

June 1, 2020

Christine Long
Registrar and Board Secretary
Ontario Energy Board
2300 Yonge Street
P.O. Box 2319
Toronto, Ontario
M4P 1E4

Dear Ms. Long:

Re: EB-2019-0234 – Hydro One Networks Inc. - Motion to Review OEB Decision to Eliminate Seasonal Rates

We represent the Consumers Council of Canada (Council) in the above-referenced proceeding. In 2015 the Ontario Energy Board, in its 2015-2017 distribution rates Decision determined that Hydro One Networks Inc.'s (HON) seasonal rates class should be eliminated¹. The OEB initiated a proceeding to consider the remaining steps for the elimination of the seasonal class in November 2016². HON filed reports regarding the elimination of the Seasonal Class on August 4, 2015 and December 1, 2016.

The OEB resumed the Seasonal Class elimination implementation proceeding on April 17, 2019, and ordered HON to file an updated report. The report was filed on July 19, 2019 (2019 Seasonal Report). That report includes a proposed alternative that would maintain the seasonal class, despite the OEB's finding that the Seasonal Class should be eliminated. On September 17, 2019, the OEB indicated that it would view Section 5 of the 2019 Seasonal Report (the alternative approach) as a Motion to review the 2015 Decision pursuant to its Rules of Practice and Procedure. The OEB noted that it may, with or without a hearing, decide a threshold question of whether the matter should be reviewed before conducting any review on the merits. On October 1, 2019, HON filed additional material for the purposes of the Motion and its submission on the threshold question of whether the March 2015 Decision should be reviewed. The Council filed a submission on December 19, 2019, which supported the fact that the threshold test had been met.

On March 12, 2020, the OEB issued its Decision and Order, which found that the threshold test had been met on two grounds cited by HON in its submissions.

In its Procedural Order No. 2, dated May 1, 2020, the OEB determined that the seasonal rates elimination proceeding will be combined with the threshold proceeding. The OEB also determined that the combined proceeding will, at this time, only deal with the merits of the motion and is seeking input regarding the merits of the two grounds, which it determined met the threshold test.

The Council of the view that there have been changes in circumstances sufficient to warrant a review and possible variance of the Decision. Those changes are:

¹ EB-2013-0416/0247 Decision, dated March 12, 2015

² EB-2016-0135

- **The OEB's Decision to move all residential customers to fully fixed rates.** On April 2, 2015, the OEB issued its policy on a new distribution rate design for residential electricity customers. The rate design would move from a fixed and variable rate structure to a fully fixed rate structure. On September 30, 2015, the OEB ordered that the move to a fully fixed charge would apply to all of HON's residential customers including those in HON's seasonal class. Although parties may have been aware that the OEB was considering changing the rate structure, the final policy determination was not before the panel in the 2015-2017 rates proceeding. In addition, the rate impacts of moving seasonal customers to the year-round residential rates, under a fully fixed rate structure, would now be different than the rate impacts presented at the hearing. The rate impacts of the transition to a fully fixed rates are relevant in this proceeding as the impacts continue to change with each updated report provided by HON.
- **The Introduction of Distribution Rate Protection.** *The Ontario Energy Board Act, 1988* was amended after the March 15 Decision and through those amendments the Distribution Rate Protection Plan (DRP) was established. Regulation 198/17 specified that the DRP was effectively not available to seasonal customers. The implication of this is that even if the Seasonal Class is eliminated, customers in the same classes will be paying different distribution charges (seasonal and non-seasonal customers). Although this would be the case because of Rural and Remote Rate Protection the introduction of the DRP exacerbates the problem, particularly for the R2 customers. The OEB was not aware of this at the time it issued its Decision. If the Seasonal Class were eliminated, the fact that seasonal customers would not get the DRP would violate the original intent of the Decision - to provide for rate equity between customers in the same location. In addition, the DRP is a relevant consideration in this proceeding as it affects the net distribution cost paid by customers. The DRP must be included when analyzing the financial implications to customers.

The Council submits that these changes in circumstances warrant a review of the OEB's March 15 Decision regarding the elimination of HON's Seasonal Class. HON has submitted a new proposal that has in fact been circulated to its customers. If the Motion fails, how will this be communicated to customers, that the proposal will not be considered by the OEB? There may be other alternatives to deal with the problems associated with Seasonal rates. One of those might be to eliminate Seasonal rates in a different way than that which was contemplated in the original decision. The introduction of the DRP has created a scenario which would have customers in the same rate class paying different rates based on months of occupancy. The OEB should, at this time, reconsider its Decision and consider a full range of alternatives to deal with seasonal rates that will result in just and reasonable rates for all of HON's customers. Circumstances have changed since the OEB's Decision in 2015 and as a result it is incumbent on the OEB to reconsider its Decision. All parties, including HON should have an opportunity to present new evidence or proposals for the OEB's consideration. This is what is best for HON's customers.

Yours truly,

Julie E. Girvan

Julie E. Girvan

CC: All parties