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Vice President
Regulatory Affairs

December 1, 2015

BY EMAIL

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 – Notice of Hydro One’s Plan to Convert “Hard to Reach” Time-of-Use (TOU) Regulated Price Plan (RPP) Customers to Two-Tier Pricing

As ordered by the Board in its Decision and Order (“the Order”) issued on March 26, 2015, Hydro One Networks Inc. (“Hydro One”) is providing the Board with written notice of its plan to convert approximately 65,000 “hard to reach” TOU customers, whose meters do not communicate reliably with the smart meter network, to two-tier pricing. In concert with this initiative, Hydro One will also be transitioning approximately 57,000 customers, who are currently on two-tier pricing and whose meters are now communicating reliably with the smart meter network, to TOU pricing.

The actual conversion of the “hard to reach” RPP customers from TOU to two-tier pricing will commence in mid-January 2016 and is expected to be completed by the end of June 2016, in conjunction with a normal on-cycle bill. A direct mail letter will be sent to notify each affected customer 40 days in advance of the customer’s scheduled migration date and to inform customers of the billing related changes under two-tier pricing. The first set of letters will be mailed out on December 7, 2015.

In accordance with the requirements set out in the Order, please find the following items as attachments:

- a) Customer Communication Plan for Electricity Price Conversion
- b) Sample Direct Mail Letter – TOU to Two-Tier Pricing
- c) TOU to Two-Tier Conversion Agent Scripting

By converting those identified “hard to reach” TOU customers to two-tier pricing, Hydro One will be able to reduce the number of billing errors caused by unplanned estimated bills. In turn, this will also result in more reliable billing and better customer service for these customers.

Moving forward, Hydro One will continue to assess investments to improve the smart meter network and opportunities for transitioning other “hard to reach” customers to TOU pricing.

Sincerely,

ORIGINAL SIGNED BY ODED HUBERT

Oded Hubert

Attachment A
Customer Communications Plan for Electricity Price Conversion

Communications Plan



CUSTOMER COMMUNICATIONS PLAN

Electricity Price Conversion

November 16, 2015

Purpose

To inform targeted Regulated Price Plan (RPP) customers of their switch from Time-of-Use (TOU) pricing to Tiered pricing, and vice-versa. In addition, some customers may see meter reading and/or bill frequency changes.

Background

The overwhelming majority of Hydro One's smart meters communicate reliably. However, the rugged nature and extensive tree coverage in some parts of our service area can block and absorb radio signals, causing meters to communicate unreliably. In addition, private cellular communication networks, on which wireless smart metering systems depend, are not available in some parts of the province.

On December 1, 2014, we filed an application with the OEB for a further extension to the exemption of certain RPP customers from TOU pricing since they live in hard to reach areas located outside our smart meter telecommunications infrastructure. We requested that the extension begin on Jan. 1, 2015 and remain in place until Dec. 31, 2019.

On March 26, 2015, the OEB granted us an exemption from the requirement to apply TOU pricing by a mandatory date for approximately 170,000 RPP customers that as of December 1, 2014 are:

- outside the smart meter telecommunications infrastructure reach of Hydro One
- currently on TOU pricing with consistently unreliable communication resulting in billing errors
- new customers who are expected to be located in hard to reach areas

This exemption will expire December 31, 2019.

Communication Challenges/Potential Issues

- Customers switched to Tiered pricing may raise concerns about no opportunity to shift use and reduce their costs (fairness).
- Customers may be concerned, confused or have issues associated with the transition from TOU prices to Tiered prices (true up bill, conversion date, etc.)
- Customers moving to Tiered prices from TOU may complain that service levels are being reduced (no longer able to access the TOU portal, planned estimated bills instead of actuals)
- Customers may be confused and think their smart meters are not accurately recording their electricity use due to network connectivity issues

Business Objectives (Global)

- To comply with the OEB's Decision issued on March 26, 2015
- Provide the OEB a copy of our communication plan, customer letter, and agent FAQs
- To maintain customer satisfaction
- Smooth implementation of the switch to TOU and Tiered pricing as applicable
- Minimize impact on call volumes at the Customer Communications Centre
- Promote our website as a valuable source of information

Communication Objectives (Specific)

- Provide advance notification to customers of their switch from TOU to Tiered pricing
- Provide advance notification to customers of their switch from Tiered to TOU pricing
- Inform customers if their meter reading and billing frequency is changing
- Inform Tiered customers of their options to provide a self-read through our IVR or online at www.HydroOne.com/MyAccount
- Inform customers of energy conservation programs available to help them manage their electricity use and costs
- Encourage TOU customers to monitor their electricity use through our TOU portal

Target Audiences

Primary:

- 65,000 RPP TOU customers moving to RPP Tiered
- 57,000 RPP Tiered customers moving to RPP TOU

Secondary:

- Customer Communications Centre agents
- Customer Relations Centre
- Media Relations/External Relations
- Field Business Centres
- Government Officials – Mayors & MPPs
- OEB
- Hydro One Ombudsman

Desired Outcomes

- Customers see us as being transparent, trustworthy and empathetic
- Customers will understand why their RPP pricing is changing and the benefit to him/her
- Customers will understand the new pricing structure and why their meter reading or billing frequency is changing (if applicable)

- Hydro One provided me with the option to provide self-reads (Tiered pricing)
- Hydro One provided me with options to better manage my electricity use
- When I called Hydro One they were able to answer my questions

Key Messages:

- TOU customers being switched to Tiered pricing:
 - it isn't possible to make all meters communicate reliably enough to issue regular TOU bills based on actual meter readings
 - you'll no longer be able to view hourly electricity use at www.HydroOne.com/MyAccount
 - Residential Customers: your meter will be manually read every quarter and your account billed monthly as it was in the past (i.e. you will receive two estimated bills followed by an actual bill truing up your account)
 - General Service Energy Customers: your meter will be manually read every quarter and your account billed monthly as it was in the past (i.e. you will receive two estimated bills followed by an actual bill truing up your account)
 - Seasonal Customers: your meter will be read manually once per year and your account will be billed quarterly as it was in the past (i.e., you will receive three estimated bills followed by an actual bill truing up your account)
 - All affected customers that have been switched to Tiered pricing can submit a meter reading either online or through our automated phone system so your bill won't be estimated
- Tiered customers being switched to TOU pricing:
 - We've expanded our reach to more meters and improved the reliability of the communication network for meters that previously were communicating sporadically.
 - Communication between your meter and our network has been consistently reliable over the most recent review period.
 - With TOU pricing you'll know how much your electricity costs at different times of the day, so that you can better manage your electricity use and your bill.
 - You'll now be able to view your hourly electricity use at www.HydroOne.com/MyAccount.

Tactics

Agent scripting

Key messages and FAQs will be provided for use by the call centre agents. Contact notes (IR) will be added to the customer's account to indicate the electricity price conversion between RPP TOU and RPP Tiered.

Letters

Customer notification letters will be sent in advance of the change starting on December 7, 2015.

1. Electricity pricing changes from RPP TOU to RPP Tiered letter (including meter reading/billing frequency changes as relevant)
2. Electricity pricing changes from RPP Tiered to RPP TOU letter (including meter reading/billing frequency changes as relevant)

These letters will explain electricity pricing, meter reading and billing frequency, how to submit your meter reading for Tiered customers, bill cycle changes, meter reading route changes and service type classifications.

Website

Information on smart meters, TOU and Tiered pricing is posted on our website. In addition, how to read your meter and a meter reading schedule is available for customers who would like to provide a self-read. TOU customers who would like to view their electricity use must register for My Account at www.HydroOne.com/MyAccount.

Attachment B

Sample Direct Mail Letter for a Residential Customer– TOU to Two-Tier Pricing



<<Insert DATE>>

<<Customer Name>>

<<Mailing Address Line 1>>

<<Mailing Address Line 2>>

<<City/Town Province>>

<<Postal Code>>

Dear <<Customer Name:>><<Sir or Madam:>>

Subject: Account #<<Account # >>, <<Service Address>>, Meter <<Meter Test Number>>

We've recently completed a review of our manual meter reading routes and the reliability of communications between meters and our smart meter communication network to optimize the efficiency and effectiveness of our meter reading and billing services. As a result of this review, the following changes are being made to your account, effective on your next bill.

	Existing	New
Electricity Pricing	RPP TOU	RPP Two-Tier
Meter Reading Frequency	Monthly	Quarterly
Billing Frequency	Monthly	Monthly

Over the last few years, we've learned that it isn't possible to economically connect all meters to the smart meter network. Nor is it possible to make all meters communicate reliably enough to issue regular Time-of-Use (TOU) bills based on actual meter readings.

We're removing your account from Regulated Price Plan (RPP) TOU prices and placing it on Regulated Price Plan Two-Tier (RPP Two-Tier) prices for the foreseeable future because we are unable to establish consistent and reliable communication between your meter and our network. Please note that you will no longer be able to view hourly electricity use at www.HydroOne.com/My Account.

The change to your RPP from TOU to Two-Tier prices means that your billing and/or meter reading frequencies will change as noted in the table above. To keep overall billing and meter reading costs as low as possible when meters must be read manually, the frequency is reduced.

During the months you're billed when no meter reading is scheduled or available, you'll be billed on an estimated reading, which is based on your historical usage pattern. As an alternative, you may wish to provide us with a meter reading in order to avoid an estimated bill.

If you have any questions, please call our Customer Communications Centre at 1-888-664-9376. Our office hours are Monday to Friday, from 7:30 a.m. to 8 p.m.

Customer Communications Centre
Hydro One Networks Inc.

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Electricity Pricing

Regulated Price Plan (RPP): Applies to all residential class customers and non-residential customers that use less than 250,000 kWh per year and/or less than 50 kW average monthly demand. Under this plan, eligible customers will be billed the RPP TOU or Two-Tier prices for electricity. RPP prices are set by the OEB on May 1 and November 1 each year.

With TOU, there are three different prices charged for electricity used during different times of the day (on-peak, mid-peak and off-peak).

With Two-Tier pricing, you may notice two different prices on your bill and slight changes between winter and summer seasons. One price applies to usage up to a certain threshold and a higher price applies for usage over the threshold. Currently the threshold for non-residential accounts is 750 kilowatt-hours (kWh) year round and for residential, 600 kWh in summer and 1,000 kWh in winter.

Meter Reading Frequency

How often a meter is read depends on several factors, including method of reading (manual versus automated), reliability/availability of readings, service type and electricity usage and patterns. For manually read meters, if bills are scheduled in months where no actual meter reading is scheduled, the bill will be calculated on an estimated reading based on historical electricity use.

When the actual meter reading is scheduled and available, your bill will reconcile to the actual meter reading.

Page two of your bill in the meter reading section will indicate whether the bill is based on an estimated or actual meter reading with the wording "We estimated your meter" or "We read your meter" respectively.

How to submit your meter reading

Customer-provided reads for manually read meters on RPP Two-Tier prices will be used for billing if the read passes validation checks and is received at the appropriate time in the billing window. To submit your meter reading, please call our Customer Communications Centre at 1-888-664-9376 and say "meter reading". Or, you can register for [My Account](#) at www.HydroOne.com/MyAccount to submit your meter reading online. For more information on customer-provided reads, go to [www.HydroOne.com](#) and search for "how can I submit my meter reading online."

Billing Frequency

Frequency of billing is dependent on the method and frequency of meter reading, service type, electricity pricing and electricity usage and patterns.

Bill Cycle/Meter Reading Route Changes

Your bill cycle is identified on the first page of your bill, next to your account number. A meter reading route change can result in a change to the bill cycle on which your meter is read and your account is billed. If this happens, your next bill may be pro-rated to reflect the change in meter reading and billing dates. As a result, that bill may be for a shorter or longer period of time than normal and may be issued and payment due at a different time of the month. You'll still have 19 days from the billing date to make payment without incurring late payment charges. If you're on our pre-authorized payment plan, please note that the payment withdrawal will occur on the new required payment date as shown on your bill.

If your bill is for a longer period of time it will include more days of electricity use and may, therefore, be higher than expected. If this is the case and payment in full by the required payment date poses a challenge, please call us to request alternate payment arrangements.

Service Type or Rate Classification

For detailed information on the various residential service types and their applicable rates, go to www.HydroOne.com/ServiceTypes. For detailed information on non-residential service types and their applicable rates, go to www.HydroOne.com/DeliveryRates

Attachment C

Agent Scripting – Migration (Electricity Price Conversion) and Meter Reading Unit Alignment

1. I received a letter from Hydro One notifying me of a review of meter routes and meter communication reliability and resulting changes to my account. Why does Hydro One need to make these changes?
 - Electricity Pricing changes from Regulated Price Plan (RPP) Time-of-Use (TOU) to RPP Two-Tier:
When a meter does not communicate reliably with our smart meter network it results in bills based on estimated usage rather than actual. We've moved your meter to manual reading which means it can't be billed on Time-of-Use pricing. Two-tier pricing is used for manually read meters. We routinely review meter communication reliability and when this improves sufficiently, we'll notify you in advance and change you back to Time-of-Use pricing.
 - Electricity Pricing changes from RPP Two-Tier to RPP TOU:
Time-of-Use pricing is the default when a meter is communicating reliably with our smart meter network. As a result of your meter communicating reliably, we're able to change you from two-tier pricing to Time-of-Use pricing.
 - Meter reading frequency only changes:
How often a meter is read depends on several factors, including method of reading (manual versus automated), reliability/availability of readings, service type and electricity usage and patterns. For manually read meters, if bills are scheduled in months where no actual meter reading is scheduled, the bill will be calculated on an estimated reading based on historical electricity use.
When the actual meter reading is scheduled and available, your bill will reconcile to the actual meter reading.
2. Will someone come to my property to do any work on my meter?
There's no need to do any work on the meter; however, because your meter isn't communicating reliably with our smart meter network, a Hydro One employee may visit your property to obtain a manual meter reading that can be used to calculate a bill based on your actual usage. Please ensure there are no physical obstructions to the meter that would prevent performing the meter reading. The meter readings align with our billing schedule, which you can find at www.HydroOne.com and search for "meter reading schedule".
3. I have been billed on Time-of-Use pricing for a while and getting actual bills, why is Hydro One changing my bill to two-Tier pricing?

According to our recent review, your meter hasn't been communicating reliably with the smart meter communication network. Therefore, it has been moved to two-Tier billing where the meter will be read less frequently and bills will be issued based on historical estimates of usage in the months when no meter reading is planned. When the actual reading is scheduled and available, your bill will reconcile to the actual meter reading. If you wish, you can submit a self-read either online by visiting www.HydroOne.com and search for "meter reading" or by calling 1-888-664-9376 and saying "meter reading" in the months between scheduled reads.

4. Why am I not being billed on Time-of-Use pricing when I just moved in?

All new services are started on two-Tier pricing until the meter establishes reliable communications with our smart meter communication network. When this occurs, we'll provide you advance notice prior to moving your account to Time-of-Use pricing.

5. How long will this change take place? When will I start receiving Time-of-Use or two-Tier pricing?

This change should take place with the next scheduled bill as we provide a minimum of 30 days advance notice of the change.

6. I received the letter a while ago, why aren't I being billed on Time-of Use or two-Tier pricing yet?

Note to Agent: Check IRECs on account to determine if migration failed.

While we had planned to move your account to Time-of-Use/two-Tier pricing, the change didn't take place for technical reasons. Once the issues are resolved, we'll notify you at least 30 days in advance of the change.

7. Will I have to pay less after my meter is billed on Time-of-Use pricing? How much is the cost saving?

Whether you pay more or less is depends on how much electricity you use during on/mid/off peak pricing periods.

8. Will I have to pay more after my meter is billed on two-Tier pricing? How much more?

Whether you pay more or less is dependent on how much electricity you use each month.

9. Will I still receive estimated bills after you move my meter to Time-of-Use pricing?

You may occasionally receive an estimated Time-of-Use bill when there are temporary communication or other meter data challenges, however, most of your bills should be based on actual meter data.

10. Does the provincial government allow you to switch me from Time-of-Use pricing back to two-Tier pricing?

While Time-of-Use pricing is the default for most residential and small business services, there is recognition of the communication challenges experienced with some meters that are resulting in unplanned estimated bills and this is the reason for moving them back to two-tier pricing.

11. My billing frequency will be changed. Can I refuse?

Your new billing frequency is the default for your service type and meter reading method. If you'd like to be billed on a monthly basis, you can enrol in our Budget Billing Plan.

12. I don't want to be billed on Time-of-Use pricing. Can I refuse?

If your meter is communicating reliably with our smart meter network, Time-of-Use pricing is the pricing default unless you choose to sign a contract with a retailer. This isn't subject to customer or utility choice – it's the expectation of the provincial government and the regulator and is according to legislation and regulatory codes governing electricity pricing.

13. I don't want to be billed on two-Tier pricing. Can I refuse?

While Time-of-Use is the default pricing for most residential and small business services, there's recognition by the regulator of the communication challenges experienced with some meters that are resulting in unplanned estimated bills and this is the reason for moving some customers back to two-tier pricing.

14. My bill cycle is moved to a different cycle (short or long bill), will my PAP withdrawal be impacted?

Yes, your Pre-authorized Payment withdrawal will move to the new required payment date as shown on your first affected bill. Please contact us if this presents a challenge and we can remove or temporarily suspend your account from Pre-Authorized Payment.

15. My bill cycle is moved to a later cycle (long bill), are you offering any payment options?

If the longer bill period presents a budget challenge, we'll be happy to make alternate payment arrangements with you for this bill payment.

16. My meter reading frequency will be reduced (less frequently read); will you be billing me on an estimated read? Will the estimated read be accurate?

According to our recent review, your meter has not been communicating reliably with the smart meter communication network. Therefore, it has been moved to two-Tier billing where the meter will be read less frequently and bills will be issued based on historical estimates of usage in the months when no meter reading is planned. When the actual reading is scheduled and available, your bill will reconcile to the actual meter reading. If you wish, you can call in or submit online self reads in the months between scheduled reads. Estimated reads will be based on your historical electricity usage profile or a default amount if there's no history.

17. My meter reading frequency will be reduced (less frequently read), will this also change how often you'll send the bill (bill frequency).

In some cases a change to a less frequent meter reading will result in a less frequent billing. This will be identified to you in advance in a letter.

18. Will I be able to view my electricity use online with TOU pricing?

Once your account has been switched to Time-of-Use pricing, you'll be able to view your electricity use online. If you haven't registered for My Account, you'll need a copy of your electricity bill to get started.

19. Will I still be able to view my electricity use online with two-Tier pricing?

I'm sorry, you won't be able to view your electricity use online if you're on two-Tier pricing. We routinely review meter communication reliability and when this improves sufficiently, we'll notify you in advance and change you back to Time-of-Use pricing. When this happens, you'll be able to view your electricity use online.

20. Where can I find more information on smart meters, energy conservation and Time-of-Use pricing?

You can find more information at www.HydroOne.com/TOU and www.HydroOne.com/smartmeter. Also, to see the difference shifting your electricity use can make to your bill be sure to check out 10 Smart Meter Lane found at www.HydroOne.com/TOU. You may also want to visit the OEB and MoE websites for further information.