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BY EMAIL AND RESS

January 26, 2022

Ms. Nancy Marconi
Acting Registrar
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Marconi,

EB-2021-0110 – Custom IR Application (2023-2027) for Hydro One Networks Inc. Transmission and Distribution (“Hydro One”) and EB-2020-0246 – Elimination of Seasonal Rate Class – Final Customer Education and Communications Plan

Pursuant to the OEB’s Decision and Order in EB-2020-0246, Implementing the Elimination of the Seasonal Class dated November 10, 2021, please find enclosed Hydro One’s customer education and communication plan regarding the implementation of the elimination of the seasonal class.

Please contact the undersigned with any questions relating to the foregoing.

Sincerely,

A handwritten signature in cursive script that reads "Kathleen Burke".

Kathleen Burke

Encls.

cc. EB-2021-0110 parties (electronic)

Eliminating the Seasonal Rate Class

Customer Education and Communications Plan

Date: January 25, 2022

Background

As a company that stands up and advocates for customers, we believe in the importance of transparency, using simple language and direct communication to help customers understand the changes that are being made to their account.

As part of this strategy, we have and continue to proactively identify and target seasonal customers who are likely eligible for a move to year-round status.

The Ontario Energy Board (OEB) issued its decision and order on the next steps to eliminate the seasonal rate class. This impacts approximately 140K Hydro One seasonal customers. Starting on January 1, 2023 at the earliest, we will move seasonal customers to one of our three residential rate classes based on customer density:

- Urban high density (UR) – 258 customers (0.2%)
- Medium density (R1) – approx. 62.1K customers (44.2%)
- Low density (R2) – approx. 77.2K customers (55%)

A little more than half of our seasonal customers will see a bill increase and the remainder will see a bill decrease. A significant number of customers moving to the low density (R2) rate class will see a total bill increase that is higher than 10%. For these customers, Hydro One will mitigate rates over a period of ten years so that the total bill increase is limited to no more than 10%¹ per year. The OEB has indicated there will be no retroactive adjustments to bills.

The next step for Hydro One is to incorporate the OEB's decision into the design and setting of new residential distribution rates as part of its 2023-2027 Joint Transmission and Distribution Rate Application (JRAP), which is currently before the OEB.

Objectives:

- Notify and inform customers of the elimination of the seasonal rate class, why it is occurring and which rate class they will move to with the associated bill impacts.
- Explain to customers how we determine and assign customers to the different rate classes and the fixed and variable components on their bill.
- Avoid confusion about whether the rate change impacts primary and small business customers.

Audiences:

- Seasonal customers
- Stakeholders such as Federation of Ontario Cottagers' Association (FOCA)
- Provincial government

¹ Some seasonal customers at the extreme end of the low consumption range may see an annual bill increase slightly higher than 10% during the 10-year mitigation period.

Approach:

- A phased approach to raise awareness and educate customers between now and the implementation of the rate change.
 - In the first phase, we will improve customer awareness of upcoming changes to their rate class and explain the fixed and variable components of the bill.
 - In the second phase, we will educate customers about which rate class they will be moved to along with an estimated bill impact.
- All communications will be **customer-centric, highly visual, transparent, and clear**, using easy to understand language with customers. This approach will use engaging infographics, clear messaging and visual representations to simplify concepts for customers.
- **Targeted, tailored and relevant communications delivered directly to customers** will leverage proven tactics for targeted awareness and education. We have great analytics to measure the results of our communications and are confident in our ability to reach customers. This tailored approach ensures a higher level of awareness and understanding among affected customers than general communications tactics used across mass channels, which are less effective and could cause confusion among other customer groups.
 - By using **tailored messaging and direct communication tactics**, **targeted** emails have a **significantly higher open rate** and encourage customers to learn more. The Seasonal rates email in December 2021 had an **open rate of 75%²** and **29% of customers chose to learn more**.
- **Direct to customer communication** will enable us to use segmentation and consumption data to further refine our messaging to serve our customers. This approach ensures we provide **additional value to impacted customers and do not confuse customers** who are not affected.

² Hydro One notes that a 75% open rate is significantly higher than the industry average open rate, which was reported to be 36% according to an Email benchmark compilation 2021 from Acoustic (formerly IBM marketing and commerce).

Phase 1: Customer Awareness and Education

Educational bill inserts to seasonal customers

Timeline: Ongoing in advance of rate changes

- Inform customers that changes will be coming to their rate class and explain the fixed and variable components of the bill.
- Utilize graphics and high-impact visuals to provide an explanation of how rate classes are defined and how customers are assigned.
- Provide relevant background information on the rate changes and bill increase mitigation measures.

Bill messages

Timeline: Ongoing beginning Q2/Q3

- Add educational bill messages with a call to action to visit our website to learn more.

Customer Service Representative (CSR) scripting

Timeline: Ongoing

- Ensure our highly-trained Customer Care team is prepared to answer questions regarding the changes to the seasonal rate class.

Seasonal customer webpage

Timeline: Q2/Q3

- Update our webpage to include resources for seasonal customers that are easy to understand with visual representations to simplify concepts.
- Include information detailing rate class definitions and how they are determined.
- Explain the fixed and variable components of the bill.

Government and stakeholder outreach and engagement

Timeline: Winter 2022

- Provide key stakeholders and government officials with an update on the background of this rate change and planned implementation.

Phase 2: Informing Customers on Bill Impacts

Customer email and direct mail

Timeline: Eight weeks in advance of rate change

- Notify customers of which rate class they will be moved to along with an estimated bill impact.
- Include simple language and visuals to aid in the explanation of their rate class and bill impacts.
- Include a call to action to visit our seasonal customer web page.

Customer Service Representative scripting

Timeline: Eight weeks in advance of rate change

- Provide our CSRs with information and answers to FAQs so team members can answer customer calls as a result of the email and direct mail letter and provide resources and additional background.
- Add a contact note to each impacted seasonal account so CSRs will know which rate class customers are being moved to and the associated bill impacts.
- Provide background on each rate class and how customers have been assigned.

Seasonal customer webpage

Timeline: Q4

- Build out three separate webpages to direct customers for information on their rate class and how it was assigned.
- Webpages to be highly visual, include simple graphical explanations and use easy to understand language to assist customers in understanding specific changes.

Bill messages

Timeline: Four months prior to the change for advance notice

- Add a bill message to notify to customers that they will be moving to a new rate class effective on their next bill and more information will be provided by letter.

Timeline: Once rate change is effective

- Add bill messages to notify customers that their new rate class is effective on their bill with a call to action to visit our website to learn more:
 - Message for moving to Urban High density
 - Message for moving to Medium density
 - Message for moving to Low density