



ONTARIO ENERGY BOARD

VOLUME: Electricity Distribution Teleconference

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THE ONTARIO ENERGY BOARD

ELECTRICITY DISTRIBUTION TELECONFERENCE

Held at 2300 Yonge Street, 25th Floor,
Toronto, Ontario, on Thursday,
April 12, 2007, commencing at 11:02 a.m.

A P P E A R A N C E S

PAUL CRAWFORD Board Staff
MARIKA HARE
ALAN FOGWILL
DENISE HARRINGTON
PETER FRASER
MARK GARNER
VANDA WALL
CHRIS CINCAR
RUSSELL (Rusty) CHUTE

I N D E X O F P R O C E E D I N G S

<u>Description</u>	<u>Page No.</u>
Upon commencing at 11:02 a.m.	1
Rates Announcement	1
Questions from April Lindgren, CanWest Global	3
Questions from Keith Leslie, Canadian Press	7
Further questions from April Lindgren, CanWest Global	9
Whereupon the hearing adjourned at 11:19 a.m.	10

1 Thursday, April 12, 2007

2 --- Upon commencing 11:02 a.m.

3 DENISE HARRINGTON: Good morning. My name is Denise
4 Harrington and I am managing director of communications and
5 public affairs at the Ontario Energy Board. I'd like to
6 welcome everyone participating in today's conference call.

7 Let me start by introducing Board Staff participating
8 on this call, followed by a brief outline of the two
9 announcements we are making today.

10 The Board is represented on the call by Marika Hare,
11 managing director of regulatory policy development, and
12 Peter Fraser, manager in that department. Both of them can
13 answer questions regarding commodity prices.

14 We also have with us Mark Garner, managing director of
15 market operations, to address any questions on
16 distribution.

17 As I mentioned earlier, we are making two
18 announcements, one regarding new commodity prices that
19 appear on the electricity line of bills for consumers on
20 the regulated price plan; the second regarding distribution
21 rates that appear on the delivery line of bills.

22 **RATES ANNOUNCEMENT:**

23 DENISE HARRINGTON: To address the first portion of
24 our announcement on commodity prices: Effective May 1st,
25 regulated price plan prices will be 5.3 cents per kWh up to
26 a certain consumption level each month, and 6.2 cents per
27 kWh above that.

28 Consumers can use up to 600 kWhs a month at the lower

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1 price, while non-residential consumers can use up to 750
2 kWhs a month.

3 The new prices represent a 3.3 percent decrease
4 relative to the prices that went into effect in November
5 2006, and an 8.8 percent decrease since May 2006. The
6 reduction in electricity prices is primarily due to the
7 decline in the variance account balance as a result of
8 milder-than-expected weather throughout the fall season and
9 most of the winter.

10 The second announcement we are making today is on
11 decisions for distribution rates for 70 electricity
12 utilities. They applied for distribution rate changes
13 using the Board's incentive regulation guideline. It
14 allows for a modest increase less an amount to encourage
15 utilities to find efficiencies in their operations.

16 The impact of the distribution changes will be an
17 increase to consumers' bills of less than inflation. Based
18 on average consumption of 1,000 kWhs per month, the total
19 bill impacts of distribution rate changes from most
20 utilities will range from negative 0.7 percent to an
21 increase of 2.0 percent.

22 There was one exception; that is the service area of
23 Chatham-Kent Hydro Incorporated.

24 In setting distribution rates and electricity prices,
25 the objective of the Board is to establish fair prices for
26 consumers while maintaining a viable energy sector. My
27 colleague, Peter Fraser, will now read the opening
28 statement in French.

1 PETER FRASER: [Opening statement read in French]

2 DENISE HARRINGTON: Thank you, Peter. To briefly
3 summarize the announcement today: Starting May 1st, prices
4 for residential consumers who buy their electricity through
5 their utility will be 5.3 cents per kWh for the first 600
6 kWhs each month, and 6.2 cents per kWh above that.

7 The new prices represent a 3.3 percent decrease
8 relative to the prices that went into effect in November
9 2006, and an 8.8 percent decrease since May 2006.

10 Non-residential price plan consumers can use the first
11 750 kWhs each month at the lower rate. Most utilities will
12 also see modest increases to their distribution rates less
13 than inflation.

14 The combined effect of the two announcements will vary
15 from utility to utility. A list of impacts by utility is
16 available on the OEB's website at www.OEB.gov.on.ca.

17 I will now ask the operator to open up the phone lines
18 to the media for our first question.

19 OPERATOR: One moment, please, for the first question.
20 There are no questions at this time. Please continue.

21 DENISE HARRINGTON: Operator, are there any questions?

22 OPERATOR: We currently have one question from April
23 Lindgren of CanWest News. Please go ahead.

24 **QUESTIONS FROM APRIL LINDGREN, CANWEST GLOBAL:**

25 APRIL LINDGREN: Yes. I'm trying to understand what
26 has happened to the distribution rates over time. So,
27 like, compared to two years ago or three years ago, how
28 much higher are they now on an -- I don't know, an average

1 or on a range basis?

2 MARK GARNER: This is Mark Garner -- excuse me, this
3 is Mark Garner. I can give you -- the averages we've given
4 you are from last year. If you want a little bit of the
5 history, last year they went up quite -- the adjustment was
6 quite different, and that was the first adjustment after
7 the rate freeze. This year's adjustment is a simple
8 mechanical adjustment that adjusts the rates, the current
9 rate, by -- I think it's 1.9 percent, and then subtracts a
10 productivity factor, an efficiency factor, of 1 percent.

11 So the adjustment is a 0.9 percent adjustment onto the
12 current rate, and then there's a little -- small
13 adjustments related to things like changes in the large
14 corporation tax, Smart Meter adders, et cetera.

15 APRIL LINDGREN: So between the current rate, between
16 now and what is going to be on, say, May 2nd, is going up
17 0.9 percent?

18 MARK GARNER: The range is between -- on distribution,
19 distribution between negative 0.7 and 2 percent. The only
20 exception to that is Chatham-Kent, and that's because
21 Chatham-Kent has a harmonization plan. It has 11 different
22 rate areas and it also has a harmonization, a rate
23 harmonization plan that been approved by the Board.

24 APRIL LINDGREN: But I'm interested in -- I want to go
25 back a little bit further, because I think the major
26 increases happened in the last few years, right?

27 MARK GARNER: Last year there were more significant
28 rate impacts.

1 APRIL LINDGREN: So can you tell me the numbers?

2 MARK GARNER: I can't off the top of my head give you
3 the numbers of last year's rate impacts, but if you like,
4 we could have someone look into that for you.

5 APRIL LINDGREN: Yes, because I think people are
6 trying to figure out why their bills seem to be getting --
7 going -- staying higher all the time, and I want to sort of
8 give them some historical perspective on what's happened
9 with distribution rates and I've got a clear idea of what's
10 happened on the electricity market.

11 MARK GARNER: Well, I can give you this background.
12 Last year's adjustments were after a long period of a rate
13 freeze, provincial rate freeze, so there hadn't been an
14 adjustment for, I believe it's four years prior to that.
15 There was a built-up pressure on the rates the last time.

16 This time the only adjustment is an adjustment for
17 inflation less an efficiency factor for the Board. So the
18 rates are going up, on average, below the inflation rate.

19 APRIL LINDGREN: Okay. Somebody is going to get back
20 to me with -- when we talked about last year, what date are
21 we talking about?

22 MARK GARNER: Last year we did the distribution rates
23 on the same period. Distribution rates are changed once a
24 year generally, and on May 1st.

25 APRIL LINDGREN: I guess what I'm looking for is what
26 did they go up by on the range May 2006. You're saying
27 four years prior to that it was frozen?

28 MARK GARNER: If you would like, we'd have to check

1 the numbers on how long the rate freeze was in place, but
2 if you give your information, we can give you both the
3 length of the rate freeze and we could give you some
4 information on last year's adjustments.

5 APRIL LINDGREN: Just a couple more things.

6 Is Hydro One included on the list of distribution
7 decisions? I can't see it.

8 MARK GARNER: No -- it's Mark Garner. No, it is not.
9 To be in this list, utilities were to file by the end of
10 January of this year. Hydro One filed later than that.
11 They filed, I believe, toward the end of February, so
12 they're not part of this announcement.

13 APRIL LINDGREN: What about Ottawa Hydro? I only see
14 Ottawa River Hydro things in here.

15 DENISE HARRINGTON: April, it's Denise Harrington.
16 Hydro Ottawa is part of that list. We are expecting that
17 Hydro One will be available for May 1st, just not today.

18 APRIL LINDGREN: So I have to look up -- Hydro Ottawa
19 is the proper name?

20 DENISE HARRINGTON: Yes.

21 MARK GARNER: It's Hydro Ottawa. To be clear, of
22 course, the RP adjustments, the commodity adjustments are
23 for all utilities. It's the distribution adjustments that
24 don't include Hydro One.

25 DENISE HARRINGTON: April, I know there are a number
26 of people waiting to ask questions.

27 APRIL LINDGREN: Okay. I just need to know, what is
28 the Windsor utility called?

1 MARK GARNER: EnWin.

2 DENISE HARRINGTON: Next question, please?

3 OPERATOR: The next question comes from Keith Leslie
4 of the Canadian Press. Please go ahead.

5 **QUESTIONS FROM KEITH LESLIE, CANADIAN PRESS:**

6 KEITH LESLIE: I would also echo April's request to
7 find out what the distribution rates were in May of '06,
8 and how long the rate freeze had been in effect prior to
9 that. I need that information.

10 As well, if I could, please, the main question I have
11 now is you talk about the distribution rate going down for
12 some .7 and up to plus 2 percent. What does that mean in
13 dollar terms for the average bill? We're looking at 1.60
14 on the other charge. Is there an average we can look at,
15 what that means for a consumer?

16 DENISE HARRINGTON: It's Denise Harrington here. I
17 have some numbers. We have a chart, as we've indicated,
18 that has them for all the utilities, but say for a 1,000-
19 kWh consumer in Ottawa, the electricity line would be up
20 \$1.53 compared to the period now in November, but down
21 \$5.17 -- sorry, for the month, that is, compared to May of
22 last year, while the delivery line would be up about \$1.46
23 per month.

24 KEITH LESLIE: I'm sorry, Denise, you're going to have
25 to give me that again.

26 DENISE HARRINGTON: We have a chart that has all of
27 those.

28 KEITH LESLIE: I've looked at all the charts. It's

1 not helping.

2 DENISE HARRINGTON: For an average consumer, again, it
3 varies from utility to utility. But for a 1,000-kWh
4 consumer of Hydro Ottawa, for example, the delivery line
5 would have an increase of \$1.46 a month, and the
6 electricity line would have an increase of \$1.53 per month,
7 compared to the November-April 30th period which we're just
8 finishing off now, but a reduction of \$5.17 per month
9 compared to May of last year. That's just one example for
10 Ottawa.

11 KEITH LESLIE: Okay. I'm asking about a distribution
12 line only. The other line you've given me a dollar figure
13 for, so let's stick with the distribution charges.

14 DENISE HARRINGTON: Yes.

15 KEITH LESLIE: Minus 7 up to plus 2, is it the \$1.46
16 that's going up? Is that what that is?

17 DENISE HARRINGTON: The \$1.46 would be in Ottawa. In
18 Toronto it would be down 35 cents, for example. In
19 Mississauga it would be - I can get you that number in a
20 minute - but it's that kind of magnitude. Mark?

21 KEITH LESLIE: No, that gives me a good example.
22 Thanks, Denise.

23 MARK GARNER: Maybe I can add, to be helpful. The
24 range we have here is at the minimum end a decrease of 85
25 cents, at the maximum end \$2.54 on the bill. That gives
26 you some sense of the range of numbers.

27 KEITH LESLIE: Yes. I appreciate it.

28 DENISE HARRINGTON: Thanks. Next question.

1 OPERATOR: There are no further questions at this
2 time.

3 DENISE HARRINGTON: I know that there were a number of
4 people who had questions before. Those questions, I'm
5 assuming, operator, have been answered?

6 OPERATOR: We have another question from April
7 Lindgren of CanWest News. Please go ahead.

8 **FURTHER QUESTIONS FROM APRIL LINDGREN, CANWEST GLOBAL:**

9 APRIL LINDGREN: Sorry, I don't see EnWin on the list.
10 Am I right?

11 MARK GARNER: That's right. EnWin was not announced
12 today. It's filed with the Board, but its file was sent
13 back to EnWin because it needed to be completed; it was an
14 incomplete filing with us.

15 APRIL LINDREN: But will their decision be issued by
16 May 1st?

17 MARK GARNER: I don't think that's likely that it
18 would. They haven't filed all the information yet.

19 APRIL LINDGREN: Thanks. Thank you.

20 DENISE HARRINGTON: To close off, then, by noting that
21 I think we have 70 utilities with rates announced today,
22 covering about 67 percent of the consumer base in the
23 province. A number of other ones will be ready by May the
24 1st.

25 If there are no other questions, operator, we'll
26 complete the call.

27 OPERATOR: There are no other questions at this time.

28 DENISE HARRINGTON: I want to thank everyone, then,

1 for participating in the call. Please remember that you
2 can review the call for the next 24 hours by dialing 1-877-
3 289-8525 - that's 1-877-289-8525 - and entering the pass
4 code 21226415 followed by the pound key. These numbers are
5 also on the media advisory that's been issued by the OEB.

6 Also, of course, if you review the materials, if you
7 have any follow-up questions, please feel free to give us a
8 call at the OEB at the numbers that are mentioned on the
9 media announcement today. Thank you, everyone, and have a
10 good day.

11 --- Whereupon the teleconference concluded at 11:19 a.m.

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