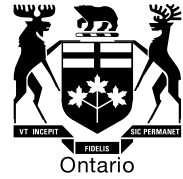


**Ontario Energy
Board**
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2300 Yonge Street
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**Commission de l'énergie
de l'Ontario**
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Toronto ON M4P 1E4
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BY E-MAIL

October 10, 2017

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Cooperative Hydro Embrun Inc.
Application for 2018 Rates
OEB File No. EB-2017-0035**

Please find attached the Summary of Community Engagement by OEB Staff for this application.

Yours truly,

Original Signed By

Georgette Vlahos
Advisor, Incentive Rate-setting & Accounting

Attachment

Encl.



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

OEB STAFF SUMMARY OF COMMUNITY MEETING

EB-2017-0035

**Cooperative Hydro Embrun Inc.
Application for 2018 Rates**

October 10, 2017

TABLE OF CONTENTS

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ATTACHMENTS

SCHEDULE A: ONTARIO ENERGY BOARD PRESENTATION

SCHEDULE B: COOPERATIVE HYDRO EMBRUN INC. PRESENTATION

SCHEDULE C: CONSUMER PRESENTATION

1 INTRODUCTION

Cooperative Hydro Embrun Inc. (Cooperative Hydro Embrun) filed a cost of service application with the Ontario Energy Board (OEB) seeking approval for changes to the rates that Cooperative Hydro Embrun charges for electricity distribution, to be effective January 1, 2018. The application was accepted by the OEB as completed on June 22, 2017. For a typical residential customer beginning January 1, 2018, the impact of the proposed increase is \$8.18 per month.

A Notice of Hearing was issued on August 11, 2017.

Further to the Notice of Hearing, the OEB hosted one community meeting on September 19, 2017 in the Town of Embrun, Ontario regarding Cooperative Hydro Embrun'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 Cooperative Hydro Embrun 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 Cooperative Hydro Embrun'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 Cooperative Hydro Embrun meeting was held at the Knights of Columbus Hall in the Town of Embrun, Ontario on September 19, 2017 from 7:00 p.m. to 9:00 p.m. Approximately 25 customers attended the meeting to hear presentations from OEB staff and Cooperative Hydro Embrun. Prior to the presentations, OEB staff and Cooperative Hydro Embrun staff were available to informally talk to attendees and answer questions. OEB and Cooperative Hydro Embrun representatives responded to questions from attendees during and following the presentations.

The following OEB staff and Cooperative Hydro Embrun representatives attended the meeting:

OEB Staff

Kristi Sebalj, Registrar
Sylvia Kovesfalvi, Manager, Community Relations and Outreach
Lynn Ramsay, Senior Advisor, Public Affairs
Mandy Usprech, Advisor, Community Outreach
Birgit Armstrong, Project Advisor, Major Applications

Cooperative Hydro Embrun

Benoit Lamarche, General Manager
Félix Lalonde, Assistant Manager
Brigitte Larocque, Administrative Coordinator
Manuela Ris-Schofield, Consultant (Tandem Energy Services)

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

Meeting participants had questions related to how costs are allocated between rate classes and Cooperative Hydro Embrun's bill impacts as compared to other utilities in the surrounding area.

Specific Concerns Raised

- Cost allocation and bill impacts - questions were raised about how bill impacts relate to the different customer classes and how customer classes are determined by the OEB. In particular, there was a question about the rate impacts to the residential customer class relative to the GS< 50kW class, where the proposed rate impacts are much lower.
- IRM formula - how are rates determined for the intervening years between cost of service applications. Consumers questioned whether a typical customer can calculate the rate increases following the cost of service year.
- Clarification on what the implications of consumption at mid-peak prices would be and TOU pricing generally.
- Questions about the impact of energy conservation on a customer's bill who falls in the middle (mid-peak) of consumption levels.
- Consumers inquired why other utilities have cheaper rates as well as higher customer satisfaction on scorecards set by the OEB.
- Questions regarding the distribution cost and why consumers who are new to the area are subject to the rate increase as well. In particular, why a new customer would be paying for new assets that are required because they are at end-of-life, when these customers did not "use" the assets.

4 COMMUNICATIONS AFTER THE OEB COMMUNITY MEETING

Following the meeting, customers that had attended the community meeting communicated with the OEB and raised the following issues:

Letter of Comment 1

- Concern was raised over the costs for the community meeting falling on consumers of Cooperative Hydro Embrun.

Letter of Comment 2

- Costs should be allocated proportionately across all rate classes so that the residential rate class does not have to bear a large portion of the increase in costs over the next few years.
- Increases for the Residential class should be in line with actual projected growth.

SCHEDULE A
ONTARIO ENERGY BOARD PRESENTATION
COOPERATIVE HYDRO EMBRUN INC.
EB-2017-0035
SEPTEMBER 19, 2017



Getting Involved In OEB's Review of Cooperative Hydro Embrun's Rate Application

OEB Community Meeting

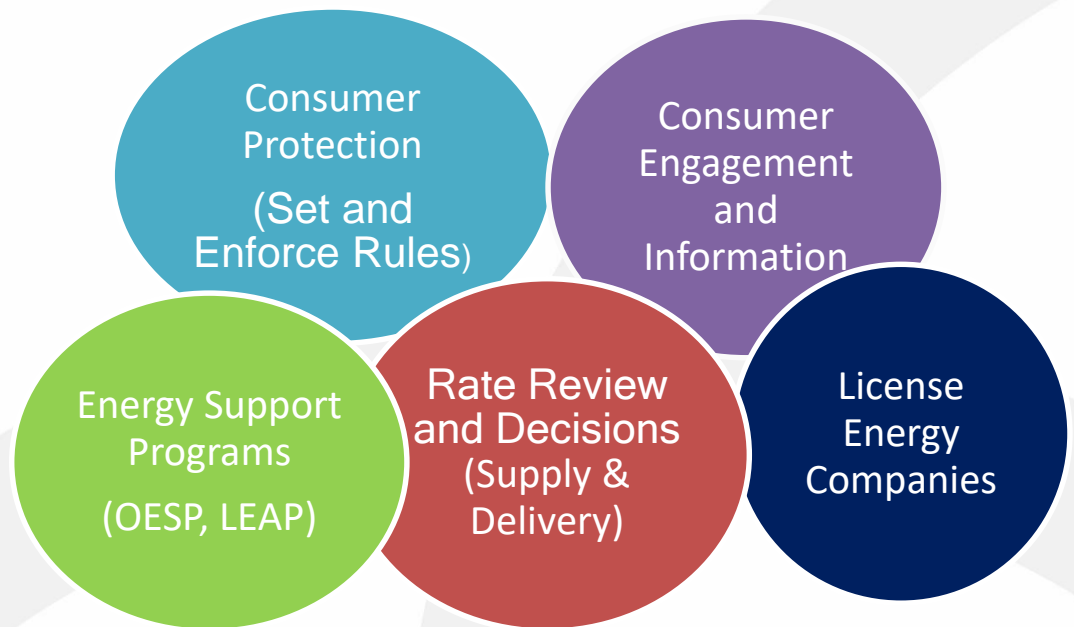
September 19, 2017

Every Voice Matters

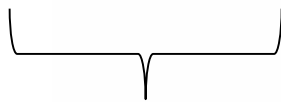
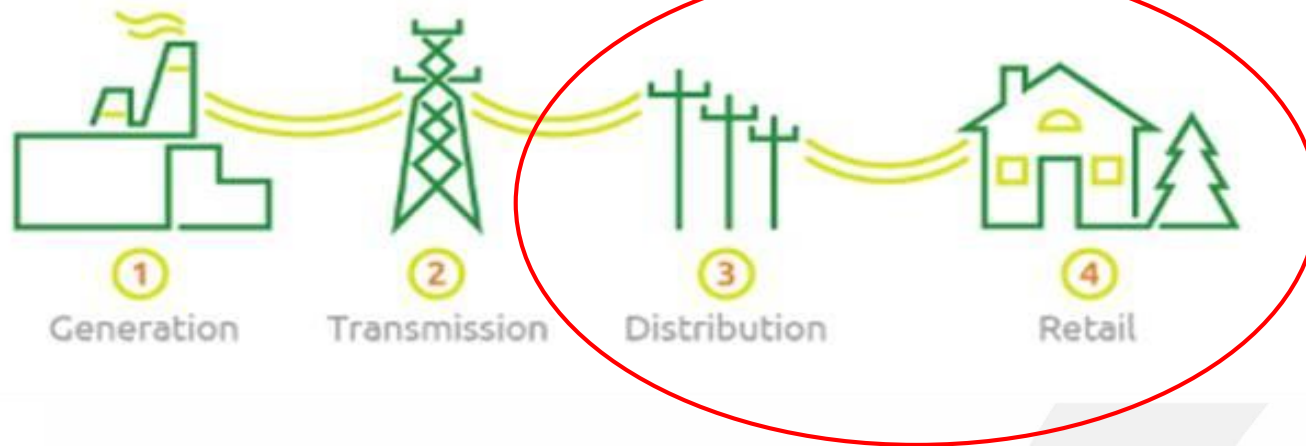
- The OEB wants to hear from you to ensure we take your concerns into account as we make a decision about this application.
- OEB Community Meetings are held to give you an opportunity to:
 - Learn more about your utility's costs and rate application
 - Find out how to get involved in the OEB's process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

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.



Reviewing Distribution Rates



Commodity



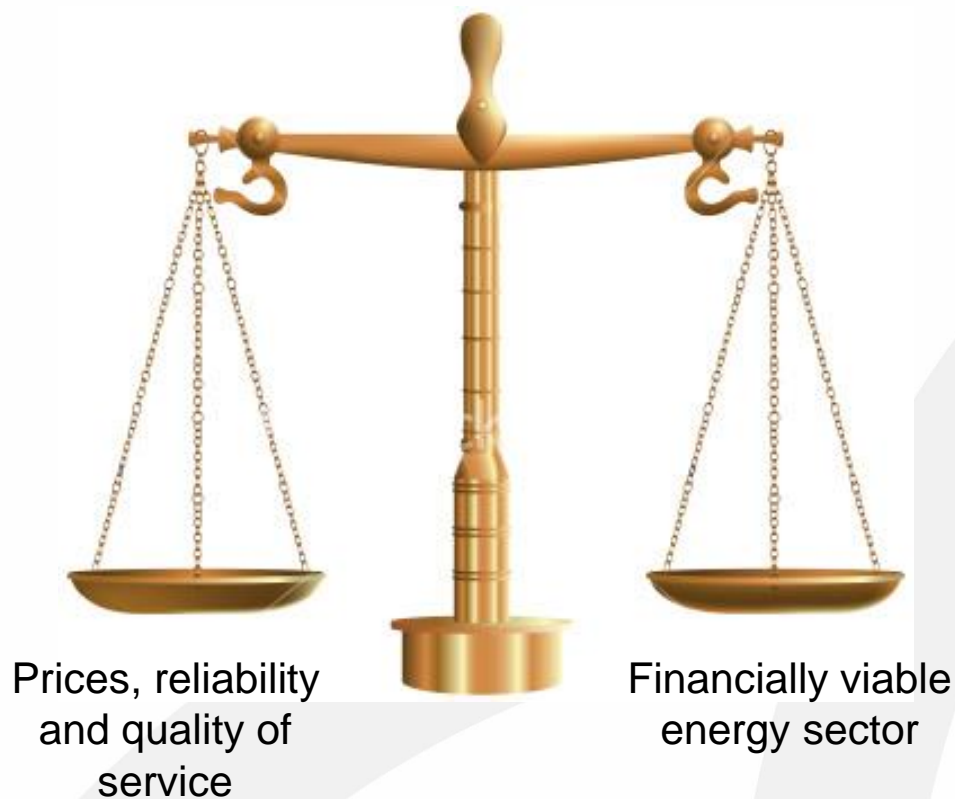
Delivery

Ontario's Fair Hydro Plan

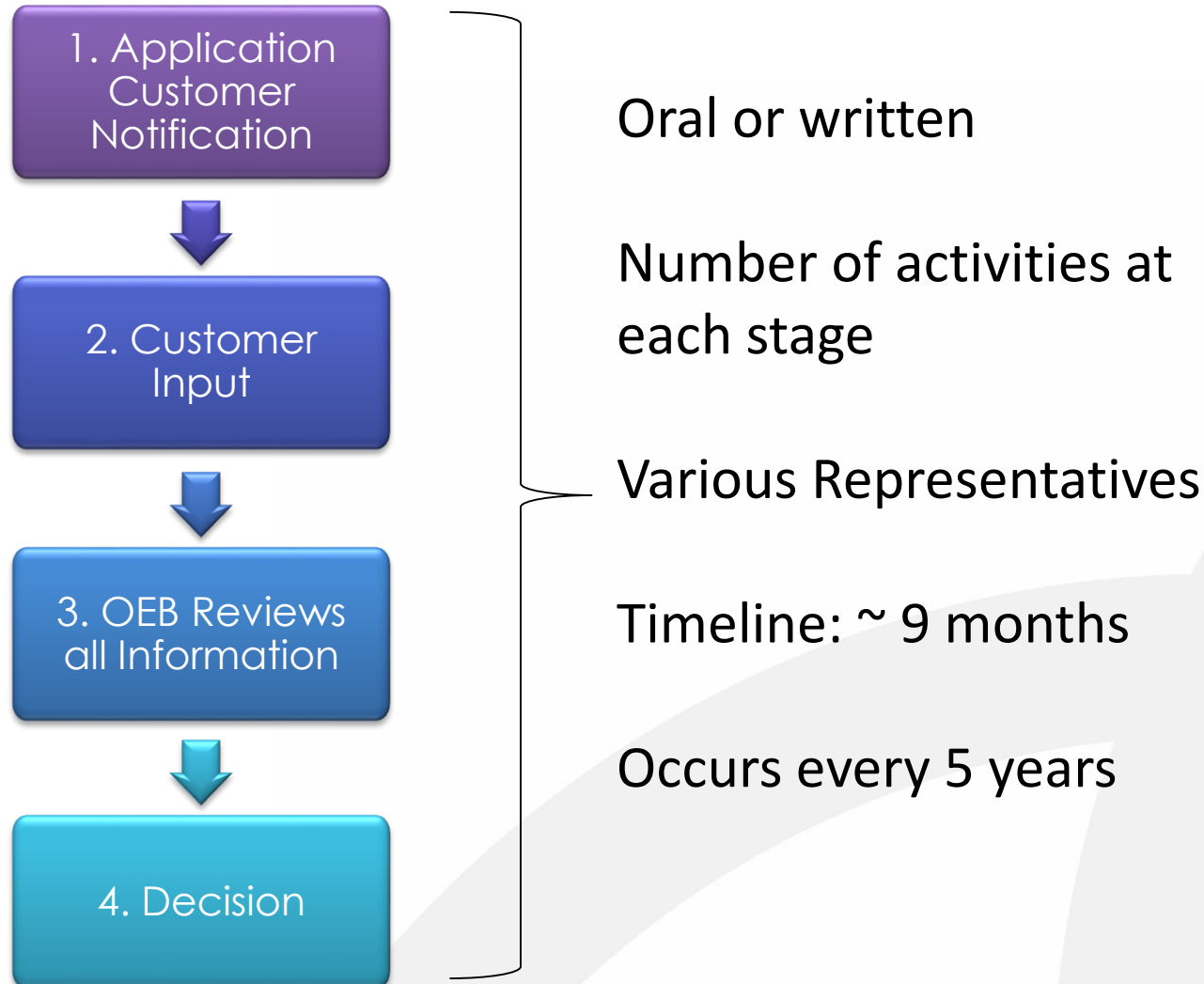
- The *Fair Hydro Act, 2017* came into effect on June 1, 2017.
- This Act, together with proposed new regulations, will enable the government to move forward with initiatives that it has stated will:
 - Lower electricity bills by 25% on average for all residential customers and hundreds of small business 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

Delivering Value – Ensuring Reliability

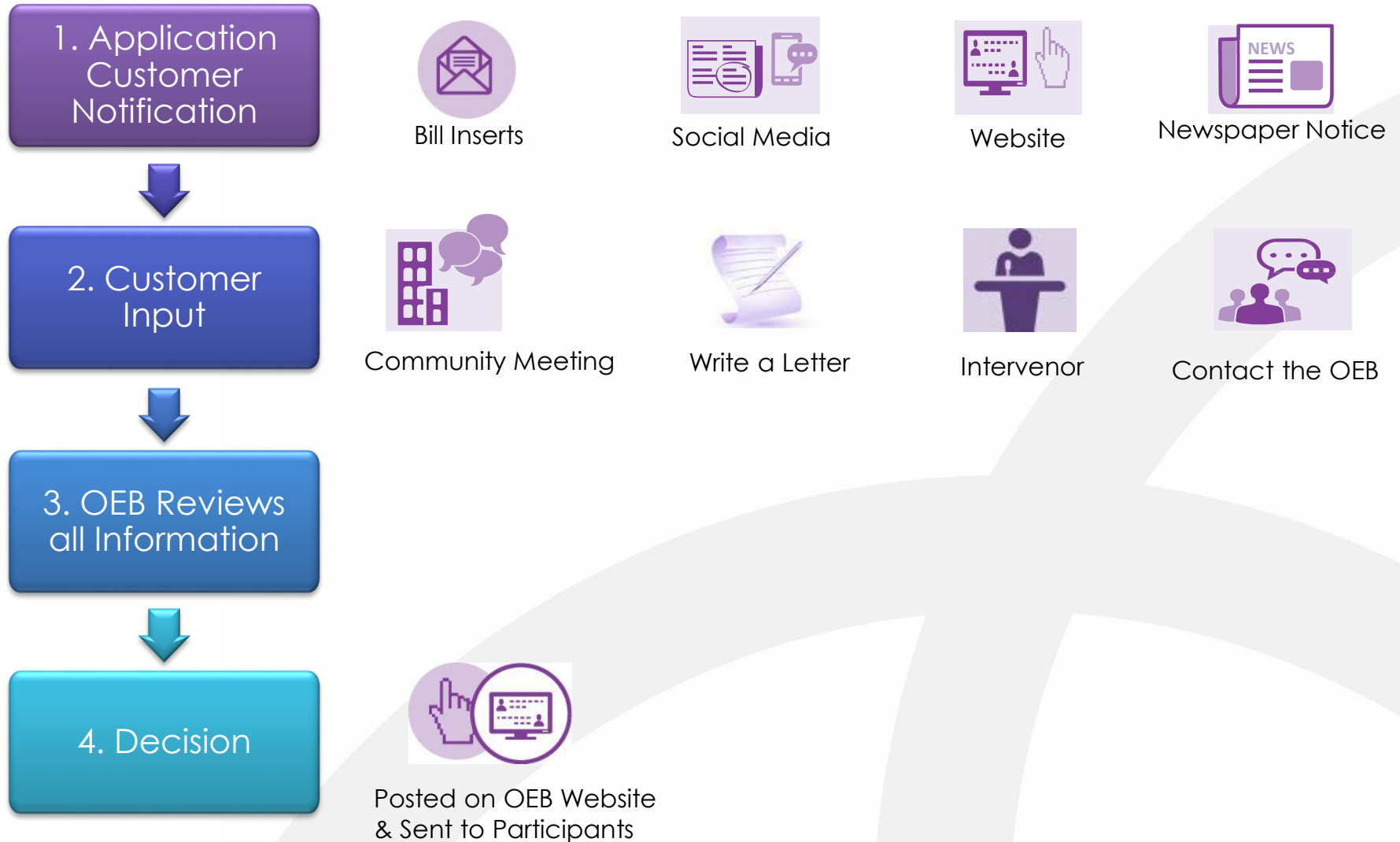
The OEB's job is to align various objectives to ensure reliability



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:

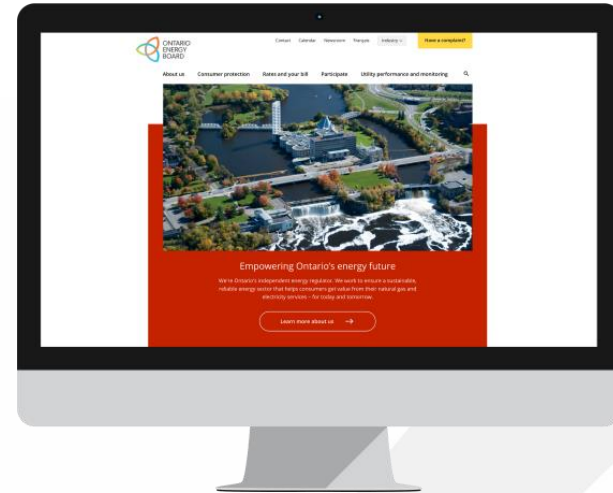
*Ensuring utilities deliver value by focusing on
what matters most to you*

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**

SCHEDULE B

COOPERATIVE HYDRO EMBRUN INC. PRESENTATION

COOPERATIVE HYDRO EMBRUN INC.

EB-2017-0035

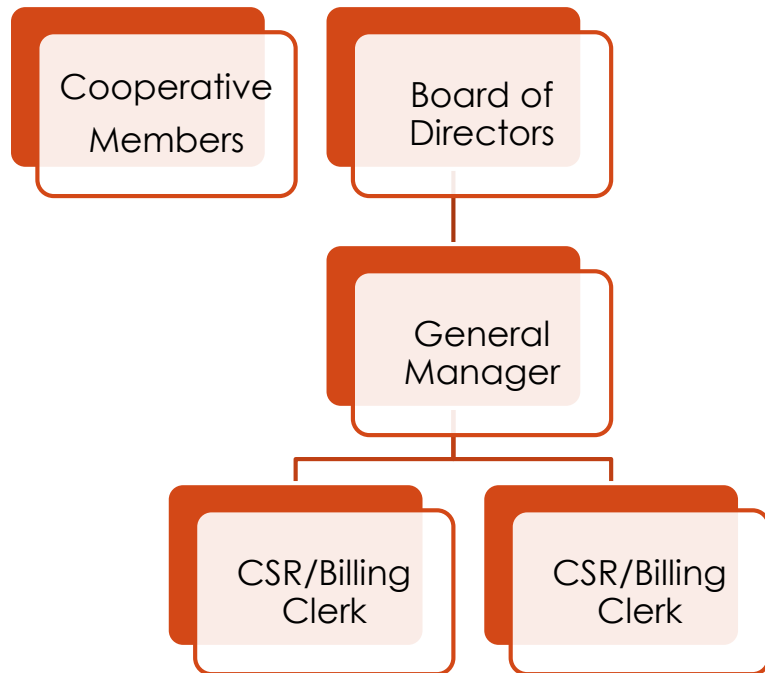
SEPTEMBER 19, 2017



Overview of Cooperative Hydro Embrun's 2018 Cost of Service Application

“COST-OF-SERVICE” IS THE SETTING OF A PRICE FOR
A SERVICE BASED ON THE COSTS INCURRED IN
PROVIDING IT.”

Governance and Corporate Structure

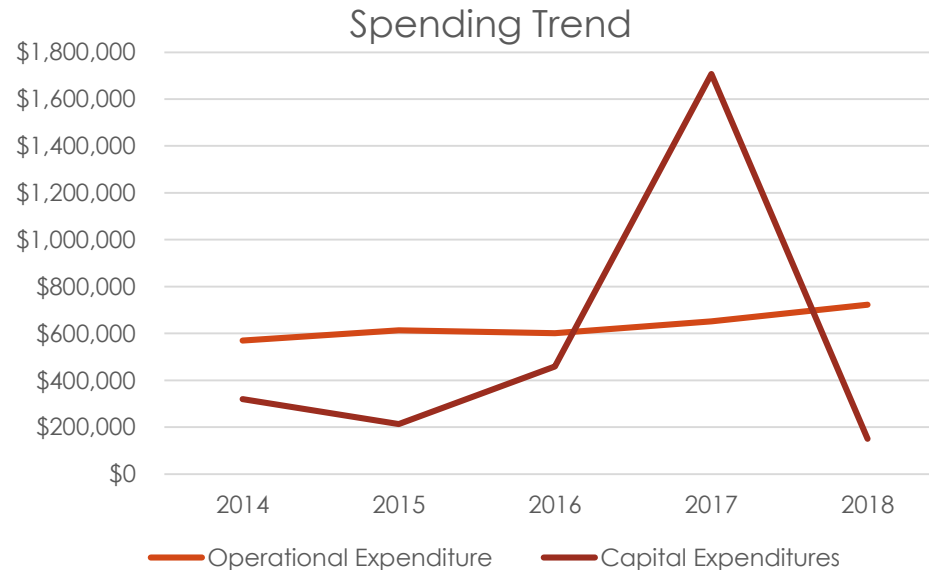


- Utility is owned by its members.
- One time \$10 cost per member.
- Benefits are distributed in form of “patronage refund”.
- \$400,000 given back since 2001.
- Approximately 1,455 members.

Year	Dividend
2001	\$8,025
2002	\$53,250
2003	\$31,350
2004	\$16,820
2005	\$12,775
2006	\$0.00
2007	\$34,155
2008	\$22,370
2009	\$24,610
2010	\$19,705
2011	\$24,018
2012	\$55,915
2013	\$42,870
2014	\$22,000
2015	\$20,000
2016	\$20,000

Summary of Capital Assets

	2014	2015	2016	2017	2018
Operational Expenditure	\$569,081	\$613,072	\$601,025	\$651,616	\$721,971
Capital Expenditures	\$319,706	\$213,115	\$458,645	\$1,706,996	\$150,205



Major Capital Projects

2014	2015	2016	2017	2018
Faubourg Ste-Marie:	Oligo Project Quatre Saison:	Engineering Cost New Substation:	Versaille III Subdivision:	Pole replacement:
\$1,001,927	\$239,868	\$50,013	\$119,200	\$41,500
Feeder Cloutier Drive:		Fourth Feeder Notre-Dame:	New Substation & Engineering:	Distribution Transformer replacement:
\$67 358		\$118,850	\$1,517 396	\$54,280
		Fourth Feeder Ste-Marie:	Four Way Tie in Switch:	
		\$128 750	\$39 650	
			336 MCM Conductors Blais Street:	
			\$46 250	

44kV Substation - Priority

Priorities and strategies for budget development include the following:

- ▶ The construction of a new transformer, which will come into service at the end of 2017, is ensuring that an adequate supply of electricity will continue to power the city's growth for years to come.
- ▶ Replacement of poles and transformers as they show sign of deterioration
- ▶ Installing distributions assets to power new subdivisions.

44KV Substation - Construction Timelines



- ▶ **Nov 2016:** Project Specs and Design.
- ▶ **Jan 2017:** RFP issued.
- ▶ **Jan 2017:** Contract awarded to K-Line.
- ▶ **Feb-June 2017:** Stantec approves plans.
- ▶ **July 2017:** Civil works begins.
- ▶ **Aug 31 2017:** Substation is delivered.
- ▶ **Nov 2017:** In -Service.

44kV Substation – Construction & Unit



Major Drivers of Operating Costs

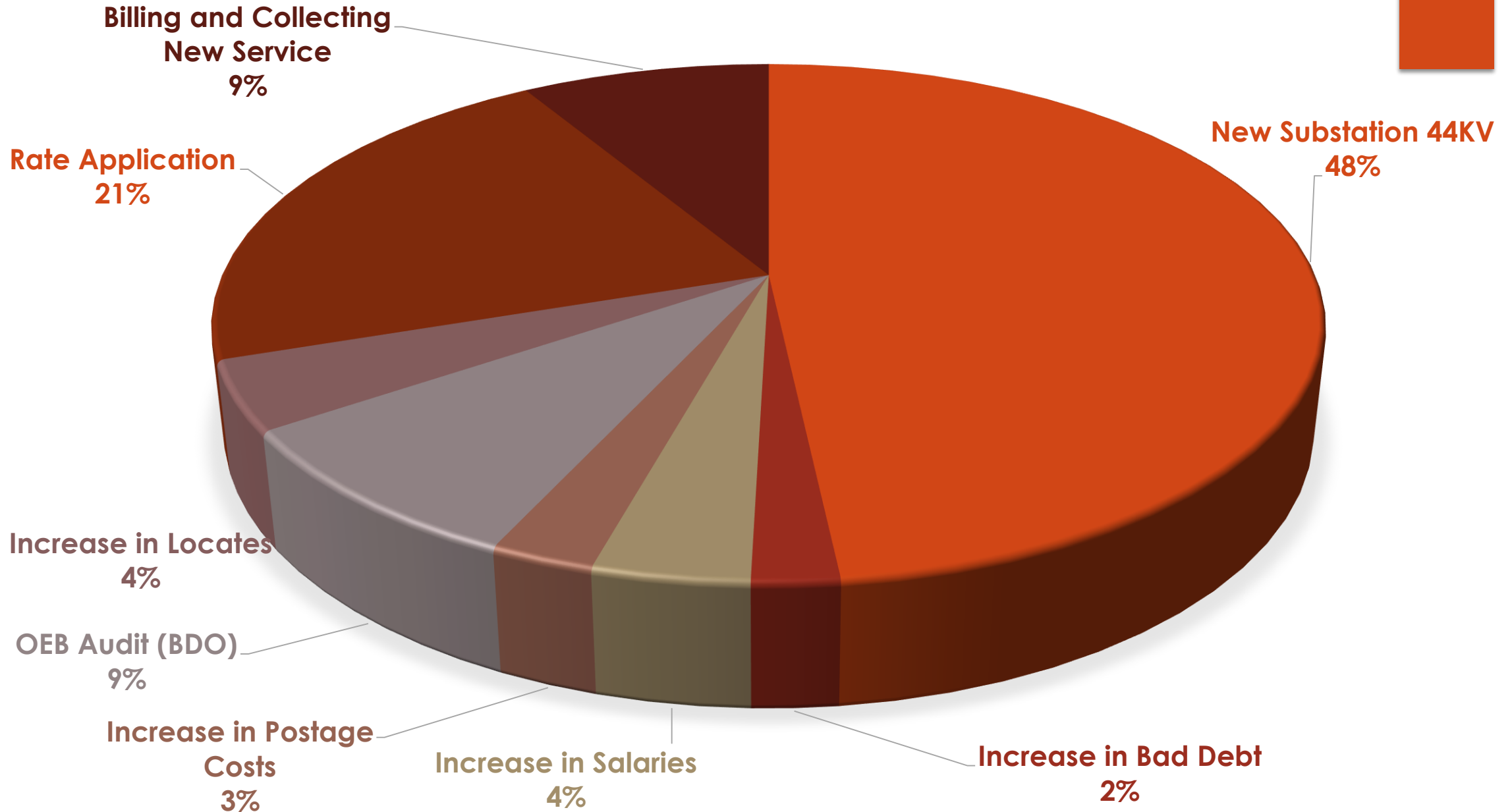
2017 - an increase of \$50K.

- ▶ Increase in Bad Debt and Collection Charges (5K)
- ▶ Increase in salaries for 2 CSR/Billing Clerks (9k)
- ▶ Increase in postage costs (6k)
- ▶ Increase in BDO costs related to audit (20k)
- ▶ Locates increase (10k)

2018 - an increase of \$70K

- ▶ Cost related to application, DSP and provision for an oral hearing(50K).
- ▶ Increase in billing and collecting costs related to new services (20k).

MAJOR CONTRIBUTOR TO RATE INCREASE



Performance & Scorecards

	2014	2015	2016	2017	2018
Actual Total Cost	1,052,237	1,097,457	1,119,904	1,177,757	1,200,300
Predicted Total Cost (using OEB metrics)	1,415,586	1,530,324	1,802,737	1,918,872	1,994,266
Difference	(363,350)	(432,867)	(682,833)	(741,115)	(793,966)
Percentage Difference (Cost Performance)	-29.7	-33.2%	-47.6%	-48.8%	-50.77%
Stretch Factor Cohort - Annual Result	2	1	1	1	1

- ▶ **Group 1 is the most efficient group achievable.**

Performance Comparison

	Company	Year	Group Assignment	Efficiency Assessment	Cost per Customer	Cost per km of Line	Cost	Customers	km
1	Hydro Hawkesbury Inc.	2016	1.00	-66.3%	271	21,694	1,496,894	5,531	69
2	Wasaga Distribution Inc.	2016	1.00	-44.0%	430	19,855	5,738,095	13,346	289
3	E.L.K. Energy Inc.	2016	1.00	-39.7%	416	31,239	4,904,503	11,795	157
5	Northern Ontario Wires Inc.	2016	1.00	-37.8%	645	10,470	3,873,815	6,007	370
6	Cooperative Hydro Embrun Inc.	2016	1.00	-33.7%	521	32,721	1,112,507	2,137	34
	...								
66	Hydro One Networks Inc.	2016	4.00	21.4%	987	10,551	1,291,093,963	1,307,906	122,366
67	Chapleau Public Utilities Corporation	2016	4.00	24.2%	740	34,163	922,404	1,247	27
68	West Coast Huron Energy Inc.	2016	5.00	33.7%	848	53,239	3,247,606	3,829	61

Scorecard - Cooperative Hydro Embrun Inc.

Performance Outcomes	Performance Categories	Measures	2012	2013	2014	2015	2016
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%	100.00%	90.50%	100.00%
		Scheduled Appointments Met On Time	100.00%	100.00%	100.00%	100.00%	100.00%
		Telephone Calls Answered On Time	96.00%	97.00%	97.60%	92.80%	95.20%
	Customer Satisfaction	First Contact Resolution			92%	92%	95%
		Billing Accuracy			99.98%	99.30%	99.74%
		Customer Satisfaction Survey Results			90%	90%	85.89
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Level of Public Awareness				75.00%	75.00%
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C
		Serious Electrical Incident Index	0	0	0	0	0
			Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	0.08	0.04	0.01	0.03	0.04
		Average Number of Times that Power to a Customer is Interrupted ²	0.02	0.02	0.13	0.01	0.23
	Asset Management	Distribution System Plan Implementation Progress			In Progress	In Progress	Completed
	Cost Control	Efficiency Assessment	2	2	2	1	1
		Total Cost per Customer ³	\$532	\$568	\$530	\$533	\$521
		Total Cost per Km of Line ³	\$38,571	\$39,819	\$31,886	\$30,485	\$32,721
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).	Conservation & Demand Management	Net Cumulative Energy Savings ⁴				6.73%	48.63%
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time					
		New Micro-embedded Generation Facilities Connected On Time		100.00%	100.00%	100.00%	100.00%
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	3.24	3.14	3.09	2.87	2.65
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.00	0.00	0.00	0.00	0.00
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.85%	9.36%	9.36%	9.36%
			Achieved	10.28%	8.43%	4.35%	3.68%

Utility Income

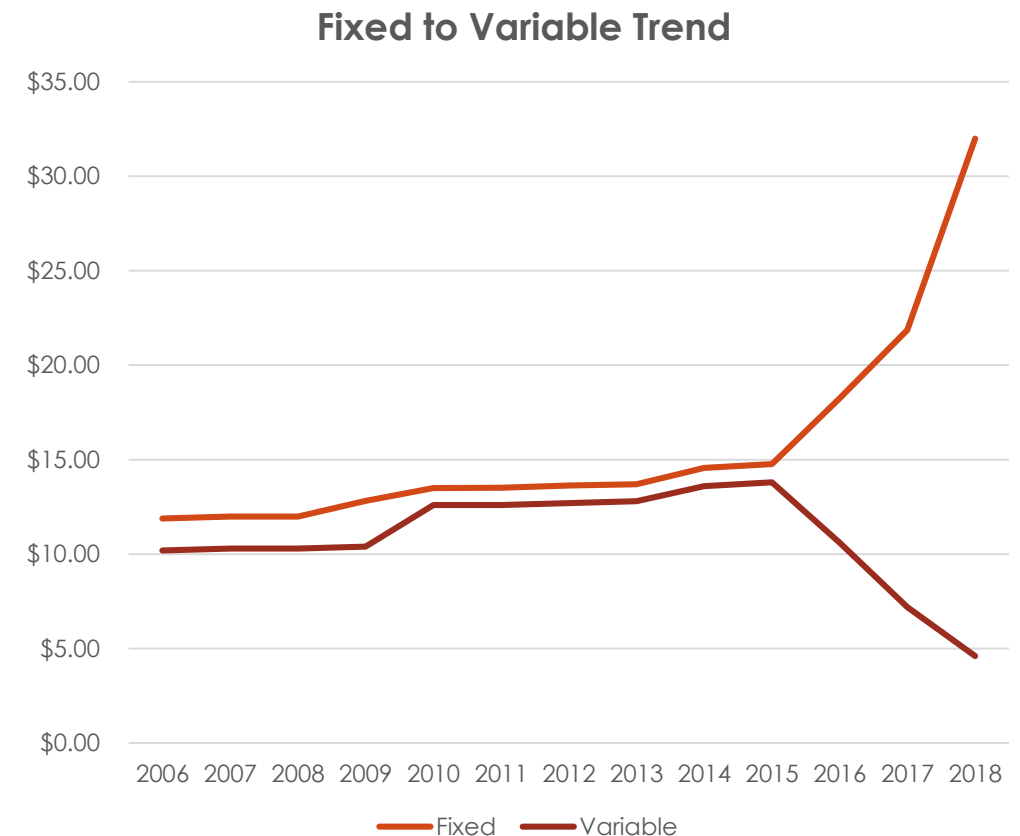
	Actual	Actual	Actual	Projected	Projected
	2014	2015	2016	2017	2018
Total Operating Revenues	829,628	848,933	878,836	878,968	1,138,424
Total Expenses	691,979	733,923	739,083	915,256	966,811
Utility Income before Income Taxes	137,649	115,009	139,753	-36,288	171,613
Income Taxes	12,873	23,044	13,540	5,902	6,380
Utility Income	124,776	91,965	126,213	-42,197	165,233

Customer Satisfaction Results; 86%

Rating	Responses to English survey		Responses to French Survey				
Answer Options	Response Percent	Response Count	Response Percent	Response Count	Max Value	Actual Total Value	%
Excellent	52.9%	54	50.7%	138	4	768	
Good	43.1%	44	41.5%	113	3	471	
Fair	2.9%	3	6.6%	18	2	42	
Poor	1.0%	1	1.1%	3	1	4	
answered question		102		272	1496	1285	85.89%

History of Rates and Total Bill Impacts (1000 kWh)

Year	Fixed	Variable	Total Bill %	Process
2018	\$31.99	\$0.0046	6.84%	Cost of Service
2017	\$21.87	\$0.0072	4.92%	IRM
2016	\$18.25	\$0.0106	0.98%	IRM
2015	\$14.77	\$0.0138	1.46%	IRM
2014	\$14.56	\$0.0136	6.26%	Cost of Service
2013	\$13.70	\$0.0128	0.65%	IRM
2012	\$13.63	\$0.0127	0.84%	IRM
2011	\$13.51	\$0.0126	0.08%	IRM
2010	\$13.49	\$0.0126	12.41%	Cost of Service
2009	\$12.81	\$0.0104	4.13%	IRM
2008	\$11.99	\$0.0103	0.04%	IRM
2007	\$11.98	\$0.0103	0.91%	IRM
2006	\$11.88	\$0.0102	-1.87%	Cost of Service



Typical Bill Impacts

Customer Class Name	Consumption	Distribution Bill Impact (%)	Distribution Bill Impact (\$)	Total Bill Impacts (%)	Total Bill Impacts (\$)	Typical Total Bill
Residential	310 kWh	38.66%	\$9.32	15.20%	\$11.04	\$83.65
Residential	750 kWh	29.99%	\$8.18	6.84%	9.51	\$148.44
Residential	1000 kWh	25.91%	\$7.35	4.89%	\$8.64	\$185.25
Residential	2000 kWh	13.64%	\$4.95	1.58%	\$5.16	\$332.50
General Service < 50 kW	2,000 kWh	-7.32%	\$3.48	-1.74%	\$5.89	\$331.70
General Service > 50 to 4999 kW	33,000 kWh	4.18%	\$20.71	-1.90%	\$-104.25	\$5,386.37
Unmetered Scattered Load	300 kWh	15.69%	\$3.58	6.16%	\$4.06	\$70.04
Street Lighting	20,000 kWh	9.04%	\$448.76	4.95%	\$421.88	\$8,938.18

SCHEDULE C
CONSUMER PRESENTATION
COOPERATIVE HYDRO EMBRUN INC.
EB-2017-0035
SEPTEMBER 19, 2017

LES COOPÉRATIVES

▶ UNE COOPÉRATIVE –
A COOPERATIVE

▶ UNE DÉFINITION: une entreprise d'affaires appartenant aux membres et opérée pour bénéficier ceux et celles qui utilisent ces services.

▶ WHAT IS IT?

A business enterprise owned by the members and operated for the benefit of those using its services

▶ 1^{ère} COOP au monde: 1844
Rochdale Pioneers (Royaume-Uni)

▶ 1^{ère} COOP en Ontario: 1913
Vineland Growers (Sud de Toronto)

▶ Coopérative Hydro Embrun Inc:
2001

UNE HISTOIRE DE SUCCÈS

PREUVE	POURQUOI CE TAUX DE SUCCÈS?
- Au secteur privé– par exemple entreprise avec capital-action;	1. On reconnaît la contribution financière des Coopératives: 1 milliard (1B.) de membres dans 90 pays / 252 M\$ en actif.
* 20% survivent après 10 ans	2. En Ontario, 1.4M de membres / 30 M\$ en actif– 1300 Coopératives– 15 500 employées dans 400 communautés
- Au secteur coopératif;	3. 2/3 des Canadiens(nes) s'empressent de dire qu'on fait affaire avec les Coopératives parce qu'on a confiance dans ses principes
**46% survivent après 10 ans	

Toutes les Coopératives sont gérées par sept principes

1. L'adhésion volontaire sans discrimination– prêts à utiliser ses services et prendre ses responsabilités comme membre.
2. Le pouvoir démocratique– un membre une voix
3. La participation économique– une contribution(part) avec une partie attribuée à la propriété commune et en réserve et en développement et des ristournes proportionnées
4. L'autonomie et indépendance– gérées par les membres soutenant démocratiquement les activités d'un conseil d'administration élu.
5. L'éducation, formation et information– afin de demeurer concurrentielle
6. La Coopération entre les coopératives
7. L'engagement envers la communauté. Par exemple avec ses contributions aux démunis.