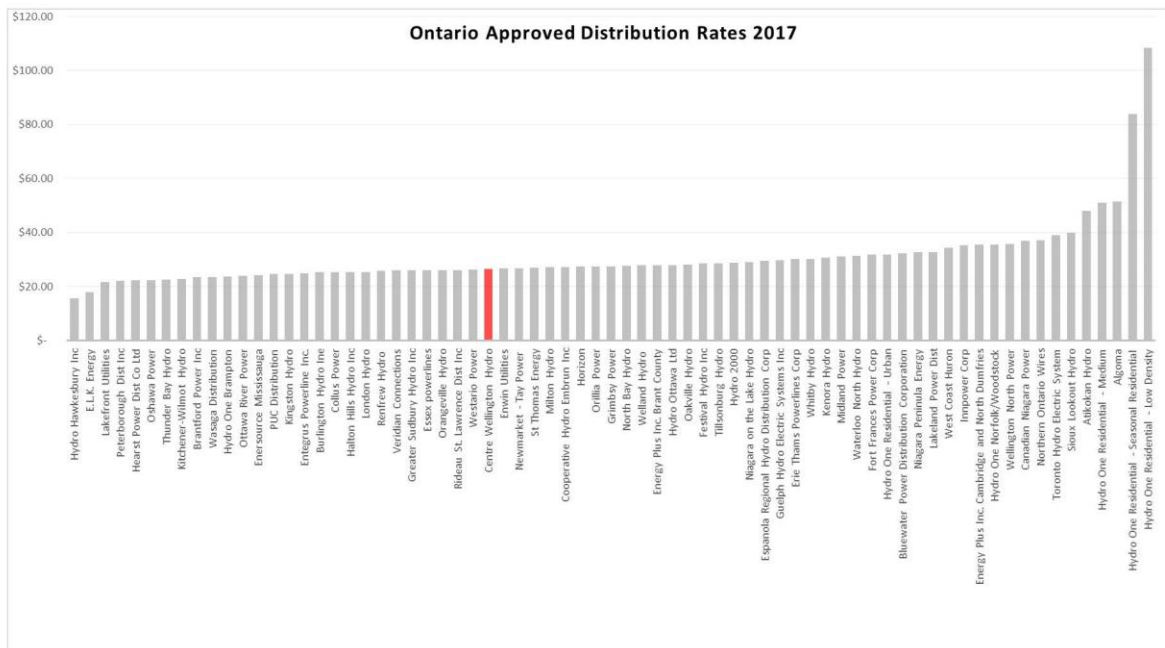
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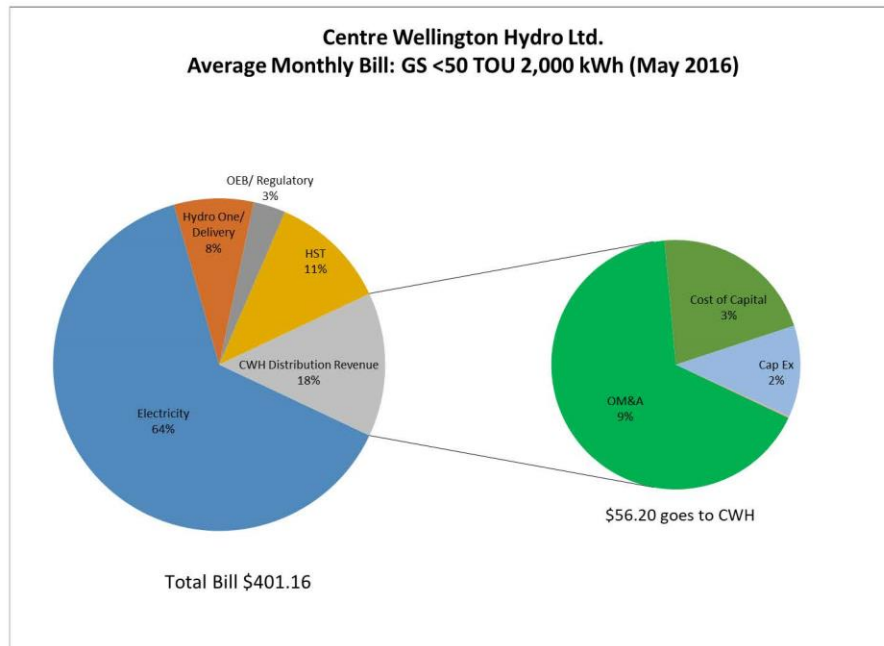
Q&A



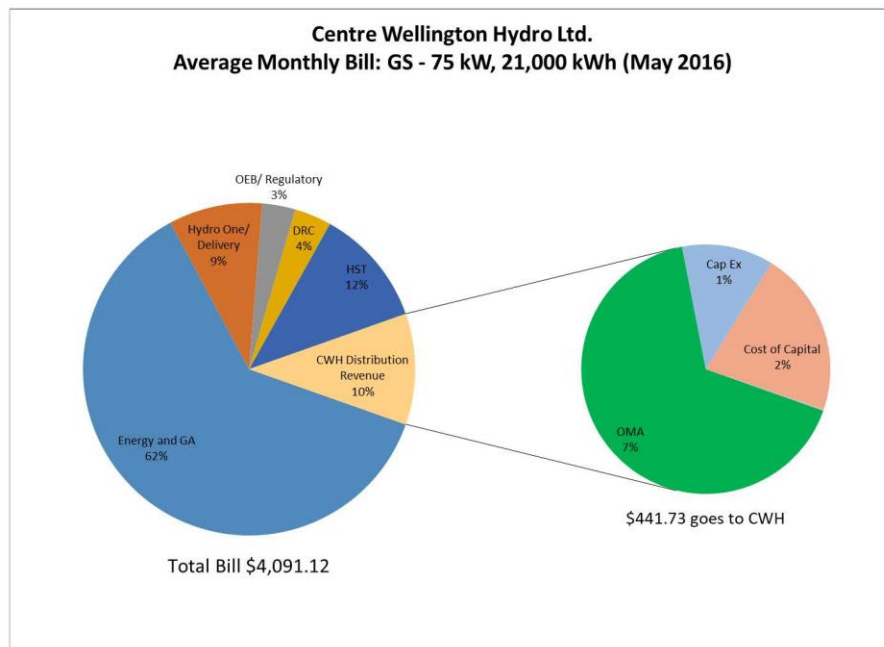
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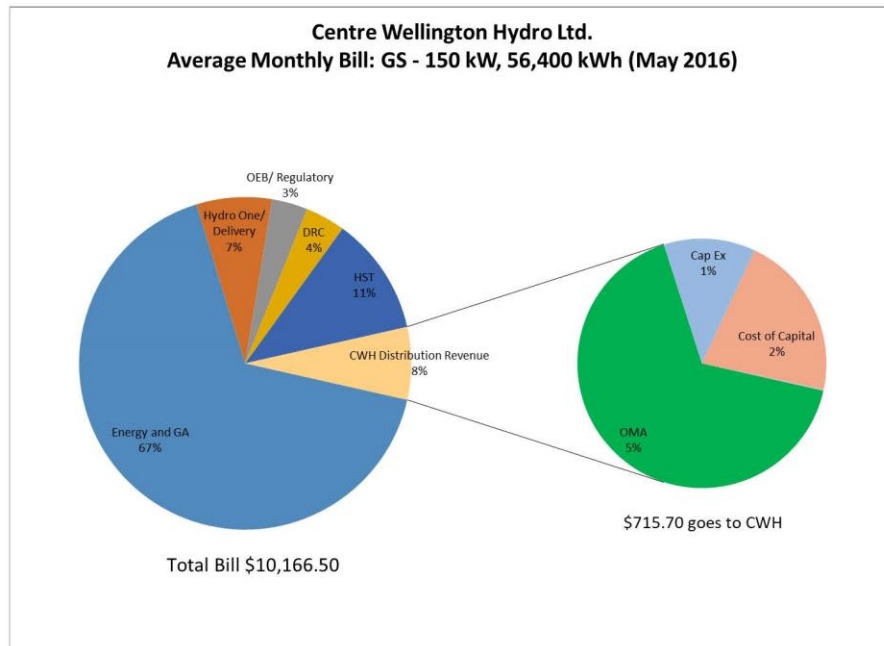
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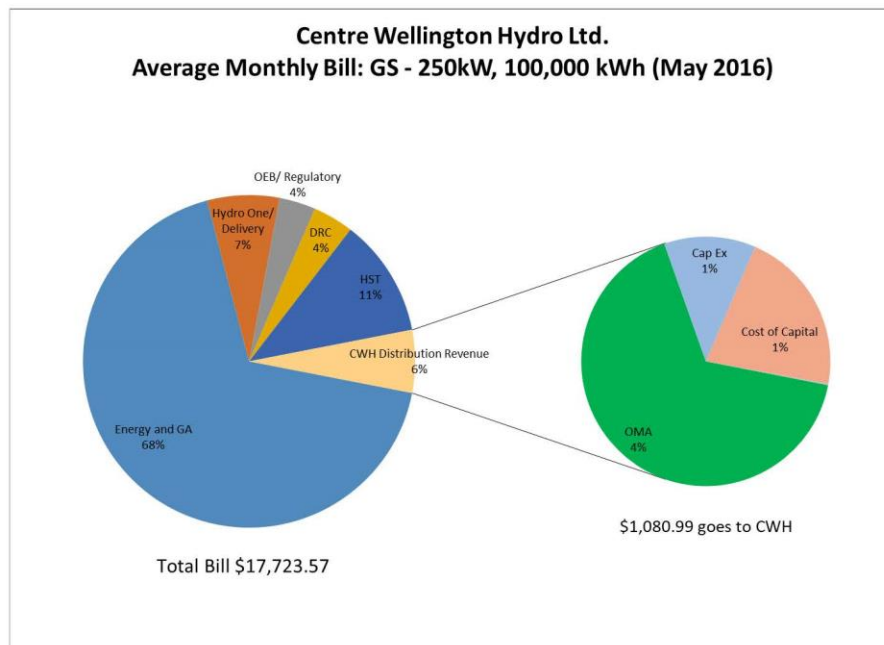
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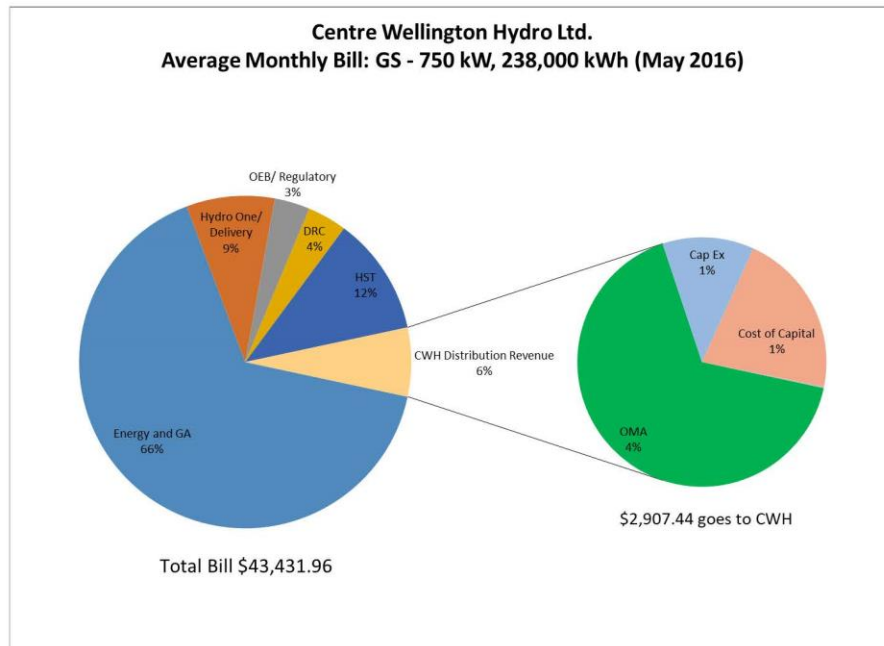
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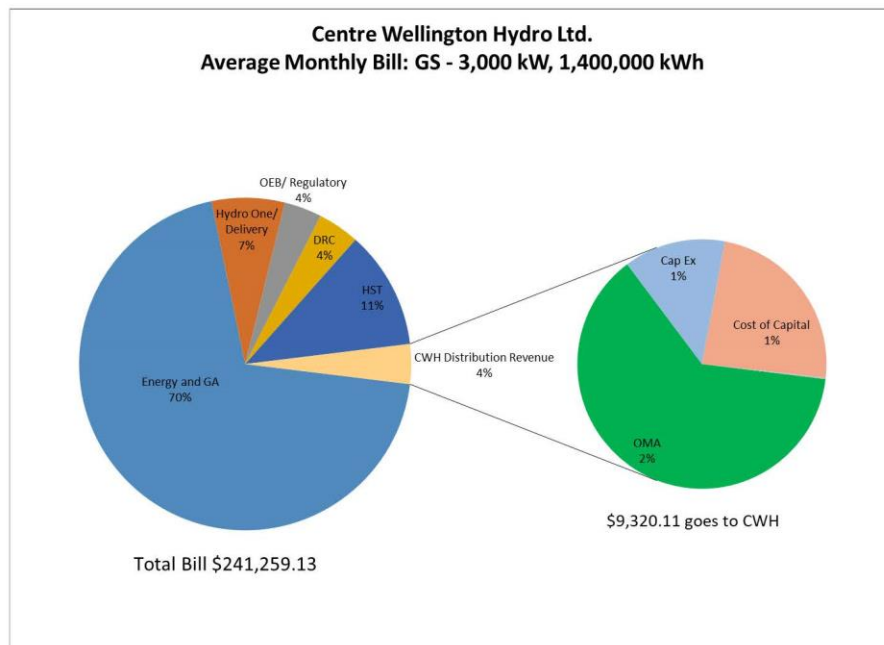
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SCHEDULE C
CONSUMER PRESENTATION
CENTRE WELLINGTON HYDRO LTD.
EB-2017-0032
OCTOBER 6, 2017



The Legal Clinic of Guelph and Wellington County is a free legal clinic funded by Legal Aid Ontario and governed by a Community Board of Directors. We are the community legal clinic for Guelph and Wellington County, including the customers of Centre Wellington Hydro and Hydro One and assist tenants with Housing and Income issues.

At the Legal Clinic of Guelph and Wellington we know that residents of Wellington County struggling to pay hydro rates. We hear about tenants falling into arrears, or being cut off all together.

We would like you to consider those in our community who are already living precariously; the working poor, and those on social assistance: Ontario Works or Ontario Disability. For many in this group costs associated with shelter make up more than 30 percent of their monthly income. Any increase to this area of their monthly budget means a decrease in other areas of spending – food, clothing, school supplies, medical supports, or what we call basic needs.

Here are some numbers to consider; the maximum shelter allowance for a single person on Ontario Disability is \$489, the maximum for a single person on Ontario Works is \$376. This means this is the maximum amount they receive monthly to cover rent and utilities. There is no money to pay increased hydro! Even many tenants who live in rent geared to income pay hydro separately and increasing hydro costs present a challenge for all tenants, especially those living in rural areas.

The rent for a one bedroom unit in this area most often exceeds \$900 a month. Hydro is typically a separate charge to the tenant. The proposed monthly increase of \$2.55 by C.W hydro may seem insignificant to some, but to those struggling to balance their shelter and basic needs the increase could mean making the decision between staying housed or not having enough for transportation or basic needs. Members of our community living at or below the poverty line will be most affected by these increases. This is not the kind of choices we want people to have to make. We at the Legal Clinic know that not having enough money leads to other problems, including impacts on health. We are calling on the Ontario Energy Board to decline this request for an increase.