

Hydro One Networks Inc.

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

Jason Savulak

Acting Director
Regulatory Compliance
C 647-293-7226
Jason.Savulak@HydroOne.com

BY EMAIL

January 24, 2025

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

Dear Ms. Marconi,

EB-2014-0360 & EB-2015-0176 – Hydro One Network's Request for an Extension to the Exemptions Related to Time-of-Use Billing, Estimated Billing and Billing Accuracy

Please find attached Hydro One Networks Inc.'s application for an extension to the exemptions received from the Ontario Energy Board from provisions in the Standard Supply Service Code requiring distributors to offer time-of-use (including the ultra-low overnight option) pricing for regulated price plan customers with eligible time-of-use meters and provisions in the Distribution System Code related to estimated billing and billing accuracy.

Please do not hesitate to contact Yoon Kim (yoonskim@hydroone.com) if you have any further questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason Savulak", with a stylized flourish at the end.

Jason Savulak

ONTARIO ENERGY BOARD

IN THE MATTER OF *the Ontario Energy Board Act, 1998;*

AND IN THE MATTER OF an Application by Hydro One Networks Inc.

for an Order or Orders including an extension to the exemption from:

- (a) the provisions of the Standard Supply Service Code requiring electricity distributors to offer time-of-use and ultra-low overnight price options for regulated price plan consumers with eligible time-of-use meters, as of the mandatory date;
- (b) the provisions of the Distribution System Code limiting the number of estimated bills that can be issued to customers and requiring 98% billing accuracy.

SUMMARY OF APPLICATION

1. The Applicant is Hydro One Networks Inc. ("Hydro One"), a subsidiary of Hydro One Inc. Hydro One is an Ontario corporation carrying on the business, among other things, of owning and operating electricity distribution facilities in Ontario.
2. Hydro One requests an extension of the exemption received from the provisions in the Standard Supply Service Code (the "SSS") requiring electricity distributors to implement time-of-use ("TOU") pricing for regulated price plan ("RPP") customers with eligible TOU meters who elect to be billed based on this price plan option. The subject exemption was granted by the Ontario Energy Board (the "Board") on January 13, 2011 (in proceeding EB-2010-0282 for approximately 150,000 customers), on December 21, 2012 (in proceeding EB-2012-0384 for approximately 122,000 customers), on March 26, 2015 (in proceeding EB-2014-0360 for approximately 170,000 customers) and on December 19, 2019 (in proceeding EB-2019-0259 for approximately 94,000 customers). This exemption request is for approximately 89,000 customers.
3. Hydro One requests a new exemption from the provisions in the SSS requiring electricity distributors to implement Ultra-Low Overnight (ULO) pricing options for RPP customers with eligible TOU meters who elect to be billed based on this price plan option, as of the mandatory date. This exemption request is for the same approximately 89,000 customers.
4. Hydro One requests an extension of the exemption received from the provisions in Sections 2.10.1 and 7.11.1 - 7.11.7 of the Distribution System Code (the "DSC") pertaining to the issuance of estimated bills. The subject exemption was granted by the Board on December 19, 2019 (in proceeding EB-2019-0259 for approximately 94,000 customers). This exemption request is for the same group of approximately 89,000 customers referenced above.

5. Hydro One requests that both exemptions be extended for another 5 years, from January 1, 2025 and until December 31, 2029.
6. Hydro One requests that this proceeding be conducted by way of a written hearing.
7. Hydro One also requests an interim extension for each of the exemptions requested above, as of January 1, 2025, until such time when the Board renders a final decision in this application.

1.0 BACKGROUND

On September 16, 2010, Hydro One filed an application with the Board, under section 74 of the Ontario Energy Board Act, 1998, seeking an exemption from the mandated date for the implementation of TOU pricing date (the “TOU Exemption”) for all RPP customers. An exemption was sought for approximately 150,000 RPP customers, whose meters will not communicate reliably or at all with Hydro One’s Advanced Metering Infrastructure (AMI) smart meter network and have been appropriately defined as “hard-to-reach” customers. As a result, these customers would need to remain on 2-tier pricing. The Board found Hydro One’s request to be reasonable and granted Hydro One a two-year exemption from January 1, 2011, until December 31, 2012.

On September 21, 2012, Hydro One filed an application to extend the TOU Exemption for the “hard-to-reach” customers. While Hydro One was able to successfully migrate a net total of 28,000 “hard-to-reach” customers to TOU pricing during the exemption period through certain network improvements and tuning, there was no technically or economically feasible solution for migrating the remaining “hard-to-reach” RPP customers to TOU pricing. The Board agreed and granted Hydro One another two-year exemption from January 1, 2013, to December 31, 2014, for the remaining approximately 122,000 “hard-to-reach” customers. This extension of the TOU Exemption included a requirement that Hydro One report annually on its progress in transitioning the identified “hard-to-reach” RPP customers to TOU pricing.

During this exemption period, Hydro One reported that it was able to transition approximately 12,000 “hard-to-reach” customers to TOU pricing. However, despite Hydro One’s continued efforts to explore options for improving communication with its smart meter network, there was still no feasible solution for transitioning the remaining “hard-to-reach” customers to TOU pricing. Hydro One also reported that during this period, the meters for some “hard-to-reach” customers, who had been converted to TOU pricing, were no longer communicating reliably with the smart meter network and would have to be transitioned back to 2-tier pricing. After accounting for new “hard-to-reach” customers projected to connect in its service territory, Hydro One filed an application on December 1, 2014, to extend the TOU Exemption for another 5 years for approximately 170,000 “hard-to-reach” customers.

On March 26, 2015, Hydro One’s TOU Exemption was extended by the Board until December 31, 2019, for its “hard-to-reach” customers. The exemption included requirements, among others, to provide the Board with scheduled updates on improvements to telecommunication infrastructure, cellular network expansion and the progress made in transitioning the “hard-to-reach” customers to TOU pricing.

Subsequently, on April 15, 2015, the Board amended the DSC to include new requirements related to billing frequency, the use of estimated billing and billing accuracy. On May 6, 2015, Hydro One filed an application with the Board seeking an exemption from Section 2.10.1, which limits the number of bills that a distributor can issue based on an estimate, and Sections 7.11.1 – 7.11.7 of the DSC, which require distributors to issue accurate bills 98% of the time (the “Billing Estimate/Accuracy Exemption”). In its application, Hydro One cited the same technical factors and challenges outlined in its TOU Exemption, which prevent the meters of “hard-to-reach” customers from communicating reliably with the AMI network, as the reason for its inability

to comply with the new DSC requirements. For the affected group of approximately 170,000 RPP customers, Hydro One proposed to limit the number of bills issued to seasonal and non-seasonal customers that are based on an estimate.

On September 24, 2015, Hydro One was granted an exemption by the Board for the identified “hard-to-reach” customers until December 31, 2019. The exemption was granted on the condition that Hydro One restrict collection-related activities based on estimated bills and report annually on the number of “hard-to-reach” customers receiving estimated bills, the accuracy of these bills, and the ways in which Hydro One plans to improve the billing accuracy and reduce the number of estimated bills issued to customers. On December 19, 2019, Hydro One was granted an extension to the exemption from the requirement to provide monthly bills based on actual reads 98% of the time for approximately 94,000 hard to reach customers until December 31, 2024.

Since this extension was granted in 2019, the total number of “hard-to-reach” customers, who cannot be billed based on TOU pricing and receive more estimated bills than typical customers, has decreased from 94,000 to approximately 89,000. In large part, this decrease can be attributed to the expansion of Bell Canada’s Long Term Evolution (LTE) or 5G infrastructure within Hydro One’s service areas and economical upgrades to the smart meter network infrastructure made by Hydro One to support the LTE and 5G conversion. That notwithstanding, there has been limited expansion of the cellular networks of private commercial carriers into the “hard-to-reach” areas and this is expected to occur at a slow rate. Without expansion, there are limited economical options available for improving meter communication reliability in “hard-to-reach” areas that would enable Hydro One to offer TOU or ULO pricing option to customers in these areas and reduce the number of estimated bills issued to these customers.

Given the technical factors and challenges that continue to impact meter communication reliability in the “hard-to-reach” areas and Hydro One’s best efforts to only incrementally improve the situation, Hydro One is requesting another extension of its TOU Exemption and the Billing Estimate/Accuracy Exemption in respect of these customers. As part of its request to extend the TOU Exemption, Hydro One is also seeking a similar exemption from the ULO pricing options available to RPP customers.

2.0 EXEMPTION REQUEST

Hydro One requests an extension of its TOU Exemption and the Billing Estimate/Accuracy Exemption, from January 1, 2025, to December 31, 2029, for approximately 89,000 RPP customers. As part of this exemption request, Hydro One is also seeking an exemption from meeting the requirements in the SSS for providing the ULO price plan option for those same RPP customers.

As has been the case in the past, the exact number of customers impacted by this exemption request will fluctuate from time to time. The number of impacted customers will be affected by the number and location of new customer connections in “hard-to-reach” areas, expansion plans of the cellular network infrastructure by private commercial carriers, enhancements and upgrades to Hydro One’s AMI smart meter network and other environmental factors pertaining to Hydro One’s service territory.

The technical considerations and rationale for which this exemption is being sought are detailed below.

3.0 EXEMPTION RATIONALE

As outlined in Hydro One’s last TOU Exemption application (EB-2019-0259), submitted to the Board on October 21, 2019, Hydro One’s service territory is unique compared to other provincial Local Distribution Companies. The unique aspects of its service territory create several challenges when connecting customers to its smart meter network and ensuring that their meters communicate reliably once they are connected. These challenges include:

- Private commercial cellular coverage, the backbone of the smart meter network’s Wide Area Network (WAN), is not ubiquitous across Hydro One’s service territory and therefore connectivity is not possible in many areas;
- Extremely low customer density in many parts of the service territory makes it impossible to economically build out the AMI network to make these meters communicate reliably based on the current technology;
- The extreme rugged nature and topography of many parts of Hydro One’s service territory (hills, valleys, Canadian Shield) can both block and/or absorb RF signal impacting signal strength and range;
- Extensive tree coverage and growth across many parts of Hydro One’s service territory impacts signal strength and range depending on type of tree, season, and other environmental factors. Wet trees absorb RF energy more than dry trees. Coniferous trees absorb more than deciduous trees. Snow on coniferous trees in winter will also absorb signals. These variations in absorption make the network reliability susceptible to changes in seasons and conditions; especially in sparsely populated areas that are typically heavily forested; and
- Medical concerns (RF sensitivities) identified by customers, who require non-communicating metering devices.

In the absence of technological advancements in automated meter reading infrastructure or cellular network expansion into the remaining “hard-to-reach” areas of Hydro One’s service territory, it is simply not possible for some customer meters to communicate reliably with the AMI network to be able to bill these customers based on TOU pricing or limit the number of estimated bills that they receive as a result. The costs associated with the options available for improving meter communication reliability are excessively high and would result in upward pressure on rates. Given that there are no technological advancements or substantial network expansion plans expected over the foreseeable future, this situation is unlikely to be resolved for identified “hard-to-reach” customers.

4.0 CONCLUSION

Hydro One is seeking a five-year extension of its TOU Exemption and Billing Estimate/Accuracy Exemption for approximately 89,000 “hard-to-reach” RPP customers, as well as an exemption from requirements to provide ULO pricing to these same customers.

Those customers subject to the exemptions will remain on 2-tier pricing, as specified in Section 3.3 of the SSS, during the exemption period unless their meter is able to communicate reliably with the AMI network and they can be successfully migrated to TOU or ULO pricing. Hydro One will issue a bill based on a manual meter read to the “hard-to-reach” Residential and General Service < 50 kW customers on a quarterly basis. All other monthly bills received by these customers will be based on an estimate, which Hydro One has shown is very accurate based on previous reports submitted to the Board under the terms of the Billing Estimate/Accuracy Exemption. To the extent that the AMI network provides remote reads within the billing window, Hydro One will use these reads to issue bills instead of a planned estimate. Customer-provided meter reads will also be accepted to generate bills based on actual reads. The proposed approach is consistent with the approach taken by Hydro One under the previous TOU Exemption and Billing Estimate/Accuracy Exemption.

Where cost effective for ratepayers, Hydro One will continue to invest in AMI network improvements and explore opportunities to improve compliance by transitioning customers to TOU or ULO pricing and reducing the number of estimated bills that they receive. However, this will only be done when Hydro One is confident that customer expectations can be met using options that are economically viable.