

May 12, 2020

To: Ontario Energy Board  
Attention: Board Secretary  
[boardsec@oeb.ca](mailto:boardsec@oeb.ca)

Regarding: EB-2019-0234/EB-2016-0315 – Elimination of the Hydro One Seasonal Rate Class

With regard to the Ontario Energy Board's decision to further review the elimination of the Seasonal Class and the inclusion of those customers in Hydro One's remaining three residential classes as outlined in Procedural Order No.2, dated May 1, 2020.

The Board should proceed with its plans as outlined in previous decisions on this matter.

Grounds cited by Hydro One, and accepted by the Board as grounds to review the Seasonal Class elimination should not impact the overall decision.

Fact 1: The timing of earlier Board decisions to merge the Seasonal Class with other residential classes, and the move to all fixed monthly Local Distribution Service rates for all utilities does not materially impact the rationale for either decision. It may warrant a review of the timing of the changes and the proposed phase-in of the rate structure, but not the decisions themselves. The fact remains it is impossible to equitably differentiate costs between seasonal and year-round customers in a cost-effective way as they are too intermingled along Hydro One's service lines. Unless the utility is prepared to determine costs on an individual customer basis – prorating costs for distribution line installation, upgrades and maintenance on a localized basis, and then averaging the totals, rather than the current density based cost estimate model, inequalities will persist.

Further, the issues raised by Hydro One in no way dispute the fact costs of providing local distribution service are largely unrelated to volumes of electricity consumed.

Fact 2: The introduction of the Distribution Rate Protection program in 2017 raises a new issue, but again it is not related to the service cost related rationales for all fixed service rates or the merging of the Seasonal Class with other Residential classes.

In arguing for the continuation of the Seasonal Class with a lower per customer distribution charge than the actual costs for year-round residential classes, Hydro One cites the cost increase implications for its customers, as do most of those submitting letters opposed to the Board's plan to merge the customer classes.

The key reason for the net customer bill difference from eliminating the separate Seasonal Class and merging those customers in other Residential classes is provincial subsidy measures for primary residences, of which the DRP is but one. I note Hydro One does not question the validity or need for the RRRP (Rural and Remote Rate Protection) subsidy which has been in place since 1980 and currently provides a much higher level of cost relief for an average customer than the DRP.

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Nor does the utility question government support provided to households through its First Nation rate subsidy or the Ontario Electricity Support Program.

All provide monetary relief for electricity customers the provincial government has deemed to be in need of such relief in meeting monthly household costs. Some are income means tested, others universal. But the utility has never in the past asked the Board to consider provincial government financial assistance in setting customer rates, which are to be based on reasonable actual costs as approved by the Board.

To do so now is asking the Board to take on an entirely new mandate – addressing income disparity – that has always been the prerogative of publicly elected legislators and is not among the duties and functions outlined for the Board in the Ontario Energy Act

If Hydro One and a specific group of its customers – those owning a non-primary residence in its service territory - wish to relief from high electricity bills as determined by actual service costs they should direct those appeals and request for action to the Provincial Legislature.

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CC: Hon. Greg Rickford  
Minister of Energy, Northern Development and Mines  
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