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July 2, 2019

**Delivered by Email, RESS & Courier**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
27th Floor, Box 2319  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Hydro One Networks Inc.  
Application for 2020-2022 Transmission Rates  
Board File No. EB-2019-0082  
Interrogatories to Applicant from The Association of Power Producers of  
Ontario**

In accordance with Procedural Order No. 1, please find enclosed the Association of Power Producers of Ontario's interrogatories in the above noted proceeding.

Yours very truly,

**BORDEN LADNER GERVAIS LLP**

Per:

*Original signed by Kristyn Annis*

Kristyn Annis

cc: David Butters, APPrO  
All Parties to EB-2019-0082

## **ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*,  
S.O. 1998, ch. 15 (Schedule B) (the “**Act**”);

**AND IN THE MATTER OF** an Application by Hydro One  
Networks Inc. for an order or orders made pursuant to section  
78 of the Act approving rates for the transmission of  
electricity.

**EB-2019-0082**

**Interrogatories**

**To**

**Hydro One Networks Inc. (Hydro One)**

**From**

**The Association of Power Producers of Ontario (APPrO)**

**July 2<sup>nd</sup>, 2019**

**Exhibit I2: Rate Design for Uniform Transmission Rates**

**I2-APPrO-1**

Reference: Exhibit I2, Tab 4, Schedule 1, Page 2-3 – Updated June 16, 2019

Preamble: Hydro one has updated the 2015 Elenchus cost allocation model utilizing the latest available information and the ETS rate calculated using the Elenchus study methodology has been determined to be \$1.25/MWh.

Question:

- (a) Please file a complete copy of the 2015 Elenchus cost allocation model updated using the latest available information used to calculate the ETS Rate for \$1.25/MWh. Please file this cost allocation model in live excel format.
- (b) Please provide a summary table that explains at a high level how the cost allocation model arrives at the \$1.25/MWh.
- (c) Please provide the date of the “latest available information” referenced in the preamble.

**I2-APPrO-2**

Reference: Exhibit I2, Tab 4, Schedule 1, Page 3 – Updated June 16, 2019  
Settlement Agreement in EB-2014-0140

Preamble: Hydro One states that while the updated cost allocation study resulted in a calculated ETS rate of \$1.25/MWh, the current ETS rate of \$1.85/MWh represents a negotiated rate that was established as part of the Settlement Agreement in Proceeding EB-2014-0140.

Question:

Based on the Settlement Agreement filed on September 15, 2014 and approved on December 2, 2014 in EB-2014-0140 (the “Settlement Agreement”), please confirm the following:

- (a) As per Issue 2 of the Settlement Agreement at page 5 of 27, is Hydro One proposing to adopt in its current application the settled revenue requirement before adjustment as agreed by the parties to EB-2014-0140? If no, why not?
- (b) As per Issue 4 of the Settlement Agreement at page 8 of 27, is Hydro One proposing to adopt in its current application the settled external revenues of as agreed by the parties to EB-2014-0140? If no, why not?
- (c) As per the section under Overall OM&A Settlement and its Rationale in the Settlement Agreement at page 9 of 27, is Hydro One proposing to adopt in its current application the OM&A expenditures as agreed by the parties to EB-2014-0140? If no, why not?
- (d) As per Issue 8 of the Settlement Agreement at page 12 of 27, is Hydro One proposing to adopt in its current application the transmission overhead capitalization rate agreed by the parties in EB-2014-0140? If no, why not?
- (e) As per Issue 11 of the Settlement at page 16 of 27, is Hydro One proposing to adopt in its current application the rate base agreed by the parties in EB-2014-0140? If no, why not?
- (f) Is Hydro One proposing to maintain in its current application the outputs of the cost allocation model that was agreed to by the parties in EB-2014-0140? If no, why not?

**I2-APPrO-3**

Reference: Exhibit I2, Tab 4, Schedule 1, Page 3 Table 1 – Updated June 16, 2019

Preamble: In Hydro One's updated cost allocation study shown in Table 1, the Total Hydro One Revenue Requirement allocated to Export for 2020 is \$22.1 million.

Question:

- (a) Using the proposed ETS rate of \$1.85/MWh, please calculate the estimated revenues collected by Hydro One from exporters paying the ETS rate in 2020 and the resulting cost to revenue ratio.
- (b) Using the assumed ETS rate of \$1.05/MWh, please calculate the estimated revenues collected by Hydro One from exporters paying the ETS rate in 2020 and the resulting cost to revenue ratio.
- (c) Using the assumed ETS rate of \$1.25/MWh, please calculate the estimated revenues collected by Hydro One from exporters paying the ETS rate in 2020 and the resulting cost to revenue ratio.
- (d) Using the assumed ETS rate of \$1.45/MWh, please calculate the estimated revenues collected by Hydro One from exporters paying the ETS rate in 2020 and the resulting cost to revenue ratio.
- (e) Please explain the forecasted level of exports in 2020 used to arrive at the results in the responses to part (a) to (d).

**I2-APPrO-4**

Reference: Exhibit I2, Tab 4, Schedule 1, Page 3 – Updated June 16, 2019

Preamble: Hydro One states that a decrease in the ETS rate will negatively impact the transmission rates that Ontario customers pay.

Question:

- (a) Please provide the Bill Impacts for each Ontario customer using an assumed ETS rate of each of \$1.05/MWh, \$1.25/MWh, \$1.45/MWh, and \$1.85/MWh.
- (b) Please provide a summary chart of the Bill Impacts.

**I2-APPrO-5**

Reference: Exhibit I2, Tab 4, Schedule 1, Page 2 – Updated June 16, 2019

Preamble: Hydro One refers to the Elenchus Study filed in Exhibit H1, Tab 5, Schedule 1, Attachment 1 of the application in EB-2014-0140.

In this application, Hydro One updated the 2015 Elenchus cost allocation model utilizing the latest available information.

Question:

Please confirm that Elenchus will be available to testify to support the Elenchus Study. If not, please confirm that Hydro One will have witnesses available.