



EB-2016-0315

## NOTICE OF PROCEEDING

### To implement the Ontario Energy Board Decision to eliminate the Hydro One Networks Inc. Distribution Seasonal Rate Class

#### Notice and Procedural Order No. 1

November 3, 2016

In its March 12, 2015 Decision on the Hydro One Networks Inc. (Hydro One) Distribution Rates application<sup>1</sup>, the Ontario Energy Board (OEB) determined that Hydro One's seasonal class should be eliminated and existing seasonal class customers reclassified according to their density.

The OEB directed Hydro One to bring forward a plan for the elimination of its seasonal class. Hydro One filed its Report on the Elimination of the Seasonal Class on August 4, 2015.

On September 30, 2015, the OEB made an Order<sup>2</sup> stating in part:

*“Consistent with the filing requirements for 2016 rate applications released in July, the OEB expects that Hydro One will apply the OEB’s policy on distribution rate design for residential customers to its seasonal class, with changes to be effective January 1, 2016. In the OEB’s view, such a change constitutes the initial steps in the execution of the OEB’s direction to eliminate the seasonal class by aligning rates for these customers’ premises with the density-based rate structure applicable to other residential customers.*

*It is expected that the changes to the rates for the seasonal class would be included within the application for rate adjustments effective January 1, 2016 for all other customer classes.*

*The OEB will initiate a further proceeding to consider the remaining steps for the elimination of the seasonal class.”*

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<sup>1</sup> EB-2013-0416 / EB-2014-0247

<sup>2</sup> EB-2013-0416 / EB-2015-0257

On January 14, 2016, the OEB issued its 2016 rate order for Hydro One Distribution<sup>3</sup> implementing 2016 rates, including the initial steps in the OEB's policy on distribution rate design for residential customers as directed by the OEB on September 30, 2015.

Through this Notice, the OEB is initiating a proceeding under section 78 of the *Ontario Energy Board Act, 1998* to consider the remaining steps for the elimination of the seasonal class. The OEB has assigned file number EB-2016-0315 to the proceeding. As an initial step, the OEB will require an updated report from Hydro One on the elimination of the seasonal class.

Although this Notice starts the proceeding, further notice to customers will be necessary. The OEB will require Hydro One to propose a specific notice that will inform its seasonal class customers of this proceeding and the estimated effect on their rates of the elimination of the seasonal class.

The OEB will invite intervention in this proceeding at the time that notice is provided to Hydro One seasonal customers.

#### **IT IS THEREFORE ORDERED THAT:**

1. Hydro One's current seasonal class rates as approved in the EB-2015-0079 Rate Order of January 14, 2016 are declared interim as of the date of this Procedural Order.
2. Hydro One must file an updated report on the elimination of the seasonal class no later than December 1, 2016. The updated report must include:
  - Rate and bill impacts of this change compared to:
    - the current Hydro One 2016 distribution rates
    - an estimated Hydro One 2017 rate (with the second step to fixed residential rates and the increase in RRRP funding for R2 customers included).
  - Delineation of the rate impacts due to:
    - move to all fixed rates
    - elimination of the seasonal class.
  - A proposed mitigation plan to address rate impacts that are in excess of 10% for seasonal customers migrating to each of the UR, R1 or R2 classes.

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<sup>3</sup> EB-2015-0079

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- The potential rate impact on all customer classes, including any mitigation costs, associated with the elimination of the seasonal class.
  - The need for any licence amendment or code exemption to deal with monthly billing and concerning the timing of meter reading.
  - Any issues arising in Conditions of Service for billing frequency and disconnect/reconnect policies.
3. Hydro One must file a draft notice as described in this Order no later than December 1, 2016. At that time Hydro One must also provide to the OEB an estimate of the time required to serve notice on its seasonal class customers. The proposed specific notice for seasonal customers must be in plain language, and:
- Inform the customer of the fact the customer is presently a seasonal class customer.
  - Inform the customer of this proceeding and how to become involved in the proceeding.
  - Provide an estimate of the effect of the elimination of the seasonal class on the customer's bill. The estimate should be based on the class to which the customer will be reassigned, and may refer to ranges of average monthly consumption rather than the customer's individual monthly consumption, if the notice refers the customer to a source of information about the customer's monthly consumption.
  - For seasonal customers who are to be assigned to the rural R2 class, provide information on eligibility criteria for Rural and Remote Rate Protection, and information on how to inform Hydro One of their eligibility.

All filings to the OEB must quote the file number, EB-2016-0315, be made in searchable /unrestricted PDF format electronically through the OEB's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>. Two paper copies must also be filed at the OEB'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](mailto:harold.thiessen@ontarioenergyboard.ca) and OEB Counsel, Jennifer Lea at [jennifer.lea@ontarioenergyboard.ca](mailto:jennifer.lea@ontarioenergyboard.ca).

**ADDRESS**

Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27th Floor  
Toronto ON M4P 1E4  
Attention: Board Secretary

E-mail: [boardsec@ontarioenergyboard.ca](mailto:boardsec@ontarioenergyboard.ca)  
Tel: 1-888-632-6273 (Toll free)  
Fax: 416-440-7656

**DATED** at Toronto, November 3, 2016

**ONTARIO ENERGY BOARD**

*Original signed by*

Kirstin Walli  
Board Secretary