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BY COURIER

October 30, 2012

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

Dear Ms. Walli:

EB-2012-0137 - Hydro One Remote Communities Inc. 2013 Revenue Requirement and rates Application – Hydro One Remote Communities Inc. Responses to Incomplete Application

Please find attached the information requested by the Board on October 10th, 2012 to complete the application. Hydro One Remote Communities Inc. requests that Notice proceed upon receipt of this letter. Given that the Remotes business is a vertically integrated business with both generation and distribution activities, Remotes has tried to complete the standard distribution templates requested by OEB staff. In some cases the fact that Remotes is 100% debt financed impacts on the information being requested. We will continue to work with OEB staff.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

Attached

ATTACHMENT 1

Chapter 2 Filing Requirement References		
Page #	Description	Hydro One's Response
5	When was the forecast of the revenue requirement prepared and when was it approved by management or Remotes' board for use in this application?	The forecast was prepared and approved in November 2011 with an update in April 2012.
13	Revenue Requirement Work Form	See Attachment 2
14	Pro Forma Financial Statements for the bridge and test years	Remotes does not prepare Pro Forma Financial Statements. They are not required for the Remotes' business. Audited Financial statements for 2009, 2010 and 2011 are included in the application as well as detailed information related to the Bridge and Test years.
15-16	Appendix 2-B -- Fixed Asset Continuity Schedule -- gross assets and accumulated depreciation of Property, Plant and Equipment accounts	See Attachment 3. These projects are referred to in the evidence under the appropriate categories of Generation capital, Distribution capital and Facilities.
20	Appendix 2-A -- Capital Projects	See Attachment 4
24	Assumptions underlying the load forecast, including impact of CDM	CDM and load forecast is described in Exhibit G1 Tab 1 Schedule 3 Page 2 lines 16 – 23.
25	Analysis of load forecast variance, and information demonstrating accuracy of past load forecasts	See Attachment 5
25-26	Weather-normalized volumes and revenues	The applicability of weather-normalization or correction is described in Exhibit G1 Tab 1 Schedule 3 Page 3 lines 23 – 26 and Page 4 lines 1 – 3..
26	Explanation of average consumption in each rate class	Average consumption in each rate class is illustrated in Exhibit G1 Tab 1 Schedule 3 page 4 Tables 1 and 2. For more information, see Attachment 9.
26	Appendix 2-F -- Other Operating Revenues -- in Excel format	Remotes' Other Operating Revenues may be found in the application in Exhibit E Tab 1 Schedule 1. Table 4 on page 3 provides the Total.
28	Appendixes 2 -G, -H, -I, -J and -L – Excel tables showing details of O&M expenditures and variances	See Attachment 6. Table showing details of O&M expenditures and variances (following filing requirement (page 28) appendices 2.G, H, I, J and L excel sheets). Variance explanations may be found in Exhibit C1 Tab 2 Schedule 1 through 7.

Chapter 2 Filing Requirement References		
Page #	Description	Hydro One's Response
30	Explanations of compensation variances -- Appendix 2-K in Excel format	Comparison of wage and salaries is illustrated in Exhibit C2 Tab 3 Schedule 1. Remotes does not include part-time employees in its analysis. Remotes does not track accrued pension and post-retirement benefits by category. Pension is considered in the Costing of Work, Exhibit C1 Tab 6 Schedule 1 Page 4 under Company Benefits (25% of payroll obligations)
31	Shared Services annually -- Appendix 2-N in Excel format	Exhibit C1 Tab 2 Schedule 6 provides all of the filing requirements as described on page 31 of the OEB filing requirements in text and table format.
32-33	Depreciation by asset group, comparing accounting standards CGAAP and USGAAP; Appendix CI	See Attachment 7. Hydro One has identified no differences between CGAAP and USGAAP that would affect depreciation.
39	Debt Instruments -- Appendix 2-OB	Remotes' debt instruments are described in Exhibit B1 Tab 1 Schedule 1 with a summary Table on page 3.
47	Loss Factor historical data -- Appendix 2-R; including grid-connected separately	Line losses were considered part of the estimated cost of grid-delivered power (Exhibit G1 Tab 1 schedule 2 Page 4). Line losses of 1.5% (Remotes' current line loss was used). Considering that Remote customers do not pay the full cost to serve them, this estimate is the best proxy.
48	Revenue Reconciliation -- Appendix 2-V in Excel format	See Attachment 8. As discussed in Exhibit G1, Tab 1, Schedule 3, page 6, Remotes prorated the revenue from proposed rates when preparing the revenue forecast for 2013 to account for the May 1, 2013 implementation date. Attachment 8A shows the calculations for the proration of the proposed rates.
52	Analysis supporting conformity with Board's FAQ # 4 (December 2010), re PILs sub-account HST/OVAT and associated Input Tax Credits	For the purposes of PST, Remotes was considered a manufacturer of tangible personal property (electricity) and consequently did not pay PST on the purchase of equipment or materials used in the production of electricity. PST was payable only on a small portion of its administrative expenses, and was an immaterial amount. Therefore, a variance account in respect of PST savings was not established.

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Page #	Description	Hydro One's Response
53	Accounting standard transition cost -- Appendix 2-U in Excel format	A transition cost of \$70,000 was allocated to the IFRS Transition Costs Variance Account, approved by the OEB in proceeding EB-2011-0427. All of this cost related to professional fees allocated to Remotes from Hydro One Networks in 2009.
54	Information and calculations on transition to USGAAP analogous to Filing Requirements related to MIFRS PP&E deferral account. Appendix 2-EA	No costs have been attributed to Remotes related to the transition from CGAAP to USGAAP.