

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 19, 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 – Responses to Undertakings J11.5 and J11.8**

Hydro One's responses to Undertakings J11.5 and J11.8 are enclosed.

Yours truly,

McCarthy Tétrault LLP

Per:



For: Gordon M. Nettleton

GMN

UNDERTAKING – J11.5

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Undertaking

To provide a corrected version of Exhibit No. J8.1, Attachment 2.

Response

Please see the attachment to this response, which contains a corrected summary table originally provided in Exhibit J8.1, Attachment 2.

Capital Forecasts for 2017 and 2018 from EB-2014-0140 onward

Investment Category	EB-2014-0140 (Approved)		November 2015 (Draft)		EB-2016-0160 (Filed)	
	2017	2018	2017	2018	2017	2018
Sustaining	597	637	650	731	777	842
Development	148	116	185	146	196	170
Operating	44	25	22	33	25	31
Common Corp Costs	58	60	63	68	78	79
Total Capital	848	839	920	978	1,076	1,122

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

Investment Category	Capital Expenditures - \$M – Net						Comment/Significant Investment Changes (November 2015 v. May 2016)
	November 2015		EB-2016-0160		Variance		
	2017	2018	2017	2018	2017	2018	
Sustaining	650	731	777	842	127	112	<ul style="list-style-type: none"> • Stations: Investment deferrals to partially offset increase in O/H Lines • Lines/Cables: Addressing poor condition of overhead lines and components, including increased insulator replacements (+\$56M), steel structure refurbishments (+\$81M) and line refurbishments (+\$128M). • Cyber Security: Addressing additional sites under physical security requirements, provisions to address NERC CIP V6, and replacement of end of life cyber systems
Development	185	146	196	170	12	24	<ul style="list-style-type: none"> • 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) • Network Transfer Capability: Advanced East-West Tie Station Work (+\$31M) and updated costing assumptions for M30A/M31A Reconductoring (-\$14M) and Bruce x Milton (-\$6M) projects • Risk Mitigation: Addition of Nanticoke Station Service Upgrade (+\$10M) • Load Customer Connections: Updated contributed capital amounts for Leamington (+\$15M) and Hanmer (+\$4M), addition of Horner (+\$5M), Lisgar (+\$10M) and Enfield (+\$5M)
Operating	22	33	25	31	3	(2)	<ul style="list-style-type: none"> • 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)
Common Corp Costs and Other	63	68	78	79	14	11	<ul style="list-style-type: none"> • 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) • Incorporated new compensation structure costs.
Total Capital Plan	920	978	1076	1122	156	145	

UNDERTAKING – J11.8

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Undertaking

To provide the average over the period by year.

Response

Below are the projections of total bill impacts of Hydro One’s combined transmission and distribution forecasted expenditures.

	2017	2018	2019	2020	2021	2022
Tariff Rate increase (Distribution)	(0.6)%	5.8%	3.4%	2.5%	2.4%	2.4%
Tariff Rate increase (Transmission)	2.6%*	4.8%*	6.6%	3.3%	6.4%	6.4%
Total Bill Effect (Hydro One Transmission/Distribution)	0.1%	2.0%	1.4%	0.9%	1.1%	1.1%

*Updated based on Exhibit K6.3.