

Rate Design Working Group (RDWG) Meeting #2 – Summary of Discussion

Date of Meeting: May 27, 2015

Participants: Henry Andre, Christine Bell, Doug Bradbury, Julie Girvan, Bill Harper, Laurie McLorg, Darryl Seal, Joanne Tackaberry and OEB staff.

Areas of Consensus

- 1) There is no reason why new rate design should not apply to seasonal customer classes, provided they are residential in nature.
 - Though not specified by the OEB report, distributors should be allowed to apply to transition their seasonal classes to a fully fixed rate designs.

- 2) Parties agreed with the proposal for Type 1 mitigation.
 - An extra implementation year should be the default choice of mitigation for any distributors that would require an increase above \$4 to the fixed charge to implement the policy change over a four-year period.
 - Any distributors that would require longer than 5 years to transition to fully fixed rates while remaining under the \$4 threshold for changes to the fixed charge should propose a mitigation strategy.

- 3) Parties agreed on the methodology proposed in option #2 for Type 2 mitigation.
 - The standard 10% test for the total bill impacts should apply.
 - Total bill impact should be evaluated on the basis of a distributor-specific usage level which represents a certain percentile of the lowest-consuming customers.
 - The choice of mitigation tool (e.g. longer recovery periods for rate riders, multi-year R/C ratio adjustments) is left to the distributor's discretion where the 10% total bill impact threshold has been exceeded.

- 4) Any residual balances in account 1595 arising from the recovery of rate riders for Group 2 accounts may be disposed of on a variable basis in IRM years, provided that balances are immaterial.
 - If amounts are material, the distributor should make every effort to ensure the allocation of balances reflects the nature in which the amounts were recovered.

Implementation Aspects Requiring OEB Direction/Consideration:

- 1) No agreement on specific percentile threshold for low-volume customer.
 - RDWG reviewed estimated total bill impacts for customers at the 10th and 25th percentiles of consumption.

Action Items:

- 1) Board staff to create RDWG website and post materials from both meetings.
- 2) Board staff to circulate draft recommendations to RDWG for comment.