# RE: profiles.pdf

**From:** spencer.gill@hydroone.com
**To:** "Campbell, David (ENERGY)" <david.campbell2@ontario.ca>, "Teliszewsky, Andrew (ENERGY)" <andrew.teliszewsky@ontario.ca>
**Cc:** ferio.pugliese@hydroone.com, natalie.poole-moffatt@hydroone.com, daniel.levitan@hydroone.com, "Nekolaichuk, Colin (ENERGY)" <colin.nekolaichuk@ontario.ca>
**Date:** Sat, 18 Feb 2017 09:42:48 -0500
**Attachments:** Affordability Examples Customers Feb 18 Customer 1 to 8 .pdf (193.86 kB); Affordability Examples Customers Feb 18 Customer 9- 13 version 2 .pdf (115.84 kB); Fixed and Fair Rates for Rural Customers.xlsx (60.92 kB)

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Hello David,

I need my graphic artist to change the profiles. I expect this can be done first thing Tuesday.

Answers:

1. I have changed the HST credit to $0 under current charges. I have attached updated spreadsheets for each customer profile so you can see the effect. Again, I will have the artist change the profile to reflect this on Tuesday morning.

2a. The electricity reduction is -25%. This was a working assumption for RPP customers. Today Regulated Price Plan (RPP) customers pay approximately 46% of the total Global Adjustment today. Depending on how much total GA savings you are planning for, and to which customers you are applying it to will impact this reduction. If you need to have me update this reduction just let me know.

2b. The delivery line savings come from the attached spreadsheet, which was an analysis we did using our 2015 revenue requirement and consumption profile. The green columns under R1 and R2 customers represent an approximation for expected delivery line savings. I calculated the current delivery charge and subtracted what is in the green column. These savings include:
1) Rate Decoupling (moving to the fixed distribution charge). This you will see is driven by consumption. The average R1 customer uses approximately 1000kWh which is enough consumption to recover what our decoupled fixed charge will be by 2023, about $55. At present we continue to charge per kWh, which means consumers who use more than 1000kWh will pay more than $55 for distribution charges. That said this is how we meet our revenue requirement. The Fixed and Fair spreadsheet approximates what our lost revenue could be if we were to cap the distribution charge. From an implementation perspective, we would likely set a volumetric threshold, say 1000kWh for R1, and charge $0 beyond this. We would also track the amount of lost revenue/customer savings, pop it on a bill message and recover the revenue from either the government or IESO whichever makes the most sense.

2) Incremental Rural and Remote Rate protection for R1($18) and R2($27) customers. I calculated an incremental subsidy that would bring the 2023 fixed charge to be $38, which is closer to the 2015 LDC average. If you wanted to get to a different number, say $39, I could change the numbers to R1 ($17) and R2 ($26).

3. You are correct. This was just an oversight.

Feel free to call me if you have any questions,
Spencer
-----Original Message-----
From: Campbell, David (ENERGY) [mailto:David.Campbell2@ontario.ca]
Sent: Friday, February 17, 2017 7:32 PM
To: GILL Spencer; Teliszewsky, Andrew (ENERGY)

Cc: PUGLIESE Ferio; POOLE-MOFFATT Natalie; LISTER Warren; LEVITAN Daniel; Nekolaichuk, Colin (ENERGY)
Subject: RE: profiles.pdf

Hey Spencer,

Thank you for these - they look great! This is exactly the sort of thing we're looking for.

We've had a chance to look them over, and I had a couple of questions:

1. Could we change the base case (the "Current Charges" bill) to one that doesn't include the 8% rebate? Ie. A bill from December 2016. For the sake of both our policy discussions and our future communications, we want to always be comparing bills after the new rate mitigation package to bills as they were prior to the Speech from the Throne announcements.

2. Could you explain how you did the calculations for reducing the commodity and delivery lines? It looks like for the Electricity line we have simply applied a 25% reduction, and for the Delivery line you've done some complicated work to figure out where it will be after the policy. Is that correct?

3. A minor thing, but I noticed that "Allan K" didn't get the $1.50 reduction in his regulatory line. Did that one just slip through, or is he representative of some type of customer that won't be receiving that discount?

Thanks again for all your help!

Best,
David

-----Original Message-----
From: Spencer.Gill@HydroOne.com [mailto:Spencer.Gill@HydroOne.com]
Sent: February-17-17 4:58 PM
To: Campbell, David (ENERGY); Teliszewsky, Andrew (ENERGY)
Cc: Ferio.Pugliese@HydroOne.com; Natalie.Poole-Moffatt@HydroOne.com; Warren.Lister@HydroOne.com; Daniel.Levitan@HydroOne.com
Subject: profiles.pdf

Hello Andrew,

Attached are profiles of hydro one customers.

Please let me know if you have any questions.

Take care,
Spencer