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Frank D'Andrea

Vice President
Regulatory Affairs

BY COURIER

June 25, 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 Hydro One Networks Inc. 2018-2022 Distribution Custom IR Application
(the "Application") – Undertaking Responses**

Please find enclosed responses to undertakings J3.01, J3.03, J3.05, J3.08, J3.09, J4.05, J4.06 and J4.07 from the oral hearing 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.

Sincerely,

ORIGINAL SIGNED BY FRANK D'ANDREA

Frank D'Andrea

Enc.

UNDERTAKING – J 3.1

Reference

I-40-SEP-013

Undertaking

To file an update to the response to Society IR No. 13, including all three categories.

Response

Hydro One has corrected the highlighted cells from Exhibit I-40-SEP-013 Attachment 1.

Hydro One Program Comp Changes per FTE	2014-2022	2017-2022
Unrepresented Avg Comp / FTE Total Increase	21.8%	12.1%
Unrepresented Avg Annual Comp / FTE Increase	2.5%	2.3%
Society Avg Comp / FTE Total Increase	-1.3%	3.8%
Society Avg Annual Comp / FTE Increase	-0.2%	0.7%
PWU Avg Comp / FTE Total Increase	0.8%	6.9%
PWU Avg Annual Comp / FTE Increase	0.1%	1.3%
Temp Avg Comp / FTE Total Increase	6.9%	5.9%
Temp Avg Annual Comp / FTE Increase	0.8%	1.2%
Hydro One Avg Comp / FTE Total Increase	5.1%	6.5%
Hydro One Avg Annual Comp / FTE Increase	0.6%	1.3%
Distribution Program Comp Changes per FTE	2014-2022	2017-2022
Unrepresented Avg Comp / FTE Total Increase	21.6%	12.0%
Unrepresented Avg Annual Comp / FTE Increase	2.5%	2.3%
Society Avg Comp / FTE Total Increase	-2.1%	3.9%
Society Avg Annual Comp / FTE Increase	-0.3%	0.8%
PWU Avg Comp / FTE Total Increase	-2.4%	7.3%
PWU Avg Annual Comp / FTE Increase	-0.3%	1.4%
Temp Avg Comp / FTE Total Increase	2.6%	6.1%
Temp Avg Annual Comp / FTE Increase	0.3%	1.2%
Hydro One Avg Comp / FTE Total Increase	1.8%	6.3%
Hydro One Avg Annual Comp / FTE Increase	0.2%	1.2%
Transmission Program Comp Changes per FTE	2014-2022	2017-2022
Unrepresented Avg Comp / FTE Total Increase	22.0%	12.2%
Unrepresented Avg Annual Comp / FTE Increase	2.5%	2.3%
Society Avg Comp / FTE Total Increase	-0.4%	3.6%
Society Avg Annual Comp / FTE Increase	-0.1%	0.7%
PWU Avg Comp / FTE Total Increase	4.1%	6.4%
PWU Avg Annual Comp / FTE Increase	0.5%	1.2%
Temp Avg Comp / FTE Total Increase	10.1%	5.8%
Temp Avg Annual Comp / FTE Increase	1.2%	1.1%
Hydro One Avg Comp / FTE Total Increase	8.7%	6.8%
Hydro One Avg Annual Comp / FTE Increase	1.1%	1.3%

Witness: MCDONELL Keith

UNDERTAKING – J 3.3

Reference

N/A

Undertaking

To provide details of the short-term incentive payments as described on Page 4 of Tab 1.

Response

Forecasted STIP awards are calculated using the 2016 actual Distribution and Transmission STIP amounts, adjusted for a 2% escalation in each year and allocated according to Exhibit C1-04-01-01.

UNDERTAKING – J 3.5

Reference

N/A

Undertaking

To provide the percentage used for the common corporate groups.

Response

The vacancy rate percentage described was 7%.

UNDERTAKING – J 3.8

Reference

C1-03-01-01

Undertaking

To provide the same information as on page 29, showing the actuals for 2014 to 2016, and then the forecast for the test period for the same position used in the last application. And if there are any differences in the hourly rates, to provide an explanation.

Response

In Exhibit C1-4-1 as part of EB-2013-0416, as outlined on page 28 of the AMPCO compendium (Exhibit K3.5), standard hourly labour rate composition for a Regular Staff, Regional Line Maintainer was provided. As part of the current proceeding, in Exhibit C1-3-1 Attachment 1, a standard hourly labour rate composition for a Regular Staff, Regional Maintainer Electrical (Stations) was provided. The datasets are not comparable as those are two different positions. This undertaking is to provide the most recent rate composition for the same position that was filed as part of EB-2013-0416 and to outline material changes. The updated table has been provided below with a summary of change:

**Standard Hourly Labour Rate Composition
Regional Line Maintainer – Regular Staff**

	Historic			Bridge	Test				
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Payroll Obligations	77.72	79.32	76.60	77.56	78.19	78.82	79.45	80.08	80.71
Contractual time away from work	11.77	11.72	10.29	11.54	11.63	11.72	11.82	11.91	12.00
Time not directly benefiting a specific Program or Project	6.83	6.80	5.97	8.28	8.35	8.41	8.48	8.55	8.62
Field Supervision and Technical Support	10.27	10.48	10.16	10.36	10.45	10.53	10.62	10.70	10.79
Support Activities	14.41	14.69	14.97	15.26	15.39	15.51	15.64	15.76	15.89
Hourly Rate (EB-2017-0049)	121.00	123.00	118.00	123.00	124.00	125.00	126.00	127.00	128.00
<i>Hourly Rate (EB-2013-0416)</i>	<i>118.00</i>	<i>119.00</i>	<i>120.00</i>	<i>121.00</i>	<i>122.00</i>	<i>123.00</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>

2014-2015: As described in Exhibit C1, Tab 3, Schedule 1, page 2, line 15, when using standard rates, residual costs arise when actual costs incurred differ from plan. Based on the project generating the variance, these costs are assigned to capital and maintenance programs, which is the cause of the increased rate for 2014 and 2015 in this case.

2016: Reduction in rate largely due to pension revaluation lowering payroll obligations.

Witness: JODOIN Joel

Filed: 2018-06-25

EB-2017-0049

Exhibit J 3.8

Page 2 of 2

- 1 2016: Reduction in rate largely due to pension revaluation lowering payroll obligations.
- 2 2017-2019: Increase in the rate due to an increase in training to support new work
- 3 processes, partially offset by the pension revaluation described in 2016.

Witness: JODOIN Joel

UNDERTAKING – J 3.9

Reference

C1-02-01-06

Undertaking

To file a corrected version of Attachment 6; and to file a live excel version of attachment 6; to add incentive pay information.

Response

Please see attached Excel spreadsheet with corrected values.

Forecasted STIP awards are calculated using the 2016 actual Distribution and Transmission STIP amounts, adjusted for a 2% escalation in each year and allocated according to Exhibit C1-04-01-01.

UNDERTAKING – J 4.5

Reference

K4.5

Undertaking

To provide the analysis that was done in January 2017 in support of the proposal with respect to prioritization of customers between the R1 and R2 class and resulting in a conclusion by Hydro One to exclude seasonal customers from the relief they are requesting from the government.

Response

Hydro One's proposal to the Government of Ontario focused on addressing affordability concerns for its most vulnerable customers.

Based on an analysis of overdue receivables for residential customers at 2016 year-end, R1 and R2 residential customers accounted for 84% of the corresponding overdue receivables (approximately \$74 million of \$88 million), whereas seasonal customers only accounted for approximately 5% of the overdue receivables (approximately \$4 million of \$88 million).

Since non-seasonal residential customers were experiencing significant challenges with affordability, Hydro One felt that immediately addressing that was the priority.

Of the four proposals outlined to the provincial government in Hydro One's submission, three of them provide benefit to seasonal customers.

UNDERTAKING – J 4.6

Reference

I-17-OSEA-006-01

Undertaking

To advise if any other pilot projects, specifically any ones that incorporate sustainable energy technologies, have been considered since the CDM plan was filed with the IESO.

Response

Hydro One has been offering incentives of up to 50% on energy efficient upgrades to its commercial and industrial customers through the Retrofit Program. Since some customers lack the access to upfront capital required to make these energy saving upgrades, Hydro One is exploring a pilot project offering low or interest-free on-bill financing to a small number of commercial customers qualified to participate in the Retrofit Program.

UNDERTAKING – J 4.7

Reference

I-17-OSEA-006

Undertaking

To advise if Hydro One has considered utilizing any GreenOn funding or other provincial funding for implementing new CDM programs outside of what's been approved from IESO.

Response

Hydro One has considered several potential opportunities for collaboration with GreenON. Below are two submissions to the GreenON Challenge Program.

1. Smart Electric Hot Water: There are approximately 110,000 residential customers in Hydro One service territory who use oil or propane as their primary fuel for water heating. Hydro One is proposing to replace these water heaters with smart (wi-fi enabled) electric water heaters to help reduce GHG emissions and deliver customer bill savings. The wi-fi connectivity feature would allow these water heaters to receive time-of-use updates and be charged at night to take advantage of off-peak rates, thereby achieving bill savings for our customers.
2. Net-Zero Homes: The residential new construction sector offers a unique opportunity to introduce electricity and GHG saving technologies before homeowners take possession of their new home. Avoiding the need for more expensive retrofits after a home is built lowers installation costs for energy efficient equipment and improves payback for the customer. Hydro One is proposing to complete up to 250 Net Zero Energy Homes in partnership with a qualified home builder and energy efficient equipment manufacturers. Various technologies are being considered for installation including high efficiency solar panels, air source heat pumps and high efficiency windows to name a few. The program was designed to be scalable so that it could be quickly transitioned from a Hydro One project into a full provincial program.