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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-2018-0242: Hydro One Networks Inc. MAAD s.86 Share Purchase Application for Peterborough Distribution Inc. – Implementation of Specific Services Charges

On July 9, 2020 Hydro One received the Decision and Rate Order related to EB-2018-0242 to acquire the assets of the amalgamated company of Peterborough Distribution Inc. (PDI) and Peterborough Utilities Services Inc. (PUSI).

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 PDI 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 PDI SSCs apply.

Hydro One and PDI are planning to transition PDI's customers to Hydro One's SSCs at the close of the transaction, currently planned for August 1, 2020. While reviewing each SSC, the companies have noted that there are a few rates where PDI customers would see a material increase in their charges for these 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 PDI currently does (e.g. requests for statement of accounts income tax letters, account history statements).

In the cases, where PDI customers would see a material rate increase, Hydro One and PDI would like to continue to charge the lower PDI 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 PDI 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. The OEB does note that through its reply submission on the draft rate order, Hydro One indicated its intention to request approval of the updated SSCs in a future proceeding.

Hydro One respectfully submits that in its evidence¹, interrogatory responses² and even notes that in interrogatory questions asked³, the record was clear that the intent was to transition PDI's SSCs to Hydro One rates upon 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 Richardson".

Joanne Richardson

¹ 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."

² Exhibit I, Tab 1, Schedule 33; Exhibit I, Tab 4 Schedule 4 and EB-2018-0270 Exhibit I, Tab 5, Schedule 3

³ Exhibit I, Tab 1, Schedule 32