2007-12-08 – Notes for OEB
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This is about residential rates only.

But as Toronto Hydro has 500,000 residential accounts, at an average of 2000 kWh per bill, it's quite an important piece of business. I'm not suggesting that I "discovered" the issue I'm speaking about. I'm just expressing my personal views, and want to thank the board for allowing me to do so.

I have selected 5 actual TH bills that friends of mine sent to me.

Actual Toronto Hydro bills	Adjusted kWh	Cost of elec	*Deliv	% kWh	Regul+ Debt ret	Total Elec Charge	Pre-tax Cost per Adj kWh	Comment
Customer A (63 days) 06 Sep	426.454	22.60	**38.67**	0.09	6.04	**67.31**	**0.1578**	**Smallest consumer pays highest rate**
Customer B (64 days) 06 Sep	491.822	26.07	**40.94**	0.08	6.90	**73.91**	**0.1503**	
Customer C (64 days) 06 Sep								
First 1280 kWhs at 0.053	1280.000	67.84						
Remaining kWhs at 0.062	359.408	22.28						
Total kWhs	1639.408	90.12	**73.32**	0.04	21.75	**185.19**	**0.1130**	
Customer D (64 days) 06 Sep								
First 1280 kWhs at 0.053	1280.000	67.84						
Remaining kWhs at 0.062	849.155	52.65						
Total kWhs	2129.155	120.49	**87.15**	0.04	28.09	**235.73**	**0.1107**	**Cust. D gets 30% discount over Cust. A**
Customer E (63 days) 26 Sep								
First 1260 kWhs at 0.053	1260.000	66.78						
Remaining kWhs at 0.062	4768.456	295.64						
Total kWhs	6028.456	362.42	**196.77**	0.03	78.57	**637.76**	**0.1058**	**Cust. E gets 33% discount over Customer A**
Total of all 5 bills	**10715.295**		**436.85**			**1199.90**		**(ave. of 2143 kWh close to ave. 2000 kWh of Th's 500,000 resid accounts)**

***Delivery incl Customer Charge of$12.68/30 days regardless of kWh**

They represent quite a range of consumption. They also average close to the TH residential customer average of approx. 2000 kWh per bill.

My point is that the Customer Charge of $12.68/30 days regardless of kWh consumed is unfair, and discourages conservation.

I recently received a cheque for $5.22 from the CEO of TH, along with a very effusive letter congratulating me on reducing my electricity use by 10% compared to the previous summer. (None of these five bills is mine, but my consumption puts me between customers A and B.) So TH wants to be seen to be encouraging conservation, but its rate structure actually encourages consumption. Look at Customer E. He consumed 6000 kWh, fully 14 times the amount of Customer A. As thanks from TH, he gets a built-in 33% rate discount over Customer A, a huge volume discount. I'll have to save an additional 10% next summer to get my $5.00 cheque, but Customer E gets his 33% volume discount on every bill all year long.

The Customer Charge, and here I quote from an e-mail from TH is for

- "fixed administration costs that do not change with your consumption. This monthly charge helps recover the administrative costs associated with providing services such as: **meter reading, billing, customer service and basic connection costs**. It's calculated as a daily rate then multiplied by the days of service within the current billing period."

It strikes me that such administrative costs could well be less for a unit in a condo than for a detached house in Scarborough, for example. I'm in a 155-unit condo building, and condo buildings now regularly contain 200, 300, 500 living units. Are TH's administrative costs for 500 condo units really as high as they are for 500 single-family dwellings? On the other hand, I will concede that some condo units are big consumers of electricity, so why not base the Customer Charge upon kWhs consumed?

If bills were based upon consumption only	Adjusted kWh	Cost of elec	**Deliv	Regul+ Debt ret	Total Elec charge	Pre-tax Cost per Adj kWh	
Customer A	426.454	22.60	**17.39**	6.04	**46.03**	0.11	**Now Cust A pays same per kWh as Cust E**
Customer B	491.822	26.07	**20.05**	6.90	**53.02**	0.11	
Customer C	1639.408	90.12	**66.84**	21.75	**178.71**	0.11	
Customer D	2129.155	120.49	**86.80**	28.09	**235.38**	0.11	
Customer E	6028.456	362.42	**245.77**	78.57	**686.76**	0.11	**Big consumers no longer get volume discount**
Total of all bills	**10715.295**		**436.85**		**1199.90**		**Toronto Hydro's total Delivery Charges and total revenue stay the same**

** Now Delivery Charge is based entirely on consumption

Toronto Hydro would still collect exactly the same Delivery Charges as it currently does, only now they would be apportioned based upon consumption, which would be fairer, and would encourage conservation. Toronto Hydro's total revenue would remain the same.

Customer A would save over $20.00 every bill, which is year-round encouragement to keep his consumption low. Customer E would no longer get his 33% discount, and he'd start paying the same rate as Customer A for his electricity, and his bill would increase by $50.00.

Let me conclude by saying that I find Toronto Hydro's current residential rate structure discourages conservation. I believe that Toronto Hydro should change its rate structure to encourage its 500,000 residential customers to conserve electricity, rather than consume it.