



## Customer Summary

Rideau St. Lawrence Distribution Inc. ("RSL") has prepared a Cost of Service application for an increase to its rates to the Ontario Energy Board ("OEB"). The proposed effective date of the new rates is January 1, 2022. The OEB has assigned a file number to the application: EB-2021-0056.

### **What is a Cost of Service application?**

A Cost of Service application contains detailed information about the utility and its costs. The application explains how much it costs to run the business, which determines the rates needed to provide the money to pay for those costs. A Cost of Service application is typically created every 5 years, and is known as "rebasing".

### **Why is the rate increase needed?**

RSL's last Cost of Service rates were approved in 2017. Since that time, costs have increased. Interim rate increases since 2017 have been less than the rate of inflation. This creates a large gap between the revenues from rates and the costs to run our business. This has a direct impact on the financial position of the company.

### **Which rates will change?**

The electricity bill contains many types of charges. RSL's rate application will only change the Delivery portion of the bill, which primarily includes RSL's revenues and Hydro One's transmission costs. This application does not affect the cost of energy, usually shown on your bill as Time of Use rates or Tiered rates.

### **How much will the bill change?**

If the rate application is approved as submitted, the following increases are expected for a Residential customer using 750 kWh per month or a Commercial customer using 2,000 kWh per month:

Residential = \$10.77 increase per month for the total bill, an increase of 8.9%.

Commercial (GS < 50 kW) = \$9.75 increase per month for the total bill, an increase of 3.2%.

### **How is the money spent?**

You can split the costs of running a utility into primarily 2 pieces: Capital and Operating Expenses. Capital spending is for the equipment that brings the electricity to your home or business: Distribution Stations, poles, transformers, wire, and meters. It also includes trucks, tools, and computer equipment. The detailed information about Capital Projects is included in Exhibit 2 of our application, Rate Base. The exhibit includes the Distribution System Plan, which has detailed descriptions of the proposed major projects. The following Table CS1 is a list of capital work planned for 2022:

**Table CS1: Proposed Capital Projects for 2022**

<b>Projects</b>	<b>2022</b>
<b>MS2 Morrisburg Relocation</b>	500,000
<b>Transformer Replacements</b>	58,698
<b>Meter Replacements</b>	29,782
<b>Bell Fibre to Home</b>	177,869
<b>Miscellaneous Projects</b>	15,689
<b>High Street</b>	52,974
<b>Computer Software</b>	5,000
<b>Computer Hardware</b>	19,000
<b>Vehicles</b>	60,000
<b>Tools</b>	10,000
<b>Total</b>	<b>929,012</b>

The other cost is for Operating Expenses, and this includes the day-to-day operation of the utility: Operations, Maintenance, Meter Reading, Billing, Customer Service, and Administration. Detailed information about Operating Expenses can be found in Exhibit 4, Operating Expenses. This exhibit provides historical information and explains changes to expenses over the years. Table CS2 shows a summary of the proposed Operating Expenses for 2022.

**Table CS2: Proposed Operating Expenses for 2022**

<b>Type of Expense</b>	<b>2022</b>
<b>Operations</b>	<b>362,465</b>
<b>Maintenance</b>	<b>450,600</b>
<b>Billing and Collecting</b>	<b>551,220</b>
<b>Community Relations</b>	<b>32,500</b>
<b>Administrative</b>	<b>1,092,127</b>
<b>Total Operating Expenses</b>	<b>2,488,912</b>

**What is the next step?**

The rate application will be reviewed by OEB staff and by registered Intervenor, who represent various customer groups. They will test and challenge the assumptions and numbers in the application. RSL will work with these groups to answer their questions, and adjust the application as needed.

**When will the application come into effect?**

The review process can take several months, depending on the complexity of the application. It typically takes as much as six months after the original submittal of the application for the rates to be approved and implemented.

**Can I see more information about the application?**

Yes! The full application is available on both the OEB and RSL websites.