



Fogler, Rubinoﬀ LLP  
Lawyers

77 King Street West  
Suite 3000, PO Box 95  
TD Centre North Tower  
Toronto, ON M5K 1G8  
t: 416.864.9700 | f: 416.941.8852  
foglers.com

February 6, 2019

Reply To: Thomas Brett  
Direct Dial: 416.941.8861  
E-mail: tbrett@foglers.com  
Our File No. 185568

**VIA RESS, EMAIL AND COURIER**

Ontario Energy Board  
2300 Yonge Street  
27th Floor  
Toronto, Ontario  
M4P 1E4

Attention: Kirsten Walli,  
Board Secretary

Dear Ms. Walli:

**Re: EB-2018-0130: Hydro One Networks Inc.,  
Application for 2019 Transmission Revenue Requirement**

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Please find enclosed herewith BOMA's Interrogatories in this case. Please note that BOMA is not an intervenor in the HONI SSM EB-2018-0218 case. As a result, BOMA was unaware of the unusual request Hydro One made, to which the Board acceded, that the expert evidence filed in support of HONI SSM inflation and productivity factor would not be subject to examination in this case. This arrangement has made it, as a practical matter, impossible for BOMA to analyze and challenge the PSE Report. In the result, BOMA has had to review some of the evidence in the HONI SSM application and some of its Interrogatories in this case reflects that work. The alternative would be for BOMA to seek to become an intervenor in HONI SSM at this late date, which does not seem practical. However, BOMA has been disadvantaged by this unusual arrangement because while Hydro One owns HONI SSM, the rate zones are different, with different physical and economic characteristics, which would not necessarily lead to identical productivity targets.

Yours sincerely,

**FOGLER, RUBINOFF LLP**

Thomas Brett

TB/dd

Encls.

cc: All Parties (*via email*)

**ONTARIO ENERGY BOARD**

**Hydro One Networks Inc.**

**Application for Electricity Transmission Revenue Requirement  
Effective January 1, 2019**

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**Interrogatories of  
Building Owners and Managers Association of Greater Toronto ("BOMA")**

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February 6, 2019

**Tom Brett**  
Fogler, Rubinoff LLP  
77 King Street West, Suite 3000  
P.O. Box 95, TD Centre North Tower  
Toronto, ON M5K 1G8

**Counsel for BOMA**

**Interrogatories of BOMA**

**1. Ref: Exhibit A, Tab 3, Schedule 1, Page 3**

What is the average transmission rate increase for general service customers at the various volume consumption points in the GS < 50 kW rate class (as show on Table 5 at p11), and for the analogous volume points for the other GS rate classes?

**2. Ref: Exhibit A, Tab 3, Schedule 1, Page 5**

(a) Please confirm that Hydro One's proposed 2019 revenue requirement assumes an outcome in EB-2018-0269 in respect of income taxes that adopts Hydro One's proposal in EB-2016-0160.

(b) If the decision in EB-2018-0269, in respect of the income tax issue, differs from Hydro One Transmission's proposed treatment in EB-2016-0160, how will Hydro One reimburse ratepayers from overpayment in 2018 rate, and adjust 2019 rate?

**3. Ref: Exhibit A, Tab 3, Schedule 1, Page 7**

When will Hydro One Transmission next rebasing application take place, and when will the application be filed?

**4. Ref: Exhibit A, Tab 3, Schedule 1, Page 10**

What would be the transmission rate impact of the application for each customer class and volume point described in IR #1, in the absence of Fair Hydro Plan?

5. **Ref:** *Exhibit A, Tab 4, Schedule 1, Pages 3-4*

- (a) Aside from any inflation factor rationale provided by Power Advisory in its Report on the "HONI SSM" application, please provide the rationale for Hydro One using weighting of 86%-14% ratio in its two-part inflation formula, rather than the 70%-30% guidance provided by the Board in EB-2010-0309. Please explain fully.
- (b) Given that the Board, in earlier cases, had established a Hydro One Transmission stretch factor of 0.3%, aside from the advice of PSE in the HONI SSM case, please provide a rationale for its recommendation of a stretch factor of 0% in this application.
- (c) What are the rate-setting parameters (inflation and productivity factors) of Hydro One is proposing in the HONI SSM proceeding? What percentage has PSE proposed in that proceeding? Aside from the advice provided by PSE, what other reasons does Hydro One have for proposing a stretch factor of 0% in that case and in this case? Note that BOMA is not an intervenor in that case.
- (d) Does Hydro One recognize any differences between HONI SSM and Hydro One that are relevant to the establishment of inflation and productivity factors for the two utilities?
- (e) What additional evidence does Hydro One intend to file in its 2020-2022 custom IR application with respect to inflation and productivity factors?

6. **Ref: Exhibit A, Tab 5, Schedule 1, Page 2**

- (a) Given that section 78(1)(5.0.2.) of the Ontario Energy Board Act states:

*"In approving or fixing just and reasonable rates for Hydro One Limited or any of its subsidiaries, the Board shall not include any amount in respect of compensation paid to the Chief Executive Officer and executives, within the meaning of the Hydro One Accountability Act, 2018, of Hydro One Limited. 2018, c. 10, Sched. 1, s. 10"*

and that section 4 of the Hydro One Accountability Act, 2018, S.O. 2018, c. 10, Sched. 1 (the "Hydro One Accountability Act") provides that:

*"Sections 2 and 3 apply, with necessary modifications, to each of Hydro One Limited's subsidiaries",*

and given that Attachment 1 to the Hydro One October 26, 2018 submission shows a total of 5 senior vice-presidents and 17 vice-presidents, why has Hydro One not included the 5 senior vice-presidents and the 17 vice-presidents in its compensation modification plan in respect of the 2019 revenue requirement? Put another way, why are the compensation costs of the 5 senior vice-presidents and the 17 vice-presidents not removed from the 2018 revenue requirement?

- (b) What would be the total reduction from the 2018 and 2019 revenue requirement, both capital and OM&A driven, if those compensation costs were removed?
- (c) On what basis does Hydro One believe that section 78(1)(5.0.2) of the Ontario Energy Board Act was meant to apply only in a minority of the Hydro One executives, as executive was defined in section 1 of the Hydro One Accountability Act?