

**Hydro One Networks Inc.**

7<sup>th</sup> Floor, South Tower  
483 Bay Street  
Toronto, Ontario M5G 2P5  
www.HydroOne.com

Tel: (416) 345-5240  
Fax: (416) 345-5866  
Cell: (416) 903-5240  
oded.hubert@HydroOne.com

**Oded Hubert**

Director – Regulatory Compliance  
Regulatory Affairs



BY COURIER

February 27, 2015

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street  
P.O. Box 2319  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**EB-2014-0360 - Application for Extension to Mandated Time of Use Pricing Date for Certain Regulated Price Plan Customers – Hydro One Networks Inc. Reply Submission**

This submission is in response to the Board staff submission dated February 13, 2015. Hydro One Networks Inc. ("Hydro One") is encouraged that Board staff supports granting the requested extension, subject to certain conditions.

**Comments on two specific sections of the Board Staff Submission**

1. Board staff inquired about Hydro One's proposal to move approximately 50,000 hard-to-reach customers from Time-of-Use ("TOU") to Two-Tier billing (first paragraph, page 6 of the Board Staff Submission).

Once migrated from TOU to Two-Tier billing, most of these 50,000 customers will be placed into a pattern of quarterly actual billing, with planned monthly estimates between those bills (for seasonal customers, the pattern is annual actual billing, with planned quarterly estimated bills) with some augmentation of reads from the Advanced Metering Infrastructure ("AMI") network, if they are available. In addition, moving to Two-Tier billing allows customers to provide a "customer read" which will be used to replace a planned estimate. The quality and reliability of meter reads that will become available for billing for this customer group will improve from the current experience. Hydro One will use its established Two-Tier billing and meter reading practice for these customers because using planned estimates (rather than unscheduled estimates) produces more predictable and stable bills.

2. Hydro One offers the following clarifications to address Board Staff's views on the treatment of customers covered by this application, including the references to Hydro One's responses to Interrogatories 4 and 5. Board staff stated in the second paragraph, page 6 of its Submission, that

“Board staff is of the view that all customer accounts identified in this application that remain affected by smart meter network communication issues should be excluded from credit and collections activity, including disconnection, during the five year exemption period requested, unless collections activity is based only on actual meter reads.”

Hydro One concurs, and will not be using estimated bills as the trigger for issuing disconnection notices or performing disconnections. Only actual bills will trigger such collection actions.

The second sentence of this paragraph, in Board Staff's submission, reads:

“Board staff is also of the view that these customers should not be subject to late payment charges, installation of load limiters, and auto-dialer calls.”

Hydro One agrees to refrain from using estimated bills as the trigger for installation of load limiters. Only actual bills will trigger such collection actions. However, Hydro One submits that auto-dialer calls and late payment charges should not be constrained to actual bills only, for the reasons below.

The use of “soft reminder notices” such as auto-dialer calls and written notices is prudent, for dealing with accounts in arrears. “Soft reminders” are intended to a) remind the customer of a past due balance and b) encourage customers to contact Hydro One if they have a question or concern regarding the bill. Curtailing the use of these soft reminders would not only increase the likelihood of customers missing payments, but would also reduce the opportunities for addressing issues in a timely manner. Furthermore, arrears accumulated over time become more significant and problematic for customers to pay, even with arrears payment plans.

Hydro One automatically applies late payment charges (“LPC”) to both estimated and actual bills. However, in cases where an estimate is materially higher than historical actual consumption, the estimate (and the associated LPC if the bill is not paid) would be adjusted downward accordingly. Restricting the application of LPC to actual bills requires impractical manual processes such as: a) turning off LPC calculations associated with estimated bills; b) turning LPC calculations back on when actual bills become available; and c) where a balance remains unpaid, continuing the application of LPC to the arrears based on actuals, but excluding it from the arrears based on estimates. Rolling out these manual processes will not only be costly and resource intensive, but will also be confusing for customers. Moreover, curtailing LPC will encourage some customers to postpone timely payment of their bill and lead to accumulated arrears over time. Similar to “soft reminder notices”, LPC provides an incentive for customers to contact Hydro One if they have a question or concern regarding the LPC on the bill. Once customers contact Hydro One, the Company and the customer can work jointly to address billing or payment issues immediately, and Hydro One can take the customer's specific circumstances into consideration, including reflecting them in the application of LPC and payment plans.

Hence, Hydro One is of the view that all customers should continue to be subject to “soft reminder notices” and LPC (from either estimated or actual bills).

Proposed Amendments to the Distribution System Code (EB-2014-0198)

On February 5, 2015, the Ontario Energy Board (the “Board”) issued its Notice of Proposed Amendments to the Distribution System Code, stating that it is the Board’s expectation “that all customers receive bills based on actual consumption data, with limited exceptions”.

As indicated in its February 17, 2015, comments<sup>1</sup> to the Board, Hydro One has respectfully submitted that it does not support the Board’s contention that distributors will be able to bill on actual data, except for rare occasions or with limited exceptions. Rather, there are technological and economic reasons why significant numbers of customers cannot be billed based on actual data, and where the use of estimated bills is a more economic option for Hydro One’s ratepayers. This statement is supported by the evidence Hydro One has put forward in this application.

Hydro One therefore asks that the Board take Hydro One’s current application into account when the Board’s proposed amendments to the Distribution System Code come into force, by making it clear, in either the amended Distribution System Code or in Hydro One’s licence, that any non-communicating meters that are covered by a Board-approved exemption from Time of Use (TOU) billing are also exempt from the proposed amendments outlined in EB-2014-0198.

Sincerely,

ORIGINAL SIGNED BY ODED HUBERT

Oded Hubert

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<sup>1</sup> Hydro One’s February 17, 2015 comments are posted on the Board’s web site:  
<http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/466638/view/>