

Ministry of Energy

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Mr. Mayo Schmidt
President and CEO
Hydro One
483 Bay Street
8th Floor, South Tower
Toronto ON M5G 2P5

Dear Mr. Schmidt:

I would like to take this opportunity to express my appreciation to Hydro One for its continued efforts in executing Ontario's Fair Hydro Plan, and ensuring the plan's various price mitigation initiatives are implemented on-time for Hydro One ratepayers. This plan recognizes that rising electricity prices are among the highest priorities for Ontarians, and takes the necessary steps to provide significant rate relief and ensure greater fairness. With that in mind, I wish to discuss several important aspects of the plan that relate to Hydro One.

First Nations Delivery Credit

Over the course of the past several months the Ministry of Energy has been working collaboratively with you to develop the First Nations Delivery Credit (FNDC). From the program's inception, through the amendment of the *Ontario Energy Board Act* to provide the authority to deliver the program and finally the development of the FNDC Regulation, I want to thank you for your help in bringing Ontario's Fair Hydro Plan to life.

Through your engagement and consultation work with the Ontario Energy Board (OEB) to your involvement in the FNDC Working Group, the tireless efforts of everyone involved has paved the way for this program to come to fruition. The FNDC will provide much needed relief from the high costs of electricity in First Nations communities. As a result of the engagements with LDCs and First Nations through the Working Group process, the Ministry is pleased the FNDC program will be successfully implemented by the commencement date of July 1, 2017.

The issues identified in LDC working group meetings helped to shape the program parameters and design features. To deliver the FNDC program according to plan, I encourage you to undertake increased outreach efforts to your First Nation on-reserve customers to ensure all eligible customers participate in this important program. I trust that you are prepared to address the increased interest from First Nation on-reserve

customers who will be providing the necessary information to receive both the HST exemption and credit.

Distribution Rate Protection

As you are aware, your company is now required to provide Distribution Rate Protection to your customers as part of Ontario's Fair Hydro Plan. This new program, an expansion of existing Rural or Remote Rate Protection, is intended to mitigate the high costs of distribution for eligible customers. This program helps fulfill the Government's commitment to help rural Ontarians coping with high electricity costs.

I want to thank you for your company's participation in the development work associated with this program. The Distribution Rate Protection working groups with Local Distribution Companies (LDCs) were integral in helping the province design the legislative framework for the program as well as the enabling regulation. The implementation considerations raised throughout the course of the working group were instrumental in crafting the program in such a way that the benefits could be delivered beginning July 1st. I greatly appreciate your staff's time and commitment to meet our implementation target.

The provision of this significant rate relief would not be possible without your help and we would like to sincerely thank you for your time, effort, and commitment in helping to deliver Ontario's Fair Hydro Plan.

Electricity Invoice Redesign

In anticipation of these new initiatives, the Ministry has introduced new invoicing requirements to support transparency and communication of the changes made under Ontario's Fair Hydro Plan. These requirements introduce new on-bill messaging describing the plan's initiatives, as well as bill inserts designed to inform customers about the resultant bill impacts. In addition, the Ministry has taken steps to remove outdated informational messaging from invoices in order to free-up space and avoid potential confusion amongst consumers.

Owing largely to your advocacy and interventions, we believe there is an opportunity to revise the regulatory framework on bill presentment to improve the value of electricity invoices to all consumers in Ontario. In pursuit of this effort, the Ministry will be launching a Redesign Action Plan this summer aimed at improving the appearance and comprehension of electricity invoices in the province. We intend to convene a working group to launch this initiative in July, consisting of electricity vendors and other interested parties, once the Ontario Fair Hydro Plan initiatives have been implemented.

I am aware that Hydro One shares a similar objective, and has been planning and developing several initiatives to enhance its customers' experience when interacting with the company, including its own bill redesign initiative. Likewise, I understand your aim in this redesign process is to increase your customers' comprehension of their electricity charges, improve customer perception of Hydro One and promote new products and services.

In order to facilitate your bill redesign efforts, the Ministry has provided Hydro One with an exemption from the invoicing requirements imposed under O. Reg. 275/04 as of July

1, 2017, as well as the on-bill messaging requirements introduced under the *Ontario Fair Hydro Plan Act*, 2017. These exemptions will allow Hydro One to pursue its “ideal” bill redesign, unencumbered by regulatory requirements. It is our hope that your redesigned bills will begin reaching the marketplace before the end of 2017.

In providing these exemptions, the Ministry will rely on Hydro One to share its learnings from its bill redesign initiative in support of our Redesign Action Plan, including consumer behavioural insights, identification of key bill components and customer feedback in response to the redesigned bills. I am confident that Hydro One’s lessons learned will be most helpful as we embark on this initiative.

Once again, let me thank you and your entire organization for your dedication and hard work over recent months on contributing to Ontario’s Fair Hydro Plan. I look forward to continuing to work together to serve Ontario and its ratepayers.

Sincerely,

Glenn Thibeault
Minister

c: Ferio Pugliese, Executive Vice-President, Customer Care & Corporate Affairs,
Hydro One Inc.
David Denison, Chair, Board of Directors, Hydro One and Hydro One Inc.