



**EB-2014-0360**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O.1998, c.15, Schedule B;

**AND IN THE MATTER OF** an application by Hydro One Networks Inc. for an extension to its mandated time-of-use pricing date for certain Regulated Price Plan customers.

By delegation, before: Peter Fraser

## **DECISION AND ORDER**

Hydro One Networks Inc. filed an application dated December 01, 2014 with the Ontario Energy Board under section 74 of the *Ontario Energy Board Act, 1998* (the "Act") for an amendment to Electricity Distribution Licence ED-2003-0043. The licence amendment requested that an extension be granted in relation to the mandated date for the implementation of time-of-use ("TOU") pricing rates for certain Regulated Price Plan ("RPP") customers.

### **Background**

On August 4, 2010 the Board issued a determination under Section 1.2.1 of the Standard Supply Service Code to require the implementation of TOU pricing for RPP customers. The determination established mandatory TOU implementation dates for each electricity distributor.

On December 21, 2012 Hydro One was granted an extension to its mandated TOU pricing date for certain identified hard to reach RPP customers that are outside Hydro One's smart meter telecommunications infrastructure. Hydro One stated that there were no current options that would meet full compliance to providing TOU pricing to these customers. Hydro One indicated that the options that were available to reach these

customers would achieve only partial compliance and create excessive costs. Hydro One stated that the situation was not expected to be resolved until there is improved telecommunications infrastructure in place or when future technological advancements in automated meter reading infrastructure become available. The extension began on January 1, 2013 and expired on December 31, 2014.

## **The Application**

On December 1, 2014 Hydro One filed an application for a further extension to its TOU pricing date for these hard-to-reach customers. Hydro One requested that the extension begin on January 1, 2015 and remain in place until December 31, 2019. Hydro One states that during the previous extension period 12,000 of the identified hard-to-reach customers were successfully migrated to TOU pricing. In this application, Hydro One requested:

1. An extension for the remaining 110,000 hard-to-reach customers;
2. An extension for 50,000 customers currently on TOU pricing that demonstrate consistently unreliable meter communication resulting in billing errors and consumer dissatisfaction;
3. An extension for approximately 10,000 new hard to reach customers who are projected to be connected to Hydro One's service area during the requested five year exemption period.

On December 18, 2014, the Board issued an Interim Decision and Order granting an interim extension of the exemption to June 30, 2015 or until the final determination of the current application, whichever is earlier.

## **The Proceeding**

On December 22, 2014 the Board issued its Notice of Application and Written Hearing in this proceeding. The Notice set dates for parties to file written interrogatories and submissions. On January 16, 2015 Board staff filed interrogatories on the application. Hydro One responded to the interrogatories on January 30, 2015. On February 13,

2015 Board staff filed a submission on the application. On February 27, 2015 Hydro One replied to Board staff's submission. No other parties submitted comments.

In its submission, Board staff stated that it supported granting Hydro One's request for extension to the exemption to mandated TOU pricing rates for the identified customers. However, Board staff submitted that a set of reporting requirements would be appropriate for Hydro One to update the Board on its progress. Board staff recommended that Hydro One provide written notice to the Board not less than 30 days from the date it begins to convert the approximately 50,000 hard to reach customers with unreliable meter communication resulting in billing errors to two tier pricing. Board staff also recommended that this report include a copy of the applicant's communications plan, direct mail notification package and call centre scripting. Board staff also submitted that a general reporting requirement should include the following:

- Status updates of any potential significant improvements in telecommunications infrastructure and/or future technological advancements in automated meter reading infrastructure;
- An update on reliable cellular network coverage expansion and its impact on affected customers; and
- Hydro One's progress in transitioning hard to reach customers to TOU pricing.

Hydro One responded to Board staff's submission and stated that it is encouraged that Board staff supports granting the requested extension subject to certain conditions.

## Findings

I find the extension to the exemption to the mandated date for TOU pricing for the identified customers should be granted. Hydro One will be exempted from the requirement to apply TOU pricing for the approximately 170,000 of its identified hard to reach customers until December 31, 2019.

I accept Board staff and Hydro One's proposal for reporting in relation to Hydro One's progress in transitioning the identified hard to reach customers to TOU pricing. I find the reporting on significant technological improvements and updates on reliable cellular network expansion would be helpful to the Board. I agree with Board staff's proposal for Hydro One to include its communication plan, direct mail notification package and call centre scripting for those customers that it converts back to two tier pricing. I encourage

Hydro One to continue its efforts to identify cost effective technological solutions during the exemption period.

**IT IS THEREFORE ORDERED THAT:**

1. Hydro One Networks Inc.'s distribution licence ED-2003-0043, specifically Schedule 3 List of Code Exemptions, is amended to include an exemption from the requirement to apply time-of-use pricing by a mandatory date under the Standard Supply Service Code for Electricity Distributors in respect of approximately 170,000 Regulated Price Plan customers that as of December 1, 2014 are:
  - i. outside the smart meter telecommunications infrastructure reach of Hydro One Networks Inc.;
  - ii. currently on TOU pricing with consistently unreliable communication resulting in billing errors;
  - iii. new hard to reach customers who are expected to be connected to Hydro One's service area during the requested exemption period.

This exemption will expire December 31, 2019.

2. Hydro One Networks Inc. shall file a report to the Board on its progress to transition the identified hard to reach customers to time-of-use pricing on December 31, 2016 and December 31, 2018.
3. Hydro One Networks Inc. shall provide written notice to the Board not less than 30 days from the date it begins converting the approximately 50,000 hard to reach customers with consistently unreliable communication to two-tier pricing. Such written notice will include a copy of Hydro One Networks Inc.'s communications plan, direct mail notification package and call centre scripting.

**DATED** at Toronto, March 26, 2015

**ONTARIO ENERGY BOARD**

*Original signed by*

Peter Fraser

Vice President, Industry Operations & Performance