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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 11th, 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.

School Energy Coalition Interrogatory # 38

Issue:

Issue 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?

Reference:

B1-01-01 Section 3.2, Tables 54-55

Interrogatory:

Please provide revised versions of Tables 54 and 55 by adding a column under the 2017 heading showing 2017 actuals.

Response:

Exhibit I-24-SEC-038 Attachment 1 DSP_Table_54-57.xlsx contains corrected versions of Tables 54 to 57. The original filing inaccurately categorized a handful of System Capacity Reinforcement Projects between the OEB categories of General Plant and System Service. The tables have also been updated to reflect the changes described in Exhibit Q and the updated OM&A forecast reflected in Exhibit I-38-SEC-70.

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	%
System Access	159.5	199.4	183.3	188.1	2.6	182.6	182.7	0.0	176.1	181.9	3.3
System Renewal	265.7	262.7	250.7	308.4	23.0	265.4	288.3	8.6	285.0	214.3	(24.8)
System Service	80.4	71.0	95.4	69.8	(26.9)	89.7	78.9	(12.0)	86.0	80.1	(6.8)
General Plant	131.4	114.4	119.5	112.0	(6.3)	117.0	144.3	23.4	114.3	101.6	(11.1)
Total	637.0	647.5	648.9	678.3	4.5	654.7	694.2	6.0	661.4	577.9	(12.6)
System OM&A**	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.

Updated: 2018-06-11
EB-2017-0049
Exhibit I
Tab 24
Schedule SEC-38
Attachment 1
Page 1 of 4

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
System Access Total			159.5	199.4	183.3	188.1	182.6	182.7	176.1	181.9
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
System Renewal Total			265.7	262.7	250.7	308.4	265.4	288.3	285.0	214.3
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
System Service Total			80.4	71.0	95.4	69.8	89.7	78.9	86.0	80.1
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
General Plant Total			131.4	114.4	119.5	112.0	117.0	144.3	114.3	101.6
Grand Total			637.0	647.5	648.9	678.3	654.7	694.2	661.4	577.9

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

School Energy Coalition Interrogatory # 70

Issue:

Issue 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?

Reference:

C1-01-01

Interrogatory:

Please provide revised versions of the following tables by adding a column under the 2017 heading showing 2017:

a) [C1-1-1] Tables 1

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

c) [C1-1-3] Table 1

d) [C1-1-4] Table 1

e) [C1-1-5] Table 1

f) [C1-1-5] Table 2

g) [C1-1-6] Tables 1-4

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

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
Total	674.5	572.5	543.1	562.6	589.1	558.7	593.0	576.7
% 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

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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
Total	11.0	10.9	15.4	11.9	17.8	8.8	17.0	11.0

* 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
Total*	29.5	27.6	35.8	31.5	39.4	31.9	37.5	36.7

*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 ⁽¹⁾	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 ⁽²⁾	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 ⁽⁵⁾
Customer Care Staffing ⁽³⁾	18.9	21.5	21.3	20.5	20.4	19.4	20.6	19.8
Total Customer Care OM&A ⁽⁴⁾	209.3	155.4	111.6	118.8	110.9	123.4	111.6	128.7

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

⁽²⁾ Previously referred to as “Service Support” and “Service Enhancements”.

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

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

⁽⁵⁾ 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)
Total	137.1	155.8	141.7	141.4	110.3

*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

Witness: JODOIN Joel, GARZOUZI Lyla, IRVINE Tom, MERALI Imran

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)
Total	94.4	69.1	59.0	72.0	54.8	84.9	54.7	48.7

*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
Total CCF&S Costs	173.9	187.5	186.6	191.2	201.3

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

Witness: JODOIN Joel, GARZOUZI Lyla, IRVINE Tom, MERALI Imran

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
Total CCF&S Costs	76.8	80.5	77.3	85.8	76.8	86.9	76.7	86.1

- 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.