



Commonly Asked Questions Pertaining to Council's Consideration Regarding the Future of Wasaga Distribution Inc. ("WDI")

The Town of Wasaga Beach is currently undertaking a review of its current ownership of Wasaga Distribution Inc. (WDI.) This review was prompted by the fact that major changes are occurring in the electrical distribution sector in Ontario as demonstrated through the sale or merger of a number of local distribution companies (LDC's), the "905 mega merger" and the privatization of Hydro One. These changes are in conjunction with the introduction of additional regulations, some of which are aimed at encouraging further consolidation. At the Association of Municipalities Conference in 2015, municipalities with LDC's such as Wasaga Beach were encouraged to review the changes taking place within the sector, and explore options to ensure the electrical needs of residents and business owners are met in an affordable and sustainable manner now and into the future. Wasaga Beach Town Council provided direction to the Town's Chief Administrative Officer to oversee a process undertaken by the Board of Directors of Wasaga Distribution Inc. and Wasaga Resources Services Inc. in reviewing the current state of the electrical distribution sector and projected future state and report back to Council with their findings and recommendations. The Board of Directors presented their findings at a Council meeting in late October, 2016. Council is now considering its options.

Below are commonly asked questions regarding the current review of WDI:

1. What are the options that are currently being reviewed regarding the future of WDI?

Three potential core options regarding the future of WDI are being considered at this time. These options include: retaining and growing the utility in its current form, merging the utility with another electricity distributor, or selling the utility. It is important to note and understand that despite what may have appeared on social media and other forums; to date, **no** decision of Council regarding the future of WDI has been made. The only discussion surrounding the potential sale of WDI is a result of the recommendation made by the Board of Directors of WDI indicating that Council should **consider** the sale of WDI.

2. Is WDI in financial trouble?

WDI is not experiencing financial trouble at this time.

Historically, WDI and Wasaga Resources Services Inc. (WRSI) have operated efficiently providing ratepayers with competitive electricity distribution rates, and providing the Town of Wasaga Beach with a competitive rate of return and dividends, and donations over the years.

The recent advisory report to the Provincial Government confirms that Ontario, unlike many jurisdictions in North America and worldwide, simply has too many small municipal utilities, resulting in cost ineffectiveness. In Ontario, there are 63 municipally owned utilities serving only 30% of the customers. WDI is one of these utilities.

The objective to provide electricity to consumers in a cost efficient manner during this time of significant change in the electricity sector is unprecedented. What this means for WDI specifically is the following:

1. the environment of change established by Provincial policy, technological changes and market forces will significantly affect the industry and the existence of smaller LDC's in the mid-long run;
2. WDI, as a small utility of 13,000 customers, in this period of change, remains one of the smallest utilities in Ontario; and
3. in this period of change and thereafter, WDI may not be as effective as it has been historically. Looking ahead, the utility is expected to be challenged to provide the same level of service, rates, and financial return to the Town.

The Premier's Advisory Council on Government Assets, both acknowledge that local distribution companies lack the capability and capital to respond to future demands imposed on the utility. Municipal owners may be required to provide funding to LDC's in the future, and many may not have the capability or desire to make that investment.

3. If a decision is made to sell WDI, how will my electricity distribution rates be affected?

Your hydro bill is made up of the following components: cost of electricity, delivery, regulatory charges, global adjustment and debt retirement. It is important to understand that global adjustment charges will only appear on hydro bills in cases where customers are not part of WDI's regulated price plan. WDI is only responsible for the electricity distribution rates, which is typically approximately 17% of the total bill for the average residential customer. The infrastructure of Ontario's electricity distribution and transmission systems will need further upgrading over the next decade. However, over the years WDI and WRSI have invested in capital projects and infrastructure wisely and proactively. This does not undermine potential rising capital investments and increased operations, maintenance and administration costs and would be the case regardless of the owner of the company. As demonstrated through other sales of small and mid-sized distributors, the parties negotiated agreements by which the buyer lowered base distribution rates by 1% and guaranteed that rate reduction for a period of five years. If a decision is made to sell WDI, a similar arrangement, requiring Ontario Energy Board

(“OEB”) approval, will help to reduce any upward pressure on base distribution rates for Wasaga Beach customers (which will occur under the status quo “do nothing” scenario.)

The cost of electricity (that is the commodity delivered through the wires by the distribution and transmission systems) is not determined locally, and is based on various costs at the provincial level. This is the case now, and will be the case if the Town decided to sell WDI. For more information on how electricity rates are set in Ontario visit: www.ontarioenergyboard.ca/.

4. What is involved in a merger transaction?

A merger involves two or more electricity distributors coming together to create one single, new corporation. Upon a merger the two former utilities no longer exist. Ownership in the new electricity distributor is shared between the parties who contributed to the former utilities. The size of each contributing business will determine the ownership stakes in the new merged utility. This could mean that one owner has a much larger stake in the company than the other owner. Mergers are complicated transactions because they first require that a business case be established to show whether benefits and cost savings can be produced through an amalgamation. If synergies, cost savings and other benefits can be shown, the parties enter into various legal agreements including a shareholder’s agreement to govern the relationship between the new owners and a merger agreement, which sets out the objectives and requirements for the merger.

5. If the Town decided to merge or sell, what process would Council have to follow?

Council would need to determine what process it intended to follow. The central legislative requirement is that the Town approve, by Council resolution, the merger or sale. In terms of public consultation, the Town has already made available an analysis of business case options for WDI to the public prepared for the WDI Board of Directors. This report can be reviewed by visiting:

 [Business Case Options Analysis.pdf](#)

Town Council has also indicated that it will be hosting a Public Information Session in the near future.

6. If the Town decides to sell WDI, how much money could the Town make through a sale?

Given that there is no sale transaction taking place at this time, the potential sale price cannot be known with precise certainty. However, information on past sales has shown that purchasers are prepared to pay a significant premium over the book value of the utility. An economic valuation of WDI has been commissioned. To review an analysis of business case options for WDI, please see the above PDF document titled “Business Case Options Analysis.”

7. If a buyer pays a premium for WDI, will I pay for that in my electricity distribution rates?

No. The OEB does not allow purchasers to recover any purchase price premiums paid through distribution rates. The cost of the premium is absorbed by the purchaser alone. The OEB allows purchasers (or amalgamating utilities in the case of a merger rather than a sale) to defer their next “rebasings” application, where rates are based on a detailed examination of the cost of providing distribution service, for up to 10 years following the close of the transaction. This allows the purchaser the opportunity to recover premiums and transaction and transition expenses through efficiency and cost savings over the deferral period. The OEB also has a policy that provides for the potential sharing of those savings with customers during part of the deferral period. This approach creates an incentive for consolidation, without imposing those costs on customers.

8. If a decision is made to sell WDI, will members of the Wasaga Distribution Inc. Board of Directors be eligible for a commission on the sale price of the electricity utility?

No commissions would be paid. No director, employee or consultant assisting the Town will receive a commission payment if the Town decides to sell WDI.

9. Will negotiations between the Town and prospective purchasers be carried out in closed session?

As with any commercial transaction, an element of confidentiality is required. When dealing with commercially sensitive information involving individuals, organizations or businesses, it is essential that certain information be kept confidential to protect the Town, its assets and its taxpayers. A homeowner selling their house or a businessperson selling their business would not advertise what price and terms they would be prepared to accept. How Wasaga Beach conducts business in these circumstances affects the Town’s overall credibility and reputation when dealing with commercial third parties. The Town wants to ensure it is a good partner to do business with.

However, democracy, openness and transparency cannot be overlooked. If the Town decides to enter into negotiations with a selected proponent, the Town plans to share its negotiating principles at the earliest opportunity. Public meetings will be held allowing residents and business owners to ask questions and provide comments and feedback on the opportunity.

10. What does the Town plan to do with the cash proceeds if it decided to sell the utility?

The Town has options in dealing with the proceeds. For example, Council could choose to invest proceeds from any sale into a Community Legacy Fund. This Fund could be a

segregated fund containing investments in the common shares of companies having a long history of paying dividends. On an annual basis, the Town could draw a significant percentage of the income earned on the fund. This leaves the initial proceeds of the sale, plus a percentage of each subsequent year's income, as the principal amount in the fund. Due to the principal growing each year, it is expected that the income earned on the principal will grow each year creating a lasting benefit for the residents of Wasaga Beach. Council has made no decisions on the proceeds of a potential sale of WDI and intends to invite the public to comment on what appropriate options may be pursued regarding any sale proceeds.

11. When a decision is made regarding the future of WDI, who is required to approve any potential transaction?

Any transaction will require the approval of Council, as the owner of WDI. If the Town enters into an agreement for the sale of the utility, the parties to the transaction would then submit an application to the OEB for approval of the transaction. Applications of this kind are referred to as "MAADs" (Merger, Acquisition, Amalgamation and Divestiture) applications. The OEB will require the applicants to publish a notice of the application, and interested persons will have an opportunity to comment on the application and/or participate in the proceeding.

12. What steps does the OEB take when deciding whether to approve an application for the sale of a local distribution company such as WDI?

The OEB has issued filing requirements for applications of this kind. The OEB requires the parties to file a detailed application that will set out anticipated impacts on the price and reliability and quality of electricity service that will flow from the transaction. The OEB will conduct a hearing, which may be written or oral (the OEB will determine the form of hearing in any given application). Typically, whether the hearing is written (these hearings do not involve live cross-examination before a panel of the OEB) or oral, participants in the proceeding will have opportunities to request additional relevant information regarding the transaction, and to make submissions on the application.

In reviewing an application, the OEB applies a "no harm" test. That test considers whether the proposed transaction will have an adverse effect on the attainment of the OEB's statutory objectives as set out in section 1 of the OEB Act. If the proposed transaction has a positive or neutral effect on the attainment of these objectives, the OEB will approve the application. In applying the no harm test, the OEB's review primarily focuses on the impacts of the proposed transaction on price and quality of service to customers, and the cost effectiveness, economic efficiency and financial viability of the consolidating utilities.

13. If a decision is made to sell WDI, how do I make my views known on the transaction?

The sale of WDI requires OEB approval, which may take up to one year. This approval process begins once the agreements are signed and the application for approval is filed

with the OEB. Members of the public can keep track of, and/or participate in the approval process in the following ways:

1. Follow the proceeding - you will have the ability to sign up to receive documents issued by the OEB in the proceeding.
2. Provide a letter of comment - if you wish to comment on the proceeding, you can submit a letter of comment. The letter of comment will be considered by the OEB members making decision on the application.
3. Intervene in the proceeding - intervenors are interested groups or individuals who participate actively in the proceeding either by submitting evidence, arguments or interrogatories (written questions) or by cross-examining a witness or witnesses at an oral hearing. Intervenors may include customers and other affected individuals, consumer and trade associations; environmental and regional interest groups, and other public interest groups.

More detailed information on how the public can participate in the OEB proceeding is available on the OEB website at <http://www.ontarioenergyboard.ca/>.

14.If a decision to sell WDI is made, what will happen to the existing employees of WDI?

Options for WDI employees will be addressed in the terms of any transaction. We are aware that in recent past sales of distribution utilities, employees of the acquired utilities have been transferred to the buyer and have received one-year employment and location guarantees. Compensation, pensions, benefits and life insurance (among other matters) for these employees will continue with similar terms provided by the buyer, including recognition of past service for seniority purposes. We anticipate that a similar arrangement would be included in any sale of WDI.

15.If a decision is made to sell WDI, when will I become a customer of the new utility?

Any sale or merger must receive final approval from the OEB before it can be concluded. It may take as long as one year for a transaction to close. If the Town moves forward with a sale, upon receiving approval, a transition plan will be put in place and it will take several more months for the transition to be implemented. Customers will receive advanced notification as to the timing for moving from WDI bills to another distributor's bills. Presently, there is no change to any of the services WDI provides, including services such as billing, customer service, new service connections and outage response.

16.What will happen to service levels if WDI is sold?

In applying the "no harm" test, the OEB's review primarily focuses on the impacts of the proposed transaction on price and quality of service to customers, and the cost

effectiveness, economic efficiency and financial viability of the consolidating utilities. The maintenance of service levels is important to the OEB. Under the test, if the proposed transaction has a positive or neutral effect on the attainment of these objectives, the OEB will approve the application. The Town would also expect service levels to remain the same or better following a sale.

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17. What is the general dividend paid to the Town now and what could be the dividend under the other scenarios?

The amount of dividend paid by Wasaga Distribution Inc. has changed over time. Some years there has been a \$0 dividend paid, other years dividends have been as low as \$20,000 and as high as \$400,000 (the level for the past 3 years.) However, as indicated at the public information session, no level of dividend is guaranteed in the future and past performance is no assurance of future performance. This is another area of risk that the Wasaga Distribution Inc. Board of Directors and Town Council will need to carefully consider.

Potential future interest earned is unknown at this time given that it is unclear if the loan would be paid back as part of the merger. Under the sale option, the Town would no longer receive a dividend or interest payment on the loan. However, the Town would receive interest payments on the proceeds from the sale being invested. If WDI sold for between \$25 million and \$35 million and these funds were invested in the Provincial One Fund, the Town would receive between \$1.463 million and \$2.049 million annually in interest payments.

18. What are some of the reasons that Council should consider selling WDI?

For answers to this question, please refer to the report titled “Business Case Options Analysis Presented to the Wasaga Distribution Inc. Board of Directors.” Click here to read the report:  [Business Case Options Analysis.pdf](#)

19. What typically happens to hydro rates after a sale within five and ten years?

While distribution rates are expected to increase over time regardless of whether any LDC ownership change occurs or not, the experience with recent LDC sales has been stable or reduced distribution rates over the first 5 years after a sale. Inflationary increases can be expected over the next 5 years (e.g. to 10 years after closing). In year 11 it is realistic to expect the distribution rates to be rebased (with a stipulation that any future rate changes must be approved by the Ontario Energy Board).

20. What happens if there is a power outage where one local distribution company like Wasaga Distribution Inc. is servicing two communities?

The expectation is that one single hydro company will have service crews located in each distribution area that the company serves. The LDC CEO's who have been

involved in LDC mergers and acquisitions in the past confirmed this approach at the public information session. If a power outage occurs in the one of the communities then this becomes the priority for the LDC to resolve.

21. What happens to employees in the case of a merger or sale?

For sale transactions, the typical approach is some form of employment and location guarantee (essentially the preservation of the employment conditions that staff had at the time of the sale). Employees will have some minimum guaranteed continued employment at the same location or within the same community for some period of time. In LDC sale situations the range has been from 1 year to until the employee retires. For example, at the public information session Mr. Travale indicated that his information is that all employees at the former Norfolk Power LDC continue to have their jobs notwithstanding the job guarantee period has expired some time ago.

For merger situations employee and location guarantees are generally less common, since an important part of the cost savings to be achieved from the merger takes the form of reduced labour costs (e.g. eliminating duplication of tasks).

22. Please explain why 3 plus million dollars is owed to the Town from WDI?

Back in 2000 the Province mandated that all of the then municipal electric distribution utilities be converted from commissions (or an arm of municipal government) to share capital corporations owned by the municipality. When this conversion happened, the assets were transferred to new companies and the municipalities received two things in return: equity in the form of common shares and debt in the form of a promissory note. The \$3M debt referred to in this question is the Wasaga Beach promissory note. Since 2000, some municipalities have sold their promissory notes and taken the cash to use for other municipal purposes. In this case, the LDC would simply refinance the debt by getting a bank loan to replace the municipal promissory note.

Some municipalities, like Wasaga Beach, have kept the promissory note and receive interest payments on that debt (just like any other loan). In some cases the interest rate paid on the municipal owned promissory note is higher than current market rates, so some municipalities want to keep these higher interest rate notes in place to maximize the interest revenue from the LDC (which in turn is funded by ratepayers). If the municipalities monetized their promissory notes and the LDC refinanced them at lower interest rates, this would mean lower distribution rates for local consumers, but this decision rests with each individual municipal council.

The Ontario Energy Board establishes a target debt equity ratio for LDCs of 60% debt and 40% equity. This debt equity ratio benefits consumer's because debt is cheaper

than equity and the OEB wants to ensure that this lower cost of capital is passed along to consumers in the form of lower distribution rates.

LDC debt is not like a house mortgage. It never gets paid off. Debt interest is tax deductible so the debt equity ratio essentially remains in place for the entire life of the distribution business.

23. What additional information has the Town provided to residents since October 2016 and who was the source?

In the late fall of 2016 the Town created a webpage dedicated to the review of Wasaga Distribution Inc. All information included with the page has been added by Town staff and includes reports to Council, media releases, commonly asked questions and general information pertaining to the electricity sector in Ontario in the form of reports provided to the Town.

24. What happens to the lease WDI holds on the Fire Hall?

If WDI is sold, a decision will have to be made about the property. The Town could take the lease back, sever it and only take a portion of the lease or sell it as part of the transaction.

25. How much money does the Town receive from WDI for charity donations?

As of February 2017, the following donations were provided to the Town through Wasaga Resources Services Inc. (WDI's affiliate company):

- Breaking Down Barriers - \$5,000
- Georgian Triangle Housing Resource Centre - \$5,000
- Georgian Triangle Hospice - \$5,000
- Simcoe Muskoka Dufferin Crimestoppers - \$1,500
- YMCA Strong Kids Campaign - \$5,000

26. Does WDI have the ability to incorporate new technologies that are anticipated like larger companies can?

Depending on the type of technology the answer could be yes or no. One can appreciate the fact that larger companies can offer advantages such as economies of scale which could result in the ability to spread capital costs over a broader customer base. This applies to the Electricity Sector as well as any other sector and is not unique to WDI.

27. What has WDI's capital investment in infrastructure been over the last 10 years?

From 2006-2015, WDI installed over \$15.5 million worth of infrastructure. Of the \$15.5 million, \$5 million was contributed and paid for by third parties, mostly as a result of residential development. The net investment in infrastructure by WDI was \$10.5 million.

Through this period, WDI primarily focused on infrastructure expansion. This has resulted in an overall growth in customer accounts by 26% and customer consumption by 22%.

Additionally, WDI has contracted Wasaga Resource Services (WRSI) through a Master Service Agreement and relies on WRSI's capital resources to operate and install new infrastructure. From 2006-2015 WRSI invested \$1.7 million in capital resources that was needed to support the operation and infrastructure investments of WDI.

28. 2018 is an election year for the Province. As Hydro seems to be a huge bone of contention, would it not be prudent to see what measures the next government implements to address these issues?

The central measure to address high electricity prices has already been announced by the Province: the Fair Hydro Plan. This Plan calls for a 25% across the board electricity rate decrease for residential customers, and other changes to reduce prices for larger electricity users. Consumers will repay the discount over the longer term. It is not known if the Province plans any further action leading up to the 2018 provincial election.

29. Please tell us how much interest will be earned yearly on the money (if sold) after all costs are totalled in?

If WDI sold for between \$25 million and \$35 million and these funds were invested in the Provincial One Fund, the Town would receive annually between \$1.463 million and \$2.049 in interest payments.

30. How do you intend to provide fact based proof that the potential sale of WDI is in the best interest of the citizens (owners) of WDI and what are some the reasons that Council should consider selling WDI?

An interesting take-away from the public information meeting was that notwithstanding that the 6 panellists came from a position of different perspectives and experiences, all panellists agreed that the "do nothing" "status quo" world simply does not exist anymore. The benefits of the sale discussed at the meeting include the following:

a) The shifting of business and commercial risk away from the Town of Wasaga Beach onto another party that is better able to manage that risk. There was considerable discussion at the public information session about threats to the electricity distribution monopoly model (e.g. such as options which allow customers to leave the distribution system to self-generate some or all of their electricity such as micro combined heat and power technology fuelled by cheap natural gas prices and increasingly competitively priced solar generation combined with energy storage). In addition there was discussion about the on-going erosion of electrical demand from initiatives such as energy conservation initiatives (e.g. efficient LED lights, incentives to switch away from electric baseboard heating, etc). It was also pointed out that just because Wasaga Distribution Inc. declares a certain amount of dividends today, there is no guarantee that this level will be maintained in the future. Risk mitigation driven by dramatic industry changes that are expected to threaten the current distribution monopoly model is certainly one benefit realized by a sale.

b) A sale of the LDC also rewards Wasaga Beach taxpayers. Various panellists at the information session stated that the premiums included in current purchase prices being paid at this time for LDCs are among the highest levels since the industry restructuring occurred back in 2000. But there is no guarantee that these premium levels will continue into the future. In addition, the Province has in place a time limited period for municipalities to sell their LDCs on a reduced tax basis. It is not clear whether the Province intends to extend that tax holiday beyond the current expiry date. A sale of the LDC at this time would allow the Town to secure the financial benefits of realizing a high premium with no material tax consequences; thereby, ensuring that the Town has obtained the maximum financial benefit for the taxpayers of Wasaga Beach.

c) Through a sale Wasaga Beach will also have an available pool of capital should it decide to invest in a new commercial venture such as renewable generation, energy storage or combined heat and power. If the future direction of the electricity sector unfolds as many discussed at the public information session, it may be that as the LDC business declines over time that new commercial opportunities will become available. Should Wasaga Beach wish to pursue such new commercial opportunities in the future, through a sale of the LDC now it will have capital to invest in those ventures without the need to raise municipal taxes for this purpose. The Town would need to prepare a business case for any new venture, but at least it would have proceeds available should Council wish to explore this option.

31. Please answer if distribution rates can be raised in order to recover the purchase cost of WDI if a decision to sell is made. What strategies are available to a potential purchaser to recover their purchase price?

No. Buyers of LDCs cannot recoup the premium paid from ratepayers. The OEB will not allow this. The buyer can only recoup the premium paid from cost savings through efficiencies and scale and scope economies. Accordingly the risk of recouping the premium paid is on the buyer, not on the seller or customers.

32. What consideration or weight has been given to the level of service currently provided by WDI/Wasaga Resources Services and what might be provided by another owner?

The Wasaga Distribution Board of Directors placed significant weight on reliability and service quality. In short, this was an important factor in the board's ultimate recommendation to Town Council. It should also be noted that in the event of a sale the same equipment, poles, lines, transformers, staff etc. exist after the sale as existed before the sale. Accordingly, there should be no reason to believe that reliability of service quality will suddenly change because of an ownership change – it remains the same physical system as before the sale.

33. In the event of a sale, would the purchaser maintain the infrastructure to the same extent as WDI?

Yes, a new owner has the same incentives to maintain the system. While different operators may have different approaches to maintenance and capital investments (timing of investment, priority of spending to achieve system renewal, etc.), as the LDC operators on the panel indicated, reliability is taken as a very serious responsibility and change of ownership does not alter this priority. Mr. Travale confirmed that this was his experience after Norfolk County's sale.

34. What programs are available to assist working poor, seniors and those in need and will these demographics be considered as part of a sale?

The Province and the utility have programs in place for low income consumers. These programs will be unaffected by a sale of Wasaga Distribution Inc.

35. In the Business Case Options Analysis a Decision Matrix was used to produce a decision. What is the meaning of the word "value" used in the matrix? Why did you decide not to use actual fact based cost data derived from a financial analysis of the three options under consideration?

In the Decision Matrix determined by the Wasaga Distribution Inc. Board of Directors, the reference to "value" in the matrix meant the price paid for the shares.

36. What are the factors that lead to WDI being rated second best in all of Ontario according to the OEB? Can this rating be protected by a sale? Can the Town ensure that the rates stay the same?

WDI has done a good job managing costs and spending and this is reflected in the OEB ratings. WDI should be commended for these historical results. However, as the discussion from public information session clearly indicates, the focus for Council should be not on today but the future and near future. The options study conducted by the Wasaga Distribution Inc. Board of Directors at the request of Town Council, was a prudent course of action given the dramatic change and challenges the electricity distribution industry continues to face.

Distribution rates will increase both under the retain and grow option or if a sale occurs. Under a sale scenario, the general rule that distribution rates tend to be lower, sometimes significantly lower, than if no sale had taken place (Mr. Travale discussed the 1% distribution rate reduction and rate freeze for 5 years after the sale had occurred which produced much lower rates over that period compared to the status quo which envisaged significant capital expenditures if no sale had taken place).

After the 10-year period and upon rebasing, distribution rates will increase. After 10 years of minimal inflationary increases this is fully expected. The impact on rates in year 11 will depend on a number of factors including who the buyer is. If the seller's rates are higher than the buyers, then harmonization could mean lower rates as yours decline and the other increases. If a new rate class is established (the acquired utilities) future rates will be influenced by who is in that class. It also depends upon the condition of your system. If large investment is required to rebuild infrastructure, this will impact rate levels as well.

However, the OEB has requirements about rate increases and any changes will require OEB approval based on evidence of need and prudence which the utility must prove. In future years the expectation is that through a sale (or merger) cost savings will result in future distribution rates being lower or at least not dissimilar to retain and grow rate increases. Although, as discussed above, for the first 10 years after a sale distribution, rates should be lower than the status quo scenario.

The Fair Hydro Plan has made the discussion about future rates difficult since it is not clear how the 25% reduction planned for residential customers will support ongoing transparency in terms of understanding what changes are happening to different parts of the bill given that customers will no longer be paying the real cost of electricity service in rates under the Fair Hydro Plan.