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September 8, 2021

Ms. Christine Long
Board Secretary
Ontario Energy Board
P.O. Box 2319
26th Floor
2300 Yonge Street
Toronto, ON
M4P 1E4

DELIVERED BY EMAIL

Dear Ms. Long,

**Re: Hydro One Networks Inc. Implementing the Ontario Energy Board's
Decision to Eliminate the Hydro One Networks Inc. Distribution Seasonal
Rate Class-Ontario Energy Board File Number: EB-2020-0246**

Please find enclosed the submissions on behalf of the Balsam Lake Coalition in the above noted proceeding.

Yours very truly,



Michael R. Buonaguro
Encl.

**Implementing the Ontario Energy Board's Decision to Eliminate the Hydro One
Networks Inc. (Hydro One) Distribution Seasonal Rate Class
EB-2020-0246
September 8, 2021**

Submissions of the Balsam Lake Coalition (BLC)

HYDRO ONE'S PROPOSAL AND BLC'S ALTERNATIVE PROPOSAL

On October 15, 2020 Hydro One filed its "updated" proposal for the elimination of the seasonal class (the "Report"). The critical elements of the Report are as follows:

- a) the elimination of the seasonal class will be accomplished through the transfer of existing seasonal class members to the existing UR, R1 and R2 classes based on their density characteristics;
- b) in order to mitigate the impact of the transfer on seasonal customers being moved to the R2 class (as a result of those customers not qualifying for either Distribution Rate Protection (DRP) or Rural or Remote Electricity Rate Protection (RRRP)) R2 seasonal customers will receive a credit on their bill to mitigate the transition, a credit that will decline over a proposed 9-year transition period; and
- c) The credit provided to R2 customers will be funded by all other rate classes based on their share of the overall revenue requirement.¹

With respect to Hydro One's overall proposal BLC has no specific objections or suggested changes assuming that the end point is the transfer of seasonal customers to the three other residential rate classes; in BLC's respectful submission the overall proposal provides a reasonable plan for transitioning seasonal customers to the existing UR, R1 and R2 classes, given the material rate impacts on seasonal customers being moved to the R2 rate class.

Having said that, BLC respectfully submits that, under all the circumstances, particularly the disparity in rate impacts resulting from subsidies being provided to "year-round" customers in the form of the DRP and the RRRP, it remains preferable to eliminate the existing seasonal rate class by:

¹ Hydro One Report on Elimination of the Seasonal Class, October 15, 2020 Update EB-2016-0315, pages 9, 26-27.

- a) Moving UR seasonal customers to the UR rate class,
- b) Moving R1 seasonal customers to the R1 rate class and then splitting the R1 rate class into two sub classes based on eligibility for DRP, and
- c) Moving R2 seasonal customers to the R2 rate class and then splitting the R2 rate class into two sub classes based on eligibility for DRP/RRRP.

In BLC's respectful submission this alternative gives proper effect to the OEB's decision on the elimination of the seasonal rate class by appropriately grouping customers based on their density characteristics, while at the same time, within those density-based groupings, appropriately allocating costs to the proposed subgroups based on their consumption/load profile characteristics, characteristics that Hydro One highlights in its Report². To that end, BLC repeats and relies on its previous submissions in support of its alternative proposal for the elimination of the seasonal rate class as set out in its most recent submission in this proceeding in EB-2019-0234, dated May 29, 2020. In BLC's view it would be appropriate, if the OEB were to agree that BLC's proposed alternative should be explored, to require Hydro One to provide an analysis of the resulting new allocation of costs and ensuing rate design as part of its recently filed application for distribution rates in EB-2021-0110.

CRITERIA FOR DRP/RRRP ELIGIBILITY

In BLC's respectful submission eligibility for DRP and RRRP funding is based solely on the regulations establishing those subsidies. In the case of DRP eligibility is extended to:

A consumer who has an account with Hydro One Networks Inc. that falls within the R1 (year-round medium-density residential) or R2 (year-round low-density residential) residential-rate classification, if he or she resides continuously at the service address to which the account relates for at least eight months of the year.³

In the case of RRRP eligibility is extended to R2 customers occupying residential premises, with residential premises defined as:

. . . a dwelling occupied as a residence continuously for at least eight months of the year and, where the residential premises is located on a farm, includes other farm premises associated with the residential electricity meter.⁴

² Hydro One Report on Elimination of the Seasonal Class, October 15, 2020 Update EB-2016-0315, page 8.

³ O. Reg. 198/17: DISTRIBUTION RATE-PROTECTED RESIDENTIAL CONSUMERS, s. 2(1) 3.

⁴ O. Reg. 442/01: RURAL OR REMOTE ELECTRICITY RATE PROTECTION, s. 1(1).

Despite these rather simple and specific criteria it appears to BLC that Hydro One continues to impose additional criteria for DRP and RRRP eligibility, i.e. requiring that a customer use the property in question as the address for their driver's licence, or requiring that the customer vote in the location that the property is located in.

Aside from the obvious practical and philosophical issues with requiring such criteria (i.e. not everyone has a driver's licence; not everyone registers to vote and in registering to vote there is no requirement that registration be related to one property over another) the simple truth is that Hydro One is not empowered to add such criteria.

In BLC's respectful submissions the OEB should confirm that:

- a) the only actual criteria imposed on customers in terms of eligibility for DRP and (for R2 Customers) RRRP funding is the criteria imposed by the related regulations;
- b) a declaration by a customer to the effect that they meet the criteria in the regulations for DRP and (for R2 Customers) RRRP funding is the primary evidence of eligibility that is required; and
- c) to the extent Hydro One wants to establish some connection between the customer and the property in question the types of secondary "evidence" it requests are all "sufficient" but not "necessary"; i.e. as long as, for example, a customer can provide some external confirmation of their connection to the property, i.e. a property tax bill, a rental agreement, a utility bill, etc., the declaration from the customer on how they actually meet the criteria in the regulations remains the primary evidence of eligibility. Hydro One should not be allowed to insist on any particular type of secondary evidence when processing requests for DRP and RRRP eligibility.

INFORMATION TO CUSTOMERS

In BLC's view there remains an information deficit in terms of customer understanding of possible eligibility for DRP/RRRP funding, and whether through Hydro One's proposal or through BLC's alternative proposal the reality is that seasonal customers in the R1 and R2 areas of Hydro One's franchise areas will receive distribution bills that are different (higher) than the bills from their "year-round" neighbours. Even if technically included in the same rate class under Hydro One's proposal the impact of DRP and RRRP on the bills of eligible customers will, BLC respectfully submits, perpetuate confusion amongst customers.

Accordingly, BLC believes it is necessary that Hydro One include as part of its monthly billing the following information for residential customers:

- i) an explanation to the effect that some customers are receiving DRP/RRRP and the effect that has on their billed distribution costs;
- ii) an explanation to the effect that some customers are not receiving DRP/RRRP and why that is the case;
- iii) a clear indication as to which type of customer the recipient of the bill has been classified as;
- iv) directions on how a customer can apply online for DRP/RRRP eligibility; and
- v) a description of the available dispute resolution provisions in the event the customer wishes to dispute Hydro One's decision concerning their DRP/RRRP eligibility.

BLC believes this type of specific information and direction is necessary to ensure that all possibly DRP/RRRP eligible customers have the information they need to take the appropriate steps to obtain the funding that they may be entitled to.

To that end BLC notes with some concern that despite the fact that, in 2013, Hydro One identified approximately 11,000 customers with "annual consumption and monthly load profile characteristics very similar to that of year-round residential customers", Hydro One has made no effort to contact those customers to determine whether they may be eligible for DRP/RRRP funding, and since 2013 less than 2,000 customers have been moved from the seasonal class to either the R1 or R2 classes.⁵

While it is not necessarily the case that all of those 11,000 customers would be eligible for DRP/RRRP, BLC respectfully submits that there is likely a significant number of those customers that do qualify and have been essentially denied that funding as a result of Hydro One's failure to follow up on information suggesting that those customers are occupying their residences in compliance with the requirements of the relevant regulations and a failure to properly inform customers of those requirements so that they can act on their possible eligibility. In BLC's respectful submission it is reasonable to require Hydro One to take steps to properly inform those customers of the potential DRP/RRRP funding that may be available to them.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 8TH DAY OF SEPTEMBER 2021

⁵ Exhibit I Tab 6 Schedule 7