

**From:** [BoardSec](#)  
**To:** [REDACTED]  
**Subject:** TRIM: EB-2016-0091 FW: London Hydro - Rate Increase App - Board Hearing / Mtg Nov16 - Public Record  
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**From:** Chris Butler [REDACTED]  
**Sent:** November-16-16 10:25 AM  
**To:** Harold Thiessen  
**Cc:** BoardSec; [REDACTED]  
**Subject:** London Hydro - Rate Increase App - Board Hearing / Mtg Nov16 - Public Record

>>>> NOTE to Dan White - Please pass this E- Mail CC directly to Vinjay Sharma - CEO London Hydro who I met at the OEB Hearing last night.( I don't have his direct EMAIL address)

Harold ;

Thanks for the opportunity to speak / present with respect to the OEB Hearing last night , your role in facilitating and your leadership role in moving forward to the next steps with London Hydro and the public on this rate increase application. Please consider this an accurate summary of my presentation and the follow-up recommendations for yours and Vinjay's consideration and action :

#### Presentation Summary

1. That the \$4.06 fixed rate charges proposed increase per residential customer account is 24 % is excessive , inflationary and not supported as justified by any London Hydro documentation. London Hydro's - OEB score card shows 2014-15 Cost Increases ( not all fixed costs ) of 5.5 % per year and there is zero public visibility / evidence of any formal cost control program at London Hydro to address this challenge. London Hydro's return on equity suggests they are in the top quartile of Ontario Electrical Utilities at a rate between 7 - 10 % over the past 5 years and that under this backdrop the Fixed Charges increase need to be challenged.
2. How these increases are applied and measured challenge presented as follows
  - That using the " Typical Residential Customer ( TRC) = 750 KWHR / month " benchmark enforced on London Hydro by the OEB unfairly , possibility fraudulently skews the published rate increase total impact per residential account by at least 20 % when the fixed rate charge increases are combined with the volumetric usage discounts. 70 % of London Hydro residential customers use less than 750 KWHR per month, the average usage is approximately 500 KWHr per month and 20 % of London Hydro's residential accounts use less than 375 KWHR per month. The impact of the total proposed rate increases vary widely as a % of their

total bill and up to 5 - 6 % impact on accounts as low as 150 KWHR per month.  
London Hydro and the OEB need to develop a fairer way of applying these increases as a measured as a % proportional of everyone's overall bill.

- That applying fixed rate charge increases deemed to be budgeted for 3 - 5 years in one lump sum May 2017 is punitive.

Recommendations Forwarded At The Meeting ( You know giving customers a stronger voice )

1. Apply the approved rate charges / increases proportionally and fairly across London Hydro's Residential Customer base respecting that many are already approaching the energy poverty cut line and many others are simply responding to higher electrical billing with energy conservation efforts . These customers need to be equally rewarded - not punished in the allocation of cost increases.
2. That the fixed charges/ cost increases be awarded and allocated on annual basis , rather than being applied like a " hammer " as a one time 24 % increase every 3 to 5 years. This is a broken business model shared by no other business except the OEB managed Electrical Utilities.
3. That the charges/ cost increase modeling with London Hydro be based on the " Average Residential Customer ( ARC ) " monthly usage not the dated- inflated TRC benchmark outlined above. That the OEB and London Hydro communicate the cost impacts per residential customer from this rate APP to customers with the SRC - ARC - TRC benchmarks without censoring London Hydro in this initiative.
4. That the OEB challenge London Hydro 's application for \$4.06 per month in fixed charges/ cost increases to be better supported by actual data as these are not sustainable going forward. . Recommend strongly that London Hydro provide visibility on it's website to cost savings and cost avoidance increases to customers and that they formalize / strengthen the program under the umbrella of Continuous Improvement or Six (6 ) Sigma to empower their employees .
5. OEB specific . That the OEB immediately scrap - terminate the use of the " Typical Residential Customer ( TRC )" benchmark as a meaningful measure across both the Electrical & Natural Gas utilities. Replace this with the " Average Residential Customer ( ARC ) " or SAC-ARC -LRC costing impacts in all you do. You are fooling nobody here and open the door to future litigation using the facade of the TRC benchmark.

Harold - I would ask this presentation record be posted to the hearing public input notes as " presentation " and that I be kept updated on any further public input opportunities in this APP as the process moves forward.

THXS - Chris Butler - [REDACTED]