

Hydro One Networks Inc.

7th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-5680
Cell: (416) 568-5534
Frank.Dandrea@HydroOne.com

Frank D'Andrea

Vice President, Chief Regulatory Officer,
Chief Risk Officer



BY COURIER

May 24, 2018

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

Dear Ms. Walli,

EB-2017-0049 – Technical Conference Undertakings JT1.18 and JT3.23 for Hydro One Networks Inc.'s 2018-2022 Distribution Custom IR Application (the "Application")

Please find enclosed the responses to undertakings JT1.18 (2018 Team Scorecard) and JT3.23 (updated) from the Technical Conference held on March 1-5, 2018 in regards to the above noted proceeding.

This filing has been submitted electronically using the Board's Regulatory Electronic Submission System and two (2) hard copies will be sent via courier.

Hydro One's points of contact for service of documents associated with the Application remain as listed in Exhibit A, Tab 2 Schedule 1.

Sincerely,

ORIGINAL SIGNED BY FRANK D'ANDREA

Frank D'Andrea

Encls.

cc. EB-2017-0049 parties (electronic)

UNDERTAKING – JT 1.18

Undertaking

To provide the 2018 scorecard once it's approved.

Response

The 2018 team scorecard is attached.

Witness: MCDONELL Keith

2018 Team Scorecard

Corporate Goal	Component Weight	Definition	Measure	Sub Component Weight	Performance Levels		
					Threshold	Budget	Maximum
Health and Safety *	10%	Recordable Incidents	Incidents per 200,000 hours	100%	1.3	1.1	1.0
Work Program	25%	Transmissions (Tx) Reliability – average length of unplanned interruptions to multi-circuit supplied delivery points (SAIDI)	Minutes per Delivery Point	25%	9.2	7.6	5.4
		Distribution (Dx) Reliability – average length of outages in hours that a customer experiences (SAIDI)	Hours per Customer	25%	7.5	7.0	6.8
		Tx In Service Additions - Delivery Accuracy	Variance (%) to approved budget of \$1,174M (Tx following OEB decision)	25%	+/- 6%	+/- 4%	+/-1%
		Dx In Service Additions - Delivery Accuracy	Variance (%) to approved budget of \$641M (Dx Application)	25%	+/- 5%	+/- 3%	+/-1%
Net Income	30%	Net Income to Common Shareholders	\$M	100%	redacted	redacted	redacted
Productivity	10%	Savings in \$M	\$M	100%	\$103.1	\$114.5	\$140.0
Customer	25%	Residential and Small Business customer satisfaction	Customer Satisfaction	50%	71%	73%	76%
		Tx (including Dx connected LDCs) customer satisfaction	Customer Satisfaction	50%	84%	86%	90%

* If the company has a fatality, the attained Safety measure will be reduced by 50% based on the findings of the System Investigation

UNDERTAKING – JT 3.23

Undertaking

With reference to Interrogatory Exhibit I, Tab 49, Schedule BLC 5, Part b, to examine whether a response is doable or if it is not doable; and if not why not.

Response

In response to Undertaking JT 3.23, Hydro One has reviewed the information requested under part b) of I-49-BLC-5 and is providing the requested material in this updated submission. The percentage split of seasonal customers between the UR, R1 and R2 classes is based on the same information as in the Seasonal report previously prepared for proceeding EB-2016-0315, updated to incorporate the results of the recent rate class review, as discussed in Exhibit G1, Tab 02, Schedule 1.

Hydro One also notes that sub-part iii of the question asks that the density factors, weightings, and other factors for the “new” Seasonal class consisting only of R2-Seasonal customers be maintained at the currently proposed values for the combined Seasonal class. This is not appropriate as the new R2-Seasonal class would consist of a substantially different subset of customers than the current Seasonal class that includes both medium and low density seasonal customers. As such, Hydro One completed the requested cost allocation model run using the density factors, weightings, and other factors appropriate for a Seasonal class consisting solely of R2-Seasonal customers. Hydro One has adopted all the R2 class weighting factors for the new “R2-Seasonal” class, with the exception of the Meter Reading weighting factor. The new R2-Seasonal class consists of relatively more water access and dispersed service points than the typical R2 year-round residential customers, and so Hydro One has applied the current, higher, meter reading weight for the existing status-quo Seasonal class to the new R2-seasonal class.

Table 1 in Attachment 1 to this response shows a version of the 2018 Rate Design Sheet similar to Exhibit H1, Tab 1, Schedule 2, page 1, with adjustments described above. This table is also provided in Excel format.

Table 1 – 2018 Rate Design with I-49-BLC-5 part b adjustments

Number of Customers	GWh	kWs	Revenue		Costs Allocated from Previous Study (2017)		Allocated Costs		Misc Rev	Revenue from Rates	2017 R/C Ratio	R/C Ratio from the CAM	Target 2018 R/C Ratio	Total rev to be collected	Shifted Rev	% Change in revenue from rates	Fixed Charge (\$/month)	Revenue from Fixed Charge	Fixed Rev %	Revenue from Volumetric Charge	Volumetric Charge (\$/kWh)	Volumetric Charge (\$/kW)	CSTA Rate Adders (\$/kW)	Hopper Foundry Rate Adder (\$/kW)	Total Volumetric Charge (\$/kW)
			(A)	(B)	(C)	(D)	(E)	(F)=(A/B)																	
UR	226,192	2,048	-	\$ 97,201,928	\$ 79,598,952	5.42%	\$ 92,100,224	6.14%	\$ 5,125,181	\$ 92,076,747	1.10	1.06	1.06	\$ 97,201,928	-	0.0%	\$ 27.83	\$ 75,532,617	82%	\$ 16,544,130	\$ 0.0081				
R1	516,794	5,212	-	\$ 365,346,901	\$ 282,627,936	19.26%	\$ 329,291,841	21.86%	\$ 14,877,458	\$ 350,469,493	1.10	1.11	1.11	\$ 365,196,102	(156,799)	0.0%	\$ 37.56	\$ 232,906,883	66%	\$ 117,405,810	\$ 0.0225				
R2	328,410	4,539	-	\$ 534,664,454	\$ 544,114,242	37.07%	\$ 560,291,895	37.30%	\$ 17,045,794	\$ 517,818,671	0.95	0.95	0.95	\$ 534,664,454		0.0%	\$ 68.83	\$ 350,381,815	60%	\$ 167,536,855	\$ 0.0369				
Seasonal R2	78,544	343	-	\$ 61,618,419	\$ 108,746,448	7.41%	\$ 71,571,267	4.77%	\$ 2,025,513	\$ 59,592,906	1.04	0.86	0.86	\$ 61,618,419	-	0.0%	\$ 40.77	\$ 38,427,812	64%	\$ 21,165,094	\$ 0.0617				
GSa	88,484	2,104	-	\$ 162,061,115	\$ 161,477,751	11.00%	\$ 159,037,370	10.60%	\$ 5,163,653	\$ 156,897,462	0.99	1.02	1.02	\$ 162,061,115	-	0.0%	\$ 29.87	\$ 31,710,871	20%	\$ 125,186,591	\$ 0.0595				
GSd	5,408	2,342	8,025,918	\$ 144,916,859	\$ 152,361,182	10.38%	\$ 149,099,563	9.94%	\$ 2,818,413	\$ 144,098,447	0.95	0.97	0.97	\$ 144,916,859		0.0%	\$ 103.85	\$ 6,717,987	5%	\$ 135,380,460		\$ 16,8679	\$ 0.0637	\$ 0.0078	\$ 16.9384
UGa	18,074	698	-	\$ 22,951,112	\$ 22,785,478	1.55%	\$ 22,400,661	1.49%	\$ 887,474	\$ 22,063,637	0.95	1.02	1.02	\$ 22,951,112	-	0.0%	\$ 24.12	\$ 5,231,493	24%	\$ 16,832,144	\$ 0.0281				
UGd	1,744	1,058	2,832,322	\$ 30,114,759	\$ 31,725,025	2.16%	\$ 31,545,045	2.10%	\$ 634,915	\$ 29,479,825	0.95	0.95	0.95	\$ 30,114,759	-	0.0%	\$ 101.75	\$ 2,129,780	7%	\$ 27,350,064		\$ 9.6564	\$ 0.0637		\$ 9.7201
Sl Lgt	5,323	121	-	\$ 12,627,804	\$ 12,715,453	0.67%	\$ 13,487,695	0.90%	\$ 403,394	\$ 12,224,410	0.95	0.94	0.94	\$ 12,627,804	-	0.0%	\$ 4.11	\$ 262,512	2%	\$ 11,961,888	\$ 0.0986				
Sen Lgt	23,867	20	-	\$ 6,465,680	\$ 7,616,602	0.52%	\$ 6,258,136	0.42%	\$ 3,079,638	\$ 3,386,041	0.95	1.03	1.03	\$ 6,465,680	-	0.0%	\$ 3.18	\$ 816,803	27%	\$ 2,469,138	\$ 0.1211				
USL	5,597	24	-	\$ 3,385,030	\$ 2,953,443	0.20%	\$ 2,802,577	0.19%	\$ 128,913	\$ 3,256,117	1.10	1.17	1.11	\$ 3,251,005	(166,025)	-5.1%	\$ 35.46	\$ 2,381,783	77%	\$ 708,310	\$ 0.0290				
DGen	1,152	18	184,793	\$ 3,740,576	\$ 7,407,470	0.50%	\$ 6,445,239	0.43%	\$ 175,585	\$ 3,564,981	0.61	0.58	0.63	\$ 4,063,400	322,824	9.1%	\$ 196.15	\$ 2,712,713	70%	\$ 1,175,991		\$ 6.3608	\$ 0.0637		\$ 6.4245
ST	808	15,528	29,977,946	\$ 54,787,309	\$ 53,453,334	3.64%	\$ 55,440,314	3.70%	\$ 1,264,602	\$ 53,522,707	0.95	0.99	0.99	\$ 54,787,309	-	0.0%	N/A **	\$ 10,014,219	19%	\$ 43,508,489		\$ N/A **			
1,300,516	33,957	41,020,926	\$ 1,499,881,927	\$ 1,467,624,315	100%	\$ 1,499,881,927	100%	\$ 53,630,485	\$ 1,446,251,442						(0)		\$ 759,027,367	\$ 687,224,075							
																	Total Rev (K+L)		\$ 1,446,251,442						
																	Misc Rev (C)		\$ 53,630,485						
																	Total Rev Req		\$ 1,499,881,927						

** ST Rates are calculated on a separate sheet

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Rate Class	2017 Current Fixed Charge	2018 All-Fixed Charge	Phase-in Period (Remaining Years)	Annual Increase in Fixed Charge	2018 Proposed Fixed Charge
UR	\$ 24.78	\$ 33.92	3	\$ 3.05	\$ 27.83
R1	\$ 33.77	\$ 56.48	6	\$ 3.79	\$ 37.56
R2	\$ 69.33	\$ 131.34	6	\$ 8.50	\$ 88.83
Seasonal R2	\$ 38.28	\$ 63.23	6	\$ 4.49	\$ 40.77