

FW: Distribution rates

From: "Campbell, David (ENERGY)" <david.campbell2@ontario.ca>
To: "Ruttan, Craig (ENERGY)" <craig.ruttan@ontario.ca>, "Whittington, Matt (ENERGY)" <matt.whittington@ontario.ca>
Cc: "Moulton, Dan (ENERGY)" <dan.moulton@ontario.ca>, "Xavier, Katrina (ENERGY)" <katrina.xavier@ontario.ca>
Date: Wed, 14 Sep 2016 08:07:15 -0400

From: Karen Evans [mailto:Karen.Evans@ontarioenergyboard.ca]
Sent: September-13-16 5:08 PM
To: Moulton, Dan (ENERGY); Campbell, David (ENERGY); Xavier, Katrina (ENERGY); Renwick, Meredith (ENERGY); Doig Moore, Jacqueline (ENERGY); Coker, Meaghan (ENERGY); Whytock, John (ENERGY)
Cc: Sylvia Kovesfalvi
Subject: FW: Distribution rates

FYI

From: Karen Evans
Sent: September-13-16 4:51 PM
To: 'Shirlee Engel'
Subject: RE: Distribution rates

Hi Shirlee,

In my last note(included below), I promised you a new table that showed you the impact of the fixed rate policy on Hydro One's most remote customers.

The far right column shows you that consistent with policy, some of rates for Hydro One's most remote customers will go up and some rates will go down.

And, the customers who use a lot of power in remote areas, likely because they are electrically heated, are now getting a \$2.94 credit per month on their bill.

The rest of the table is showing you the bill impacts as a result of the rest of Hydro One's rate application and not as a result of the fixed rate policy. I'm sorry that I do not have the ability to show these as a total bill percentage. I need more time for that.

			Change in Distribution Charges (\$)		
	Consumption Level	Monthly Consumption (kWh)	Impact of all changes ¹	Impact of all changes, excluding move to all-fixed rates ²	Impact of move to all-fixed rates only
R2	Low	450	\$ 6.85	\$ 4.72	\$ 2.13
	Typical	800	\$ 6.92	\$ 5.70	\$ 1.22
	High	2400	\$ 7.24	\$ 10.18	\$ - 2.94

¹ from Table 4 of Draft Rate Order, EB-2015-0079

² from Table 3 of Draft Rate Order EB-2015-0079

Please let me know if you have any further questions.

Tx
Karen

From: Karen Evans
Sent: September-13-16 3:16 PM
To: 'Shirlee Engel'
Subject: RE: Distribution rates

Hi Shirlee,

From what I can tell from the Hydro One table provided, it includes all of the rate changes contemplated in their current application. These numbers do not reflect just the bill impacts as a result of the fixed rate policy. I am working on a table that will show you clearly the effect of just the transition to fixed rates.

It is not accurate that the fixed rate policy is driving rates up by 25 per cent. I assume you are arriving at that number by multiplying 3% by 8 years? This is the amount of time Hydro One is projecting to implement fixed rates. In order to accurately show the effect of fixed rates, you need to be able to see the pure rate impacts of just fixed rates. I believe the table below include a new revenue requirement requested by Hydro One as well.

In the meantime, here's a bit of background about the fixed rate policy to let you know why the Ontario Energy Board implemented it.

The Ontario Energy Board issued a new rate design policy that will move distribution charges, currently a blend of fixed and variable rates, to fully fixed by 2019.

This change is being introduced to support the OEB's directive of protecting consumers by advancing fair billing, grid innovation and enabling customers to take advantage of new technologies emerging in their local markets. Customers will also benefit with a better understanding of the service they receive and the right bill signals will assist them with conservation decisions.

Close to 60 per cent of customers will not see a significant change in the price as a result of the move to fixed rates. These are the typical consumption customers, for them the change is revenue neutral.

Residential customers who use a lot of electricity, or those who use very little, will see the most change.

For example, customers who have cost-intensive electric heat, many of whom are low-income, will benefit from these changes as anyone who uses more electricity than the average will actually see their delivery charge decrease.

There's more information in a backgrounder attached.

Working on that table.

Thanks,
Karen

Karen Evans
Director, Customer and Corporate Communications
Ontario Energy Board
2300 Yonge Street, 2618 - 26th Floor, Toronto, Ontario M4P 1E4
O: 416-440-7685, C: 647-298-3517
OntarioEnergyBoard.ca @OntEnergyBoard

From: Shirlee Engel [<mailto:Shirlee.Engel@globalnews.ca>]
Sent: September-13-16 2:47 PM
To: Karen Evans
Subject: RE: Distribution rates

I'm currently writing the story so as soon as possible. Send me whatever background you have.

Here are the numbers I got from Hydro One. The nearly 25% is merely an addition of the change in

distribution cost for low density R2 for 2016 and 2017.

Table 1: Impact on Customers in 2016

Customer Class	Level of Use	Monthly Consumption (kWh)	Change in Distribution Cost	Change in Total Bill
UR	Low	350	4.73%	1.58%
	Medium	800	-2.13%	-0.64%
	High	1400	-7.24%	-1.56%
R1	Low	350	6.62%	2.96%
	Medium	800	2.01%	0.75%
	High	1800	-2.56%	-0.54%
R2	Low	450	12.46%	5.79%
	Medium	800	9.90%	3.86%
	High	2400	5.25%	1.66%
Seasonal	Low	50	10.09%	8.15%
	Medium	400	4.50%	2.37%
	High	1100	1.22%	0.60%

2017

Customer Class	Level of Use	Monthly Consumption (kWh)	Change in Distribution Cost (%)	Change in Total Bill (%)
UR	Low	350	2.7%	0.8%
	Typical	800	-5.2%	-1.5%
	High	1,400	-11.7%	-2.5%
R1	Low	350	5.3%	2.2%
	Typical	800	-0.2%	-0.3%
	High	1,800	-6.1%	-1.8%
R2	Low	450	12.1%	5.7%
	Typical	800	9.0%	3.4%
	High	2,400	2.9%	0.6%
Seasonal	Low	50	10.5%	8.6%
	Typical	400	3.0%	1.4%
	High	1,100	-1.8%	-1.0%

From: Karen Evans [<mailto:Karen.Evans@ontarioenergyboard.ca>]

Sent: Tuesday, September 13, 2016 2:41 PM

To: Shirlee Engel

Subject: RE: Distribution rates

Hi Shirlee.

I'm working on this. That number is not consistent with what I have. So, just checking a few things on my side. How long do I have? Also, do you have the backgrounder on the Fixed distribution rate policy?

From: Shirlee Engel [<mailto:Shirlee.Engel@globalnews.ca>]

Sent: September-13-16 12:44 PM

To: Karen Evans

Subject: Distribution rates

Hi Karen,

Can you explain why the OEB decided to move to fixed rates? It's going to drive up distribution costs by almost 25% for the most remote rural areas over the next two years.

Shirlee Engel

National Correspondent

Global News | Corus Entertainment

[Suite 1400, 40 Elgin Street | Ottawa, ON K1P 5K6](#)

C: 613-219-7265

E: shirlee.engel@globalnews.ca

Tw: @ShirleeEngel

This message is confidential and may contain privileged information. We ask that you not use or disclose this message other than with our consent.

If you are not an intended recipient, please immediately notify us and delete this message. Thank-you.

This electronic transmission, including any accompanying attachments, may contain information that is confidential, privileged and/or exempt from disclosure under applicable law, and is intended only for the recipient(s) named above. Any distribution, review, dissemination or copying of the contents of this communication by anyone other than the intended recipient(s) is strictly prohibited. If you have received this communication in error, please notify the sender immediately by return e-mail and permanently delete the copy you have received.

Ce message, transmis par courriel, y compris tout fichier joint, peut contenir des renseignements qui sont confidentiels, qui sont protégés par le secret professionnel ou qui ne peuvent être divulgués aux termes des lois applicables et s'adressent exclusivement au(x) destinataire(s) indiqué(s) ci-dessus. La distribution, la diffusion, l'examen ou la reproduction du contenu du courriel par une autre personne que le(s) destinataire(s) voulu(s) sont strictement interdits. Si vous recevez ce message par erreur, veuillez le supprimer définitivement et en aviser l'expéditeur immédiatement par retour du courriel.

This electronic transmission, including any accompanying attachments, may contain information that is confidential, privileged and/or exempt from disclosure under applicable law, and is intended only for the recipient(s) named above. Any distribution, review, dissemination or copying of the contents of this communication by anyone other than the intended recipient(s) is strictly prohibited. If you have received this communication in error, please notify the sender immediately by return e-mail and permanently delete the copy you have received.

Ce message, transmis par courriel, y compris tout fichier joint, peut contenir des renseignements qui sont confidentiels, qui sont protégés par le secret professionnel ou qui ne peuvent être divulgués aux termes des lois applicables et s'adressent exclusivement au(x) destinataire(s) indiqué(s) ci-dessus. La distribution, la diffusion, l'examen ou la reproduction du contenu du courriel par une autre personne que le(s) destinataire(s) voulu(s) sont strictement interdits. Si vous recevez ce message par erreur, veuillez le supprimer définitivement et en aviser l'expéditeur immédiatement par retour du courriel.