

June 28, 2021

Via e-mail

Ms. Christine Long, Registrar
Ontario Energy Board

Re: Written Interrogatories of Tasso, Toad, Camp, and Blue Lakes Association

Hydro One Networks Inc.
Implementing the Ontario Energy Board's Decision to Eliminate the Hydro One Networks Inc. Distribution Seasonal Rate Class
Ontario Energy Board File Number: EB-2020-0246

On behalf of the Tasso, Toad, Camp, and Blue Lakes Association (TTCBLA), I am submitting our written interrogatories to Hydro One Networks. Our Association represents just over 200 property owners east of Huntsville, of which roughly 195 are seasonal customers of Hydro One, roughly 15 are non-seasonal customers, and 5 are off-grid. We expect that the vast majority of our members will be transitioned to the R2 rural rate customer class, and expect to see a doubling of their electricity rates, as outlined in Hydro One Networks' proposal to the OEB, and the letter they sent to us as customers in February of this year.

We want to thank the Hydro One staff in advance for their attention to our concerns and inquiries, and the work it will entail.

We look forward to the responses. If you have any questions of us or need further clarification, please address them to me via the e-mail listed below. Thank you.

Sincerely,

James Morrison

85 Sand Point Wharf Road
Bayswater, NB E5S1N2
Email: jimandjanmorrison@gmail.com

Copies to:

Henry Andre	Director, Hydro One Networks Inc.
Martin Davies	OEB Case Manager
James Sidofsky	OEB Counsel
EB-2020-0246 Intervenors	

Tasso, Toad, Camp and Blue Lakes Association (TTCBLA)

Interrogatories for Hydro One Networks

June 28, 2021

1. The 2016 report to the OEB by Hydro One Networks states:
“The report demonstrates that the elimination of the Seasonal Class per the March 2015 decision results in only a small benefit for some seasonal customers at the expense of large negative impacts for other seasonal customers. The elimination of the Seasonal Class, once the move to all-fixed distribution rates is completed, results in a reduction of about \$5/month for the roughly 70,000 seasonal customers moving to the R1 residential class and an increase of about \$54/month for the roughly 78,000 seasonal customers that would move to the R2 residential class. The combined impact on low volume seasonal customers of moving to the R2 residential class at all-fixed distribution rates, and without the rate subsidies available to year-round R2 customers, is a 111% (or \$60/month) increase in their total electricity bill.”

In Hydro One and the former Ontario Hydro’s history of rate increases, has there ever been another situation where 78,000 or more customers were subjected to a doubling of their electricity rates by a decision or change? If so, how was it handled?

2. Prior to the OEB making its decision to eliminate the seasonal rate class, was the seasonal rate class rate structure causing significant issues for Hydro One?
3. What input was sought from Hydro One’s stakeholders and customers prior to the decision to eliminate the seasonal rate class?
4. Could you please explain each of the components of the cost of providing electrical services to the various classes of customers, and the average cost of each component for each rate class? In particular, how are capital costs and ongoing operational and maintenance costs calculated and assigned to each group of customers?
5. Please explain how Hydro One calculates the cost of providing power to a new rural or remote customer. What proportion of the cost of providing that service is covered by a customer when they pay up front for the cost of the extra distance and equipment off an existing distribution line?
6. How do the resulting proposed new rates caused by the elimination of the seasonal rate class compare to comparable seasonal customer rates in other jurisdictions across Canada? How do other customer rate classes compare to corresponding rates in other jurisdictions across Canada?

7. Will Hydro One consider rate mitigation over a longer time frame than your current proposals, in order to further reduce the hardship for the hardest-hit customers? Alternatively, could you calculate for us the difference it would mean to Hydro One and other customer classes if the rate mitigation was capped at a 5% or 7.5% total rate increase in any given year?

8. Under Hydro One's proposed approach to rate mitigation, it appears that capping a rate increase cost for any given customer at no more than 10% above the previous year's cost will lead to a compounding effect where the actual costs will increase more than 20% above the base price after the second year, and compound each year thereafter. Is this understanding correct? If it is, would Hydro One consider modifying their proposal to limit the increases compared to the base price rather than each year's compounded price?

9. Please explain why Hydro One offers a discounted rate for full-time residents in low-density or remote areas, and why it will not be available in the future to current seasonal customers. If the proposed rate structure is intended to have customers pay their fair share of the cost of providing electricity to them, why are the delivery and electricity usage rates not solely based on delivery costs (factoring in density), electricity usage, and time of use for all customers in the same class? If I am a seasonal rate customer in the future paying considerably more each month than a year-round resident using the same amount of electricity in the same neighbourhood, am I not indirectly subsidizing their rate? In an attempt to more fairly allocate the full cost of providing electrical services among customers, it appears that there has been an over-correction. Can you explain whether this is an accurate perception, and if so, could Hydro One propose a more fair alternative?

10. With the transition away from Seasonal Rate Class to the new residential low-density rate class, how will Hydro One be able to offer time of day usage if the smart meter is located in a remote area that does not allow it to be read remotely? Will Hydro One create a synthesized time of day usage by applying the average time of day usage of other customers to the usage measured for a rural customer? If so, is that fair considering those who are currently seasonal rate payers are typically not using electricity during peak times, such as in winter heating season?

11. What are all the charges, on a typical invoice that Hydro One currently sends to Seasonal Rate class customers, including delivery fee, Electricity line (stated per kWh used), Ontario Electrical Rebate, Global Adjustment line and a full list of charges to other agencies including IESO? What are all the charges, on a typical invoice that Hydro One currently sends to non-seasonal rural rate class customers, including delivery fee, Electricity line (stated per kWh used), Ontario Electrical Rebate, Global Adjustment line and a full list of charges to other agencies including IESO?

12. What does Hydro One expect in the way of negative customer reaction to the proposed rate increases? What negative effects does Hydro One expect to see on their reputation as a public service provider of an essential service?

13. Ref: Pg. 44 of Hydro One's proposal. "Hydro One further recommends that any changes relating to the Seasonal Class not be applied retroactively. Attempting to apply the changes retroactively will require unwinding and recalculating all previously approved distribution rates, foregone revenue rate adjustments, earning sharing mechanism and asset rider amounts. This would then necessitate the cancelling and reissuing of monthly bills for over 1.3 million Hydro One customers over multiple years. As such, Hydro One recommends that the implementation should be applied only on a go-forward basis."

In its interrogatories, the OEB has made several requests to explore information on the possible retroactive application of the elimination of the seasonal rate class. Please explain:

a. How could Hydro One or the OEB justify retroactively increasing rates for an essential service (or any service) that customers agreed to pay for, paid for, and then were told after the fact that they were retroactively going to be required to pay more for that service?

b. Please explain your understanding of the legal justification for making a retroactive demand for more money for a service already delivered and paid for at an agreed-upon price.

c. Is Hydro One aware of any business other than a regulated utility providing an essential service, who could retroactively charge more for a service already delivered and properly paid for?

d. Please provide an estimate of the additional legal costs to Hydro One of attempting to recover retroactive payments from customers who may refuse to pay those costs.

14. What provisions has Hydro One made, if any, to support the impacted seasonal rate customers to self-generate electricity in order to offset the impact of the massive rate increase?

15. Has Hydro One made any projections of the number of customers who may go off-grid as a result of the proposed rate increases? If so, how would the additional cost be allocated among the customers who continued to be served by Hydro One? Is there a risk that this would then create a self-reinforcing cycle of even higher costs per customer, and even fewer customers, particularly for those in remote or low-density areas?

16. What options would you recommend to customers who wish to generate their own electricity in order to offset the cost increases? Does Hydro One offer, or are you aware of, assistance for customers who wish to self-generate some of their electrical energy needs?

17. Hydro One has indicated that it will provide payments to seasonal customers who self-generate electricity and put it back into the Ontario grid. Will those payments be made if the generated electricity value exceeds the cost of supplying those customers in a given month or year?

18. If a residential low-density customer generates surplus electricity, how is the line loss adjustment applied to that surplus electricity that is fed back into the grid? Is there a limit to how much surplus electricity can be supplied to the Hydro One Grid from any one property owner?

19. What wheeling rate will Hydro One charge to seasonal customers who choose to receive power generated by other sources such as Bullfrog Power, or their neighbours?

20. What restrictions, if any, exist for customers who may wish to combine their resources and create rural electrification associations to generate their own power and remain connected to the Ontario grid, in order to eliminate or offset the large rate increases?

21. The current proposed rate increases with the elimination of the seasonal rate class appear to penalize customers for low power consumption, and incentivize those who consume more. The mechanics of the rate structure was explained in Question 3 of Hydro One's recent submission. Given Ontario and Canada's commitment to decreasing our impact on climate change, how does Hydro One justify this proposed rate structure? What plans, if any, does Hydro One have to address these discrepancies, and make it rewarding for customers to conserve energy?