



2021 Nelson Hydro Rate Increase | Information for Rural Customers

January 27th, 2021

To our Valued Nelson Hydro Rural Customers;

You may have recently received a notice from the B.C. Utilities Commission (BCUC) regarding two rate applications to increase Nelson Hydro rates. This notice is part of the formal process by BCUC to set new rates in the rural area.

General Rate Increase for 2021 (Application 1):

- Following Nelson Hydro's zero % increase in 2020 and facing rising power purchase costs due to FortisBC's 1% rate increase in 2020 and 4.36% increase in 2021, Nelson Hydro is proposing a 3.32% rate increase effective April 1st, 2021.

Cost of Service Rate Increase (Application 2):

- Nelson Hydro has filed a **Cost of Service and Rate Design Application** with the BCUC supporting a request for approval to increase rural residential rates.
- The *Cost of Service Analysis* indicates current rates do not recover the full cost of serving rural customers by approximately \$1.5 million per year.
- Rates are proposed to increase by 5.72% on September 1st in 2021, 2022 and 2023.

Increasing Rates Supports Increased Reliability:

- The proposed rate increase will allow Nelson Hydro to continue with its expanded vegetation management and capital infrastructure upgrade programs. These programs provide increased safety and reliability and allow Nelson Hydro to respond promptly to major storm events such as the wind storm on January 13th, 2021.

Rates for a Typical Rural Customer:

- A typical rural customer's Nelson Hydro bill is \$1,179 per year or \$98 per month. In 2023, if a typical customer continues to use the same amount of electricity, their bill would be \$1,393 or \$116 per month. By 2023, they would still pay less than \$4 per day for all of their electrical use, at a rate that will be at least 4% less than FortisBC.

Lower Your Bill by Lowering Energy Use:

- Save up to 30% on your hydro bill with our EcoSave program. By reducing your energy use, not only do you lower your electricity bill, but you reduce the amount of power Nelson Hydro needs to purchase and also reduce your impact on climate change. To learn more, visit the EcoSave Program at nelson.ca/ecosave.

Learn More:

- Visit nelson.ca/hydro to read more about the BCUC application, background materials, reports, and FAQs.

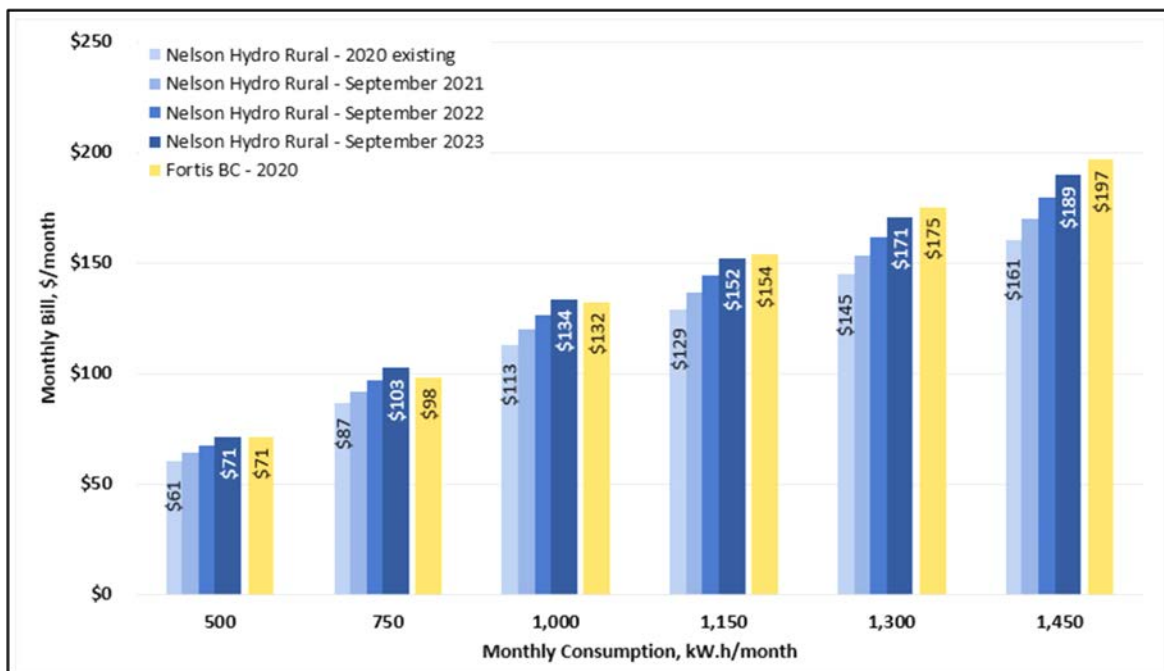
The staff at Nelson Hydro are proud to provide outstanding service for our neighbours. We recognize that rate increases of any magnitude impact all of our customers and that such impacts may be felt more during these challenging times. We are committed to working with you to help lower your energy use and minimize any rate increase impact while continuing to improve our system's safety and reliability. If you have questions, please reach out.

Sincerely,

Scott Spencer,
General Manager, Nelson Hydro

Honoured to serve our rural customers since 1922.

Proposed Rural Rate Change and Service: *By the Numbers*

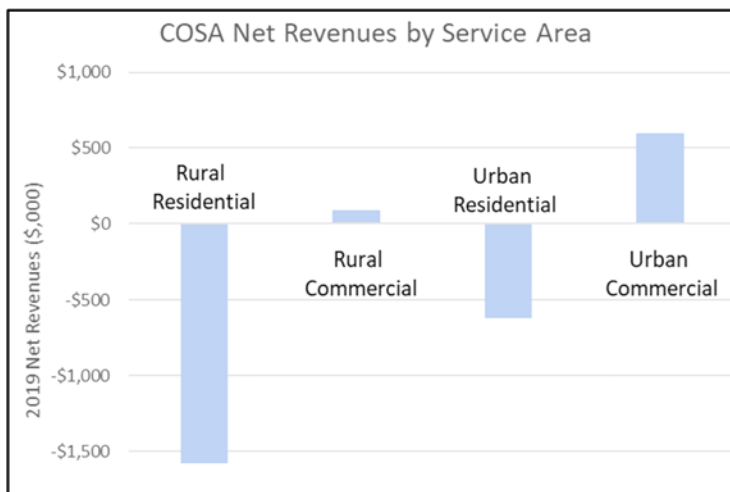


Did you know?

A typical rural residential customer pays \$3.23 per day for electricity.

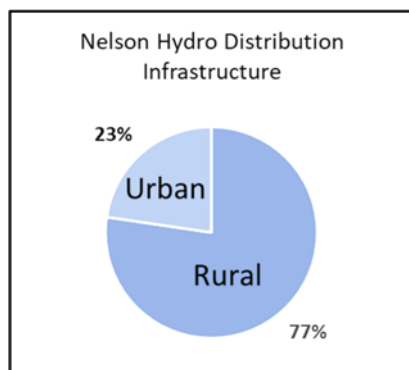
Rate increases to cover the revenue shortfall are being phased in over three years.

In 2023, the cost of electricity for that same customer will be \$3.82 per day.



The *Cost of Service Analysis* indicates current rates do not recover the full costs of serving the rural customers by approximately \$1.5 million per year.

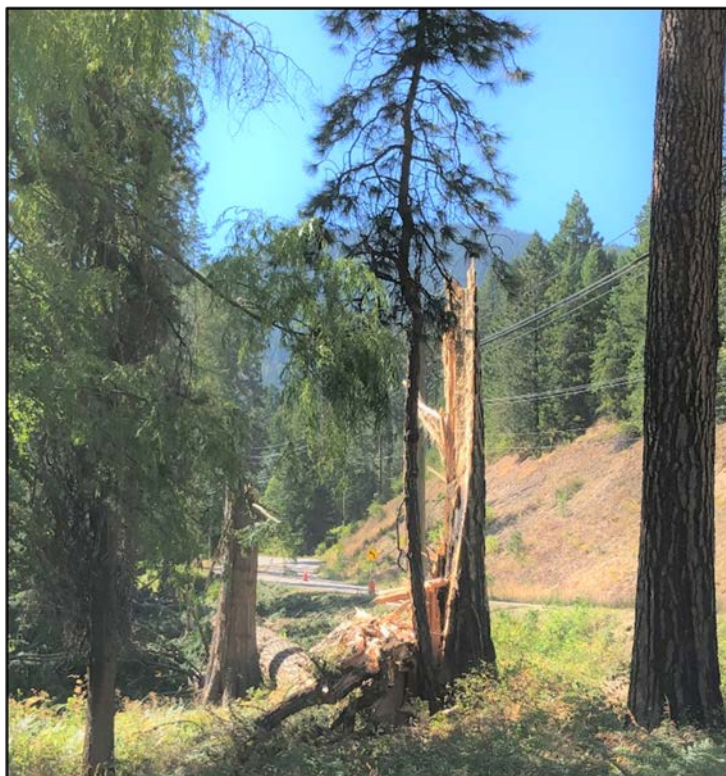
77% of Nelson Hydro's distribution infrastructure is used to service the rural areas (e.g. lines, poles, switches etc.).



VEGETATION MANAGEMENT

Over the past four years, Nelson Hydro has invested \$2.6 million in brushing and tree trimming to improve our reliability.

86% of all vegetation management work completed during this four-year period was in the rural service area.



Do you want to learn more about the proposed rate increases? Contact Nelson Hydro at (250) 352-8254, visit nelson.ca/ruralhydro, or email our Deputy Corporate Officer at dco@nelson.ca.

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