

Hydro One Networks Inc.

**Implementation of the Ontario Energy Board Decision to
eliminate the Hydro One Networks Inc. Distribution
Seasonal Rate Class**

PROCEDURAL ORDER NO. 2

April 17, 2019

In its March 12, 2015 Decision on the Hydro One Networks Inc. (Hydro One) Distribution Rates application,¹ 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 issued an Order² stating that it would initiate a further proceeding to consider the remaining steps for the elimination of the seasonal class.

On November 10, 2016, the OEB issued Notice and Procedural Order No. 1 (the Notice and PO) which initiated a proceeding under section 78 of the *Ontario Energy Board Act, 1998* to consider the remaining steps for the elimination of the seasonal class. As an initial step, the OEB required an updated report from Hydro One on the elimination of the seasonal class. On December 1, 2016, Hydro One filed this updated report (the December 1, 2016 Report).

¹ EB-2013-0416 / EB-2014-0247

² EB-2013-0416 / EB-2015-0257

The OEB stated in the Notice and PO that further notice to individual seasonal customers would be necessary. The OEB further stated that it would require Hydro One to propose a specific notice to inform its seasonal class customers of this proceeding and include the estimated effect on their rates of the elimination of the seasonal class.

On September 20, 2018, the OEB issued a letter (the letter) informing parties that the OEB intended to resume this proceeding at the conclusion of the Hydro One 2018-2022 distribution rates proceeding.³ The OEB stated that it expected Hydro One would file an updated report to reflect the new approved distribution rates no later than three weeks after the issuance of the final rate order. The OEB issued its Decision and Order for the distribution rates proceeding (the 2018-2022 Decision) on March 7, 2019. The final rate order has not been issued but the OEB expects to receive the updated report in the June/July 2019 time frame.

The letter stated that in updating the report, it would not be necessary for Hydro One to update the proposed notices that were included with the December 1, 2016 Report. The letter further stated that if Hydro One wished to propose a revised approach to the elimination of the seasonal class, it could do so in the updated report.

In the cover letter accompanying the December 1, 2016 Report, Hydro One stated that it would need 30 business days to develop and issue the notices once finalized by the OEB, due to the customer-specific nature of the information to be included.

In this Procedural Order No. 2, the OEB is providing additional guidance to Hydro One regarding the updated report.

The OEB notes that the decision to eliminate Hydro One's seasonal rate class has already been made in a prior proceeding. The objective of the current proceeding is to review the updated report, determine if rate mitigation over time is required and select the preferred approach to achieve such mitigation.

The scope of this proceeding will not include a review of the current approach to the Rural and Remote Electricity Rate Protection Program (RRRP). The applicability of the RRRP to individual customers is defined by legislation.⁴ The scope of the proceeding will also not include a review or consideration of Hydro One's administrative costs related to the elimination of seasonal rates with the exception of costs associated with monthly billing.

³ EB-2017-0049.

⁴ *Ontario Energy Board Act, 1998*, Regulation 442/01.

The OEB further notes that the new approved rates established by the 2018-2022 Decision will be effective May 1, 2018, January 1, 2019 and January 1, 2020. As was the case in the December 1, 2016 Report, the OEB expects Hydro One to provide annual rate impacts for seasonal customers moving to its residential classes (UR: Urban Density, R1: Medium Density and R2: Low Density) on the same basis as was provided in the December 1, 2016 Report for each of these three years.

The OEB also expects Hydro One to confirm that it would still need 30 business days to develop and issue the notices once finalized by the OEB. If this time frame has changed, Hydro One must provide the revised time frame and the reasons for the revision.

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Hydro One shall file an updated report on the elimination of the seasonal class no later than three weeks after the issuance of the final rate order for the EB-2017-0049 distribution rates proceeding. The updated report must include rate and bill impacts of this change for each of the three years of 2018, 2019 and 2020 as outlined in this Procedural Order with:
 - Delineation of the rate impacts due to:
 - the move to all fixed rates
 - the elimination of the seasonal class
 - incremental revenue requirement for the 14 months from May 1, 2018 to June 30, 2019⁵
 - Distribution Rate Protection (DRP) program.⁶
 - 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.
 - 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.

⁵ *Decision and Order* EB-2017-0049, pp. 175-177.

⁶ *Ibid.*

- Any other material Hydro One would consider relevant to the OEB's consideration of this matter.
2. Hydro One shall confirm that it would require 30 business days to develop and issue the notices once they are finalized by the OEB. If this time frame has changed, Hydro One must provide the revised time frame and the reasons for the revision.

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.oeb.ca/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, Martin Davies at Martin.Davies@oeb.ca and OEB Counsel, James Sidlofsky at James.Sidlofsky@oeb.ca.

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DATED at Toronto, April 17, 2019

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary