

RE: FAO report

From: "Reid, Michael (ENERGY)" <michael.reid@ontario.ca>
To: "Imbrogno, Serge (ENERGY)" <serge.imbrogno@ontario.ca>
Cc: "Schlaepfer, Martin (ENERGY)" <martin.schlaepfer@ontario.ca>, "Calwell, Carolyn (ENERGY/MEDEI/MRI)" <carolyn.calwell@ontario.ca>
Date: Tue, 23 May 2017 13:39:30 -0400

Deputy,

We have crafted the following response to the SoC's question:

The existing RRRP program provides support to Hydro One R2 customers, as well as customers in Algoma Power and remote communities. The Fair Hydro Plan announced that the Ministry intends, through legislation and regulation, to move RRRP costs for Hydro One R2 consumers from the ratebase to the taxbase. This represents roughly 80% of current RRRP costs. Costs associated with providing support to Algoma Power and Hydro One Remote Communities are unaffected by this proposal in order to not disrupt complex regulatory constructs governing this funding. To allow the Ministry to implement this intent, the legislation allows for current RRRP costs to be funded through both the taxbase and the ratebase (with this division to be articulated in regulation). The regulations will specify that Hydro One R2 costs will be paid for by the taxbase, and there is no intention to return Hydro One R2 costs to the ratebase at any point.

Costs associated with the broadened RRRP program (referred to in the legislation as Distribution Rate Protection under Schedule 2 Section 4) can only be placed on the taxbase. Therefore the Ministry disagrees with the FAO assessment that there is potential for the program to revert back to the ratebase in the future.

From: Imbrogno, Serge (ENERGY)
Sent: Tuesday, May 23, 2017 12:54 PM
To: Calwell, Carolyn (ENERGY/MEDEI/MRI); Reid, Michael (ENERGY)
Subject: Fwd: FAO report

Hi. Could I get a quick response. Thanks

Sent from my iPad

Begin forwarded message:

From: "Orsini, Steve (CAB)" <Steve.Orsini@ontario.ca>
Date: May 23, 2017 at 12:48:56 PM EDT
To: "Imbrogno, Serge (ENERGY)" <Serge.Imbrogno@ontario.ca>
Cc: "Davidson, Steven (CAB)" <Steven.Davidson@ontario.ca>, "Bromm, William (CAB)" <William.Bromm2@ontario.ca>, "Kwamena, Boafoa (CAB)" <Boafoa.Kwamena@ontario.ca>
Subject: FW: FAO report

Why is the FAO saying that "the RRRP may revert back to ratepayers, as described under schedule 2, section 1 of the proposed Bill 132, the

Fair Hydro Act, 2017.”

Footnote 10: The FAO is forecasting the cost of the electricity relief programs based on the Province’s announced commitments regarding the FHP and information provided by the Province to the FAO. As such, the FAO does not forecast the costs of the electricity relief programs beyond the year 2020-21. However, there is uncertainty with this assumption because (a) the electricity relief programs may continue after the year 2020-21 and (b) the cost of the RRRP may revert back to ratepayers, as described under schedule 2, section 1 of the proposed Bill 132, the Fair Hydro Act, 2017. Overall, the FAO estimates that the \$21 billion in net costs to Ontarians of the FHP would not be impacted if this assumption changes. This is because any incremental savings to ratepayers would be offset by costs to the Province.

From: Kwamena, Boafoa (CAB)
Sent: May-23-17 10:56 AM
To: Orsini, Steve (CAB)
Subject: FAO report

[Electronic version.](#)

Thanks