



# Newsletter

Issue 9 | Winter 2024



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## 2024 Rates

Nelson Hydro empathizes with our customers' concern over rising rates because we are customers too. We review our costs annually to ensure that i) customers are receiving value for service, ii) the utility can provide a safe and reliable electric service, and iii) the utility provides an equitable return on investment back to the City of Nelson.

### What will the 2024 rate increase be?

The rate increase for rural customers will be 6.20% effective January 1, 2024. The residential rural rate for 2024 will be \$0.1299/kWh. The rate increase for urban customers will be 5.20% effective January 1, 2024. The residential urban rate for 2024 will be \$0.1218/kWh.

### Has the rate increase been approved?

Yes. The urban rate increase for City of Nelson residents has been approved by Nelson's Mayor and Council. The BCUC approved the 2024 rural rate increase on an interim and refundable basis while it formally reviews the Nelson Hydro application.

### Why are rates increasing?

The rates are increasing because costs are increasing; the cost to purchase power is increasing by 6.74% from FortisBC, and recurring operating costs are increasing 5.62% due to inflation.

### Why do rural customers pay a different rate than urban customers?

Based on Nelson Hydro's 2019 Cost of Service Analysis, Nelson Hydro found they collected less from rural customers than it cost to service those areas. Further distances, low density development, longer lines, more equipment, remote conditions, and extensive vegetation management needs in these areas all add up to a higher cost of service.

In 2024 the residential rural rate for Nelson Hydro customers will be \$0.1299/kWh and \$20.05 bi-monthly for the basic charge. If rural customers were receiving power from FortisBC their 2024 rate would be \$0.1416/kWh and their bi-monthly basic charge would be \$45.28.

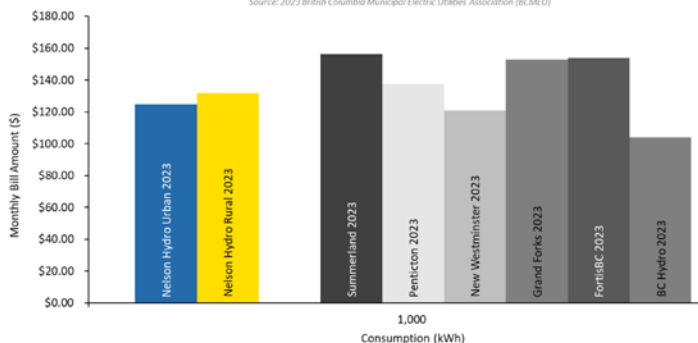
### What measures has Nelson Hydro taken to keep costs low?

Although FortisBC is raising rates by 6.74%, Nelson Hydro is making budget cuts to keep rate increases below 6.74% even though over 50% of power is purchased from FortisBC. Some of these cuts include:

- Postponing and reevaluating the timing and scope of some capital projects.
- Renegotiating pole sharing agreements with Shaw/Telus.
- Renegotiating energy prices for electricity sold to BC Hydro.
- Scaling back the rural vegetation management budget to the original budget and proposal.
- Focusing on the basics; safety, compliance and reliability.
- Exploring the feasibility of projects that would give customers more control over their power usage (Advanced Meter Infrastructure Project) and alternate ways to store energy to reduce peak demand fees from purchased power (Battery Energy Storage System Project).

### BC Electrical Bill Comparison

Source: 2023 British Columbia Municipal Electric Utilities Association (BCMUEU)

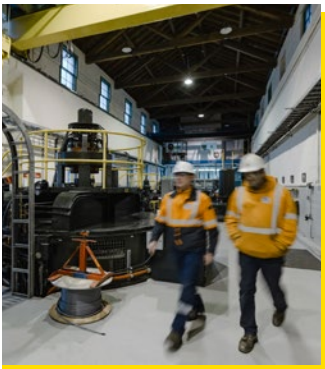


← For more information scan the QR code or visit: [nelson.ca/931/How-Rates-are-Set](https://nelson.ca/931/How-Rates-are-Set)

# What's Happening

## 2023 YEAR IN REVIEW

- ⚡ **11,310** customers
- ⚡ **48%** decrease from 2022 in customer outage minutes
- ⚡ **0** health and safety incidents or injuries
- ⚡ **103** poles replaced
- ⚡ **2,378,894** outage minutes (average of 3.5h per customer) compared with the average of 7.5h per customer in 2022.
- ⚡ **53** scheduled outages (125,534 minutes) were required to upgrade electrical equipment
- ⚡ **133** new residential/commercial electrical services added
- ⚡ **19** employees plus part-time support from other city staff



## MILL STREET SUBSTATION UPGRADE

### Quick Stats

- ⚡ Project dates: 2022-2024
- ⚡ Project budget: \$8.3 million

### Reasons for Project

In July 2021 transformer T41 failed and was subsequently deemed uneconomical to repair. This moved up the planned upgrade of the Mill St Substation, which is at the end of its life, by one year.

### Process

The project will be completed in two phases to avoid any power interruptions for customers. Construction on Phase 1 started in September 2023 next to the existing substation. Equipment foundations were completed and the power transformer installed for phase 1 in 2023. Nelson Hydro will transition operations to phase 1 when commissioning is complete in the spring of 2024. The old substation equipment will then be removed and Phase 2, which includes the second power transformer, will be installed in its place. The project is expected to be complete in the fall of 2024.

## G3 EXCITER INSTALLATION

### Quick Stats

- ⚡ Project dates: Nov 2023-Feb 2024
- ⚡ Project budget: \$550,000

### Reasons for Project

As part of its ongoing maintenance program, Nelson Hydro is replacing the 40 year-old excitation systems on its Generating Units #3 and #4. Excitation systems provide field current to the rotor winding to create a magnetic field in the stator of a generator to produce power. Generating Unit #3 has been in service since 1929 and Unit #4 since 1949. These new, modern static exciters will allow for better control and reliability of the generators and enable them to continue to generate electricity for decades to come.



## Peak Power Demand

Curious as to why Nelson Hydro has been asking customers to limit their power usage between 5-7pm during the cold snap, here is the answer. On Saturday, January 13 at around 6PM, extremely cold temperatures lead to a new peak hourly electricity demand record. While our grid can handle this increased demand, the impact is that we expect to be \$530,000 over budget for power purchases in 2024 as a result of this single event. This is due to the demand charges we will pay to FortisBC over the next 11 months as a result of this peak.

Learn about Peak Demand Charges and how you can contribute to lowering electricity bills for everyone at: [nelson.ca/1008/Peak-Demand](https://nelson.ca/1008/Peak-Demand)



## ECOSAVE

Interested in saving energy and money in your home? The Regional Energy Efficiency Program can help you find rebates, get a home energy evaluation, and figure out your next steps. Learn more at: [nelson.ca/EcoSave](https://nelson.ca/EcoSave)

## PAY BILLS ONLINE

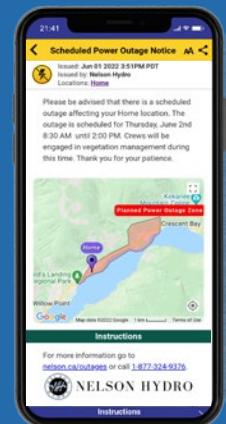
You can now pay your hydro bills online through the online account portal.

[nelson.ca/hydrobill](https://nelson.ca/hydrobill)

## VOYENT ALERT!

Sign up for the Voyent Alert! notification service for alerts on important information to our customers such as power outages.

For email, sms or phone registration get started here: [nelson.ca/em\\_info](https://nelson.ca/em_info)



## CONTACT US

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