

Hydro One Networks Inc.

483 Bay Street
7th Floor South Tower
Toronto, Ontario M5G 2P5
HydroOne.com

Jeffrey Smith

Director, Regulatory Compliance

T 416.345.5721

C 905.399.5721

Jeffrey.Smith@HydroOne.com

BY EMAIL AND RESS

July 6, 2022

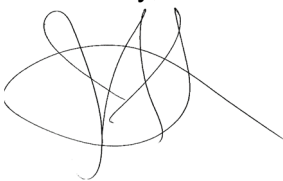
Ms. Nancy Marconi
Registrar
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Marconi,

EB-2022-0145 – Hydro One Networks’ Inc. – Application for Exemptions from Provisions in the Distribution System Code and for an Accounting Order – Interrogatory Responses

In accordance with Procedural Order No. 1, dated May 13, 2022, please see Hydro One Networks Inc.’s Interrogatory responses that have been submitted using the Board’s Regulatory Electronic Submission System.

Sincerely,

A handwritten signature in black ink, appearing to be "Jeffrey Smith", written over a light blue horizontal line.

Jeffrey Smith

Encls.

1 **OEB STAFF INTERROGATORY #1**

2
3 **Reference:**

4 Application, Page 3

5 Hydro One Report on Elimination of the Seasonal Class, October 15, 2020 Update (EB-
6 2020-0246), Pages 42 and 43

7 Decision and Order, November 10, 2021 (EB-2020-0246)

8
9 **Preamble:**

10 Hydro One expects the implementation costs resulting from the elimination of the seasonal
11 rate class to be \$3 to \$4 million over the course of the implementation period, most of
12 which is expected to occur in 2022. In the report referenced above, a list of the types of
13 implementation costs was also provided.

14
15 **Interrogatory:**

- 16 a) If Hydro One has incurred implementation costs to date, please provide the amount
17 incurred to date by types of implementation cost, including a breakdown of cost by
18 capital and OM&A. Please also forecast the amount for the rest of 2022 by types of
19 implementation cost.
20
- 21 b) The decision to implement the elimination of the seasonal rate class approved Hydro
22 One's proposed "Option 2A". Please provide an updated list of implementation costs
23 that reflects Option 2A.
24
- 25 c) Please provide an updated cost estimate reflecting the updated list of implementation
26 costs, provided in part b).
27
- 28 d) Please comment on materiality based on the updated cost estimate if the updated cost
29 estimate no longer meets Hydro One's materiality of \$1 million.

1 **Response:**

2 a) Hydro One's Seasonal Rate class elimination implementation costs incurred as of the
3 end of June 2022 and the projected spend at the end of 2022 are as follows:

4

Implementation component	Actuals at end of June 2022	Total projected costs at end of 2022
Billing/CIS system changes	\$271K	\$2,700K
Process redesign and staff training	\$15K	\$200K
Customer communication and education	\$0	\$100K

Note: projected cost spend at the end of 2022 may change based on the actual effective date the seasonal rate class elimination will come into force. If the effective date is delayed, some of the spend will also be delayed into 2023.

5
6 Of the \$286K spend as of the end of June 2022, approximately \$15K is OM&A and
7 the rest is capital.

8
9 Hydro One intends to seek recovery of both OM&A and capital costs via the proposed
10 deferral account.

11
12 b) The elements that make up the implementation costs have not changed due to the
13 directive to implement "Option 2A" other than that there is no longer a need to develop
14 tools and processes to support annual consumption monitoring and credit
15 modification, which were originally estimated at \$200K to \$300K.

16
17 c) The updated implementation cost estimate (including for both 2022 and 2023) is as
18 follows:

19

Implementation component	Estimated cost range
Billing/CIS system changes	\$3,100K - \$3,400K
Process redesign and staff training	\$250K - \$300K
Customer communication and education	\$150K - \$200K

20
21 d) The updated cost estimate still meets the minimum materiality threshold.

OEB STAFF INTERROGATORY #2

Reference:

Application, Page 3

Decision & Order, Implementing the Elimination of the Seasonal Rate Class (EB-2020-0246), November 10, 2021, Page 15

Preamble:

At the above application reference, Hydro One states:

“In order for Hydro One to maintain the existing billing and meter read practices that have been put in place for the Seasonal Customers, Hydro One is requesting an exemption from the following provisions of the DSC:

(i) Section 2.6.1A, which (in part) requires a distributor to issue a bill to each non-seasonal residential customer on a monthly basis;

(ii) Section 2.10.2, which limits the number of estimated bills that a distributor may issue to a residential customer to twice every 12 months; and

(iii) Sections 7.11.1 to 7.11.7, which require a distributor to issue an accurate bill to its customers 98% of the time on a yearly basis.”

OEB staff notes that section 7.11.1 of the DSC states: “A distributor must issue an accurate bill to each of its customers”. Section 7.11.2 then states how often the bill must be accurate: “This service quality requirement must be met at least 98 percent of the time on a yearly basis.”

The DSC defines “accurate bill” in section 7.1 as follows: “means a bill that contains correct customer information, correct meter readings, and correct rates that result in an accurately calculated bill.”

The application also states a “group of Seasonal Customers is part of a larger subset of customers who are defined as ‘hard to reach’ and are already covered under existing exemptions obtained by Hydro One.”

1 **Interrogatory:**

2 a) The EB-2020-0246 Decision & Order described the billing options Hydro One identified
3 in that application. The option the OEB approved – Option 2A – was explained as
4 involving manually read meters that would continue to be read once per year. Is the
5 purpose of that annual meter read to ensure seasonal customers are accurately billed
6 on an annual basis (i.e., true up three estimated bills to reflect actual consumption)?
7

8 b) Please clarify why Hydro One believes an exemption from section 7.11.1 is required
9 given that it only requires LDCs to accurately bill customers, while it is section 7.11.2
10 that requires that be achieved “98% of the time on a yearly basis”.
11

12 c) Section 2.6.1A – for which Hydro One is also seeking an exemption – specifically
13 refers to a “non-seasonal customer”. OEB staff’s understanding of the reason for
14 requesting that exemption is because current seasonal customers will become
15 residential customers with the elimination of the seasonal class, but Hydro One intends
16 to maintain the status quo and bill those customers on a quarterly basis for the time
17 being. In contrast, section 7.11.1, in referring to “customer”, does not distinguish
18 between “seasonal” and “non-seasonal customers”, and the application states the
19 intent is to maintain the status quo on billing practices at this time.
20

21 Hydro One is currently exempt from sections 2.10.1 and 7.11.1 to 7.11.7 of the DSC
22 for service to certain “hard to reach” customers. In footnote #1 to the application, Hydro
23 One acknowledges that a “hard to reach” subset of seasonal customers are already
24 covered by existing exemptions. In the application, Hydro One is requesting that the
25 exemption in relation to section 7.11.1 apply to all seasonal customers. Please explain
26 why Hydro One considers it necessary to broaden the exemption relative to the status
27 quo, to include all seasonal customers.
28

29 d) Please confirm, aside from meter readings, all aspects of the definition of “accurate
30 bill” – correct customer information and correct rates – will be met at least 98% of the
31 time even if all the exemptions requested are approved. If not, please explain why.
32

33 **Response:**

34 a) Yes. For the subset of seasonal customers where the smart meter communication
35 network is not reliable enough to support timely remote meter reading, the annual
36 manual meter reading will be used to true up the three estimated bills issued in the
37 year. This will ensure that these customers are billed accurately on an annual basis.
38 Manual meter reading in areas where the smart meter communication is reliable is not
39 required as those customer’s quarterly bills will be issued based on actual meter reads.

- 1 b) Hydro One understands Section 7.11.1 of the DSC to be an overarching requirement,
2 which is further clarified by the performance requirement established in Section 7.11.2.
3 Due to this interrelationship, Hydro One had applied for an exemption from 7.11.1 of
4 the DSC as it had done previously when it had sought an exemption from the billing
5 accuracy requirements in the DSC for its 'hard to reach' customers.
6
- 7 c) After further review, Hydro One now realizes that it was not necessary to apply for an
8 exemption from the billing accuracy requirements under Section 7.11 of the DSC.
9 Seasonal customers that are classified as 'hard to reach' are already covered under
10 Hydro One's current exemption for 'hard to reach' customers. There is no need to
11 seek an exemption for seasonal customers whose meters communicate reliably with
12 the smart meter network because they will receive an accurate bill each time.
13 Therefore, Hydro One would like to withdraw its request for an exemption from the
14 requirements under Section 7.11 of the DSC.
15
- 16 d) Hydro One confirms that, aside from meter reads, all other aspects of the definition of
17 'accurate bill' – correct customer information and correct rates – will be met at least
18 98% of the time even if all the exemptions requested are approved.

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RICHARD GRUCHALA INTERROGATORY #1

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Interrogatory:

Might the decline in the accuracy of seasonal customers' bills be due to under billing, over billing, a combination of both, or be attributable to other factors? If the former, would Hydro One expect there to be more under billings than over billings overall, or vice versa? If the inaccuracies are in fact expected to be due to other factors, please provide additional background details regarding the impacts on seasonal customers.

Response:

As per the November 10, 2021 OEB Decision (EB-2020-0246), Hydro One will not be making any changes to the billing and meter reading frequency for the seasonal customers. Therefore, the elimination of the seasonal rate class will not result in any change in the billing accuracy for these customers.

With the exception of a small subset of seasonal customers whose meters do not communicate reliably enough with Hydro One's smart meter network to support timely remote meter reading, all seasonal customers will receive accurate bills. Those seasonal customers whose meters do not communicate reliably enough are currently covered under Hydro One's existing billing accuracy exemption for "hard to reach" residential customers (EB-2019-0259). This exemption was sought by Hydro One and granted by the OEB for residential customers in 'hard to reach' areas where cellular communication and other technical issues prevent the meter from communicating reliably with Hydro One's smart meter network to be able to issue a bill based on timely remote meter reads. As a result, seasonal customers defined as 'hard to reach' will receive more estimated quarterly bills and be billed accurately on an annual basis, as has always been the case dating back to May 2015.

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1 **RICHARD GRUCHALA INTERROGATORY #2**

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3 **Interrogatory:**

4 Will those impacted by this request broadly include the whole of the 148,000 seasonal
5 customer base, or will those impacted be limited to more specific sets or subsets of the
6 seasonal customers being transitioned? If the latter, could Hydro One provide the
7 specifics? For example, will certain of the seasonal customer classes being transitioned
8 to one of the three residential classes be impacted by Hydro One's request? Or will certain
9 sets, or subsets, of seasonal customers be impacted more significantly or exclusively?
10 For example, would higher versus lower consumption seasonal customers in certain
11 classes be more likely to be impacted by Hydro One's request?
12

13 **Response:**

14 The referenced requests will not change the quality of service that the seasonal customers
15 are currently receiving, since their billing, meter reading and bill accuracy will remain as is
16 today. For more information, please see I-02-01.

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1 **RICHARD GRUCHALA INTERROGATORY #3**

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3 **Interrogatory:**

4 Does Hydro One have a plan in mind to make the correction(s) necessary in future to
5 produce an accurate bill where an inaccurate bill has been produced for a seasonal
6 customer? If so, how would the process work? For example, will Hydro One pursue a
7 “behind the scenes” process to make a subsequent bill correction, or will Hydro One rely
8 on a seasonal customer being transitioned to bring the matter to their attention?
9

10 **Response:**

11 For a small subset of seasonal customers where the smart meter communication network
12 is not reliable enough to support a timely remote meter reading, the annual manual meter
13 reading is used to true up the three estimated bills in the year. This results in the affected
14 customers being billed accurately on an annual basis. A manual meter reading in areas
15 where the smart meter communication is reliable is not required as those customer’s
16 quarterly bills are based on actual advance meter infrastructure (AMI) meter reads.

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1 **RICHARD GRUCHALA INTERROGATORY #4**

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3 **Interrogatory:**

4 Does Hydro One plan any additional communications to seasonal customers in this
5 matter?

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7 **Response:**

8 Hydro One will inform all seasonal customers that their current billing and meter reading
9 frequency will remain unchanged. Hydro One’s communication plan has not changed from
10 the one that was filed with the OEB on January 26, 2022 as part of EB-2021-0110¹.

¹ [Hydro One’s Submission on January 26th, 2022 in EB-2021-0110](#)

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1 **RICHARD GRUCHALA INTERROGATORY #5**

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3 **Interrogatory:**

4 Hydro One's request would essentially span a five-year period from 2023 through to 2027.
5 Could Hydro One provide its rationale for the length of time it is requesting for this
6 particular exemption?

7

8 **Response:**

9 In the proceeding EB-2020-0246 - Implementing the OEB's Decision to Eliminate the
10 Hydro One Networks Inc. Distribution Seasonal Rate, Hydro One filed a reply submission
11 on September 29th, 2021, stating that:¹

12

13 "Hydro One is planning an investment in a major
14 upgrade/replacement of its smart meter infrastructure,
15 which has the potential to enhance more frequent and more
16 reliable meter reading capabilities in the more rural/more
17 rugged terrain areas in which Seasonal customers are often
18 located. Hydro One therefore submits that any changes to
19 the billing and metering frequency of former Seasonal
20 customers be considered at Hydro One's next rebasing
21 proceeding after JRAP, when the full capabilities of its new
22 Advance Metering Infrastructure (AMI) will be better known."

23

24 In its November 10th, 2021 Decision and Order, the OEB accepted Hydro One's proposal
25 in its reply submission and directed² Hydro One to maintain existing billing and meter
26 reading frequencies for seasonal customers until such time that alternative options can be
27 more thoroughly examined with meaningful customer input, including cost and
28 implementation issues of each alternative. The OEB also stated that:

29

30 "Given the logistical issues described by Hydro One in its
31 reply submission regarding major upgrades that may be
32 required before meter reading and billing frequency for
33 seasonal customers can be enhanced, the OEB agrees with
34 Hydro One that this shall be done as part of Hydro One's
35 next rebasing application after the JRAP."

36

37 Hydro One's proposed five-year exemption period in this exemption application is
38 consistent with the five-year rate setting cycle covered by Hydro One's 2023-2027
39 Transmission & Distribution rate application (EB-2021-0110 or JRAP).

¹ [Hydro One's Reply Submission on September 29th, 2021 in EB-2020-0246](#) (Page 5 of 13, lines 14 to 20)

² [OEB's Decision and Order dated November 10th, 2021 in EB-2020-0246](#) (Page 18)

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1 **RICHARD GRUCHALA INTERROGATORY #6**

2
3 **Interrogatory:**

4 Has Hydro One previously requested any kind of a similar exemption from the 98 per cent
5 standard cited in sections 7.11.1 and 7.11.7 of the Distribution System Code for a wide
6 scale implementation? If so, please provide details.

7
8 **Response:**

9 Yes. On May 6, 2015, Hydro One applied to the OEB for an exemption from sections
10 2.10.1 and 7.11.1 to 7.11.7 of the DSC that require 98% billing accuracy and limit the use
11 of estimated billing (EB-2015-0176). On September 24, 2015, the OEB granted the
12 exemption in which HONI's licence was amended, exempting Hydro One from sections
13 2.10.1 and 7.11.1 to 7.11.7 of the DSC with respect to 170,000 Regulated Price Plan
14 (RPP) customers, who are outside the reach of Hydro One's smart meter
15 telecommunication infrastructure, until December 31, 2019.

16
17 On October 21, 2019, Hydro One filed with the OEB an application for an extension to the
18 existing exemption from sections 2.10.1 and 7.11.1 to 7.11.7 of the DSC and for an
19 extension to its mandated date for Time-of-Use (TOU) pricing for certain "hard to reach"
20 RPP customers (EB-2019-0259). Hydro One requested the DSC exemption continue until
21 December 31, 2024. On December 19, 2019, the OEB granted the extension.

22
23 As indicated in Hydro One's response at I-01-02, Hydro One is no longer seeking an
24 exemption from the requirements under section 7.11 of the DSC in this proceeding.

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