These are the comments of the Balsam Lake Coalition ( “BLC”) concerning the Draft Rate Order dated March 25, 2015 - (EB-2013-0416).

With respect to the setting of rates for 2015, BLC has no comments. We have reviewed the draft rate order, specifically the setting of rates for the seasonal rate class, asked questions of the applicant and the answers confirmed, subject to anything other intervenors may have noticed that the rates for 2015 have been calculated appropriately. Although BLC has concerns with respect to the criteria for inclusion in the residential rate class, as noted below, BLC is not requesting changes to those criteria for the 2015 rate year.

With respect to the setting of 2016 rates the applicant advises the Board of its intentions with respect to developing a plan for the elimination of the Seasonal Rate Class at Attachment 2 page 2 of the Draft Rate Order Filing:

**Elimination of Seasonal Rate Class**

*In its Decision, the OEB required Hydro One to bring forward a plan for the elimination of the seasonal class by August 4, 2015 with the intent to implement the initial rate changes on January 1, 2016. The plan will require Hydro One to assign seasonal customers to the R1 and R2 residential rate classes based on density. Seasonal customers have different load profiles than year round residential customers. New load profiles will be completed for the R1 and R2 rate classes after the assignment of seasonal customers to these classes. The cost allocation model will be re-run for all rate classes, based on these new load profiles, to determine impacts on cost allocation and rate design for all classes. This will result in changes to rates.*

*In addition, Hydro One will evaluate other implications associated with the elimination of the seasonal class. For example, meter reading and billing is not done with the same frequency as most of Hydro One’s current R1 and R2 customers. This will require a review of Hydro One’s estimated bill process. To ensure that the elimination of the seasonal class does not result in unintended outcomes, the plan will need to consider changes to Hydro One’s current billing practices and customer policies. For example, a review of Hydro One’s connection/disconnection policy and how the fixed charge is applied will be considered. Implementation of the plan will require changes to Hydro One’s conditions of service.*

*The Board has indicated it will conduct a hearing to examine Hydro One’s plan.*

One issue that the applicant fails to raise with respect to the elimination of the seasonal rate class is the potential applicability of the RRRP credit to members of the former seasonal rate class as (some of them) are moved into the R2 rate class.

Page 2

As the Board is aware eligibility for the RRRP credit is governed solely by the eligibility criteria set out in O. Reg. 442/01. Specific to the applicant’s service area the issue arises, for the most part, as to what constitutes a “residential premises” for the purposes of the regulation, that term being specifically defined in section 1 the regulation as:

*“residential premises” means a dwelling occupied as a residence continuously for at least eight months of the year. . .*

The applicant tried, in the application, to infer from the consumption profiles of the approximately 11,0000 customers that they had originally proposed to move from the seasonal rate class to the other existing rate class that those customers met the criteria in O. Reg. 442/01 with respect to residential premises, such that the customers being moved to the R2 rate class would, along with all other members of the R2 rate class, receive the RRRP credit.

In its Decision, at page 48, the Board responded to this issue generally, asserting that:

*The OEB agrees with the submissions of OEB staff and others that Hydro One cannot apply the RRRP subsidy to new entrants to the R2 class without determining their residency status in accordance with Regulation 442/01.*

BLC agrees with the statement; however in BLC’s view the applicant also cannot deny the RRRP subsidy to any entrant to the R2 class based on residency status criteria that are not in accordance with Regulation 442/01.

In BLC’s view the applicant has added several criteria for RRRP eligibility that are not included in Regulation 442/01; the proposed Tariff for 2015 rates includes, at page 1 of Exhibit 6.0 of the Draft Rate order, the following criteria for eligibility as a residential class member, going on to define seasonal class members (who, if they would otherwise qualify for inclusion in the R2 class, are then denied the RRRP credit as a result) as those customers that do not qualify as a residential class member:

*1. Occupant represents and warrants to Hydro One Networks Inc. that for so long as he/she has year-round residential rate status for the identified dwelling, he/she will not designate another property that he/she owns as a year-round residence for purposes of Hydro One rate classification.*

*2. Occupier must live in this residence for at least four (4) days of the week for eight (8) months of the year and the Occupier must not reside anywhere else for more than three (3) days a week during eight (8) months of the year.*

*3. The address of this residence must appear on documents such as the occupant’s electric bill, driver’s licence, credit card invoice, property tax bill, etc.*

*4. Occupants who are eligible to vote in Provincial or Federal elections* *must be enumerated for this purpose at the address of this residence.*

Page 3

Comparing the applicant’s proposed criteria to the criteria in the regulation reveals that the applicant has narrowed eligibility for the RRRP credit considerably; whereas the regulation defines an eligible residential premise as “a dwelling occupied as a residence continuously for at least eight months of the year”, the applicant has added several other criteria, including:

1. the need for year round status for the dwelling,
2. a bar to the customer that qualifies for a second property,
3. the imposition of a specific ratio of occupancy on a weekly basis,
4. the requirement that the customer use the dwelling as their mailing address and/or contact address, and
5. that the customer must be enumerated to vote at the residence if eligible to vote.

BLC respectfully submits that none of these criteria are embedded within the regulation, yet the applicant has used and continues to use these criteria to deny RRRP credits to customers who may actually qualify. As noted already in this submission, the applicant itself supposed that it had inadvertently omitted as many as 11,000 customers from RRRP eligibility (assuming that in moving from the seasonal rate class they were moving to the R2 class to meet the other specified criteria in the regulation) because of these criteria, since their consumption suggested to the applicant that those customers may actually be serving “a dwelling occupied as a residence continuously for at least eight months of the year”, despite the customers have failed to meet one or more of the other, artificial criteria imposed unilaterally by the applicant.

BLC does not, to be clear, suggest to the Board that it should require the applicant to propose amendments to the tariff of rates and charges for 2015; rather, BLC respectfully submits that when proposing a plan for the elimination of the seasonal rate class the applicant should be required, as one of the several issues to be resolved in the proceeding that will determine the appropriate plan, to propose revisions to the new tariff of rates and charges that will comply with O. Reg. 442/01, as well as an efficient process for seasonal customer being moved to the R2 class to establish, as part of the move, that they qualify for the RRRP credit if the location they are having the applicant serve is in fact “a dwelling occupied as a residence continuously for at least eight months of the year”.

Thank you for your consideration of our comments.

Balsam Lake Coalition

Bill Cheshire

Nicholas Copes