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BY EMAIL AND RESS

July 17, 2020

Ms. Christine E. Long
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Long:

EB-2018-0270: Hydro One Networks Inc. MAAD S86 to Purchase all of the issued and outstanding shares of Orillia Power Distribution Corporation – Implementation of Specific Services Charges

On July 9, 2020 Hydro One received the Decision and Rate Order related to EB-2018-0270 to purchase all of the issued and outstanding shares of Orillia Power Distribution Corporation (OPDC).

Within the decision, with respect to Specific Services Charges (SSC) the OEB wrote the following:

The OEB finds that the Tariff of Rates and Charges must include Hydro One SSCs. The OEB accepts that there may be transitional issues with implementing the new SSCs and therefore will permit a transition period until March 1, 2022 to implement any of the SSCs that are difficult to implement prior to integration of the billing system. The OEB notes that Hydro One is not required to charge a SSC if it is not applicable to OPDC customers. On closing of the transaction, Hydro One shall file a letter with the OEB confirming which SSCs require a transition period, and shall file a further letter when the transition has been completed so that at all times the OEB is aware of which SSCs are being applied. Until an SSC has been transitioned, the existing OPDC SSCs apply.

Hydro One and OPDC are planning to transition OPDC's customers to Hydro One's SSCs at the close of the transaction, currently planned for September 1, 2020. While reviewing each SSC, the companies have noted that there are a few rates where OPDC's customers would see a material increase in their charges for some activities. For instance, the charges for requests for easement letters, special meter reads and customer-owned equipment service calls would all increase. There are also a number of instances where customers' rates will decrease or where Hydro One does not

charge for an activity that OPDC currently does (e.g. requests for statement of accounts, income tax letters, account history statements).

In the cases, where OPDC customers would see a rate increase, Hydro One and OPDC would like to continue to charge the lower OPDC OEB-approved rate until the end of the integration period. Although the transition to Hydro One's rates is feasible, Hydro One does not want to impose the higher rates on its new customers at this time. The loss in revenue from these transactions would be absorbed by Hydro One and would not be recovered from any ratepayers.

Hydro One also wants to comment on the below excerpt from the Decision and Rate Order:

In its Application Hydro One requested approval to align the SSCs for OPDC customers with those of Hydro One Distribution. If Hydro One was amending its request to delay implementation until customers are integrated into Hydro One's billing system, this should have been made clear in its argument-in-chief, with details of any implications.

Hydro One respectfully submits that in an interrogatory response¹ in this hearing it was clear that Hydro One's intent was to transition OPDC's SSC to Hydro One's rates upon integration. In addition, as the Board is aware, both EB-2018-0270 and EB-2018-0242 (Peterborough MAAD) were heard simultaneously where evidence in one file was assumed to be effective for the other. In EB-2018-0242, Hydro One also made it clear the timing of the implementation of the SSCs in its evidence² and interrogatory responses³. Interrogatory questions⁴ asked even recognized the intent to transition the rates at the time of integration of the assets. As the implementation date of the SSCs did not seem to be at issue, Hydro One did not address it in its argument-in-chief or final argument.

Upon close of the transaction, Hydro One will file a letter with the OEB confirming which SSCs require a transition period, and highlight any charges that will be applied that vary from the rate schedules included in the Decision and Rate Order.

An electronic copy of this has been filed through the Ontario Energy Board's Regulatory Electronic Submission System (RESS).

Sincerely,

A handwritten signature in grey ink, appearing to read "Joanne".

Joanne Richardson

¹ Exhibit I, Tab 5, Schedule 3

² EB-2018-0242: Exhibit A, Tab 2, Schedule 1, page 6 – "As noted in Section 3.0 of Exhibit A, Tab 1, Schedule 1, the Hydro One SSCs would apply after transfer of the distribution assets from 1937680 to Hydro One."

³ EB-2018-0242 Exhibit I, Tab 1, Schedule 33; Exhibit I, Tab 4 Schedule 4

⁴ EB-2018-0242 Exhibit I, Tab 1, Schedule 32