Hydro One Brampton Networks Inc.
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October 20, 2014

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Walli,

RE: Hydro One Brampton Networks Inc.'s 2015 Cost of Service Electricity Distribution Rate Application; Additional Information for the Oral Hearing; EB-2014-0083

The Parties' proposed Settlement Agreement was filed with the Board on Thursday, October 9, 2014. As the Board noted in Procedural Order No. 2, the following issues remain unsettled:

- The appropriate percentage factor to be used to calculate Hydro One Brampton's 2015 Working Capital Allowance;
- The forecasted balance of Account 1576 - Accounting Changes under CGAAP Deferral Account, and the proposed disposition period; and
- The methodology pertaining to weather normalization in the load forecast.

Hydro One Brampton Networks Inc. ("Hydro One Brampton") submits additional information that will be referenced by Hydro One Brampton during the oral hearing.

If additional information is required, please contact Dan Gapic at dgapic@hydroonebrampton.com or by phone: 905-452-5517.

Sincerely,

Scott Miller
Director of Customer Care
Hydro One Brampton Networks Inc.
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Paul Tremblay, President & CEO, Hydro One Brampton Networks Inc.
Marc Villett, Vice-President, Finance, Hydro One Brampton Networks Inc.

EB-2014-0083

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998, S.O. 1998, c.15 (Schedule B)*;

AND IN THE MATTER OF an application by Hydro One Brampton Networks Inc. to the Ontario Energy Board for an Order approving just and reasonable rates and other charges, effective January 1, 2015.

Additional Information to be Referenced by Hydro One Brampton at the Oral Hearing

Working Capital Allowance

3.1.2 Results of Electricity Distributors

Monthly Billing

The survey results show that there are currently 2,405,495 or 55.5% of non-seasonal residential customers being billed on a monthly basis. The remaining 1,926,211 or 44.5% of non-seasonal residential customers are billed bi-monthly. While the number of customers billed monthly has increased significantly since 2010, 45% of residential customers are still not billed monthly.

The survey results show that 53 out of 72 electricity distributors provide monthly billing to their non-seasonal customers.[2] The remaining 19 distributors bill non-seasonal residential customers on a bi-monthly basis.[3] For the 19 electricity distributors that do not bill customers monthly, Table 1 provides a breakdown of those who have plans to move towards monthly billing along with the total number of residential customers. Of these 19, 7 indicated that they do have plans to move towards monthly billing, and 12 indicated that they do not have plans.

Table 1: Electricity Distributors' Plans to Switch to Monthly Billing

YES	NO
1. Enersource Hydro Mississauga Inc.* 2. Guelph Hydro Electric Systems Inc.* 3. Kitchener-Wilmot Hydro Inc.* 4. Lakefront Utilities Inc.* 5. Oakville Hydro Distribution Inc.* 6. Ottawa River Power Corporation 7. Whitby Hydro Electric Corporation*	1. Bluewater Power Distribution Corp. 2. Burlington Hydro Inc. 3. Cambridge and North Dumfries Hydro Inc. 4. Greater Sudbury Hydro Inc. 5. Halton Hills Hydro Inc. 6. Horizon Utilities Corporation* 7. PowerStream Inc.* 8. Renfrew Hydro Inc. 9. Thunder Bay Hydro Electricity Distribution Inc. 10. Toronto Hydro-Electric System Limited* 11. Veridian Connections Inc. 12. Waterloo North Hydro Inc.
Total Residential Customers Served: 428,030	**Total Residential Customers Served: 1,586,205**

*electricity distributors with a small number of residential customers billed monthly

[2] Hydro One Networks Inc. has 245 and Rideau St. Lawrence Distribution Inc., has 1,878 or 37% of non-seasonal residential customers who are still billed bi-monthly.

[3] Nine of these electricity distributors bill some customers monthly for a variety of reasons. Major reasons indicated include customers with microFIT accounts, customers with electric heat, or suite-metered customers.

Lead Lag Comparison Amongst LDCs

Local Distribution Company	File Number	Billing Frequency	Working Capital Allowance % Approved	Lag Days: Revenue Lag Days[1]	Expense Lead Days: Cost of Power	OM&A Expenses	PILS	Interest Expense	Debt Retirement Charge	Environmental Remediation	Removals
Horizon Utilities Corporation	EB-2014-0002	A	12.00%	69.34	32.86	7.30	14.50	-67.15	25.59		
Hydro One Networks Inc.	EB-2013-0416	B	7.40%	52.25	32.74	27.11	128.37	8.93		40.98	16.51
Toronto Hydro-Electric System Limited	EB-2014-0116	C	7.99%	55.04	32.84	33.86	-48.95	46.17	33.31		
Veridian Connections Inc.	EB-2013-0174	D	13.40%	71.60	28.83	12.81	3.16	122.86	33.25		
Hydro Ottawa Limited	EB-2011-0054	E	14.20%	75.20	33.67	11.18	-3.31	45.63	32.69		
Enersource Hydro Mississauga Inc.	EB-2012-0033	F	13.50%	72.40	32.65	9.73	15.05	-14.88	32.61		
London Hydro Inc.	EB-2012-0146	G	11.42%	64.64	32.12	15.08	-28.76	47.29	31.33		
High				75.20	33.67	33.86	128.37	122.86	33.31		
Low				52.25	28.83	7.30	-48.95	-67.15	25.59		
Variance (High vs. Low)				**22.95**	**4.84**	**26.56**	**177.32**	**190.01**	**7.72**		

A. "Residential Retail", "General Service < 50", "Unmetered and Scattered" and "Sentinel" customers are on a bi-monthly service schedule, and "General Service > 50", "Large User" and Streetlight customers are on a monthly service schedule.
B. Approximately 96% of customers are on a monthly billing schedule, 0.4% of customers are on a bi-monthly billing schedule and 3.6% of customers are on a quarterly billing schedule.
C. Approximately 78% of revenues are billed monthly and 22% of revenues are billed bi-monthly
D. Meters for residential, residential seasonal and unmetered scattered load customers are read bi-monthly while all remaining customer classes' meters are read monthly.
E. Meters for residential and General Service < 50 Class customers are read bi-monthly, while all remaining customer classes' are read monthly.
F. Meters for residential and selected small commercial classes are read bi-monthly while all remaining customer classes are read monthly.
G. All customers are on a monthly service schedule.

1. Revenue lag days include retail revenue lag, other revenue lag and OCEB revenue lag.

Retail Revenue Lag Comparison Amongst LDCs

Lag Days

Local Distribution Company	File Number	Working Capital Allowance % Approved	Retail Revenue Lag Days	Service Lag	Billing Lag	Collections Lag	Payment Processing Lag[1]
Horizon Utilities Corporation	EB-2014-0002	12.00%	69.35	27.06	18.98	21.77	1.54
Hydro One Networks Inc.	EB-2013-0416	7.40%	52.87	16.40	7.70	28.77	
Toronto Hydro-Electric System Limited	EB-2014-0116	7.99%	54.77	18.72	12.52	22.21	1.32
Veridian Connections Inc.	EB-2013-0174	13.40%	71.37	29.20	17.56	23.61	1.00
Hydro Ottawa Limited	EB-2011-0054	14.20%	74.96	30.24	18.17	25.41	1.14
Enersource Hydro Mississauga Inc.	EB-2012-0033	13.50%	72.40	28.75	13.03	29.12	1.50
London Hydro Inc.	EB-2012-0146	11.42%	64.90	15.21	18.00	30.29	1.40
High			74.96	30.24	18.98	30.29	1.54
Low			52.87	15.21	7.70	21.77	1.00
Variance (High vs. Low)			**22.09**	**15.03**	**11.28**	**8.52**	**0.54**

1. Hydro One payment processing lag included in collections lag.

Applied for Working Capital Allowance vs. Projected Working Capital Allowance

		2015	2016	2017	2018	2019
Working Capital Allowance						
Total Eligible Distribution Expenses		24,752,362	24,752,362	24,752,362	24,752,362	24,752,362
Cost of Power *		470,431,894	482,160,370	491,529,058	509,110,381	518,722,609
Total Working Capital Expenses	**A**	**495,184,256**	**506,912,732**	**516,281,420**	**533,862,743**	**543,474,971**
Applied for Working Capital Allowance %	**B**	**13%**	**13%**	**13%**	**13%**	**13%**
Applied for Working Capital Allowance Amount	**C**	$ 64,373,953	$ 64,373,953	$ 64,373,953	$ 64,373,953	$ 64,373,953
Working Capital Allowance Requirements	**D = B X A**	$ 64,373,953	$ 65,898,655	$ 67,116,585	$ 69,402,157	$ 70,651,746
Shortfall in Working Capital Allowance	**E = C - D**	**$ -**	**$ (1,524,702)**	**$ (2,742,631)**	**$ (5,028,203)**	**$ (6,277,793)**
Projected Working Capital Allowance	**D = C /A**	**13.00%**	**12.70%**	**12.47%**	**12.06%**	**11.84%**

* - Based on 10% [net of forecast IRM Price Cap Adjustment] Cost of Power growth per Ministry of Energy 2013 Long Term Energy Plan.

Utility	Case Number	Rebasing Year	WCA %	Last Lead/Lag Study	WCA Percentage Justification
Burlington Hydro Inc.	EB-2013-0115	2014	13%	Never	In its original application, Burlington used **13%** as per the *OEB Letter,* dated April 12, 2012. For the purposes of settlement the parties agreed to use the **13%** factor.
Cambridge and North Dumfries Hydro Inc.	EB-2013-0116	2014	13%	Never	In its original application, CND used **13%** as per the *OEB Letter,* dated April 12, 2012. For the purposes of settlement the parties agreed to use the **13%** factor.
Cooperative Hydro Embrun Inc.	EB-2013-0122	2014	13%	Never	In its original application, CHEI used **13%** as per the *OEB Letter,* dated April 12, 2012. The Board approved CHEI's **13%** factor.
Fort Frances Power Corp	EB-2013-0130	2014	13%	Never	In its original application, FFPC used **13%** as per the *OEB Letter,* dated April 12, 2012. The Board approved FFPC's **13%** factor.
Haldimand County Hydro Inc.	EB-2013-0134	2014	12%	Never	In its original application, HCHI used **13%** as per the *OEB Letter,* dated April 12, 2012. For the purposes of settlement the parties agreed to reduce it to **12%** factor.
Hydro Hawkesbury Inc.	EB-2013-0139	2014	13%	Never	In its original application, HHI used **13%** as per the *OEB Letter,* dated April 12, 2012. The Board approved HHI's **13%** factor.
Kitchener-Wilmot Hydro Inc.	EB-2013-0147	2014	13%	Never	In its original application, Kitchener used **13%** as per the *OEB Letter,* dated April 12, 2012. The Board approved Kitchener's **13%** factor.
Niagara-on-the-Lake Hydro Inc.	EB-2013-0155	2014	11%	Never	In its original application, NOLH used **13%** as per the *OEB Letter,* dated April 12, 2012. For the purposes of settlement the parties agreed to reduce it to **11%** factor.
Oakville Hydro Electricity Distribution Inc.	EB-2013-0159	2014	13%	Never	In its original application, Oakville Hydro used **13%** as per the *OEB Letter,* dated April 12, 2012. For the purposes of settlement the parties agreed to use the **13%** factor.
Orangeville Hydro Ltd.	EB-2013-0160	2014	10%	Never	In its original application, Orangeville Hydro used **13%** as per the *OEB Letter,* dated April 12, 2012. For the purposes of settlement the parties agreed to reduce it to **10%** factor.
Veridian Connections Inc.	EB-2013-0174	2014	13.4%	2013	In its original application, Veridian used **13.8%** as per the *Lead/Lag Study*. For the purposes of settlement the parties agreed to reduce it to **13.4%** factor.

Load Forecast - Weather Normalization

Method Used for Normal Weather Forecast by Other Local Distribution Companies from 2013-2014 COS Applications

Local Distribution Company	Method Used for the Normal Weather Forecast
Bluewater Power Distribution Corp.	10 Year Average
Centre Wellington Hydro Ltd.	10 Year Average
Innisfil Hydro Dist. Systems Limited	10 Year Average
London Hydro Inc.	10 Year Average
Midland Power Utility Corporation	10 Year Average
Peterborough Distribution Inc.	10 Year Average
PUC Distribution Inc.	10 Year Average
Sioux Lookout Hydro Inc.	12 Year Average
Thunder Bay Hydro Electricity Distribution	13 Year Average
Cambridge and North Dumfries Hydro	17 Year Average
Fort Frances Power Corporation	10 Year Average
Haldimand County Hydro Inc.	10 Year Average
Kitchener-Wilmot Hydro Inc.	10 Year Average
Orangeville Hydro Limited	10 Year Average

Method Used for Normal Weather Forecasts by Other Utilities in North America

2013 Weather Normalization Survey

Normal Weather Questions

Questions 23 through 30

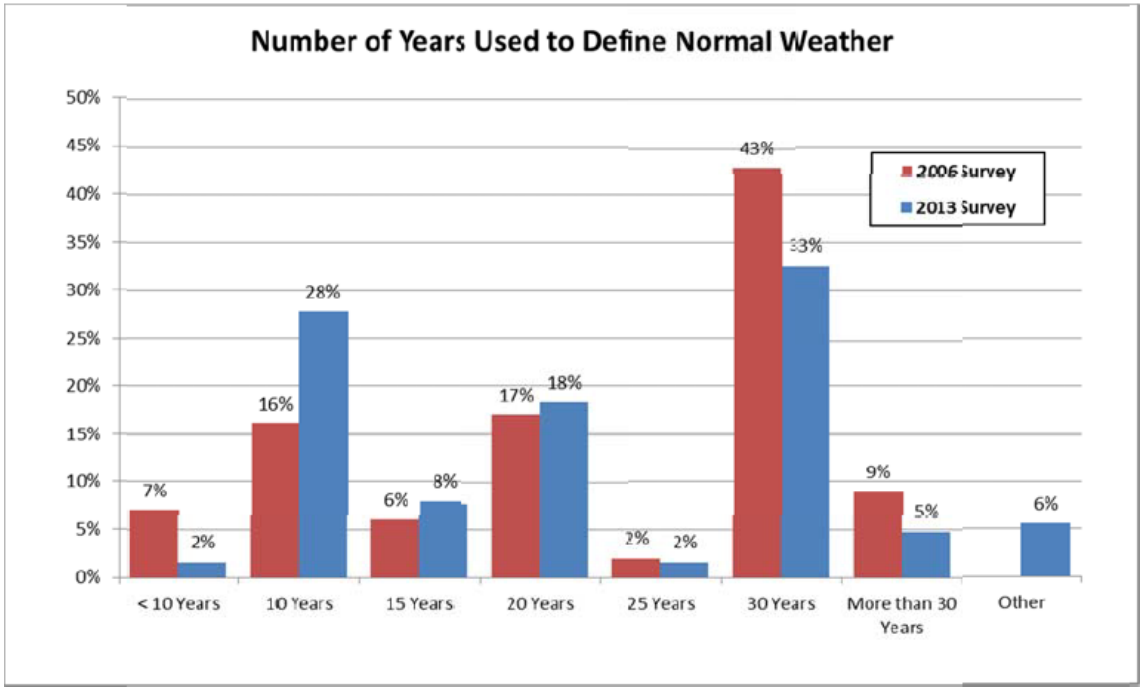
The second assumption in weather normalization is the definition of normal weather. Normal weather represents an expected weather condition and is typically represented by an average. Multiple factors can impact the average calculation including the number and range of years. This survey asked a series of questions to understand the common practices in calculating the averages. In 2006, Itron conducted a similar weather normalization survey. Several of the topics show comparative results with the 2006 survey.

Number of Years in the Normal Calculation

Figure 22 shows the number of years used to calculate normal weather compared to the 2006 survey responses. In 2013, 33% of the 126 respondents define weather based on 30 years of historical weather data. This response compares to 43% using 30 year averages from the 106 responses in the 2006 survey. The largest changes between 2006 and 2013 are reduction in the percent using 30 years and the increase in percentage using 10 years.

Data Source: Itron 2013 Weather Normalization Survey

Method Used for Normal Weather Forecasts by Other Utilities in North America

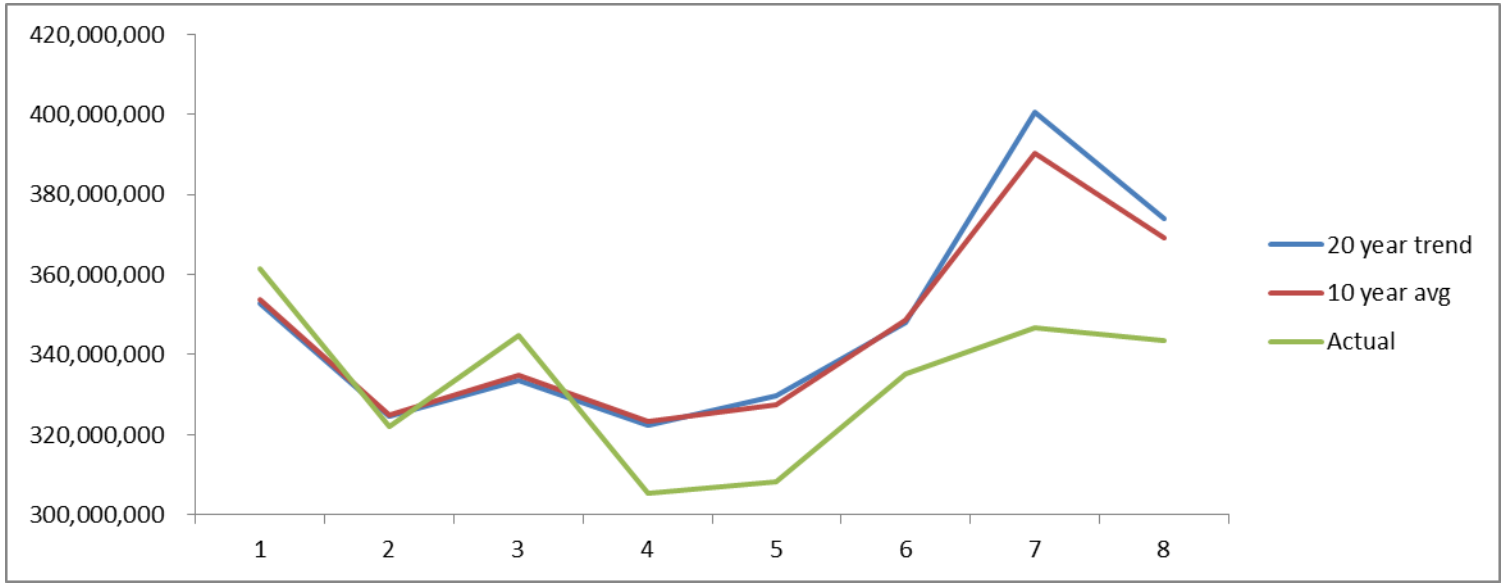


Data Source: Itron 2013 Weather Normalization Survey

135 Respondents

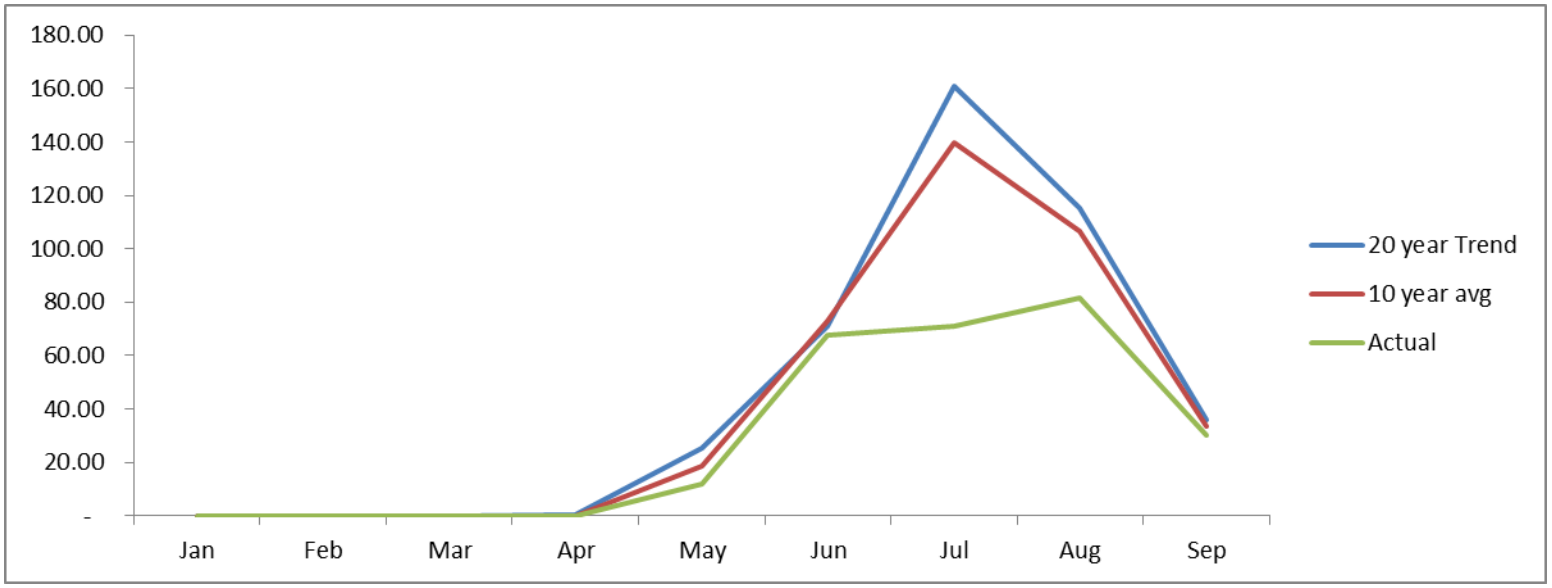
Company Classification	Responses	Annual Energy (GWh)
Distribution	80	1,757,893
Combined Gas & Electric	27	764,094
Retail	8	212,505
ISO	5	1,355,781
G&T	9	104,096
Generation	3	308,982
Transmission	2	251,337
Other	1	NA

Load Forecast Under different Normal Weather Methods



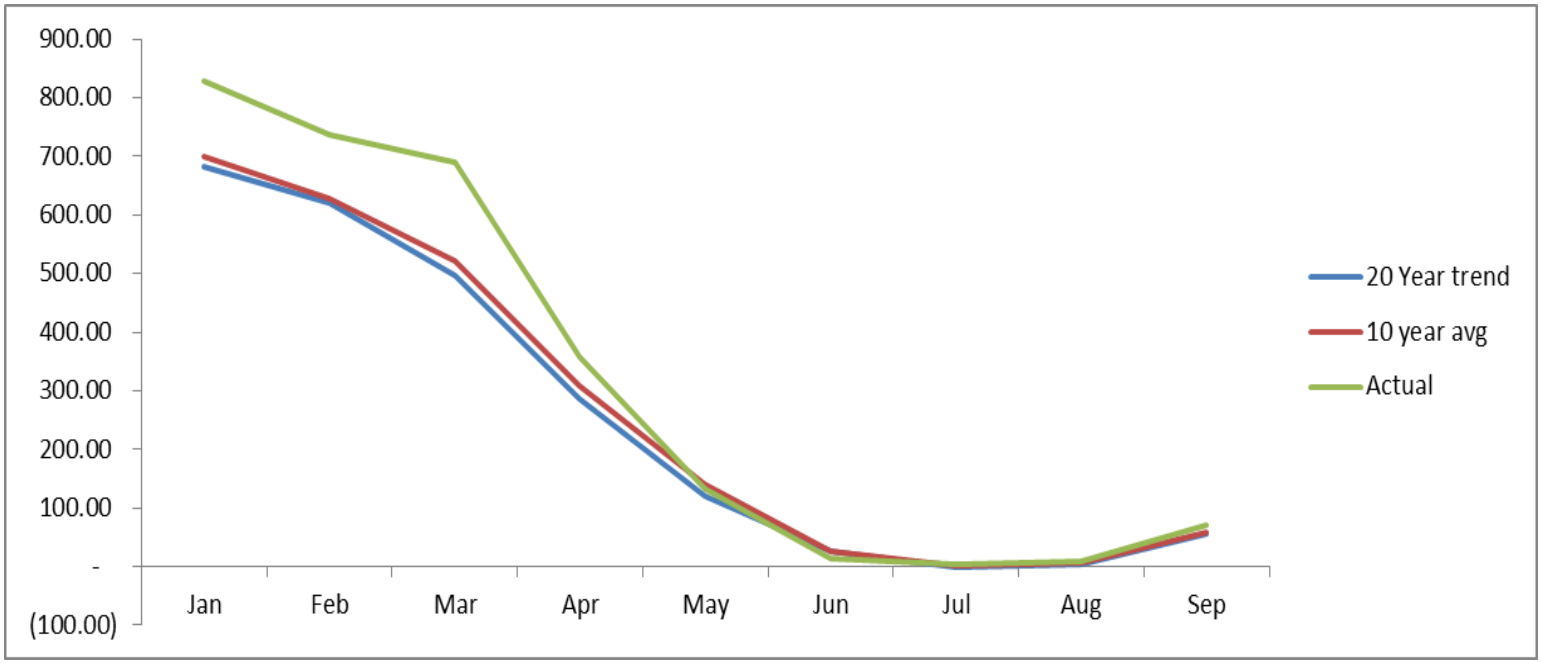
	20 year trend	10 year avg	Actual
Jan-Aug 2014	2,785,200,927	2,772,304,337	2,666,795,047

2014 Jan-Sep CDD



	20 year Trend	10 year avg	Actual
Jan-Sep	409	371	262

2014 Jan-Sep HDD



	20 Year trend	10 year avg	Actual
Jan-Sep	2,289	2,390	2,842

Sources of the Documents

Document 1 Excerpt from Draft Report of the Board re *Electricity and Natural Gas Distributors' Residential Customer Billing Practices and Performance*, dated September 18, 2014 [EB-2014-0198].

Document 2 Chart prepared by Hydro One Brampton to illustrate the difference amongst utilities that filed Lead/Lag Studies.

Document 3 Chart prepared by Hydro One Brampton to illustrate the difference of components of Retail Revenue Lag.

Document 4 Chart prepared by Hydro One Brampton to illustrate the impact of Cost of Power on Working Capital Allowance for the period 2015 to 2019.

Document 5 Chart prepared by Hydro One Brampton to illustrate the outcomes of Board decisions relating to the working capital allowances approved in 2014 COS proceedings.

Document 6 Chart prepared by Hydro One Brampton to illustrate the approach used by 2013 and 2014 Cost of Service Rate applications for weather normalization in load forecasts.

Document 7 Excerpts from Itron 2013 Weather Normalization Survey.

Document 8 Chart prepared by Hydro One Brampton to illustrate the differences between the August 2014 Year-to-Date actual loads as compared to two different forecast approaches for the same time period.

Document 9 Charts prepared by Hydro One Brampton to illustrate the differences between the September 2014 Year-to-Date actual CDD and HDD data as compared to two approaches of forecasting CDD and HDD data for the same time period.