

BY EMAIL

October 15, 2020

Christine E. Long
Registrar and Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Long:

Re: Hydro 2000 Inc. (Hydro 2000)
Application for 2020 electricity distribution rates
Ontario Energy Board (OEB) File Number: EB-2019-0041

In accordance with the Decision and Order, please find attached OEB staff's submission in the above proceeding. Hydro 2000 and all intervenors have been copied on this filing.

Yours truly,

Jerry Wang
Advisor – Electricity Distribution: Major Rate Applications & Consolidations

Encl.

ONTARIO ENERGY BOARD

OEB STAFF SUBMISSION ON DRAFT RATE ORDER

2020 ELECTRICITY DISTRIBUTION RATES

HYDRO 2000 INC.

EB-2019-0041

October 15, 2020

INTRODUCTION

Hydro 2000 Inc. (Hydro 2000) filed a cost of service application with the Ontario Energy Board (OEB) on February 25, 2020 under section 78 of the *Ontario Energy Board Act, 1998* seeking approval for changes to the rates that Hydro 2000 charges for electricity distribution, to be effective May 1, 2020.

The parties to this proceeding, consisting of Hydro 2000, the Vulnerable Energy Consumers Coalition and OEB staff, reached a full settlement on all issues. As part of the settlement, Hydro 2000 was allowed to defer the implementation of its new rates to November 1, 2020 in light of the COVID-19 pandemic. On September 24, 2020, the OEB approved the full settlement filed by the parties. The OEB directed Hydro 2000 to file a draft rate order (DRO) to calculate foregone revenue rate riders for its COVID-19 rate implementation deferral. Hydro 2000 filed a DRO on October 9, 2020.

COVID-19 Deferral and Foregone Revenue

Hydro 2000 submitted a completed copy of the OEB's COVID-19 foregone revenue model. In the model, Hydro 2000 provided the billing determinants to calculate the foregone revenue between the effective date of its new rates of September 1, 2020 and the deferred implementation date of November 1, 2020. Hydro 2000 also submitted the new tariffs generated by the model, which reflect the November 1, 2020 implementation date by incorporating the foregone revenue rate riders and extending the sunset date of Hydro 2000's newly approved deferral and variance account rate riders¹ by two months (to compensate for the two months of deferral between September 1, 2020 and November 1, 2020).

OEB staff submits that Hydro 2000 has correctly used the COVID-19 foregone revenue model to calculate its foregone revenue rate riders and that the tariffs filed as part of the DRO accurately reflects the implementation date of November 1, 2020. OEB staff submits that Hydro 2000 should follow the OEB's COVID-19 foregone revenue accounting guidance issued on August 6, 2020, which will capture any over or under recovery of foregone revenues.²

While OEB staff believes that the foregone revenue has been calculated correctly and that the new tariffs are accurate, OEB staff notes that Hydro 2000 has not completed the "9. Bill Impacts" tab of the model. As a result, the bill impacts to each rate class

¹ "Newly approved" refers to rate riders for the disposition of deferral and variance account balances that were approved in the course of this proceeding, as opposed to rate riders approved in prior proceedings.

² OEB Letter Re: Account Order for the Establishment of a Sub-account to Record Impacts Arising from the COVID-19 Emergency for Foregone Revenues from Postponing Rate Implementation, August 6, 2020.

have not been calculated. OEB staff has revised the model by populating the tab using the same parameters as the Bill Impacts model that was originally filed with the settlement proposal. OEB staff notes that no rate class has total bill impacts exceeding 10% and submits that rate mitigation is not required.

All of which is respectfully submitted