Oct 15, 2019

To: The Board Secretary, Ontario Energy Board

Subject: EB2016-315

Re: Hydro One motion to review elimination of its Seasonal Class

In my opinion the Energy Board should dismiss this motion and move forward with the elimination of Hydro One’s Seasonal Class as quickly as possible.

In its Oct. 1, 2019 submission Hydro One makes a critical and false assertion – that retaining its Seasonal Class will address the reason for the move to all-fixed rates for all residential customers for all Local Distribution Companies. Specifically the cost allocation inequity between various groups of customers that has developed over the years due to the use of volume levies imbedded in LDC service charges.

In arguing for the continuation of its Seasonal Class, Hydro One asserts having a separate Seasonal Class, with a separate calculation of costs to be allocated will deliver a fair and equitable sharing of service costs. This is not the case. In its decision to require the use of a monthly fixed rate for all customers the board allowed for Hydro One to retain its three general residential classes – Urban, Medium and Low-Density as Hydro One can clearly show there is a density based cost of service difference and unlike other LDCs, Hydro One’s three density classes represent significant customer numbers with significant cost of service differences.

The Seasonal Class, however, is not density based, but occupancy based. It applies to only those who do not use their residential property as a principal residence. And Hydro One has presented no evidence that this results in a ‘real world’ difference in the level of service cost – rather, the utility uses an arbitrary ratio to set an average cost of service. In the case of the Low Density zones, roughly 50% of that assigned to year-round residents.

If Hydro One’s seasonal customers were confined to specific geographic areas, with separate service lines and separate policies and benchmarks for repair and maintenance this would make sense. But that is not the case. People using their properties on an occasional basis are for the most part intermingled with those using their properties as a permanent residence. Service levels are the same, and logically, average costs per customer are the same.

A key reason advanced for maintaining a separate Seasonal Class, with a separate and artificially lower fixed rate is the size of the bill increases current low volume Seasonal customers will face compared to year-round customers, especially those Seasonal customers being moved to the Low Density class. The reason for this is the substantial subsidies provided those year-round customers through various government programs.

But developing and funding these programs is neither the mandate, nor the responsibility of Hydro One as a service provider, nor the OEB as a regulator.

If Hydro One and its current Seasonal Class customers desire similar subsidies to provide financial relief from high bills, they must lobby the provincial government for them, not ask the OEB to provide relief through its fixed-rate service cost recovery policy.

There are many costs associated with owning a seasonal or recreational property – property taxes, insurance, maintenance and so forth. Seasonal property owners don’t receive half price discounts on provincial education and local service taxes; there is no price break on property insurance premiums; no special price for 2x4s, paint and other home maintenance supplies; nor for gasoline for cars and boats or propane for the BBQ just because they use their property for part of the year rather than year-round.

Why then should they expect such a significant cost reduction on their electrical service?

Bob Stewart