



## **DECISION AND ORDER**

**EB-2024-0232**

### **HYDRO ONE NETWORKS INC. ON BEHALF OF CHAPLEAU PUBLIC UTILITIES CORPORATION**

Application for an exemption from section 7.7.4 of the Retail Settlement  
Code

**BY DELEGATION, BEFORE: Brian Hewson**  
Vice President,  
Consumer Protection & Industry

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**August 12, 2024**

## DECISION AND ORDER

This is a Decision and Order of the Ontario Energy Board (OEB) on an application filed on July 17, 2024, by Hydro One Networks Inc.'s (HONI), on behalf of Chapleau Public Utilities Corporation (CPUC), seeking the following relief (Application):

1. A temporary exemption from section 7.7.4 of the Retail Settlement Code (RSC), from July 17, 2024 to September 30, 2024;
2. An interim exemption from section 7.7.4 of the RSC from the date of the application, until the OEB issues its Decision and Order on this application.

This Decision and Order is being issued by the Delegated Authority without a hearing pursuant to section 6(4) of the *Ontario Energy Board Act, 1998*. For the reasons set out below, the OEB grants HONI a temporary exemption from section 7.7.4 of the RSC.

### Background

In May 2023, HONI was appointed as the interim licensee for the CPUC service area.<sup>1</sup> On April 18, 2024, the OEB approved the sale of CPUC's distribution system assets to HONI.<sup>2</sup> In that Decision and Order, the OEB ordered that upon completion of the transaction HONI would have the benefit of an exemption from certain provisions of the Standard Supply Service Code and the RSC for a period of two years given challenges associated with CPUC's obsolete billing system.<sup>3</sup>

Subsequent to the filing of the Application, HONI notified the OEB that the acquisition transaction of CPUC was closed. On August 8, 2024, the OEB amended HONI's electricity distribution licence (ED-2003-0043) to, among other things, include the Township of Chapleau as part of HONI's service area and provide the SSSC and RSC exemptions referred to above. The OEB also cancelled both HONI's interim electricity distribution licence for CPUC (ED-2023-0144) and CPUC's electricity distribution licence (ED-2002-0528).

### The Application

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<sup>1</sup> EB-2023-0144

<sup>2</sup> EB-2023-0328

<sup>3</sup> [Decision and Order](#), EB-2023-0328, April 18, 2024, at p.18 and 19.

The Application states that during the implementation of the OEB-approved Distribution Rate Protection (DRP) maximum monthly base distribution charge to CPUC's billing system for July 1, 2024<sup>4</sup>, it became apparent that CPUC had inadvertently maintained the OEB-approved 2022 DRP maximum monthly base distribution charge (\$38.08)<sup>5</sup>, rather than applying the OEB-approved 2023 DRP maximum monthly base distribution charge (\$39.49)<sup>6</sup> from July 2023 through May 2024. CPUC's lack of resources and its focus on critical management and operational concerns are cited in the Application as the reasons for this billing error. Once the error was identified, the CPUC billing system was updated such that the correct DRP maximum monthly base distribution charge was used in the June 2024 consumption bill.

As a result of the billing error, CPUC 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, from July 2023 through May 2024. The total of the under-billed amount is \$15,375.60, which CPUC claimed for recovery through the monthly Independent Electricity System Operator's (IESO) claims settlement submission and was compensated by the IESO. The purpose of the Application is to recover the under-billed amount from the applicable Chapleau customers in order to properly settle CPUC's account with the IESO.

Rather than spreading the recovery of the under-billed amount over 11 months in alignment with the RSC, the Application proposes two options for recovery that would use CPUC's billing system before Chapleau customers are transferred to HONI's billing system. According to HONI, given the state of the CPUC billing system the cost to administer the recovery over a period of eleven months would be higher than the under-billed amount.

Both options proposed in the Application would provide customers with a shorter payment period than allowed under section 7.7.4 of the RSC. That section states:

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.

HONI subsequently advised the OEB that, given the timing, it was pursuing the option of applying the full amount of \$15.50 per customer (on a pro-rated basis where applicable)

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<sup>4</sup> EB-2024-0133 (DRP effective July 1, 2024)

<sup>5</sup> EB-2022-0186 (DRP effective July 1, 2022).

<sup>6</sup> EB-2023-0119 (DRP effective July 1, 2023)

to CPUC's final bill (for July consumption) that will be issued mid-August rather than recovering the amount over both the July and August bills. The duration of the requested temporary exemption from the RSC to September 30, 2024 is to accommodate customer questions, late payments or any other issues that may arise in relation to the August bill.

The Application notes that an explanatory communication will be provided to the affected Chapleau customers with the relevant bill(s). HONI has confirmed that the proposed recovery of the under-billed amount from Chapleau customers will not impact any other of its customers.

### **Decision**

The OEB grants the application for a temporary exemption from section 7.7.4 of the RSC to September 30, 2024. The Application acknowledges that the under-billing constitutes non-compliance with the billing accuracy provisions of the Distribution System Code, and the OEB notes that the Application was filed to address the billing error shortly after it was discovered. The OEB notes that the billing error occurred at a time when CPUC was experiencing difficulty managing day-to-day operations of the utility due to financial and staffing issues, which led to HONI being licensed on an interim basis to assume control of CPUC's distribution system. The OEB accepts that recovery of the under-billed amount over a period that aligns with section 7.7.4 of the RSC is impractical for operational reasons given the state of the CPUC billing system and will increase costs. The OEB does not consider it necessary to grant an interim exemption retroactive to the date of the Application, as the proposed option by HONI is to include the entirety of the under-billed amount to CPUC's final bill that will be issued mid-August.

The OEB understands that even though CPUC's electricity distribution licence (ED-2002-0528) was cancelled on August 8, 2024, the under-billed amount will be recovered using CPUC's billing system.

Consumer protection is a core part of the OEB's mandate and so the granting of any relief from the requirements set out in the RSC is not given lightly. The OEB expects the notification to customers regarding the recovery of the under-billed amount to be in clear and plain language. The OEB also expects HONI to take steps to ensure the highest level of service possible in responding to any questions or concerns that Chapleau customers may have pertaining to recovery of the under-billed amount.

**IT IS ORDERED THAT:**

1. Schedule 3 “List of Code Exemptions” of Hydro One Networks Inc.’s Electricity Distribution Licence ED-2003-0043 is amended to include the following exemption:

“The Licensee is exempt from section 7.7.4 of the Retail Settlement Code in respect of the recovery of under-billed amounts related to the Distribution Rate Protection program from residential customers in the Township of Chapleau, as per the Board’s Decision and Order in EB-2024-0232. This exemption expires on September 30, 2024.”

**DATED** at Toronto August 12, 2024

**ONTARIO ENERGY BOARD**

Brian Hewson  
Vice President, Consumer Protection & Industry Performance