

McCarthy Tétrault LLP
PO Box 48, Suite 5300
Toronto-Dominion Bank Tower
Toronto ON M5K 1E6
Canada
Tel: 416-362-1812
Fax: 416-868-0673

Gordon M. Nettleton
Partner
Email: gnettleton@mccarthy.ca

**mccarthy
tétrault**

December 9, 2016

VIA RESS AND COURIER

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

Dear Ms. Walli:

**RE: EB-2016-0160 Hydro One Networks Inc. ("Hydro One") Transmission Rates
Application – Response to Undertaking J9.2**

Hydro One's response to Undertaking J9.2 is enclosed.

Yours truly,

McCarthy Tétrault LLP

Per:



For: Gordon M. Nettleton

GMN

UNDERTAKING – J9.2

1
2
3
4
5
6
7
8
9

Undertaking

To clarify the response to undertaking J8.1.

Response

Please see the attachment.

Variance Analysis: Draft Business Plan November 2015 v. Filed Business Plan May 2016

The November 2015 Business Plan Proposal covered the period of 2016-20, whereas the information included in Exhibit B1-Tab 3-Schedule 1 extended to 2021; only the parallel 2017-20 period is included below.

Investment Category	Capital Expenditures - \$M - Net											
	November 2015				EB-2016-0160				Variance			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Sustaining	650	731	641	640	777	842	826	915	127	112	185	275
Development	185	146	251	267	196	170	244	254	12	24	(7)	(13)
Operating	22	33	65	22	25	31	59	21	3	(2)	(6)	(0)
Common Corp Costs and Other	63	68	65	61	78	79	79	78	14	11	14	17
Total Capital Plan	920	978	1,021	989	1,076	1,122	1,208	1,269	156	145	186	279

Investment Category	<i>Comment/Significant Investment Changes (November 2015 v. May 2016): 2017/18</i>	2017	2018	<i>Comment/Significant Investment Changes (November 2015 v. May 2016): 2019/20</i>	2019	2020
Sustaining	Stations: Investment deferrals to partially offset increase in O/H Lines	27	(115)	Stations: Investment deferrals to partially offset increase in O/H Lines	(73)	23
	Lines/Cables: Addressing poor condition of overhead lines and components, including increased insulator replacements (+\$56M), steel structure refurbishments (+\$81M) and line refurbishments (+\$128M).	87	194	Lines/Cables: Addressing poor condition of overhead lines and components, including increased insulator replacements (+\$61M), steel structure refurbishments (+\$62M) and line refurbishments (+\$325M).	239	227
	Cyber Security: Addressing additional sites under physical security requirements, provisions to address NERC CIP V6, and replacement of end of life cyber systems	10	25	Cyber Security: Addressing additional sites under physical security requirements, provisions to address NERC CIP V6, and replacement of end of life cyber systems	13	14
	Other Sustainment¹	3	8	Other Sustainment²	8	11
	Total Sustainment	127	112	Total Sustainment	185	275
Development	Local Area Supply: Deferral of Southwest GTA (-\$5M) and Merivale (-\$7M) reinforcements/ upgrades, revised capital cost recovery assumptions for Brant (-\$7M), and updated cash flow timing assumptions for M20/21D (-\$2M), South Nepean (-\$1M), Hawthorne (+\$4M) and Holland (+\$4M)	(3)	(13)	Local Area Supply: Deferral of Southwest GTA and Merivale reinforcements/ upgrades, revised capital cost recovery assumptions for Brant	(6)	(16)
	Network Transfer Capability: Advanced East-West Tie Station Work (+\$31M) and updated costing assumptions for	(9)	18	Network Transfer Capability: Advanced East-West Tie Station Work and Milton Station Expansion,	0	3

	M30A/M31A Reconductoring (-\$14M) and Bruce x Milton (-\$6M) projects			addition of Northwest Bulk Transmission line, updated costing assumptions for M30A/M31A Reconductoring, and revised schedule for Cherrywood TS Cap Banks		
	Risk Mitigation: Addition of Nanticoke Station Service Upgrade (+\$10M)	9	3	Risk Mitigation: No material changes	0	0
	Load Customer Connections: Updated contributed capital amounts for Leamington (+\$15M) and Hanmer (+\$4M), addition of Horner (+\$5M), Lisgar (+\$10M) and Enfield (+\$5M)	18	20	Load Customer Connections: No material changes	4	0
	Other Development ³	(4)	(4)	Other Development ⁴	(4)	0
	Total Development	12	24	Total Development	(7)	(13)
Operating	Updated detailed scheduling assumptions for the Integrated System Operations Centre (+\$3M) and Operating Hardware Refresh (+\$2M), revised costing assumptions associated with Station Local Control Equipment Sustainment (-\$3M)	3	(2)	Revised costing assumptions associated with Station Local Control Equipment Sustainment, Gird Control Sustainment, and Hub Sites Reliability and Capacity Expansion projects and updated scheduling assumptions for the Integrated System Operations Centre.	(6)	0
Common Corp Costs and Other	IT Business Solution Development: New investment requirements identified, many to meet productivity deliverables. The list of investments include expanded ECM (+\$2M), Ariba (+\$2M), HydroOne.com redesign (+\$2M), and corporate/finance application/module upgrades [SAP Treasury, SuccessFactors, SAP Fixed Assets, Corp. Performance Reporting, HR Optimization] (+\$5M)	10	4	IT Business Solution Development: New investment requirements identified, many to meet productivity deliverables. The list of investments include expanded ECM, GIS, and corporate/finance application/module upgrades [HR Optimization, SAP Treasury, Corp. Performance Reporting, SAP BPC]	7	7
	Other Common Corporate Costs and Other: ⁵ Incorporated new compensation structure costs.	5	7	Other Common Corporate Costs and Other: ⁶ Incorporated new compensation structure costs.	7	10
	Total Common Corporate Costs and Other	14	11	Total Common Corporate Costs and Other	14	17
	Total Capital Plan	156	145	Total Capital Plan	186	279

Notes

1.2 – Other Sustainment includes Telecom Equipment Replacements

3.4 – Other Development includes Generator Customer Connections, P&C Enablement for Dx Generation Connections and Customer Power Quality

5.6 – Other Common Corporate includes Fleet, IT, MFA, Real Estate, etc.