



Hydro One Networks Inc.

**Implementing the Ontario Energy Board's Decision to
Eliminate the Hydro One Networks Inc. Distribution
Seasonal Rate Class**

**PROCEDURAL ORDER NO. 1
April 12, 2021**

The Ontario Energy Board (OEB) determined in its Hydro One Networks Inc. (Hydro One) 2015-2017 distribution rates Decision¹ (March 2015 Decision), that Hydro One's seasonal rates class should be eliminated and existing seasonal class customers should be moved to one of three Hydro One residential rate classes according to their density. This was based on OEB's finding that the distribution rates currently charged to seasonal customers do not appropriately reflect the cost to serve them.

Process to Date

Following a number of additional procedural steps, Hydro One filed an updated Seasonal Report on July 19, 2019 (2019 Seasonal Report) that is intended to provide options for how the seasonal class should be eliminated, including considerations of customer bill impacts and alternative approaches to mitigation. The 2019 Seasonal Report included a proposed alternative that would have maintained the seasonal class. This was set out in Section 5 of the report entitled "Alternate Approach to Elimination of the Seasonal Class."

On September 17, 2019, the OEB issued Procedural Order No. 3 in the seasonal class elimination implementation proceeding² which noted that requests to reconsider an earlier OEB decision are made to the OEB by means of a motion to review under Part VII of the OEB's *Rules of Practice and Procedure* (Rules). In a motion to review, the OEB considers whether there is a question as to the correctness of the decision being reviewed.

¹ EB-2013-0416/EB-2014-0247, Decision, March 12, 2015

² EB-2019-0234/EB-2016-0315

The OEB decided that it would treat Section 5 of Hydro One's 2019 Seasonal Report³ as a motion to review that part of the March 2015 Decision in which the OEB determined that Hydro One's seasonal class should be eliminated and existing seasonal class customers should be moved to one of three Hydro One residential rate classes according to their density.

On September 17, 2020, the OEB issued its Decision and Order on the motion to review in which it found that Hydro One's Motion failed on its merits (the motion proceeding) and that the 2015 Decision stood. Hydro One was directed to update its 2019 Seasonal Report, including the identification of mitigation measures, with the qualification that the updated version of the 2019 Seasonal Report should exclude section 5 (Alternate Approach to Elimination of the Seasonal Class), or similar proposals, as these matters had been determined by the OEB in the Motion proceeding.

On October 15, 2020, Hydro One filed an updated Report on the Elimination of the Seasonal Class, that reflects its proposed implementation.

A Notice of Hearing (Notice) was issued on January 22, 2021.

Since the issuance of the Notice, the OEB has received numerous written letters of comment and telephone calls to its Call Centre with respect to the issues in this proceeding, as well as intervention and monitoring requests.

Based on its review of the both the written correspondence and the subjects of the Call Centre calls, the OEB has determined that as a first step in this proceeding, it is necessary to state the nature of the issues under consideration as well as to provide clarification on many of the matters most frequently raised in the letters of comment and calls from customers which the OEB has received to date. Once this step has been completed, the OEB will then make its determination as to next steps including consideration of the intervention requests received.

Scope of the Proceeding

The OEB wishes to make clear that the purpose of this proceeding is not to revisit the elimination of the seasonal rates class. That decision has been made and will not be revisited in the current proceeding.

There are two specific issues in this proceeding:

³ "Hydro One Report on Elimination of the Seasonal Class EB-2013-0416," July 19, 2019

(1) how to implement the decision to eliminate the seasonal class; and

(2) for those who will be experiencing rate increases of 10% or greater a year, what is the best approach to mitigating these increases, exclusive of maintaining the seasonal class.

Next Steps

Based on its review of the letters of comment received and the questions directed to its Call Centre, the OEB has determined that the main areas of concern are as outlined in the questions below:

1. What services does Hydro One provide to seasonal customers? Where do the charges for these services appear on my hydro bill?
2. Which line in my hydro bill will be affected by the elimination of the seasonal class? Please explain why?
3. I don't use much energy. Why do I have to pay more when I am conserving energy? Aren't you penalizing those who keep their energy use down?
4. Why does it cost Hydro One more to serve customers in less dense areas than in high density areas? How is density determined? How will density be factored for the current seasonal rate customers?
5. I'm only in my cottage four months a year. Why do I have to pay for electricity when I'm not using my cottage? Does the fact that customers are not physically at their properties affect the cost to serve them? Please explain why?
6. How did Hydro One calculate the totals found in the chart of the Notice I received? Please explain why the bill increases for seasonal customers going to the R2 residential class are much higher than the decreases for customers going to the R1 and UR classes.
7. Is Hydro One going to profit from this? Where would any extra money that Hydro One makes from this go?
8. I experience frequent power failures. Why should I pay more for unreliable service?

9. Why am I being put in the R2 residential class? There are many cottages around me. This makes no sense. Please explain what Hydro One's residential classes are and how it was determined that I should be put in R2.
10. If R2 customers are entitled to rate protections, why wouldn't I be as well since I am now apparently an R2 customer?
11. I believe Hydro One has incorrectly reclassified me into the R2 class. How do I get this corrected?
12. Will there be monthly billing for those who are accustomed to receiving quarterly bills?
13. Hydro One has proposed mitigation measures for the negatively impacted seasonal customer group moving to Residential Low Density (R2) class in order to limit the total bill impact to 10% per year. How would this be done? How long would it take for me to catch up? How much would it cost Hydro One to mitigate the impact for all seasonal class customers? Who would pay for this?

As a first step in this proceeding, the OEB is directing Hydro One to provide the OEB with plain language responses to the above questions by April 26, 2021. The OEB will review these responses to determine whether Hydro One's responses deal appropriately with the concerns expressed by customers in a way that is accessible to these customers. Once the OEB is satisfied that this is the case, the OEB will post the responses on its website and will distribute these responses to all parties that are being considered as intervenors, those people who have sent in letters of comment; and those who have indicated that they wish to monitor the proceeding. At that time, the OEB will issue further direction about next steps in this proceeding.

It is necessary to make provision for the following matters related to this proceeding. Further procedural orders may be issued by the OEB.

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Hydro One shall file responses to the above questions with the OEB by **April 26, 2021**.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or

any other type of document, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

All materials filed with the OEB must quote the file number, **EB-2020-0246**, and be submitted in a searchable/unrestricted PDF format with a digital signature through the OEB's web portal at <https://p-pes.ontarioenergyboard.ca/PivotalUX/>. Filings must clearly state the sender's name, postal address, telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at www.oeb.ca/industry. We encourage the use of RESS; however, parties who have not yet [set up an account](#), may email their documents to registrar@oeb.ca.

All communications should be directed to the attention of the Registrar at the address below and be received no later than 4:45 p.m. on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Martin Davies at Martin.Davies@oeb.ca and OEB Counsel, James Sidlofsky at James.Sidlofsky@oeb.ca.

Email: registrar@oeb.ca
Tel: 1-888-632-6273 (Toll free)
Fax: 416-440-7656

DATED at Toronto, **April 12, 2021**

ONTARIO ENERGY BOARD

Original Signed By

Christine E. Long
Registrar