London Property Management Association (LPMA) INTERROGATORY #001

Reference:

Exhibit A, Tab 3, Schedule 1, Table 1

Interrogatory:

Please define "customer" as used in customer focus. Does it include directly connected LDCs and end users only, or does it include customers of LDCs?

Response:

Hydro One used the definition of “customer” provided in the Transmission System Code, meaning “a generator, consumer, distributor or unlicensed transmitter whose facilities are connected to or are intended to be connected to a transmission system”.

London Property Management Association (LPMA) INTERROGATORY #002

Reference:

Exhibit A, Tab 5, Schedule 3

Interrogatory:

a) Please add a column to Table 2 that shows the total costs that remain in Hydro One Networks for each of the services shown.

b) Please expand Table 2 provided in response to part (a) to include actual data for 2015 and the most recent year to date information for the 2016 bridge year along with the forecast for the remainder of 2016.

Response:

a) and b) Please refer to the table below.

Fees Payable by Affiliates to Hydro One Networks for Services to be Provided by Hydro One Networks (in $Thousands)

Services	Hydro One Networks	Hydro One Inc.	Remotes	Telecom	B2M LP
General Counsel and Secretariat Services					
– 2015 (Historical)	31,810	285	317	100	0.1
– 2016	35,379	930	335	105	0.1
– 2017	36,499	893	331	106	0.1
– 2018	37,122	886	334	108	0.1
Financial Services					
– 2015 (Historical)	35,808	42	182	327	0.1
– 2016	34,660	72	267	407	0.1
– 2017	35,669	81	280	428	0.1
– 2018	35,556	79	279	429	0.1
Corporate Services					
– 2015 (Historical)	218,673	0	291	273	0.1
– 2016	220,996	0	288	316	0.1
– 2017	217,667	0	281	268	0.1
– 2018	216,547	0	279	254	0.1
Telecommunication Services					
– 2015 (Historical)	16,870	0	148	290	0
– 2016	18,914	0	135	331	0
– 2017	18,931	0	131	316	0
– 2018	18,969	0	131	317	0

Lease of IT Assets					
– 2015 (Historical)	N/A	0	280	660	0
– 2016	N/A	0	280	660	0
– 2017	N/A	0	280	660	0
– 2018	N/A	0	280	660	0
Other Services (Inergi)					
– 2015 (Historical)	121,193	0	407	1,375	0
– 2016	118,480	0	354	1,430	0
– 2017	117,068	0	343	1,363	0
– 2018	116,195	0	340	1,354	0
Utility Operation Services					
– 2015 (Historical)	N/A	0	2,054	0	0
– 2016	N/A	0	2,108	0	0
– 2017	N/A	0	2,036	0	0
– 2018	N/A	0	2,045	0	0
Operation and Maintenance Services					
– 2015 (Historical)	N/A	0	0	0	0.7
– 2016	N/A	0	0	0	0.5
– 2017	N/A	0	0	0	0.5
– 2018	N/A	0	0	0	1.8
Supply Chain Services					
– 2015 (Historical)	N/A	0	76	200	0
– 2016	N/A	0	76	200	0
– 2017	N/A	0	76	200	0
– 2018	N/A	0	76	200	0
Totals					
– 2015 (Historical)	**424,354**	**327**	**3,755**	**3,225**	**1.0**
– 2016	**428,429**	**1,001**	**3,843**	**3,449**	**0.8**
– 2017	**425,834**	**974**	**3,758**	**3,342**	**0.8**
– 2018	**424,390**	**965**	**3,765**	**3,322**	**2.1**

London Property Management Association (LPMA) INTERROGATORY #003

Reference:

Exhibit A, Tab 5, Schedule 3

Interrogatory:

Please expand Table 3 to include columns to show the actual figures for 2015 and the bridge year forecast for 2016, including the most recent year to date actuals for 2016.

Response:

Please see the requested table below.

Fees Payable by Hydro One Networks for Services to be Received from Hydro One Inc., Hydro One Telecom and Hydro One Remote Communities (in $Thousands)		
Services provided by Hydro One Inc.	**Historical 2015**	**Bridge 2016**
General Counsel and Secretary	780	872
President / CEO / Chairman Services	3,668	5,970
Chief Financial Officer Services	689	475
Total	**5,137**	**7,317**
Services provided by Hydro One Telecom Inc.		
Telecommunication Management Services	15,500	16,300
Total	**15,500**	**16,300**
Services provided by Hydro One Remote Communities Inc.		
Metering and Line Services	148	148
Total	**148**	**148**

The company is tracking to the budget for the bridge year 2016.

Witness: Glenn Scott

London Property Management Association (LPMA) INTERROGATORY #004

Reference:

Exhibit B1, Tab 3, Schedule 10

Interrogatory:

a) Please provide the overhead capitalization rates used in each of 2013 through 2016.

b) What is the impact on OM&A and capital of moving from the 2016 overhead capitalization rates to those proposed for both 2017 and 2018?

Response:

a) The underlying overhead capitalization rates for 2013-2016 are as follows:

- 2013 (actual) - 15%
- 2014 (actual) - 15%
- 2015 (actual) - 13%
- 2016 (forecast) - 14%

b) The forecasted overhead capitalization rate for 2017 and 2018 is 13% and 12%, respectively, as outlined in Exhibit B1, Tab 3, Schedule 10. If the 2016 actual rate of 14% was applied to the applicable study, holding everything else constant, approximately $14M and $20M more overheads would be capitalized in 2017 and 2018, respectively. Note this would be inconsistent with the Overhead capitalization study, which was previously approved by the OEB.

Witness: Samir Chhelavda

London Property Management Association (LPMA) INTERROGATORY #005

Reference:

Exhibit C1, Tab 2, Schedule 1

Interrogatory:

a) Please update Table 1 to reflect the most recent year-to-date actuals available for 2016, along with the current forecast for the remainder of the bridge year.

b) Please provide the most recent year-to-date actuals available for the 2016 bridge year in the same level of detail as shown in Schedule 1, along with the figures for the corresponding period in 2015.

Response:

a) The forecast for the 2016 bridge year has not materially changed and 2016 OM&A does not impact 2017-2018 test years.

b) As reported in the audited Q2 2016 results, OM&A for the first two quarters of 2016 was $188M for the Transmission segment, including Bruce x Milton. As reported in audited Q2 2015 results, OM&A for the first two quarters of 2015 was $197M for the Transmission segment, including Bruce x Milton.

London Property Management Association (LPMA) INTERROGATORY #006

Reference:

Exhibit C1, Tab 2, Schedule 1

Interrogatory:

Please provide a table that shows the transmission OM&A expenditures both before and after capitalization for the 2012 through 2018 years. In particular, please show the total OM&A as reported in Table 1, followed by a line that shows the total transmission related OM&A that was calculated and then a third line showing the sum of the two, the gross transmission OM&A before capitalization.

Response:

Please see table below:

Description	**2012**	**2013**	**2014**	**Historic 2015**	**Bridge 2016**	**Test 2017**	**Test 2018**
Sustainment	204.7	221.0	228.6	233.6	227.5	241.2	238.5
Development	8.4	8.6	7.5	6.1	5.3	4.8	5.0
Operations	54.8	56.7	56.6	59.0	60.0	61.3	62.1
Customer Care	4.4	5.3	5.4	5.1	4.1	4.0	3.9
Common Corporate Costs and Other OM&A	80.7	75.8	37.2	73.9	72.3	49.9	47.5
Taxes Other Than Income Taxes	62.1	21.2	64.1	63.9	62.9	63.6	64.3
Pension Adjustment*	-	-	-	-	-	-11.0	-8.0
B2M LP Adjustment*	-	-	-	-	-	-0.8	-2.1
Total	**415.2**	**388.4**	**399.5**	**441.6**	**432.1**	**413.1**	**411.2**
Capitalization	106.9	109.3	124.3	116.9	122.0	133.2	134.7
Gross OM&A, pre-capitalization	**522.1**	**497.7**	**523.8**	**558.5**	**554.1**	**546.3**	**545.9**

London Property Management Association (LPMA) INTERROGATORY #007

Reference:

Exhibit C1, Tab 2, Schedule 1

Interrogatory:

Where are tax credits included in Table 1 as an offset to OM&A costs?

Response:

In accordance with US GAAP, refundable tax credits (i.e. tax credits relating to Ontario Co-op, Ontario Apprenticeship, and Ontario Business Research) have already been reflected in the OM&A amounts for 2017 and 2018. That is, the OM&A amounts shown in Table 1 in Exhibit C1, Tab 2, Schedule 1 have already been reduced by these refundable tax credits.

London Property Management Association (LPMA) INTERROGATORY #008

Reference:

Exhibit C1, Tab 2, Schedule 2

Interrogatory:

Please update Table 1 to reflect the most recent year-to-date actuals available for 2016, along with the current forecast for the remainder of the bridge year.

Response:

There are no material changes in the forecast for the 2016 bridge year or the 2017 and 2018 test years.

London Property Management Association (LPMA) INTERROGATORY #009

Reference:

Exhibit C1, Tab 3, Schedule 7

Interrogatory:

Please update Table 1 to reflect the most recent year-to-date actuals and actual property tax assessments, indemnity and rights payments invoices received for 2016. Please also update the forecast for the remainder of 2016 where final assessments or invoices have not yet been received.

Response:

Please see the requested table below.

Description	YTD Actuals 2016	Remaining Forecast 2016	Total YE Forecast 2016
Property Tax	33.5	23.9	57.4
Indemnity Payment	0.0	0.0	0.0
Rights Payment	1.5	2.5	4.0
Total	**35.0**	**26.4**	**61.4**

London Property Management Association (LPMA) INTERROGATORY #010

Reference:

Exhibit C1, Tab 5, Schedule 1

Interrogatory:

Are the depreciation expenses related to the fleet management services in Table 3 included in the total OM&A forecast shown in Table 1 of Exhibit C1, Tab 2, Schedule 1, or are they transferred out of OM&A and into the depreciation expense shown in Table 1 of Exhibit C1, Tab 7, Schedule 1?

Response:

The depreciation expenses related to fleet management services are in the depreciation expense and not included in the total OM&A forecast.

London Property Management Association (LPMA) INTERROGATORY #011

Reference:

Exhibit C1, Tab 5, Schedule 1

Interrogatory:

a) Where are the revenues shown in Table 5 included as an offset to the in the calculation of the supply chain OM&A costs shown in Table 4? If not, where are these revenues reflected in the calculation of the revenue requirement?

b) What is the forecast for the 2017 and 2018 for the incremental recovery program shown in Table 5?

Response:

a) The scrap revenue shown in Table 5 is included in the Supply Chain OM&A costs shown in Table 4. The vehicle sales revenue is not reflected in Table 4 because it is associated with the Fleet Department. These revenues would be included in the Fleet OM&A numbers and would be offset against the write-off of net book value at time of sale.

b) For the years 2017 to 2018, vehicle sales are forecasted to be $1.4 million annually and scrap sales are forecasted to be $1.2 million annually.

London Property Management Association (LPMA) INTERROGATORY #012

Reference:

Exhibit C1, Tab 6, Schedule 1 & EB-2013-0416 Exhibit C1, Tab 5, Schedule 1

Interrogatory:

Please explain the significant increase in total CCF&S costs shown in the current evidence of $201.8 for 2017 and $202.7 for 2018 in Tables 1 and 2 with the figures in Tables 3 and 4 in Exhibit C1, Tab 5, Schedule 1 in EB-2013-0416 of $175.3 (Table 3) for 2017 and $179.2 (Table 4) for 2018.

Response:

The most significant increase from the costs reflected in EB-2013-0416 is in the Corporate Management costs. A large part of this increase is due to the inclusion of $6.3 million of costs that are not recoverable from transmission or distribution customers. These costs were not included in the summaries in previous years. These are costs associated with: (a) "value growth" team engaged in acquisitions; (b) corporate donations; and (c) investor relations. The balance of the increase is largely due to increased salaries in this group. As Hydro One has been evolving, the company has hired several new senior executives at market rates. See Exhibit I, Tab 11, Schedule 23 for details.

A revised view of Table 1: CCF&S Costs ($ Millions) is provided below, isolating these costs and showing the Corporate Management costs exclusive of value growth, corporate donations, and investor relations.

Table 1: CCF&S Costs ($ Millions)

Description	Historic Years				Bridge Year	Test Years		TX Allocation	
	2012	2013	2014	2015	2016	2017	2018	2017	2018
Corporate Management	5.0	4.9	5.5	12.5	23.4	22.3	22.1	7.2	7.1
Value Growth					5.9	4.2	4.2	0.0	0.0
Corporate Donations					1.1	1.1	1.1	0.0	0.0
Investor Relations					1.8	1.0	1.0	0.0	0.0
Corporate Management (excluding 3 groups above)					14.5	16.0	15.7	7.2	7.1
Finance	35.2	41.9	40.0	39.1	42.1	41.0	38.6	21.9	19.4
Human Resources	9.9	11.1	12.8	13.6	16.2	14.8	14.2	7.6	7.3
Corporate Communications & Services	11.3	15.0	19.5	17.3	17.5	17.3	19.4	8.7	9.9
General Counsel and Secretariat	8.8	9.6	8.7	8.6	10.3	10.4	10.5	5.5	5.6
Regulatory Affairs	20.6	20.6	23.0	24.1	26.4	25.4	26.0	9.6	9.8
Security Management	3.1	3.4	3.5	4.2	5.1	4.7	4.8	2.2	2.3
Internal Audit	3.5	3.4	3.6	4.2	6.2	6.3	6.4	3.3	3.4
Real Estate & Facilities	54.6	54.1	53.6	60.0	60.1	59.6	60.7	32.2	32.7
Total CCF&S Costs	**152.0**	**164.0**	**170.3**	**183.6**	**207.3**	**201.8**	**202.6**	**98.3**	**97.5**

Human resources costs have also increased by approximately $2 million. The period 2013 to 2015 saw an increase in training costs for: (a) a larger new graduate population; and (b) existing employees, specifically on the topic of the "craft of management", with a focus on managers and supervisors. Some of the costs can also be attributed to on-campus recruitment and marketing.

Between 2016 and 2018, with Hydro One's move to a more commercially-oriented culture, the People and Culture organization now requires resources and skills to meet new requirements. Examples include: (a) building and sustaining new compensation structures, such as the long-term incentive plan, the short-term incentive plan, and the employee stock option plan; (b) a renewed focus on performance management, which required building and sustaining a new talent management tool; and (c) a renewed focus on change management intended to maximize the value of corporate change initiatives.

Regulatory Affairs' costs have also increased by approximately $3.9 million in 2017 and $2.7 million in 2018 for the reasons explained in Exhibit C1, Tab 3, Schedule 3. There is a planned staffing reduction based on a computer system upgrade that will enable automatic reporting, which is currently performed manually, but this has been delayed beyond the rate period.

Internal Audit costs have also increased by $2.7 million for the reasons explained in Exhibit C1, Tab 3, Schedule 3.

London Property Management Association (LPMA) INTERROGATORY #013

Reference:
Exhibit C1, Tab 7, Schedule 1

Interrogatory:
a) Does Hydro One capitalize and/or expense any of the depreciation and/or amortization expense?

b) If the response is yes to (a), please provide a table that shows for 2012 through 2018 the amount that is capitalized and the amount that is expensed. If any amount is expensed, please confirm whether or not this amount is included in the OM&A historical and forecasted figures.

Response:
a) Yes, a portion of depreciation is capitalized as outlined in Exhibit C1, Tab 7, Schedule 1, Page 2, Table 1.

b) 2012-2015 actuals and 2016-2018 forecasts are outlined in Exhibit C1, Tab 7, Schedule 1, Page 2, Table 1.

London Property Management Association (LPMA) INTERROGATORY #014

Reference:

Exhibit C1, Tab 7, Schedule 1

Interrogatory:

a) What is driving the significant increase in asset removal costs shown for 2017 and 2018 relative to the four previous years shown in Table 1?

b) Please provide all the data, information and calculations used to calculate the asset removal costs for the bridge and test years.

Response:

a) The largest driver of increases in asset removal costs is due to increases in sustainment capital, in particular line refurbishment projects. Line refurbishment projects incur higher removal costs as a percentage of the project due to the distances involved.

b) During the planning stage removal costs for station projects are estimated at 5% while lines projects are estimated at 12%. The removal costs are further refined on an individual project basis as better cost estimates become known.

Witness: Samir Chhelavda

London Property Management Association (LPMA) INTERROGATORY #015

Reference:

Exhibit C1, Tab 7, Schedule 1

Interrogatory:

Please provide a table that shows for each year from 2012 through 2016 the total Board approved depreciation and amortization expense, the actual depreciation and amortization expense and the difference.

Response:

	2012	**2013**	**2014**	**2015**	**2016**
Actuals	314.1	320.2	336.0	359.0	N/A
OEB Approved	332.8	345.0	371.5	387.4	397.3
Variance	**(18.7)**	**(24.8)**	**(35.5)**	**(28.4)**	**N/A**

Witness: Samir Chhelavda

London Property Management Association (LPMA) INTERROGATORY #016

Reference:
Exhibit C1, Tab 7, Schedule 1

Interrogatory:
Please updates Tables 1 & 2 to reflect the most recent year-to-date actuals available for the 2016 bridge year, along with an updated forecast for the remainder of the bridge year.

Response:
There are no material changes in the forecast for the 2016 bridge year or the 2017 and 2018 test years.

London Property Management Association (LPMA) INTERROGATORY #017

Reference:
Exhibit C1, Tab 7, Schedule 1

Interrogatory:
a) How does Hydro One calculate the depreciation expense? For example, is depreciation calculated starting in the month that an asset is placed in service, or does Hydro One use the midyear rule?

b) Does Hydro One use the same depreciation methodology for accounting purposes as it does for regulatory purposes? Please explain fully.

c) Does Hydro One use the same depreciation methodology for actual assets placed into service as it does for forecasting purposes? Please explain fully.

Response:
a) Hydro One uses the half year rule for calculating depreciation the year an asset is placed in service.

b) and c) Hydro One uses the same depreciation methodology for accounting, regulatory and planning purposes.

London Property Management Association (LPMA) INTERROGATORY #018

Reference:

Exhibit C1, Tab 8, Schedule 1

Interrogatory:

a) Please explain the derivation of the $2.3 billion one-time PILS departure tax noted on page 1 at lines 26-27.

b) Please explain why Hydro One was required to file the November 4, 2015 tax return. Was this related to the PILS departure tax?

c) Please provide the tax return for the period ending December 31, 2015.

Response:

a) Hydro One Limited realized a $2.3 billion one-time PILS departure tax triggered by the deemed disposition of its assets upon exiting the PILs regime in 2015. See page 28 of the Hydro One Limited 2015 Annual Report filed at Exhibit A, Tab 8, Schedule 1 and Exhibit I, Tab 1, Schedule 134 for more details.

b) The November 4, 2015 tax return was not related to the PILs departure tax. It was filed as a consequence of the IPO, when Hydro One Limited ceased to qualify as a Canadian-controlled private corporation ("CCPC"). Pursuant to subsection 249(3.1) of the *Income Tax Act*, a deemed taxation year end occurs when a corporation ceases to be a CCPC.

c) Please see Attachment 3 to Exhibit C2, Tab 5, Schedule 1, which was filed with the OEB on August 10, 2016.

London Property Management Association (LPMA) INTERROGATORY #019

Reference:

Exhibit C2, Tab 4, Schedule 1, Attachment 2 & Exhibit D1, Tab 1, Schedule 2

Interrogatory:

Please reconcile the net additions for 2016, 2017 and 2018 shown in Attachment 2 to Exhibit C2, Tab 4, Schedule 1 with the in-service capital additions shown in Table 1 of Exhibit D1, Tab 1, Schedule 2.

Response:

The table below shows the reconciliation of in-service capital additions (Exhibit D1, Tab 1, Schedule 2) to net additions per adds CCA schedules (Attachment 2 to Exhibit C2, Tab 4, Schedule 1).

	2016	**2017**	**2018**
In-service capital additions	911.7	931.4	1,209.7
Adjustments for tax purposes:			
Asset removal costs	38.6	58.3	67.1
Interest capitalized	(58.5)	(56.5)	(49.7)
Overheads capitalized	(51.7)	(43.4)	(34.6)
Depreciation capitalized	(17.3)	(14.5)	(12.8)
Capital Contribution	(23.6)	-	-
OPEB capitalized	(47.5)	(37.2)	(29.7)
Pension capitalized	(79.2)	(63.6)	(48.6)
Land	(4.7)	(2.4)	(7.4)
CEC adds (shown separately below CCA net adds)	(5.5)	(6.6)	(14.9)
Miscellaneous other	2.4	0.1	(1.1)
CCA ADDS	**664.7**	**765.6**	**1,078.0**

Witness: Giovanna Baragetti

London Property Management Association (LPMA) INTERROGATORY #020

Reference:
Exhibit C2, Tab 4, Schedule 1, Attachment 2

Interrogatory:
Please explain the reduction in the CCA labelled as "Less CCA not in rates".

Response:
Please see Exhibit I, Tab 1, Schedule 139.

London Property Management Association (LPMA) INTERROGATORY #021

Reference:

Exhibit C1, Tab 8, Schedule 1 & Exhibit C2, Tab 4, Schedule 1, Attachment 4 & 2

Interrogatory:

The evidence states (page 7 of the first reference above) that "the opening bridge year's UCC balance is based on the December 31st historic UCC balance which is expected to be reported in Schedule 8 of the federal T2 tax return that will be filed by June 30th of 2016".

Hydro One filed the T2 return on August 10, 2016. Please update the 2015 CCA schedule shown on page 3 of Attachment 4 to Exhibit C2, Tab 4, Schedule 1 to reflect actual data reflecting the actual T2 return for the period ending December 31, 2015, if any changes are required. If changes are required to the CCA schedules, please reflect these changes in the bridge and test year CCA schedules shown in Attachment 2 of Exhibit C2, Tab 4, Schedule 1.

Response:

Please refer to response b) in Exhibit I, Tab 1, Schedule 138.

Witness: Giovanna Baragetti

London Property Management Association (LPMA) INTERROGATORY #022

Reference:

Exhibit C2, Tab 4, Schedule 1, Attachment 6

Interrogatory:

Please update the table to reflect actual data for 2015 and to include a column for the 2016 forecast for the line items shown in the table.

Response:

Please see the table below.

CALCULATION OF APPRENTICESHIP AND EDUCATION TAX CREDIT - HISTORIC YEARS

Line No	Particulars	2015	2016
1	ON Coop Education Credit	$438	$ 600
2	Eligible Positions	147	200
3			
4	ON Apprenticeship Credit	$2,124	$1,400
5	Eligible Positions	259	300
6	ON Business Research Credit	$0	$100
7	Federal Apprenticeship Credit	$ 354	$300
8	Eligible positions	190	155
9			
10	SR&ED	$ 676	$500
11			
12	**TOTAL TAX CREDIT**	**$3,592**	**$2,900**

(1) In accordance with US GAAP, refundable tax credits included are recorded in OM&A and non-refundable tax credits are recorded as a reduction to tax expense. Consequently, the tax credits relating Ontario Co-op, Ontario, Apprenticeship, and Ontario Business Research are recorded in OM&A.

(2) Ontario budget changed the ITC available for apprentices after April 24, 2015. Annual credit reduced from $10,000 to $5000, maximum credit reduced from $40,000 to $15,000 and period of claim reduced from 48 months to 36 months.

(3) 2015 represents the 12 month period for the year ended Dec 31 2015 which includes taxation periods under both the PILs regime and the federal tax regime.

London Property Management Association (LPMA) INTERROGATORY #023

Reference:

Exhibit D1, Tab 1, Schedule 1, pages 4-5

Interrogatory:

a) The evidence indicates that the 2015 actual rate base was $34.1 million below the Board approved level. What is the impact of this variance in the revenue requirement taking into account return on capital, taxes/PILs and depreciation?

b) How many months of actual data are reflected in the 2016 bridge year forecast shown in Table 4?

c) Please update Table 4 to reflect the most recent year to date actual information for 2016 and the current forecast for the remainder of the bridge year.

Response:

a) 2015 actuals are already reflected in test year rate base forecasts. Therefore this variance has already been considered in the current filing.

   The implied impact to 2015 approved revenue requirement after the update is a reduction of revenue requirement of approximately $3M.

b) Two months of actual in-service data is embedded in the 2016 bridge year rate base.

c) The bridge year forecast has not materially changed and thus does not materially alter the table.

London Property Management Association (LPMA) INTERROGATORY #024

Reference:

Exhibit D1, Tab 1, Schedule 2

Interrogatory:

Please update Table 1 to reflect the most recent year to date actual information for 2016 and the current forecast for the remainder of the year.

Response:

The bridge year forecast has not changed materially and has no material impact on the 2017 and 2018 test years.

Witness: Brad Bowness

London Property Management Association (LPMA) INTERROGATORY #025

Reference:

Exhibit D1, Tab 1, Schedule 3

Interrogatory:

a) Please indicate where in Exhibit A-7-1 the 2015 true up payments are noted.

b) Please provide a table that shows for each of the agreements shown in Table 1 the project, the original contribution and the forecasted true up contributions. For each project, please also identify the customer responsible for making the contribution.

Response:

a) In Exhibit A-7-1, Hydro One Networks Inc. Transmission Business Independent Auditors Report, the 2015 true up payment is disclosed in Statement of Cash Flows on page 6 of 32. Additional information was provided in Note 19 on page 30 of these statements.

b) Hydro One will not provide this level of detail as it would disclose confidential information relating to the company's major industrial customers' current and future operations. These customers compete in a global market. In Exhibit D1, Tab 1, Schedule 3, Hydro One met Ontario Energy Board's Filing Requirements for Electricity Transmission Applications, 2.5.4., which states:

> "For any Customer Connection and Cost Recovery Agreements executed by transmitters with Ontario rate-regulated distributors that are due to be reviewed during the term as a result of reaching a fifth anniversary (or a 10th or 15th etc.) the applicant shall provide the number of agreements being reviewed and provide <u>an aggregated estimate of the total expected true-up contributions</u>, as well as any proceeds from a bypass agreement.

Furthermore, it is not possible to just provide only projects in which the contracting party is another rate regulated utility regulated by the Ontario Energy Board, as this may result in the inadvertent disclosure, via segregation, of Hydro One's customers' that are not rate regulated.

Please refer to the response to Energy Probe interrogatory #036 (I-11-36) provides further information on the status of the 2015 and 2016 CCRA true ups, as well as how the true ups were incorporated into this application.

London Property Management Association (LPMA) INTERROGATORY #026

Reference:

Exhibit D1, Tab 1, Schedule 4, Attachment 1

Interrogatory:

a) Please explain why the Payment Lag Time shown in Table 3 is not equal to the number of days from the period ending date to the payment date.

b) Please confirm that this is change in the calculation of the Payment Lag Time from the lead lag study filed in EB-2014-0140. Please explain the rationale for the change and provide all information that supports this change.

Response:

a) This is an incorrect labelling of the table as the dates displayed are the "invoice" dates and not the "payment" dates. The payment lag time days displayed in table 3 are correct as it takes into account the actual payment dates. Please see the IESO revenues invoice dates and payment dates below:

Period Ending	Invoice Date	Payment Date	Payment Lag Time Days
1/31/2014	2/14/2014	2/19/2014	19
2/28/2014	3/14/2014	3/18/2014	18
3/31/2014	4/14/2014	4/16/2014	16
4/30/2014	5/14/2014	5/16/2014	16
5/31/2014	6/13/2014	6/17/2014	17
6/30/2014	7/15/2014	7/17/2014	17
7/31/2014	8/15/2014	8/19/2014	19
8/31/2014	9/15/2014	9/17/2014	17
9/30/2014	10/15/2014	10/17/2014	17
10/31/2014	11/17/2014	11/19/2014	19
11/30/2014	12/12/2014	12/16/2014	16
12/31/2014	1/15/2015	1/19/2015	19

b) The calculation of payment lag time did not change from the prior study.

Witness: Glenn Scott

London Property Management Association (LPMA) INTERROGATORY #027

Reference:

Exhibit D1, Tab 1, Schedule 4, Attachment 1

Interrogatory:

a) Please provide all the assumptions, data and calculations used to calculate each of the expense lead times shown in Table 5, including, but not limited to, payment frequency and length of expense periods.

b) Please provide all the assumptions, data and calculations used to calculate the expense lead times for each of the items shown on page 9 of the report.

Response:

The requested response above is unreasonable, based on the immateriality of the impact on revenue requirement, and the effort involved to provide the detailed information and analysis requested within the time allowed.

London Property Management Association (LPMA) INTERROGATORY #028

Reference:

Exhibit D1, Tab 1, Schedule 4, Attachment 1, Table 4

Interrogatory:

a) A comparison of the expense lead days in Table 4 filed in this application relative to that filed in EB-2014-0140 shows a number of significant changes. Please indicate what changes have taken place that have resulted in the following changes between EB-2014-0140 to the current study:

i) property taxes: (15.47) to 23.89;
ii) corporate procurement card: 33.36 to 29.87;
iii) payments to Inergy: 44.40 to 32.82;
iv) consulting and contract staff: 80.15 to 1.91; and
v) miscellaneous OM&A: 63.60 to 49.00.

b) In the EB-2014-0140 study, miscellaneous OM&A accounted for 13% of total OM&A expenses, while in the current study it now represents 40%. At the same time the weighting of payroll & benefits and consulting and contract staff have declined from 70% of OM&A to 45%. Please explain the swing in these costs.

Response:

a) An explanation of the significant changes are outlined below:

i. The increase is due to variation in due dates and processing of payments between the two studies. A larger number of payments from the EB-2014-0140 test year occurred earlier in the year.

ii. The decrease is due to policy change.

iii. The timing of payments changed due to a new contract.

iv. The decrease was due to major projects completion between study years.

v. The decrease was primarily due to payment terms on product purchases.

b) The change in the payroll & benefits and consulting and contract as a percentage of OM&A was partially due to the completion of major projects between study years. There are over 50,000 individual transactions classified as miscellaneous OM&A in each study; a line by line review would be required in order to provide the explanation requested. A detailed review requested in this interrogatory is unreasonable based on the immateriality of the impact on revenue requirement, relative to effort involved within the time allowed.

London Property Management Association (LPMA) INTERROGATORY #029

Reference:

Exhibit D1, Tab 1, Schedule 4, Attachment 1, Table 5

Interrogatory:

A comparison of the expense lead days in Table 5 filed in this application relative to that filed in EB-2014-0140 shows a number of significant changes. Please indicate what changes have taken place that have resulted in the following changes between EB-2014-0140 to the current study:

i) pensions: (45.68) to 28.18;
ii) group life insurance: 6.56 to 0.86;
iii) group health and dental -ASO; 30.83 to 56.48;
iv) group health and dental - claims: 1.89 to 10.9;
v) payroll - basic: 18.50 to 26.70;
vi) payroll - construction: 18.50 to 11.49;
vii) payroll - management: (0.8) to 25.91;
viii) payroll - supervisor pensions: (15.13) to 25.91;
ix) payroll withholdings - management: 7.22 to 40.29; and
x) payroll withholdings - supervisor pensions: (8.50) to 40.29.

Response:

A detailed review requested in this interrogatory is unreasonable based on the immateriality of the impact to revenue requirement, relative to effort involved to conduct the review within the time allowed.

Witness: Glenn Scott

London Property Management Association (LPMA) INTERROGATORY #030

Reference:

Exhibit D1, Tab 1, Schedule 4, Attachment 1, Table 6

Interrogatory:

a) Please provide all the assumptions, data and calculations used to calculate each of the expense lead times shown in Table 6.

b) Does HONI expense any depreciation or amortization costs through OM&A? If yes, please quantify the amount for each of 2015 through 2018.

c) If HONI does expense some depreciation or amortization costs through OM&A, please confirm that these costs have NOT been included in the OM&A figures used to calculate the working capital allowance. If this cannot be confirmed, please explain fully why the depreciation and amortization costs should be included in the calculation of the working capital allowance.

Response:

a) The derivation of the expense lead times is shown in the OM&A and Summary of Payroll & benefits Expenses sections as outlined below:

   i. HONI Labour – Please refer to exhibit D1, Tab 1, Schedule 4, Attachment 1, table 5, “Total” row;
   ii. HONI Materials - Please refer to exhibit D1, Tab 1, Schedule 4, Attachment 1, table 4, “Miscellaneous OM&A” row;
   iii. External Labour - Please refer to exhibit D1, Tab 1, Schedule 4, Attachment 1, table 4, “Consulting and Contract staff” row; and
   iv. External Materials - Please refer to exhibit D1, Tab 1, Schedule 4, Attachment 1, table 4, “Miscellaneous OM&A” row.

b) The amortization of the environmental costs is reflected in the depreciation expense for accounting purposes (reclassified from OM&A); so it is not reflected in OM&A. The amount of depreciation and amortization has been provided in Exhibit C1, Tab 7, Schedule 1.

c) N/A.

Witness: Glenn Scott

London Property Management Association (LPMA) INTERROGATORY #031

Reference:

Exhibit D1, Tab 1, Schedule 4, Attachment 1

Interrogatory:

a) With reference to the long term debt instruments shown in Exhibit D2, Tab 4, Schedule 2, page 2 for 2014, please show the calculation of the lead time of (1.33) days for interest on long term debt.

b) Using the same methodology used for 2014, please calculate the lead time of the interest on long term debt based on the debt instruments shown for each of 2017 and 2018 in Exhibit D2, Tab 4, Schedule 2, pages 5 & 6.

Response:

A detailed review requested in this interrogatory is unreasonable based on the immateriality of the impact to revenue requirement, relative to effort involved to conduct the review within the time allowed.

London Property Management Association (LPMA) INTERROGATORY #032

Reference:

Exhibit D1, Tab 1, Schedule 4, Attachment 1

Interrogatory:

a) Please explain the significant decrease in the PILS expense lead from 114.74 days in EB-2014-0140 to 19.63 days in the current application.

b) Please provide all the assumptions, data and calculations used to calculate the 19.63 days in the current application for the PILS expense lead.

c) Please provide all the assumptions, data and calculations used to calculate the 114.74 days in EB-2014-0140 for the PILS expense lead.

d) If PILS payments are made in monthly installments, please explain why the expense lead time should not be 45.63 days, being the sum of the average monthly period of 15.21 days (365/12) and 30.42 days being the average end of the month (365/12) when payment is made for the previous month. If payments are not made at the end of the month for the previous month, please explain when payments are made.

Response:

a) PILs in the prior study reflected a significant payment in the first half of the test year for the prior year PILs expense. No such payments occurred in the test year for this study.

b) Please see table below:

Service Period Start	Service Period End	Payment Date	Payment Amount ($M)	Service Lead Time (Days)	Payment Lead Time (Days)	Total Lead Time (Days)	Weighting Factor (%)	Weighted Lead Time (Days)
A	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**I**
1/1/2014	12/31/2014	1/31/2014	$5,373,546	182.50	(334.00)	(151.50)	8.67%	(13.13)
1/1/2014	12/31/2014	2/28/2014	-$2,500,000	182.50	(306.00)	(123.50)	-4.03%	4.98
1/1/2014	12/31/2014	2/28/2014	$5,373,546	182.50	(306.00)	(123.50)	8.67%	(10.71)
1/1/2014	12/31/2014	3/30/2014	$5,373,546	182.50	(276.00)	(93.50)	8.67%	(8.11)
1/1/2014	12/31/2014	4/30/2014	$5,373,546	182.50	(245.00)	(62.50)	8.67%	(5.42)
1/1/2014	12/31/2014	5/31/2014	$5,373,546	182.50	(214.00)	(31.50)	8.67%	(2.73)
1/1/2014	12/31/2014	6/29/2014	$5,373,546	182.50	(185.00)	(2.50)	8.67%	(0.22)
1/1/2014	12/31/2014	7/31/2014	$5,373,546	182.50	(153.00)	29.50	8.67%	2.56
1/1/2014	12/31/2014	8/31/2014	$5,373,546	182.50	(122.00)	60.50	8.67%	5.25
1/1/2014	12/31/2014	9/28/2014	$5,373,546	182.50	(94.00)	88.50	8.67%	7.67
1/1/2014	12/31/2014	10/31/2014	$5,373,546	182.50	(61.00)	121.50	8.67%	10.53
1/1/2014	12/31/2014	11/30/2014	$5,373,546	182.50	(31.00)	151.50	8.67%	13.13
1/1/2014	12/31/2014	12/31/2014	$5,373,546	182.50	-	182.50	8.67%	15.82
Total			**$61,982,552**				**100%**	**19.63**

$E = (B - A + 1) / 2$

$F = C - B$

$G = E + F$

$H = D / \Sigma D$

$I = G * H$

c) Please see table below:

Service Period Start	Service Period End	Payment Date	Payment Amount ($M)	Service Lead Time (Days)	Payment Lead Time (Days)	Total Lead Time (Days)	Weighting Factor (%)	Weighted Lead Time (Days)
A	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**I**
1/1/2012	12/31/2012	1/31/2012	4.36	183.00	(335.00)	(152.00)	3.92%	(5.96)
1/1/2011	12/31/2011	2/28/2012	36.00	182.50	59.00	241.50	32.37%	78.16
1/1/2012	12/31/2012	2/29/2012	4.36	183.00	(306.00)	(123.00)	3.92%	(4.82)
1/1/2012	12/31/2012	3/30/2012	4.36	183.00	(276.00)	(93.00)	3.92%	(3.64)
1/1/2012	12/31/2012	4/30/2012	4.36	183.00	(245.00)	(62.00)	3.92%	(2.43)
1/1/2012	12/31/2012	5/31/2012	4.36	183.00	(214.00)	(31.00)	3.92%	(1.21)
1/1/2012	12/31/2012	6/29/2012	4.36	183.00	(185.00)	(2.00)	3.92%	(0.08)
1/1/2012	12/31/2012	7/31/2012	4.36	183.00	(153.00)	30.00	3.92%	1.18
1/1/2012	12/31/2012	8/31/2012	4.36	183.00	(122.00)	61.00	3.92%	2.39
1/1/2012	12/31/2012	9/28/2012	4.36	183.00	(94.00)	89.00	3.92%	3.49
1/1/2012	12/31/2012	10/31/2012	16.00	183.00	(61.00)	122.00	14.39%	17.55
1/1/2012	12/31/2012	11/30/2012	10.00	183.00	(31.00)	152.00	8.99%	13.67
1/1/2012	12/31/2012	12/31/2012	10.00	183.00	-	183.00	8.99%	16.45
Total			**111.23**				**100%**	**114.74**

$E = (B - A + 1) / 2$
$F = C - B$
$G = E + F$
$H = D / \Sigma D$
$I = G * H$

d) The service period associated with PILs payments is per calendar year.

London Property Management Association (LPMA) INTERROGATORY #033

Reference:

Exhibit D1, Tab 1, Schedule 4, Attachment 1, Table 7

Interrogatory:

Please provide all the assumptions, data and calculations used to calculate each of the HST lead times shown in Table 7.

Response:

A detailed review requested in this interrogatory is unreasonable based on the immateriality of the impact to revenue requirement, relative to effort involved to conduct the review within the time allowed.

London Property Management Association (LPMA) INTERROGATORY #034

Reference:

Exhibit D1, Tab 1, Schedule 4, Attachment 1, pages 15-16

Interrogatory:

a) Please explain the statement that Table 13 shows that when holding revenue lag days constant, the working capital requirement in 2017 is approximately 4.4% higher in the current study than the prior study when table 13 shows that the 4.4% is the working capital as a percent of OM&A and Table 4 shows that the corresponding figure for 2016 was 2.27%.

b) Please confirm that based on holding the revenue lag days constant, the WCA percentage would increase by approximately 93%, from 2.27% to 4.38%.

c) Please explain the inclusion of the cost of power in the tables in the line labelled 'Working Capital as a Percent of OM&A incl. Cost of Power'. What cost of power is included in this calculation?

Response:

a) In Table 13 all calculations were conducted with only changes to the expense lead days. Table 4 is calculated with changes to the revenue lag and expense lead days.

b) Confirmed.

c) Expressing working capital as a percentage of OM&A including cost of power is a standard metric for cash working capital studies. There is no cost of power included in this calculation.

London Property Management Association (LPMA) INTERROGATORY #035

Reference:

Exhibit D1, Tab 4, Schedule 1

Interrogatory:

What is the impact on the revenue requirement in each of 2017 and 2018 of a 10 basis point change in the return on common equity?

Response:

A 10 basis point change in the return on common equity alters revenue requirement by approximately $5.7M and $6.1M in 2017 and 2018, respectively.

London Property Management Association (LPMA) INTERROGATORY #036

Reference:
Exhibit D1, Tab 5, Schedule 1

Interrogatory:
a) Please explain why no debt issues forecast for 2017 (Table 3) are for a term of 5 years.

b) Please confirm that the 2016 debt issuances shown in Table 2 will be updated when the debt is issued and carried into the 2016 and 2017 revenue requirement updates. If this cannot be confirmed, please explain why the actual amounts and interest rates would not be incorporated into the revenue requirements.

c) Please update Table 4 to reflect the most recent information available.

d) Will the 2018 revenue requirement be updated to reflect the actual 2017 debt issuances (amounts, rates and costs) that were completed prior to the filing for 2018 rates, or prior to the Board decision with respect to the 2018 rates, or some other point in time? If the latter, please explain the timeframe after which actual 2017 debt would not be taken into account in the setting of 2018 rates.

Response:
a) The planning assumptions do not include issuance of 5 year debt in 2017 as there is already $600 million in debt maturing in 2022 for Hydro One Inc. As noted in Exhibit D1, Tab 5, Schedule 1, Page 4, lines 12 to 15, the planning assumption is to distribute debt over the standard terms while limiting total annual fixed rate debt maturities for Hydro One Inc. to avoid undue financing risk.

b) Hydro One's assumption with respect to updates for actual debt issuances is stated in Exhibit D1, Tab 5, Schedule 1, Page 7, lines 2 to 6. Hydro One will update for actual debt issuances as and when required by the Board.

c) Table 4 is updated to reflect the most recent information available below:

Table 4: Forecast Yield for 2016-2018 Issuance Terms

	2016			**2017**			**2018**		
	5-year	**10-year**	**30-year**	**5-year**	**10-year**	**30-year**	**5-year**	**10-year**	**30-year**
Government of Canada	0.77%	1.20%	1.80%	1.07%	1.50%	2.10%	2.27%	2.70%	3.30%
Hydro One Spread	0.93%	1.23%	1.70%	0.93%	1.23%	1.70%	0.93%	1.23%	1.70%
Forecast Hydro One Yield	1.70%	2.43%	3.50%	2.00%	2.73%	3.80%	3.20%	3.93%	5.00%

d) Please see the response to part b) above.

London Property Management Association (LPMA) INTERROGATORY #037

Reference:

Exhibit D2, Tab 2, Schedule 1

Interrogatory:

a) Please confirm that the transfers in/out shown for the bridge and test years reflect the CCRA capital contributions true ups

b) Please confirm that the CCRA capital contributions true up adjustments column reflects the removal of the half year impact which is included in average column.

c) Please provide an updated schedule that reflects the most recent year to date actual additions and retirements available, along with the current forecast for the remainder of 2016.

Response:

a) Confirmed.

b) Confirmed.

c) To compile the information in the manner requested would entail unreasonable effort in the timeframe given.

Witness: Samir Chhelavda

London Property Management Association (LPMA) INTERROGATORY #038

Reference:

Exhibit D2, Tab 2, Schedule 2

Interrogatory:

a) Please explain, and provide an illustration, of how the accumulated depreciation continuity schedule reflects a reduction in accumulated depreciation associated with the capital contribution true ups reflected in Exhibit D2, Tab 2, Schedule 1.

b) Please provide an updated schedule that reflects the most recent year to date actual additions and retirements available, along with the current forecast for the remainder of 2016.

Response:

a) When capital contributions occur, gross fixed assets are reduced by the amount of the contribution, upon receiving the payment. Once payment is received and the assets have decreased, depreciation will be calculated on the lower asset base, thus decreasing the depreciation expense.

b) To compile the information in the manner requested would entail unreasonable effort in the timeframe given.

Witness: Samir Chhelavda

London Property Management Association (LPMA) INTERROGATORY #039

Reference:

Exhibit E1, Tab 2, Schedule 1

Interrogatory:

a) Please update Table 1 to reflect the most recent year to date actual information available for 2016, along with the current forecast for the remainder of the year.

b) Please provide the most recent year to date actual data for the 2016 bridge year in the same level of detail as found in Table 1. Please also provide the figures in the same level of detail for the corresponding period in 2015.

Response:

The 2016 bridge year has not materially changed. Updates would not impact 2017 or 2018 test years in the table referenced.

London Property Management Association (LPMA) INTERROGATORY #040

Reference:

Exhibit E1, Tab 2, Schedule 1, Table 1

Interrogatory:

a) Please confirm that there currently existing variance accounts to track any variance in revenues between actuals and that built into the revenue requirement for all four of the line items shown in Table 1. If this cannot be confirmed, please explain fully.

b) Is Hydro One proposing variance accounts for all of the external revenues shown in Table 1 for 2017 and 2018?

Response:

a) Confirmed. There are two variance accounts that cover the four line items shown. Please see Exhibit F1, Tab1, Schedule 1 for details.

b) Yes, both variance accounts noted in (a) are proposed to continue in 2017 & 2018. Please see Exhibit F1, Tab 1, Schedule 2 for details.

Witness: Samir Chhelavda

London Property Management Association (LPMA) INTERROGATORY #041

Reference:

Exhibit E1, Tab 3, Schedule 1

Interrogatory:

Please provide the data shown in Figures 3 and 4 in a live Excel spreadsheet.

Response:

Please see the data requested in the attached live Excel file.

London Property Management Association (LPMA) INTERROGATORY #042

Reference:

Exhibit E1, Tab 3, Schedule 1

Interrogatory:

What would be the impact on the revenue and revenue deficiency if the normal weather data were changed from the current 31 year average to:

a) the most current 20 year average; and

b) the most current 20 year trend?

Response:

a) Using the most current 20 year average, the charge determinants and, therefore, the revenue decreases by 0.02% in both 2017 and 2018. Accordingly, revenue deficiency increases by 0.02%.

b) Using the most current 20-year trend, the charge determinants and, therefore, the revenue increases by 0.03% in 2017 and 0.07% in 2018. Accordingly, revenue deficiency decreases by 0.03% in 2017 and by 0.07% in 2018.

London Property Management Association (LPMA) INTERROGATORY #043

Reference:
Exhibit E1, Tab 3, Schedule 1

Interrogatory:
a) Please show the derivation of the figures in Table 3 under the heading "Load Forecast before Deducting Impacts of Embedded Generation and CDM" based on the forecasts derived from the econometric, end-use and customer forecasts, and any other assumptions or calculations used to arrive at the figures shown in Table 3.

b) Please provide a version of Table 3 that reflects the use of the most recent information available for all of the explanatory variables and assumptions used in the model, such as GDP and housing starts as shown in Appendix E, CDM, etc. Please provide an updated Appendix E that reflects the updated forecasts.

Response:
a) The figures in Table 3 are derived in the manner described below.

1. 2015 figures for each item is the corresponding 12-month average of weather-corrected monthly peaks.
2. A forecast growth rate for peak is derived from end-use and econometric models, taking into account customer forecast and other considerations, including expectations about higher growth rates in the second half of 2016 compared to the first half based on IHS Global Insight forecast in February 2016. Forecasts based on forecasting models noted above are presented in b) in Exhibit I, Tab 12, Schedule 32.
3. For each item (e.g., Ontario Peak) the forecast growth rate is applied to its 2015 values calculated in step 1.

b) Please see below, as requested, an updated consensus forecast for Ontario GDP and housing starts (Appendix E), as of August 20, 2016.

Survey of Ontario GDP Forecast (annual growth rate in %)

	2016	2017	2018	2019	2020	2021
Global Insight (Aug 2016)	2.5	2.5	2.5	2.1	2.2	2.2
Conference Board (Jul 2016)	2.7	2.3	2.1	2.1	2.2	2.0
U of T (Aug 2016)	2.3	2.9	2.7	2.0	2.0	
C4SE (Mar 2016)	2.3	2.4	2.2	2.2	1.7	1.4
CIBC (Aug 2016)	2.6	2.4				
BMO (Jul 2016)	2.6	2.3				
RBC (Jun 2016)	2.8	2.5				
Scotia (Aug 2016)	2.5	2.3				
TD (Jul 2016)	2.7	2.0				
Desjardins (Aug 2016)	2.5	2.6				
Central 1 (Aug 2016)	2.5	2.4	2.4			
National Bank (Jul 2016)	2.3	2.1				
Laurentian Bank (Aug 2016)	2.7	2.4	2.4			
Average	**2.5**	**2.4**	**2.4**	**2.1**	**2.0**	**1.8**

Survey of Ontario Housing Starts Forecast (in 000's)

	2016	2017	2018	2019	2020	2021
Global Insight (Jun 2016)	74.3	67.7	64.7	60.8	59.0	58.1
Conference Board (Jul 2016)	69.9	62.5	65.3	72.7	79.4	
U of T (Apr 2016)	71.5	67.6	68.4	69.3	70.2	71.1
C4SE (Mar 2016)	69.5	74.2	73.9	73.4	70.7	68.1
CIBC (Nov 2015)	63.0	63.0				
BMO (Jul 2016)	74.5	68.0				
RBC (Jun 2016)	72.3	65.8				
Scotiabank Group (Aug 2016)	73.0	68.0				
TD (Jul 2016)	71.6	64.9				
Desjardins (Aug 2016)	74.4	63.6				
Central 1 (Aug 2016)	81.8	89.5	91.1			
National Bank (Jul 2016)	71.8	64.5				
Laurentian Bank (Aug 2016)	73.3	69.8	71.1			
Average	**72.4**	**68.4**	**72.4**	**69.0**	**69.8**	**65.8**

It should be noted that the forecasts were produced prior to British vote to leave European Union on June 23, 2016 and do not incorporate the negative economic impact of this event. (See http://www.bloomberg.com/news/articles/2016-07-24/world-bank-s-kim-sees-disappointing-global-growth-on-brexit-hit).

Moreover, nearly all the forecasts noted above do not include the negative impact of the loss of 36,100 jobs in Ontario in July 2016 - the largest monthly loss since May 2009 - as announced by Statistics Canada in August. This brings the total number of jobs created in the first seven months of 2016 to only 500 compared to 61,100 during same period in 2015 [source: CANSIM (http://www5.statcan.gc.ca/cansim/) Table 282-0089].

With respect to the request to update Table 3, using the most recent formation available for all of the explanatory variables and assumptions used in the model, Hydro One notes the following:

- The forecast for Hydro One's current application is current, as it was produced only a few months ago;
- Inputs are constantly changing, and as noted above, some recent development (e.g. Brexit, employment figures) point to a downward risk to the forecast; and
- A full update of all the variables and forecasting models requires a prohibitive level of effort in the time available to respond to interrogatories. However, it is expected that the load forecast would be revised downward if a full update was possible. As noted in a) above, one of the factors affecting the forecast produced for this update was the expectation that the Ontario economy would be stronger in the second quarter of 2016 compared to the first. However, recent employment figures suggest otherwise. If this recent development was known at the time forecast was produced, it would have resulted in a lower forecast.

London Property Management Association (LPMA) INTERROGATORY #044

Reference:

Exhibit E1, Tab 3, Schedule 1, Appendix F

Interrogatory:

a) Please confirm that EB-2014-0040 on line 6 should be EB-2014-0140.

b) Please provide versions of Tables 6a, 6b, and 6c that show only the difference from actual weather corrected for the first and second test years for each of the past five rate applications.

Response:

a) It is confirmed that EB-2014-0040 on line 6 of the Exhibit noted above should be EB-2014-0140.

b) The requested tables are provided below.

Table 6a
Historical Board Approved for Network Connection Forecast
vs. Historical Actual and Historical Actual-Weather Normalized

	12-Month Average in MW							Difference from Actual Weather Corrected (%)				
Year	EB-2006-0501 Forecast (1)	EB-2008-0272 Forecast (2)	EB-2010-0002 Forecast (3)	EB-2012-0031 Forecast (4)	EB-2014-0140 Forecast (5)	Actual: Weather Corrected	Actual	EB-2006-0501 Forecast	EB-2008-0272 Forecast	EB-2010-0002 Forecast	EB-2012 0031 Forecast	EB-2014-0140 Forecast
2005	21,704					21,702	22,507	0.01				
2006	21,259					21,275	22,028	-0.08				
2007	20,827	20,928				20,928	22,398	-0.48	0.00			
2008	20,872	20,943				21,067	21,307	-0.92	-0.59			
2009		20,842	20,868			20,868	20,410		-0.13	0.00		
2010		20,199	20,414			20,330	21,196		-0.64	0.41		
2011			20,150	20,245		20,245	20,861			-0.47	0.00	
2012			19,845	20,042		20,086	20,868			-1.20	-0.22	
2013				20,023	20,220	20,220	21,352				-0.97	0.00
2014				19,552	20,276	20,601	20,643				-5.09	-1.58
2015					20,457	20,236	20,384					1.09
Average of Test Years Only (6)								-0.70	-0.39	-0.84	-3.03	1.09

(1) Forecast: EB-2006-0501; Ex A; T14; S 3; P 19 of 20.
(2) Forecast: EB-2008-0272; Ex A; T14; S 3; P 22 of 24.
(3) Forecast: EB-2010-0002; Ex A; T14; S 3; P 19 of 21.
(4) Forecast: EB-2012-0031; Ex A; T15; S 2; P 22 of 24.
(5) Forecast: EB-2014-0140; Ex A; T15; S 2; P 20 of 23.
(6) Compares actual-weather corrected with forecast (2 years of forecast for EB-2006-0501, EB-2008-0272, EB-2010-0002, and EB-2012-0031 forecasts, and 1 years for EB-2014-0140 forecast).

Witness: Bijan Alagheband

Table 6b
Historical Board Approved for Line Connection Forecast
vs. Historical Actual and Historical Actual-Weather Normalized

	12-Month Average in MW							Difference from Actual Weather Corrected (%) (5)				
Year	EB-2006-0501 Forecast (1)	EB-2008-0272 Forecast (2)	EB-2010-0002 Forecast (3)	EB-2012-0031 Forecast (4)	EB-2014-0140 Forecast (5)	Actual: Weather Corrected	Actual	EB-2006-0501 Forecast	EB-2008-0272 Forecast	EB-2010-0002 Forecast	EB-2012 0031 Forecast	EB-2014-0140 Forecast
2005	20,590					20,590	21,345	0.00				
2006	20,242					20,282	20,991	-0.20				
2007	19,875	20,044				20,044	21,443	-0.84	0.00			
2008	19,940	20,111				20,156	20,386	-1.07	-0.23			
2009		20,100	19,796			19,796	19,372		1.53	0.00		
2010		19,555	19,674			19,348	20,162		1.07	1.69		
2011			19,500	19,417		19,417	20,004			0.42	0.00	
2012			19,286	19,359		19,298	20,047			-0.06	0.32	
2013				19,406	19,322	19,322	20,405				0.44	0.00
2014				18,990	19,488	19,626	19,843				-3.24	-0.70
2015					19,752	19,576	19,829					0.90
Average Excluding First Year (Actual) (4)								-0.96	1.30	0.18	-1.40	0.90

(1) Forecast: EB-2006-0501; Ex A; T14; S 3; P 19 of 20.
(2) Forecast: EB-2008-0272; Ex A; T14; S 3; P 22 of 24.
(3) Forecast: EB-2010-0002; Ex A; T14; S 3; P 19 of 21.
(4) Forecast: EB-2012-0031; Ex A; T15; S 2; P 22 of 24.
(5) Forecast: EB-2014-0140; Ex A; T15; S 2; P 20 of 23.
(6) Compares actual-weather corrected with forecast (2 years of forecast for EB-2006-0501, EB-2008-0272, EB-2010-0002, and EB-2012-0031 forecasts, and 1 years for EB-2014-0140 forecast).

Table 6c
Historical Board Approved for Transforer Connection Forecast
vs. Historical Actual and Historical Actual-Weather Corrected

Year	12-Month Average in MW: EB-2006-0501 Forecast (1)	EB-2008-0272 Forecast (2)	EB-2010-0002 Forecast (3)	EB-2012-0031 Forecast (4)	EB-2014-0140 Forecast (5)	Actual: Weather Corrected	Actual	Difference from Actual Weather Corrected (%) (5): EB-2006-0501 Forecast	EB-2008-0272 Forecast	EB-2010-0002 Forecast	EB-2012 0031 Forecast	EB-2014-0140 Forecast
2005	17,702					17,701	18,355	0.01				
2006	17,401					17,419	18,031	-0.10				
2007	17,086	17,329				17,329	18,537	-1.40	0.00			
2008	17,142	17,386				17,413	17,611	-1.56	-0.16			
2009		17,376	17,333			17,333	16,999		0.25	0.00		
2010		16,905	16,999			16,839	17,551		0.39	0.95		
2011			16,850	16,769		16,769	17,274			0.48	0.00	
2012			16,667	16,718		16,645	17,292			0.14	0.44	
2013				16,759	16,606	16,606	17,536				0.92	0.00
2014				16,400	16,748	16,819	17,007				-2.49	-0.42
2015					16,975	16,731	16,952					1.46
Average of Test Years Only (6)								-1.48	0.32	0.31	-0.78	1.46

(1) Forecast: EB-2006-0501; Ex A; T14; S 3; P 19 of 20.
(2) Forecast: EB-2008-0272; Ex A; T14; S 3; P 22 of 24.
(3) Forecast: EB-2010-0002; Ex A; T14; S 3; P 19 of 21.
(4) Forecast: EB-2012-0031; Ex A; T15; S 2; P 22 of 24.
(5) Forecast: EB-2014-0140; Ex A; T15; S 2; P 20 of 23.
(6) Compares actual-weather corrected with forecast (2 years of forecast for EB-2006-0501, EB-2008-0272, EB-2010-0002, and EB-2012-0031 forecasts, and 1 years for EB-2014-0140 forecast).

London Property Management Association (LPMA) INTERROGATORY #045

Reference:

Exhibit F1, Tab 1, Schedule 1

Interrogatory:

Please confirm that the prescribed interest rate used for 2016 is 1.10%. If this cannot be confirmed, please provide the rate used for 2016 and the basis for the rate.

Response:

Please refer to the response to Board Staff Interrogatory 146 in Exhibit I, Tab 1, Schedule 146.

Witness: Samir Chhelavda

London Property Management Association (LPMA) INTERROGATORY #046

Reference:

Exhibit F1, Tab 1, Schedule 2

Interrogatory:

a) Please confirm that the In Service Capital Additions Variance Account that is proposed to be continued for both 2017 and 2018 will continue to be asymmetric to track the impact on the revenue requirement of any in-service addition shortfall compared to OEB approved amounts.

b) Please confirm that the cumulative additions will be for the period 2016 through 2018, consistent with the period of 2014 through 2016 used in the account approved in EB-2014-0140.

Response:

a) Confirmed.

b) The account will only track the variance of in-service additions over 2017 and 2018, not 2016 to 2018; otherwise, the 2016 amount will be double-counted.

London Property Management Association (LPMA) INTERROGATORY #047

Reference:
Exhibit F1, Tab 1, Schedule 2

Interrogatory:
a) Please provide the CDM forecast built into the 2015 and 2016 forecasts in EB-2014-0140.

b) Please provide the actual CDM in 2015 and the most recent estimate of the CDM projected for 2016.

c) If the LDC CDM and Demand Response Variance Account had been in place for 2015 and 2016, please show the amount that would be included in the account for each year and whether it would be a credit or a charge to ratepayers.

Response:
a) The CDM peak impacts assumed in Hydro One's transmission system load forecast for 2015 and 2016 in EB-2014-0140 are as follows:

	CDM impact on peak demand (MW)
2015	3,014
2016	3,250

b) The actual CDM in 2015 is not available from the IESO. There is no change to the CDM projection for 2016.

c) Hydro One is not able to calculate what the CDM variances for 2015 and 2016 would have been. The 2015 and 2016 actual peak saving results from the IESO are not available.

Witness: Bijan Alagheband

London Property Management Association (LPMA) INTERROGATORY #048

Reference:

Exhibit G1, Tab 1, Schedule 1

Interrogatory:

Has the WMS revenue noted in the note below Table 1 been allocated to the transformation connection pool? If not, please explain where this revenue has been allocated.

Response:

Yes, the $0.3M WMS revenue has been allocated to the Transformation Connection Pool in Table 1 in Exhibit G1, Tab 1, Schedule 1 to offset the wholesale meter costs that Hydro One proposes to recover from the Transformation Connection service rate.