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Vice President, Chief Regulatory Officer,
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BY COURIER

February 12, 2018

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

Dear Ms. Walli:

EB-2017-0049 - Hydro One Networks' 2018-2022 Distribution Rates Application - Interrogatory Responses

Please find attached Hydro One Networks Inc. ("Hydro One")'s responses to interrogatories received in the above-noted proceeding, which have been submitted electronically using the Board's Regulatory Electronic Submission System. Two (2) hard copies will be sent to the Board.

The interrogatory responses have been organized by Issue as identified in Procedural Order No. 3 of this proceeding and listed in Appendix "A" to this letter.

Several interrogatories requested 2017 financial information which was unavailable at the time the responses were written. This has been indicated in each interrogatory applicable. Hydro One's distribution statements will not be finalized until April 2018, and Hydro One will provide an updated response with the requested information at that time.

Please be advised that Hydro One / its consultant Power System Engineering, Inc. request confidential treatment of the documents requested in I-08-Staff-023a, under a separate cover letter for the reasons described in that letter.

Sincerely,

ORIGINAL SIGNED BY FRANK D'ANDREA

Frank D'Andrea

Encls.

cc. EB-2017-0049 parties (electronic)

Appendix “A”

The interrogatory responses have been organized by Issue as follows:

Tab 1	Has Hydro One responded appropriately to all relevant OEB directions from previous proceedings?
Tab 2	Has Hydro One adequately responded to the customer concerns expressed in the Community Meetings held for this application?
Tab 3	Is the overall increase in the distribution revenue requirement from 2018 to 2022 reasonable?
Tab 4	Are the rate and bill impacts in each customer class in each year in the 2018 to 2022 period reasonable?
Tab 5	Are Hydro One’s proposed rate impact mitigation measures appropriate and do any of the proposed rate increases require rate smoothing or mitigation beyond what Hydro One has proposed?
Tab 6	Does Hydro One’s First Nation and Métis Strategy sufficiently address the unique rights and concerns of Indigenous customers with respect to Hydro One’s distribution service?
Tab 7	Is Hydro One’s proposed Custom Incentive Rate Methodology, using a Revenue Cap Index, consistent with the OEB’s Rate Handbook?
Tab 8	Is the proposed industry-specific inflation factor, and the proposed custom productivity factor, appropriate?
Tab 9	Are the values for the proposed custom capital factor appropriate?
Tab 10	Are the program-based cost, productivity and benchmarking studies filed by Hydro One appropriate?
Tab 11	Are the results of the studies sufficient to guide Hydro One’s plans to achieve the desired outcomes to the benefit of ratepayers?
Tab 12	Do these studies align with each other and with Hydro One’s overall custom IR Plan?
Tab 13	Are the annual updates proposed by Hydro One appropriate?
Tab 14	Is Hydro One’s proposed integration of the Acquired Utilities in 2021 appropriate?
Tab 15	Is the proposed Earnings/Sharing mechanism appropriate?
Tab 16	Are the proposed Z-factors and Off-Ramps appropriate?
Tab 17	Does the application adequately incorporate and reflect the four outcomes identified in the Rate Handbook: customer focus, operational effectiveness, public policy responsiveness, and financial performance?
Tab 18	Are the metrics in the proposed additional scorecard measures appropriate and do they adequately reflect appropriate outcomes?
Tab 19	Are the proposals for performance monitoring and reporting adequate and do the outcomes adequately reflect customer expectations?
Tab 20	Does the application promote and incent appropriate outcomes for existing and future customers including factors such as cost control, system reliability, service quality, and bill impacts?
Tab 21	Does the application adequately account for productivity gains in its forecasts and adequately include expectations for gains relative to external benchmarks?
Tab 22	Has the applicant adequately demonstrated its ability and commitment to manage within the revenue requirement proposed over the course of the custom incentive rate plan term?
Tab 23	Was the customer consultation adequate and does the Distribution System Plan adequately address customer needs and preferences?

Tab 24	Does Hydro One's investment planning process consider appropriate planning criteria? Does it adequately address the condition of distribution assets, service quality and system reliability?
Tab 25	Does the Distribution System Plan adequately reflect productivity gains, benefit sharing and benchmarking?
Tab 26	Does the Distribution System Plan address the trade-offs between capital and OM&A spending over the course of the plan period?
Tab 27	Has the distribution System Plan adequately addressed government mandated obligations over the planning period?
Tab 28	Has Hydro One appropriately incorporated Regional Planning in its Distribution System Plan?
Tab 29	Are the proposed capital expenditures resulting from the Distribution System Plan appropriate, and have they been adequately planned and paced?
Tab 30	Are the proposed capital expenditures for System Renewal, System Service, System Access and General Plant appropriately based on the Distribution System Plan?
Tab 31	Are the methodologies used to allocate Common Corporate capital expenditures to the distribution business appropriate?
Tab 32	Are the methodologies used to determine the distribution Overhead Capitalization Rate for 2018 and onward appropriate?
Tab 33	Are the amounts proposed for the rate base from 2018 to 2022 appropriate?
Tab 34	Are the inputs used to determine the working capital component of the rate base and the methodology used appropriate?
Tab 35	Is the proposed capital structure appropriate?
Tab 36	Are the proposed timing and methodology for determining the return on equity and short-term debt prior to the effective date of rate implementation appropriate?
Tab 37	Is the forecast of long term debt for 2018 and further years appropriate?
Tab 38	Are the proposed OM&A spending levels for Sustainment, Development, Operations, Customer Care, Common Corporate and Property Taxes and Rights Payments, appropriate, including consideration of factors considered in the Distribution System Plan?
Tab 39	Do the proposed OM&A expenditures include the consideration of factors such as system reliability, service quality, asset condition, cost benchmarking, bill impact and customer preferences?
Tab 40	Are the proposed 2018 human resources related costs (wages, salaries, benefits, incentive payments, labour productivity and pension costs) including employee levels, appropriate?
Tab 41	Has Hydro One demonstrated improvements in presenting its compensation costs and showing efficiency and value for dollar associated with its compensation costs?
Tab 42	Is the updated executive compensation information filed by Hydro One in the distribution proceeding on December 21, 2017 consistent with the OEB's findings on executive compensation in the EB-2016-0160 Transmission Decision?
Tab 43	Are the methodologies used to allocate Common Corporate Costs and Other OM&A costs to the distribution business for 2018 and further years appropriate?
Tab 44	Is Hydro One's proposed depreciation expense for 2018 and further years appropriate?
Tab 45	Are the proposed other revenues for 2018 – 2022 appropriate?
Tab 46	Is the load forecast methodology including the forecast of CDM savings appropriate?

Tab 47	Are the customer and load forecasts a reasonable reflection of the energy and demand requirements for 2018 – 2022?
Tab 48	Has the load forecast appropriately accounted for the addition of the Acquired Utilities' customers in 2021?
Tab 49	Are the inputs to the cost allocation model appropriate and are costs appropriately allocated?
Tab 50	Are the proposed billing determinants appropriate?
Tab 51	Are the revenue-to-cost ratios for all rate classes over the 2018 – 2022 period appropriate?
Tab 52	Are the proposed fixed and variable charges for all rate classes over the 2018 – n2022 period, appropriate, including implementation of the OEB's residential rate design?
Tab 53	Are the proposed Retail Transmission Service Rates appropriate?
Tab 54	Are the proposed specific service charges for miscellaneous services over the 2018 - 2022 period reasonable?
Tab 55	Are the proposed line losses over the 2018 – 2022 period appropriate?
Tab 56	Do the costs allocated to acquired utilities appropriately reflect the OEB's decisions in related Hydro One acquisition proceedings?
Tab 57	Are the proposed amounts, disposition and continuance of Hydro One's existing deferral and variance accounts appropriate?
Tab 58	Are the proposed new deferral and variance accounts appropriate?
Tab 59	Is the proposal to discontinue several deferral and variance accounts appropriate?