



EB-2013-0416

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Hydro One
Networks Inc. for an order approving just and reasonable
rates and other charges for electricity distribution to be
effective January 1, 2015, each year to December 31, 2019.

AND IN THE MATTER OF an application by Hydro One
Networks Inc. for an order approving an exemption from
sections 7.5.1 and 7.5.2. of the Distribution System Code.

DECISION ON DRAFT RATE ORDER

April 17, 2015

Hydro One Networks Inc. (Hydro One) filed a cost of service rate application with the Ontario Energy Board (the OEB) on December 19, 2013 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that Hydro One charges for electricity distribution, to be effective January 1, 2015 and each year thereafter to December 31, 2019. The OEB issued a Notice of Application and Hearing dated January 24, 2014. Hydro One supplemented its application with additional material filed January 31, 2014 and with an evidence update filed on May 30, 2014.

The oral hearing for this proceeding began on September 8, 2014. Hydro One presented oral argument-in-chief on September 24, 2014. After receiving OEB staff and intervenor submissions, the record closed with receipt of reply argument from Hydro One on October 27, 2014.

On December 18, 2014, the OEB declared Hydro One's rates interim as of January 1, 2015, acknowledging that the Decision would not be issued until after the proposed effective date of January 1, 2015.

In the decision on interim rates, the OEB also granted Hydro One's request to discontinue collection of revenue through the Regulation 330/09 renewable connection funding adder from provincial ratepayers as of December 31, 2014.

The OEB issued its Decision on March 12, 2015.

Hydro One filed a draft rate order on March 25, 2015 and held a draft rate order technical conference on April 1, 2015. Subsequently five intervenors and OEB staff filed submissions on the draft rate order. On April 2, 2015 Hydro One filed additional information related to the rate order and on April 10, 2015 filed a revised draft rate order.

OEB Findings

A number of issues were raised by OEB Staff and intervenors regarding the draft rate order. The OEB reminds parties that the primary purpose of the rate order approval stage is to ensure that the final rate order reflects OEB's Decision appropriately. It should not be used to argue for variations of the OEB's Decision.

Calculation of the Lost Revenue Rate Rider

After reviewing the draft rate order, several intervenors suggested that Hydro One calculate the foregone revenue for the January to April 2015 period using the billing determinants by rate class over that period. In Hydro One's amended rate order filing of April 10, 2015 it adopted the method suggested by the Intervenors. The OEB approves the amended filing.

Rate Mitigation

In its Decision, the OEB determined that those rate classes which experienced a bill impact in excess of 10% would qualify for rate mitigation. In its initial draft rate order, Hydro One did not provide rate impact calculations that included the Foregone Revenue Rate Rider. Intervenors submitted that the threshold for mitigation should be determined including this rider.

The OEB agrees with the submissions of the intervenors and has determined that the mitigation threshold of 10% bill impact should include the impact of the foregone revenue rate rider.

In its initial and subsequent draft rate order submissions, Hydro One did not include the Streetlight, Sentinel Light and Distributed Generation Classes as eligible for mitigation

despite impacts in excess of 10% on the total bill. Intervenor submitted that these classes should also be included in the mitigation plan if bill impacts met the threshold.

The OEB has determined that all rate classes should be treated equally by affording them the same approach to rate impact mitigation. Therefore, the Streetlight, Sentinel Light and Distributed Generation classes should be eligible for mitigation as they are experiencing bill impacts in excess of 10% when evaluated at consumption levels typical for the class. Hydro One should record the revenue lost due to this mitigation in the bill mitigation account as approved in the Decision.

Rate Design of the Foregone Revenue Rate Rider

In its Decision, the OEB indicated that the foregone revenue rate rider should be applied as a monthly fixed service charge. Several intervenors requested that the OEB reconsider and effect recovery through a combination of monthly fixed charge and a variable charge, as this is how the foregone revenue was incurred. The OEB will not vary its Decision regarding this issue and directs Hydro One to calculate the Foregone Revenue Rate Rider as a monthly fixed service charge in effect from May 1, 2015 to December 31, 2015.

Requests for Leave to File a Motion for Review

The OEB has received a number of letters from Hydro One customers who have asked, pursuant to section 40.02 of the OEB's Rules of Practice and Procedure, for leave to file a motion for review of the Decision as it relates to the specific service charge for cable and telecommunication companies for pole attachments. The OEB has assigned file number EB-2015-0141 to this matter.

As no finding has yet been made on the requests for leave to file a motion, the OEB will not approve the new specific service charge for pole attachments as final. That charge will be interim at its current level until the EB-2015-0141 matter is resolved. Hydro One is directed to track the lost incremental revenue it would have received through the proposed increase to the Specific Charge for Cable and Telecom Companies Access to the Power Poles, in order that it may apply to recover that revenue if applicable.

The OEB will provide for cost claims in its final approval of the revised rate order.

THE BOARD ORDERS THAT:

1. Hydro One Networks Inc. shall file with the OEB a Final Tariff of Rates and Charges, including bill impact information, reflecting the OEB's findings in this decision within **7 days** of the date of the issuance of this decision.

All filings to the Board must quote the file number, EB-2013-0416, be made electronically through the Board's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>, in searchable / unrestricted PDF format. Two paper copies must also be filed at the Board's address provided below. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <http://www.ontarioenergyboard.ca/OEB/Industry>. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Harold Thiessen at harold.thiessen@ontarioenergyboard.ca and Board Counsel, Jennifer Lea at jennifer.lea@ontarioenergyboard.ca.

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DATED at Toronto, April 17, 2015

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary