



PUBLIC INTEREST ADVOCACY CENTRE
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June 11, 2020

VIA E-MAIL

Christine E. Long
Registrar and Board Secretary
Ontario Energy Board
Toronto, ON

Dear Ms. Long:

**Re: EB-2019-0082 – Hydro One Networks Inc. (Hydro One)
Application for electricity transmission rates for from January 1, 2020 to December 31, 2022
Comments on Draft Rate Order**

VECC has reviewed the Draft Rate Order (DRO) and correspondence of both Board Staff and the London Property Management Association (LPMA) with respect the DRO in this proceeding. We are in general agreement with the comments of Board Staff with respect to the implementation of the Board's Decision with two exceptions.

VECC disagrees with Hydro One's proposal to modify the operation of the Capital In-Service Variance Account (CISVA). We agree with the submissions of LPMA that no evidence has been led, no alternatives considered and no impact examined. The absence of a process to review this proposal is all the more apparent given that the Board has an ongoing forum to consider similar issues. In our view this type of proposal is better considered in the Board's generic proceeding on COVID-19 deferral accounts in EB-2020-0133. We note that Hydro One is not alone in having capital tracking accounts as part of their rate plans. If Hydro One wishes to have examined the impact of the pandemic on approved regulatory accounts it should make submissions to that effect in the generic proceeding.

VECC does not have a rigid view as to the deferment of the implementation of the rate order. While we are sensitive to the impacts of rate increases at this time, we also believe there is merit in the argument of LPMA which points to the minimal impact on end-use rates of proceeding in the normal fashion.

We do however strenuously object to the application of the current Board approved carrying charges on any deferred debits that might accrue if implementation is delayed. As we noted in our DRO comments in EB-2019-0194 these interest rates are clearly out of date and the cost of short-term financing significantly reduced due to the pandemic with the Board referenced Bank of Canada's Bankers' Acceptance Purchase Facility has declining 117 basis points since March 25.

It is near confiscatory to continue to charge customers, many themselves in distress, at these rates. We support LPMA's position that should the Board defer implementation of the new revenue requirement in the calculation of the UTR then any deferred revenue should not attract carrying charges.

These are our respectful submission

Yours truly,
J. Lawford

VECC/PAIC

Email copy:
Regulatory Affairs Hydro One Networks Inc.
regulatory@HydroOne.com