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April 23, 2020

VIA EMAIL & RESS

Ms. Christine E. Long
Registrar and Board Secretary
Ontario Energy Board
2300 Yonge Street, 26th Floor
PO Box 2319
Toronto, ON M4P 1E4

Re: Board File No. EB-2019-0037 – 2020 Cost of Service Application – Implementation Date
Greater Sudbury Hydro Inc. – Licence No. ED-2002-0559

Dear Ms. Long,

We are writing with respect to the Settlement Proposal filed in the above noted proceeding on April 20, 2020. More specifically, we are writing pursuant to the following from page 11 of the Settlement Proposal:

> *The Parties agree GSHi shall advise the OEB by April 23, 2020 as to whether, if the Settlement Proposal is approved, it will exercise the option to delay implementation of its rates and new rate riders to November 1, 2020 (or beyond if the option is extended as contemplated in the April 16th Letter) and track any foregone revenue in the COVID-19 Account.*[1]

Further to the Settlement Agreement please accept this letter as notification that GSHi would like to exercise the option to defer implementation of its new rates to November 1, 2020[2] and track the foregone revenue in Account 1509 – Impacts Arising from the COVID-19 Emergency (referred to in the Settlement Proposal as the "COVID-19 Account").

In advising the Board that GSHi would like to exercise the option to defer rate implementation to November 1, 2020 GSHi is cognizant that at the current time the Settlement Proposal has not been approved by the Board.

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[1] Settlement Proposal dated April 20, 2020; we have attached the entire section as Attachment A to this letter for ease of reference, along with the Board's March 25, 2020 letter, the Board's April 16, 2020 letter, and the Board's April 17, 2020 letter.
[2] GSHi notes that the Board's April 16 Letter suggests that the option to defer implementation beyond November 1, 2020 may be extended in the future; GSHi assumes that any such offer to extend the deferral of rate implementation will be offered equally to GSHi.

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Accordingly, GSHi recognizes that the option to delay implementation is contingent on the Board's acceptance of the Settlement Proposal, and that if the Settlement Proposal is not accepted by the Board the issue of deferred implementation may have to be revisited.

POSSIBLE ADJUSTMENTS TO THE DEFERRAL OPTION

When reviewing the impact of deferred rate implementation as envisioned by the Board's April 16 and 17 letters GSHi determined that there are certain factors that would suggest a different approach may be appropriate for GSHi in order to provide the intended benefit for its customers:

a) GSHi is proposing to implement a material decrease in its line loss factor effective May 1, 2020, which will in turn reduce its customers' total bills,

b) GSHi's existing rate riders, scheduled to expire on April 30, 2020, are a net credit to ratepayers, such that in isolation allowing those rate riders to expire will cause a rate increase for its customers; and

c) GSHi's proposed rate riders for May 1, 2020 are a net credit to ratepayers over the initial 12-month period[3] in an amount similar in materiality to the rate riders that are scheduled to expire.[4]

Taking these factors into consideration GSHi respectfully submits that rather than strictly following the Board's directions in its April 16 and 17 letters it may be more beneficial to GSHi's customers, particularly in the short term, to instead:

a) defer the base distribution rate increase to November 1, 2020;
b) implement the proposed new rate riders (which are a credit to ratepayers over the next 12 months) effective either May 1, 2020 or June 1, 2020 pursuant to the Settlement Proposal;
c) allow the existing rate riders (which are currently a credit to ratepayers) to expire on April 30, 2020; and
d) implement the new (lower) line loss factor effective either May 1, 2020 or June 1, 2020 pursuant to the Settlement Proposal.

In terms of rate impacts from the perspective of a residential RPP customer averaging 750 kWh per month, the differences between not exercising deferral options at all, deferring rate implementation as contemplated

[3] GSHi notes that while most of the new rate riders are scheduled for a 12-month disposition period, the Account 1575 rate rider, which is in isolation a recovery from ratepayers, is scheduled for a 60-month disposition period.
[4] GSHi's current rate riders are designed to credit ratepayers a total of approximately 139,000 per month; GSHi proposed new rate riders are designed to credit ratepayers a total of approximately 130,000 per month over the initial 12-month period.

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in the Board's April 16 and 17 letters, and deferring rate implementation in the manner suggested by GSHi are set out in Tables 1 and 2 below, which demonstrate the rate impacts depending on an effective and implementation date of either May 1, 2020 or June 1, 2020 respectively as contemplated by the Settlement Agreement:[5]

TABLE 1: TOTAL BILL IMPACT OF DEFERRAL SCENARIOS
(assuming May 1, 2020 effective and implementation date)

	TOTAL BILL IMPACT: MAY 1, NO DEFERRAL (Option 1)	TOTAL BILL IMPACT: MAY 1, DEFERRAL PER OEB LETTERS	TOTAL BILL IMPACT: MAY 1, ADJUSTED DEFERRAL PER GSHI PROPOSAL
Residential RPP (750 kWh per month)	2.44%	1.13%	0.15%

TABLE 2: TOTAL BILL IMPACT OF DEFERRAL SCENARIOS
(assuming June 1, 2020 effective and implementation date)[6]

	TOTAL BILL IMPACT on May 1st: RATE RIDERS EXPIRING APRIL 30	TOTAL (FURTHER) BILL IMPACT: JUNE 1, NO DEFERRAL	TOTAL (FURTHER) BILL IMPACT: JUNE 1, DEFERRAL PER OEB LETTERS	TOTAL (FURTHER) BILL IMPACT: JUNE 1, ADJUSTED DEFERRAL PER GSHI PROPOSAL
Residential RPP (750 kWh per month)	1.13%	1.29%	0.00%	-0.97%

[5] As illustrated by Table 1 if GSHi is able to implement its new line loss factor and new rate riders for May 1, 2020 there will only be one change in rates before November 1, 2020. In the event GSHi can only implement new rates effective June 1, 2020 then, as illustrated by Table 2, ratepayers will experience an initial increase in rates on May 1, 2020 as the existing, (negative) rate riders expire on April 30, 2020, followed by either a further net rate increase if rates are fully implemented, flat rates under the Board's deferral proposal, or a partially offsetting rate decrease if the new (negative) rate riders and new loss factors are implemented for June 1, 2020 rates under GSHi's proposal. Which scenario GSHi will be able to implement is contingent on the timing of the Board's (assumed) approval of the Settlement Proposal as set out under issue 5.2.

[6] The three June 1 Total Bill Impact Scenarios are all impacts relative to the rates implemented on May 1 after the expiration of the existing net negative rate riders.

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To be clear, in addition to deferring the implementation of new Fixed/Volumetric Distribution Service Charges under GSHi's adjusted deferral proposal, GSHi would also defer implementation of new RTSR and Low Voltage charges to November 1, 2020 as contemplated in the Board's April 16 and 17 letters. GSHi's adjusted proposal only involves implementing the new proposed rate riders and line loss factor as a way to largely offset the rate increase caused by the expiration of existing rate riders on April 30, 2020.

Based on this analysis GSHi would ask that the Board allow GSHi to defer only the base rate adjustment and changes to the RTSR and Low Voltage charges and allow GSHi to implement its new rate riders and new line loss factor as soon as feasible under the Settlement Proposal in order to maximize the immediate benefit of deferral for its customers. Failing approval of this adjusted approach GSHi will proceed with deferred implementation as contemplated in the Board's April 16 and 17 letters, assuming that its Settlement Proposal dated April 20, 2020 is approved by the Board.

EFFECTIVE DATE AND FOREGONE REVENUE

GSHi notes that under the Settlement Proposal the effective date of GSHi's new rates, regardless of the exercising of the option to defer implementation to November 1, 2020, continues to be contingent on the timing of the Board's decision granting GSHi approval of the Settlement Proposal as set out under Issue 5.2:

> *The Parties agree that GSHi's new rates should be effective on May 1, 2020 if the OEB renders its decision approving the Settlement Proposal on or before May 8, 2020 (which is the latest date that GSHi requires a decision in order to implement changes to rates for a May, 1, 2020 effective date), or June 1, 2020 if the Board issues a decision after May 8, 2020. In the event the implementation of rates is too late to capture the agreed upon effective date the Parties agree that GSHi will track any foregone revenue in a deferral account for future disposition.*

Accordingly, assuming the Settlement Proposal is accepted by the Board on or before May 8, 2020, GSHi proposes to track the foregone revenue in the COVID-19 Account from an effective date of May 1, 2020; if the Settlement Proposal is accepted by the Board after May 8, 2020, GSHi proposes to track the foregone revenue in the COVID-19 Account from an effective date of June 1, 2020. The reference to tracking any foregone revenue in a deferral account for future disposition under Issue 5.2 assumes no voluntary deferral of implementation; this part of the Settlement Proposal becomes moot once GSHi proposes to defer rate implementation to November 1, 2020 and track foregone revenue in the existing COVID-19 Account, assuming the Settlement Proposal is accepted by the Board.

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If there are any questions with respect to GSHi's proposal, we would be pleased to discuss the matter at the Board's convenience.

Sincerely,

Original Signed By

Tiija Luttrell, CPA, CA
Supervisor – Regulatory

Encl (4)

Cc: Mike Buonaguro

Attachment A

Extract from GSHI's Settlement Proposal

SUMMARY

IMPACT OF THE COVID-19 PANDEMIC

On March 17th 2019, the Government of Ontario declared an emergency under section 7.0.1 of the *Emergency Management and Civil Protection Act* due to the COVID-19 pandemic. The order declaring an emergency was in effect at the time of the Settlement Conference and has remained in place through the date of the filing of the Settlement Proposal.

The Parties have determined that the appropriate course of action in the circumstances is to propose a settlement that does not consider the COVID-19 pandemic and any potential impacts. This is because the impacts to both GSHi and its customers are not known with any specificity at this time. The Parties have reviewed the evidence and come to an agreement with respect to the Test Year revenue requirement for GSHi for the purposes of setting rates as though there will be no COVID-19 pandemic related impacts on its operations, in order to provide a test year that is an appropriate basis for rates not only for 2020, but also for the four year IRM period going forward, during which the Parties are hopeful there will be no lasting impacts on GSHi's operations. In this way the Parties have intentionally agreed to a revenue requirement for the Test Year that puts GSHi and its customers in the same position as distributors, along with their customers, whose rates for 2020 were rebased without any embedded impacts related to the COVID-19 pandemic because those rates were determined in 2019 prior to the pandemic becoming known.

In agreeing to a Settlement Proposal on this basis, the Parties agree that any Party may take any position, or request any relief from the OEB, that they may deem appropriate as it relates to the impact or effect of the COVID-19 pandemic on GSHi and/or its customers, for 2020 or otherwise. Furthermore, nothing in the Settlement Proposal shall be construed as limiting the OEB's legal authority to take any action it deems appropriate as it relates to COVID-19 pandemic's impact on GSHi and/or its customers, for 2020 or otherwise.

<u>Access to Account 1509 – Impacts Arising from the COVID-19 Emergency and Related Sub-Accounts</u>

The Parties note that the OEB circulated a letter dated March 25, 2020 Re: Accounting Order for the Establishment of Deferral Accounts to Record Impacts Arising from the COVID-19 Emergency (the "March 25th Letter") establishing Account 1509 – Impacts Arising from the COVID-19 Emergency (the "COVID-19 Account") along with 3 related sub-accounts. The Parties confirm that nothing in this Settlement

Proposal is meant to restrict GSHi from having access to the COVID-19 Account and related sub-accounts.

Option to Defer Implementation to November 1, 2020

The Parties note that the OEB circulated a letter dated April 16, 2020 Re: Approach to Incentive Rate-setting Decisions for May 1, 2020 Rates (the "April 16th Letter"). Within the April 16th Letter the OEB offered the 31 electricity distributors whose rates would normally change effective May 1, 2020 under the OEB's incentive rate-setting mechanism (the "IRM Filers") the option to forego a rate change or defer implementation of their new rates from May 1, 2020 to November 1, 2020 (and possibly beyond) and track the foregone revenue caused by deferred implementation in the COVID-19 Account established by the March 25th Letter. The Parties note that the April 16th Letter did not specifically extend that option to GSHi, for while GSHi is filing for May 1, 2020 rates, it is not doing so under the OEB's incentive rate-setting mechanism.

As part of this Settlement Proposal the Parties propose that GSHi should have the option to (i) implement the change in rates as contemplated in the settlement of issue 5.2 or (ii) have the option to postpone the implementation of the change in rates to November 1, 2020 while tracking any temporarily foregone distribution revenue in the COVID-19 Account. The Parties agree GSHi shall advise the OEB by April 23, 2020 as to whether, if the Settlement Proposal is approved, it will exercise the option to delay implementation of its rates and new rate riders to November 1, 2020 (or beyond if the option is extended as contemplated in the April 16th Letter) and track any foregone revenue in the COVID-19 Account.

The parties were able to reach agreement on all aspects of the application; capital costs, including the advanced capital module (ACM) issues, operations, maintenance & administration (OM&A) costs, revenue requirement-related issues, including the accuracy of the requirement determination, OEB policies and practices and accounting.

In reaching this Settlement Proposal, the Parties have been guided by the Filing Requirements for 2019 Rate Applications, the Addendum to Filing Requirements for 2020 Rates, the Rate Handbook and the Approved Issues List.

This Settlement Proposal reflects a full settlement of the issues in the proceeding. The Parties have described below, in detail, areas where they have settled an issue by agreeing to adjustments to the application as updated.

This settlement will result in total bill increases of, 2.44% or $2.75 per month for the typical residential customer consuming 750 kWh per month. This compares to an increase of 6.87% or $7.41 per month in the original proposal.

Ontario Energy Board | Commission de l'énergie de l'Ontario

BY EMAIL AND WEB POSTING

March 25, 2020

To: All Rate-regulated Electricity Distributors
All Rate-regulated Natural Gas Distributors
All Other Interested Parties

Re: Accounting Order for the Establishment of Deferral Accounts to Record Impacts Arising from the COVID-19 Emergency

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The Ontario Energy Board (OEB) acknowledges that electricity and natural gas distributors may incur incremental costs as a result of the ongoing COVID-19 pandemic, the severity and duration of which is uncertain at this time. The OEB is therefore hereby ordering the establishment of Account 1509 – Impacts Arising from the COVID-19 Emergency, together with three sub-accounts, for electricity distributors to use to track any incremental costs and lost revenues related to the COVID-19 pandemic. The OEB is establishing similar sub-accounts for natural gas distributors.

1. <u>Billing and System Changes for Electricity Distributors as a Result of the Emergency Order Regarding Time-of-Use Pricing</u>

On March 24, 2020, the Government issued an Emergency Order under the *Emergency Management and Civil Protection Act,* fixing the electricity commodity price for Regulated Price Plan (RPP) consumers on time-of-use (TOU) pricing at 10.1 ¢/kWh for each of the on-peak, mid-peak and off-peak hours of every day. The Emergency Order applies to electricity consumed starting at 12:00 EST on March 24, 2020. The Government has announced that it intends to keep the 10.1 ¢/kWh pricing in place for 45 days.

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Electricity distributors may need to incur incremental costs to implement the emergency TOU prices on consumer bills and in their billing systems. Although it is not expected that these costs will be material, electricity distributors may track such incremental costs in Account 1509 – Impacts Arising from the COVID-19 Emergency, Sub-account Costs Associated With Billing and System Changes.

This sub-account is effective March 24, 2020. Carrying charges at the OEB's prescribed rate apply to this sub-account.

2. Lost Revenues Arising from the COVID-19 Emergency for Electricity Distributors and Natural Gas Distributors

Electricity distributors may incur lost revenues as a result of the COVID-19 emergency, including lost revenues associated with any actions taken to provide relief to customers. Electricity distributors may track any such lost revenues in Account 1509 - Impacts Arising from the COVID-19 Emergency, Sub-account Lost Revenues.

Natural gas distributors may track any such lost revenues in a new sub-account under Account 179.

As indicated in the OEB's March 24, 2020 letter, the OEB will be providing guidance on waiving or lowering charges included on electricity distributors' approved tariff of rates and charges, and will confirm at that time where distributors should track any associated lost revenues. The OEB will provide similar guidance for natural gas distributors.

The two above-referenced sub-accounts are effective March 24, 2020. Carrying charges at the OEB's prescribed rate apply to these sub-accounts.

3. Other Incremental Costs for Electricity Distributors and Natural Gas Distributors

Electricity distributors and natural gas distributors may incur additional incremental identifiable costs beyond those noted above related to the COVID-19 emergency, including costs relating to bad debt expenses.

Electricity distributors may track such costs in Account 1509 – Impacts Arising from the COVID-19 Emergency, Sub-account Other Costs. Natural gas distributors may track such costs in a new sub-account under Account 179.

The two above-referenced sub-accounts are effective March 24, 2020. Carrying charges at the OEB's prescribed rate apply to these sub-accounts.

The OEB will assess any claimed costs and/or lost revenues associated with any of the sub-accounts established in this letter, at the time these sub-accounts are requested for disposition, subject to established materiality thresholds.

DATED at Toronto March 25, 2020

ONTARIO ENERGY BOARD

Original signed by

Christine E. Long
Registrar and Board Secretary

Ontario Energy Board | Commission de l'énergie de l'Ontario

BY EMAIL AND WEB POSTING

April 16, 2020

To: All Rate-regulated Electricity Distributors in 2020 Incentive Rate-setting Proceedings
All Other Participants in 2020 Incentive Rate-setting Proceedings
All Other Interested Parties

Re: Approach to Incentive Rate-setting Decisions for May 1, 2020 Rates

In light of the uncertainty regarding the severity and duration of the COVID-19 emergency, and its impact on electricity utilities (i.e. distributors) and customers alike, the Ontario Energy Board (OEB) is taking a unique approach to enable distributors to provide additional relief to their customers at this unprecedented time if they are able to do so without jeopardizing continuity and reliability of service. This letter describes that approach, which applies to the 31 electricity distributors whose rates would normally change effective May 1, 2020 under the OEB's incentive rate-setting mechanism.

Background to the Incentive Rate-setting Mechanism

Today, the OEB issued decisions and rate orders on applications made by 31 electricity distributors for an adjustment to rates effective May 1, 2020 based on the incentive rate-setting mechanism. These applications were filed in the summer and fall of 2019. Taken together, the decisions on these applications represent a median total bill increase of $1.27 per month or 1.1% for a typical residential customer consuming 750 kWh per month.

The OEB permits distributors to file these applications annually in order that their revenue can keep pace with inflation. Most distributors do not receive the full inflationary increase because the OEB includes a tangible incentive to improve efficiency, and to lower operating and capital costs where possible. These annual applications may also include the following elements:

1) Recovery of lost revenue associated with the deployment of conservation programs, known as the lost revenue adjustment mechanism (LRAM). This mechanism allows

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distributors to maintain their financial position when their customers' conservation efforts result in lower than expected revenues.

2) Recovery or return to customers of costs associated with obtaining electricity from the wholesale market run by the Independent Electricity System Operator to meet the needs of their customers. The OEB does not allow distributors to make a profit on the sale of electricity to their customers.

3) Updates to retail transmission service rates, which recover the cost of getting electricity from the high-voltage grid to distributors, as well as shared tax and other adjustments.

Approach to Implementing May 1, 2020 Incentive Rate-setting Decisions

The OEB is aware that a number of distributors have already taken measures to provide financial relief to their customers by, for example, taking advantage of the flexibility in the OEB's customer service rules to waive late payment charges or to extend the date for payment of electricity bills. Electricity distributors are also facing new operational challenges and financial demands, including quickly moving forward to implement emergency government programs such as the temporary reduction in time-of-use pricing.

In an effort to protect the interests of consumers while ensuring that electricity distributors remain financially able to continue to operate and maintain their systems and provide uninterrupted electricity service to their customers, the OEB has decided to make the May 1, 2020 rate change optional for each of the 31 affected distributors. This optional approach recognizes that, while the COVID-19 emergency is having profound province-wide impacts, each distributor has its own unique circumstances that need to be factored in to a decision about what is in the best interests of customers in the immediate and longer term.

Distributors that need to implement a change in rates on May 1, 2020 as scheduled may do so. Alternatively, distributors have the option to postpone the change in rates to November 1, 2020. The OEB may consider providing an opportunity for a longer postponement as November 2020 approaches.

Implementation Details

Distributors choosing to postpone the implementation of their 2020 rate change to November 1, 2020 will also be deferring the disposition of the pass through variances associated with their commodity and settlement related activities and any other approvals (such as any LRAM claim or a change in their retail transmission service rates) to that date.

Distributors choosing to postpone implementation of their new rates in light of the COVID-19 emergency may track any temporarily forgone distribution revenue in the deferral account established by the OEB in the Accounting Order issued on March 25, 2020: Account 1509 - Impacts Arising from the COVID-19 Emergency, Sub-account Lost Revenues.

In deciding whether or not to postpone their May 1, 2020 rate change, any distributor that has rate riders expiring on April 30, 2020 will need to consider the change in customer bills that will occur if their new rates are not implemented at this time.

Each distributor will be required to notify the OEB of its intentions with respect to the postponement of the May 1, 2020 change by April 23, 2020.

Any questions relating to this letter should be directed to the OEB's Industry Relations Inquiry e-mail at IndustryRelations@OEB.ca. Please include "COVID-19 Rate Implementation Option" in the subject line.

Yours truly,

Original signed by

Christine E. Long
Registrar and Board Secretary

Ontario Energy Board | Commission de l'énergie de l'Ontario

BY EMAIL AND WEB POSTING

April 17, 2020

To: All Rate-regulated Electricity Distributors in 2020 Incentive Rate-setting Proceedings
All Other Participants in 2020 Incentive Rate-setting Proceedings
All Other Interested Parties

Re: Initial Implementation Guidance to Incentive Rate-setting Decisions for May 1, 2020 Rates for Postponing Distributors

On April 16, 2020, the Ontario Energy Board (OEB) issued decisions and rate orders relating to the incentive rate-setting mechanism (IRM) applications filed by 31 distributors for new rates effective May 1, 2020 (the May 1, 2020 decisions). On the same day, the OEB issued a letter explaining its approach with regard to those decisions (the Approach letter).[1]

As stated in the May 1, 2020 decisions and the Approach letter, in light of the uncertainty regarding the severity and duration of the COVID-19 emergency, distributors have been given the option to postpone implementation of their May 1, 2020 rates until November 1, 2020.[2]

This letter provides **initial implementation guidance** to distributors electing to postpone implementation of their May 1, 2020 rates (postponing distributors).

[1] OEB Letter, *Approach to Incentive Rate-setting Decisions for May 1, 2020 Rates*, issued April 16, 2020

[2] The implementation options and the guidance provided in this letter also apply to distributors who were issued an OEB Decision and Rate Order on December 12, 2019 for rates effective May 1, 2020 (EB-2019-0030 and EB-2019-0054)

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Tracking of Temporarily Forgone Distribution Revenue

Last month, the OEB issued an Accounting Order establishing deferral accounts for distributors to record impacts arising from the COVID-19 emergency.[3] Postponing distributors shall use Account 1509 - Impacts Arising from the COVID-19 Emergency, Sub-account Lost Revenues to record any temporarily forgone distribution revenue.

Distribution revenue associated with the postponement of the implementation of the May 1, 2020 effective rates should be tracked separately within this sub-account by customer rate class, and may include the following components, as applicable:

- impacts arising from the postponement of changes to monthly fixed service charges and variable distribution charges
- forgone distribution revenue due to the postponement of approved Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) amounts
- forgone distribution revenue due to the postponement of the implementation of an approved Incremental Capital Module
- impacts arising from the postponement of the change in the microFit monthly fixed service charge

A distributor's request for approval to recover amounts related to the postponement of the implementation of May 1, 2020 rates will be treated similarly to the way the OEB has historically treated implementation of OEB orders for cost of service rate decisions that occur subsequent to the effective dates. In such instances, the OEB has approved a forgone revenue rate rider to take effect upon actual rate implementation. The forgone revenue rate rider is often a forecast calculation based on the established forgone period. The OEB will require postponing distributors to provide their calculations for the forgone revenue rate rider by September 15, 2020 should they choose to implement the forgone revenue rider at the same time as implementing their new 2020 base rates. The OEB anticipates that this calculation will be a mix of actual and forecast volumes and customer counts. OEB staff will provide a spreadsheet that distributors can use to show the calculations of the class-specific forgone revenue rate rider in due course.

OEB staff will work with affected distributors to incorporate the forgone revenue rate rider into their 2020 Rate Generator Models to produce updated 2020 Tariffs of Rates and Charges. The OEB anticipates issuing a revised Rate Order with the updated 2020 Tariffs of Rates and Charges well in advance of the November 1, 2020 implementation

[3] OEB Letter, *Accounting Order for the Establishment of Deferral Accounts to Record Impacts Arising from the COVID-19 Emergency*, issued March 25, 2020

date. Postponing distributors should note that, as per the Accounting Order, carrying charges apply to the distribution revenue associated with the postponement of the implementation of the May 1, 2020 rates and should be tracked in a separate sub-account at the OEB's prescribed rate.

Retail Service Charges and Pole Attachment Charge

Certain service charges are subject to annual inflationary adjustments to be determined by the OEB through a generic order. This is the case with regard to retailer service charges and wireline pole attachment charges.[4] The OEB established the most recent adjustments effective January 1, 2020.

Distributors should already be billing the updated charges even though they do not appear on distributors' current (2019) Tariffs of Rates and Charges. Postponing distributors are reminded that they must continue to charge amounts as approved by the OEB for the applicable charges.

microFit Charge

As per its letter issued February 24, 2020, the OEB updated the province-wide microFit default charge from $5.40 to $4.55. In the letter, the OEB noted that distributors currently in an IRM proceeding for rates effective May 1, 2020, should incorporate this charge into the appropriate models for consideration as part of the final rate order process.

Postponing distributors do not yet have authorization to apply the new charge as of May 1, 2020, but should track the differential in Account 1509 - Impacts Arising from the COVID-19 Emergency, Sub-account Lost Revenues for the microFit customer class as of May 1, 2020. This difference should be tracked by customer so that it may be refunded in the future.

Group 1 Deferral and Variance Accounts Treatment

A postponing distributor whose deferral and variance account balances as of December 31, 2018 were approved for disposition as part of its May 1, 2020 decision shall transfer

[4] On November 28, 2019, the OEB issued a Decision and Order in proceeding EB-2019-0280 relating to energy retailer service charges, and a letter entitled *Inflation Adjustment for Energy Retailer Service Charges (EB-2019-0280) and Wireline Pole Attachment Charge (EB-2015-0304) for Electricity Distributors*. These documents established the adjustments effective January 1, 2020.

the balances into the sub-accounts of Account 1595 (2020)[5] on May 1, 2020 so that the account can be drawn down commencing upon implementation, as per the normal course. Interest should continue to accrue commencing May 1, 2020 in Account 1595.[6] The approved disposition rate riders may be implemented on November 1, 2020, based on the disposition period as approved in the distributor's May 1, 2020 decision. Any unrecovered or unreturned balance should remain in Account 1595 for disposition in a future proceeding.

Shared Tax Savings

Postponing distributors who had a rate rider approved for Shared Tax Savings will postpone the implementation of this rate rider to November 1, 2020. However, the amount of the Shared Tax Savings approved for disposition should be transferred to a sub-account of Account 1595 (2020)[7] on May 1, 2020 so that carrying charges can be applied to a sub-account of Account 1595 (2020).[8] The disposition rate riders approved may be implemented on November 1, 2020, based on the disposition period as approved in the May 1, 2020 decisions and will draw down the balance transferred to the sub-account of Account 1595 (2020). Any unrecovered or uncredited balance shall remain in Account 1595 for disposition in a future proceeding. This treatment will be consistent with that in the case where a distributor was required, by its May 1, 2020 decision to transfer an amount to a sub-account of Account 1595 (2020)[9] (as opposed to implementing disposition through a rate rider).

Retail Transmission Service Rates

Postponing distributors will also be postponing the implementation of any changes to their approved Retail Transmission Service Rates (RTSR) to November 1, 2020.

The postponement of RTSRs to November 1, 2020 will cause additional variances to accumulate in two Group 1 deferral and variance accounts between May 1 and October 31, 2020: Account 1584 - $RSVA_{NW}$ and Account 1586 - $RSVA_{CN}$. Therefore, there will be no requirement to track any differences in Account 1509 - Impacts Arising from the COVID-19 Emergency, Sub-account Lost Revenues, as the variances caused by the

[5] Sub-account Principal Balances Approved in 2020, and Sub-account Carrying Charges Approved in 2020

[6] Sub-account Carrying Charges for Net Principal in 2020

[7] Sub-account Principal Balances Approved in 2020

[8] Sub-account Carrying Charges for Net Principal in 2020

[9] Sub-account Principal Balances Approved in 2020

postponed implementation will automatically accumulate in the two transmission RSVA accounts during 2020, and will be assessed for disposition in a future rates proceeding.

Other Matters

The OEB also reminds distributors that any rate riders with April 30, 2020 or future sunset dates on their current (2019) Tariff of Rates and Charges shall cease to have effect following the sunset date, regardless of the implementation choice by a distributor.

The OEB anticipates that further guidance may be provided to address additional implementation details as November 2020 approaches.

Any questions relating to this letter should be directed to the OEB's Industry Relations Inquiry e-mail at IndustryRelations@OEB.ca. Please include "COVID-19 Rate Implementation Option" in the subject line.

Yours truly,

Original Signed By

Christine E. Long
Registrar and Board Secretary