Letter of Comment - EB-2024-0115

-- Name --
Inam Siraj

-- Do you reside in the impacted service area? -- Yes

-- Comments --
Dear Ms. Marconi and Members of the Board:

I am writing as a concerned residential customer in Ottawa to express opposition to Hydro Ottawa's proposed rate increases for 2026–2030. Hydro Ottawa seeks to raise the fixed monthly distribution charge for a typical home from \$34.51 to \$40.59 in 2026 (an increase of \$6.08) , with further annual increases thereafter. This proposal has been justified by the utility in very general terms – citing increased "maintenance needs," "growth," "technology and cyber security," and inflation – but the explanations in the Application lack detail and clarity. The result is a costly increase for consumers without transparent evidence that these costs are unavoidable or managed efficiently.

For example, Hydro Ottawa's own Application Summary shows that its 2026 revenue requirement rises 24% over 2025. The largest drivers are a 33% jump in distribution operating expenses (about \$35 million) and a 15% jump in return on rate base. The Application attributes that \$35M rise to broad factors – "increase in distribution operations expenses, … cloud and IT including cyber security, headcount growth and increases in compensation, [and] inflationary increases" – but provides no detailed breakdown of these costs. No itemized schedule or quantified analysis explains how much is due to each factor, why costs have accelerated so sharply, or what specific cost-cutting measures were considered. Similarly, the capital spending plan is summarized only in high-level terms ("modernize and expand the grid to meet evolving community needs and address climate change"), with no project list or explicit linkage to regulatory obligations or safety requirements. The Application mentions dozens of potential drivers (new connections, asset failures, storm damage, resiliency upgrades, IT systems, etc.), but again offers only qualitative descriptions.

Hydro Ottawa's explanations are therefore opaque. For instance, its OM&A narrative justifies \$140M in expenses by citing "maintenance needs," "emerging needs from growth," and ever-higher "technology and cyber security" requirements. It further lists factors like inflation, a larger workforce, more rigorous testing and inspections, storm clean-up and vegetation management, and new IT/cyber investments. While each of these may be valid concerns, the utility does not quantify their impact or show that costs were optimized. Without a transparent breakdown, customers cannot see why \$35M more is needed in 2026 alone and why these amounts could not be restrained. Even more troubling, Hydro Ottawa proposes only a tiny productivity "stretch factor" of 0.15%, implying that nearly all cost increases are simply passed on.

The lack of detailed evidence runs counter to the OEB's regulatory principles. Under the Ontario Energy Board Act, any rate increase must be shown to be "just and reasonable," and utilities bear the burden of proving that costs are prudent and necessary. A responsible rate application should include clear cost driver schedules and justify why each expense category cannot be mitigated. Hydro Ottawa's application largely asserts rising costs rather than demonstrating them. For example, there is no public breakdown of the 2026 capital budget, no line-item detail for OM&A, and no explanation of how much reserves remain for equipment replacement. The utility merely states that it needs to balance "affordability" with grid sustainability, yet it never reconciles the trade-off or considers alternatives. Its claim to have been "careful to have due regard for the impacts that bill increases may have on customers" rings hollow in light of the steep proposed hikes.

Given these shortcomings, the justification for the proposed increases appears inadequate and non-transparent. Hydro Ottawa expects to gain roughly \$60 million (24%) more in revenue for 2026 (and corresponding revenues in later years), but the application does not show how ratepayers directly benefit from each dollar. Without clear accountability, ratepayers are asked to subsidize uncertain investments. Meanwhile, residential customers already pay among the highest fixed distribution fees in Ontario. Pushing these even higher – on top of volatile energy prices and general inflation – would impose an undue burden on households, particularly those on fixed or low incomes. It is unfair to expect families to cover loosely-defined costs that might be managed through better planning or efficiencies.

I urge the OEB to scrutinize this proposal rigorously. The Board should require Hydro Ottawa to justify each major cost item with detailed schedules and to demonstrate concrete cost-saving measures. Any approved increase should be minimal and clearly tied to unavoidable needs. Where possible, the utility should be directed to streamline operations and control expenses rather than shifting them onto consumers. Public confidence in the process demands full transparency and accountability: ratepayers deserve to see exactly what they are paying for.

Thank you for considering these concerns. I respectfully request that the Board protect consumers by ensuring that Hydro Ottawa provides a much stronger, more detailed justification before any rate hikes are approved.

Sincerely,
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