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File 93901

VIA COURIER AND RESS FILING

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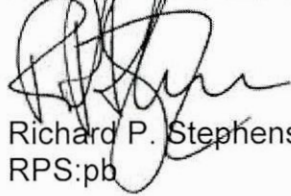
Dear Ms. Walli,

Re: **Hydro One Distribution Rates 2018 to 2022 – Custom IR Distribution
Application – Technical Conference Questions
Energy Board File No.: EB-2017-0049**

Please find enclosed the Technical Conference Questions of the Power Workers' Union in connection with the above-noted proceedings.

Yours very truly,

PALIARE ROLAND ROSENBERG ROTHSTEIN LLP



Richard P. Stephenson
RPS:pb

Encl.

c: Applicant and Intervenors

Doc 2442279 v1

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Hydro One Networks Inc. (HONI)
2018-2022 Custom IR Distribution Application
PWU Panel 3 Technical Conference Questions

TC Question Area #1

Reference: Exhibit I-3-PWU-1

17 **Interrogatory:**

- 18 a) Which Hydro One rate classes benefit from bill protection pursuant to the terms of the Fair
19 Hydro Plan (FHP)?
20
21 b) In 2016, how many customers were in each of these rate classes?
22
23 c) What percentage of Hydro One's total customers in 2016, do these customers represent?
24
25 d) In 2016, how much distribution revenue did Hydro One receive from these customers?
26
27 e) In 2016, what percentage of Hydro One's total distribution revenue was received from these
28 customers?
29

30 **Response:**

- 31 a) Hydro One's R1 and R2 customers specifically benefit from the Distribution Rate Protection
32 Program as set out in the Fair Hydro Plan.
33

34 Hydro One notes that there are certain aspects of the Fair Hydro Plan that benefit customers
35 of all distributors in Ontario, including: i) reduced Global Adjustment charges and the
36 Ontario Rebate for Electricity Consumers ("OREC") credits for residential and low volume
37 general service customers, ii) reduced regulatory charges (OESP charge eliminated, RRRP
1 charge reduced) and iii) lower eligibility threshold for the Industrial Conservation Initiative
2 ("ICI") program so more large general service customers can participate.
3

- 4 b) In 2016, there were 441,836 R1 customers and 328,766 R2 customers.
5
6 c) In 2016, in terms of number of customers, R1 represented 34% of total and R2 represented
7 26% of total. Former Norfolk, Haldimand and Woodstock customers were not included in
8 this analysis as these customers had not been integrated into Hydro One's rate structure.
9
10 d) In 2016, Hydro One received \$295.7 million and \$476.2 million (including the RRRP credit)
11 in base distribution revenue from R1 and R2 classes, respectively.
12
13 e) In 2016, in terms of base distribution revenue, R1 represented 22% of total and R2
14 represented 35% of total. Former Norfolk, Haldimand and Woodstock customers were not
15 included in this analysis as these customers had not been integrated into Hydro One's rate
16 structure.

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Questions:

- a) Please update the responses to the above questions for 2017 including the former Norfolk, Haldimand, and Woodstock customers

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TC Question Area #2

Reference 1: Exhibit I-4-PWU-4 (Extracted from Hydro One response-Attachments 2-6)

2018

| Rate Class | Consumption Level | Monthly Consumption (kWh) | Monthly Peak (kW) | 2017 Total Bill | Change in DX Bill (\$) | Change in DX Bill (%) | Change in Total Bill (\$) | Change in Total Bill (%) |
|------------|-------------------|---------------------------|-------------------|-----------------|------------------------|-----------------------|---------------------------|--------------------------|
| R1 | Low | 400 | | \$84.03 | (\$0.73) | -1.96% | \$0.20 | 0.24% |
| | Typical | 750 | | \$122.38 | (\$0.65) | -1.75% | \$1.13 | 0.92% |
| | Average | 920 | | \$141.00 | (\$0.61) | -1.66% | \$1.58 | 1.12% |
| | High | 1,800 | | \$237.41 | (\$0.42) | -1.14% | \$3.91 | 1.65% |
| R2 | Low | 450 | | \$91.24 | (\$1.38) | -3.64% | (\$0.52) | -0.57% |
| | Typical | 750 | | \$124.88 | (\$1.37) | -3.63% | \$0.10 | 0.08% |
| | Average | 1,152 | | \$169.97 | (\$1.37) | -3.62% | \$0.93 | 0.55% |
| | High | 2,300 | | \$298.72 | (\$1.36) | -3.59% | \$3.30 | 1.10% |

2019

| Rate Class | Consumption Level | Monthly Consumption (kWh) | Monthly Peak (kW) | 2018 Total Bill | Change in DX Bill (\$) | Change in DX Bill (%) | Change in Total Bill (\$) | Change in Total Bill (%) |
|------------|-------------------|---------------------------|-------------------|-----------------|------------------------|-----------------------|---------------------------|--------------------------|
| R1 | Low | 400 | | \$84.23 | \$0.00 | 0.00% | \$0.00 | 0.00% |
| | Typical | 750 | | \$123.50 | \$0.00 | 0.00% | \$0.00 | 0.00% |
| | Average | 920 | | \$142.58 | \$0.00 | 0.00% | \$0.00 | 0.00% |
| | High | 1,800 | | \$241.32 | \$0.00 | 0.00% | \$0.00 | 0.00% |
| R2 | Low | 450 | | \$90.72 | \$0.00 | 0.00% | \$0.00 | 0.00% |
| | Typical | 750 | | \$124.98 | \$0.00 | 0.00% | \$0.00 | 0.00% |
| | Average | 1,152 | | \$170.90 | \$0.00 | 0.00% | \$0.00 | 0.00% |
| | High | 2,300 | | \$302.01 | \$0.00 | 0.00% | \$0.00 | 0.00% |

2020

| Rate Class | Consumption Level | Monthly Consumption (kWh) | Monthly Peak (kW) | 2019 Total Bill | Change in DX Bill (\$) | Change in DX Bill (%) | Change in Total Bill (\$) | Change in Total Bill (%) |
|------------|-------------------|---------------------------|-------------------|-----------------|------------------------|-----------------------|---------------------------|--------------------------|
| R1 | Low | 400 | | \$84.23 | \$0.00 | 0.00% | \$0.00 | 0.00% |
| | Typical | 750 | | \$123.50 | \$0.00 | 0.00% | \$0.00 | 0.00% |
| | Average | 920 | | \$142.58 | \$0.00 | 0.00% | \$0.00 | 0.00% |
| | High | 1,800 | | \$241.32 | \$0.00 | 0.00% | \$0.00 | 0.00% |
| R2 | Low | 450 | | \$90.72 | \$0.00 | 0.00% | \$0.00 | 0.00% |
| | Typical | 750 | | \$124.98 | \$0.00 | 0.00% | \$0.00 | 0.00% |
| | Average | 1,152 | | \$170.90 | \$0.00 | 0.00% | \$0.00 | 0.00% |
| | High | 2,300 | | \$302.01 | \$0.00 | 0.00% | \$0.00 | 0.00% |

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2021

| Rate Class | Consumption Level | Monthly Consumption (kWh) | Monthly Peak (kW) | 2020 Total Bill | Change in DX Bill (\$) | Change in DX Bill (%) | Change in Total Bill (\$) | Change in Total Bill (%) |
|------------|-------------------|---------------------------|-------------------|-----------------|------------------------|-----------------------|---------------------------|--------------------------|
| R1 | Low | 400 | | \$84.23 | \$0.00 | 0.00% | (\$0.06) | -0.07% |
| | Typical | 750 | | \$123.50 | \$0.00 | 0.00% | (\$0.12) | -0.10% |
| | Average | 920 | | \$142.58 | \$0.00 | 0.00% | (\$0.14) | -0.10% |
| | High | 1,800 | | \$241.32 | \$0.00 | 0.00% | (\$0.28) | -0.12% |
| R2 | Low | 450 | | \$90.72 | \$0.00 | 0.00% | (\$0.04) | -0.04% |
| | Typical | 750 | | \$124.98 | \$0.00 | 0.00% | (\$0.06) | -0.05% |
| | Average | 1,152 | | \$170.90 | \$0.00 | 0.00% | (\$0.09) | -0.05% |
| | High | 2,300 | | \$302.01 | \$0.00 | 0.00% | (\$0.19) | -0.06% |

2022

| Rate Class | Consumption Level | Monthly Consumption (kWh) | Monthly Peak (kW) | 2021 Total Bill | Change in DX Bill (\$) | Change in DX Bill (%) | Change in Total Bill (\$) | Change in Total Bill (%) |
|------------|-------------------|---------------------------|-------------------|-----------------|------------------------|-----------------------|---------------------------|--------------------------|
| R1 | Low | 400 | | \$84.17 | \$0.00 | 0.00% | \$0.00 | 0.00% |
| | Typical | 750 | | \$123.39 | \$0.00 | 0.00% | \$0.00 | 0.00% |
| | Average | 920 | | \$142.44 | \$0.00 | 0.00% | \$0.00 | 0.00% |
| | High | 1,800 | | \$241.04 | \$0.00 | 0.00% | \$0.00 | 0.00% |
| R2 | Low | 450 | | \$90.68 | \$0.00 | 0.00% | \$0.00 | 0.00% |
| | Typical | 750 | | \$124.92 | \$0.00 | 0.00% | \$0.00 | 0.00% |
| | Average | 1,152 | | \$170.80 | \$0.00 | 0.00% | \$0.00 | 0.00% |
| | High | 2,300 | | \$301.83 | \$0.00 | 0.00% | \$0.00 | 0.00% |

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Reference 2: Exhibit I-4-PWU-7 (Customer Engagement)

Power Workers' Union Interrogatory # 7

Issue:

Issue 4: Are the rate and bill impacts in each customer class in each year in the 2018 to 2022 period reasonable?

Reference:

B1-01-01 Section 1.3 Page: 4-15 (Customer engagement process)

Interrogatory:

- a) Please confirm that this process was undertaken prior to the FHP coming into effect?
- b) Did Hydro One undertake any additional customer engagement activities (in particular regarding the bill impact of the application) after the implementation of the FHP? If so:
 - i. describe the initiatives that were undertaken;
 - ii. describe the feedback received; and
 - iii. describe the manner in which any feedback was incorporated into the application in its current form.

Response:

- a) The Customer Engagement process was undertaken prior to the Fair Hydro Plan coming into effect.
- b) Hydro One did not undertake additional customer engagement activities after the implementation of the Fair Hydro Plan.

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Reference 3: Exhibit I-4-PWU-15 c & d

Interrogatory:

- 21 c) In view of the fact that a significant proportion of Hydro One's customers are being protected
22 from bill impacts for the foreseeable future, why isn't the 2018-22 timeframe the ideal
23 timeframe to ensure that Hydro One's asset condition and reliability are improved (or at least
24 are no worse)?
25
- 26 d) Confirm that the effect of pursuing modified Plan B rather than Plan A or Plan B is to defer
27 the incremental costs associated with those plans from a period of time where a significant
28 proportion of customers have bill impact protections under the FHP, to a period of time when
29 they will be lacking such protection.
30

Response:

- 1 c) Through Hydro One's customer engagement process, it was determined that keeping rates
2 low was a top priority for customers. Plan B Modified was selected to balance customer
3 needs with other business needs identified through the needs assessment process while
4 allowing Hydro One to deliver on its business objectives. Please see section 1.3.4 (How the
5 Plan Reflects Customer Needs and Preferences) of the DSP for details.
6
- 7 d) Plan B Modified defers some capital expenditures to later years in the planning period in
8 order to mitigate rate impacts to customers while maintaining an acceptable overall risk
9 profile. Hydro One makes no assumptions about the future of the Fair Hydro Plan.

Questions:

- a) Confirm that the R1 & R2 rate classes in Ref# 1 together represented 60% and 57%, respectively, of Hydro One's customers and distribution revenue in 2016 and these numbers would be higher if the newly acquired utilities are accounted for.
- b) In Ref # 1, total bill impacts for 2018 (R1 & R2) range from a decrease of -0.57% to an increase of 1.65% depending on the level of consumption, despite the decrease in the distribution portion of the bill for all levels of consumption ranging from -1.14 to -3.64. What aspects of the bill are responsible for the slight increases in the total bill?
- c) Ref #1 shows that for the rest of the test period (2019-2022), changes in both the distribution portion of the bill and total bill for customers in the R1 & R2 rate classes (of all levels of consumption) amount to 0% (freeze) with the exception of 2021 when in fact changes in total bill are negative. Please explain the drivers for the decrease in total bill in 2021.

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- d) Please confirm that the distribution rate for the acquired utilities - Norfolk, Haldimand and Woodstock is already frozen until 2021 as part of the MAAD application approvals and these utilities can expect further reduction due to the FHP.
- e) Please confirm that the impact of the FHP on some customers is more than the average 25% decrease in total bill that was stipulated in the legislation behind the FHP.
- f) Ref #2 shows that HO's customer engagement took place prior to the FHP came to effect whereas in Ref #3 HO states that Plan B Modified was selected taking into account the customers concern on bill impacts. Please confirm that the 0% increases (freezes) or decreases in the distribution portion of the bill as well as in the total bill cited under Question # c above were not disclosed to customers during HO's customer engagement.