March 14, 2021

**SUBMISSION TO THE ONTARIO ENERGY BOARD RELATING TO THE PROPOSED ELIMINATION OF HYDRO ONE NETWORKS’ SEASONAL RATE CLASS (EB–2020–246)**

PREAMBLE: The Kamaniskeg Area Property Owners Association (KAPOA) is a not for profit, volunteer based organization that represents the majority interests of property owners surrounding the Madawaska River waterway upstream and downstream from Kamaniskeg Lake. It covers an estimated 500+ properties and monitors issues important to all members and stakeholders in the area and remains alert to new concerns. KAPOA actively engages members in activities which encourage a positive social network that benefits the area; it’s permanent and seasonal residents and the natural environment.

To Whom It May Concern:

The Kamaniskeg Area Property Owners Association (KAPOA) opposes The Ontario Energy Board (OEB) moving forward with the elimination of Hydro One Network’s Seasonal Rate Class as outlined in File EB-2020-0246. This action is considered discriminatory, unfair and will negatively impact the seasonal property owner.

The OEB‘s Introduction of the new Residential Low Density R2 Class is biased against the current Seasonal Rate Class. Treatment or even consideration based on any class is legally defined as discriminatory. The OEB states that its goal is to promote financially, viable and efficient energy at a reasonable cost. However, this cost must be fair and equitable to all residents. The proposal put forward decreases the energy costs for those seasonal customers moving into the medium to high density residential classes while increasing the costs for those moving into the low density class which is where most seasonal cottage owners will be assigned. This is the only class that is targeted for increases in energy bills. Those in that class are usually using the least energy on a yearly basis and are generally more energy conservation conscious. It should also be noted that these seasonal property owners will be paying energy bills for their permanent home locations while dealing with these proposed increases at their seasonal dwellings whether they are there or not.

From purely an economic standpoint, the elimination of the Seasonal Rate Class and movement of all seasonal hydro customers to one of three residential rate classes based on density will have a financial impact. Example: A Seasonal Class customer moving to Residential Low Density (R2) Rate Class could see a doubling of their energy bills. This is all occurring after the current government promised to keep our energy bills in check. As a result, the average seasonal property owner cannot sustain this increase despite the promise that it will be phased in. A large proportion of these property owners are retired and living on a modest fixed income which does not always increase with inflation or with increases in cost of living. These seasonal property owners are already shouldering 90% of the tax burden in some rural municipalities. Now, one may argue that these increases in costs are offset by increases in market value of seasonal property. However, this increase in the value can only be realized after the owner sells the property and only after capital gains tax requirements are satisfied being the owner’s secondary residence.

The increase in energy costs and the resulting reduction in disposable income will also have a marked impact on the local economy particularly when it comes to businesses trying to recover from Covid-19. Cottagers tend to support these local businesses through the purchase of goods, supplies, materials and services when visiting and maintaining their cottages. Cottagers also contribute to the social, volunteerism, cultural, environmental and leadership fabric of their local community. Bottom line is that these proposed rate increases will cause financial strain and hardship in many areas.

There are also a number of equity issues with the proposal. The table sent to Seasonal Rate customers indicates that seasonal residents that consume less power will have higher energy bills then their permanent low density neighbours. These neighbours usually reside in larger homes and use power throughout the year. Power is constantly running through the same lines for both neighbours whether the cottagers are in residence or not. This is not fair or justifiable. OBE’s proposal offers little incentive to seasonal residents to continue to practise energy conservation while being penalized monetarily.

Many hydro lines that service both seasonal and permanent property owners are located within road corridors which have not been assumed by the local municipality. In some cases these roads are maintained by a Local Road Board which is largely funded by the property owners along the road. Will the differential treatment in terms of hydro billing not disrupt the unity and cohesion that currently exist among the property owners on these Local Road Boards regardless of whether they are seasonal or permanent?

The implementation of the proposal may also result in demand for equity in level of service between the different Residential Rate Classes particularly when property owners in R2 are paying higher energy bills than their counterparts in R1 or UR. It is a known fact that under current operational procedures, Hydro One gives higher priority to higher residential density areas and then works down the line so to speak when carrying out routine line maintenance, replacement and restoration functions following power outages. As such, property owners now paying the highest rate for electricity will be getting the poorest service which is unacceptable. Does the implementation of the proposal include required changes to these operational procedures?

Lastly, the proposal smacks of an attempt by the OEB and Hydro One Networks to cover up and not take responsibility for errors and operational inefficiencies (ie: the fiasco around smart meters). Instead, their solution is to make up for their monetary shortfalls on the backs of Seasonal Rate Class residential customers while not undertaking a total review of Hydro One Networks’ operations from top to bottom. What is totally unacceptable is that the OEB states that it does not plan to revisit its decision to eliminate the Seasonal Rate Class but is still willing to entertain written comments and opinions most of which will inevitably be to retain the Seasonal Rate Class to keep from “paying more for using less”. Instead, make “delivery costs equal for everyone & pay for what you use”. Let’s keep it simple, uniform and impartial for all by keeping everyone in one “class”.

This is a year when we should be coming together, not dealing with forces that will drive us apart.

Thank you for your time and your consideration. We hope that your decisions will reflect fair and unprejudiced actions.