




INFORMATION UPDATE

TO:	Mayor and Members City Council
DATE:	June 20, 2014
SUBJECT/REPORT NO:	Projected Street Light Rate Impacts for 2015 (ENG14.004) - (City Wide)
WARD(S) AFFECTED:	City Wide
SUBMITTED BY:	Gord McGuire Acting Director, Engineering Services Public Works Department
SIGNATURE:	

Council approved Report PW14037 (Update on Light-Emitting diode (LED) Street Lighting) at its April 9, 2014 meeting to allow staff to pursue cost mitigation strategies for street light rate applications at the Ontario Energy Board (OEB).

Both Hydro One Networks Inc. (HONI) and Horizon Utilities Inc. (Horizon) have rate applications currently at the OEB for the 2015-2019 periods, the potential impacts to the City are outlined below.

These costs are only for the delivery of electricity and do not represent potential increases in generation, transmission or Global Adjustment charges that may further impact the City.

Hamilton runs 45,000 street lights which are divided between HONI (5,000 lights) and Horizon (40,000) lights. These rate filings affect approximately 80-90% of the lights that are considered unmetered and directly connected to the distribution system.

HORIZON UTILITIES RATE FILING EB 2014-0002 FOR 2015-2019

This application, if approved, increases total annual delivery fees in 2015 to approximately \$2 million, an increase of \$470,000, or 31%. By 2019, forecast annual delivery charges will increase to an annual total of \$2.26M, or 50%, relative to 2014.

Through previous OEB approved rate applications, components of the overall delivery charges have experienced a 650% increase since 2008 (Delivery Service Charge). The proposed rates, if approved, will result in an 825 % increase in 2015 rising to 925% in 2019 measured against the 2008 base for this charge alone.

The total cumulative impact of the proposed delivery charges increase over the 5 year (2015-2019) duration represents an additional \$3.15 Million in operating costs, relative to 2014. Relative to 2008, the total cumulative impact of previously approved and proposed delivery charges increases, results in a total cumulative impact of almost \$17 million by 2019.

Horizons delivery costs to the residential rate class are approximately 22% however for the street light rate class they are 34%. City staff continues to work diligently to mitigate cost impacts through energy reductions, asset inventories and ongoing meeting with Horizon staff to understand the cost impacts.

HONI RATE FILING EB 2013-0416 FOR 2015-2019

This application raises connection fees 272% from \$1.47 to \$4.01 and increases the number of connections that it will actually collect revenue on during the course of this rate program. However it is unclear how HONI plans on recovering the revenue and the net impact is still being reviewed.

Hamilton expects the exposure on this application to be in the \$50,000 to \$100,000 range annually once details are resolved.

This file is currently in front of the OEB and Hamilton has received intervener status with the board and is eligible with costs for the costs we incur during this application.

Copy to:

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