

Hydro One Brampton Networks Inc.  
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October 23, 2014

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

Dear Ms. Walli,

**Re: Hydro One Brampton Networks Inc. - Undertaking from Oral Hearing (EB-2014-0083)**

On October 22, 2014, the first day of the Oral Hearing with respect to Hydro One Brampton Networks Inc. ("HOBNI") application for rates effective January 1, 2015 was held at the Board's office as per Procedural Order #2, issued on October 14, 2014. Following the first day of the Oral Hearing, HOBNI had one undertaking to complete and submit to the Board. HOBNI now submits its response to the assigned undertaking.

If additional information is required, please contact Dan Gapic at (905) 452-5517.

Sincerely,

A handwritten signature in black ink that reads "Scott Miller". The signature is written in a cursive, flowing style.

Scott Miller  
Director of Customer Care  
Hydro One Brampton Networks Inc.  
(905)-452-5504  
[smiller@hydroonebrampton.com](mailto:smiller@hydroonebrampton.com)

Paul Tremblay, President & CEO, Hydro One Brampton Networks Inc.  
Marc Villett, Vice-President, Finance & Administration, Hydro One Brampton Networks Inc.

UNDERTAKING NO. J1.1: TO PROVIDE THE AMOUNT TO BE RECOVERED FROM RATEPAYERS WERE A THREE-YEAR PERIOD CHOSEN FOR THE DISPOSITION OF THE ACCOUNT; ALSO, THE BILL IMPACT ON THE TYPICAL RESIDENTIAL CUSTOMER ONLY.

**RESPONSE:**

- 1) The amount to be recovered from ratepayers if a three-year period is chosen for the disposition of account 1576 is \$5,907,606.  
The Appendix 2-EE below is updated to reflect a three year disposition period.

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**Appendix 2-EE  
Account 1576 - Accounting Changes under CGAAP  
2013 Changes in Accounting Policies under CGAAP**

Assumes the applicant made capitalization and depreciation expense accounting policy changes under CGAAP effective January 1, 2013

	2011 Rebasing Year	2012	2013	2014	2015 Rebasing Year	2016	2017	2018	2019
	CGAAP	IRM	IRM	IRM	CGAAP - ASPE	IRM	IRM	IRM	IRM
Reporting Basis	Forecast	Actual	Actual	Forecast	Forecast				
Forecast vs. Actual Used in Rebasing Year				\$	\$	\$	\$	\$	\$
<b>PP&amp;E Values under former CGAAP</b>									
Opening net PP&E - Note 1			298,866,239	318,306,260					
Net Additions - Note 4			30,483,746	30,297,489					
Net Depreciation (amounts should be negative) - Note 4			-11,043,724	-11,472,593					
<b>Closing net PP&amp;E (1)</b>			318,306,260	337,131,156					
<b>PP&amp;E Values under revised CGAAP (Starts from 2013)</b>									
Opening net PP&E - Note 1			298,866,239	315,622,284					
Net Additions - Note 4			28,694,292	28,711,916					
Net Depreciation (amounts should be negative) - Note 4			-11,938,247	-12,038,606					
<b>Closing net PP&amp;E (2)</b>			315,622,284	332,295,594					
<b>Difference in Closing net PP&amp;E, former CGAAP vs. revised CGAAP</b>			2,683,976	4,835,562					

**Effect on Deferral and Variance Account Rate Riders**

Closing balance in Account 1576	4,835,562	<b>WACC</b>	7.39%
Return on Rate Base Associated with Account 1576 balance at WACC - Note 2	1,072,044	<b># of years of rate rider disposition period</b>	3
<b>Amount included in Deferral and Variance Account Rate Rider Calculation</b>	<b>5,907,606</b>		

**Notes:**

both former CGAAP and revised CGAAP should be the same.

2 Return on rate base associated with Account 1576 balance is calculated as:

the variance account opening balance as of 2015 rebasing year x WACC X # of years of rate rider disposition period

\* Please note that the calculation should be adjusted once WACC is updated and finalized in the rate application.

3 Account 1576 is cleared by including the total balance in the deferral and variance account rate rider calculation.

4 Net additions are additions net of disposals; Net depreciation is additions to depreciation net of disposals.

2) The bill impact on the typical residential customer, consuming 800kWh per month is as follows.

Distribution \$ Change	Distribution % Change	Delivery \$ Change	Delivery % Change	Total Bill \$ Change	Total Bill % Change
\$ 1.43	5.78%	\$ 2.17	6.10%	\$ 2.20	1.85%

The detailed calculation as per Appendix 2-W is presented below.

Appendix 2-W  
Bill Impacts

Customer Class: Residential

TOU / non-TOU: TOU

Consumption 800 kWh

Charge Unit	Current Board-Approved			Proposed			Impact	
	Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change
Monthly Service Charge	\$ 10.51	1	\$ 10.51	\$ 11.22	1	\$ 11.22	\$ 0.71	6.76%
Smart Meter Disposition Rate Rider	\$ 0.14	1	\$ 0.14	\$ -	1	\$ -	-\$ 0.14	-100.00%
Green Energy Act Initiatives Funding Adder	\$ 0.17	1	\$ 0.17	\$ -	1	\$ -	-\$ 0.17	-100.00%
Stranded Meter Disposition Rider	\$ -	1	\$ -	\$ 0.13	1	\$ 0.13	\$ 0.13	
Distribution Volumetric Rate	\$ 0.0147	800	\$ 11.76	\$ 0.0157	800	\$ 12.56	\$ 0.80	6.80%
LRAM & SSM Rate Rider	\$ -	800	\$ -	\$ 0.0002	800	\$ 0.16	\$ 0.16	
CGAAP Accounting Changes Rate Rider	\$ -	800	\$ -	\$ 0.0005	800	\$ 0.40	\$ 0.40	
<b>Sub-Total A (excluding pass through)</b>			<b>\$ 22.58</b>			<b>\$ 24.47</b>	<b>\$ 1.89</b>	<b>8.37%</b>
Deferral/Variance Account Disposition Rate Rider (2014)	-\$ 0.0013	800	-\$ 1.04	-\$ 0.0013	800	-\$ 1.04	\$ -	0.00%
Deferral/Variance Account Disposition Rate Rider (2015)	\$ -	800	\$ -	-\$ 0.0005	800	\$ 0.40	-\$ 0.40	
Line Losses on Cost of Power	\$ 0.0889	27.92	\$ 2.48	\$ 0.0889	27.28	\$ 2.43	-\$ 0.06	-2.29%
Smart Meter Entity Charge	\$ 0.79	1	\$ 0.79	\$ 0.79	1	\$ 0.79	\$ -	0.00%
<b>Sub-Total B - Distribution (includes Sub-Total A)</b>			<b>\$ 24.81</b>			<b>\$ 26.25</b>	<b>\$ 1.43</b>	<b>5.78%</b>
RTSR - Network	\$ 0.0076	828	\$ 6.29	\$ 0.0081	827	\$ 6.70	\$ 0.41	6.50%
RTSR - Line and Transformation Connection	\$ 0.0054	828	\$ 4.47	\$ 0.0058	827	\$ 4.80	\$ 0.33	7.32%
<b>Sub-Total C - Delivery (including Sub-Total B)</b>			<b>\$ 35.58</b>			<b>\$ 37.74</b>	<b>\$ 2.17</b>	<b>6.10%</b>
Wholesale Market Service Charge (WMSC)	\$ 0.0044	828	\$ 3.64	\$ 0.0044	827	\$ 3.64	-\$ 0.00	-0.08%
Rural and Remote Rate Protection (RRRP)	\$ 0.0013	828	\$ 1.08	\$ 0.0013	827	\$ 1.08	-\$ 0.00	-0.08%
Standard Supply Service Charge	\$ 0.25	1	\$ 0.25	\$ 0.25	1	\$ 0.25	\$ -	0.00%
Debt Retirement Charge (DRC)	\$ 0.0070	800	\$ 5.60	\$ 0.0070	800	\$ 5.60	\$ -	0.00%
TOU - Off Peak	\$ 0.0720	512	\$ 36.86	\$ 0.0720	512	\$ 36.86	\$ -	0.00%
TOU - Mid Peak	\$ 0.1090	144	\$ 15.70	\$ 0.1090	144	\$ 15.70	\$ -	0.00%
TOU - On Peak	\$ 0.1290	144	\$ 18.58	\$ 0.1290	144	\$ 18.58	\$ -	0.00%
Energy - RPP - Tier 1	\$ 0.0830	600	\$ 49.80	\$ 0.0830	600	\$ 49.80	\$ -	0.00%
Energy - RPP - Tier 2	\$ 0.0970	200	\$ 19.40	\$ 0.0970	200	\$ 19.40	\$ -	0.00%
<b>Total Bill on TOU (before Taxes)</b>			<b>\$ 117.28</b>			<b>\$ 119.45</b>	<b>\$ 2.17</b>	<b>1.85%</b>
HST		13%	\$ 15.25		13%	\$ 15.53	\$ 0.28	1.85%
<b>Total Bill (including HST)</b>			<b>\$ 132.53</b>			<b>\$ 134.97</b>	<b>\$ 2.45</b>	<b>1.85%</b>
<i>Ontario Clean Energy Benefit <sup>1</sup></i>			-\$ 13.25			-\$ 13.50	-\$ 0.24	1.85%
<b>Total Bill on TOU (including OCEB)</b>			<b>\$ 119.27</b>			<b>\$ 121.48</b>	<b>\$ 2.20</b>	<b>1.85%</b>
<b>Total Bill on RPP (before Taxes)</b>			<b>\$ 115.34</b>			<b>\$ 117.51</b>	<b>\$ 2.17</b>	<b>1.88%</b>
HST		13%	\$ 14.99		13%	\$ 15.28	\$ 0.28	1.88%
<b>Total Bill (including HST)</b>			<b>\$ 130.34</b>			<b>\$ 132.79</b>	<b>\$ 2.45</b>	<b>1.88%</b>
<i>Ontario Clean Energy Benefit <sup>1</sup></i>			-\$ 13.03			-\$ 13.28	-\$ 0.24	1.88%
<b>Total Bill on RPP (including OCEB)</b>			<b>\$ 117.31</b>			<b>\$ 119.51</b>	<b>\$ 2.20</b>	<b>1.88%</b>

Loss Factor (%)

3.49%

3.41%