

April 5, 2017

Mr. Terry Rees
 Executive Director
 Federation of Ontario Cottagers' Associations (FOCA)
 201 – 159 King Street
 Peterborough, ON K9J 2R8

Dear Terry,

Thank you for your email of March 28 requesting information to help clarify how seasonal customer electricity bills might be affected by a number of proposed regulatory and government policy changes.

Following are Hydro One's responses to your three specific questions, provided by our Regulatory Affairs – Pricing and Compliance Group.

1. What will my total bill be, once the proposed changes (fixed delivery charges + reclassification) are in place?

The information below is taken from page 12 of Hydro One's "Report on Elimination of the Seasonal Class" that was submitted to the Ontario Energy Board (OEB) on December 1, 2016, under the OEB proceeding EB-2016-0315.

Table 10 shows the 2016 total bill for seasonal customers at various levels of consumption, in addition to:
 a) what the increase (in \$ and %) would be if customers were to move to all-fixed distribution rates in 2017; and
 b) the additional impact (in \$ and %) that would result from eliminating the seasonal class and moving customers to either the R2 (low density), R1 (medium density) or UR (urban density) residential class.

Table 10 - Break Out of End State Impacts Resulting from the Seasonal Class Moving to All-Fixed Rates and the Elimination of the Seasonal Class

Monthly Consumption (kWh)	2016 Seasonal Total Bill \$/mth	2017 Impact of Seasonal Class Moving to All-Fixed \$ %		2017 Impact of Eliminating Seasonal Class					
				Seasonal-R2		Seasonal-R1		Seasonal-UR	
				\$	%	\$	%	\$	%
50	50.96	25.89	51%	64.25	126%	-7.14	-14%	-30.74	-60%
350	124.09	0.28	0%	64.86	52%	-7.82	-6%	-32.06	-26%
1000	282.53	-55.22	-20%	66.20	23%	-9.29	-3%	-34.94	-12%

2. When does the government ("25% discount, on average") plan take effect (when will I see a change on my bill)?

Our current understanding is that the provincial government's Fair Hydro Plan will take effect in the summer of 2017. As this "25%" discount is a government initiative, Hydro One will only implement the changes once the detailed plan is finalized by the government.

Please note that this discount will apply to the electricity charges on your bill. Therefore, customers with lower than typical electricity usage (which is true for many seasonal customers) will see savings of less than 25%.

3. *Where can customers go to find out whether they're being converted from R1 or R2?*

As you are aware, the OEB has initiated a new proceeding, EB-2016-0315, "to implement the Ontario Energy Board Decision to eliminate the Hydro One Networks Inc. Distribution Seasonal Rate Class". The elimination of Hydro One's seasonal rate class will only proceed if the OEB determines that it is still necessary and orders Hydro One to do so at the conclusion of this new proceeding. Until such time, no seasonal customers are being reclassified.

Hydro One expects that the OEB will require us to individually notify all seasonal customers of this new proceeding in order to provide them with an opportunity to participate in the OEB's hearing process. The final format of the customer notice and the type of information to be included in it will be determined by the OEB. Hydro One expects that the notices will inform seasonal customers which residential rate class would be assigned to their property. Based on Hydro One's residential customer density criteria, about 84,000 seasonal customers would move to R2, about 71,000 customers would move to R1 and less than 300 customers would move to UR.

Thank you also for pointing out that our recent bill insert highlighting changes in delivery rates for residential customers effective January 1, 2017 was not fully clear. The word *year-round* should have been included in the following statement: "All customers in the province pay this charge [the regulatory charges line on the bill], which provides additional relief for *year-round* residential customers located in rural and remote areas."

Terry, please feel free to contact us if you have any further questions.

Sincerely,



Carrie-Lynn Ognibene
Senior Advisor, Corporate Relations
Hydro One Networks Inc.

cc: Hon. Jeff Leal, MPP, Peterborough
Mr. Todd Smith, MPP, Prince Edward-Hastings
Mr. Ian White, FOCA Director