



2016 Distribution Rate Changes for Seasonal Customers

What is happening with seasonal customer rates?

Hydro One serves approximately 150,000 seasonal customers. The Ontario Energy Board (OEB) has directed Hydro One to apply the rate design policy for the move to all-fixed distribution rates for seasonal customers, with an eight-year phase-in starting January 1, 2016.

According to the OEB, this would be the first step of the OEB's direction to eliminate the seasonal customer class by aligning rates for seasonal and other year-round residential customer classes. The OEB will initiate a further proceeding to consider Hydro One's August 4, 2015 report on the elimination of the seasonal customer class.

How does the move to fixed distribution rates affect seasonal customers?

Seasonal customers consuming around the average amount of 400 kWh per month will not see a significant change in their distribution rate. Customers who use very little electricity (kWh) will see the highest percentage increase in their distribution rate.

Customers who use a lot of electricity will see a lower percentage increase in their distribution rate than would otherwise have been the case without a move to a fixed distribution rate. The impacts of the move to fixed rates in 2106 are shown in the table below.

Change in 2016 seasonal customer distribution charges				
Monthly use	Including the phase in to a fixed rate *		Excluding the phase in to a fixed rate	
	\$	%	\$	%
Low – 50 kWh	\$3.40	10.1%	\$1.32	3.9%
Typical – 400 kWh	\$2.73	4.5%	\$3.00	4.9%
High – 1,100 kWh	\$1.40	1.2%	\$6.36	5.5%
	* Total impacts from all distribution rate changes, and including the 8-year phase in to a fully fixed rate ordered by the Ontario Energy Board's 2016 Decision.			

What is the consumption profile of a “typical” seasonal customer?

The table below shows what are considered low, typical and high volume users for the seasonal customer class. The AVERAGE value shown indicates the “break even” point where there should be no impact on customers as a result of moving to fixed distribution rates.

Customers below the average will actually see an **increase** in their distribution charges and customers above the average will see a **decrease** in their distribution charges, all other rate impacts being excluded.

Service Type	Low 10% of customers consume below this amount per month	Typical 80 % of customers have monthly consumption in this range	High 10% of customers consume above this amount per month
Seasonal	50 kWh	50 kWh to 1,100 kWh Average = 400 kWh/month	1,100 kWh

How will this move to a fixed distribution rate affect my total bill?

Effective January 1, 2016, a number of changes beyond the changes to Distribution rates are impacting a customer’s total monthly bill. These changes include: 1) elimination of the Debt Retirement Charge for residential customers; 2) elimination of the Ontario Clean Energy Benefit; 3) introduction of the Ontario Energy Support Program charge of \$0.0011/kWh; and 4) an updated Wholesale Market Service Rate of \$0.0036/kWh.

The table below shows 2016 total bill impacts, including all the changes noted above, based on varying levels of electricity use.

2016 Total Bill Impacts for Hydro One Seasonal Customers				
Service Type	Consumption Level	Monthly Consumption	Increase in Total Bill (\$)	Increase in Total Bill (%)
Seasonal	Low	50 kWh	\$8.20	19.3%
	Typical	400 kWh	\$13.59	11.3%
	High	1,100 kWh	\$24.39	8.8%

How does my total bill compare to the bill of a customer in a year-round rate class who consumes the same amount of electricity?

Comparison of Total Monthly Bill by Service Type, 2016 (\$, including HST) *			
Monthly Consumption (kWh)	Service Type		
	R1	R2	Seasonal
50	\$45.38	\$59.55	\$50.73
400	\$110.47	\$130.96	\$134.41
1100	\$240.65	\$273.78	\$301.79

*Based on no Ontario Electricity Support Program (OESP) credit, time-of-use pricing, and a consumption pattern of 64% off peak, 18% mid peak, and 18% on peak.

Did seasonal customers have an opportunity to provide input into decisions on rates?

Yes. The Federation of Ontario Cottagers' Associations (FOCA) is a regular participant in Hydro One stakeholder consultations on rates. FOCA and the Balsam Lake Coalition (BLC) participated in a Hydro One workshop held in 2015 to provide input on options eliminating the seasonal rate class and meter reading and billing options for seasonal customers. In addition, Ontario Energy Board rate hearings are always open to intervenor participation, and both FOCA and the BLC provided comments on Hydro One's draft rate proposal for 2016.

What does the distribution rate pay for?

