

## BY EMAIL AND WEB POSTING

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March 25, 2020

To: All Rate-regulated Electricity Distributors
All Rate-regulated Natural Gas Distributors
All Other Interested Parties

Re: Accounting Order for the Establishment of Deferral Accounts to Record Impacts Arising from the COVID-19 Emergency

The Ontario Energy Board (OEB) acknowledges that electricity and natural gas distributors may incur incremental costs as a result of the ongoing COVID-19 pandemic, the severity and duration of which is uncertain at this time. The OEB is therefore hereby ordering the establishment of Account 1509 – Impacts Arising from the COVID-19 Emergency, together with three sub-accounts, for electricity distributors to use to track any incremental costs and lost revenues related to the COVID-19 pandemic. The OEB is establishing similar sub-accounts for natural gas distributors.

1. <u>Billing and System Changes for Electricity Distributors as a Result of the Emergency Order Regarding Time-of-Use Pricing</u>

On March 24, 2020, the Government issued an Emergency Order under the *Emergency Management and Civil Protection Act*, fixing the electricity commodity price for Regulated Price Plan (RPP) consumers on time-of-use (TOU) pricing at 10.1 ¢/kWh for each of the on-peak, mid-peak and off-peak hours of every day. The Emergency Order applies to electricity consumed starting at 12:00 EST on March 24, 2020. The Government has announced that it intends to keep the 10.1 ¢/kWh pricing in place for 45 days.

Electricity distributors may need to incur incremental costs to implement the emergency TOU prices on consumer bills and in their billing systems. Although it is not expected that these costs will be material, electricity distributors may track such incremental costs in Account 1509 – Impacts Arising from the COVID-19 Emergency, Sub-account Costs Associated With Billing and System Changes.

This sub-account is effective March 24, 2020. Carrying charges at the OEB's prescribed rate apply to this sub-account.

## 2. <u>Lost Revenues Arising from the COVID-19 Emergency for Electricity Distributors and</u> Natural Gas Distributors

Electricity distributors may incur lost revenues as a result of the COVID-19 emergency, including lost revenues associated with any actions taken to provide relief to customers. Electricity distributors may track any such lost revenues in Account 1509 - Impacts Arising from the COVID-19 Emergency, Sub-account Lost Revenues.

Natural gas distributors may track any such lost revenues in a new sub-account under Account 179.

As indicated in the OEB's <u>March 24, 2020 letter</u>, the OEB will be providing guidance on waiving or lowering charges included on electricity distributors' approved tariff of rates and charges, and will confirm at that time where distributors should track any associated lost revenues. The OEB will provide similar guidance for natural gas distributors.

The two above-referenced sub-accounts are effective March 24, 2020. Carrying charges at the OEB's prescribed rate apply to these sub-accounts.

## 3. Other Incremental Costs for Electricity Distributors and Natural Gas Distributors

Electricity distributors and natural gas distributors may incur additional incremental identifiable costs beyond those noted above related to the COVID-19 emergency, including costs relating to bad debt expenses.

Electricity distributors may track such costs in Account 1509 – Impacts Arising from the COVID-19 Emergency, Sub-account Other Costs. Natural gas distributors may track such costs in a new sub-account under Account 179.

The two above-referenced sub-accounts are effective March 24, 2020. Carrying charges at the OEB's prescribed rate apply to these sub-accounts.

The OEB will assess any claimed costs and/or lost revenues associated with any of the sub-accounts established in this letter, at the time these sub-accounts are requested for disposition, subject to established materiality thresholds.

DATED at Toronto March 25, 2020

## **ONTARIO ENERGY BOARD**

Original signed by

Christine E. Long Registrar and Board Secretary