

Hydro One Networks Inc.

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BY COURIER

November 13, 2017

Ms. Kirsten Walli
Registrar
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Walli:

**EB-2017-0320 – Motion to Review and Vary Procedural Order No. 6 Issued in OEB Proceeding
EB-2016-0272 – Undertaking Response**

Please find attached two copies of Hydro One Networks Inc.'s response to Undertaking JT1.2 made on November 10, 2017, in EB-2017-0320.

Hydro One also requests to clarify the record with respect to OPDC's EB-2016-0321 rate filing, which Mr. Shepherd was referencing on pages 36 to 40 of the transcript. That application, which was approved by the OEB on March 30, 2017, did not seek, nor did it have approved, a price cap adjustment to OPDC's 2016 rates. Page 3 of the Decision and Rate Order says:

"The price cap adjustment follows an OEB-approved formula that includes annually updated components for inflation and the OEB's expectations of efficiency and productivity gains. The formula is an inflation minus X-factor rate adjustment, which is intended to incent innovation and efficiency. Under the Price Cap Index option, Orillia Power would be eligible to increase its distribution rates by an inflation factor less the sum of productivity and a stretch factor. Orillia Power did not apply for this adjustment due to the MAADs Application before the OEB.

Findings

The OEB agrees with Orillia Power's proposal not to seek the price cap adjustment for 2017 distribution rates."

An electronic copy of this clarification and response to undertaking has been filed using the Board's Regulatory Electronic Submission System.

Yours very truly,

ORIGINAL SIGNED BY MICHAEL ENGELBERG

Michael Engelberg

UNDERTAKING – JT1.2

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Undertaking

With reference to the rate differential calculation in Appendix A of the Notice of Motion, to calculate what the average works out if you use all four years and then run the calculation again using that percentage if it's different than six.

Response

If the average 2014 OEB-approved rate increases¹ were included into the calculation provided by Hydro One as Exhibit B (filed November 1, 2017 as part to the Affidavit), the combined average rate increases would go up marginally but still remain rounded at 6%. For ease of reference, Hydro One has provided the data requested as Attachment 1 to this undertaking.

¹ EB-2015-0051(Algoma Power Inc. 2016 Rates application), Board Staff Submission, November 16, 2016

1	2015/2014 Average Increase for Residential class	8%
2	2015/2014 Average Increase for GS<50kW class	7%
3	2016/2015 Average Increase for Residential class	8%
4	2016/2015 Average Increase for GS<50kW class	7%
5	2017/2016 Average Increase for Residential class	4%
6	2017/2016 Average Increase for GS<50kW class	5%
	Average Increase (average of 1, 2, 3, 4, 5, and 6)	6%

See Tab "RES 2014to2015"

See Tab "GS<50 2014to2015"

See Tab "RES 2015to2016"

See Tab "GS<50 2015to2016"

See Tab "RES 2016to2017"

See Tab "GS<50 2016to2017"

Residential	MFC 2015	VC 2015	MFC 2014	VC 2014	TB 2015	TB 2014	\$ Change	% Change	CoS
Festival Hydro Inc.	16.27	12.30	15.18	12.68	28.57	27.86	0.72	2.57%	1
Hearst Power Distribution Company Limited	11.93	9.45	9.19	12.00	21.38	21.19	0.19	0.90%	1
Horizon Utilities Corporation	15.72	11.63	14.92	11.03	27.35	25.95	1.41	5.42%	1
Hydro One Brampton Networks Inc.	11.07	11.63	10.10	11.03	22.70	21.13	1.58	7.46%	1
Niagara Peninsula Energy Inc.	18.43	13.88	16.06	12.08	32.31	28.14	4.18	14.84%	1
North Bay Hydro Distribution Limited	15.71	10.58	14.64	9.83	26.29	24.47	1.82	7.44%	1
St. Thomas Energy Inc.	14.21	12.60	11.53	12.00	26.81	23.53	3.28	13.94%	1

Average Residential Increase (excluding Algoma)

8%

General Service < 50kW	MFC 2015	VC 2015	MFC 2014	VC 2014	TB 2015	TB 2014	\$ Change	% Change	CoS
Festival Hydro Inc.	30.66	30.40	29.44	29.80	61.06	59.24	1.82	3.07%	1
Hearst Power Distribution Company Limited	18.30	12.40	19.76	13.40	30.70	33.16	-2.46	-7.42%	1
Horizon Utilities Corporation	39.14	20.20	33.21	17.20	59.34	50.41	8.93	17.71%	1
Hydro One Brampton Networks Inc.	24.39	32.20	18.23	32.00	56.59	50.23	6.36	12.66%	1
Niagara Peninsula Energy Inc.	37.76	27.60	37.79	27.60	65.36	65.39	-0.03	-0.05%	1
North Bay Hydro Distribution Limited	23.27	35.80	21.69	33.40	59.07	55.09	3.98	7.22%	1
St. Thomas Energy Inc.	23.20	31.60	17.47	30.20	54.80	47.67	7.13	14.96%	1

Average GS<50 Increase

7%

Residential	MFC 2016	VC 2016	MFC 2015	VC 2015	TB 2016	TB 2015	\$ Change	% Change	CoS or CIR
Entegrus Powerlines Inc. - Chatham-Kent	18.98	5.78	18.98	6.60	24.76	25.58	-0.82	-3.00%	1
Grimsby Power Inc.	19.55	7.43	15.69	9.08	26.98	24.77	2.21	9.00%	1
Guelph Hydro Electric Systems Inc.	18.93	10.80	14.49	13.20	29.73	27.69	2.04	7.00%	1
Halton Hills Hydro Inc.	17.04	7.50	12.72	9.00	24.54	21.72	2.82	13.00%	1
Horizon Utilities Corporation	18.8	9.08	15.72	11.63	27.88	27.35	0.53	2.00%	1
Hydro Ottawa Limited	12.96	14.48	9.67	17.55	27.44	27.22	0.22	1.00%	1
Kingston Hydro Corporation	13.98	10.43	12.56	11.55	24.41	24.11	0.30	1.00%	1
Entegrus Powerlines Inc. - Strathroy, Mount Brydges & Parkhill	18.98	5.78	14.43	10.95	24.76	25.38	-0.62	-2.00%	1
Entegrus Powerlines Inc. - Dutton	18.98	5.78	13.44	9.53	24.76	22.97	1.79	8.00%	1
Entegrus Powerlines Inc. - Newbury	18.98	5.78	12.52	9.45	24.76	21.97	2.79	13.00%	1
Milton Hydro Distribution inc.	18.61	8.25	15.43	10.80	26.86	26.23	0.63	2.00%	1
Oshawa PUC Networks Inc.	11.21	10.65	8.47	9.00	21.86	17.47	4.39	25.00%	1
Ottawa River Power Corporation	14.02	9.68	10.99	11.25	23.70	22.24	1.46	7.00%	1
PowerStream Inc. - Barrie	12.9	10.73	12.67	10.50	23.63	23.17	0.45	2.00%	1
Toronto Hydro-Electric System Limited	22.78	14.10	18.63	11.54	36.88	30.17	6.72	22.00%	1
Wasaga Distribution Inc.	14.91	8.85	11.57	10.80	23.76	22.37	1.39	6.00%	1
Waterloo North Hydro Inc.	19.71	11.55	15.2	14.40	31.26	29.60	1.66	6.00%	1
Wellington North Power Inc.	23.97	11.48	18.49	13.88	35.45	32.37	3.08	10.00%	1

Source of data: EB-2016-0055 (Algoma Power Inc. 2017 Rates Application). Hydro One received the detailed table above from Algoma Power Inc. (Algoma Power Inc. received this table from OEB staff). The table was compiled by OEB Staff and was used to determine the 2017 Algoma Power Inc. RRRP adjustment factor (see OEB Decision and Rate Order, issued on December 8, 2016, page 1).

Average Residential Increase (Entegrus was excluded because rate increases are distorted by the impact of harmonization) 8%

General Service < 50kW	MFC 2016	VC 2016	MFC 2015	VC 2015	TB 2016	TB 2015	\$ Change	% Change	CoS or CIR
Entegrus Powerlines Inc. - Chatham-Kent	30	19.80	34.84	23.6	49.80	58.44	-8.64	-14.78%	1
Grimsby Power Inc.	24.32	37.40	26.67	26.2	61.72	52.87	8.85	16.74%	1
Guelph Hydro Electric Systems Inc.	16.33	27.40	15.57	26.2	43.73	41.77	1.96	4.69%	1
Halton Hills Hydro Inc.	27.51	19.80	27.51	17	47.31	44.51	2.80	6.29%	1
Horizon Utilities Corporation	41.21	21.20	39.14	20.2	62.41	59.34	3.07	5.17%	1
Hydro Ottawa Limited	17.23	43.20	16.72	42	60.43	58.72	1.71	2.91%	1
Kingston Hydro Corporation	14.27	29.20	25.85	21.2	43.47	47.05	-3.58	-7.61%	1
Entegrus Powerlines Inc. - Strathroy, Mount Brydges & Parkhill	30	19.80	19.06	10.2	49.80	29.26	20.54	70.20%	1
Entegrus Powerlines Inc. - Dutton	30	19.80	27.45	12.2	49.80	39.65	10.15	25.60%	1
Entegrus Powerlines Inc. - Newbury	30	19.80	22.91	22.8	49.80	45.71	4.09	8.95%	1
Milton Hydro Distribution inc.	16.51	34.80	16.42	34.8	51.31	51.22	0.09	0.18%	1
Oshawa PUC Networks Inc.	16.02	31.40	8.38	34	47.42	42.38	5.04	11.89%	1
Ottawa River Power Corporation	22.02	25.00	22.97	21	47.02	43.97	3.05	6.94%	1
PowerStream Inc.	26.55	28.40	26.08	27.8	54.95	53.88	1.07	1.99%	1
Toronto Hydro-Electric System Limited	30.47	56.36	24.8	45.86	86.83	70.66	16.17	22.88%	1
Wasaga Distribution Inc.	14.76	29.80	13.54	27.4	44.56	40.94	3.62	8.84%	1
Waterloo North Hydro Inc.	31.96	31.80	31.96	28.6	63.76	60.56	3.20	5.28%	1
Wellington North Power Inc.	41.71	35.80	39.25	33.6	77.51	72.85	4.66	6.40%	1

Source of data: EB-2016-0055 (Algoma Power Inc. 2017 Rates Application). Hydro One received the detailed table above from Algoma Power Inc. (Algoma Power Inc. received this table from OEB staff). The table was compiled by OEB Staff and was used to determine the 2017 Algoma Power Inc. RRRP adjustment factor (see OEB Decision and Rate Order, issued on December 8, 2016, page 1).

Average GS<50 Increase (Entegrus was excluded because rate increases were distorted by the impact of harmonization) 7%

Residential	2017 MFC	2017 VC	2016 MFC	2016 VC	TB 2017	TB 2016	\$ change	% Change	CoS or CIR
Atikokan Hydro Inc.	42.31	6.00	36.95	8.32	48.31	45.27	3.04	6.72%	1
Brantford Power Inc.	17.80	6.08	14.64	8.80	23.88	23.44	0.44	1.88%	1
Canadian Niagara Power Inc. - Eastern Ontario Power	27.72	9.76	23.44	12.16	37.48	35.60	1.88	5.28%	1
Canadian Niagara Power Inc. - Fort Erie	27.72	9.76	23.44	12.16	37.48	35.60	1.88	5.28%	1
Canadian Niagara Power Inc. - Port Colborne Hydro Inc.	27.72	9.76	23.44	12.16	37.48	35.60	1.88	5.28%	1
Horizon Utilities Corporation	21.34	6.48	18.80	9.68	27.82	28.48	-0.66	-2.32%	1
Hydro Ottawa Limited	16.60	12.08	12.96	15.44	28.68	28.40	0.28	0.99%	1
Kingston Hydro Corporation	18.54	6.56	13.98	11.12	25.10	25.10	0.00	0.00%	1
Lakefront Utilities Inc.	16.00	6.08	13.14	9.04	22.08	22.18	-0.10	-0.50%	1
London Hydro Inc.	19.34	6.56	16.42	9.68	25.90	26.10	-0.20	-0.77%	1
Northern Ontario Wires Inc.	30.30	7.36	24.25	9.84	37.66	34.09	3.57	10.47%	1
Oshawa PUC Networks Inc.	14.22	8.72	11.21	11.36	22.94	22.57	0.37	1.64%	1
PowerStream Inc.	18.51	10.40	12.90	11.44	28.91	24.34	4.57	18.78%	1
Renfrew Hydro Inc.	17.30	9.20	13.97	11.60	26.50	25.57	0.93	3.64%	1
Toronto Hydro-Electric System Limited	27.69	12.10	22.78	15.04	39.79	37.82	1.97	5.20%	1
Welland Hydro-Electric System Corp.	22.26	5.92	18.76	8.40	28.18	27.16	1.02	3.76%	1

Source of data: EB-2017-0051 (Hydro One Remote Communities Inc. 2018 Rates Application), Exhibit G1, Schedule 2, Tab 1, Attachment 1. This information was compiled by Board Staff and was used to determine 2018 Hydro One Remotes Communities Inc. rate increases.

Average Residential Increase 4%

General Service < 50kW	2017 MFC	2017 VC	2016 MFC	2016 VC	TB 2017	TB 2016	\$ change	% Change	CoS or CIR
Atikokan Hydro Inc.	76.23	9.40	76.23	19.20	85.63	95.43	-9.80	-10.27%	1
Brantford Power Inc.	30.14	15.80	26.46	13.80	45.94	40.26	5.68	14.11%	1
Canadian Niagara Power Inc. - Eastern Ontario Power	30.02	48.80	28.26	46.00	78.82	74.26	4.56	6.14%	1
Canadian Niagara Power Inc. - Fort Erie	30.02	48.80	28.26	46.00	78.82	74.26	4.56	6.14%	1
Canadian Niagara Power Inc. - Port Colborne Hydro Inc.	30.02	48.80	28.26	46.00	78.82	74.26	4.56	6.14%	1
Horizon Utilities Corporation	41.42	21.40	41.21	21.20	62.82	62.41	0.41	0.66%	1
Hydro Ottawa Limited	17.89	45.40	17.23	43.20	63.29	60.43	2.86	4.73%	1
Kingston Hydro Corporation	14.59	30.20	14.27	29.20	44.79	43.47	1.32	3.04%	1
Lakefront Utilities Inc.	23.96	16.40	23.96	17.20	40.36	41.16	-0.80	-1.94%	1
London Hydro Inc.	32.25	21.60	32.25	20.80	53.85	53.05	0.80	1.51%	1
Northern Ontario Wires Inc.	31.76	35.40	28.27	31.60	67.16	59.87	7.29	12.18%	1
Oshawa PUC Networks Inc.	16.24	32.20	16.02	31.40	48.44	47.42	1.02	2.15%	1
PowerStream Inc.	28.74	36.60	26.55	28.40	65.34	54.95	10.39	18.91%	1
Renfrew Hydro Inc.	31.25	30.60	31.25	30.60	61.85	61.85	0.00	0.00%	1
Toronto Hydro-Electric System Limited	32.68	60.46	30.47	56.36	93.14	86.83	6.31	7.27%	1
Welland Hydro-Electric System Corp.	30.91	18.20	29.23	17.20	49.11	46.43	2.68	5.77%	1

Source of data: EB-2017-0051 (Hydro One Remote Communities Inc. 2018 Rates Application), Exhibit G1, Schedule 2, Tab 1, Attachment 1. This information was compiled by Board Staff and was used to determine 2018 Hydro One Remotes Communities Inc. rate increases.

Average GS<50 Increase **5%**