



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

OEB STAFF SUMMARY OF COMMUNITY MEETING

EB-2017-0038

Erie Thames Powerlines Corporation
Application for 2018 Rates

February 26, 2018

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1 INTRODUCTION

Erie Thames Powerlines Corporation (Erie Thames Powerlines) filed a cost of service application with the Ontario Energy Board (OEB) on September 15, 2017 seeking approval for changes to the rates that Erie Thames Powerlines charges for electricity distribution, to be effective May 1, 2018. For a typical residential customer, beginning May 1, 2018, the proposed increase on the distribution portion of the bill is \$2.70 per month.

The OEB hosted one community meeting on December 12, 2017 in Ingersoll, Ontario regarding Erie Thames Powerlines' 2018 rate application. Erie Thames Powerlines serves 14 towns in an area that stretches from Port Stanley to Clinton, Ontario. Ingersoll is approximately central within the service area of Erie Thames Powerlines.

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 at 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 Erie Thames Powerlines 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 Erie Thames Powerlines' 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. Tim Lobzun, an Erie Thames customer, made a presentation at this meeting, a copy of which is attached as Schedule C.

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 MEETING

The Erie Thames Powerlines meeting was held at the Unifor Local 88 Union Hall in Ingersoll, Ontario on December 12, 2017. Doors opened at 6pm and the meeting started at 6:30pm. It ended at about 8:15pm. Approximately a dozen customers attended the meeting to hear presentations from OEB staff and Erie Thames Powerlines. Prior to and following the presentations, OEB staff and Erie Thames Powerlines staff were available to informally talk to attendees and answer questions. OEB and Erie Thames Powerlines representatives responded to questions from attendees during and following the presentations.

The following OEB staff and Erie Thames Powerlines representatives attended the meeting:

OEB Staff

Lynn Ramsay, Senior Advisor, Public Affairs
Jennifer Lea, Counsel - Special Projects
Lawren Murray, Counsel

Erie Thames Powerlines

Chris White, President
Diane Taylor, Regulatory & Executive Assistant
Graig Pettit, Director of Regulatory, Finance, and Customer Relations

OEB staff and Erie Thames Powerlines presented at the meeting. There was a customer presentation from Tim Lobzun at the meeting.

Meeting participants had questions related to the proposed distribution rate increase and the potential for cross-subsidization between Erie Thames Powerlines and other companies in the ERT group of companies. One customer also raised concerns with respect to the new utility website. The meeting was cordial.

Specific Concerns Raised

- Erie Thames Powerlines has higher distribution rates than most other utilities in south-western Ontario. The utility responded that this is partly due to having non-contiguous service areas and three centres of operation.
- Even if the total bill increase is small, the distribution rate increase could be significant for some customers. Neither conservation nor mergers reduce the

distribution rate. The factors lowering the total bill would apply with or without the distribution rate increase, so if Erie Thames Powerlines were not seeking an increase, customers would see a total bill reduction. The OEB should deny the increase and require Erie Thames Powerlines to find efficiencies.

- One customer asked what would happen if the rate increase is not approved. The utility responded that over time an increase in frequency and duration of outages would occur, as well as a decline in customer service.
- The potential exists for cross-subsidization from Erie Thames to other companies in the EARTH group. The utility responded that it has to report to the OEB on a stand-alone basis, and its financial statements are available on the OEB website.
- Why were customers not told in a timely manner about the potential for a merger with Goderich Hydro? The utility responded that they had not started negotiations with Goderich at the time an article about the potential for a merger was published in the Goderich newspaper.
- The new website does not function properly and was a waste of money. The utility responded that most customers have not had trouble, and they would solve this customer's problems.
- What was the level of wage increase for Erie Thames Powerlines staff? The utility responded that the increase was about 2% and was tied to inflation. They will benchmark to local utilities before renegotiating.
- In response to a customer question about the cost item for new connections, the utility explained that many customers do not pay the full cost of a new connection. The amount collected depends on the nature of the connection and the type of customer.

SCHEDULE A
ONTARIO ENERGY BOARD PRESENTATION
ERIE THAMES POWERLINES LIMITED
EB-2017-0038
FEBRUARY 26, 2018



Getting Involved in OEB's Review of Erie Thames Powerlines' Rate Application

OEB Community Meeting

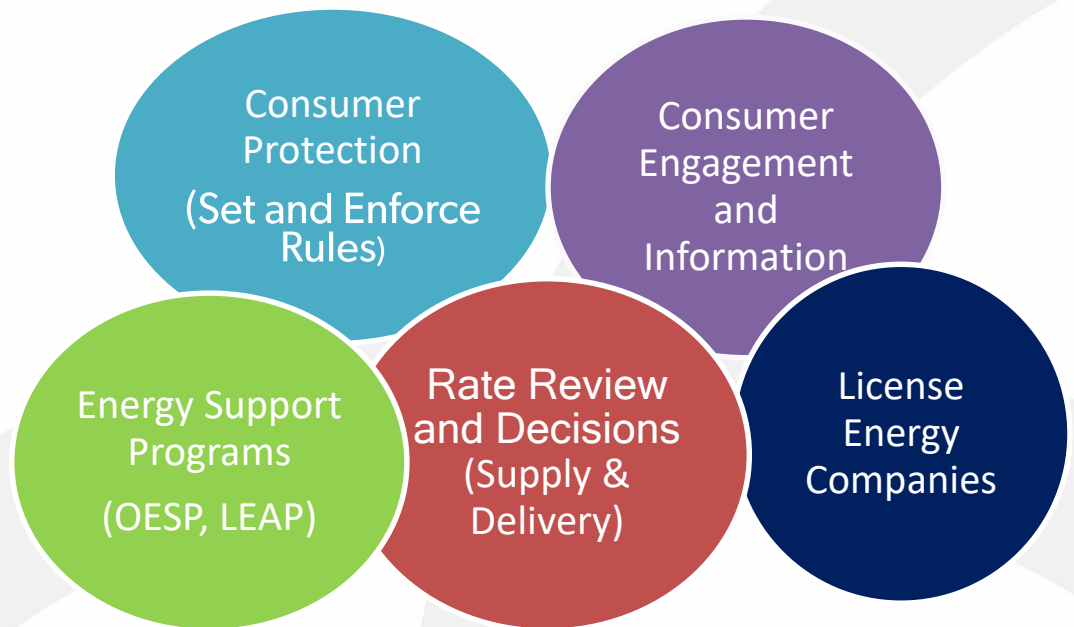
December 12, 2017

Every Voice Matters

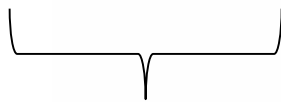
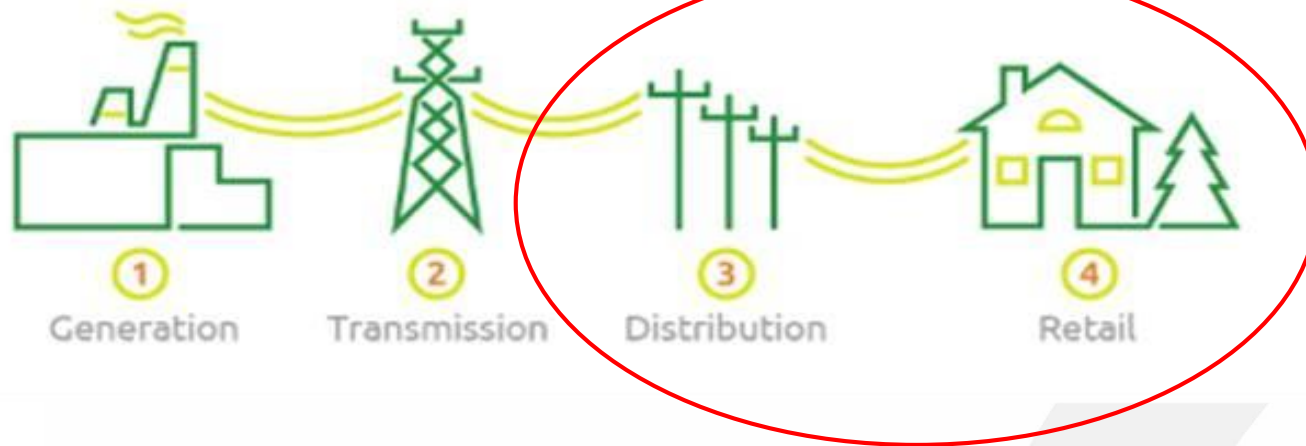
- The OEB wants to hear from you to ensure we take your concerns into account as we make a decision about this application.
- OEB Community Meetings are held to give you an opportunity to:
 - Learn more about your utility's costs and rate application
 - Find out how to get involved in the OEB's process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

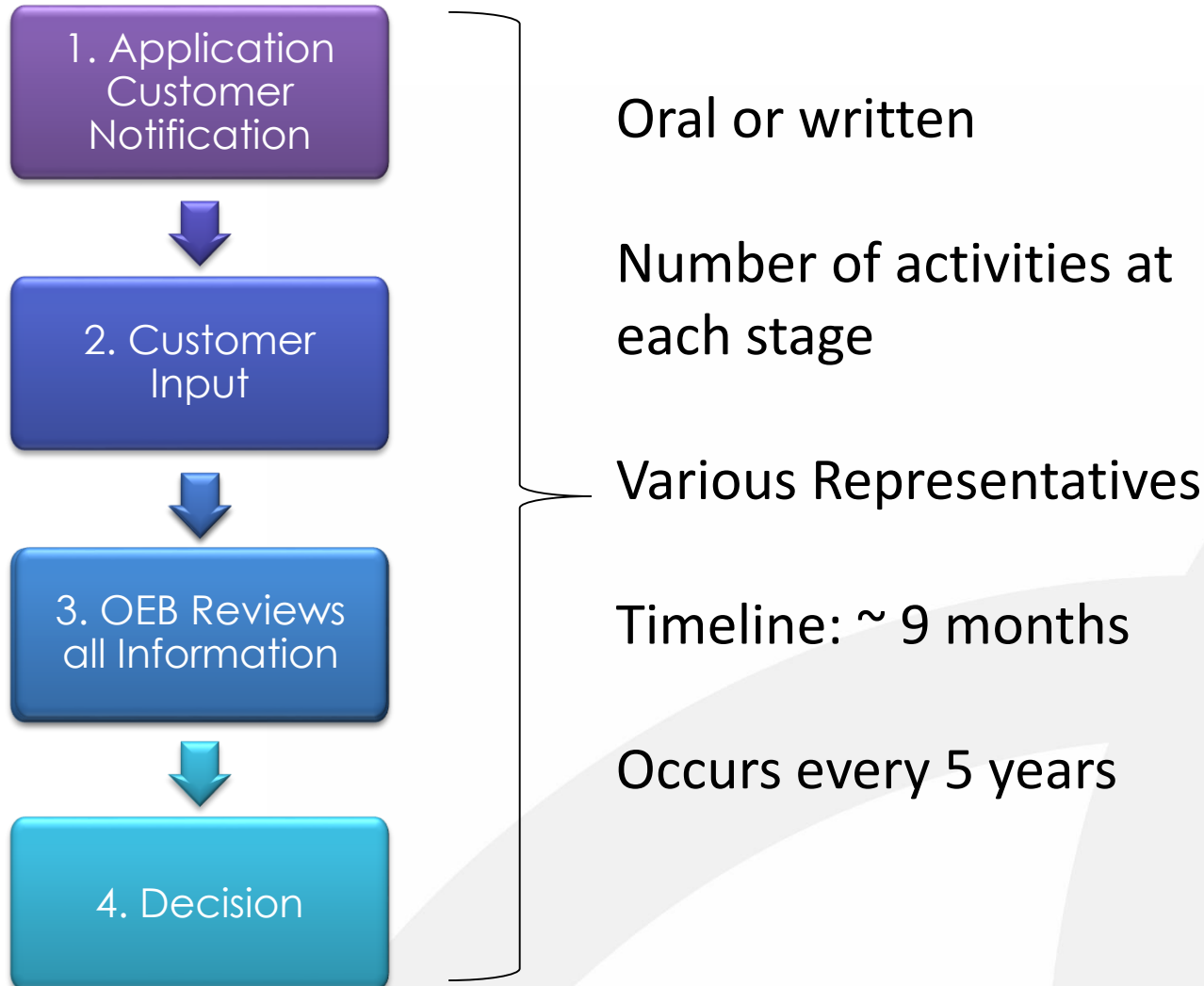
The OEB's job is to align various objectives to ensure reliability



Prices, reliability
and quality of
service

Financially viable
energy sector

Be Heard in the OEB's Process



Be Heard in the OEB's Process



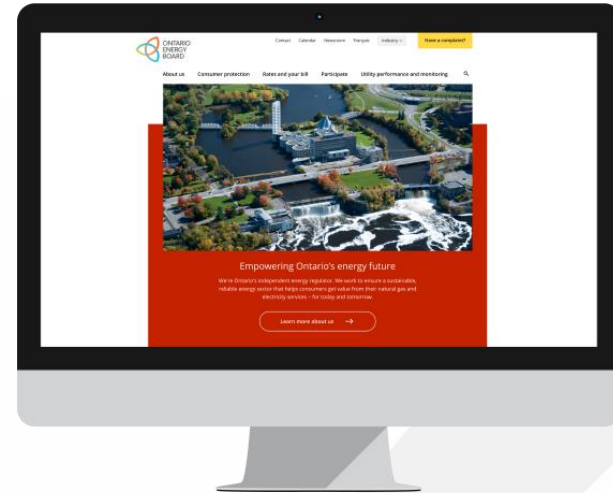
What Can You Do?

- OEB wants to hear from you. We encourage you to:
 - Ask questions
 - Provide comments (via post or email)
 - 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



Twitter: @OntEnergyBoard



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

SCHEDULE B

ERIE THAMES POWERLINES LIMITED PRESENTATION

ERIE THAMES POWERLINES LIMITED

EB-2017-0038

FEBRUARY 26, 2018



ERIE THAMES POWERLINES

OEB Community Meeting

Unifor Hall, Ingersoll

December 12, 2017

Erie Thames at a Glance

Erie Thames Powerlines Shareholders

100% Municipally owned by:

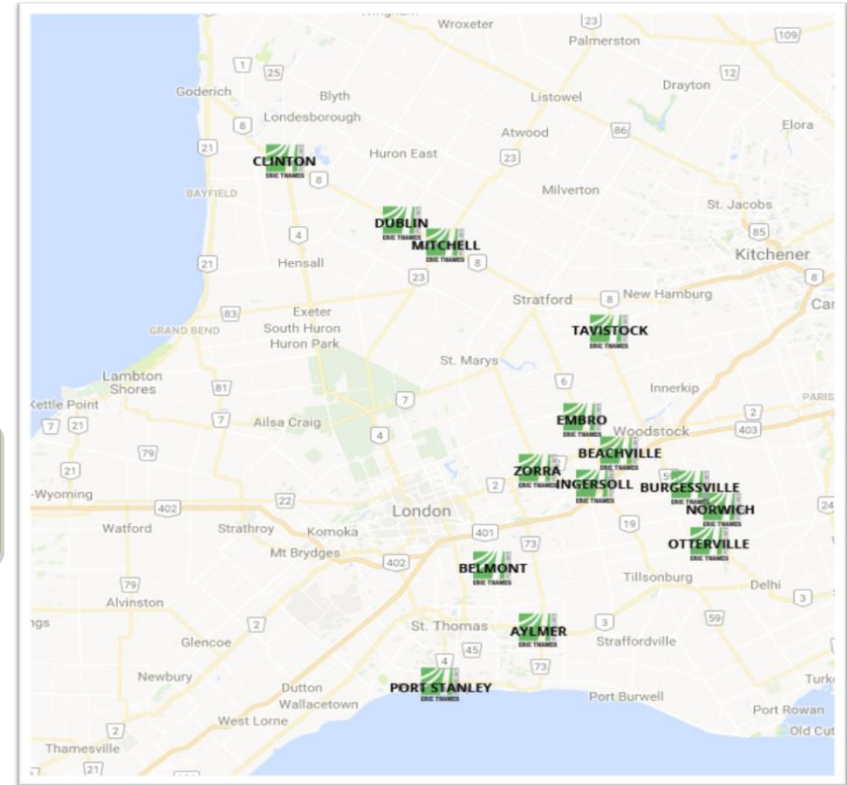
- Town of Aylmer
- Municipality of Central Elgin
- Township of East Zorra-Tavistock
- Town of Ingersoll
- Town of Norwich
- Township of Southwest Oxford
- Municipality of West Perth
- Township of Zorra



MITCHELL
Service Center
50 Arthur Street

INGERSOLL
Head Office
143 Bell Street

AYLMER
Service Center
280 Elm Street



- 14 Communities Spanning 4 Counties
- Serving – approximately 20,000 customers 17,000 of which are residential
- 345 Kilometers of Line
- 497,000,000 kWh's delivered Annually
- 8,511 Distribution Poles
- 3,310 Transformers

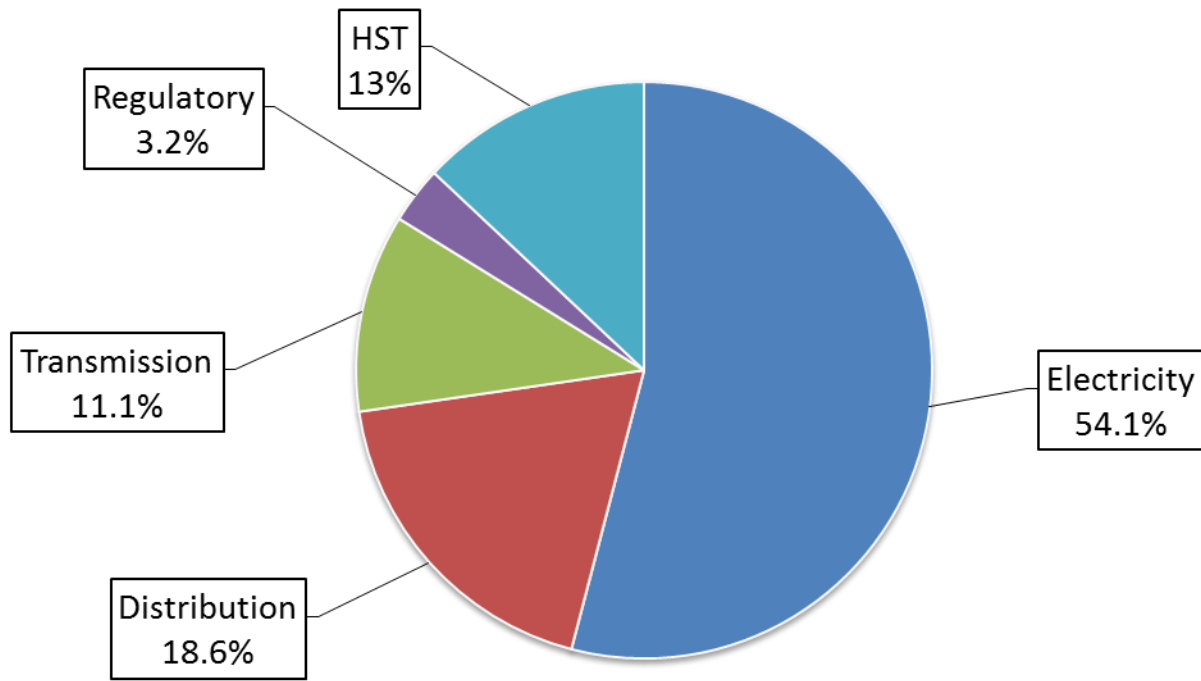
The Application

The Request to Ontario Energy Board

- Erie Thames has asked for Total Revenue Requirement of \$10,785,163 to cover its costs and maintain the level of service its customers expect (an increase of 1.4% annually since 2012).
- Erie Thames has requested this increase effective May 1st, 2018.

Electricity Bill Breakdown

Allocation of Hydro Bill



- ETPL's investment in infrastructure & technology since 2012 has achieved savings for our customers reducing total bill impacts as a result in the application.
 - Investments have achieved reduction in line loss
 - Equivalent to a reduction of \$0.86 per month for the average Residential customer
 - Equivalent to a reduction of \$2.26 for average commercial customers

Residential Customer

Average 750 kwh/Month

	Current	Proposed	Change	% Change
Erie Thames Power \$	30.27	\$ 32.97	\$ 2.70	8.90%
Other Distribution Charges \$	5.14	\$ 4.45	-\$ 0.70	-13.54%
Transmission Charges \$	9.33	\$ 7.83	-\$ 1.50	-16.04%
Sub-Total of Delivery \$	44.74	\$ 45.24	\$ 0.50	1.12%
Regulatory Charges \$	3.31	\$ 3.27	-\$ 0.03	-1.00%
Electricity (TOU) \$	61.62	\$ 61.62	\$ -	0.00%
Total on Bill Before Taxes \$	109.67	\$ 110.14	\$ 0.47	0.43%
HST \$	5.48	\$ 5.51	\$ 0.02	0.43%
Total Bill Impact \$	115.15	\$ 115.64	\$ 0.49	0.43%

Small Commercial Customer

Average 2,000 kwh/Month

	Current	Proposed	Change	% Change
Erie Thames Power \$	51.29	\$ 60.95	\$ 9.66	18.83%
Other Distribution Charges \$	12.20	\$ 10.34	-\$ 1.86	-15.22%
Transmission Charges \$	23.20	\$ 19.64	-\$ 3.56	-15.34%
Sub-Total of Delivery \$	86.69	\$ 90.94	\$ 4.24	4.90%
Regulatory Charges \$	22.40	\$ 21.69	-\$ 0.71	-3.16%
Electricity (TOU) \$	164.32	\$ 164.32	\$ -	0.00%
Total on Bill Before Taxes \$	273.41	\$ 276.95	\$ 3.54	1.29%
HST \$	13.67	\$ 13.85	\$ 0.18	1.29%
Total Bill Impact \$	287.08	\$ 290.80	\$ 3.71	1.29%

- Online surveys conducted in 2014 & 2016 to determine customer expectations with respect to capital and operating spend for 2018.
 - All customers were informed
 - 2,021 customers responded
- Three community meetings were held in 2017
 - March 29th in Mitchell (28 attendees)
 - March 30th in Aylmer (16 attendees)
 - April 5th in Ingersoll (21 attendees)

Our Customers Support:

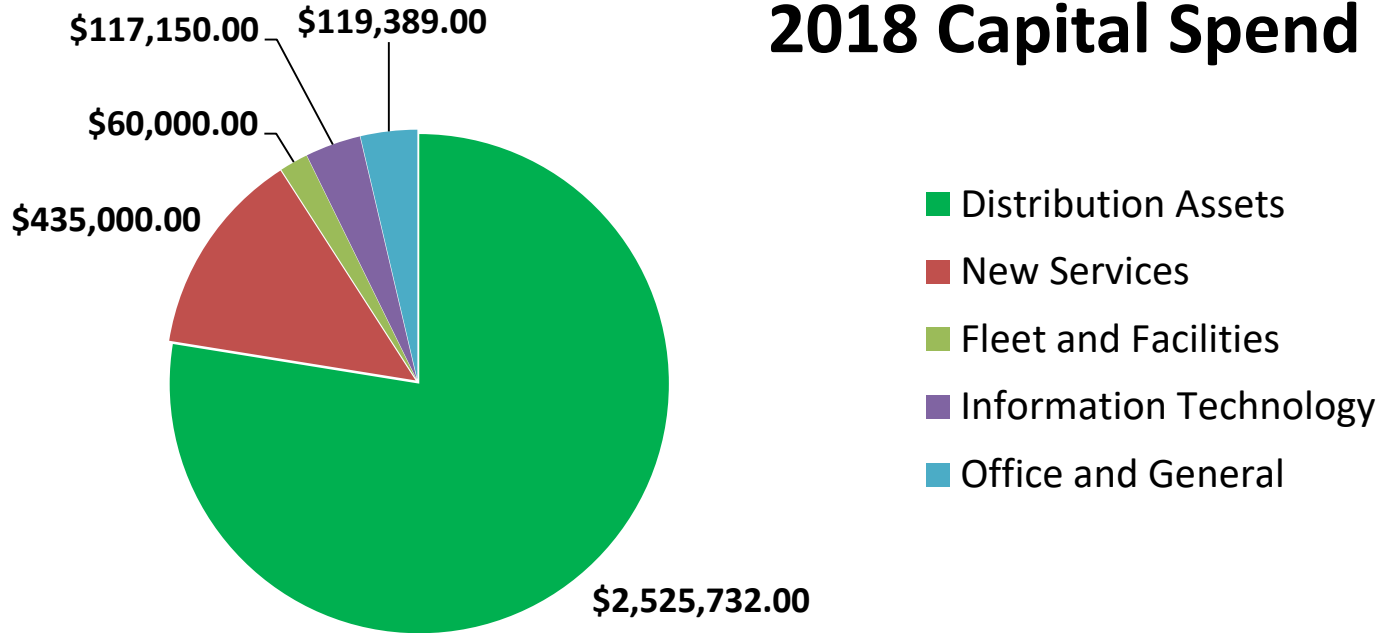
- Investments to enhance reliability reflected in asset reinvestment and grid modernization plans
- reasonable rate increases to undertake activities applied for
- The Application attempts to balance customers' desire for low rates with need to make responsible investments to ensure health of electricity system in the long term.

Why does ETPL need this increase:

- To cover the cost of inflation in order to maintain service level expectations of our customers.
- Investment in end of life assets; Poles, Wires and Transformers and annual new customer connections.
- Investment in MyAccount which will vastly improve the customer account experience for \$41,000.
- Investment in Cyber Security and Privacy of Approximately \$150,000.

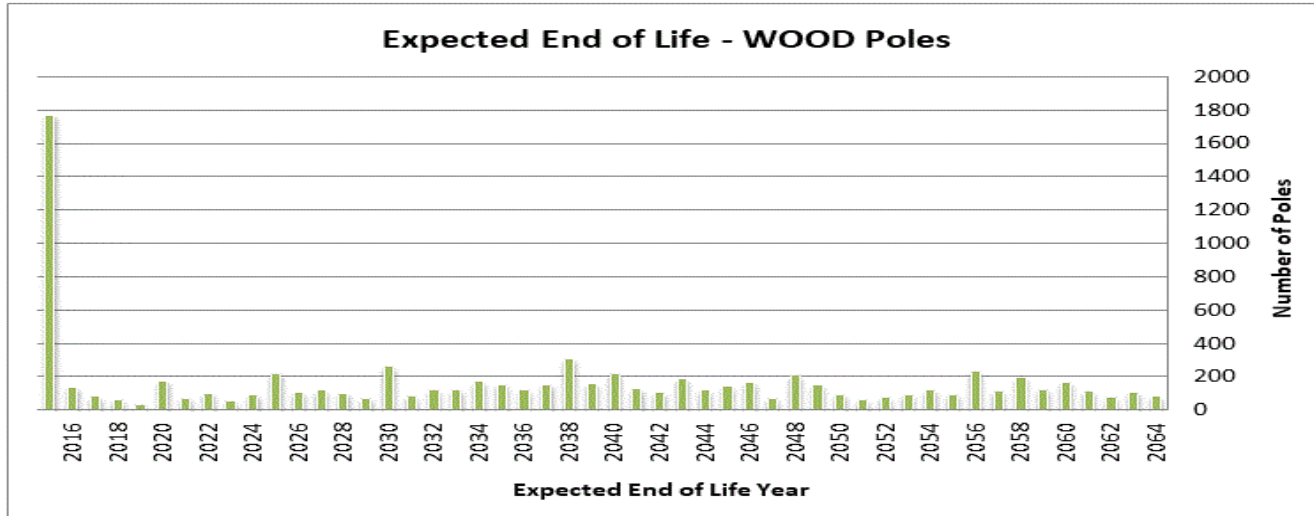
Capital Spending as part of the Request

2018 Capital Spend



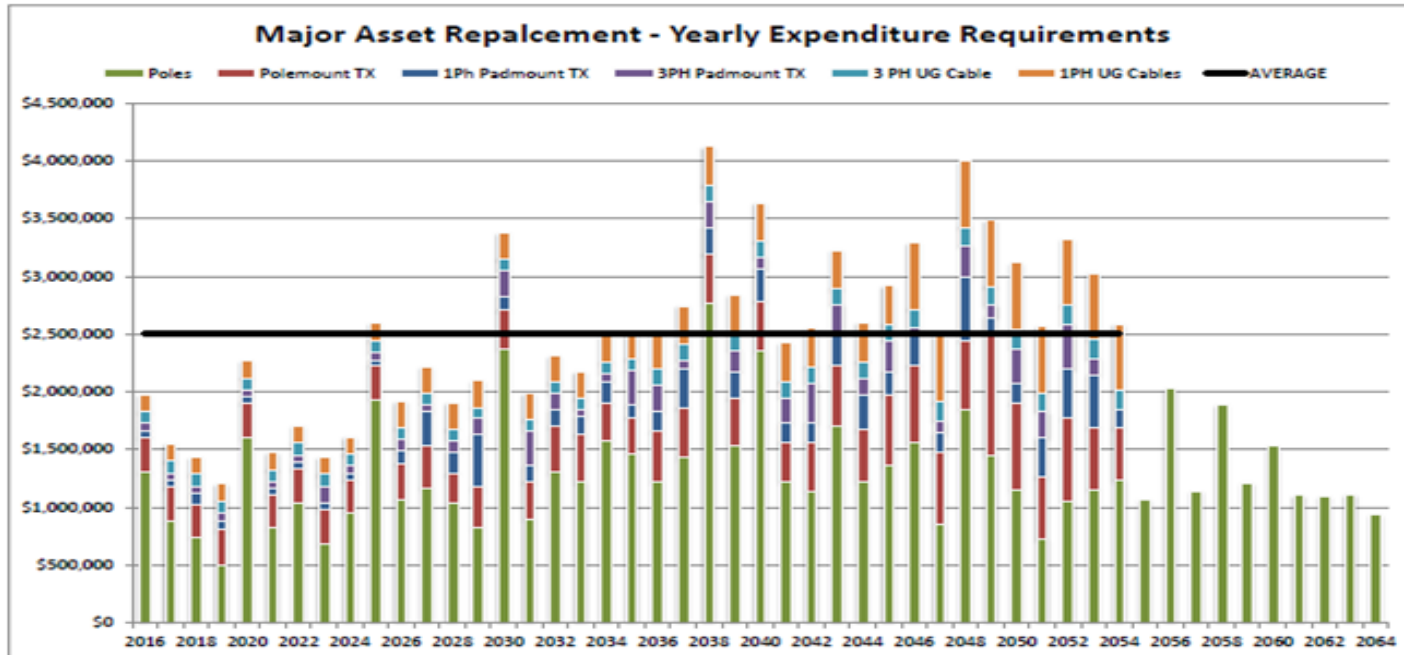
The Risks Aging Infrastructure

- Without this increase ETPL would be dealing with an increasingly aging infrastructure with a rise in failure rates and increase public safety concerns.
- The following chart illustrates the impact of the aging infrastructure



Asset Replacement and Aging Infrastructure

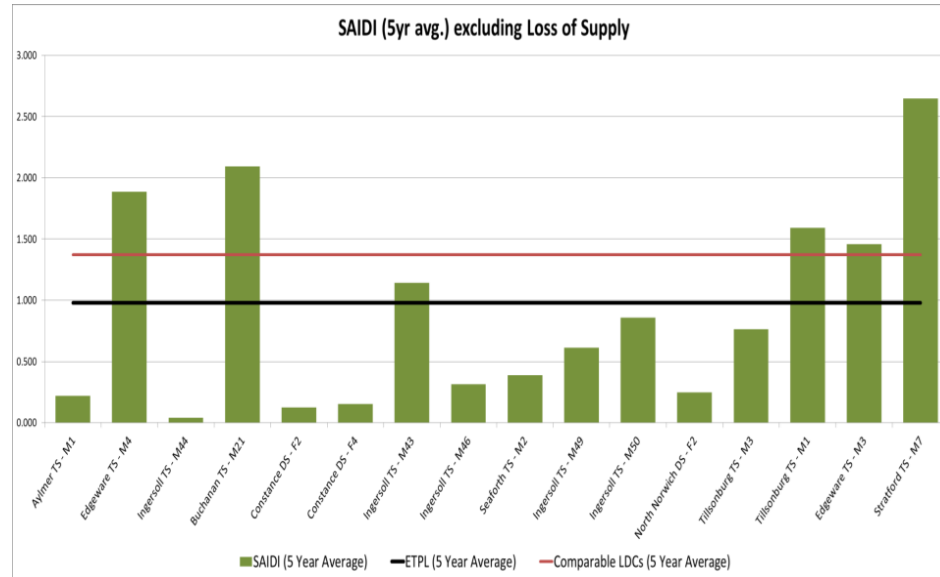
- This methodology is applied to all asset types and a yearly average investment is set in order to at a minimum maintain reliability levels while minimizing customer impacts.



- ETPL will continue to invest in distribution automation to better respond to outages, and collect valuable loading information to enable better system planning

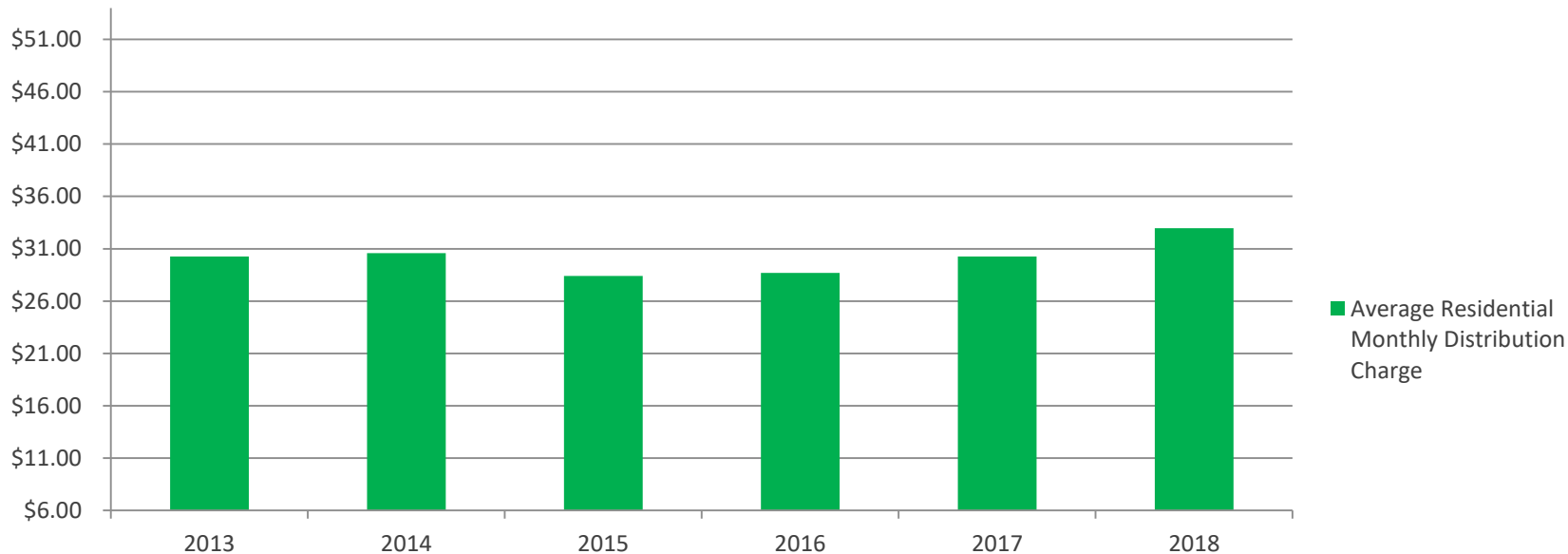


- Outages are tracked by feeders, cause etc. to focus spending on areas most in need.
- GIS system aggregates asset data, testing results, to easily see trends.



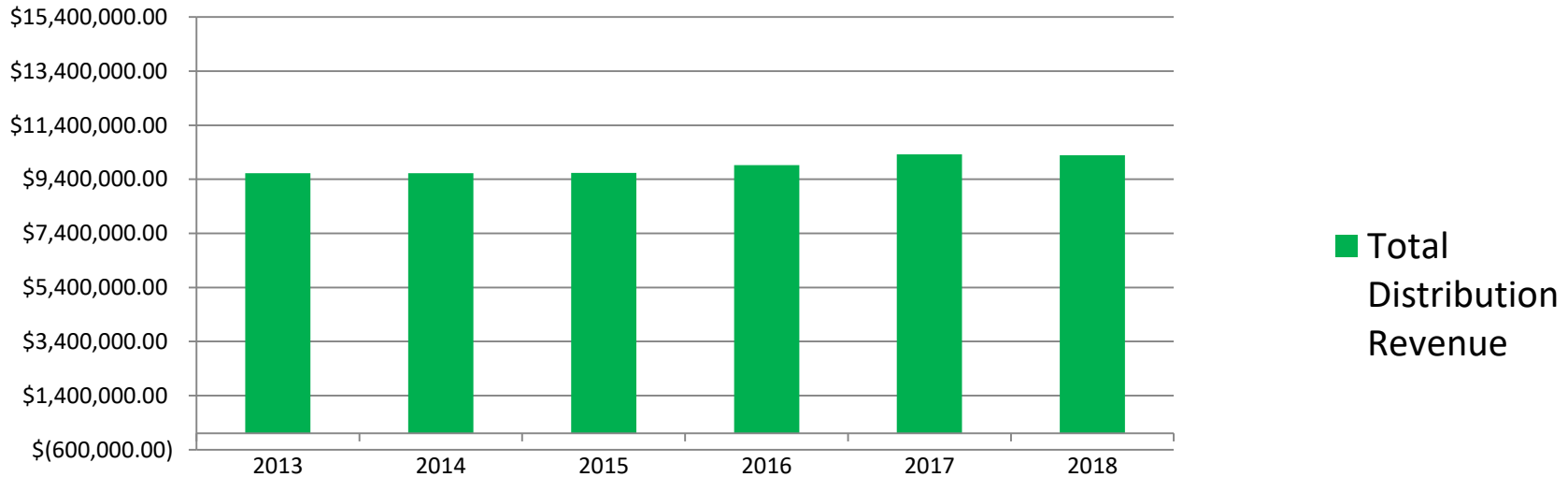
Historical Residential Distribution Charge Monthly

Average Residential Monthly Distribution Charge



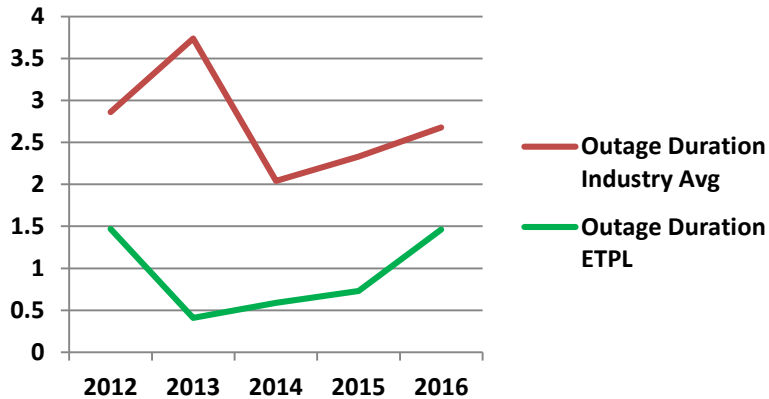
- \$670 k increase over past 6 years 6.97% total increase or 1.16% per year

Total Distribution Revenue

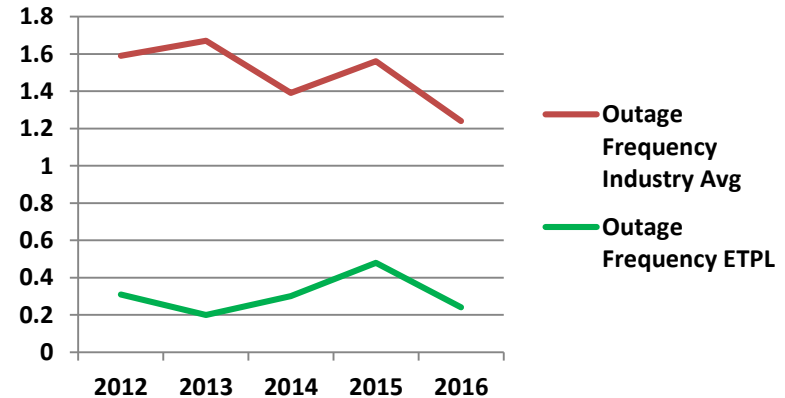


- ETPL has consistently met and exceeded OEB Service Quality Metrics
- Fully compliant with ESA and achieved Zero Lost Time injuries over past 3 years.
- Reliability data shows ETPL is well below industry average and maintaining its performance.

SAIDI



SAIFI



- Erie Thames Power will keep its customers up to date through the following avenues:
 - Scorecard reporting posted annually on its website
 - Website www.eriethamespower.com
 - Social Media (Facebook and Twitter)
 - Information sessions and direct communications
 - Bill inserts and customer surveys

- Erie Thames Powerlines 2016 Scorecard is available online at:
 - www.eriethamespower.com
- Email questions or comments to:
 - info@eriethamespower.com
- Erie Thames 2018 Distribution Rate Application is available for review at:
 - <https://www.oeb.ca/participate/applications/current-major-applications/eb-2017-0038>

SCHEDULE C
TIM LOBZUN PRESENTATION
ERIE THAMES POWERLINES LIMITED
EB-2017-0038
FEBRUARY 26, 2018

Thank You for letting me speak

ERTH Corp - A Global municipally owned corporation engaged in many different businesses including Erie Thames Power

ERTH Corp - Although directors are chosen municipally there really is no public information on each of these division - salary disclosure of directors or Senior Management not available to public

ERTH Corp - With the diverse businesses we do not know how much of our Erie Thames Bill goes to support these other entities or salaries

Hydro One vs ErieThames - For our rural partners they get a good deal compared to what Hydro One Rates would be for Medium or Rural customers - ERTH as it grows should be showing a reduction in the overall Conservation expenses on a per customer basis. A common trait among electricity delivery rates is that the more services provided the higher the rates and that mergers and buyouts rarely advantage the ratepayers that have been consumed.

If the rate increase is turned down - what happens? Mass power outages? Layoffs? or A rededication to find the efficiencies mandated by a board of directors that has the interest of their own stakeholders at hand? Tim Lobzun

Just Say NO



It is Erie Thames Power
They are installing a larger Mail Slot

Rate Calculator - OEB - 750kw
ErieThames - \$115.15 (\$44.74)
Tillsonburg - \$108.70 (\$38.63)
H 1 - Urban -- \$116.16 (\$45.66)
Woodstock -- 114.56 (\$44.47)
Norfolk - 120.75 Clinton - 120.00
Entegrus - Chatham - \$107.02
St Thomas - \$ 111.06

Hydro One has a rate increase
before the OEB.

It is half of Erie Thames rate request -
Erie Thames will remain the most
expensive municipally owned utility in
SW Ontario

ERTH's president and CEO Chris White told the Sentinel-Review last month that he anticipates nothing but positive impacts for the communities ERTH operates in.

"Better service, better reliability (and) lower rates, so there will be many efficiencies gained," White said about the merger. "This will give us the added horse power to navigate through the new utility landscape going forward as the customer expectations start to change." (ERTH merger with Goderich Hydro)



Oxford West - Create the Future