

Christian C. Provenzano B.A., LL.B.
Mayor



Corporation of the City of
Sault Ste. Marie

SENT VIA E-MAIL

April 27, 2016

The Honourable Minister Bob Chiarelli
Ministry of Energy
Hearst Block, 4th Floor
900 Bay Street, Toronto, ON
M7A 2E1

Dear Minister Chiarelli:

At our recent meeting of April 11, 2016, Sault Ste. Marie City Council passed a resolution asking that I write to you to express our collective concern about the on-going escalation of electricity costs in the province. The full resolution is enclosed with this letter for your reference.

Our Council, like many Ontarians, is justly concerned with the steadily rising costs of electricity. A recent analysis released by the Consumer Policy Institute indicated that over the last nine years, an average Hydro One residential customer has experienced a 68 per cent increase in electricity prices.

Recent increases in the cost of electricity approved by the Ontario Energy Board for residential users were significant in both May 2015 and also in November 2015. Most recently, the OEB approved a further increase of 2.5 per cent to take effect on May 1st, 2016. The rationale for this particular price escalation was that Ontarians had consumed less power than anticipated during the winter months.

Like many of my constituents, I find it very counterintuitive that a decrease in consumption would lead to an increase in rates. This seems contrary to basic principles of supply and demand, moreover it undermines the message about the economic importance of conserving electricity.

Innovations such as Smart Meters and Time-of-Use billing were advertised as being tools that would enable savvy consumers to lower their bills. However, it seems apparent that whatever decreases in power consumption individual customers are able to attain are not enough to offset rising electricity prices. The removal of the Ontario Clean Energy Benefit at the beginning of this calendar year has also exacerbated the problem and led to higher bills for all customers.

I do note that Local Distribution Companies (LDCs) also have to answer in part for the escalation in energy costs in the province. However, on the electricity side, only 18 cents of every customer dollar is remitted to LDCs. In December 2015 our local LDC—the Sault Ste. Marie Public Utilities Corporation—froze its 2016 distribution rates in an attempt to ease the economic burden on its customers. Despite this, local customers still experienced higher bills

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beginning in January 2016 due to the OEB approved increases and the removal of the Clean Energy Benefit. It seems clear that future actions taken by our LDC to constrain delivery costs will likely not be enough to counteract further escalations in the base price of electricity.

I recognize that energy is a complicated file and that there have been challenges in regards to building appropriate generating capacity and removing unclean sources of energy, such as coal, from the province's energy mix. That noted, as a jurisdiction, we are hardly alone in facing such challenges. It is disheartening to learn that other provinces and states are finding a way forward without the cost increases that we have experienced in Ontario.

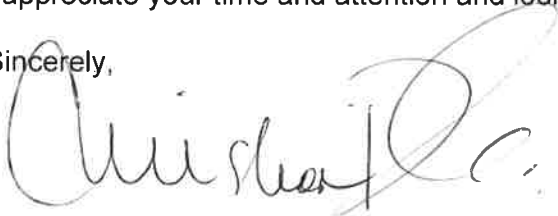
Competitive electricity rates are vitally important for residents and businesses in Ontario and I suggest to you that the energy file requires the most urgent and immediate attention of your government. Ontario taxpayers and business simply cannot continue to bear the burden of rising energy costs and their efforts to conserve energy should not be met with an increase in rates.

In accord with the resolution passed by City Council, I ask that you outline how your government's current energy policy is benefitting electricity customers in Northern Ontario and when customers may see some relief from the escalating electricity costs.

I note that the motion asks that this letter along with the resolution it covers is also provided to NOLUM, FONOM, ADMA and AMO and you will note that those organizations are copied accordingly.

I appreciate your time and attention and look forward to your response.

Sincerely,



Christian Provenzano

c.c. Malcolm White, City Clerk
c.c. Sault Ste. Marie City Councillors
c.c Al Spacek, President, FONOM
c.c. Gary McNamara, President, AMO
c.c. Cathy Cyr, Executive Director, Algoma District Municipal Association
c.c. Brian Bigger, Mayor, Greater Sudbury
c.c. Al McDonald, Mayor, North Bay
c.c. Steve Black, Mayor, Timmins
c.c. Keith Hobbs, Mayor, Thunder Bay

Encl.



CITY COUNCIL RESOLUTION

Agenda Number: 8.3
Title: Ontario Energy Board – Cost of Electricity
Date: Monday, April 11, 2016

Moved by: Councillor S. Myers
Seconded by: Councillor S. Hollingsworth

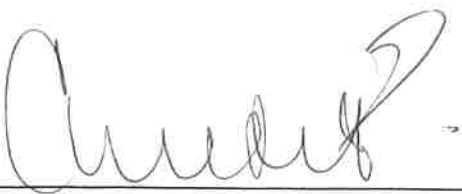
Whereas City Council recognizes the high cost of electricity is a financial burden to our residents; and
Whereas electricity bills for Sault Ste. Marie residents continue to increase annually at rates significantly above inflation rates; and
Whereas for an average residential customer using 800 kWh per month the cost of electricity increased May 1, 2015 by approximately 7.5% and again on November 1, 2015 by an additional 5.4%; and
Whereas combined with the elimination of the Ontario Clean Energy Benefit (OCEB) rebate, the effect to Sault Ste. Marie consumers has been approximately 26% increase in the electricity portion of their bills over the last 12 months, an increase of 21.7% on their total bill; and
Whereas the local distribution company, PUC Distribution Inc., retains only 18% of the total electricity bill, the balance of which is money that is collected by PUC and turned over to provincial or federal agencies (HST), the largest component being the cost of electricity at approximately 60% of the total bill; and
Whereas the cost of electricity in the province of Ontario is set by the Ontario Energy Board; and
Whereas the regulating body - Ontario Energy Board - typically increases the cost of electricity on May 1st and November 1st each year; and
Whereas consumers in Sault Ste. Marie continue to be adversely impacted by the ever-increasing financial burden of continuously increasing electricity costs;
Now Therefore Be It Resolved that a letter from the Office of the Mayor be sent to the Ontario Minister of Energy who has authority over the Ontario Energy Board, expressing our strong objection to the unacceptable and ongoing increases of energy costs, and
Further be it resolved that City Council does call upon the Minister to demonstrate how deregulation of the electricity industry is benefitting electricity customers in Northern Ontario and when customers might see relief to these growing costs;
Further be it resolved that this resolution be forwarded to the NOLUM, FONOM, ADMA and AMO with a request that it is supported and similar actions be taken as appropriate within their membership.

Carried

Postponed

Defeated

**Officially Read and Not
Dealt With**

A handwritten signature in black ink, appearing to read 'Christian Provenzano', written in a cursive style. The signature is positioned above a horizontal line.

Christian Provenzano