

Hydro One Networks Inc.

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January 9, 2019

Ms. Christine Long
Board Secretary
Ontario Energy Board
Suite 2700
2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Long:

Re: EB-2019-0234/EB-2016-0315 – Motion to Review and Revise Implementation of the Ontario Energy Board Decision to eliminate the Hydro One Networks Inc. Distribution Seasonal Rate Class

Further to Procedural Order No. 3 dated September 17, 2019, enclosed is the Reply of Hydro One Networks Inc. to the submissions of the intervenors.

Yours very truly,

ORIGINAL SIGNED BY MICHAEL ENGELBERG

Michael Engelberg

ONTARIO ENERGY BOARD

**In the matter of THE IMPLEMENTATION OF
THE ONTARIO ENERGY BOARD DECISION
TO ELIMINATE THE HYDRO ONE NETWORKS INC.
DISTRIBUTION SEASONAL RATE CLASS**

**and in the Matter of PROCEDURAL ORDER NO. 3 DATED
SEPTEMBER 17, 2019**

REPLY OF HYDRO ONE NETWORKS INC.

1. Hydro One responds as follows to the submissions of Board Staff, the Consumers Council of Canada (“CCC”), the Vulnerable Energy Consumers Coalition (“VECC”), the Federation of Ontario Cottagers’ Associations (“FOCA”), and Balsam Lake Coalition (“BLC”).
2. First, and most importantly, Hydro One notes that all of the foregoing intervenors agree with Hydro One’s previous Submission that changed circumstances since the time of the Board’s March 12, 2015, decision (“the Decision”) in Hydro One’s distribution application in EB-2013-0416 (“the Original Proceeding”) warrant a review and possible variance of the Board’s order regarding elimination of the Seasonal Rate Class. Hydro One therefore submits, as it did in its Submission, that it has met the threshold for review and variance.

3. BLC, in items (a) to (e) on page 1 of its submission, provides proposals as to how Hydro One's existing rate structure could be modified as an alternative to eliminating the Seasonal Rate Class. Hydro One's response is that none of the BLC's proposals were part of the evidence in the Original Proceeding in which the Board made its Decision. BLC is therefore suggesting that Hydro One file new evidence so as to enable the Board to consider BLC's proposal: in effect, to reopen the original hearing, rather than to review and revise the Decision. Hydro One submits that reopening a hearing and submitting new evidence for the reopened hearing is not a course of action that would be appropriate for the Board to take as a result of a motion to review and revise a previous decision of the Board.

THRESHOLD ISSUE

CHANGE IN CIRCUMSTANCES

4. On the matter of the threshold issue itself, all the intervenors that made submissions on Hydro One's motion agree that changed circumstances since the time of the Decision warrant a review and possible variance of the Board's order regarding elimination of the Seasonal Rate Class.
5. OEB Staff, VECC, CCC and FOCA all agree that the OEB's subsequent decision to move to fully-fixed residential distribution rates is a new fact that was not previously in evidence in the Original Proceeding.¹ As such, there was no consideration of this move on the record in the Original Proceeding leading to the Decision. BLC's submission includes several transcript references from the Original Proceeding in support of its view that the parties were aware of the proposal to move to fully-fixed residential rates and that it would be inappropriate to view the Decision as having been made without knowledge of "the pending Board policy." Hydro One respectfully disagrees and responds that the possible

¹ The Board announced its policy to move to fully-fixed residential rates on April 2, 2015 and provided direction on how the move was to be implemented on July 16, 2015.

move to fully-fixed residential distribution rates was only a proposal at the time of the Original Proceeding and that there was no “pending Board policy”. Furthermore, and more importantly, the impact of moving to fully-fixed distribution rates upon eliminating the Seasonal Rate Class was never quantified during the Original Proceeding. Hydro One therefore submits that it is impossible to draw the conclusion that the Board made its Decision in light of the subsequent policy change.

6. BLC, VECC and CCC all agree that the introduction of Distribution Rate Protection (“DRP”) is a change in circumstances that warrants a review of the Decision.² OEB Staff argue that the introduction of the DRP does not represent a change in circumstances, noting that the creation of the DRP may have increased the magnitude of the issue of the continuing need to be able to distinctly identify seasonal customers for billing purposes; but because the Rural or Remote Rate Protection (“RRRP”) subsidy existed at the time of the Decision, this issue was known to the OEB when it decided to eliminate the Seasonal Rate Class.

7. Hydro One responds that while OEB Staff’s submission is correct with regard to the impact on seasonal customers moving to the R2 residential class, the same is not true for the large number of seasonal customers moving to the R1 residential class. The RRRP subsidy did not apply, and continues not to apply, to the R1 residential class; and therefore, as also noted by BLC in its submission, at the time of the Decision the expectation was that seasonal customers moving to the R1 residential class would experience the same rates as their non-seasonal counterparts. Hydro One submits that the introduction of the DRP represents a change in circumstances for the impact on seasonal customers moving to the R1 residential class, which the Board would not have been aware of at the time of its Decision.

² The DRP was introduced on July 1, 2017 under Ontario Regulation 198/17.

CONCLUSION

1. The OEB previously determined that Section 5 of the July 19, 2019, Seasonal Report filed by Hydro One would be treated as a motion to review part of the OEB's Decision in the Original Proceeding.
2. All intervenors that made a submission on Hydro One's motion to review the Decision agree that there has been a change in circumstances since the Board made its Decision. As detailed in Section 5 of the 2019 Seasonal Report, and in the additional material filed in Hydro One's September 17, 2019 Submission on the motion, the change in circumstances fundamentally impacts the facts that the Board relied on at the time of its decision to eliminate the Seasonal Rate Class.
3. Hydro One therefore submits that it has clearly met the threshold regarding a review and variance of the Decision.
4. Hydro One further submits that the matter now being considered by the Board is only to review the Decision with respect to the elimination the Seasonal Rate Class as proposed in the Original Proceeding and not to consider new proposals for which evidence has not been submitted. If the Board believes that there is merit to the proposals for changes to the Seasonal Rate Class raised by BLC in its submission, Hydro One suggests that the best course of action would be for Hydro One to consider those proposals as part of its next cost-of-service application for 2023 distribution rates, given the impact on Hydro One's overall rate structure and the potential impact on rates for all Hydro One customer classes.

All of which is respectfully submitted.

ORIGINAL SIGNED BY MICHAEL ENGELBERG

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