

**BY EMAIL**

July 17, 2024

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

Dear Ms. Marconi,

**RE: Application for a Temporary Exemption from Section 7.7.4 of the Retail Settlements Code: Correction of Billing Error by Chapleau Public Utilities Corporation (“CPUC”)**

On April 18, 2024, the OEB approved Hydro One’s acquisition of CPUC. On May 23, 2023, Hydro One was granted an interim licence to operate CPUC’s distribution system. Hydro One’s purchase of CPUC is planned for July 31, 2024, with CPUC’s customers integrated into its (Hydro One’s) customer system on August 1st. However, Hydro One has just been informed of a billing error that needs immediate attention to enable this transition to proceed smoothly.

**A Brief Summary of the Issue and Hydro One’s/CPUC’s Exemption Request**

During the recent implementation of CPUC’s rate order (EB-2024-0133), effective July 1, 2024, it became apparent that CPUC had inadvertently maintained the 2022 Distribution Rate Protection (“DRP”) charge, rather than implement that approved for 2023. As context, on May 30, 2023, the OEB issued its DRP Decision and Rate Order (EB-2023-0119), to be effective on July 1, 2023. However, due to CPUC’s lack of resources and its focus on critical management and operational concerns at the time, unfortunately, implementation of the 2023 rate order was overlooked.

On behalf of CPUC, Hydro One therefore, wishes to inform the OEB that CPUC inadvertently under-billed its residential customers by about \$15.50 per customer on average in total (or about \$1.41 on average per month) for 11 months (July, 2023 through May, 2024) and accordingly, was non-compliant with aspects of DSC s. 7.11.1, 7.11.2 and 7.11.7 in respect of accurate billing for that period (please see Attachment A).

CPUC has now updated its billing system to reflect the 2023 DRP charge with the correct monthly amount included in the June 2024 consumption bill. CPUC plans to recover the incorrect billing from July 2023 – May 2024 amount (\$15,376) as soon as possible.

Speedy recovery of this revenue, however, requires a much shorter time period than may be contemplated by the Retail Settlement Code (“RSC”) s. 7.7.4 quoted below:

**“7.7.4**

Where a distributor has under billed a customer who is not responsible for the error, the distributor shall allow the customer to pay the under-billed amount in equal instalments over a period at least equal to the duration of the billing error, up to a maximum of 2 years.”

Our intent is to correct this issue *immediately, prior* to the Chapeau customers’ integration in Hydro One’s customer system on August 1, 2024. There are two options for this:

- a) Ideally, the total unbilled amount of \$15.50 per customer would be split equally between CPUC’s two last bills (in July for June consumption and its final August bill for July consumption, but this requires an approval by mid-morning, July 18<sup>th</sup>, at the latest)

or should the time required for option a) be insufficient,

- b) The full amount of \$15.50 per customer would be applied to CPUC’s final bill (for July consumption) that would be issued mid-August.

We acknowledge that both options propose recovery periods that may be considered non-compliant with the RSC’s s. 7.7.4, as stated above. As time is of the essence, Hydro One, on behalf of CPUC, therefore, requests OEB approval of:

- a) a temporary (ten-week, i.e., July 17 through September 30)<sup>1</sup> exemption from the RSC s.7.7.4 requirement and
- b) an interim exemption to RSC s.7.7.4 from the date of this request until the OEB issues its decision regarding this matter.

Hydro One on behalf of CPUC requests that a proceeding (if necessary) be conducted by way of a written hearing.

**Background**

The OEB issued its 2023 DRP Decision and Rate Order on May 30, 2023, prior to Hydro One’s assumption of the interim management of CPUC in mid-June. At that point, CPUC was struggling with severe staffing and compliance issues. Hydro One’s priority, upon its arrival, was the correction and mitigation of all compliance issues (CRA payments, HST filings, WSIB payments/filings, OMERS, Union dues, 2022 Financial Audits and RRR, etc.). Hydro One’s understanding was that the 2023 rates, comprising both IRM and DRP elements, had been updated in the CPUC system. Only during the process of implementing this year’s rate order (EB-2024-0133, effective July 1, 2024), did it become apparent that the current DRP rate was the 2022 rate of \$38.08 rather than \$39.49 (effective July 1, 2023).

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<sup>1</sup> For clarity, CPUC’s final bill will be issued on August 15, with a due date of September 4, but Hydro One has decided it may need a few more weeks beyond that to address potential issues with customer questions, late payments, etc.

### **Implications for CPUC and its Customers**

Given the structure of the DRP, the maximum monthly base distribution charge that CPUC was able to charge an eligible residential customer for consumption from July 1, 2023 – May 31, 2024, capped CPUC's revenues at \$39.49 per customer per month, however, CPUC charged customers the lower 2022 rate of \$38.08. This left a deficit of \$15,375.60 (for 11 months), which CPUC claimed for recovery through the monthly IESO claims settlement submission and accordingly, was compensated by the IESO. *Hydro One and CPUC now wish to recover this amount from the applicable CPUC residential customers in order to properly settle this account with the IESO.*

The amount of \$15,376 applied to 1,047 residential customers<sup>2</sup>, averages out to \$1.41 per customer per month. The upcoming bill for June 2024 consumption already includes the appropriate increment of \$1.41. However, in order to complete the recovery of the remaining amount, Hydro One and CPUC wish to collect \$15.50 per residential customer in the next six weeks and propose to either split the amount between the last two CPUC bills (i.e., \$7.75 per customer for each of the June and July consumption bills) or recover the full amount (\$15.50 per customer on the final bill for July consumption final in August).

### **Rationale for this Exemption Request**

Two options are proposed to enable the recovery of the amount owing as soon as possible before the Chapleau customers are transferred to Hydro One's billing system, but both of these necessitate a temporary exemption from the requirement in Section 7.7.4 of the Retail Settlements Code ("RSC"), that states "the distributor shall allow the customer to pay the under-billed amount in equal instalments over a period at least equal to the duration of the billing error, up to a maximum of 2 years."

Clearly, CPUC (and subsequently, Hydro One, once it assumes ownership of CPUC) has the option of spreading the recovery of the amount across the next 11 months (i.e., the bills for July 2024 through May 2025) in alignment with the RSC requirement. However, CPUC and Hydro One prefer to address this billing issue using CPUC's billing system (and correct the situation as soon as possible). As stated in the MAAD application, Hydro One will acquire CPUC's system (which is obsolete) in the form of an offline database, containing customer rates and other information. However, Hydro One will not have access to customer historical transactions and the cost for Hydro One to administer these charges manually and apply them to their monthly bills over the period of 11 months will outweigh the deficit recovery in question. The potential for such challenges was the reason behind Hydro One's decision to integrate CPUC customers into Hydro One's system as 'new' customers without prior billing history.

CPUC will include an explanatory communication to the affected customers with the bill(s).

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<sup>2</sup> CPUC has more than 1047 Residential customers currently, but the number is subject to change, given new residents moving in after July 1, 2023. This charge, therefore, will be pro-rated based on the number of months that they received service.

We trust that this request may be addressed quickly as it will enable both parties to complete the transaction as smoothly as possible within the timeframe planned.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joanne Richardson', written in a cursive style.

Joanne Richardson

## ATTACHMENT A

### DISTRIBUTION SYSTEM CODE REQUIREMENTS FOR BILLING ACCURACY

Hydro One and CPUC recently determined that CPUC erred by not implementing CPUC's approved 2023 DRP charge between July 1, 2023, and May 31, 2024. This error resulted in non-compliance with the following requirements of the Distribution System Code, s.7:

#### 7.1 **Definitions**

"accurate bill" means a bill that contains correct customer information, correct meter readings, and correct rates that result in an accurately calculated bill.

#### 7.11 **Billing Accuracy**

7.11.1 A distributor must issue an accurate bill to each of its customers.

7.11.2 This service quality requirement must be met at least 98 percent of the time on a yearly basis.  
[...]

7.11.7 A bill is considered inaccurate if:

- (a) the bill does not meet the definition of an accurate bill set out in section 7.1;
- (b) [...]; or
- (c) there has been a billing adjustment in a subsequent bill as a result of a previous billing error.

Hydro One and CPUC acknowledge that for 11 months, applicable CPUC residential customers received inaccurate bills due to the omission of the CPUC's 2023 DRP and accordingly, the utility was non-compliant with the above requirements for billing accuracy. Subject to the OEB's approval of an exemption to the RSC's requirement to provide customers with a longer period to recover amounts due to a utility billing error, we submit that our proposed plan to recover the remaining 2023 DRP amount (\$15,356) will bring the utility into compliance upon the issuance of the last CPUC bill, expected in August 2024.