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**Frank D'Andrea**

Vice President  
Regulatory Affairs

BY COURIER

June 12, 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 - Interrogatory Response Updates Provided During the Oral Hearing in Hydro One Networks Inc.'s 2018-2022 Distribution Custom IR Application (the "Application")**

Please find enclosed the updated interrogatories which were provided on June 11<sup>th</sup>, 2018 during the Oral Hearing for Hydro One Networks Inc.'s 2018-2022 Distribution Custom IR Application. These updates include I-24-SEC-038 and I-38-SEC-070.

Sincerely,

ORIGINAL SIGNED BY FRANK D'ANDREA

Frank D'Andrea

Enc.



Category	Historical and Bridge (previous plan and actual)										
	2013*	2014*	2015			2016			2017 Bridge		
	Actual	Actual	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var
	\$M	\$M	\$M	\$M	%	\$M	\$M	%	\$M	\$M	%
<b>System Access</b>	159.5	199.4	183.3	188.1	2.6	182.6	182.7	0.0	176.1	181.9	3.3
<b>System Renewal</b>	265.7	262.7	250.7	308.4	23.0	265.4	288.3	8.6	285.0	214.3	(24.8)
<b>System Service</b>	80.4	71.0	95.4	69.8	(26.9)	89.7	78.9	(12.0)	86.0	80.1	(6.8)
<b>General Plant</b>	131.4	114.4	119.5	112.0	(6.3)	117.0	144.3	23.4	114.3	101.6	(11.1)
<b>Total</b>	637.0	647.5	648.9	678.3	4.5	654.7	694.2	6.0	661.4	577.9	(12.6)
<b>System OM&amp;A**</b>	610.6	674.5	543.1	572.5	5.4	589.1	562.6	(4.5)	593.0	558.7	(5.8)

\* 2013 and 2014 were IRM years and therefore do not have Board-approved capital expenditure figures.

\*\* System OM&A values include all Operations, Maintenance and Administration expenses.

Category	SDOC	SDOC Breakdown	Historical and Bridge (previous plan and actual \$M)							
			2013	2014	2015		2016		2017	
			Actual	Actual	Plan	Actual	Plan	Actual	Plan	Actual
System Access	Sustaining Capital	Lines	26.2	26.3	26.7	25.5	27.3	23.3	27.8	15.6
		Meters	11.2	35.8	14.6	34.7	20.5	42.3	23.8	28.1
	Development Capital	Connections, Upgrades	92.7	111.3	108.9	113.9	112.1	108.2	115.8	128.9
		Generation Connections	25.5	25.4	33.1	13.9	22.7	8.8	8.7	9.6
		Wholesale Revenue Meters	3.9	0.4	0.0	0.1	0.0	0.1	0.0	-0.2
<b>System Access Total</b>			<b>159.5</b>	<b>199.4</b>	<b>183.3</b>	<b>188.1</b>	<b>182.6</b>	<b>182.7</b>	<b>176.1</b>	<b>181.9</b>
System Renewal	Sustaining Capital	Lines	201.2	190.7	189.0	216.0	202.1	212.5	221.3	169.2
		Meters	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
		Stations	56.5	69.4	61.7	87.1	63.3	66.9	63.7	35.5
	Development Capital	System Capability Reinforcement	8.0	2.6	0.0	5.3	0.0	8.8	0.0	9.5
<b>System Renewal Total</b>			<b>265.7</b>	<b>262.7</b>	<b>250.7</b>	<b>308.4</b>	<b>265.4</b>	<b>288.3</b>	<b>285.0</b>	<b>214.3</b>
System Service	Sustaining Capital	Lines	7.0	4.6	11.9	9.2	17.4	15.2	18.3	16.1
		Meters	21.1	16.0	2.0	1.8	0.0	0.0	0.0	1.3
		Stations	0.0	0.0	2.2	0.0	4.5	0.0	4.8	0.0
	Development Capital	System Capability Reinforcement	45.9	41.9	56.7	52.8	57.9	46.5	59.0	43.8
	Operations Capital	Operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
		Smart Grid Pilot	6.4	8.5	22.5	6.0	9.9	17.2	3.9	18.9
<b>System Service Total</b>			<b>80.4</b>	<b>71.0</b>	<b>95.4</b>	<b>69.8</b>	<b>89.7</b>	<b>78.9</b>	<b>86.0</b>	<b>80.1</b>
General Plant	Development Capital	System Capability Reinforcement	16.1	14.5	24.7	2.1	13.6	1.4	24.1	-0.6
	Operations Capital	Operations	3.6	4.1	9.4	7.0	18.8	10.3	7.0	11.0
	Capital Common Corporate Costs and Other Costs	Cornerstone	47.6	7.3	0.0	1.2	0.0	0.3	0.0	0.0
		Facilities & Real Estate	10.1	20.3	19.0	18.5	15.3	25.1	15.4	14.7
		Information Technology	13.4	17.7	22.6	30.9	20.1	58.8	22.9	44.2
		Other	-2.9	1.5	0.0	0.1	0.0	0.8	0.0	0.5
	Transport and Work Equipment	43.5	49.1	43.8	52.1	49.1	47.6	44.8	31.8	
<b>General Plant Total</b>			<b>131.4</b>	<b>114.4</b>	<b>119.5</b>	<b>112.0</b>	<b>117.0</b>	<b>144.3</b>	<b>114.3</b>	<b>101.6</b>
<b>Grand Total</b>			<b>637.0</b>	<b>647.5</b>	<b>648.9</b>	<b>678.3</b>	<b>654.7</b>	<b>694.2</b>	<b>661.4</b>	<b>577.9</b>

Category	Forecast (Planned \$M)				
	2018	2019	2020	2021	2022
<b>System Access</b>	154.6	157.6	160.9	165.9	170.0
<b>System Renewal</b>	248.6	318.7	336.7	362.5	451.1
<b>System Service</b>	81.6	91.6	85.6	78.8	69.5
<b>General Plant</b>	143.3	168.5	116.2	103.7	105.9
<b>Total</b>	628.1	736.4	699.3	711.0	796.5
<b>System OM&amp;A*</b>	576.7	581.1	585.4	600.6	605.1

*\* System OM&A values include all Operations, Maintenance and Administration expenses.*

*Updated 2018 OM&A for Fair Hydro Plan by (\$2.9M), future years based on Custom IR formula.*

*2021 and 2022 include Acquired utilities.*

Category	SDOC	SDOC Breakdown	Forecast (Planned \$M)				
			2018	2019	2020	2021	2022
System Access	Sustaining Capital	Lines	21.7	22.0	22.2	22.6	22.8
		Meters	18.9	19.4	19.7	20.5	21.1
	Development Capital	Connections, Upgrades	109.9	112.9	115.7	120.0	123.2
		Generation Connections	4.1	3.4	3.3	2.9	3.0
		Wholesale Revenue Meters	0.0	0.0	0.0	0.0	0.0
<b>System Access Total</b>			<b>154.6</b>	<b>157.6</b>	<b>160.9</b>	<b>165.9</b>	<b>170.0</b>
System Renewal	Sustaining Capital	Lines	199.8	245.7	263.1	279.2	283.7
		Meters	0.0	0.0	0.0	1.4	78.5
		Stations	28.3	45.9	51.1	52.9	54.0
	Development Capital	System Capability Reinforcement	20.5	27.1	22.4	29.0	34.9
<b>System Renewal Total</b>			<b>248.6</b>	<b>318.7</b>	<b>336.7</b>	<b>362.5</b>	<b>451.1</b>
System Service	Sustaining Capital	Lines	7.1	7.3	7.4	7.7	7.8
		Meters	6.0	6.0	5.9	5.8	5.8
		Stations	0.0	0.0	0.0	0.0	0.0
	Development Capital	System Capability Reinforcement	63.4	78.4	72.3	64.6	55.9
	Operations Capital	Operations	0.0	0.0	0.0	0.7	0.0
		Smart Grid Pilot	5.0	0.0	0.0	0.0	0.0
<b>System Service Total</b>			<b>81.6</b>	<b>91.6</b>	<b>85.6</b>	<b>78.8</b>	<b>69.5</b>
	Development Capital	System Capability Reinforcement	8.4	3.1	0.0	0.0	0.0
	Operations Capital	Operations	26.9	42.7	5.8	5.4	8.2
	Capital Common Corporate Costs and Other Costs	Cornerstone	0.0	0.0	0.0	0.0	0.0
		Facilities & Real Estate	34.6	44.1	37.9	36.2	33.0
		Information Technology	44.8	47.8	43.5	34.7	37.5
		Other	-3.5	-4.3	-6.5	-8.3	-8.7
		Transport and Work, and Service Equipment	32.1	35.1	35.4	35.6	35.8
<b>General Plant Total</b>			<b>143.3</b>	<b>168.5</b>	<b>116.2</b>	<b>103.7</b>	<b>105.9</b>
<b>Grand Total</b>			<b>628.1</b>	<b>736.4</b>	<b>699.3</b>	<b>711.0</b>	<b>796.5</b>



**Response:**

a) [C1-1-1] Tables 1

**Table 1: Summary of Recoverable OM&A Expenses (\$ Millions)**

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Actual	Approved	Forecast
Sustainment	325.7	304.6	316.5	323.7	361.4	304.7	367.1	346.7
Development	11.0	10.9	15.4	11.9	17.8	8.8	17.0	11.0
Operations	29.5	27.6	35.8	31.5	39.4	31.9	37.5	36.7
Customer Care	209.3	155.4	111.7	118.8	110.9	123.4	111.6	128.7*
Common Corporate Costs and Other	94.4	69.1	59.0	72.0	54.8	84.9	54.7	48.7 **
Property Taxes & Rights Payments	4.6	4.8	4.7	4.6	4.9	5.0	5.0	4.9
<b>Total</b>	<b>674.5</b>	<b>572.5</b>	<b>543.1</b>	<b>562.6</b>	<b>589.1</b>	<b>558.7</b>	<b>593.0</b>	<b>576.7</b>
% Change (year-over-year)		-15.1%	-19.5%	-1.7%	8.5%	-0.7%	0.7%	3.2%
% Change (Test vs. 2016 Actual)						-0.7%		2.5%

\* Reflects reduction of bad debt based on the Fair Hydro Plan.

\*\* Reflects reduction of transformation costs and OPEB OM&A as described in Exhibit Q.

“Approved” figures reflect OEB-directed reductions to Sustainment OM&A and Common Corporate Costs and Other OM&A line items (specifically, budgets for vegetation management, LEAP funding, and compensation).

b) [C1-1-2] Tables 1-5

Please see Exhibit I-38-AMPCO-037.

c) [C1-1-3] Table 1

**Table 1: Summary of Development OM&A (\$ Millions)**

Description	Historic					Bridge		Test
	2014	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Actual	Approved	Forecast
Engineering and Technical Studies	4.0	3.8	4.7	4.2	4.7	3.5	4.7	1.7
Distributed Generation Connections	2.6	2.5	2.2	2.5	2.0	2.6	2.0	2.9
Distribution Standards Program	3.9	3.4	5.6	3.3	5.8	0.9	6.0	4.5

Research Development and Demonstration*	0.4	1.2	2.9	1.8	5.2	1.7	4.3	1.6
Customer Power Quality Program	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.2
<b>Total</b>	<b>11.0</b>	<b>10.9</b>	<b>15.4</b>	<b>11.9</b>	<b>17.8</b>	<b>8.8</b>	<b>17.0</b>	<b>11.0</b>

\* In 2016, investments in smart grid related studies were integrated under the new Research Development and Demonstration (“RD&D”) program; as such costs associated with these studies prior to 2016 have been included under RD&D in the above table.

d) [C1-1-4] Table 1

**Table 1: Summary of Operations OM&A (\$ Millions)**

Description	Historic					Bridge		Test
	2014	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Actual	Approved	Forecast
Operations	17.7	18.1	16.9	19.6	17.1	21.2	17.1	18.5
Operations Support	4.6	4.4	5.4	4.8	5.4	3.4	5.5	4.9
Environment, Health and Safety	1.4	1.5	2.7	1.6	2.8	1.8	2.6	1.8
Smart Grid*	5.9	3.5	11.0	5.6	14.1	5.5	12.4	11.5
<b>Total*</b>	<b>29.5</b>	<b>27.6</b>	<b>35.8</b>	<b>31.5</b>	<b>39.4</b>	<b>31.9</b>	<b>37.5</b>	<b>36.7</b>

\*Rounding Errors account for up to \$0.1 million in variance

e) [C1-1-5] Table 1

**Table 1: Summary of Customer Care OM&A Allocated to Distribution (\$ Millions)**

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Actual	Approved	Forecast
Call Center Operations <sup>(1)</sup>	79.5	56.4	38.5	41.5	38.8	44.0	39.9	44.5
Meter Reading	23.5	18.7	14.9	17.8	14.3	18.8	14.0	19.2
Third Party Support <sup>(2)</sup>	13.6	13.2	12.2	14.1	12.5	14.1	12.9	14.6
Field Support	4.9	12.0	7.1	14.0	7.3	7.2	7.5	8.1
Regulatory Compliance (LEAP)	2.2	4.2	2.1	4.1	2.2	3.7	2.3	4.3
Net Bad Debt	66.8	29.5	15.5	6.8	15.4	16.1	14.4	18.2 <sup>(5)</sup>
Customer Care Staffing <sup>(3)</sup>	18.9	21.5	21.3	20.5	20.4	19.4	20.6	19.8
<b>Total Customer Care OM&amp;A <sup>(4)</sup></b>	<b>209.3</b>	<b>155.4</b>	<b>111.6</b>	<b>118.8</b>	<b>110.9</b>	<b>123.4</b>	<b>111.6</b>	<b>128.7</b>

<sup>(1)</sup> Previously referred to as “Customer Service Operations”, “Customer Operations” and “Settlements”.

<sup>(2)</sup> Previously referred to as “Service Support” and “Service Enhancements”.

<sup>(3)</sup> Previously referred to “Customer Service Management”, “Customer Business Relations”, “Customer Care Management”, “Customer Experience”, and “Conservation and Demand Management”.

<sup>(4)</sup> Costs associated with the Smart Grid Pilot are now included in the Exhibit C1, Tab 1, Schedule 4 (Operations OM&A) Exhibit.

<sup>(5)</sup> Net Bad Debt in 2018 have been reduced by \$2.9 million as per Exhibit I-33-Staff-179.

f) [C1-1-5] Table 2

**Table 2: Call Centre Operations OM&A Allocated to Distribution (\$ Millions)**

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Actual	Approved	Forecast
Call Center Operations	79.5	56.4	38.5	41.5	38.8	44.0	39.9	44.5

g) [C1-1-6] Tables 1-4 (There are only Tables 1 and 2)

**Table 1: Summary of Total Common Corporate OM&A Costs (\$ Millions)**

Description	Historic			Actual	Test
	2014 IRM	2015	2016	2017	2018
Planning	47.6	47.4	45.1	44.3	47.5
Common Corporate Functions & Services	173.9	187.5	186.6	191.2	201.3
Information Technology	166.0	142.5	143.8	145.1	137.9
Cost of External Revenue	15.6	14.2	9.1	13.8	8.9
Other OM&A*	(266.1)	(235.8)	(242.8)	(253.0)	(285.4)
<b>Total</b>	<b>137.1</b>	<b>155.8</b>	<b>141.7</b>	<b>141.4</b>	<b>110.3</b>

\*Includes the pension and OPEB adjustment described in Exhibit C1, Tab 1, Schedule 7 and Exhibit Q.

**Table 2: Summary of Common Corporate OM&A Costs Allocated to Distribution (\$ Millions)**

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Actual	Approved	Forecast
Planning	15.0	16.4	18.4	12.2	17.8	12.3	17.6	13.3
Common Corporate Functions & Services	76.8	80.5	77.3	85.8	76.8	86.9	76.7	86.1
Information Technology	109.3	85.8	85.7	85.3	86.4	85.7	86.1	80.4

Cost of External Revenue	4.5	5.4	2.1	4.3	2.1	10.2	2.1	4.6
Other OM&A*	(111.3)	(119.0)	(124.4)	(115.5)	(128.3)	(110.2)	(127.8)	(135.6)
<b>Total</b>	<b>94.4</b>	<b>69.1</b>	<b>59.0</b>	<b>72.0</b>	<b>54.8</b>	<b>84.9</b>	<b>54.7</b>	<b>48.7</b>

\*OEB-directed reductions for compensation (LTIP portion) and OPEB reductions as described in Exhibit Q are reflected in this line item. Includes the pension adjustment described in Exhibit C1, Tab 1, Schedule 7.

h) [C1-1-7] Tables 1-2

**Table 1: Summary of Total Common Corporate Functions and Services OM&A (\$ Millions)**

Description	Historic			Bridge	Test
	2014 IRM	2015	2016	2017	2018
	Actual	Actual	Actual	Actual*	Forecast
Corporate Management	9.2	16.4	16.1	27.6	23.3
Finance	40.0	39.1	38.1	34.6	40.4
People and Culture	12.8	13.6	15.6	17.9	16.2
Corporate Relations	19.5	17.3	15.2	13.4	17.5
General Counsel and Secretariat	8.7	8.6	10.1	8.5	10.1
Regulatory Affairs	23.0	24.1	23.3	21.0	22.9
Security Management	3.5	4.2	4.6	4.4	4.5
Internal Audit	3.6	4.2	4.9	6.8	6.9
Real Estate and Facilities	53.6	60.0	58.6	56.9	59.5
<b>Total CCF&amp;S Costs</b>	<b>173.9</b>	<b>187.5</b>	<b>186.6</b>	<b>191.2</b>	<b>201.3</b>

**Table 2: Summary of Common Corporate Functions and Services OM&A Allocated to Distribution (\$ Millions)**

Description	Historic					Bridge		Test
	2014 IRM	2015		2016		2017		2018
	Actual	Actual	Approved	Actual	Approved	Actual*	Approved	Forecast
Corporate Management	2.4	2.4	2.4	4.3	2.4	7.3	2.4	3.8
Finance	16.4	16.2	18.0	16.6	17.6	14.5	17.3	16.3
People and Culture	5.8	6.8	5.7	7.3	5.4	8.7	5.4	7.7
Corporate Relations	10.5	9.6	6.6	7.6	6.6	9.3	6.6	8.3
General Counsel and Secretariat	3.8	3.6	4.1	4.5	4.1	3.8	4.2	4.3

Regulatory Affairs	13.0	13.6	12.0	14.0	12.4	12.3	12.1	13.0
Security Management	1.9	2.2	2.5	2.5	2.4	2.1	2.4	2.4
Internal Audit	1.2	1.6	1.1	2.2	1.1	3.1	1.1	3.1
Real Estate and Facilities	21.8	24.5	24.8	26.9	24.7	25.7	25.2	27.3
<b>Total CCF&amp;S Costs</b>	<b>76.8</b>	<b>80.5</b>	<b>77.3</b>	<b>85.8</b>	<b>76.8</b>	<b>86.9</b>	<b>76.7</b>	<b>86.1</b>

- 1
- 2 \*There is a significant decrease in Corporate Relations in 2017 actuals due to transfer of CDM
- 3 resources from Corporate Relations to Customer Care.