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Frank D'Andrea

Vice President, Regulatory Affairs & Chief Risk Officer

BY COURIER

September 27, 2019

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-2019-0044 – Hydro One Networks Inc. – Distribution Rate Application for the Areas Formerly Served by Norfolk Power Distribution Inc., Haldimand County Hydro Inc., and Woodstock Hydro Services Inc. – Interrogatory Responses

Please find attached Hydro One Networks Inc.'s ("Hydro One") responses to interrogatories received in the above-noted proceeding, which have been submitted electronically using the Board's Regulatory Electronic Submission System. Two (2) hard copies will be sent to the Board.

Sincerely,

ORIGINAL SIGNED BY HENRY ANDRE ON BEHALF OF FRANK D'ANDREA

Frank D'Andrea

OEB INTERROGATORY #1

Reference:

Proposed Tariffs for Norfolk Power, Haldimand County Hydro and Woodstock Hydro,
Appendices E, F and G
Rate Generator Model, Tab 17

Interrogatory:

The “Retail Service Charges” in the proposed tariffs do not take into account the 2020 proxy inflation factor as found on Tab 17 of the Rate Generator Model. OEB staff will make the necessary adjustments to the 2020 proposed tariffs at the time of the draft Decision for this application. The rates are subject to change once the 2020 IPI is released by the OEB.

Please confirm Hydro One Network’s acceptance of the above.

Response:

Confirmed.

OEB INTERROGATORY #2

Reference:

Rate Generator Model – Former Woodstock Hydro Service Area, Tab 4

Interrogatory:

In the portion of the tab reproduced below, Hydro One Networks has not selected “Yes” or “No” with respect to the accuracy of the pre-populated RRR information. The rate models for Haldimand County Hydro and Norfolk Power have been populated with respect to this item.

Please confirm the correct response for the Woodstock Hydro service area, and OEB staff will make the necessary correction to the Rate Generator Model.

Data on this worksheet has been populated using your most recent RRR filing.	
If you have identified any issues, please contact the OEB.	
Have you confirmed the accuracy of the data below?	<input type="text"/>
If a distributor uses the actual GA price to bill non-RPP Class B customers for an entire rate class, it must exclude these customers from the allocation of the GA balance and the calculation of the resulting rate riders. These rate classes are not to be charged/refunded the general GA rate rider as they did not contribute to the GA balance.	
Please contact the OEB to make adjustments to the IRM rate generator for this situation.	

Response:

As noted in the section titled *Retail Transmission Service Rates* in the application (EB-2019-0044), p.17, NPDI was integrated in 2015, and HCHI and WHSI were integrated in 2016. Since individual RRR filings for these entities ceased after integration, the source and accuracy of the data in Tab 4 of the IRM Model is unknown. Furthermore, since Hydro One is proposing to defer the disposition of Group 1 accounts until the next rate application, the data has not been validated and no adjustments have been made to the auto-populated data.

With this disclaimer, for completeness of the IRM model, Hydro One confirms the response to be “Yes” for the Woodstock Hydro service area (consistent with the IRM models for Norfolk and Haldimand service areas).

OEB INTERROGATORY #3

Reference:

Rate Generator Model – Former Woodstock Hydro Service Area, Tab 4

Interrogatory:

OEB staff notes that “Yes” has been selected for the disposition of Group 1 account balances as seen in the image below. While this does not have an effect on the rate models overall since Hydro One Networks has not populated the continuity schedules, for consistency purposes, “No” should be selected. OEB staff will update the Rate Generator Models for the acquired utilities.

Currently, the threshold test has been met and the default is that Group 1 account balances will be disposed. If you are requesting not to dispose of the Group 1 account balances, please select NO and provide detailed reasons in the manager's summary.

YES

Please confirm Hydro One Networks acceptance of the above.

Response:

Confirmed.

OEB INTERROGATORY #4

Reference:

Application, Pages 9-10 of 21

Interrogatory:

The above reference notes:

HONI intends to file its annual update for its distribution business on or before August 31, 2019. In its annual update, HONI is not proposing to dispose of its 2018 Group 1 DVA balances as the total balance for HONI and the three service areas of NPDI, HCHI and WHSI, is approximately \$18 million and is below the OEB's disposition threshold of \$0.001 per kWh.

This is based on Hydro One Networks total approximate balance relative to the 2018 total Hydro One Networks kWh sales of 36 TWh.

a) Please confirm that following the filing of its annual update, the total balance continues to be below the threshold.

a. What would happen if during the course of the annual update proceeding, there are adjustments to the Group 1 DVA balances which cause the threshold to be exceeded, please confirm how Hydro One Networks would address this matter.

b) Please provide any supporting material (i.e. threshold test calculation).

Response:

a) Confirmed. As shown in the response to part b), the current DVA balance is well below the threshold of \$0.001/kWh and as such Hydro One does not anticipate any changes would result in the threshold being exceeded. As such, Hydro One does not expect there to be any scenario during the annual update proceeding which would result in a change to the proposed approach for clearing the DVA balances.

- 1 b) As shown in HONI's annual update for its distribution business (EB-2019-0043, filed
2 with the OEB on August 30, 2019, page 14 of 28, footnote # 6), the revised threshold
3 calculation is:¹
- 4 • Hydro One's Distribution 2018 total metered kWh is about 35 TWh. \$8.8 M / 35
5 TWh = \$0.0003/ kWh.

¹ On p. 10, line 1 of this application, Hydro One inadvertently indicated that the Group 1 DVA balance is \$18M. Part b) of this interrogatory response provides the correct value of \$8.8M, which aligns with the Group 1 DVA balance provided in EB-2019-0043, Table 4 – Deferral and Variance Accounts.

OEB INTERROGATORY #5

Reference:

Rate Generator Model - Former Norfolk Power Service Area, Tab 20 – Bill Impacts

Interrogatory:

OEB staff notes that there was an error in the Rate Generator Model on Tab 20. The acquisition agreement rate riders, which expired September 7, 2019, were being presented in the “current OEB-approved” rates column. OEB staff has made the correction to the Norfolk Power model to remove these riders in order to present the correct impacts of this application.

Please confirm the accuracy of the corrected bill impacts in the model provided.

Response:

It is confirmed that the bill impacts for scenarios using RPP commodity prices are accurate.

For the scenarios using Non-RPP commodity prices, the bill impacts in Appendix E, F and G (EB-2019-0044) used 12-month average (from July 2018 to June 2019) Weighted Average Hourly Spot Price (\$0.1197/kWh), instead of the default value (\$0.1101/kWh) in the IRM model. Attachment 1 to this response provides the updated IRM model for Norfolk service area reflecting this change.