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July 25, 2014

**Our File Number: 72738**

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

Dear Ms. Walli:

**Re: Hydro One Networks  
2015-2019 Distribution Custom Rate Application (EB-2013-0416)**

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We represent Hydro One Networks Inc. ("**Hydro One**" or the "**Company**") in the above-referenced application.

On review of the transcript of the Technical Conference, the witness would like to make a few corrections and clarifications to improve the record.

The corrections to the transcript are attached at Appendix "A".

The modifications or clarification are found Appendix "B".

I assume that you will circulate these to the intervenors and thank you for your consideration.

Yours very truly,

  
Donald H. Rogers, Q.C.  
DHR:nb

**Hydro One Distribution Application Technical Conference Transcript**  
**Appendix A: Corrections**  
**(EB-2013-0416)**

Panel 1: Monday, July 21, 2014

**Corrections Required**

Page	Line(s)	Correction Required
		In Appearances - Anita Varjacic was not in attendance
101	12	"can" should be "can't"
103	11-13	Should read as follows..." initiatives make up the Cornerstone phase 3 & 4 are CIS, Asset Analytics and Business Planning & Consolidation."
113	1	"MDM103" should be "N.D.M. 1.03"
114	7	"AAP" should be "AIP"
194	21	the word "actual" should be "actuarial"

Panel 2: Tuesday, July 22, 2014

**Corrections Required**

Page	Line(s)	Correction Required
30	7, 10	"RPP" should be "RRRP".
34	18	Undertaking No. TCJ2.1: To provide the service charge, volumetric charge and rider inputs to the bill calculations for 2014 actuals and 2015 as set out in the response to interrogatory 2.7-Staff-94.
116	26	"\$26.57" should be "\$27.08".

**Hydro One Distribution Application Technical Conference Transcript**  
**Appendix B: Clarifications**  
**(EB-2013-0416)**

Panel 1: Monday, July 21, 2014

**Clarifications Required**

Page	Line(s)	Clarification Required
100-101	27-28, 1-13	Hydro One advises that completing the Board's smart meter model would require an effort of 10 business days. For this and the reasons Mr. Chhelavda provided on page 101 of the transcript, Hydro One confirms that it will not complete the Board's smart meter model.
187	15 - 19	Mr. Chhelavda wishes to clarify a point on Other Post-Employment Benefits (OPEB's). As stated in his comments at the technical conference, under United States Generally Accepted Accounting Principles (US GAAP), OPEB's are to be accounted for on an accrual basis. If a company recovers on the cash basis (pay-as-you-go), it is not allowed to record a regulatory asset for the difference (accrual vs cash). The relevant US GAAP codification is ASC 980-715-25-4.
187 - 188	P. 187, lines 26-28, P. 188, lines 1- 11	<p>Mr. Chhelavda wishes to provide context on the amortization of OPEB costs. All of this came about in the early 90's when the Federal Energy Regulatory Commission required U.S. regulated utilities to move from the pay-as-you-go (cash) method to the accrual method to recognize OPEB liabilities. As U.S. utilities transitioned to the accrual method, there was a transitional asset that arose, which was the cumulative difference between the cash and the accrual at the time of first adoption.</p> <p>This cumulative amount or transitional asset could be recorded, provided that it will be recovered in rates within five years of adoption and the combined deferral recovery period authorized does not exceed 20 years and it has been approved for recovery by the regulator. Mr. Chhelavda believes this is the prohibition for the 15-year amortization period that was being referred to by Mr. Skinner. The relevant U.S. GAAP codification is ASC 980-715-25-5-b.</p> <p>For Canadian utilities that have adopted U.S. GAAP as their basis of reporting and that are also moving from a cash basis to accrual basis for OPEB's, this standard would still apply and they would be able to record the transitional asset, provided that it will be recovered in rates within 5 years of the change (cash to accrual) and the combined deferral recovery period authorized does not exceed 20 years and also provided they had regulatory approval to do so.</p>
188	12	Mr. Chhelavda confirms that US GAAP will not allow Hydro One to record the difference between accrual and cash accounting for OPEB's, as per ASC 980-715-25-4.

208 - 209	p. 208, line 17 to P. 209, line 8	Mr. Scott wishes to correct his response to the question from Mr. Thiessen regarding whether or not the 0% tariff increase scenario focused solely on revenue requirement. When Hydro One considered this scenario, it took into account the load forecast and then determined the appropriate revenue requirement to achieve a 0% tariff increase. Revenue requirement is, by far, the largest aspect of the calculation, but not the only aspect.
N/A	N/A	Mr. Chhelavda advises that Hydro One is working on the Board Staff's July 23, 2014 email request to confirm its smart meter amounts for each year.

Panel 2: Tuesday, July 22, 2014

### Clarifications Required

Page	Line(s)	Clarification Required
90	16	Mr. But wishes to clarify that Hydro One does not assume the CDM programs impact billing demand (kW) proportionally more than they impact total energy use (kWh). The adjustments to the peak forecast include impacts attributed to economic factors and CDM presented as "other factors" in the table.
105	25	Mr. But wishes to clarify that Hydro One used 4 NCP peak hours pertaining to the rate Class (e.g. Seasonal) to calculate the 4 NCP values for each kWh consumption category (e.g. 0-100 kWh). The rate class 4 NCP peak hours may differ from the individual kWh consumption category 4 NCP peak hours.