



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

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## **SUMMARY OF COMMUNITY ENGAGEMENT BY OEB STAFF**

**EB-2017-0051**

### **HYDRO ONE REMOTE COMMUNITIES INC.**

**Application for 2018 Rates: Community Meeting on November 29,  
2017**

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**December 19, 2017**

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# 1 INTRODUCTION

Hydro One Remotes Communities Inc. (Hydro One Remotes) is an integrated generation and distribution company licensed to generate and distribute electricity within 21 isolated communities in northern Ontario. Hydro One Remotes is 100% debt financed and is operated as a break-even company with no return on equity. Remotes' rates are regulated by the Ontario Energy Board (OEB). Hydro One Remotes serves approximately 3,600 customers.

Hydro One Remotes is wholly-owned by Hydro One Inc. Hydro One Inc. is 100% owned by Hydro One Limited, whose ownership is split between public shareholders (through a Toronto Stock Exchange listing) and the Province of Ontario.

Hydro One Remotes filed an application on August 28, 2017 for 2018 electricity rates effective May 1, 2018. The communities served by Hydro One Remotes are isolated and are scattered across the far north of the Province and do not have access to an integrated transmission system. Hydro One Remotes is a unique distribution utility as it generates its own electricity. Consequently, the electricity rates charged by Hydro One Remotes includes both, generation and distribution.

Most customers within Hydro One Remotes pay rates below the cost of service. The rates for Hydro One Remotes' residential and general service customers is financially supported through a cross-subsidy from government customers within Hydro One Remotes, through Indigenous and Northern Affairs Canada (INAC) capital contributions and the Rural and Remote Rate Protection Plan (RRRP).

In this application, Hydro One Remotes has requested a revenue requirement of \$56.7 million which is \$4.4 million over what the OEB approved for 2013 rates. Of this amount, \$38.08 million is proposed to be recovered from the RRRP fund. Hydro One Remotes has proposed a rate impact of 1.8% across all rate classes and this rate increase reflects the average total bill increase representing all grid connected electricity distributors for 2016-2017.

A Notice of Hearing was issued on November 16, 2017. The Notice which was published in local newspapers and posted on websites provided information on the community meeting held in Thunder Bay.

Although Hydro One Remotes does not serve the city of Thunder Bay, it was decided to hold the meeting in Thunder Bay as it was not logistically possible to visit each and every community. The OEB sent a letter to all the Band Councils informing them about

the upcoming community meeting and requested the Chief and Council from each community to nominate a member to attend the community meeting. The attendees were responsible for making their own travel arrangements but their meeting-related accommodation and travel expenses were reimbursed by the OEB. The community meeting was held on November 29, 2017, between 2:00 and 4:00 p.m., at the Victoria Inn Hotel and Convention Centre located in Thunder Bay, Ontario.

This is an OEB staff report summarizing the outcomes of the 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 Hydro One Remotes 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 Hydro One Remotes' 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 or by filling in a hard copy comment form, which is then submitted to the OEB by OEB staff.

## **3 SUMMARY OF THE MEETINGS**

### **3.1 Representatives and Attendees at Meeting**

The meeting was held at the Victoria Inn Hotel and Convention Centre in Thunder Bay, Ontario from 2:00 p.m. to 4:00 p.m. Approximately 20 customers, as well as media from print and television attended the meeting to hear presentations from OEB staff and Remotes. Prior to the presentations, OEB staff and Remotes were available to informally talk to attendees and answer questions. OEB staff and Remotes representatives responded to questions from attendees during and following the presentations.

The following OEB staff and Remotes representatives attended the meeting:

#### OEB Staff

Michael Millar, Legal Counsel

Khalil Viraney, Project Advisor

Sylvia Kovesfalvi, Manager, Community Relations and Outreach

Lynn Ramsay, Senior Advisor

#### Hydro One Remotes

Kraemer Coulter, Managing Director

Una O'Reilly – Manager, Business Integration

Oli Laskujarvi – Manager, Generation

Ralph Falcioni – Superintendent, Design, Construction & Asset Management

Kevin Mann – Manager, Customer Service and Business Development

The meeting started with a prayer by Elder Pelletier. OEB staff and Remotes made brief presentations at the meeting. The Economic Development Officer of Bearskin Lake First Nation, a community served by Remotes made a presentation describing some of the hardship faced by residents in the community including the difficulty to pay hydro bills.

After the presentations, a number of attendees asked questions of OEB staff and Remotes about regulation and rates.

### **3.2 OEB Presentation**

Michael Millar, the senior legal counsel at the OEB delivered the OEB presentation. The presentation introduced the OEB, provided information on how the OEB regulated the energy industry, and how the OEB protects the interests of consumers through the rate setting process. The presentation also provided information on the recently announced provincial Fair Hydro Plan that came into effect on June 1, 2017 and some of the credits that Hydro One Remotes' customers could benefit from. The presentation also informed Hydro One Remotes' customers on how they can participate in the review of Hydro One Remotes' application and provide letters of comments should they wish to express concerns or provide general comments regarding the application.

### **3.3 Remotes Presentation**

Kraemer Coulter, the Managing Director of Hydro One Remotes made the presentation for Remotes. The presentation introduced the company and highlighted the growth and achievements of the company over the previous years. The presentation provided an overview of the application, some capital projects that the company had completed or planning in the coming years and bill impacts resulting from the rates proposed in the application.

### **3.4 Customer Presentation**

The Economic Development Officer of Bearskin Lake First Nation made a presentation. The officer expressed concerns regarding Remotes' application for a rate increase. He noted that members of Bearskin Lake First Nation struggled with the high cost of living and high unemployment in the area. Many community members struggle to pay high electricity bills and everything in the community including groceries were very expensive. He also noted that when Hydro One Remotes' workers disconnect certain homes, it causes extreme hardship and they cannot afford to pay for any further increases. Although hydro rates continue to increase, funds from Indigenous and Northern Affairs Canada (INAC) do not increase. The officer indicated that the community was not in favour of the proposed increase. The notes of the customer presentation are attached as Schedule C to this report.

### **3.5 Specific Concerns Raised**

- Bills high for Standard A customers. Schools and band councils are charged higher rates (Standard A) and this means that money is taken away from other budgets, resulting in less funding for schools, playgrounds and band offices.
- High connection charges and time taken to connect a customer impact the level and pace of economic development in the community.
- Focus on using alternate sources of energy to reduce the amount of diesel fuel used which has a significant impact on rates.
- Hydro One Remotes should have someone on site to reduce the number of disconnections and reconnections and the resulting charges.
- No representation on the OEB from the north.
- The OEB should work closely with First Nations to provide reliable energy.
- Cannot afford to pay high rates.



## **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:

List of issues raised by customers following OEB community meeting:

- Disconnection during winter months

(Note that Hydro One Remotes confirmed at the meeting that it does not disconnect during winter months. The counsel of the OEB also stated that the OEB does not allow electric utilities in Ontario to disconnect customers in winter for unpaid bills.)

**SCHEDULE A**

**ONTARIO ENERGY BOARD PRESENTATION  
HYDRO ONE REMOTE COMMUNITIES INC. APPLICATION**

**EB-2017-0051**

**DECEMBER 19, 2017**



# Getting Involved in OEB's Review of Hydro One Remote Communities' Rate Application

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OEB Community Meeting

November 29, 2017

# Every Voice Matters

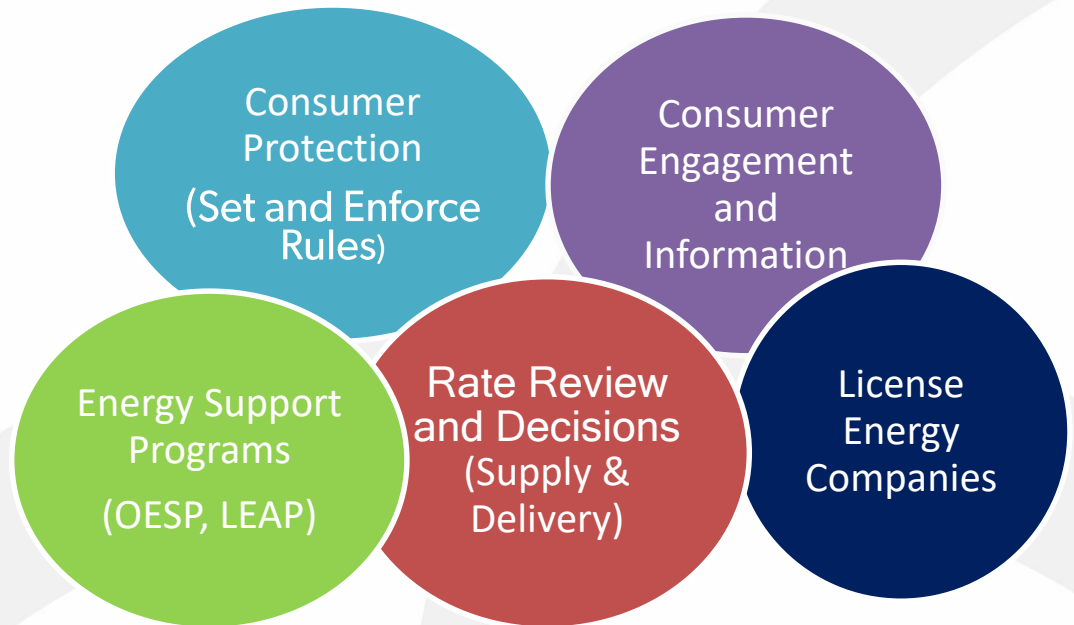
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- The OEB wants to hear from you to ensure we take your concerns into account as we make a decision about this application.
- OEB Community Meetings are held to give you an opportunity to:
  - Learn more about your utility's costs and rate application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

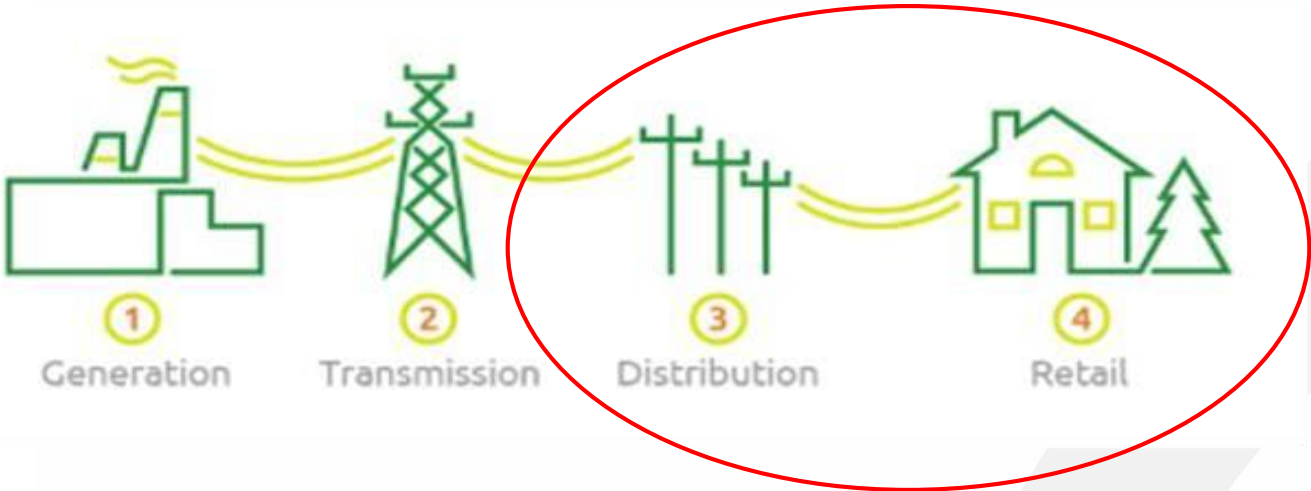
# OEB – Regulating Ontario’s Energy Sector

The OEB is an independent regulatory body.

- We make decisions and provide advice to the government to contribute to a sustainable, reliable energy sector.
- We help consumers get value from their natural gas and electricity services.



# Reviewing Distribution Rates



# Ontario's Fair Hydro Plan (FHP)

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- 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

# First Nations On-Reserve Delivery Credit

As part of the Fair Hydro Plan:

- On-reserve First Nations customers receive a 100% credit to fully offset the monthly service charges
  - Benefits about 21,500 on-reserve residential customers
- The OEB will continue to review Hydro One Remotes' application using the same rigorous process to ensure:
  - Customers have a reliable source of electricity at a reasonable cost
  - It is doing everything possible to be more efficient
- The credit applies to electricity used on and after July 1, 2017



# Delivering Value – Ensuring Reliability

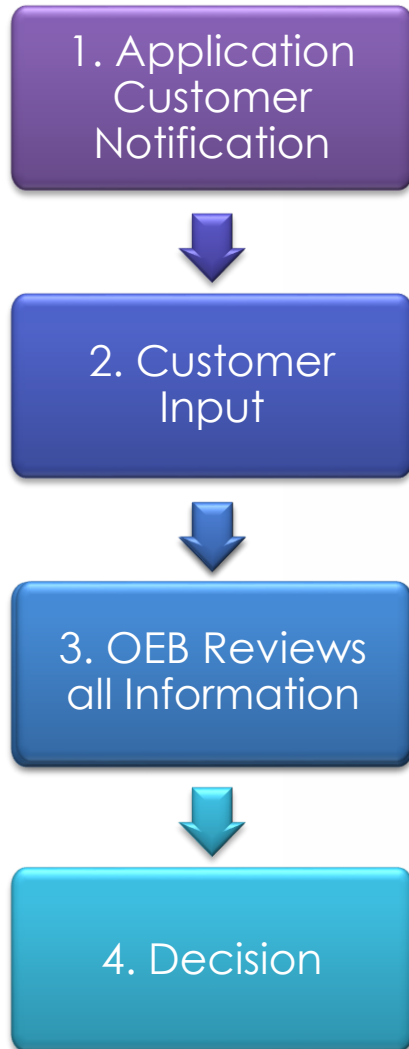
The OEB's job is to align various objectives to ensure reliability



Prices, reliability  
and quality of  
service

Financially viable  
energy sector

# Be Heard in the OEB's Process



Oral or written

Number of activities at each stage

Various Representatives

Timeline: ~ 9 months

Occurs every 5 years

# Be Heard in the OEB's Process

1. Application  
Customer  
Notification



Bill Inserts



Social Media



Website



Newspaper Notice



2. Customer  
Input



Community Meeting



Write a Letter



Intervenor



Contact the OEB



3. OEB Reviews  
all Information



4. Decision



Posted on OEB Website  
& Sent to Participants

# What Can You Do?

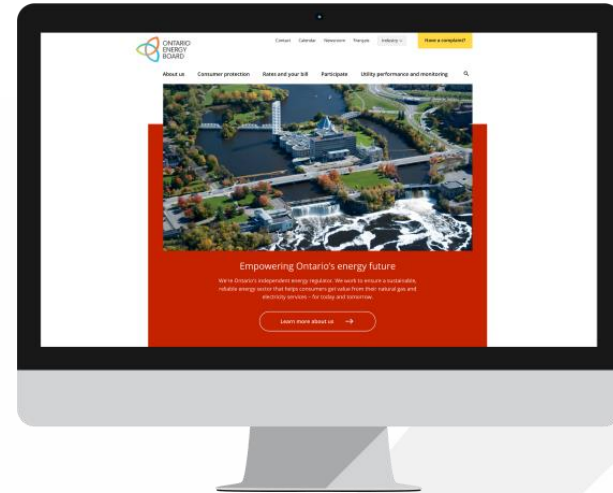
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- OEB wants to hear from you.
- We encourage you to:
  - Ask questions
  - Provide comments (via post or email)
  - Follow the proceeding
- Your voice helps the OEB do our job:

*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](http://www.oeb.ca)**



**Twitter: @OntEnergyBoard**



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

**SCHEDULE B**  
**HYDRO ONE REMOTE COMMUNITIES INC. PRESENTATION**  
**EB-2017-0051**  
**DECEMBER 19, 2017**



# Hydro One Remote Communities Inc.



# Customers and Service Territory



21 Communities

15 First Nation

13 are Air access only

3,600 Customers

19 Distribution Systems

57 Prime Power Diesel Generators

2 Mini-Hydro Stations

3 Windmills

Over 17 Million Litres Fuel handled per year





## Our VISION

We will be the leading electrical utility and a trusted partner to remote communities in Ontario's north.

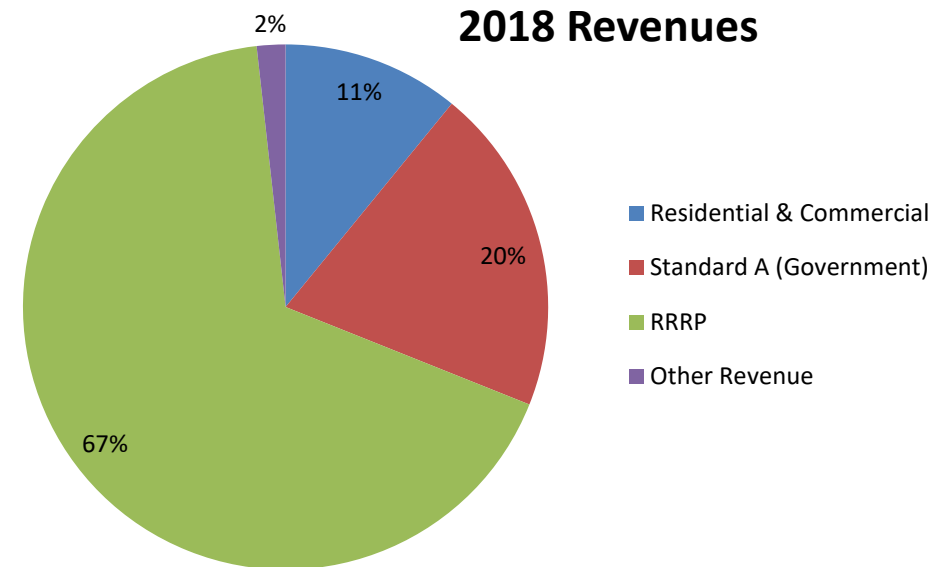
## Our MISSION

We supply safe, reliable and affordable electricity to remote communities by focusing on continuous improvement, operational excellence and outstanding customer service.



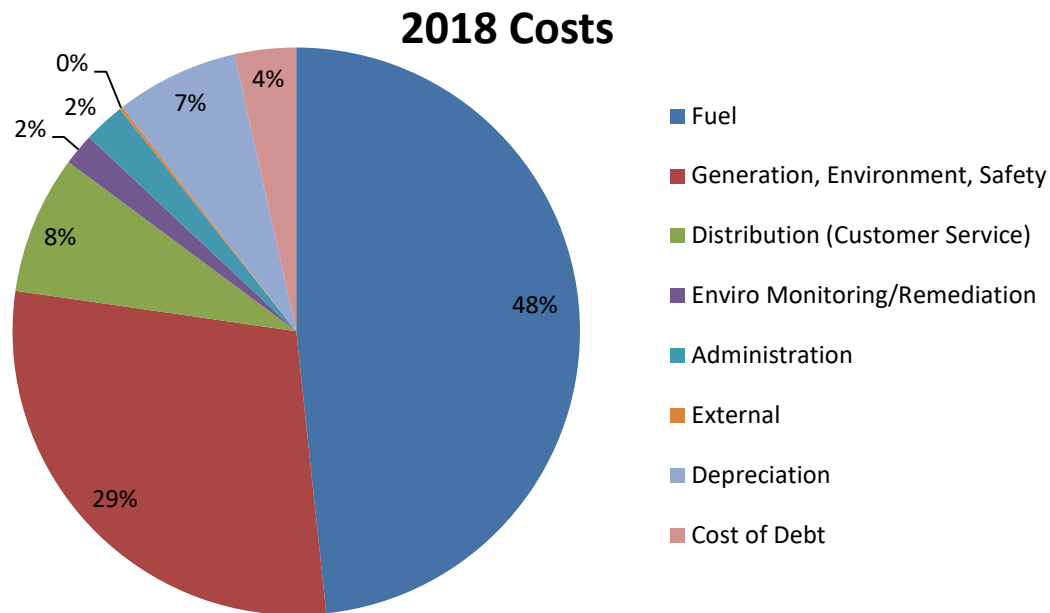
# Background

- Our rates include *both* distribution and generation services
- Residential and commercial rates are set below cost
- Rates for these customers are kept low in 3 ways:
  - Rural and Remote Rate Protection (RRRP)
  - Higher rates for government-funded accounts (Standard A), and
  - Capital funding from Indigenous & Northern Affairs Canada (INAC)
- About 88% of our customers pay rates below cost
- We do not make a profit



# Background

- Remotes is an integrated utility providing a full suite of generation and distribution services to its customers
- We provide service at cost and operate our business to break even
- Our focus is on safe, reliable and affordable power
- We are registered to the rigorous ISO 14001 standard and take environmental protection seriously



# Highlights since last Cost of Service

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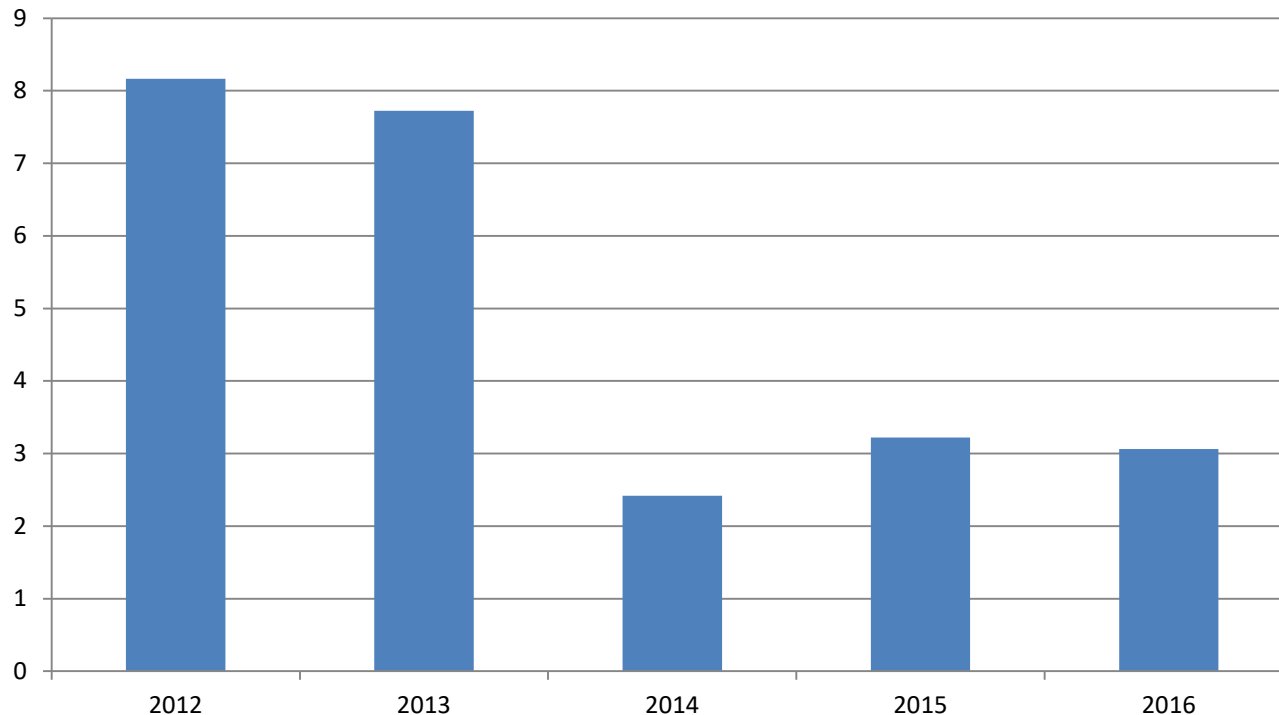
- Worked with INAC and community leaders to revise the generation upgrade process resulting in the lifting of connection restrictions on seven communities by the end of this year
  - Planning underway for the remaining community on restrictions
- Registered to the latest ISO environmental management standard  
... one of the first companies in Canada to attain this goal!
- Renewable energy purchase program is working: 16 Customer-owned projects in service, further projects are planned
- Increase in communities requesting our service
- Improved reliability
- We surveyed customers this year - 90% satisfied with our service  
... Consistently over 90% for the last ten years!



# Generation Reliability Improvements

- Over the past 5 years, we have invested to improve generation reliability by increasing protection and control resources, improving operator training and support, and fixing heating & cooling systems
- Improved station availability: 99.96% across service territory in 2016

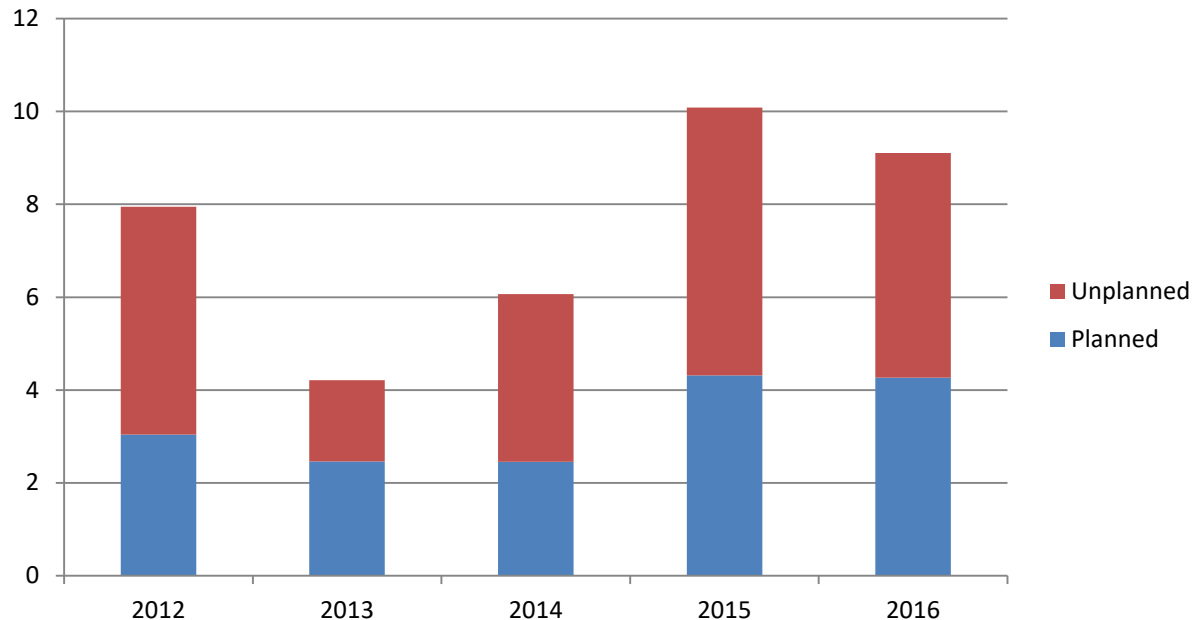
**Hours of Outages due to Loss of Supply**



# Distribution Improvements

- We have focused on improving our distribution systems, replacing end of life poles, providing specialized distribution operator training, adding switches to limit outages, and increasing public safety
- Nature of system and restrictions on live line work means we have to take planned outages, but these improvements will lead to better distribution reliability over time

## Hours of Distribution Outages



# Customer priorities

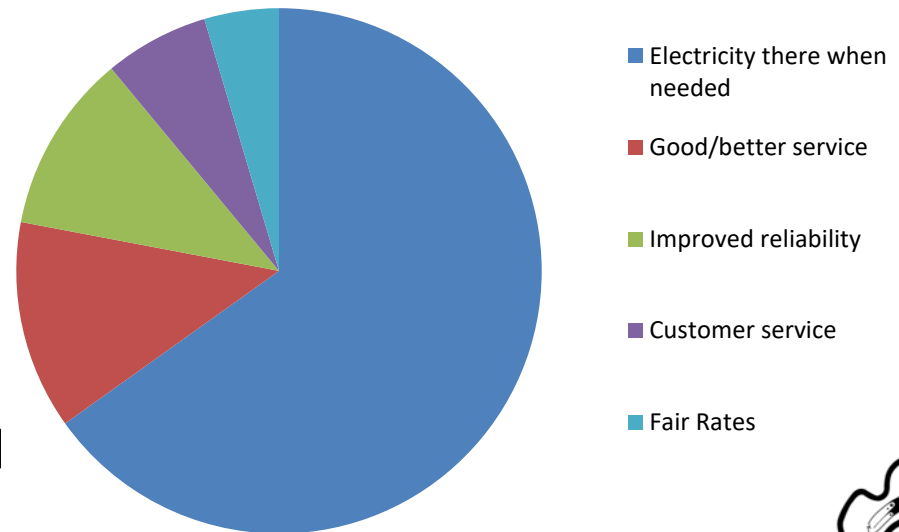
- We undertook four types of customer engagement to build our plan
  - Meetings with local leadership
  - Workshops with members of 7 communities
  - Customer advisory board
  - Telephone survey of end-use customers

- Face-to-face meetings customers focused on:

- Community growth
- Partnerships
- Affordability
- Environment/renewables
- Customer service: get local

- Telephone survey focused on existing service – 90% satisfaction!

**Telephone Survey Priorities**



- **Community growth (INAC funding dependent)**
  - Distribution Tie line between KI and Wapekeka planned for 2018/19
  - Capacity upgrades planned in Sandy Lake and Weagamow
- **Reliability Investments (Ratepayer funded)**
  - Replacing end of life engines with more fuel efficient units
  - Improving generating station ancillary systems
  - Plant automation and system monitoring (SCADA), which will reduce outage time and travel costs
  - Distribution improvements to replace old poles and deteriorating wires planned in Bearskin Lake and Sultan
  - Regular system-wide end of life pole replacement





# Responding to Customer Priorities

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- **Hire and Buy local**
  - Meter readers
  - Operators
  - Fuel purchases from First Nation Tank Farms
  - Rent local equipment and hire local labour for construction projects
  - Estimated cost-efficiencies related to these programs is \$12M per year
- **Environmental Protection/Renewable Energy**
  - Increased support and training for operators-first responders
  - Improved plant monitoring for spills
  - Ongoing compliance and monitoring
  - Investments in solar panels to replace increased fuel storage



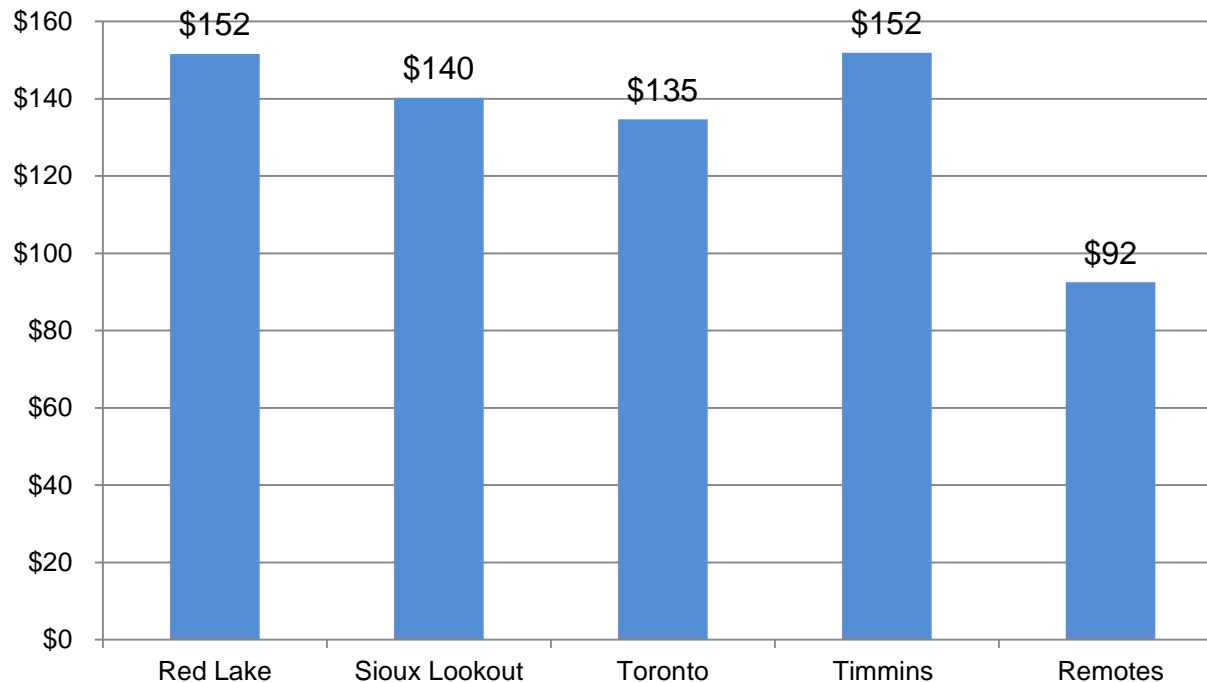
- **Customer Outreach Initiatives**
  - Senior level management meetings with community leaders
  - Ongoing outreach/coordination with Band Councils, housing managers on billing, connections, upgrades, and environment
- **Customer Service continuous improvement plan**
  - Initiatives include school safety presentations, getting customer service staff into communities
  - Radio ads on public safety, LEAP and OESP
  - Improvements to seasonal customer meter readings (fewer estimated readings)
  - Improved digital access: information and billing
  - Clearer information on available services
  - Bills that are easier to understand



# Affordability – Current Rates

- Customers pay integrated rates for electricity and distribution—no additional charges (IESO, Generators Global Adjustment)
- Residential bills are lower than in the rest of the province
- Government-funded (Std A) customers pay higher rates

750 kWh with HST



Bills shown include HST and delivery charge, **not** charged to First Nation customers on reserve



# Affordability: Rate Increases

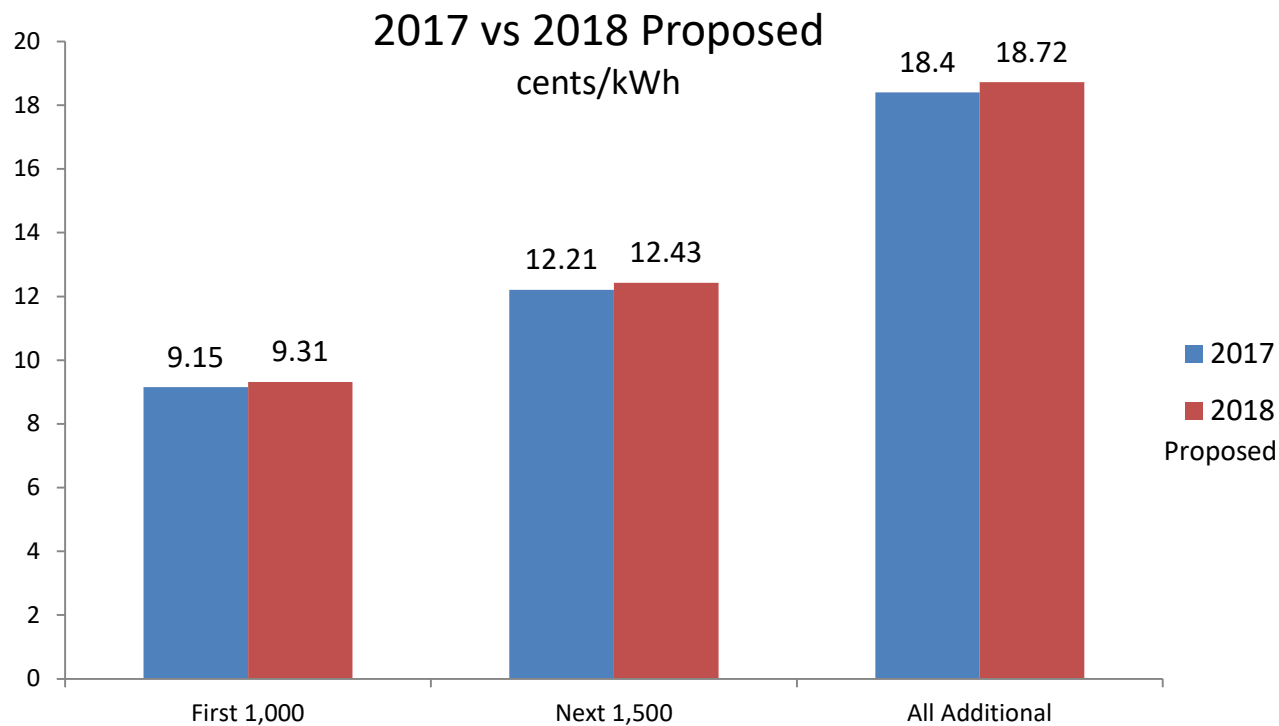
- Customer bills in our service territory have been stable for over 10 years.
- Average increases for generation and distribution services have been close to the rate of inflation (1 year lag)
- Increases are needed to invest in reliability, customer service and improvements to safety and environment
- Proposed generation and distribution bill increase for 2018 is 1.8%

Year	2013	2014	2015	2016	2017	5-year Average
Percentage Bill Increase	3.45%	1.7%	1.6%	2.1%	1.9%	2.15%



# Proposed 2018 Residential Rates

- Proposed increase of 1.8% at all levels of usage
- Current Monthly Service charge: \$19.45
- Proposed Monthly Service charge: \$19.80

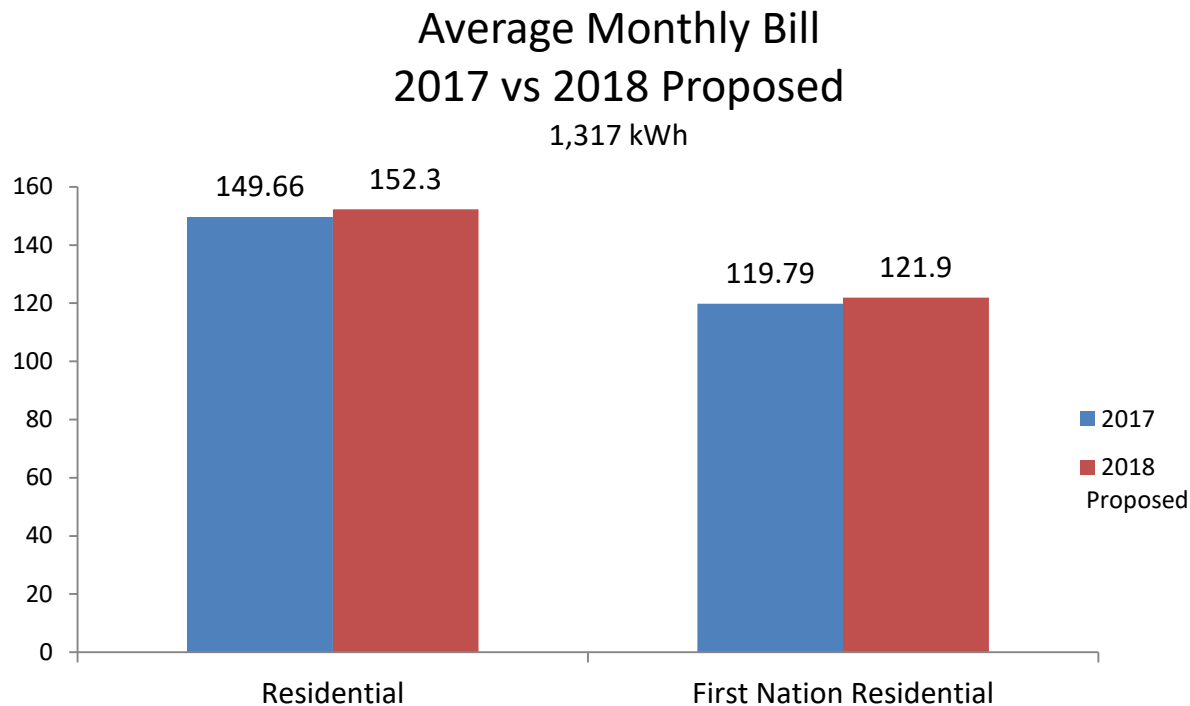


First Nation customers on reserve do not pay the monthly service charge.



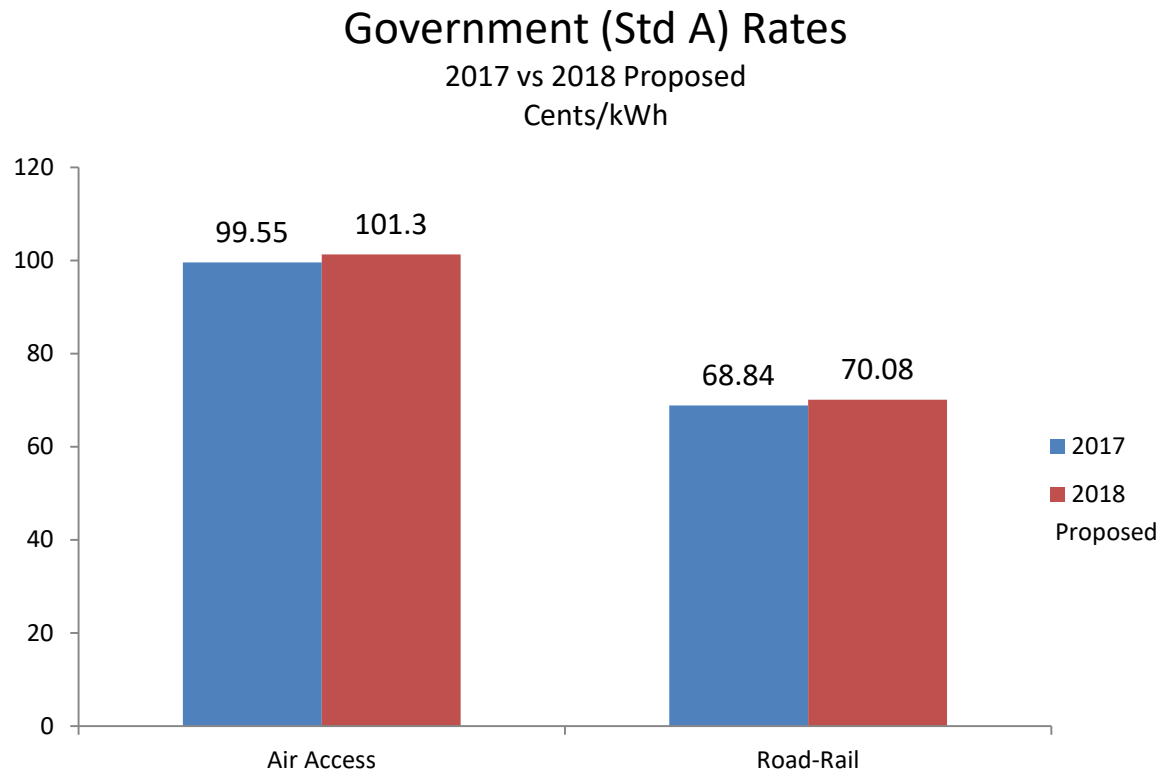
# Bill Comparison 2017 vs 2018 Proposed

- Customers in the north use more power than in southern Ontario.
- Average usage is 1,317 kWh.
- First Nation Customers benefit from the First Nation Delivery (Service Charge) credit in recognition of First Nation contributions to the electricity system



# Rates: Government-funded customers

- Residential & small business customers are kept low by RRRP **and** by a cross subsidy from government customers (Std A) who pay rates over cost.



Comments, Questions ... please ask us





# Feedback, follow-up, information ...

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For Billing or Cost of Service Information

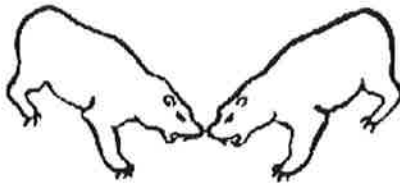
Please contact us at:

- 1-800-465-5085
- RemotesBilling@HydroOne.com

We care, we are listening!



**SCHEDULE C**  
**CUSTOMER PRESENTATION**  
**EB-2017-0051**  
**DECEMBER 19, 2017**



## BEARSKIN LAKE FIRST NATION

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BOX 25  
BEARSKIN LAKE ONTARIO  
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TELEPHONE # (807) 363-2518/2598  
FAX # (807) 363-1066

### **Bearskin Lake First Nation presentation to the Ontario Energy Board Nov. 29,2017 in Thunder Bay.**

My name is Lefty Kam and I am the Economic Development Officer for Bearskin Lake First Nation. I have been asked by my Chief and Council to come to Thunder Bay to make this presentation to the Board.

Bearskin Lake First Nation has many concerns regarding the recent application by Hydro One remotes for a rate increase.

Many people in our remote community of Bearskin Lake struggle with the high cost of living. Unemployment is very high and many community members have trouble paying their hydro bills. When Hydro One workers come to town they have a list of people that are on the disconnection list. When someone gets disconnected they have a hard time coping. It disrupts their service and their lives.

Many homes are in bad shape and drafty. The renovation labourers are unable to do all the repairs due to the lack of materials and money. The health inspectors that arrive in the community check the condition of the houses and report that a number of dwellings are not fit for human habitation. There is nowhere else to put the residents. Very few people have a skidoo to get wood. They end up using ovens and heaters to warm up their homes. It is particularly hard on our elders. They are given one cord of wood from the band which is part of welfare.

We must take care of our community members and we want them to be able to use the income they get to be able to buy groceries. Groceries are very expensive because they are brought in by plane.

Our people are concerned about anyone raising prices even more. So we are worried about the hydro hikes again. Many people have trouble paying up. We do not want to see disconnections. We do not want anyone freezing. We can not afford to be paying more.

We have a few houses that are not connected. The previous residents left a substantial bill. Another family can move in if they pay the bill from the previous residents which is someone else's debt. A reconnection charge is also added on. There is not enough money to cover this. Residents are forced to run power from nearby buildings to their home even though Chief and Council do not support this.

At times we have short outages when Hydro One shuts the system down to do repairs. Even being without power for a short time has its' problems and struggles. But when someone's home is disconnected it is an extreme hardship and no one should have to live like this.

Bearskin Lake also has electrical heat trace on the sewer and water lines in the community. The electrical cost to operate these lines exceeds our funding and the shortfall must come for our band funds. Hydro rates continue to go up but our INAC funds do not.

We realize this is an information sharing forum and there is no vote for or against the raising of electricity rates so we are informing the Ontario Energy Board that we are not in favour of the proposed increase.

Thank you for listening to Bearskin Lake's concerns regarding Hydro One Remotes rate increase application.

Lefty Kam  
Economic Development Officer  
Bearskin Lake First Nation