

Hydro One Networks Inc.

Application for electricity transmission revenue requirement beginning January 1, 2019

DECISION AND INTERIM RATE ORDER December 20, 2018

Hydro One Networks Inc. (Hydro One) filed an application with the Ontario Energy Board (OEB) on October 26, 2018 under section 78 of the *Ontario Energy Board Act, 1998* (OEB Act)¹, and under the OEB's *Filing Requirements for Electricity Transmission Applications*. Hydro One is seeking approval for changes to its electricity transmission revenue requirement to be effective January 1, 2019.

In its application, Hydro One asked for an effective date of January 1, 2019. In the event that a decision on its application cannot be made by that time, Hydro One requested an order making the current revenue requirement interim as of January 1, 2019. Hydro One proposed to use the approved 2018 transmission charge determinants² for the calculation of 2019 Uniform Transmission Rates. Hydro One also requested the establishment of a variance account to record any differences in revenues between the interim rates and the final rates, for disposition at a later date.

Findings

The OEB does not expect a final decision on this application to be issued prior to January 1, 2019. The OEB notes that the approved revenue requirement for 2018 included \$10.6 million in excess revenue related to 2017 forgone transmission

¹ S.O. 1998, c. 15, (Schedule B)

² Approved in EB-2016-0160

revenue.³ The OEB finds it appropriate to declare Hydro One's 2018 revenue requirement, excluding the \$10.6 million 2017 forgone revenue, interim effective January 1, 2019. The revenue requirement of \$1,521,280,755 will be interim until such time as the final 2019 revenue requirement is established by the OEB. The interim revenue requirement and allocation to the rate pools effective January 1, 2019 are listed below in Table 1.

Table 1 – OEB-Approved 2019 Interim Revenue Requirement and Allocation to the Rate Pools

Revenue Requirement Allocation⁴			
Network	Line Connection	Transformation Connection	Total
\$861,509,753	\$217,522,988	\$442,248,014	\$1,521,280,755

The OEB also finds it appropriate for the charge determinants, approved in the November 23, 2017 decision and order in respect of Hydro One's 2018 revenue requirement,⁵ to remain in place for 2019 on an interim basis. The charge determinants will be treated as interim until such time as the final 2019 charge determinants are established by the OEB. These charge determinants are listed below in Table 2.

Table 2 – Charge Determinants⁶

Current Approved Charge Determinants	MW
Network	244,924.157
Line Connection	236,948.242
Transformation Connection	202,510.123

The OEB does not approve Hydro One's request for the establishment of an account to recover any differences between the interim rates and the final rates. The OEB will determine the need for such an account once it makes its final determination on the effective date for Hydro One's 2019 revenue requirement. There is no need for the deferral account because the revenue requirement has been made interim as of January 1, 2019.

³ EB-2016-0160, dated December 20, 2017, DRO Exhibit 2.0, page 1 of 1

⁴ *Ibid*

⁵ EB-2016-0160 Decision, 2018 Transmission Revenue Requirement and Charge Determinants

⁶ Exhibit A, Tab 3, Schedule 1, Page 8 of 12

This determination with regard to interim rates continues to be without prejudice to the OEB's decision on Hydro One's application and should not be construed as predictive, in any way whatsoever, of the OEB's final determination of the revenue requirement, the charge determinants, or the effective date(s) thereof, arising from the application.

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Hydro One's OEB-approved 2018 revenue requirement, excluding the \$10.6 million in 2017 forgone revenue, shall be made interim as of January 1, 2019 and until such time as the final 2019 revenue requirement is established by the OEB. The total revenue requirement for Hydro One to be included on an interim basis in the calculation of the UTRs effective January 1, 2019 is \$1,521,280,755, as set out in Table 1 of the above Decision.
2. Hydro One's charge determinants approved in its 2016 revenue requirement proceeding,⁷ as set out in Table 2 of the above Decision, will remain in effect in 2019 on an interim basis until such time as the final 2019 charge determinants are established by the OEB.

⁷ EB-2016-0160

ADDRESS

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4
Attention: Board Secretary

E-mail: boardsec@oeb.ca
Tel: 1-888-632-6273 (Toll free)
Fax: 416-440-7656

DATED at Toronto, **December 20, 2018**

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary