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Vice President
Regulatory Affairs



BY COURIER

December 14, 2015

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON
M4P 1E4

Dear Ms. Walli,

EB-2015-0079 - HONI Distribution Rates 2015-2017 – Draft Rate Order 2016 – Reply Submission

In accordance with Procedural Order No. 1 in the above-noted proceeding issued on November 30, 2015, please find enclosed two (2) copies of the written Reply Submissions of Hydro One. An electronic, text-searchable copy of the Reply Submissions has also been filed.

Please be advised that, as part of the Reply Submissions, Hydro One is requesting that current distribution rates be set as interim.

By copy of this letter, all intervenors are notified of this filing with the Board.

Sincerely,

ORIGINAL SIGNED BY ODED HUBERT

Oded Hubert

cc. EB-2013-0416 Intervenors
EB-2015-0079 Intervenors
Harold Thiessen, Case Manager, Ontario Energy Board
Jennifer Lea, Counsel, Ontario Energy Board

**HYDRO ONE NETWORKS INC.
IMPLEMENTATION OF BOARD DECISION IN EB-2013-0416 DISTRIBUTION
RATES FOR 2016**

EB-2015-0079

**HYDRO ONE NETWORKS INC.
REPLY SUBMISSION**

DECEMBER 14, 2015

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1 **BACKGROUND**

2
3 Hydro One Networks Inc. (“**Hydro One**”) filed an application with the Ontario Energy Board
4 (the “**Board**”) under section 78 of the *Ontario Energy Board Act, 1998*, S.O. c.15, Schedule B
5 (the “**Act**”), for an order or orders approving or fixing just and reasonable rates for the
6 distribution of electricity effective January 1, 2015 and each year thereafter to December 31,
7 2019 (the “**Application**”). The Board assigned file number EB-2013-0416 to the Application.

8
9 On March 12, 2015 the Board released its decision on Hydro One’s Application and approved
10 Hydro One’s revenue requirements for 2015, 2016 and 2017. On April 23, 2015, the Board
11 issued Hydro One’s final distribution rates for 2015.

12
13 In September 2015, Hydro One applied for a 2016 Distribution Rate Order under section 78 of
14 the Act, 1998. Through a Letter of Direction (revised and dated November 13, 2015), the Board
15 assigned file number EB-2015-0079 to Hydro One’s request to approve its 2016 Draft Rate
16 Order (“**DRO**”). A technical conference was held on December 4, 2015. Board Staff and the
17 following intervenors delivered written submissions on December 10, 2015:

- 18
- 19 • Balsam Lake Coalition (Balsam Lake)
 - 20 • Canadian Manufacturers and Exporters (CME)
 - 21 • Consumers Council of Canada (CCC)
 - 22 • Energy Probe Research Foundation (Energy Probe)
 - 23 • Federation of Ontario Cottagers Association (FOCA)
 - 24 • Horseshoe Lake Coalition (HLC)
 - 25 • School Energy Coalition (SEC)
 - 26 • Vulnerable Energy Consumers’ Coalition (VECC)

27 This is Hydro One’s reply submission.

1 **APPROVAL SOUGHT**

2 Hydro One is seeking a rate order under section 78 of the Act, setting distribution rates for 2016
3 as reflected in its updated draft rate order material filed on December 1, 2015.

4
5 **SUBMISSIONS**

6 Hydro One's submissions are limited to four issues raised by the other parties' submissions: (1)
7 cost of capital update, (2) delayed or extended implementation of the move to all-fixed rates for
8 residential customers and/or possible bill impact mitigation, (3) the sufficiency of Hydro One's
9 notices to customers regarding bill impacts, and (4) timing of the proposed elimination of the
10 seasonal class. Additionally, Hydro One submits a request for interim rates.

11
12 **1. COST OF CAPITAL UPDATE**

13
14 Reference is made to the submission made in this proceeding by Energy Probe dated December
15 10, 2015 on the 2016 cost of capital updates reflected in Hydro One's 2016 DRO.

16
17 In its Decision, the Board agreed that Hydro One update its cost of capital on an annual basis
18 during the three-year rate term to reflect its actual long-term debt rate and the Board-determined
19 short-term debt rate and return on equity rate (p.40).

20
21 As discussed in Exhibit B1, Tab 2, Schedule 1 of the Application, Hydro One Inc.'s debt
22 financing strategy takes into consideration the objectives of cost effectiveness, distributing debt
23 maturities evenly over time, and ensuring that the term of the debt portfolio is compatible with
24 the long life of Hydro One's assets. Hydro One forecasted its financing requirement and made
25 planning assumptions that debt issuances will be evenly distributed over the standard five, ten
26 and 30-year terms preferred by investors.

27
28 In its submission dated December 10, 2015, Energy Probe correctly notes that no debt issuance
29 in 2015 was attributed to Hydro One's distribution business. This can be seen on Exhibit 1.4.2

1 of Hydro One’s 2016 DRO filed December 1, 2016, lines 33, 34, and 35, where the amounts
2 offered are shown as zeroes.

3
4 The actual timing of a debt issuance depends on a number of factors, including cost effectiveness
5 and market receptivity, as noted in Exhibit I, Tab 6.02, Schedule 11 EP 42, page 2, line numbers
6 22 to 24.

7
8 Hydro One has appropriately implemented the Board’s decision on cost of capital in its 2016
9 DRO, as acknowledged by Board Staff and intervenors.

10
11 **2. DELAYING OR EXTENDING THE MOVE TO ALL-FIXED RATES AND**
12 **POSSIBLE MITIGATION**

13
14 **a. Delaying or Extending the Move to All-fixed Rates**

15
16 Intervenors and Board staff acknowledge that Hydro One has properly implemented the Board’s
17 policy set out in *EB-2012-0410 Board Policy: A New Distribution Rate Design for Residential*
18 *Electricity Customers* (April 2, 2015) (the “**Policy**”) and as further reflected in Chapter 2 of the
19 *Filing Requirements for Electricity Distribution Rate Applications (2015)* (the “**Filing**
20 **Requirements**”). As per section 2.8.13 of the *Filing Requirements*, Hydro One calculated the
21 transition to all-fixed rates in equal increments over a four-year period. Where the monthly
22 service charge increased by more than \$4 as a result, Hydro One extended the transition period to
23 ensure that the total bill impact “when assessing the combined effects of the shift to fixed rates
24 and other bill impacts *associated with changes in the cost of distribution service*” (emphasis
25 added) is less than 10% for customers in the 10th consumption percentile (meaning the
26 residential customers whose consumption levels are in the bottom 10% of their class on a
27 monthly basis).

1 Notwithstanding the foregoing, a number of submissions recommend an implementation period
2 longer than the proposed five to seven years because of the magnitude of the combined bill
3 impacts of eliminating the Ontario Clean Energy Bill and Debt Retirement Charge, adding the
4 Ontario Electricity Support Program charge, and changing the Wholesale Market Service rate
5 and Hydro One's distribution rate (the "**Combined Bill Impacts**"). VECC even recommends
6 that implementation of the move to all-fixed rates be delayed for one year for the R2 and
7 Seasonal classes. Energy Probe argues that the 10% total bill impact restriction be applied to all
8 residential customer classes at all consumption levels. Given that the elimination of the Ontario
9 Clean Energy Benefit alone will result in an unavoidable 11% total bill increase in 2016, Energy
10 Probe's suggestion effectively advocates a delay in implementation of at least one year as well.

11
12 Should the Board decide to adopt any of the foregoing recommendations, it would be departing
13 from its Policy and the Filing Requirements, which clearly instruct all distributors to implement
14 the Policy beginning in 2016, with a very narrow exception for utilities that filed cost of service
15 applications in the first half of 2015 (section 2.8.2). Hydro One defers to the Board with respect
16 to any decision to delay the implementation of the Policy to 2017 to manage total bill impacts.

17
18 In response to Board Staff's submission, Hydro One acknowledges that the total bill impact to
19 the R2 rate class of the Policy and Hydro One's new rates, exclusive of all other changes, would
20 be much higher than for the other rate classes when measured in dollars as shown in Table 3 of
21 the Board staff submission. Although the total bill impact on low consumption customers falls
22 below the 10% total bill impact restriction, Hydro One does see merit in exercising the discretion
23 contemplated by the Policy to extend the implementation for the R2 class to seven years, in
24 accordance with Board Staff's suggestion.

25
26 **b. Possible Mitigation**

27
28 CCC asks that the Board require Hydro One to propose mitigation for all customers that
29 experience Combined Bill Impacts above 10%.

1 Hydro One respectfully submits that this would be inappropriate. Such mitigation by distributors
2 is not required by the Policy or Section 2.8.13.1 of the Filing Requirements which clearly states
3 that “bill comparisons must assume a constant commodity price and other rates, despite potential
4 changes such as changes in the commodity price and other rates that may or may not be known at
5 the time of an application.” Moreover, it is Hydro One’s view that any measures to mitigate
6 specific bill impacts should be aligned with the source of those impacts. The main driver behind
7 high Combined Bill Impacts is the elimination of the Ontario Clean Energy Benefit, for which
8 the Ontario government already offers mitigation in the form of the Ontario Electricity Support
9 Program and Low-income Energy Assistance Program, both of which are targeted to those
10 customers in need of support. Except as required by the Policy and the Filing Requirements,
11 Hydro One should not be obligated to offer mitigation to customers for bill impacts outside its
12 control. Mitigation of these factors outside its control would simply shift the burden associated
13 with non-distribution-related impacts onto the distribution component of the bill.

14 15 **3. ADEQUACY OF CUSTOMER NOTICES**

16
17 Hydro One notes that a number of submissions raise concerns about the detail in Hydro One’s
18 customer newsletter filed as DRO TC2 that explains the pending bill changes.

19
20 In addition to the newsletter, Hydro One provides additional communications to customers that
21 help explain the changes to their bill. Hydro One has enclosed with this reply submission draft
22 bill inserts (Attachments 1 to 3) that will be included with the customer’s first bill reflecting the
23 new approved 2016 rates. The bill inserts are tailored to residential rate classes with bill
24 decreases and increases, as well as non-residential rate classes. The draft bill inserts contain
25 more detail than the newsletter and address the concerns raised by intervenors in their
26 submissions, such as concerns that Hydro One should (a) better explain the impact of moving to
27 all-fixed charges for different consumption levels and (b) show the total bill impacts for all rate
28 classes, not just the R1 class. Hydro One’s newsletter and bill inserts seek to provide customers
29 with a helpful level of detail while maintaining a user-friendly and understandable presentation

1 of the billing changes. Recognizing that some customers will want more detailed and specific
2 explanations, Hydro One has equipped its Call Centre agents with detailed information to
3 address customer questions regarding bill changes, as it does whenever new rates are introduced.
4

5 **4. ACCELERATING THE ELIMINATION OF THE SEASONAL CLASS**

6

7 Hydro One is awaiting Board direction on the elimination of the Seasonal Class after submitting
8 its report on August 4, 2015. A number of submissions were made on this topic in this
9 proceeding.
10

11 Hydro One understands that the Board plans to address this matter separately. Hydro One
12 supports doing so in a separate proceeding, as suggested by the CCC, VECC, SEC, HLC, FOCA
13 and Energy Probe, so that parties can consider alternative proposals and their potential impacts
14 on all rate classes. A separate proceeding would also offer all interested parties an opportunity to
15 review and consider these proposals and impacts. Respectfully, Hydro One submits that
16 attempting to immediately start the elimination of the seasonal class in increments, as proposed
17 by Balsam Lake, would bypass this step which is essential for fairness and transparency.
18

19 **5. REQUEST FOR INTERIM RATES**

20

21 At this stage, Hydro One is unable to implement a new set of distribution rates for January 1,
22 2016. Accordingly, Hydro One requests that current rates be set as interim.
23

24 Additionally, in the interest of smoothing the impact of the delayed implementation, Hydro One
25 requests that the current 2015 deferral/variance account riders continue until such time as new
26 deferral/ variance account riders are approved for 2016. Without an extension, the 2015
27 deferral/variance account riders will expire at the end of 2015, and customers will experience a
28 temporary reduction in their bills, only to see a later increase when the new 2016
29 deferral/variance account riders are implemented. In addition, Hydro One notes that Board-

1 prescribed variance account 1595 (Disposition and Recovery/Refund of Regulatory Balances)
2 tracks differences between the forecast and actual rider disposition amounts, which naturally
3 occur as a result of differences between actual and forecast load. As such, any differences
4 between the rider amounts that would be disposed of over the interim rates period will be
5 captured in account 1595 for disposition as part of Hydro One's next rebasing application.

Delivery rates are changing and other changes to your bill

This winter you'll notice a number of changes to your bill. Due to the changes in provincial electricity programs, all electricity customers in Ontario can expect to see an increase of about 10% on their bill beginning in January 2016.

Hydro One delivers electricity safely and reliably to homes and businesses in Ontario. Recently, the Ontario Energy (OEB) approved a reduction in distribution rates (included under the Delivery line on your bill) for residential customers in the urban high density service type. The Delivery line on the bill represents about a third of a typical residential customer's bill and is the part of the bill that we're responsible for. The other line items on your bill we collect for a number of organizations.

Here's a summary of the changes you'll see.

What's changing?	When will it change?	What this means to your bill*	
The Province is ending the Ontario Clean Energy Benefit that provides a 10% rebate on electricity bills. This rebate was introduced five years ago to help customers through the transition to a cleaner, modern electricity system.	December 31, 2015		An increase of 10%
The Province is removing the Debt Retirement Charge from residential bills. Most customers currently pay 0.7¢ per kWh for the Debt Retirement Charge. A typical customer using 800 kWh a month will see a savings of \$5.60 per month.	December 31, 2015		A decrease of 3.4 %
The OEB is moving to fixed distribution rates. Right now, distribution rates (included under the Delivery line on your bill) are a blend of fixed and variable rates. Over the next five years, the rates will gradually change to an all-fixed monthly service charge. Most customers won't see a significant change in their delivery rates. Customers who are low users of electricity will see an increase on their bill, while customers who are high users will see a decrease on their bill. Customers who have electric heat will benefit from this move to fixed rates.	Expected to start January 1, 2016		A decrease 0.04% for 2016
Hydro One is reducing delivery rates. In March 2015, the OEB approved our rate application for 2015-17. We're reducing rates in accordance with this approval. Please see page 2 for more information.	Starts January 1, 2016		A decrease of 0.6%
The OEB has introduced a new charge to fund the Ontario Electricity Support Program. This new charge of 0.11 cents per kWh will be added to the Regulatory Charges line item on your bill. This rate increase is slightly offset by a reduction in the wholesale market service rate (also included under Regulatory Charges). For information on this program, please see page 2.	Starts January 1, 2016		An increase of 0.2%

*For a typical residential customer with an urban high density using 800 kWh a month.

For more information, go to www.HydroOne.com/2016Rates or call us at **1-866-543-8031**.

How much will my bill change?

The amount by which your bill will change depends on your service type and the amount of electricity you use. To determine your service type, please check page two of your bill. To see how much electricity you typically use, look at the comparison chart on page one of your bill.

Most customers will see a slight decrease to their bill. However, customers who are low users of electricity will see a slight increase due to the move to all-fixed rates. The bill impacts shown below only reflect the changes in Delivery rates and don't include the other changes to your bill such as the removal of the Ontario Clean Energy Benefit.

Service Type	Electricity used monthly (kWh)	Change on total bill (\$)	Change on total bill (%)	
			↑	↓
Residential – Urban High Density	350 kWh	\$1.24	↑	1.6%
	800 kWh	-\$0.97	↓	-0.6%
	1,400 kWh	-\$3.90	↓	-1.6%

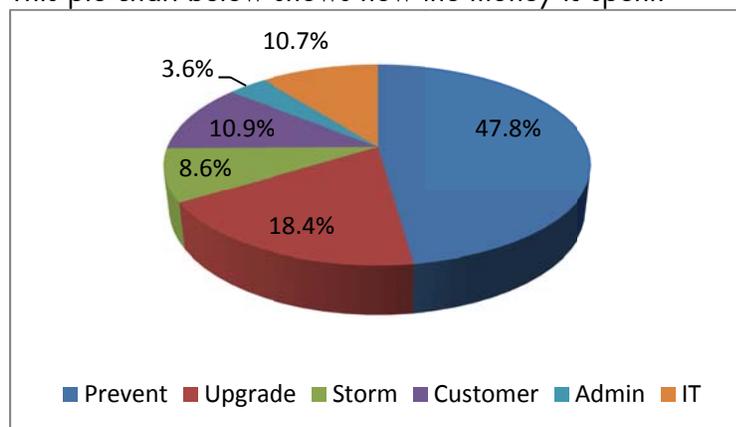
Your first bill issued on or after January 8, 2016 will reflect this rate change.

For customers with a sentinel light, the rental rate is increasing to \$9.25 (from \$8.97) a month. There's no change to the pole rental rates.

To view your new delivery rates, go to www.HydroOne.com and select "Find Rates & Prices" or call us at **1-866-543-8031**.

What your delivery charges pay for

This pie chart below shows how the money is spent.



We're here to help

For all of our customers, we're here to help reduce the amount of electricity you use as well as manage your account to help offset some of the changes on your bill.

Budget Billing

With all these changes and to prepare for the colder weather, it may be a good time to sign up

for Budget Billing. It's normal for your energy use to fluctuate over the course of the year. Budget Billing provides you with a bill that's predictable. This plan estimates how much electricity you'll use during the upcoming year, based on historical usage, and divides that amount into 12 monthly payments. Twice a year, we'll review your account and adjust your Budget Billing amount as needed. To sign up, visit www.HydroOne.com/MyAccount or call us.

Emergency financial assistance available to low-income customers

The Low-Income Energy Assistance Program (LEAP) provides emergency relief to eligible low-income customers who may be experiencing difficulty paying their electricity bill. To see if you qualify, visit www.HydroOne.com/LEAP or call our lead agency, the United Way of Greater Simcoe County at **1-855-487-5327**.

Our home assistance program may be right for you

Reducing your home's energy use makes it easier to manage your electricity bill. If you qualify as a low-income customer, we'll work with you to find smart, simple ways to improve your home's energy efficiency – at no cost to you. Upgrades to your home may include energy-efficient appliances, home insulation and draft proofing, programmable thermostats and more. It's easy to apply. To learn more call **1-855-591-0877** or go to www.HydroOne.com/HAP.

Ontario Electricity Support Program

The government is providing support to those most in need by introducing the new Ontario Electricity Support Program. This program helps reduce electricity bills for low-income households with a monthly on-bill credit. The amount of the credit will depend on how many people live in your house and your combined household income. To find out if you're eligible and how to apply, please visit www.OntarioElectricitySupport.ca or call **1-855-831-8151**.

Manage your account online – 24/7

We've recently made some changes to My Account. Please log in or sign up for My Account for access to your account information anytime, anywhere.

- View your electricity use by hour, day or month.
- Get up-to-date information on power outages affecting your property by email, text messaging or both
- Access two years of bills in one place

Sign up today at www.HydroOne.com/MyAccount.

Having problems paying your bill?

If you're having financial difficulties, please call us for help. We offer a payment plan that allows customers to pay off their past-due balance over a number of instalments. Please call us for more information.

Helping you manage your electricity use

We offer a number of saveONenergy programs for your home that will help you save electricity. Go to www.HydroOne.com/SaveEnergy for information or call us at **1-888-664-9376**.

How to reach us

Customer Communications Centre

tel: **1-866-543-8031**

email: CustomerCommunications@HydroOne.com

fax: 1-888-625-4401

Monday to Friday, 7:30 a.m. to 8 p.m. ET

For power outages and emergencies:

tel: **1-800-434-1235**

24 hours a day, 7 days a week

Hydro One Networks Inc.

P.O. Box 5700, Markham, ON L3R 1C8

www.HydroOne.com

Follow @HydroOne

Delivery rates are increasing and other changes to your bill

This winter you'll notice a number of changes to your bill. Due to the changes in provincial electricity programs, all electricity customers in Ontario can expect to see an increase of at least 10% on their bill beginning in January 2016.

Hydro One delivers electricity safely and reliably to homes and businesses in Ontario. Recently, the Ontario Energy (OEB) approved an increase in distribution rates (included under the Delivery line on your bill) for most residential customers. The Delivery line on your bill represents about 39% of a typical residential customer's bill and is the part of the bill that we're responsible for. The other line items on your bill we collect for a number of organizations.

Here's a summary of the changes you'll see.

What's changing?	When will it change?	What this means to your bill*	
The Province is ending the Ontario Clean Energy Benefit that provides a 10% rebate on electricity bills. This rebate was introduced five years ago to help customers through the transition to a cleaner, modern electricity system.	December 31, 2015		An increase of 10%
The Province is removing the Debt Retirement Charge from residential bills. Most customers currently pay 0.7¢ per kWh for the Debt Retirement Charge. A typical customer using 800 kWh a month will see a savings of \$5.60 per month.	December 31, 2015		A decrease of 3.4 %
The OEB is moving to fixed distribution rates. Right now, distribution rates (included under the Delivery line on your bill) are a blend of fixed and variable rates. Over the next five years (seven years for seasonal customers), the rates will gradually change to an all-fixed monthly service charge.	Expected to start January 1, 2016		An increase of 0.6% for 2016
Hydro One is increasing delivery rates. In March 2015, the OEB approved our rate application for 2015-17. We're increasing rates in accordance with this approval. Please page 2 for more information.	Starts January 1, 2016		An increase of 0.4%
The OEB has introduced a new charge to fund the Ontario Electricity Support Program (OESP). This new charge of 0.11 cents per kWh will be added to the Regulatory Charges line item on your bill. This new charge is slightly offset by a reduction in the wholesale market service rate (also included under Regulatory Charges). For information on the OESP, please see page 2.	Starts January 1, 2016		An increase of 0.2%

*For a typical residential customer with a medium density using 800 kWh a month.

For more information, go to www.HydroOne.com/Rates or call us at **1-866-543-8031**.

Why are delivery rates increasing?

Our first priority is to deliver electricity to our customers safely, reliably and efficiently. We recognize that we need to strike the right balance between service and cost, while minimizing the impacts on rates. We need this increase to:

- Replace and maintain equipment nearing its end-of-life or damaged by storms
- Build or upgrade our stations, transformers, lines and poles to meet customer growth
- Ensure reliability by doing more vegetation management work

How will all fixed distribution rates affect my bill?

Most customers won't see a significant change in their delivery rates. Customers who are low users of electricity will see an increase on their bill, while customers who are high users will see a decrease on their bill. Customers who have electric heat will benefit from this move to fixed rates.

How much will my bill increase?

The amount by which your bill will increase depends on your service type and the amount of electricity you use. To determine your service type, please check page two of your bill. To see how much electricity you typically use, look at the comparison chart on page one of your bill.

The bill impacts shown below only reflect the changes in Delivery rates and don't include the other changes to your bill such as the removal of the Ontario Clean Energy Benefit.

Service Type	Electricity used monthly (kWh)	Increase on total bill (\$)	Increase on total bill (%)
Residential – Medium Density	800 kWh	\$1.68	1.0%
Residential – Low Density	800 kWh	\$8.74	4.6%
Residential - Seasonal	400 kWh	\$2.83	2.3%

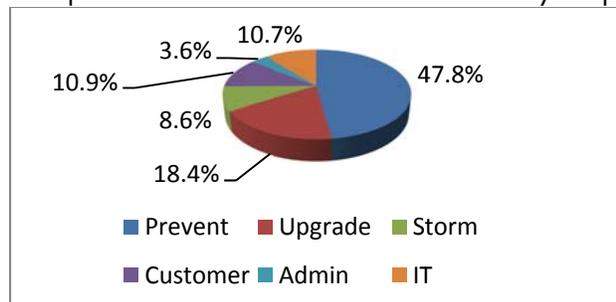
Your first bill issued on or after January 8, 2016 will reflect this rate increase.

For customers with a sentinel light, the rental rate is increasing to \$9.25 (from \$8.97) a month. There's no change to the pole rental rates.

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Budget Billing

With all these changes and to prepare for the colder weather, it may be a good time to sign up for Budget Billing. It's normal for your energy use to fluctuate over the course of the year. Budget Billing provides you with a bill that's predictable. This plan estimates how much electricity you'll use during the upcoming year, based on historical usage, and divides that amount into 12 monthly payments. Twice a year, we'll review your account and adjust your Budget Billing amount as needed. To sign up, visit www.HydroOne.com/MyAccount or call us.

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The Low-Income Energy Assistance Program (LEAP) provides emergency relief to eligible low-income customers who may be experiencing difficulty paying their electricity bill. To see if you qualify, visit www.HydroOne.com/LEAP or call our lead agency, the United Way of Greater Simcoe County at **1-855-487-5327**.

Our home assistance program may be right for you

Reducing your home's energy use makes it easier to manage your electricity bill. If you qualify as a low-income customer, we'll work with you to find smart, simple ways to improve your home's energy efficiency – at no cost to you. Upgrades to your home may include energy-efficient appliances, home insulation and draft proofing, programmable thermostats and more. It's easy to apply. To learn more call **1-855-591-0877** or go to www.HydroOne.com/HAP.

Ontario Electricity Support Program

The government is providing support to those most in need by introducing the new Ontario Electricity Support Program. This program helps reduce electricity bills for low-income households with a monthly on-bill credit. The amount of the credit will depend on how many people live in your house and your combined household income. To find out if you're eligible and how to apply, please visit www.OntarioElectricitySupport.ca or call **1-855-831-8151**.

Manage your account online – 24/7

We've recently made some changes to My Account. Please log in or sign up for My Account for access to your account information anytime, anywhere.

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- Get up-to-date information on power outages affecting your property by email, text messaging or both
- Access two years of bills in one place

Sign up today at www.HydroOne.com/MyAccount.

Having problems paying your bill?

If you're having financial difficulties, please call us for help. We offer a payment plan that allows customers to pay off their past-due balance over a number of instalments. Please call us for more information.

Helping you manage your electricity use

We offer a number of saveONenergy programs for your home that will help you save electricity. Go to **www.HydroOne.com/SaveEnergy** for information or call us at **1-888-664-9376**.

How to reach us

Customer Communications Centre

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email: CustomerCommunications@HydroOne.com

fax: 1-888-625-4401

Monday to Friday, 7:30 a.m. to 8 p.m. ET

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tel: **1-800-434-1235**

24 hours a day, 7 days a week

Hydro One Networks Inc.

P.O. Box 5700, Markham, ON L3R 1C8

www.HydroOne.com

Follow @HydroOne

Delivery rates are increasing and other changes to your bill

This winter you'll notice some changes to your bill. With the removal of the Ontario Clean Energy Benefit, all electricity customers in Ontario can expect to pay more on their bill beginning January 2016.

Hydro One delivers electricity safely and reliably to homes and businesses in Ontario. Recently, the Ontario Energy (OEB) approved an increase in distribution rates (included under the Delivery line on your bill) for most customers. The Delivery line on your bill represents about 38% of a typical general service energy-billed customer's bill and is the part of the bill that we're responsible for. The other line items on your bill we collect for a number of organizations.

Here's a summary of the changes you'll see.

What's changing?	When will it change?	What this means to your bill*	
The Province is ending the Ontario Clean Energy Benefit that provides a 10% rebate for up to 3,000 kWh of electricity used each month. This rebate was introduced five years ago to help customers through the transition to a cleaner, modern electricity system.	December 31, 2015		An increase of 10%
Hydro One is increasing distribution rates for most customers. In March 2015, the OEB approved our rate application for 2015-17. We're increasing distribution rates (included under the Delivery line on your bill) in accordance with this approval. For more information, please see below.	Starts January 1, 2016		An increase of 1.7%
The OEB has introduced a new charge to fund the Ontario Electricity Support Program. This new program helps reduce electricity bills for low-income households with a monthly on-bill credit. This charge of 0.11 cents per kWh will be added to the Regulatory Charges line item on your bill. This rate increase is slightly offset by a reduction in the wholesale market service rate (also included under Regulatory Charges).	Starts January 1, 2016		An increase of 0.2%

*For a general service – energy billed customer using 2,000 kWh a month.

For more information, go to www.HydroOne.com/Rates or call us at **1-866-543-8031**.

Why are delivery rates increasing?

Our first priority is to deliver electricity to our customers safely, reliably and efficiently. We recognize that we need to strike the right balance between service and cost, while minimizing the impacts on rates. We need this increase to:

- Replace and maintain equipment nearing its end-of-life or damaged by storms
- Build or upgrade our stations, transformers, lines and poles to meet customer growth
- Ensure reliability by doing more vegetation management work (Is this still valid?)

How much will my bill increase?

The amount by which your bill will increase depends on your service type and the amount of electricity you use. To determine your service type, please check page two of your bill. To see how much electricity you typically use, look at the comparison chart on page one of your bill.

The bill impacts shown below only reflect the change in Delivery rates and don't include the other changes to your bill such as the removal of the Ontario Clean Energy Benefit.

Service Type	Electricity used monthly (kWh)	Monthly Peak (kW)	Change on total bill (\$)	Change on total bill (%)	
General Service - Energy	2,000 kWh		\$7.11	1.7%	↑
General Service – Urban Energy	2,000 kWh		\$6.60	1.9%	↑
General Service – Demand	35,000 kWh	120 kW	\$265.39	3.9%	↑
General Service – Urban Demand	35,000 kWh	120 kW	\$156.15	2.5%	↑
Street Lights	500 kWh		\$4.23	3.8%	↑
Sentinel Lights	50 kWh		\$0.69	4.7%	↑
Unmetered Scattered Load	500 kWh		-\$0.35	-0.3%	↓
Distributed Generation	2,000 kWh		\$51.13	10%	↑
Sub Transmission	500,000 kWh	1,000	\$2.02	0%	

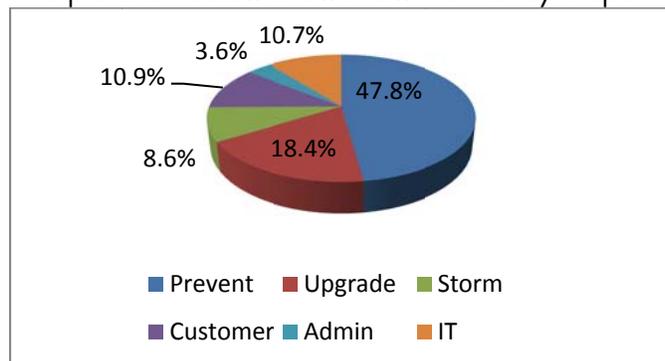
Your first bill issued on or after January 8, 2016 will reflect this rate change.

For customers with a sentinel light, the rental rate is increasing to \$9.25 (from \$8.97) a month. There's no change to the pole rental rates.

For more information, go to www.HydroOne.com/Rates or call us at **1-866-543-8031**.

What your delivery charges pay for

This pie chart below shows how the money is spent.



We're here to help

For all of our customers, we're here to help reduce the amount of electricity you use as well as manage your account to help offset some of the changes on your bill.

Budget Billing

It's normal for your energy use to fluctuate over the course of the year. Budget Billing* provides you with a bill that's predictable. This plan estimates how much electricity you'll use during the upcoming year, based on historical usage, and divides that amount into 12 monthly payments. Twice a year, we'll review your account and adjust your Budget Billing amount as needed. To sign up, visit www.HydroOne.com/MyAccount or call us.

*Budget Billing isn't available for demand-billed accounts.

Manage your account online – 24/7

We've recently made some changes to My Account. Please log in or sign up for My Account for access to your account information anytime, anywhere.

- View your electricity use by hour, day or month.
- Get up-to-date information on power outages affecting your property by email, text messaging or both
- Access two years of bills in one place

Sign up today at www.HydroOne.com/MyAccount.

Having problems paying your bill?

If you're having financial difficulties, please call us for help.

Helping you manage your electricity use

We offer a number saveONenergy incentive programs to help improve your energy efficiency.

Go to www.HydroOne.com/SaveEnergy for information or call us at **1-888-664-9376**.

How to reach us

Customer Communications Centre

tel: **1-866-543-8031**

email: CustomerCommunications@HydroOne.com

fax: 1-888-625-4401

Monday to Friday, 7:30 a.m. to 8 p.m. ET

For power outages and emergencies:

tel: **1-800-434-1235**

24 hours a day, 7 days a week

Hydro One Networks Inc.

P.O. Box 5700, Markham, ON L3R 1C8

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