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Frank D'Andrea

Vice President
Regulatory Affairs

BY COURIER

August 21, 2017

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON, M4P 1E4

Dear Ms. Walli,

EB-2017-0188 – Request to Discontinue Provincial Funding for Eligible Investments Under Ontario Regulation 330/09 for the former Haldimand County Hydro Inc. Service Area

Hydro One Networks Inc. (“Hydro One”) is requesting that the Ontario Energy Board (“OEB”) temporarily discontinue the collection of provincial funding for eligible renewable energy generation (“REG”) enabling and expansion investments under O. Reg. 330/09 in the former Haldimand County Hydro Inc. (“Haldimand County Hydro”) service area.

Background

In Haldimand County Hydro’s last cost of service rate application (EB-2013-0134), the OEB approved recovery of eligible forecast REG investments under O. Reg. 330/09 for the former Haldimand County Hydro. In the time since the OEB’s decision in that proceeding, the OEB has been approving amounts to be collected by the IESO and remitted to Haldimand County Hydro for the provincial portion of the costs for those eligible assets including, most recently, in the EB-2017-0188 proceeding.

On March 12, 2015, the OEB approved the acquisition of Haldimand County Hydro by Hydro One in the EB-2014-0244 proceeding. Though Haldimand County Hydro’s rates remain subject to rate freeze under the conditions of an acquisition agreement, Haldimand County Hydro was fully integrated in to Hydro One, from an operational perspective, on September 1, 2016.

In EB-2013-0416, Hydro One applied to the OEB to discontinue the collection of revenue it was receiving through the O. Reg. 330/09 renewable generation funding adder from provincial rate payers. Hydro One had indicated that it had accumulated a large credit balance in account 1533 from the revenue received from the funding adder. Hydro One proposed to continue to record the



costs associated with eligible investments in the account. The OEB approved Hydro One's request. Hydro One's current balance in account 1533 associated with the provincial portion of costs related to REG investments is a credit of \$57.7M, as of December 31, 2016.

Given the current balance in account 1533, Hydro One believes it is appropriate to cease collection of the revenues approved in EB-2017-0188 and to record the provincial portion of the ongoing revenue requirement associated with the former Haldimand County Hydro REG investments in the appropriate sub-account of account 1533.

Status of Haldimand County Hydro's Investments

Prior to operational integration with Hydro One, the value of Haldimand County Hydro's actual REG investments totaled \$760,660. Consistent with the OEB's policy for REG expansion investments, set in EB-2009-0349 and in Chapter 2 of the *Filing Requirements for Electricity Distribution Rate Applications*, 83% of the costs have been allocated for provincial recovery. No REG enabling improvements were made. Haldimand County Hydro has accounted for the provincial portion of these investments separately from its rate base.

Hydro One's Request

Hydro One requests that the OEB discontinue the collection of provincial funding for the eligible investments under O. Reg. 330/09 in the former Haldimand County Hydro service area. Consistent with the approach approved for Hydro One in the OEB's decision in EB-2013-0416, Hydro One would record costs for the provincial portion of the eligible investments in the former Haldimand County service area in account 1553 until such time as the credit in the account is expected to be fully depleted. At that time, Hydro One will apply to the OEB to re-instate funding for the provincial portion of the remaining revenue requirement of eligible investments made under O. Reg. 330/09 in Hydro One's overall service territory, including Haldimand County.

Sincerely,

ORIGINAL SIGNED BY FRANK D'ANDREA

Frank D'Andrea

Enc.