

B-EP-1

Reference(s): Exhibit B, Tab 2, Schedule 1, page 2

Preamble:

The evidence states that once the consolidation is completed and the businesses are integrated, LDC Co expects to be compliant with all OEB codes, distribution licences, IESO market rules and statues and regulations.

- a) Does LDC Co expect to be compliant with all such codes, licences, market rules, statues and regulations during the consolidation and integration process? If not, please provide specific areas of non-compliance that are expected.**
- b) Does LDC Co expect to be compliant with all current settlement agreements approved by the Board during the consolidation and integration process? In particular, with respect to the Horizon settlement agreement in EB-2014-0002, does LDC Co expect to be compliant with the agreement in all areas? If not, please explain why not and provide detailed explanations as to why it cannot be compliant with each specific part of the agreement.**

Response:

1 a) Please see the Applicants' response to Interrogatory B-SEC-2.

2

3 b) It is LDC Co's intention to be compliant with all current settlement agreements approved by
4 the OEB. With respect to the Horizon Utilities Settlement Agreement (EB-2014-0002), it is
5 the Applicants' intention to be compliant with the Settlement Agreement, subject to changes
6 in OEB policy, i.e., the OEB's *Report of the Board: Ratemaking Associated with Electricity*
7 *Distributor and Transmitter Consolidations* and the *OEB Handbook of Distributor and*
8 *Transmitter Consolidations*.

9

10 The Applicants identify that the merger creates complexity in certain areas related to the
11 Capital Investment Variance Account ("CIVA"). For instance, there will be challenges
12 regarding tracking capital expenditures in isolation of capital synergies. Similarly, for the
13 purposes of the Earnings Sharing Mechanism ("ESM"), there will be challenges in tracking
14 earnings in isolation of merger savings.

B-EP-2

Reference(s): Exhibit B, Tab 2, Schedule 1, page 10

Preamble:

- a) Please provide examples of revenues that would be excluded in the calculation of the ROE and not otherwise included for regulatory purposes.**
- b) Please provide examples of expenses that would be excluded in the calculation of the ROE and not otherwise included for regulatory purposes.**
- c) Would any transition costs be included in the calculation of the ROE? Please explain fully.**

Response:

a) According to the *RRR 2.1.5.6 ROE Complete Filing Guide*, issued March 2016, non-rate regulated items, revenues and/or expenses that are not related to the provision of electricity distribution services are excluded from the calculation of regulated net income. Examples of the non-rate regulated revenues include those associated with qualifying distributor-owned generation and storage facilities, conservation and demand management ("CDM") programs or other initiatives outside the regulated distribution rates framework. Examples of revenues are:

- CDM Revenues;
- Renewable Generation Revenues;
- Water Services Revenues;
- Non-rate regulated utility rental income/investment income;
- Adjustments to revenues not approved by the OEB.

The Applicants have also identified a non-exhaustive list of revenues and expenses that would not otherwise be included for regulatory purposes in the computation of the ROE for regulatory purposes in Exhibit B, Tab 7, Schedule 2, p.1.

b) According to the *RRR 2.1.5.6 ROE Complete Filing Guide*, issued March 2016, non-rate regulated items, revenues and/or expenses that are not related to the provision of electricity distribution services are excluded from the calculation of regulated net income.

Examples of the non-rate regulated expenses include those associated with qualifying distributor-owned generation and storage facilities, CDM programs or other initiatives outside the regulated distribution rates framework.

Examples of expenses are:

- CDM Expenses;
- Renewable Generation Expenses;
- Water Services Expenses;
- Depreciation expense on non-rate regulated assets;
- Adjustments to other expense items not approved by the OEB.

The Applicants have also identified a non-exhaustive list of revenues and expenses that would not otherwise be included for regulatory purposes in the computation of the ROE for regulatory purposes in Exhibit B, Tab 7, Schedule 2, p.1.

c) Reporting by LDC Co has not been fully determined, as yet. However, transition costs would be excluded from the calculation of the ROE. One of the underlying principles of the ROE calculation as per the OEB's *Reporting and Record Keeping Requirements* ("RRRs") is that "*costs and revenues not approved by the OEB in a distributor's previous CoS rate proceeding are excluded from the calculation of achieved ROE*" as identified by the OEB in its *RRR 2.1.5.6 ROE Complete Filing Guide* dated March 2016. Since transition costs were not approved by the OEB in any of the Parties' previous Cost of Service rate proceedings, they may be excluded from the calculation of achieved ROE.

B-EP-3

Reference(s): Exhibit B, Tab 2, Schedule 1, Figures 2-5

Preamble:

Please disaggregate the rate riders shown in each of Figures 2 through 5 into the following three categories:

- a) rate riders that will expire based on the dates already determined by the Board,**
- b) rate riders that will remain in place for ten years until the next rebasing, and**
- c) rate riders that LDC Co is proposing that the Board should limit the duration of.**

Response:

- 1 a) The Applicants identify the rate riders that will expire based on the dates already determined
- 2 by the Board in Table 1 below.
- 3
- 4 b) The Applicants identify rate riders that will remain in place for ten years until the next
- 5 rebasing in Table 1 below.
- 6
- 7 c) The Applicants are not proposing that the Board should limit the duration of any rate riders
- 8 as identified in Table 1 below. Please see the Applicants' response to Interrogatory B-
- 9 BOMA-20a) for further details.

10 **Table 1 – Categorization of Rate Riders**

Utility	Rate Rider	Expiry Date		No Expiry Date	
		Expire on Date Determined by the Board and within the Requested Deferred Rebasing Period	Extension Requested (Y/N)	No Expiry Date within the 10 year Deferred Rebasing Period	Propose that the OEB Limit the Duration (Y/N)
PowerStream	Rate Rider for Recovery of CGAAP/CWIP Differential - effective until December 31, 2016	X	N		
	Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	X	N		
	Rate Rider for Disposition of Global Adjustment Sub-Account (2016) - effective until December 31, 2017 Applicable only for Non-RPP Customers	X	N		
	Rate Rider for Disposition of Deferral/Variance Account (2016) - effective until December 31, 2017	X	N		
	Rate Rider for Recovery of Lost Revenue Adjustment Mechanism Variance Account (2013 balance) - effective until December 31 2016	X	N		
	Rate Rider for Recovery of Stranded Meter Assets (2016) - effective until December 31, 2016	X	N		
	Rate Rider for Recovery of Account 1575 - effective until December 31, 2016	X	N		
Enersource	Smart Metering Entity Charge - in effect until October 31, 2018	X	N		
	Rate Rider for Application of Tax Change (2015) – effective until Dec 31, 2016	X	N		
	Rate Rider for Recovery of Foregone Revenue - Base Distribution - effective until December 31, 2016	X	N		
	ICM Rate Rider - in effect until the effective date of the next cost of service-based rate order			X	N
	Dist Vol Rate - DVA (2014) until Dec 31, 2016 (all DVA riders including interval and non-interval metered) GA Dist Vol Rate - Non RPP (2014) until Dec 31, 2016 (all GA riders including Class A and Class B customers)	X	N		
Horizon	Rate Rider for Smart Meter Entity Charge - effective until October 31, 2018	X	N		
	Rate Rider for Recovery of Stranded Meters - effective until December 31, 2017	X	N		
	Rate Rider for Disposition of Deferral/Variance Account (2016) - effective until December 31, 2016	X	N		
	Rate Rider for Disposition of Global Adjustment Account (2016) - effective until December 31, 2016 Applicable only for Non-RPP Class B Consumers	X	N		
HOBNI	Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	X	N		
	Rate Rider for Disposition of Account 1576 - effective until December 31, 2017	X	N		

B-EP-4

Reference(s): Exhibit B, Tab 2, Schedule 1, page 15

Preamble:

The evidence states that the applicants are requesting approval to continue to track costs to the regulatory asset accounts currently approved by the Board for each of the four LDCs.

- a) Please confirm that the tracking may be related to costs and/or revenues and not just costs.**
- b) For each of the four LDCs, please provide a list of the regulatory asset accounts that are currently in place, along with the description of each of the accounts.**

Response:

- 1 a) The Applicants confirm that the tracking may be related to costs and/or revenues and not
- 2 just costs.
- 3
- 4 b) Please see Table 1 below for a list of the regulatory asset and liability accounts that are
- 5 currently in place, along with the description of each of the accounts for each of Horizon
- 6 Utilities, PowerStream, Enersource and HOBNI.

7 **Table 1 – Current Regulatory Asset and Liability Accounts by LDC**

LDC	Group	USoA	Account Name	Sub-Account	Description
All Four LDCs	Group 1	1550	Low Voltage Variance Account	n/a	This account is used monthly to record the variances arising from low voltage transactions which are not part of the electricity wholesale market.
		1551	Smart Meter Entity Charge Variance Account	n/a	This account is used monthly to record the variances between (1) the Smart Meter Entity charges billed by the Independent Electricity System Operator based on the monthly settlement invoice, including accruals and (2) the charges billed to customers using the OEB-approved Rate Rider for the Smart Meter Entity Charge, including unbilled accruals.
		1580	Retail Settlement Variance Account ("RSVA") - Wholesale Market Services	n/a	This account is used monthly to record the variances between (1) the wholesale market service charges billed by the Independent Electricity System Operator based on the monthly settlement invoice, including accruals and (2) the charges billed to customers using the OEB-approved Wholesale Market Service Rate, including unbilled accruals. This account includes charges for the Ontario Electricity Support program ("OESP") and excludes charges for the Capacity Based Demand Response "CBDR" program.
		1580	Retail Settlement Variance Account ("RSVA") - Wholesale Market Services	CBDR Class A	This account is used monthly to record the variances between (1) the Capacity Based Demand Response charges for Class A customers ("CBDR A") billed by the Independent Electricity System Operator based on the monthly settlement invoice, including accruals and (2) the charges billed to Class A customers using the OEB-approved Capacity Based Recovery rate, including unbilled accruals.
		1580	Retail Settlement Variance Account ("RSVA") - Wholesale Market Services	CBDR Class B	This account is used monthly to record the variances between (1) the Capacity Based Demand Response charges for Class B customers ("CBDR B") billed by the Independent Electricity System Operator based on the monthly settlement invoice, including accruals and (2) the charges billed to Class B customers using the OEB-approved Capacity Based Recovery rate, including unbilled accruals.
		1584	Retail Settlement Variance Account ("RSVA") - Retail Transmission Network Services	n/a	This account is used monthly to record the variances between (1) the transmission network services charges billed by the Independent Electricity System Operator and Hydro One Networks Inc. including accruals and (2) the charges billed to customers for the same services using the OEB-approved Transmission Network Service Rate, including unbilled accruals.
		1586	Retail Settlement Variance Account ("RSVA") - Retail Transmission Line and Connection Services	n/a	This account is used monthly to record the variances between (1) the transmission line connection services charges billed by the Independent Electricity System Operator and Hydro One Networks Inc. including accruals and (2) the charges billed to customers for the same services using the OEB-approved Line and Transformation Connection Service Rate, including unbilled accruals.
		1588	Retail Settlement Variance Account ("RSVA") - Power	n/a	This account is used monthly to record the net difference between (1) the energy amount billed to customers including unbilled accruals and (2) the energy charge to a distributor using the monthly settlement invoice received from the Independent Electricity System Operator, host distributor or embedded generator including accruals.
		1589	Retail Settlement Variance Account ("RSVA") - Global Adjustment	sub accounts to split balances by IESO Industrial Conservation Initiative ("ICI") adjustment or billing period	This account shall be used monthly to record the net difference between (1) the global adjustment amount billed to non-Regulated Price Plan consumers, including unbilled accruals and (2) the global adjustment charge (i.e., under charge types as applicable) to a distributor for non-Regulated Price Plan consumers using the monthly settlement invoice received from the Independent Electricity System Operator ("IESO"), host distributor or embedded generator including accruals.
		1595	Disposition and Recovery/Refund of Regulatory Balances	sub accounts by year for each of (1) principal, (2) carrying charges and (3) carrying charges for net principal	This control account is used to record the disposition of deferral and variance account balances for electricity distributors receiving approval to recover (or refund) account balances in rates as part of the regulatory process
	Group 2	1518	Retailer Consolidated Variance Account ("RCVA")	n/a	This account is used monthly to record the net of (1) revenues derived, including accruals from a) Establishing Service Agreements; b) Distributor-Consolidated Billing; and c) Retailer-Consolidated Billing and (2) the costs of entering into Service Agreements, and related contract administration, monitoring, and other expenses necessary to maintain the contract.
		1548	Retailer Consolidated Variance Account ("RCVA") - Service Transaction Requests	n/a	This account is used monthly to record the net of revenues collected and expenses incurred by distributors associated with Service Transaction Request services, including accruals.
		1568	Lost Revenue Adjustment Mechanism ("LRAM") Variance Account	n/a	This account includes the lost revenue adjustment mechanism ("LRAM") variances in relation to the conservation and demand management ("CDM") programs or activities undertaken by a distributor in accordance with Board-prescribed requirements (e.g. licence, codes and guidelines).

LDC	Group	USoA	Account Name	Sub-Account	Description
Horizon Utilities	Group 2	1508	Other Regulatory Assets	Energy East Consultation Costs	This account includes Horizon Utilities' portion of the OEB's costs associated with consultations on TransCanada PipeLines Limited's Proposed Energy East Pipeline Project EB-2013-0398
		1508	Other Regulatory Assets	OEB Cost Assessment Variance	This account is used monthly to record the difference between Horizon Utilities' OEB cost assessment currently built into rates and the cost assessment resulting from the application of the OEB's new Cost Assessment Methodology ("CAM") per the OEB's April 1, 2016 letter.
		1533	Renewable Generation Connection Funding Adder Deferral Account	Amounts Received from the IESO	This account is used monthly to record amounts received from the IESO under the Charge Type 1413 - Renewable Generation Connection - Monthly Compensation Amount Settlement Credit
		1555	Smart Meter Capital and Recovery Offset Variance Account	Stranded Meter Costs	This account includes the net amount of (i) the net book value of stranded meter assets removed from rate base January 1, 2015 and (ii) the principal portion of the recovery of these assets from customers via a rate rider in effect from January 1, 2015 to December 31, 2017 (as approved in Horizon Utilities' Custom IR Application EB-2014-0002).
PowerStream	Group 2	1508	Other Regulatory Assets	Energy East Consultation Costs	This account includes PowerStream's portion of the OEB's costs associated with consultations on TransCanada PipeLines Limited's Proposed Energy East Pipeline Project EB-2013-0398
		1508	Other Regulatory Assets	OEB Cost Assessment Variance	This account is used to record the difference between PowerStream's OEB cost assessment currently built into rates and the cost assessment resulting from the application of the OEB's new Cost Assessment Methodology ("CAM") per the OEB's April 1, 2016 letter.
		1508	Other Regulatory Assets	IFRS Transition Costs Variance	This account records the variance between the actual IFRS transition costs and the amounts included in rates. It has been included for disposition in PowerStream's 2016 rate application.
		1508	Other Regulatory Assets	Incremental Capital Charges	This account records the approved incremental capital rate riders billed and the capital expenditures for the approved capital projects. The capital amounts have been included in rate base and the variance between amounts billed and calculated revenue requirement included for disposition in PowerStream's 2016 rate application.
		1508	Other Regulatory Assets	CGAAP CWIP Differential	This account records the approved CWIP amount for recovery and the approved rate riders billed. These rate riders continue to December 31, 2016.
		1508	Other Regulatory Assets	OPEB Deferral Account	This account records actuarial gains or losses from revaluation of the OPEB liability. Disposition is over the average remaining service years of the employees covered by the plan. PowerStream has not requested disposition at this time.
		1508	Other Regulatory Assets	n/a	Older recovery amounts charged by Hydro One by OEB approved rate riders. These amounts have been included for disposition in PowerStream's 2016 rate application.
		1531	Renewable Connection Capital Deferral Account	n/a	This account records the capital cost of eligible renewable generation enabling investments that are waiting for OEB approval for recovery. These amounts have been included for disposition in PowerStream's 2016 rate application.
		1532	Renewable Connection OM&A Deferral Account	n/a	This account records the eligible OM&A costs related to renewable generation connection that are waiting for OEB approval for recovery. These amounts have been included for disposition in PowerStream's 2016 rate application.
		1533	Renewable Generation Connection Funding Adder Deferral Account	n/a	This account is used to track variances in the revenue requirement between actual and forecasted for rates costs related to renewable generation enabling.
		1534	Smart Grid Capital Deferral Account	n/a	This account records the capital cost of eligible smart grid investments that are waiting for OEB approval for recovery. These amounts have been included for disposition in PowerStream's 2016 rate application.
		1535	Smart Grid OM&A Deferral Account	n/a	This account records the eligible OM&A costs related to smart grid projects that are waiting for OEB approval for recovery. These amounts have been included for disposition in PowerStream's 2016 rate application.
		1536	Smart Grid Funding Adder Deferral Account	n/a	This account records the approved smart grid funding rate adders charged to customers. These amounts have been included for disposition in PowerStream's 2016 rate application.
		1555	Smart Meter Capital and Recovery Offset Variance Account	Stranded Meter Costs	This account records the variance between the approved smart meter stranded meter costs and amounts collected by approved rate riders. It has been included for disposition in PowerStream's 2016 rate application.
		1567	Board-Approved CDM Programs Variance Account	n/a	This account records the variance between amounts received for CDM spending and CDM expenditures.
		1575	IFRS-CGAAP Transitional PP&E Amounts	n/a	This account records the approved PP&E amount and the related rate adjustments applied to customers from 2013 to 2015. In PowerStream's 2016 rate application, it is proposed to dispose of the remaining balance by rate riders.

LDC	Group	USoA	Account Name	Sub-Account	Description
Enersource	Group 2	1508	Other Regulatory Assets	Other Post-Employment Benefits	Accounting Order as part of Enersource's 2013 COS Application EB-2012-0033: Enersource shall establish the Other Post-Employment Benefits ("OPEB") Deferral Account to record the cumulative actuarial gains or losses in Enersource's post- retirement benefits in Account 1508, Other Regulatory Assets, Sub-account OPEB Deferral Account. The deferral account shall be adjusted, subject to materiality, to record changes in the actuarial gains or losses in Enersource's post- retirement benefits as supported by the annual updated actuarial valuation prepared for Enersource. The deferral account is established in the absence of Board policy on the OPEB issue and will continue until the earlier of: (1) A decision by the Board to implement a policy in respect to the OPEB which differs from the approach approved here, and (2) Enersource's next rebasing application.
		1508	Other Regulatory Assets	OEB Cost Assessment Variance	This account is used monthly to record the difference between a Enersource's OEB cost assessment currently built into rates and the cost assessment resulting from the application of the OEB's new Cost Assessment Methodology ("CAM") per the OEB's April 1, 2016 letter.
		1531	Renewable Generation Connection Capital Deferral Account	n/a	This capital deferral account is used to record investments associated with expansions to connect renewable generation facilities and renewable enabling improvements, both as defined in the Distribution System Code ("DSC"). In addition, the capital cost of changes to a distributor's Customer Information System to enable the automated settlement of FIT or microFIT contracts may be included in this Account.
		1532	Renewable Generation Connection OM&A Deferral Account		This operating deferral account is used to record incremental operating, maintenance, amortization and administrative expenses directly related to expansions to connect renewable generation facilities, and renewable enabling improvements, both as defined in the DSC. In addition, costs that can be recorded in this Account include expenses associated with preparing a "GEA Plan" and expenses associated with changes to a distributor's Customer Information System to enable the automated settlement of FIT or microFIT contracts.
		1533	Renewable Generation Connection Funding Adder Deferral Account	n/a	This account is used monthly to record amounts received from the IESO under the Charge Type 1413 - Renewable Generation Connection - Monthly Compensation Amount Settlement Credit
		1555	Smart Meter Capital and Recovery Offset Variance Account	Stranded Meter Costs	This sub-account is used to record the stranded costs associated with conventional or accumulation meters removed at the time of installation of smart meters.
		1557	Meter Cost Deferral Account	n/a	The Board amended the Distribution System Code (DSC) on May 21, 2014 to establish a requirement for the installation of Metering Inside the Settlement Timeframe (MIST) meters. In March 2015, the Board established a deferral account to allow distributors to capture prudently incurred incremental costs that are material and are associated with the subject amendment.
		1575	IFRS-CGAAP Transitional PP&E Amounts	n/a	This account is used to record differences arising as a result of accounting policy changes caused by the transition from previous Canadian GAAP to modified IFRS.
		1592	PILs and Tax Variances for 2006 and Subsequent Years	n/a	This account is used to record the tax impact of any differences that result from legislative or regulatory change to the tax rates or rules, differences that result from a change in, or a disclosure of a new assessing or administrative policy or any differences in 2006 PILs that result in changes in a distributor's opening 2006 balances for tax accounts.
Hydro One Brampton	Group 2	1508	Other Regulatory Assets	OEB Cost Assessment Variance	This account is used monthly to record the difference between HOBNI's OEB cost assessment currently built into rates and the cost assessment resulting from the application of the OEB's new Cost Assessment Methodology ("CAM") per the OEB's April 1, 2016 letter.
		1533	Renewable Generation Connection Funding Adder Deferral Account	Provincial Rate Protection Payment Variances	This account is used to track the variance between HOBNI's revenue requirement required to support the portion of the GEA investments that are eligible for rate protection, and the rate protection payments collected from the IESO.
		1555	Accounting Changes Under CGAAP	n/a	This account is used to record the financial differences arising as a result of accounting changes to depreciation and capitalization policies permitted by the OEB under Canadian GAAP versus the amounts that would have been recorded under IFRS.

B-EP-5

Reference(s): Exhibit B, Tab 5, Schedule 1, page 2

Preamble:

Please provide all the background information and assumptions used to support the conclusion that projected rate increases upon rebasing would have been higher than under price cap IR.

Response:

- 1 Please see the Applicants' response to Interrogatory B-Staff-22.

B-EP-6

Reference(s): Exhibit B, Tab 5, Schedule 1

Preamble:

- a) Please update Figure 20 to include data for 2015.**
- b) Will LDC Co continue to report SAIDI and SAIFI based on the four former LDC areas? If not, please explain how customers will be able to determine if their reliability metrics have improved or deteriorated?**
- c) The evidence indicates that the LDC Co column in Figure 21 is the arithmetic average of the four previous columns. Please add a column to Figure 21 that shows the SAIDI and SAIFI figures if they were calculated as if the four LDC's were only one LDC. Please confirm that this calculation would be more comparable to the future SAIDI and SAIFI figures for LDC Co in the future as compared the arithmetic average shown.**

Response:

- 1 a) Please see the Applicants' response to Interrogatory B-AMPCO-11b).
- 2
- 3 b) LDC Co will report SAIDI and SAIFI as required by the Ontario Energy Board's ("OEB")
- 4 *Electricity Reporting & Record Keeping Requirements* ("RRR").
- 5
- 6 Reporting SAIDI and SAIFI as a single, combined entity will not impact a customer's ability
- 7 to determine if their specific reliability has improved or deteriorated. SAIDI and SAIFI are
- 8 system averages and do not provide an indication of an individual customer's reliability. An
- 9 individual customer's best indication of improving or declining reliability is the number of
- 10 interruptions and outages they personally experience which is independent of whether
- 11 SAIDI and SAIFI are reported based on the four former LDC areas or as a single, combined
- 12 entity.
- 13
- 14 c) The Applicants have added a column "LDC Co Weighted Average" to Figure 21, in Table 1
- 15 below that shows the SAIDI and SAIFI figures if they were calculated as if the four LDCs
- 16 were only one LDC. There are differences between the LDCs in terms of customer count,

which is fundamental to the calculation of SAIDI and SAIFI. The additional Column, “LDC Co – Weighted Average”, which computes the SAIDI and SAIFI on a customer-based weighted average, is more appropriate and comparable to future SAIDI and SAIFI, as it factors in the customer count differences on an annual basis.

Table 1 – Figure 21 Adjusted - Five Year Average (SAIDI & SAIFI)

Adjusted	2010 - 2014 Results					
	Enersource	Horizon Utilities	PowerStream	HOBNI	LDC Co (Arithmetic Average)	LDC Co (Weighted Average*)
Loss of Supply Adjusted						
5 year Average SAIDI (in hours)	0.82	2.15	2.76	2.45	2.05	2.14
5 year Average SAIFI	1.30	1.71	1.45	1.41	1.47	1.48

B-EP-7

Reference(s): Exhibit B, Tab 5, Schedule 2

Preamble:

- a) Please provide the assumptions used for the increase in OM&A shown for each of the LDCs shown in Figure 22, such as inflation, productivity enhancements, etc.**
- b) Please provide the assumptions used for the increase in OM&A shown for the merged entity in Figure 22, such as inflation, productivity enhancements, etc.**
- c) Please provide a similar table that shows the number of FTE's.**

Response:

- 1 a) OM&A amounts for each of the Parties are based on their five-year operating budgets
- 2 approved at the time the Business Case Model was developed. The budget assumptions
- 3 are consistent with the rate rebasing applications. Some of the key assumptions include the
- 4 following: labour cost increase ranges from 1.9% to 2.25% and non-labour ranges from 1%
- 5 to 2%. The Business Case Model assumes 2% OM&A inflation rate after the end of the five-
- 6 year forecast period.
- 7
- 8 b) The Business Case Model assumes 2% OM&A inflation rate for LDC Co.
- 9
- 10 c) Please see the Applicants' response to Interrogatory B-AMPCO-6c).

B-EP-8

Reference(s): Exhibit B, Tab 5, Schedule 3

Preamble:

- a) Please update Figure 23 to reflect actual 2015 data.**
- b) Has any forecast been made of the OM&A cost per customer for LDC Co for the next 10 years, based on the OM&A forecast shown in Figure 22? If yes, please provide it for each of the 10 years.**

1 Response:

2 a) Please see the Applicants' response to Interrogatory B-AMPCO 13a).

3

4 b) Please see the Applicants' response to Interrogatory B-AMPCO 13a).

B-EP-9

Reference(s): Exhibit B, Tab 5, Schedule 5

Preamble:

The evidence states that LDC Co will consider the present service levels of each of the four current LDCs and will reconcile to the highest levels among them.

- a) Please provide a table/tables that show the Service Quality Indicators for each of the four LDCs for the last five years for which actual figures are available, including the five year average for each SQL.**
- b) Please confirm that the target for each of the SQL's for LDC Co going forward is the best average figure shown. If this cannot be confirmed, please provide the target for each SQL from LDC Co.**

Response:

- 1 a) The Applicants have provided a table of Service Quality Indicators as B-EP-9-ATTACH1.
- 2
- 3 b) Targets for each ESQR metric have not been established, but they will match or better the
- 4 OEB's performance targets (where applicable).

Service Quality Requirements For Enersource Hydro Mississauga Inc., Horizon Utilities Inc., Hydro One Brampton Networks Inc., PowerStream Inc.	2010 Average	2011 Average	2012 Average	2013 Average	2014 Average	Five Year Average
Low Voltage Connections (OEB Min. Standard: 90%)	99.25	97.85	99.13	99.10	98.83	98.83
High Voltage Connections (OEB Min. Standard: 90%)	100.00	100.00	100.00	100.00	100.00	100.00
Telephone Accessibility (OEB Min. Standard: 65%)	77.60	80.23	79.53	78.55	83.60	79.90
Appointments Met (OEB Min. Standard: 90%)	98.98	98.83	98.05	99.30	99.28	98.89
Written Response to Enquiries (OEB Min. Standard: 80%)	99.13	97.63	99.10	99.73	99.83	99.08
Emergency Urban Response (OEB Min. Standard: 80%)	97.05	96.78	96.55	90.70	97.78	95.77
Emergency Rural Response (OEB Min. Standard: 80%)	N/A	N/A	N/A	N/A	N/A	N/A
Telephone Call Abandon Rate (OEB Standard: not exceed 10%)	2.90	2.13	1.98	2.03	1.95	2.20
Appointments Scheduling (OEB Min. Standard: 90%)	98.98	98.88	99.40	99.18	97.95	98.88
Rescheduling a Missed Appointment (OEB Standard: 100%)	100.00	92.87	100.00	98.75	100.00	98.32
Reconnection Performance Standards (OEB Min. Standard: 85%)		99.70	99.78	99.90	99.80	99.79 *
New Micro-embedded Generation Facilities Connected (OEB Min. Standard: 90%)				98.05	97.28	97.67 **
Billing Accuracy (OEB Min. Standard: 98%)					99.48	99.48 ***
Service Reliability Indices						
SAIDI-Annual	0.82	1.27	1.02	7.86	1.22	2.44
SAIFI-Annual	1.38	1.53	1.66	2.75	1.43	1.75
CAIDI-Annual	0.61	0.83	0.61	2.86		1.23 *
Loss of Supply Adjusted Service Reliability Indices						
SAIDI-Annual	0.67	1.17	0.97	6.37	1.05	2.05
SAIFI-Annual	1.05	1.33	1.45	2.17	1.33	1.47
CAIDI-Annual	0.63	0.86	0.67	2.73		1.22 *

N/A - Demoninator is zero.

*Four year average

**Two year average

***One year only



Service Quality Requirements For the year ended December 31, 2010	Enersource Hydro Mississauga Inc.	Horizon Utilities Corporation	Hydro One Brampton Networks Inc.	PowerStream Inc.	Average
Service Quality Requirements					
Low Voltage Connections (OEB Min. Standard: 90%)	99.70	99.70	100.00	97.60	99.25
High Voltage Connections (OEB Min. Standard: 90%)	100.00	100.00	100.00	N/A	100.00 *
Telephone Accessibility (OEB Min. Standard: 65%)	82.00	81.70	78.40	68.30	77.60
Appointments Met (OEB Min. Standard: 90%)	100.00	96.60	100.00	99.30	98.98
Written Response to Enquiries (OEB Min. Standard: 80%)	98.40	99.00	100.00	99.10	99.13
Emergency Urban Response (OEB Min. Standard: 80%)	97.70	95.40	100.00	95.10	97.05
Emergency Rural Response (OEB Min. Standard: 80%)	N/A	N/A	N/A	N/A	N/A
Telephone Call Abandon Rate (OEB Standard: not exceed 10%)	2.50	2.20	2.00	4.90	2.90
Appointments Scheduling (OEB Min. Standard: 90%)	97.30	98.70	100.00	99.90	98.98
Rescheduling a Missed Appointment: (OEB Standard: 100%)	N/A	N/A	N/A	100.00	100.00 **
Service Reliability Indices					
SAIDI-Annual	0.58	1.24	0.66	0.81	0.82
SAIFI-Annual	1.32	1.80	1.47	0.92	1.38
CAIDI-Annual	0.44	0.69	0.45	0.88	0.61
Loss of Supply Adjusted Service Reliability Indices					
SAIDI-Annual	0.55	1.15	0.46	0.54	0.67
SAIFI-Annual	1.10	1.55	0.76	0.80	1.05
CAIDI-Annual	0.50	0.74	0.60	0.67	0.63

N/A -No data reported for 2010.

*Three LDC Average

**One LDC Average

Service Quality Requirements For the year ended December 31, 2011	Enersource Hydro Mississauga Inc.	Horizon Utilities Corporation	Hydro One Brampton Networks Inc.	PowerStream Inc.	Average
Service Quality Requirements					
Low Voltage Connections (OEB Min. Standard: 90%)	98.90	99.40	100.00	93.10	97.85
High Voltage Connections (OEB Min. Standard: 90%)	100.00	100.00	100.00	N/A	100.00 *
Telephone Accessibility (OEB Min. Standard: 65%)	80.50	74.00	89.20	77.20	80.23
Appointments Met (OEB Min. Standard: 90%)	99.30	97.30	100.00	98.70	98.83
Written Response to Enquiries (OEB Min. Standard: 80%)	99.90	91.80	100.00	98.80	97.63
Emergency Urban Response (OEB Min. Standard: 80%)	97.70	96.00	99.20	94.20	96.78
Emergency Rural Response (OEB Min. Standard: 80%)	N/A	N/A	N/A	N/A	N/A
Telephone Call Abandon Rate (OEB Standard: not exceed 10%)	2.40	3.10	0.60	2.40	2.13
Appointments Scheduling (OEB Min. Standard: 90%)	96.50	99.00	100.00	100.00	98.88
Rescheduling a Missed Appointment (OEB Standard: 100%)	78.60	100.00	N/A	100.00	92.87 *
Reconnection Performance Standard (OEB Min. Standard: 85%)	98.80	100.00	100.00	100.00	99.70
Service Reliability Indices					
SAIDI-Annual	0.89	2.25	0.73	1.20	1.27
SAIFI-Annual	1.97	1.74	1.19	1.23	1.53
CAIDI-Annual	0.45	1.29	0.61	0.98	0.83
Loss of Supply Adjusted Service Reliability Indices					
SAIDI-Annual	0.72	2.23	0.68	1.05	1.17
SAIFI-Annual	1.54	1.74	1.05	1.00	1.33
CAIDI-Annual	0.47	1.28	0.65	1.04	0.86

N/A - Denominator is zero.

*Three LDC Average

Service Quality Requirements For the year ended December 31, 2012	Enersource Hydro Mississauga Inc.	Horizon Utilities Corporation	Hydro One Brampton Networks Inc.	PowerStream Inc.	Average
Service Quality Requirements					
Low Voltage Connections (OEB Min. Standard: 90%)	99.20	99.20	100.00	98.10	99.13
High Voltage Connections (OEB Min. Standard: 90%)	N/A	100.00	100.00	100.00	100.00 *
Telephone Accessibility (OEB Min. Standard: 65%)	84.90	80.00	84.00	69.20	79.53
Appointments Met (OEB Min. Standard: 90%)	99.00	95.40	98.20	99.60	98.05
Written Response to Enquiries (OEB Min. Standard: 80%)	99.90	98.60	100.00	97.90	99.10
Emergency Urban Response (OEB Min. Standard: 80%)	94.50	99.60	100.00	92.10	96.55
Emergency Rural Response (OEB Min. Standard: 80%)	N/A	N/A	N/A	N/A	N/A
Telephone Call Abandon Rate (OEB Standard: not exceed 10%)	2.30	1.90	1.00	2.70	1.98
Appointments Scheduling (OEB Min. Standard: 90%)	98.40	99.50	100.00	99.70	99.40
Rescheduling a Missed Appointment (OEB Standard: 100%)	100.00	100.00	100.00	100.00	100.00
Reconnection Performance Standard (OEB Min. Standard: 85%)	99.10	100.00	100.00	100.00	99.78
Service Reliability Indices					
SAIDI-Annual	0.70	1.45	0.76	1.16	1.02
SAIFI-Annual	1.71	1.95	1.27	1.70	1.66
CAIDI-Annual	0.41	0.74	0.60	0.68	0.61
Loss of Supply Adjusted Service Reliability Indices					
SAIDI-Annual	0.68	1.43	0.74	1.04	0.97
SAIFI-Annual	1.36	1.83	1.06	1.53	1.45
CAIDI-Annual	0.50	0.78	0.70	0.68	0.67

N/A - Denominator is zero.

*Three LDC Average

Service Quality Requirements For the year ended December 31, 2013	Enersource Hydro Mississauga Inc.	Horizon Utilities Corporation	Hydro One Brampton Networks Inc.	PowerStream Inc.	Average
Service Quality Requirements					
Low Voltage Connections (OEB Min. Standard: 90%)	98.60	99.90	99.80	98.10	99.10
High Voltage Connections (OEB Min. Standard: 90%)	N/A	100.00	100.00	N/A	100.00 *
Telephone Accessibility (OEB Min. Standard: 65%)	84.30	81.00	80.60	68.30	78.55
Appointments Met (OEB Min. Standard: 90%)	99.20	98.20	100.00	99.80	99.30
Written Response to Enquiries (OEB Min. Standard: 80%)	100.00	99.70	100.00	99.20	99.73
Emergency Urban Response (OEB Min. Standard: 80%)	68.30	98.60	100.00	95.90	90.70
Emergency Rural Response (OEB Min. Standard: 80%)	N/A	N/A	N/A	N/A	N/A
Telephone Call Abandon Rate (OEB Standard: not exceed 10%)	2.70	1.70	1.20	2.50	2.03
Appointments Scheduling (OEB Min. Standard: 90%)	97.90	98.80	100.00	100.00	99.18
Rescheduling a Missed Appointment (OEB Standard: 100%)	95.00	100.00	100.00	100.00	98.75
Reconnection Performance Standards (OEB Min. Standard: 85%)	99.70	99.90	100.00	100.00	99.90
New Micro-embedded Generation Facilities Connected (OEB Min. Standard: 90%)	98.40	100.00	100.00	93.80	98.05
Service Reliability Indices					
SAIDI-Annual	5.34	4.97	10.46	10.68	7.86
SAIFI-Annual	2.72	2.09	3.64	2.54	2.75
CAIDI-Annual	1.97	2.38	2.88	4.20	2.86
Loss of Supply Adjusted Service Reliability Indices					
SAIDI-Annual	1.49	4.36	9.84	9.77	6.37
SAIFI-Annual	1.37	1.76	3.30	2.24	2.17
CAIDI-Annual	1.09	2.48	2.98	4.37	2.73

N/A - Denominator is zero.

*Two LDC Average



Service Quality Requirements For the year ended December 31, 2014	Enersource Hydro Mississauga Inc.	Horizon Utilities Corporation	Hydro One Brampton Networks Inc.	PowerStream Inc.	Average
Service Quality Requirements					
Low Voltage Connections (OEB Min. Standard: 90%)	97.60	99.90	100.00	97.80	98.83
High Voltage Connections (OEB Min. Standard: 90%)	N/A	100.00	100.00	100.00	100.00 *
Telephone Accessibility (OEB Min. Standard: 65%)	84.80	82.10	75.00	92.50	83.60
Appointments Met (OEB Min. Standard: 90%)	99.80	97.60	100.00	99.70	99.28
Written Response to Enquiries (OEB Min. Standard: 80%)	100.00	99.80	100.00	99.50	99.83
Emergency Urban Response (OEB Min. Standard: 80%)	96.40	97.90	100.00	96.80	97.78
Emergency Rural Response (OEB Min. Standard: 80%)	N/A	N/A	N/A	N/A	N/A
Telephone Call Abandon Rate (OEB Standard: not exceed 10%)	1.50	1.40	2.50	2.40	1.95
Appointments Scheduling (OEB Min. Standard: 90%)	97.60	96.50	97.70	100.00	97.95
Rescheduling a Missed Appointment (OEB Standard: 100%)	100.00	100.00	N/A	100.00	100.00 *
Reconnection Performance Standards (OEB Min. Standard: 85%)	99.20	100.00	100.00	100.00	99.80
New Micro-embedded Generation Facilities Connected (OEB Min. Standard: 90%)	100.00	100.00	95.56	93.57	97.28
Billing Accuracy (OEB Min. Standard: 98%)	98.73	99.65	99.61	99.93	99.48
System Reliability Indicators					
SAIDI-Annual	0.67	2.18	0.57	1.46	1.22
SAIFI-Annual	1.13	1.91	0.95	1.72	1.43
Loss of Supply Adjusted System Reliability Indicators					
SAIDI-Annual	0.67	1.59	0.55	1.40	1.05
SAIFI-Annual	1.13	1.65	0.90	1.66	1.33

N/A - Denominator is zero.

*Three LDC Average

B-EP-10

Reference(s): Exhibit B, Tab 6, Schedule 1

Preamble:

- a) Please confirm that the transition costs charged to capital will not be included in rate base at any time, including rebasing after the deferral period. If this cannot be confirmed, please provide a detailed list of the capital expenditures included in this line item, along with the associated cost and an explanation of why these transition costs will ultimately end up in rate base.**
- b) Please confirm that the applicants do not expect any transition costs after the fifth year.**
- c) Please confirm that the total transition costs forecast to be incurred, will be paid for by the third year.**
- d) Please confirm that the net savings to the shareholder at the end of five years is \$173.4 million.**

Response:

- 1 a) The transition costs will be funded through the anticipated productivity savings expected
2 from the consolidation during the ten year rebasing deferral period as identified in Exhibit B,
3 Tab 6, Schedule 2, Page 1. The Applicants confirm that these costs will not be included in
4 the ratepayer funded LDC Co revenue requirement, at any time, including rebasing after the
5 deferral period.
6
- 7 b) The Applicants confirm that no transition costs are forecast after the fifth year post
8 consolidation.
9
- 10 c) The Applicants forecast that capital transition costs will be incurred by the end of year three
11 and all operating transition costs will be incurred by the end of year five.
12
- 13 d) The Applicants confirm that the net capital and operating savings to the shareholder at the
14 end of five years is \$173.3MM.

B-EP-11

Reference(s): Exhibit B, Tab 6, Schedule 1

Preamble:

Please confirm that the figures represented in Figure 26 are distribution revenues and not revenue requirement. If this cannot be confirmed, please indicate all assumptions, such as rate base, return on equity, debt rates, etc. assumed in the calculation of the revenue requirement.

Response:

- 1 The Applicants confirm that the figures represented in in Figure 26 are distribution revenue.
- 2
- 3 For the major assumptions used in these calculations, please see the Applicants' response to
- 4 Interrogatory B-SEC-18.

B-EP-12

Reference(s): Exhibit B, Tab 6, Schedule 2

Preamble:

- a) The evidence states that the incremental consolidation costs will not be included in the ratepayer funded LDC Co revenue requirement. Will the incremental consolidation costs also be removed from the calculation of the actual and deemed return on equity in future years?**
- b) Will the incremental consolidation costs be included or excluded in RRR filing data used to calculate efficiency cohorts in the future?**

Response:

- 1 a) Please see the Applicants' response to Interrogatory B-STAFF-9c).
- 2
- 3 b) The Applicants will file RRR data in accordance with OEB policy.

B-EP-13

Reference(s): Exhibit B, Tab 7, Schedule 1

Preamble:

- a) For each of the four LDCs and for each year of the 10 year rebasing deferral period, please indicate what stretch factor would be used under the price cap mechanism. In particular, would each individual LDC continue to use its own efficiency cohort ranking, along with the associated stretch factor, until LDC Co is included in the efficiency cohort ranking and the four existing LDCs are removed?
- b) Based on the most recent stretch factor assignments available, please provide the assignment of each of the four LDCs by group, along with the associated stretch factor.

Response:

- a) Please see the Applicants' response to Interrogatory B-STAFF-28.
- b) Table 1 below provides the most recent stretch factor assignments issued on July 30, 2015 for 2016 rates for each of the Parties by cohort grouping, along with the associated stretch factor.

Table 1 – Stretch Factor Cohorts and Associated Stretch Factor

Company Name	2015 Stretch Factor Ranking	2016 Stretch Factor
Enersource	Cohort 2	0.15%
Horizon Utilities	Cohort 3	0.30%
PowerStream	Cohort 3	0.30%
HOBNI	Cohort 3	0.30%

B-EP-14

Reference(s): Exhibit B, Tab 7, Schedule 2

Preamble:

- a) What is the expected dollar value of the 300 basis point deadband proposed by the applicants in the first year in which earnings sharing with ratepayers could take place?**
- b) The evidence suggests that any ICM recovery rate rider revenue would not be included in the calculation of the earnings sharing. Please confirm that the assets would not be included in the rate base used for the earnings sharing calculation. Please further confirm that the ICM related assets would not be included in rate base until the first cost of service or custom IR proceeding following the 10 year deferral period. If this cannot be confirmed, please explain fully.**
- c) Please explain what is meant by the exclusion from the earnings sharing mechanism calculation the rate of return on monthly billing capital and operating implementation costs should LDCs be permitted to recover these costs from ratepayers.**

Response:

- 1 a) Please see the Applicants' response to Interrogatory B-Staff-31 for a proposed method of
2 calculating the ROE. Please also see Applicants' response to Interrogatory B-CCC-22b).
3
- 4 b) The Applicants confirm that the i) ICM recovery rate rider revenue would not be included in
5 the calculation of the earnings sharing; ii) the ICM assets would not be included in the rate
6 base used for the earnings sharing; and iii) the ICM related assets would not be included in
7 rate base until the first cost of service or custom IR proceeding following the ten year
8 deferral period. In accordance with the Board's *Report of the Board – New Policy Options*
9 *for the Funding of Capital Investments: The Advanced Capital Module*, dated September 18,
10 2014, incremental capital expenditures, ICM depreciation expense, ICM accumulated
11 depreciation and ICM rate rider revenues will be tracked in Account 1508 Other Regulatory
12 Assets.
13
- 14 c) On April 15, 2015, the OEB issued final amendments to the Distribution System Code
15 related to the implementation of monthly billing. Distributors were advised that they could

16 apply for a deferral account for incremental administration costs by demonstrating that such
17 an account would meet the eligibility requirements described in section 2.12.7 of the OEB's
18 *Filing Requirements for Electricity Distribution Rate Applications*. Prudently incurred capital
19 expenditures would be included in rate base at the next cost of service or Custom IR
20 application. The approved related amounts will be tracked in an OEB-approved deferral
21 account and therefore excluded from the earnings sharing mechanism calculation, similar to
22 the treatment for ICM.