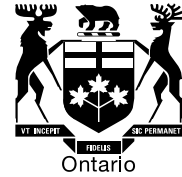


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**VIA EMAIL**

August 9, 2018

Frank D'Andrea  
Vice President, Regulatory Affairs  
Hydro One Networks Inc.  
483 Bay St 6th Floor South Tower  
Toronto ON, M5G 2P5

Dear Mr. D'Andrea:

**Re: Hydro One Withdrawal of its Regulated Price Plan Pilot  
(Board File No. EB-2016-0201)**

I make reference your letter of June 22, 2018, in which you advised that Hydro One Networks Inc. (Hydro One) is withdrawing its Regulated Price Plan (RPP) pilot project. The Ontario Energy Board (OEB) approved Hydro One's RPP pilot on October 23, 2017, and I can now confirm that the OEB has accepted Hydro One's withdrawal.

Your letter also requests direction from the OEB with respect to the process for disposing of the balance in a deferral account that was approved by the OEB in a Decision and Order dated September 23, 2016. The account was created following a request by Hydro One to record costs associated with extending its Smart Grid Fund pricing pilot, particularly to maintain current customer recruitments and enable a smooth transition to the newer RPP pilot. Certain limitations on the use of the deferral account were subsequently modified and ultimately removed by the OEB, most recently in a Decision and Order dated September 28, 2017.

I would note that, since a contract was not signed between Hydro One and the Independent Electricity System Operator in relation to the RPP pilot, funding through the Conservation Fund in whole or in part would not appear to be available. With respect to seeking disposition of the balance in the deferral account for recovery through rates, Hydro One may include this account in a future rate case, including such annual rate filing as is contemplated by its proposal to the OEB in Hydro One's current custom IR proceeding. However, I would also take this opportunity to remind Hydro One that

disposition of the balance in the deferral account will be subject to a prudence review and to the considerations noted in the Decision and Orders issued by the OEB in relation to the account.

Sincerely,

*Original Signed By*

Ceiran Bishop  
Director, Strategic Policy