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BY EMAIL

April 2, 2015

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 – HONI Dx Custom Rate Application – Draft Rate Order Additional Information**

A technical conference to review the Draft Rate Order reflecting the Board's Decision and Order on Hydro One's Distribution application was held at the Board's offices on April 1, 2015.

Attached is the additional information Hydro One committed to providing at the technical conference.

**1. Forgone Revenue Calculation**

Calculation of the forgone revenue based on the billing determinants by rate class over the January 1 to April 30 period is provided in Attachment 1. The determination of the updated fixed rider by rate class is provided in column M Attachment 1.

The use of rate class specific billing determinants, and the calculation of the smart meter adder adjustment on a specific rate class basis, provides a more precise determination of the forgone revenue by rate class. Hydro One proposes to use the forgone revenue riders shown in Attachment 1 in preparing its revised Draft Rate Order to be submitted no later than April 16, 2015.

**2. Bill Impact Summary Including the Forgone Revenue Rider**

A summary of the Distribution and Total Bill impacts including the forgone revenue riders calculated per the approach detailed above is provided as Attachment 2.

### 3. Cost Allocation Model Input Sheets

Input sheets I6.1 (Revenue Worksheet), I6.2 Customer Data Worksheet) and I8 (Demand Data Worksheet) of the cost allocation model used to derive the Draft Rate Order rates are provided as Attachment 3.

### 4. Reconciliation of IR Exhibit I, Tab 7.01, Schedule 8 FOCA 6

The 2015 Seasonal Rates Revenue Requirement figure of \$97M referenced by Mr. Buonaguro at the technical conference was from the response to interrogatory FOCA #6 that was subsequently updated by Hydro One as part of its September 2<sup>nd</sup> filing with the Board and intervenors. The updated interrogatory response is available from the OEB WebDrawer at the following link.

[http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/448014/view/HONI\\_Dx%20SUB\\_20140903.PDF](http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/448014/view/HONI_Dx%20SUB_20140903.PDF)

The updated response to FOCA #6 reflects a correction to the original interrogatory response, in which the revenue-to-cost (R/C) ratio for the Seasonal class was incorrectly reduced from 1.03 to 0.94, resulting in the shifting of \$10M in costs out of the Seasonal class. Since the Seasonal class R/C ratio was at 1.03 under the scenario proposed in FOCA #6, it was not appropriate to reduce their R/C ratio and shift revenue out of the Seasonal class.

The corrected 2015 Seasonal rates revenue requirement figure in FOCA #6 is \$107M, which compares to a value of \$104M for the Seasonal class as shown in the Draft Rate Order Exhibit 3.1, Column D.

Sincerely,

ORIGINAL SIGNED BY HENRY ANDRE

Henry Andre

Attach

	Jan-Dec Billing Units (Customers and kWh/kW) A	Jan-Apr Billing Units (Customers and kWh/kW) B	2014 Existing Rates C	2015 Proposed Rates D	Revenue Based on Existing Rates (Annual) E = A x C	Revenue Based on Proposed Rates (Annual) F = A x D	Revenue Based on Existing Rates (Jan-Apr) G = B x C	Revenue Based on Proposed Rates (Jan-Apr) H = B x D	Foregone Revenue (Jan-Apr) I = H - G	Smart Meter Adder Adjustment (Jan-Apr) \$3.92 x Num of Customers J	Foregone Revenue less Smart Meter Adder (Jan-Apr) K = I + J	May-Dec Billing Units (Customers and kWh/kW) L	Foregone Revenue Rate Rider (Fixed) M
UR													
Fixed Charge (\$)	209,540	209,540	12.72	19.07	31,984,198	47,959,756	10,661,399	15,986,585	5,325,186	(3,285,588)	2,039,597	209,540	(0.80)
Variable Charge (\$/kWh)	2,001,279,224	714,651,671	0.0256	0.0208	51,172,710	41,688,928	18,273,643	14,887,009	(3,386,634)	(3,386,634)		1,286,627,553	
Fixed + Variable (\$)					83,156,908	89,648,683	28,935,043	30,873,594	1,938,552	(3,285,588)	(1,347,037)		
R1													
Fixed Charge (\$)	433,844	433,844	20.15	26.03	104,903,539	135,495,342	34,967,846	45,165,114	10,197,268	(6,802,678)	3,394,590	433,844	0.56
Variable Charge (\$/kWh)	4,971,967,266	1,889,884,233	0.0339	0.0331	168,549,690	164,705,929	64,067,075	62,606,031	(1,461,044)	(1,461,044)		3,082,083,033	
Fixed + Variable (\$)					273,453,230	300,201,272	99,034,922	107,771,145	8,736,224	(6,802,678)	1,933,546		
R2													
Fixed Charge (\$)	329,176	329,176	57.61	65.52	227,565,629	258,814,951	75,855,210	86,271,650	10,416,441	(5,161,472)	5,254,968	329,176	5.55
Variable Charge (\$/kWh)	4,810,646,609	1,831,177,717	0.0372	0.0424	179,148,480	203,749,157	68,193,058	77,557,332	9,364,274		9,364,274	2,979,468,892	
Fixed + Variable (\$)					406,714,109	462,564,108	144,048,268	163,828,982	19,780,714	(5,161,472)	14,619,242		
Seasonal													
Fixed Charge (\$)	153,968	153,968	19.71	28.62	36,416,550	52,883,808	12,138,850	17,627,936	5,489,086	(2,414,221)	3,074,865	153,968	1.08
Variable Charge (\$/kWh)	677,316,746	308,199,285	0.0821	0.0764	55,580,612	51,746,408	25,290,833	23,546,156	(1,744,677)		(1,744,677)	369,117,460	
Fixed + Variable (\$)					91,997,162	104,630,216	37,429,683	41,174,092	3,744,409	(2,414,221)	1,330,188		
GSe													
Fixed Charge (\$)	93,508	93,508	35.92	26.35	40,305,866	29,571,575	13,435,289	9,857,192	(3,578,097)	(1,466,212)	(5,044,309)	93,508	6.42
Variable Charge (\$/kWh)	2,194,809,668	760,875,561	0.0403	0.0532	88,341,089	116,741,185	30,625,241	40,470,714	9,845,473		9,845,473	1,433,934,107	
Fixed + Variable (\$)					128,646,955	146,312,760	44,060,530	50,327,906	6,267,376	(1,466,212)	4,801,164		
GSd													
Fixed Charge (\$)	6,113	6,113	52.27	74.99	3,834,260	5,501,100	1,278,087	1,833,700	555,613	(95,850)	459,763	6,113	94.31
Variable Charge (\$/kW)	8,484,670	2,543,270	11.4330	13.0657	97,005,230	110,857,840	29,077,203	33,229,507	4,152,304		4,152,304	5,941,400	
Fixed + Variable (\$)					100,839,490	116,358,940	30,355,290	35,063,207	4,707,917	(95,850)	4,612,066		
UGe													
Fixed Charge (\$)	17,768	17,768	10.2	20.05	2,174,823	4,274,963	724,941	1,424,988	700,047	(278,605)	421,442	17,768	11.61
Variable Charge (\$/kWh)	604,059,537	207,119,906	0.0168	0.0228	10,172,363	13,754,543	3,487,899	4,716,157	1,228,258		1,228,258	396,939,631	
Fixed + Variable (\$)					12,347,186	18,029,507	4,212,840	6,141,145	1,928,305	(278,605)	1,649,700		
UGd													
Fixed Charge (\$)	1,901	1,901	28.71	78.74	655,004	1,796,470	218,335	598,823	380,489	(29,811)	350,678	1,901	61.78
Variable Charge (\$/kW)	3,058,267	967,816	6.9350	7.5435	21,209,085	23,069,997	6,711,803	7,300,705	588,902		588,902	2,090,452	
Fixed + Variable (\$)					21,864,089	24,866,467	6,930,137	7,899,528	969,391	(29,811)	939,580		
St Lgt													
Fixed Charge (\$)	4,883	4,883	1.47	3.82	86,128	224,093	28,709	74,698	45,988		45,988	4,883	11.56
Variable Charge (\$/kWh)	123,507,003	41,394,200	0.0729	0.0827	9,001,190	10,211,270	3,016,809	3,422,376	405,566		405,566	82,112,803	
Fixed + Variable (\$)					9,087,319	10,435,363	3,045,519	3,497,073	451,555	-	451,555		
Sen Lgt													
Fixed Charge (\$)	30,009	30,009	1.5	2.32	540,170	836,658	180,057	278,886	98,829		98,829	30,009	0.52
Variable Charge (\$/kWh)	21,795,353	7,304,859	0.0999	0.1034	2,176,484	2,253,047	729,463	755,124	25,661		25,661	14,490,495	
Fixed + Variable (\$)					2,716,654	3,089,705	909,520	1,034,010	124,490	-	124,490		
USL													
Fixed Charge (\$)	5,642	5,642	29.69	36.79	2,009,984	2,490,651	669,995	830,217	160,222		160,222	5,642	1.90
Variable Charge (\$/kWh)	24,056,636	7,888,488	0.0403	0.0308	968,280	740,686	317,512	242,881	(74,631)		(74,631)	16,168,148	
Fixed + Variable (\$)					2,978,264	3,231,337	987,506	1,073,098	85,591	-	85,591		
DGen													
Fixed Charge (\$)	1,010	1,010	38.13	160.99	462,117	1,951,169	154,039	650,390	496,351	(15,836)	480,514	1,010	47.89
Variable Charge (\$/kW)	216,099	66,834	5.9510	4.5503	1,286,002	983,309	397,729	304,113	(93,616)		(93,616)	149,265	
Fixed + Variable (\$)					1,748,119	2,934,478	551,768	954,503	402,735	(15,836)	386,899		
ST													
Fixed Charge (\$)	810	810	583.21	833.63	5,667,277	8,100,753	1,889,092	2,700,251	811,159	(12,697)	798,461	810	682.35
Variable Charge (\$/kW)	30,696,855	10,232,285	0.7926	1.1465	24,329,125	35,195,109	8,109,708	11,731,703	3,621,995		3,621,995	20,464,570	
Fixed + Variable (\$)					29,996,402	43,295,862	9,998,801	14,431,954	4,433,153	(12,697)	4,420,456		
TOTAL (\$)					1,165,545,886	1,325,598,696	410,499,827	464,070,237	53,570,411	(19,562,971)	34,007,440		

# Bill Impact Summary by Rate Class (Including Foregone Revenue Rider)

Rate Class	Consumption Level	Monthly Consumption (kWh)	Monthly Peak (kW)	Change in DX Bill (\$)	Change in DX Bill (%)	Change in Total Bill (\$)	Change in Total Bill (%)
UR	Low	100		\$2.08	10.81%	\$1.88	5.58%
	Typical	800		(\$1.82)	-4.85%	(\$3.75)	-2.60%
	High	2,000		(\$8.52)	-12.35%	(\$13.39)	-4.03%
R1	Low	100		\$3.47	12.60%	\$3.34	7.91%
	Typical	800		\$2.16	4.16%	\$0.69	0.43%
	High	2,000		(\$0.08)	-0.09%	(\$3.85)	-1.07%
R2	Low	100		\$8.71	23.56%	\$8.90	17.17%
	Typical	800		\$10.93	16.96%	\$11.48	6.67%
	High	2,000		\$14.75	13.21%	\$15.91	4.20%
Seasonal	Low	50		\$6.79	24.29%	\$6.88	19.08%
	Typical	400		\$3.67	6.33%	\$3.55	3.15%
	High	1,000		(\$1.66)	-1.51%	(\$2.15)	-0.88%
GSe	Low	1,000		\$6.14	7.56%	\$7.39	3.48%
	Typical	2,000		\$18.24	14.87%	\$20.85	5.44%
	High	15,000		\$175.54	26.56%	\$214.40	7.57%
UGe	Low	1,000		\$24.43	79.58%	\$23.23	14.40%
	Typical	2,000		\$30.35	64.19%	\$27.63	9.00%
	High	15,000		\$107.31	40.83%	\$92.05	3.84%
GSd	Low	15,000	60	\$208.72	27.90%	\$215.08	7.54%
	Typical	35,000	120	\$302.45	21.01%	\$300.23	4.81%
	High	175,000	500	\$896.09	15.39%	\$839.47	2.86%
UGd	Low	15,000	60	\$145.21	32.77%	\$158.81	6.31%
	Typical	35,000	120	\$180.58	21.15%	\$187.66	3.35%
	High	175,000	500	\$404.55	11.71%	\$354.85	1.33%
St Lgt	Low	100		\$14.96	168.25%	\$15.25	71.80%
	Typical	500		\$18.72	48.52%	\$19.21	19.36%
	High *	2,000		\$32.80	21.88%	\$34.05	8.24%
Sen Lgt	Low	20		\$1.45	40.75%	\$1.48	23.67%
	Typical	50		\$1.50	22.52%	\$1.54	11.86%
	High	200		\$1.73	7.83%	\$1.83	3.93%
USL	Low	100		\$8.79	25.98%	\$8.82	18.87%
	Typical	500		\$4.55	9.03%	\$4.03	3.60%
	High	1,000		(\$0.75)	-1.06%	(\$1.95)	-0.98%
DGen	Low	300	10	\$156.11	151.05%	\$179.54	112.11%
	Typical	2,000	20	\$140.78	85.50%	\$165.35	37.51%
	High	5,000	100	\$18.09	2.76%	\$51.79	3.67%
ST	Low	200,000	500	\$1,271.41	100.13%	\$1,728.12	6.14%
	Typical	500,000	1,000	\$1,524.06	86.39%	\$2,305.04	3.43%
	High	4,000,000	10,000	\$6,071.76	56.93%	\$12,689.63	2.32%

**Sheet I6.1 Revenue Worksheet -**

Miscellaneous Revenue (RRWF 5. cell F48)	49,656,260
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[illegible]



# 2015 Cost Allocation Model

**EB-2013-0416**  
**Sheet I6.2 Customer Data Worksheet -**

Billing Data			1	2	3	4	5	6	7	8	9	10	11	12	13
	ID	Total	UR	R1	R2	Seasonal	GSe	GSd	UGe	UGd	St Lgt	Sen Lgt	USL	Dgen	ST
Bad Debt 3 Year Historical Average	BDHA	\$18,833,333	\$2,293,039	\$6,304,210	\$5,606,188	\$521,010	\$1,400,549	\$1,173,872	\$248,515	\$75,122	\$2,423	\$141,368	\$184	\$200	\$1,066,653
Late Payment 3 Year Historical Average	LPHA	\$12,486,523	1,330,607	3,877,231	4,383,248	713,763	1,137,824	622,415	148,082	47,362	20,748	24,678	43	3,751	176,770
Number of Bills	CNB	14,226,319	2,514,481	5,206,131	3,950,106	615,873	1,122,101	73,355	213,218	22,814	58,591	360,113	67,699	12,120	9,717
Number of Devices															
Number of Connections (Unmetered)	CCON	40,971	-	-	-	-	-	-	-	-	20,324	15,005	5,642	-	-
Total Number of Customers	CCA	1,288,609	209,540	433,844	329,176	153,968	93,508	6,113	17,768	1,901	20,324	15,005	5,642	1,010	810
Bulk Customer Base	CCB	1,288,609	209,540	433,844	329,176	153,968	93,508	6,113	17,768	1,901	20,324	15,005	5,642	1,010	810
Primary Customer Base	CCP	1,287,324	209,540	433,844	329,176	153,968	93,508	6,113	17,768	1,901	20,324	15,005	5,642	460	74
Line Transformer Customer Base	CCLT	1,287,250	209,540	433,844	329,176	153,968	93,508	6,113	17,768	1,901	20,324	15,005	5,642	460	-
Secondary Customer Base	CCS	1,278,775	209,540	433,844	329,176	153,968	93,508	-	17,768	-	20,324	15,005	5,642	-	-
Weighted - Services	CWCS	1,077,885	104,770	325,383	493,763	153,968	-	-	-	-	-	-	-	-	-
Weighted Meter -Capital	CWMC	269,699,187	31,431,012	65,076,637	57,605,718	26,944,428	33,663,028	8,863,717	8,439,878	2,756,751	-	-	-	1,716,931	33,201,086
Weighted Meter Reading	CWMR	231,669	4,822	21,432	101,265	32,865	39,465	22,883	3,244	5,694	-	-	-	-	-
Weighted Bills	CWNB	16,217,750	2,514,481	5,206,131	3,950,106	615,873	2,244,202	513,484	426,436	159,701	117,181	7,202	135,398	181,793	145,761

**Bad Debt Data**

Historic Year:	2010	18,600,000	2,135,698	6,402,146	5,228,951	439,515	1,428,325	992,491	267,662	89,762	163	333,611	145	364	1,281,167
Historic Year:	2011	19,100,000	2,448,536	6,260,315	5,031,459	602,476	1,232,416	1,397,055	165,705	60,194	1,336	30,593	44	-	1,869,873
Historic Year:	2012	18,800,000	2,294,885	6,250,168	6,558,155	521,039	1,540,907	1,132,070	312,178	75,411	5,771	59,902	362	235	48,918
Three-year average		18,833,333	2,293,039	6,304,210	5,606,188	521,010	1,400,549	1,173,872	248,515	75,122	2,423	141,368	184	200	1,066,653



# 2015 Cost Allocation Model

**EB-2013-0416**

**Sheet 18 Demand Data Worksheet -**

This is an input sheet for demand allocators.

CP TEST RESULTS	12 CP
NCP TEST RESULTS	4 NCP

Co-incident Peak	Indicator
1 CP	CP 1
4 CP	CP 4
12 CP	CP 12

Non-co-incident Peak	Indicator
1 NCP	NCP 1
4 NCP	NCP 4
12 NCP	NCP 12

Customer Classes		Total	1	2	3	4	5	6	7	8	9	10	11	12	13
			UR	R1	R2	Seasonal	GSe	GSd	UGe	UGd	St Lgt	Sen Lgt	USL	Dgen	ST
<b>CO-INCIDENT PEAK</b>															
<b>1 CP</b>															
Transformation CP	TCP1	6,568,897	413,212	1,118,241	1,146,669	193,426	327,451	373,242	99,688	140,413	33,004	5,824	3,020	3,257	2,711,451
Bulk Delivery CP	BCP1	6,358,664	399,920	1,082,907	1,111,387	187,469	317,293	361,281	96,511	135,866	31,977	5,643	2,926	3,150	2,622,334
Total Sytem CP	DCP1	6,568,897	413,212	1,118,241	1,146,669	193,426	327,451	373,242	99,688	140,413	33,004	5,824	3,020	3,257	2,711,451
<b>4 CP</b>															
Transformation CP	TCP4	25,119,365	1,697,194	4,265,577	4,195,481	660,070	1,477,437	1,411,449	409,485	580,548	89,068	15,718	12,072	11,725	10,293,542
Bulk Delivery CP	BCP4	24,315,318	1,642,601	4,130,791	4,066,390	639,742	1,431,604	1,366,219	396,437	561,749	86,295	15,228	11,696	11,341	9,955,226
Total Sytem CP	DCP4	25,119,365	1,697,194	4,265,577	4,195,481	660,070	1,477,437	1,411,449	409,485	580,548	89,068	15,718	12,072	11,725	10,293,542
<b>12 CP</b>															
Transformation CP	TCP12	68,064,239	4,580,481	11,319,008	10,822,740	1,401,149	3,916,597	3,849,115	1,084,964	1,685,612	230,509	40,678	36,041	32,043	29,065,303
Bulk Delivery CP	BCP12	65,883,180	4,433,143	10,961,345	10,489,733	1,357,997	3,795,097	3,725,769	1,050,391	1,631,031	223,331	39,411	34,919	30,992	28,110,020
Total Sytem CP	DCP12	68,064,239	4,580,481	11,319,008	10,822,740	1,401,149	3,916,597	3,849,115	1,084,964	1,685,612	230,509	40,678	36,041	32,043	29,065,303
<b>NON CO INCIDENT PEAK</b>															
<b>1 NCP</b>															
Classification NCP from Load Data Provider	DNCP1	7,091,782	452,037	1,164,863	1,187,051	233,468	441,413	432,003	125,531	202,106	50,089	8,839	3,050	3,753	2,787,579
Primary NCP	PNCP1	4,149,275	433,026	1,106,658	1,115,021	219,386	416,096	407,166	119,723	192,482	47,291	8,345	2,880	362	80,840
Line Transformer NCP	LTNCP1	3,978,032	433,026	1,106,658	1,115,021	219,386	416,096	346,046	119,723	163,504	47,291	8,345	2,880	57	-
Secondary NCP	SNCP1	3,373,130	427,661	1,082,586	1,074,254	211,474	402,749	-	117,648	-	45,869	8,094	2,793	-	-
<b>4 NCP</b>															
Classification NCP from Load Data Provider	DNCP4	27,228,071	1,762,645	4,431,596	4,503,063	844,117	1,690,077	1,713,246	481,555	759,834	191,674	33,825	12,144	14,595	10,789,699
Primary NCP	PNCP4	15,851,190	1,688,513	4,210,161	4,229,815	793,206	1,593,141	1,614,747	459,277	723,652	180,967	31,935	11,465	1,408	312,902
Line Transformer NCP	LTNCP4	15,185,764	1,688,513	4,210,161	4,229,815	793,206	1,593,141	1,372,354	459,277	614,706	180,967	31,935	11,465	223	-
Secondary NCP	SNCP4	12,836,924	1,667,592	4,118,583	4,075,170	764,599	1,542,041	-	451,317	-	175,526	30,975	11,120	-	-
<b>12 NCP</b>															
Classification NCP from Load Data Provider	DNCP12	73,070,924	4,808,725	11,633,157	11,301,227	1,830,206	4,673,336	4,875,342	1,329,353	2,119,949	453,206	79,977	36,198	41,384	29,888,864
Primary NCP	PNCP12	41,689,185	4,606,484	11,051,881	10,615,465	1,719,820	4,405,292	4,595,045	1,267,853	2,018,999	427,889	75,510	34,176	3,992	866,779
Line Transformer NCP	LTNCP12	39,825,313	4,606,484	11,051,881	10,615,465	1,719,820	4,405,292	3,905,273	1,267,853	1,715,038	427,889	75,510	34,176	632	-
Secondary NCP	SNCP12	33,277,326	4,549,409	10,811,484	10,227,354	1,657,796	4,263,992	-	1,245,879	-	415,024	73,239	33,149	-	-