

Hydro One Networks Inc.

8th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-5700
Fax: (416) 345-5870
Cell: (416) 258-9383
Susan.E.Frank@HydroOne.com



Susan Frank

Vice President and Chief Regulatory Officer
Regulatory Affairs

BY RESS

May 30, 2014

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-2013-0416 – Hydro One Networks' 2015 - 2019 Distribution Custom Rate Application and Evidence Filing – Additional Evidence

Please find enclosed an evidentiary update to Hydro One Network Inc.'s five-year Custom Distribution Rate Application, which was originally filed with the Board on December 19, 2013 and subsequently supplemented with additional evidence on January 31, 2014.

A text-searchable electronic version has been submitted via the Ontario Energy Board's Regulatory Electronic Submission System and a copy of the confirmation of the successful submission slip has also been included with this letter. A complete text-searchable electronic version of the evidence from the aforementioned filings and today's filing will also be submitted using the Regulatory Electronic Submission System.

The enclosed evidentiary updates include:

- updates reflecting Hydro One Network Inc.'s 2013 audited financial results;
- updates to reflect the 2013 LTEP CDM forecast;
- updates responding to suggestions and requests from the three technical conferences held in April 2014;
- a request for an exemption from section 7.5.2 of the Distribution System Code;
- the inclusion of costs associated with a capital contribution for the Leamington Transmission Station in 2017 forecasted expenditures; and
- minor corrections and adjustments where required.

Pursuant to Rule 11.03 of the Board's Rules of Practice and Procedure (last revised on April 24, 2014), a table of evidentiary revisions is set out in Appendix A hereto.

Electronic copies of this submission will be posted on the Hydro One Networks' website for public access. In addition, a copy of the complete evidence will be available for public perusal at the Hydro One Networks' offices noted in my December 19, 2013 correspondence.

Ten (10) paper copies of the evidentiary updates will be sent to the Board shortly.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

Encls.

c. EB-2013-0416 Intervenors
Don Rogers
Anita Varjacic

Appendix A
TABLE OF REVISIONS
Hydro One Distribution Custom Application (EB-2013-0416)

Exhibit	Tab	Schedule		Contents	Description of Revision
A	1	1		Exhibit List	Updated to reflect additional exhibits
	2	1		Application	Updated to reflect audited 2013 financial results and include new request for exemption from s.7.5.2 Distribution System Code requirement.
	3	1		Summary of Application	Updated to reflect audited 2013 financial results, clarify high-level objectives of application and relationship to RRFE outcomes, and request an exemption from s.7.5.2 Distribution System Code requirement.
		2		Financial Summary	Updated to reflect audited 2013 financial results.
	4	1		Summary of Hydro One Custom Application Framework	Updated to clarify Hydro One's proposed Off-Ramps.
		4		Outcome Measures	2015 - 2019 targets set as requested at the Technical Conferences.
	5	1		The Voice of the Customer	Revised to show links to specific work programs as requested at the Technical Conferences
			Att. 1	Hydro One's Customer Experience Vision	Revised to clarify customer satisfaction results as requested at the Technical Conferences
			Att. 2	Results of Customer Research	Revised to clarify customer satisfaction results as requested at the Technical Conferences
	6	1		Summary of Distribution Business	Updated to include 2013 reliability results.
	7	1		Distribution System Plan	Improved mapping of OEB Chapter 5 filing requirements to content of the application.
	11	1		Corporate Organization Charts	Edits to reflect staffing changes in Operations and Customer Service.
		2		Hydro One Governance and Control Framework	Updated to reflect recent changes to the Hydro One Board of Directors
		3		Affiliate Service Agreements	Updated to replace 2013 agreements with agreements effective as of January 1, 2014.
	12	1		Hydro One Distribution Financial Statements and Utility Income – Historic Years (2011, 2012 and 2013)	Updated Attachment 3, 2013 Distribution Financial Statements status to reflect audited 2013 financial results.
			Att. 3	2013 Distribution Financial Statements	Included Attachment 3, 2013 Distribution Financial Statements to reflect audited 2013 financial results.
		2		Distribution Pro Forma Statements of Income for Bridge Year (2014) and Test Years (2015 to 2019)	Updated to reflect audited 2013 financial results.
	13	2		Hydro One Inc. – Bridge Year (2014) Quarterly Report	Updated for the 2014 Q1 Quarterly Report.
			Att. 1	Hydro One Inc. - Bridge Year (2014) Q1 MD&A Report	Included Attachment 1, 2014 Q1 MD&A Report.
		5		2013 Reconciliation of Regulatory Financial Results with Audited Financial Statements	Included 2013 Reconciliation of Regulatory Financial Results to reflect audited 2013 financial statements.
		6		2013 Distribution Financial Statements Reconciled to USofA Trial Balance	Included 2013 Reconciliation of Regulatory Financial Results to reflect audited 2013 financial statements.
	14	1		Rating Agency Reports	Updated to reflect the addition of Attachment 4
			Att.4	DBRS Rating Report Dated: April 10, 2014	Included Attachment 4, DBRS Rating Report dated: April 10, 2014
	16	2		Distribution Business Load Forecast and Methodology	The load forecast was updated to be consistent with the 2013 LTEP, 2013 actual purchases, and economic information and forecasts as of March 2014.
		3		2005-2012 Conservation and Demand Management Results	The report now covers Conservation and Demand Management Results for 2005 to 2013. The savings in 2013 are estimates. The savings from Other Organizations now includes sectoral saving estimates by ICF Marbek of Hydro One's conservation achievable potential. The Codes & Standards savings in 2012 and 2013 were calculated using Hydro One's conservation achievable potential. Savings before 2012 remain unchanged.

Appendix A
TABLE OF REVISIONS
Hydro One Distribution Custom Application (EB-2013-0416)

Exhibit	Tab	Schedule		Contents	Description of Revision
A	16	4		Incorporating Conservation and Demand Management in the Distribution Business Load Forecast	CDM savings impacts have been updated to be consistent with the 2013 LTEP. The CDM categories are: <ul style="list-style-type: none"> • Energy Efficiency Programs • Codes & Standards • Demand Reduction from Demand Response (DR) Resources
	17	3		Investment Plan Development	Updated to include section on the Asset Analytics tool
		6		Work Execution Strategy	Updated to include initiatives discussed at the Technical Conferences
		8		Regional Planning Process	Provided update on the status
	18	1		Service Quality Indicators	2015 - 2019 targets set as requested at the Technical Conferences.
			App A	Distribution System Code Exemption Request	Added Appendix A - Exemption application to the OEB
	19	1		Cost Efficiencies/Productivity	Revised to link savings to specific areas and work programs as discussed at the Technical Conferences
	22	1		Procedural Orders/Correspondence/Notices	
			Att. 1	Letter of Direction and Affidavit	Added
			Att. 2	HONI Submission Letter to OEB	Added
B1	1	1		Cost of Capital	Updated to reflect audited 2013 financial results.
	2	1		Cost of Long-Term Debt	Updated to reflect audited 2013 financial results.
B2	1	1		Debt and Equity Summary	Updated to reflect audited 2013 financial results.
		2		Cost of Long-Term Debt Capital	Updated to reflect audited 2013 financial results.
C1	1	1		Cost of Service Summary	Updated to reflect audited 2013 financial results.
	2	1		Summary of OM&A Expenses	Updated to reflect audited 2013 financial results.
		2		Sustaining OM&A	Updated to reflect audited 2013 financial results and provide evidentiary updates requested in Technical Conferences and clarify relationship of investments to RRFE outcomes.
		3		Development OM&A	Updated to reflect audited 2013 financial results and clarify relationship of investments to the RRFE outcomes.
		4		Operations OM&A	Updated to reflect audited 2013 financial results and clarify relationship of investments to the RRFE outcomes.
		5		Customer Service OM&A	Updated to reflect audited 2013 financial results and clarify relationship of investments to the RRFE outcomes. Also, updated customer satisfaction target figure to 85% to be consistent with other evidence and referred to the Customer Service Recovery initiative.
		6		Summary of Common Corporate Costs OM&A	Updated to reflect audited 2013 financial results and clarify relationship of investments to the RRFE outcomes.
		7		Outsourcing	Updated to reflect result of fees benchmarking report and changes in the procurement timeline.
		8		Common Corporate Functions and Services and Other OM&A	Updated to reflect audited 2013 financial results.
		9		Corporate Common Costs OM&A – Asset Management	Updated to reflect audited 2013 financial results.
		10		Corporate Common Costs OM&A – Information Technology	Updated to reflect audited 2013 financial results.
		11		Corporate Common Costs OM&A – Cost of Sales – External Work	Updated to reflect audited 2013 financial results.
		12		Property Taxes	Updated to reflect audited 2013 financial results.
	3	1		Corporate Staffing	Updated to reflect 2013 actuals
		2		Compensation, Wages, Benefits	Updated to reflect 2013 actuals
			Att.2	Hydro One Year End Compensation Payroll Table 2010-2019	Updated to reflect 2013 actuals
		3		Pension Costs	Updated to reflect audited 2013 financial results.
	4	1		Costing of Work	Updated to reflect audited 2013 financial results.
C2	1	1		Cost of Service	Updated to reflect audited 2013 financial results.
	2	1		Comparison of OM&A Expense by Major Category	Updated to reflect audited 2013 financial results.
	3	1		Comparison of Wages and Salaries	Updated to reflect 2013 actuals

Appendix A
TABLE OF REVISIONS
Hydro One Distribution Custom Application (EB-2013-0416)

Exhibit	Tab	Schedule		Contents	Description of Revision
	4	1		Depreciation and Amortization Expenses	Updated to reflect audited 2013 financial results.
	5	1		Calculation of Utility Income Taxes	Updated to reflect audited 2013 financial results.
			Att. 1	Calculation of Utility Income Taxes Test Years	Updated to reflect audited 2013 financial results.
			Att. 2	Calculation of Capital Cost Allowance Test Years	Updated to reflect audited 2013 financial results.
			Att. 3	Calculation of Utility Income Taxes Historical Years	Updated to reflect audited 2013 financial results.
			Att. 4	Calculation of Capital Cost Allowance Historical Years	Updated to reflect audited 2013 financial results.
			Att. 5	Calculation of Capital Cost Allowance Bridge Years	Updated to reflect audited 2013 financial results.
D1	1	1		Rate Base	Updated to reflect audited 2013 financial results.
		2		In-Service Capital Additions	Updated to reflect audited 2013 financial results.
		3		Working Capital	Updated to reflect audited 2013 financial results.
		4		Materials and Supplies Inventory	Updated to reflect audited 2013 financial results.
	3	1		Summary of Capital Expenditures	Updated to reflect audited 2013 financial results.
		2		Sustaining Capital	Updated to reflect audited 2013 financial results and provide evidentiary updates requested in Technical Conferences and clarify relationship of investments to RRFE outcomes.
		3		Development Capital	Updated to reflect audited 2013 financial results, clarify relationship of investments to RRFE outcomes, discuss how these investments address line losses and include costs in 2017 for the Leamington TS Capital Contribution.
		4		Operations Capital	Updated to reflect audited 2013 financial results and clarify relationship of investments to the RRFE outcomes.
		5		Customer Service Capital	Updated to reflect audited 2013 financial results. Clarified relationship of investments to RRFE outcomes.
		6		Summary of Corporate Common Costs Capital	Updated to reflect audited 2013 financial results.
		7		Corporate Common Costs Capital – IT	Updated to reflect audited 2013 financial results.
		8		Corporate Common Costs Capital – Facilities and Real Estate and Station Security Infrastructure	Updated to reflect audited 2013 financial results.
		9		Corporate Common Costs Capital – Transport, Work and Service Equipment	Updated to reflect audited 2013 financial results.
D2	1	1		Statement of Utility Rate Base	Updated to reflect audited 2013 financial results.
	2	1		Comparison of Net Capital Expenditures – Historic, Bridge Year and Test Year	Updated to reflect audited 2013 financial results.
		2		List of Capital Expenditure Programs/Projects in excess of \$1M	Added a new ISD (D12) and costs for the Leamington TS Capital Contribution. Updated Total Common Corporate Costs to include Transmission Security Infrastructure.
		3		Investment Summary for Programs/Projects in excess of \$1M	Added a new ISD (D12) for the Leamington TS Capital Contribution and updated cover page. Updated select ISDs to provide evidentiary updates requested in technical conferences and clarify relationship of investments to RRFE outcomes.
	3	1		Continuity of Property, Plant and Equipment	Updated to reflect audited 2013 financial results.
		2		Continuity of Property, Plant and Equipment - Accumulated Depreciation	Updated to reflect audited 2013 financial results.
		3		Continuity of Property, Plant and Equipment – Construction Work In Progress	Updated to reflect audited 2013 financial results.
	4	1		Statement of Working Capital Test Years (2015 to 2019)	Updated to reflect audited 2013 financial results.
E1	1	1		Revenue Requirement	Updated to reflect audited 2013 financial results.
		2		External Revenues	Updated to reflect audited 2013 financial results and correct some figures for consistency with evidence set out in Exhibit G2, Tab 5, Schedule 1 and correct a misallocation of certain revenues, which should appropriately be allocated to the transmission business of Hydro One Networks.

Appendix A
TABLE OF REVISIONS
Hydro One Distribution Custom Application (EB-2013-0416)

Exhibit	Tab	Schedule		Contents	Description of Revision
E2	1	1		Calculation of Revenue Requirement (2015 to 2019)	Updated to reflect audited 2013 financial results.
		2		Calculation of Revenue Deficiency/Sufficiency	Updated to reflect audited 2013 financial results.
		3		External Revenues Historic, Bridge Year and Test Year	Updated to reflect audited 2013 financial results and correct some figures for consistency with evidence set out in Exhibit G2, Tab 5, Schedule 1 and correct a misallocation of certain revenues, which should appropriately be allocated to the transmission business of Hydro One Networks.
F1	1	1		Regulatory Accounts	Updated to reflect audited 2013 financial results.
			Att.1	Regulatory Accounts Restated for Annual Reporting and Record Keeping Requirements (RRR)	Included Attachment 1, Regulatory Accounts Restated for Annual Reporting and Record Keeping Requirements
			App.A	Hydro One Letter to Mr. Babaie - January 15, 2014	Included Appendix A, Hydro One Letter to Mr. Babaie
			App.B	Letter from Mr. Babaie to Hydro One - February 27, 2014	Included Appendix B, Letter from Mr. Babaie to Hydro One
			2	Regulatory Accounts Requested	Updated to reflect audited 2013 financial results.
			3	Planned Disposition of Regulatory Accounts	Updated to reflect audited 2013 financial results.
			Att.1	Final Disposition of the Smart Meter Variance Accounts	Updated to reflect audited 2013 financial results.
			Att.2	Hydro One's Smart Meter Model	Updated to reflect audited 2013 financial results.
			Att.3	Disposition of DG Variance Account	Updated to reflect audited 2013 financial results.
			Att.4	Disposition of the Smart Grid Variance Account	Updated to reflect audited 2013 financial results.
F2	1	1		Regulatory Accounts for Approval	Updated to reflect audited 2013 financial results.
		2		Schedule of Annual Recoveries	Updated to reflect audited 2013 financial results.
		3		Continuity Schedules – Regulatory Accounts	Updated to reflect audited 2013 financial results.
G1	2	1		Customer Classification	Added details on updating rate class review and Seasonal class options based on feedback from technical conference
	3	1		Cost Allocation	Updated Table 6 to reflect new revenue-to-cost ratios from cost allocation models based on updated load forecast and fixed asset information.
	4	1		Rate Design	Updated all tables to reflect the cost allocation model and rate design results based on updated load forecast and fixed asset information.
		2		Derivation of Retail Rates	Updated Attachments 1 to 5 to reflect updated rate design results based on updated load forecast and fixed asset information.
			Att.1	Rate Design 2015	Updated all tables to reflect the cost allocation model and rate design results based on updated load forecast and fixed asset information.
			Att.2	Rate Design 2016	Updated all tables to reflect the cost allocation model and rate design results based on updated load forecast and fixed asset information.
			Att.3	Rate Design 2017	Updated all tables to reflect the cost allocation model and rate design results based on updated load forecast and fixed asset information.
			Att.4	Rate Design 2018	Updated all tables to reflect the cost allocation model and rate design results based on updated load forecast and fixed asset information.
			Att.5	Rate Design 2019	Updated all tables to reflect the cost allocation model and rate design results based on updated load forecast and fixed asset information.
		3		Derivation of Sub-Transmission Rates	Updated all tables to reflect the cost allocation model and rate design results based on updated load forecast and fixed asset information.
	5	1		Rate Riders	Updated all tables to reflect calculation on new riders per Exhibits G1-5-2 and G1-5-3.
		2		Regulatory Asset Rider Calculation	Updated Attachments 1 to 5 to reflect updated regulatory asset amounts for disposition and updated load forecast information.
	5	2	Att.1	VA Rider 2015	Updated Attachments 1 to 5 to reflect updated regulatory asset amounts for disposition and updated load forecast information.

Appendix A
TABLE OF REVISIONS
Hydro One Distribution Custom Application (EB-2013-0416)

Exhibit	Tab	Schedule		Contents	Description of Revision
			Att.2	VA Rider 2016	Updated Attachments 1 to 5 to reflect updated regulatory asset amounts for disposition and updated load forecast information.
			Att.3	VA Rider 2017	Updated Attachments 1 to 5 to reflect updated regulatory asset amounts for disposition and updated load forecast information.
			Att.4	VA Rider 2018	Updated Attachments 1 to 5 to reflect updated regulatory asset amounts for disposition and updated load forecast information.
			Att.5	VA Rider 2019	Updated Attachments 1 to 5 to reflect updated regulatory asset amounts for disposition and updated load forecast information.
		3		Revenue Smoothing Rider Calculation	Updated Attachments 1 to 5 to reflect updated revenue smoothing amounts and updated load forecast information.
	6	1		Retail Transmission Service Rates	Updated numbers in text and tables to reflect updated load forecast information.
	7	1		Bill Impacts	Updated all tables to reflect the updated rates and rider amounts. Updated impact calculations to show the impact of moving from currently approved loss factors by rate class to proposed loss factors. Updated Table 2 to show the impacts associated with customers moving from R2 to R1 rate class. Updated some text to reflect updated rates and feedback from technical conference.
	8	1		Line Losses	Updated impact calculations to show the impact of moving from currently approved loss factors by rate class to
G2	1	2		Cost Allocation Model Inputs and Outputs - 2015	Updated to reflect the revised cost allocation model results based on updated load forecast and fixed asset information.
		3		Cost Allocation Model Inputs and Outputs - 2016	Updated to reflect the revised cost allocation model results based on updated load forecast and fixed asset information.
		4		Cost Allocation Model Inputs and Outputs - 2017	Updated to reflect the revised cost allocation model results based on updated load forecast and fixed asset information.
		5		Cost Allocation Model Inputs and Outputs - 2018	Updated to reflect the revised cost allocation model results based on updated load forecast and fixed asset information.
		6		Cost Allocation Model Inputs and Outputs - 2019	Updated to reflect the revised cost allocation model results based on updated load forecast and fixed asset information.
		7		Revenue to Cost Ratios	Updated to reflect the revised cost allocation model results based on updated load forecast and fixed asset information.
		8		Revenue Reconciliation	Updated to reflect the revised cost allocation model results based on updated load forecast and fixed asset information.
	2	1		Proposed Rate Schedules	Updated rate schedules to reflect the updated rates and rider amounts
	4	1		Bill Impacts	Updated Attachments 1 to 5 to reflect the updated rates and rider amounts, new commodity prices effective May 1, 2014 and updated impact calculations to show the impact of moving from currently approved loss factors by rate class to proposed loss factors.
	5	1		Miscellaneous Charges	Updated to reflect audited 2013 financial results