Re: LRC Package - CO questions

From: "Esdaile, Trevor (ENERGY)" <trevor.esdaile@ontario.ca>
To: "Chatterjee, Jeet (ENERGY)" <jeet.chatterjee@ontario.ca>
Cc: "Whittington, Matt (ENERGY)" <matt.whittington@ontario.ca>, "Katona, Keley (ENERGY)" <keley.katona@ontario.ca>
Date: Tue, 08 Nov 2016 18:25:06 -0500

No concerns, feel free to share.

From: Chatterjee, Jeet (ENERGY)
Sent: Tuesday, November 8, 2016 6:20 PM
To: Esdaile, Trevor (ENERGY)
Cc: Whittington, Matt (ENERGY); Katona, Keley (ENERGY)
Subject: LRC Package - CO questions

Trevor,

Attached are ENE responses to further questions that CO had on the Rate Mitigation LRC package. Ministry responses are in red.

Thanks,

Jeet

1) When did the RRRP last change? The amount of support available to Hydro One R2 customers has been fixed by regulation since 2001. Prior to that, rural rate assistance operated under a different framework administered by the old Ontario Hydro.

2) Although this proposal is not expected to affect the majority of OCEB customers (as audits conducted by the Ministry of Finance identified minimal errors in the application of the program), the potential size of the liability related to retroactive payments is highly uncertain due to data limitations. ENERGY's rough estimate for this liability is $10 million. Since January 2011, OCEB expenditures have been approximately $5.3B; expenditures are reflected in Volume 1 of Public Accounts each fiscal year.

3) The 8% rebate would be structured and delivered in a similar fashion to the former OCEB. There is a risk that the government could be criticized for replacing the OCEB with a smaller rate relief package, just one year after the OCEB ended.
   a. The new rebate would have a wider base, would be permanent, and would be uncapped, compared to the OCEB, which was capped at 3,000 kWh per month (and per residential unit in a bulk-metered, multi-residential building), and limited to 5 years .

4) The rebate was earlier estimated as part of the fiscal plan to cost $1 billion on an annualized fiscal basis, and this estimate has since increased to $1.2 billion. The rationale for the increase is that ENERGY was able to refine its analysis . ENERGY has also indicated that the rebate is expected to cost approximately $4.5 billion from 2017-2020. It was indicated that revised estimates would be part of Energy's PRRT submission.

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