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BY COURIER

October 03, 2019

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-2018-0270 and EB-2018-0242: Hydro One Networks Inc. MAAD s.86 Asset Purchase Applications for Orillia Power Distribution Corporation and Peterborough Distribution Inc. – Updated Interrogatory Responses

Hydro One is providing updated Interrogatory Responses I-02-07 and I-02-29 for Orillia Power Distribution Corporation and I-02-35 and I-05-11-01 for Peterborough Distribution Inc .

An electronic copy of this has been filed through the Ontario Energy Board's Regulatory Electronic Submission System (RESS).

Sincerely,

ORIGINAL SIGNED BY JOANNE RICHARDSON

Joanne Richardson

SEC INTERROGATORY # 7

Reference:

[Ex. A/2/1, p. 8]

Interrogatory:

Please confirm that, under the Board's current ten year deferred rebasing policy, Hydro One's legacy customers will subsidize the rates of OPDC customers during that period with respect to 100% of the Shared Costs to serve the OPDC customers, and after the end of the deferred rebasing period under the current Hydro One proposal Hydro One's legacy customers will continue to subsidize the rates of OPDC customers with respect to part of the Shared Costs to serve the OPDC customers

Response:

Not confirmed. Hydro One's legacy customers will not subsidize OPDC customers during or after the deferred rebasing period. During the deferred rebasing period, OPDC customers will continue to be charged OPDC's OEB-approved base distribution rates plus LV charges, with a 1% reduction in Years 1 to 5 followed by price cap adjustments in years 6 – 10. Hydro One's legacy customers are therefore not "subsidizing" OPDC customers over that period. Hydro One's legacy customers will continue to pay rates during the deferral period that they would have paid if the transaction did not occur – they are not paying any cost or "subsidy" additional to what they would be paying in the absence of this transaction.

After the rebasing period, OPDC customers will be allocated a portion of Hydro One's shared costs, up to the amount of the goal post as defined in Exhibit A, Tab 4, Schedule 1. Any allocation of costs to OPDC customers' rates would be to the benefit of Hydro One's legacy customers as those costs will no longer be included in their revenue requirement. Hydro One is forecasting $6.5M of savings that both customer groups will benefit from.

SEC INTERROGATORY # 29

Reference:
[A/5/1, p. 7]

Interrogatory:
SEC is seeking to better understand how the adjustment factors will change over time as Hydro One replaces OPDC assets. For each of the categories of assets to which the adjustment factors are proposed to apply, please provide

a. The most recent actual unit costs to Hydro One of new assets in each of those categories, and the most recent actual unit costs to OPDC of new assets in each of those categories, and an explanation as to any material differences in unit costs.

b. The current OPDC book value per customer, by rate class, for each of those asset categories, and the current Hydro One book value per customer, by rate class, for each of those asset categories, plus any further information (such as weighted average vintage data) that can help the Board and parties understand any material differences in book value per customer for those asset categories.

Response:
a) The requested unit cost data is not available by USofA to which the adjustment factors apply.

b) The current OPDC book value per customer by rate class is not available. The Hydro One 2018 forecast book value per customer[1], by rate class, for each of the USofA asset categories to which the adjustment factors are proposed to apply are provided in the table below:

[1] As per EB-2017-0049, Draft Rate Order Exhibit 3.1, filed April 5, 2019

HONI 2018 Forecast Gross Book Value of USofAs 1815-1860 by Rate Class (per EB-2017-0049)
($/per Customer)

Rate Class	1815	1820	1825	1830	1835	1840	1845	1850	1855	1860
UR	30	115	-	671	394	5	91	395	358	377
R1	67	240	-	1,447	846	10	192	750	538	377
R2	215	848	-	4,591	2,650	30	596	1,896	1,075	377
Seasonal	43	20	-	1,489	887	11	227	1,422	717	377
GSe	228	1,290	-	4,963	2,783	31	618	3,684	-	676
GSd	3,871	29,189	-	60,780	40,421	494	9,824	100,808	-	6,752
UGe	124	913	-	2,839	1,562	18	348	2,670	-	676
UGd	2,293	18,359	-	35,067	23,366	283	5,624	55,996	-	6,752
St Lgt	94	1,038	-	5,763	3,152	42	844	3,416	-	-
Sen Lgt	3	3	-	508	290	4	83	547	-	-
USL	35	27	-	1,154	689	9	175	1,093	-	-
DGen	180	121	-	1,467	1,103	10	194	945	-	8,016
ST	62,511	55,492	-	171,292	135,807	1,990	39,560	-	-	25,670

SEC INTERROGATORY # 35

Reference:
[A/5/1, p. 7]

Interrogatory:
SEC is seeking to better understand how the adjustment factors will change over time as Hydro One replaces PDI assets. For each of the categories of assets to which the adjustment factors are proposed to apply, please provide

a. The most recent actual unit costs to Hydro One of new assets in each of those categories, and the most recent actual unit costs to PDI of new assets in each of those categories, and an explanation as to any material differences in unit costs.

b. The current PDI book value per customer, by rate class, for each of those asset categories, and the current Hydro One book value per customer, by rate class, for each of those asset categories, plus any further information (such as weighted average vintage data) that can help the Board and parties understand any material differences in book value per customer for those asset categories.

Response:
a) The requested unit cost data is not available by USofA to which the adjustment factors apply.

b) The current PDI book value per customer by rate class is not available. The Hydro One 2018 forecast book value per customer[1], by rate class, for each of the USofA asset categories to which the adjustment factors are proposed to apply are provided in the table below:

[1] As per EB-2017-0049, Draft Rate Order Exhibit 3.1, filed April 5, 2019

1

HONI 2018 Forecast Gross Book Value of USofAs 1815-1860 by Rate Class (per EB-2017-0049) ($/per Customer)

Rate Class	1815	1820	1825	1830	1835	1840	1845	1850	1855	1860
UR	30	115	-	671	394	5	91	395	358	377
R1	67	240	-	1,447	846	10	192	750	538	377
R2	215	848	-	4,591	2,650	30	596	1,896	1,075	377
Seasonal	43	20	-	1,489	887	11	227	1,422	717	377
GSe	228	1,290	-	4,963	2,783	31	618	3,684	-	676
GSd	3,871	29,189	-	60,780	40,421	494	9,824	100,808	-	6,752
UGe	124	913	-	2,839	1,562	18	348	2,670	-	676
UGd	2,293	18,359	-	35,067	23,366	283	5,624	55,996	-	6,752
St Lgt	94	1,038	-	5,763	3,152	42	844	3,416	-	-
Sen Lgt	3	3	-	508	290	4	83	547	-	-
USL	35	27	-	1,154	689	9	175	1,093	-	-
DGen	180	121	-	1,467	1,103	10	194	945	-	8,016
ST	62,511	55,492	-	171,292	135,807	1,990	39,560	-	-	25,670

OPDC Income Statement **For the year ended December 31**	**2017**	**2018**
Power and Distribution Revenue	$ 44,516,008	$ 44,393,934
Cost of Power and Related Costs	36,061,333	35,822,451
Distribution Revenue	8,454,675	8,571,483
Other Income (Loss)	(72,487)	(245,800)
Expenses		
Operating	1,009,373	1,105,352
Maintenance	1,103,593	1,198,663
Administrative	2,759,020	2,752,028
Depreciation and Amortization	1,183,380	1,222,768
Financing	812,727	840,935
	6,868,093	7,119,746
Net Income Before Taxes	1,514,095	1,205,937
PILs and Income Taxes		
Current	59,000	169,000
Deferred	239,000	(140,000)
	298,000	29,000
Net Income (Loss)	1,216,095	1,176,937
Other Comprehensive Income (Loss)	-	-
Comprehensive Income (Loss)	$ 1,216,095	$ 1,176,937

Actual OM&A costs	4,871,986	5,056,043
Customer count	13,830	14,091
OM&A per Customer	$ 352	$ 359
% OM&A costs allocated to residential rate class	59%	59%
Residential customer count	12,284	12,522
OM&A per Residential customer (estimated)	$ 234	$ 238