

VIA RESS

May 5, 2020

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Hydro Ottawa Limited (“Hydro Ottawa”)
Custom Incentive Rate-Setting (“Custom IR”) Application for 2021-2025 Electricity
Distribution Rates and Charges - Application Updates and Revisions
OEB File: EB-2019-0261**

Please find enclosed with this letter a copy of schedules and appendices from Hydro Ottawa’s 2021-2025 Custom IR Application that have been updated and adjusted to account for 2019 actual financial information. A comprehensive table of contents applicable to the updates for 2019 is contained in UPDATED Exhibit 1-1-1: Table of Contents. Updates are clearly marked throughout the evidence with a yellow highlight.

In addition, select schedules have been revised where warranted. A table of revisions is appended to this letter as Appendix A. Pursuant to the OEB’s *Rules of Practice and Procedure*, revised information is clearly marked with a ~~strike through~~ and also highlighted text. Hydro Ottawa has not submitted hard copies with this filing, as per the OEB’s recently-waived requirement for hard copies amidst the COVID-19 pandemic.

In advance of the technical conference, Hydro Ottawa will file an electronic copy of the consolidated Application that includes all updates and revisions.

It should be noted that Hydro Ottawa’s updated filing does not contemplate the impacts of the COVID-19 pandemic, as the information is not available to provide a detailed assessment of the financial impacts of COVID-19.

Respectfully,

[Original signed by Gregory Van Dusen]

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APPENDIX A

Table of Revisions (Filed May 5, 2020)

Evidence Reference	Section Reference	Difference	Description
Exhibit 1-1-5: Application Summary	<ul style="list-style-type: none"> Table 5 - Planned Smart Grid Investments Section 7.2 - Compensation 	<p><u>Table 5:</u> Great-DR Phase 2 (MiGen)</p> <p><u>Section 7.2:</u> For more information on Hydro Ottawa's compensation costs, including a comparison of 2021 Test Year compensation costs with Historical and Bridge Year costs for the 2016-2020 period, please see <u>UPDATED Exhibit Attachment 4-1-5(A): Employee Compensation Strategy</u>.</p>	<p>Revised to reflect changes to MiGen program name.</p> <p>Revised to correct reference to Attachment.</p>
Exhibit 2-1-1: Rate Base Overview	Section 5.8 - 2024 Test Year vs. 2023 Test Year	In 2014 2024, the WCA is estimated to increase \$7.4M over 2023 due mainly to increases in Power Supply Expenses.	Revised to correct typo in the original evidence.
Attachment 2-1-1(A): New Administrative Office and Operations Facilities	Section 3 - Description of Facilities	The location of the New Administration and Operations Facilities are indicated on the the map of Hydro Ottawa's service territory in Figure 5 below.	Revised to correct typo in the original evidence.
Exhibit 2-3-1: Working Capital Requirement	Section 4 - Calculation of Power	There are slight no variances in the annual commodity expense in <u>UPDATED Attachments (A) through (E) and UPDATED Attachment (F)</u> due to rounding differences .	After accounting for 2019 actuals, variances in the annual commodity expenses no longer exist.
Attachments 2-3-1(A)-(E): OEB Appendix 2-Z - 2021-2025 Commodity Expense	UPDATED Chapter 2 Appendices - 2021-2025 Appendix 2-Z tabs	The numerical differences cannot be summarized in this table. Please refer to UPDATED Attachments 2-3-1(A)-(E) for details.	Rounding error in Attachments 2-3-1(A)-(E) has been rectified. As a result, there are no longer slight variances in the annual commodity expenses.

Evidence Reference	Section Reference	Difference	Description
Attachment 2-3-1(F): 2021-2025 Cost of Power 2021-2025	UPDATED Attachment 2-3-1(F): 2021 Cost of Power for 2021 and 2022	The numerical differences cannot be summarized in this table. Please refer to UPDATED Attachment 2-3-1(F) for details.	Revised the error in the Transmission Network, Transformation, and Line Charge (Hydro One) Rates cells.
Exhibit 2-4-1: Capital Expenditure Summary	Table 3 - 2021-2025 Summary of Capital Additions	<p><i>TOTAL CAPITAL ADDITIONS (\$'000s):</i></p> <p>2021: 103,156 99,916 2022: 123,080 120,564 2023: 74,905 78,554 2024: 81,049 81,218 2025: 115,369 115,259</p> <p>Please refer to the revised Table 3 for further breakdown of revisions to Capital Additions attributed to System Access and System Renewal and Service.</p>	Capital Additions have been revised to correspond with the original Appendix 2-BA submission. Construction in Progress numbers were mistakenly left out of Table 3 in the original submission (but were included in Appendix 2-BA).

Evidence Reference	Section Reference	Difference	Description
Exhibit 3-2-1: Other Revenue Summary	<ul style="list-style-type: none"> Table 1 - Other Revenue Summary Table 6 - Other Income and Deductions 	<p><u>Table 1 - Other Revenue Summary (\$'000s):</u> Other Income and Deductions: 2016: \$3,796 \$3,796 (immaterial when rounded to thousands) 2017: \$5,230 \$5,239 2018: \$4,923 \$5,168 2019: \$1,270 \$1,508 2020: \$2,186 \$2,685</p> <p><u>Table 6 - Other Income and Deductions (\$'000s):</u> Services to Third Parties: 2017: \$1,021 \$1,030 2018: \$254 \$500 2019: \$489 \$728 Gains and (Losses) on Disposal of Utility Property: 2020: (\$301) \$198</p>	The revisions to 2016-2019 and 2021 were made to remove some costs from Rate Base to non-distribution, resulting in an increase in Other Revenue. The revision to 2020 was made to include the offsetting entry to the regulatory asset for the Gains and Losses on Disposal of Fixed Assets Variance Account as described in UPDATED Exhibit 9-1-3: Group 2 Accounts.
Appendix 2-H: Other Operating Revenue	<ul style="list-style-type: none"> Revised Other Income and Deductions for 2016 - 2021 for Accounts 4325 and 4330 2019 Actuals column 	The numerical differences cannot be summarized in this table. Please refer to UPDATED Appendix 2-H for details.	The 2016-2019 and 2021 revisions reflect the removal of some costs from Rate Base to non-distribution revenue, increasing Other Revenue. The 2020 revision includes the offsetting entry to the regulatory asset for the Gains and Losses on Disposal of Fixed Assets Variance Accounts, as described in UPDATED Exhibit 9-1-3: Group 2 Accounts.

Evidence Reference	Section Reference	Difference	Description
Exhibit 4-1-4: Operations, Maintenance and Administration Cost Drivers and Program Variance Analysis	Table 6 - Summary of OEB Fees and CDM Allocation Costs	<i>Total OEB Fees and CDM Allocation Costs (\$000,000s): 2019 Bridge Year: \$0.7 \$0.6</i>	Revised to correct typo in the original evidence.
Exhibit 4-1-5: Workforce Staffing and Compensation	Section 4 - Compensation and Headcount	<i>As a result of prudently managing FTEs and compensation costs, Hydro Ottawa's actual and forecasted annual average increase to total compensation is 2.8% 2.5% from 2016-2021. Total compensation costs are expected to increase on average by 2.8% 2.5% per annum, from approximately \$67.4M \$68.4M in 2016 to \$77.6M in 2021.</i>	Revised due to a systemic error in spreadsheet templates which affected 2016-2018 actual FTE, Temporary Equivalent and Compensation amounts.
Attachment 4-1-5(A): Employee Compensation Strategy	<ul style="list-style-type: none"> • Table 4 - Number of Full Time Permanent Equivalents • Table 5 - Number of Temporary Equivalents (Full-Time or Part-Time) • Table 6 - Number of Full-Time Equivalents (Permanent and Temporary) • Table 7 - Total Compensation 	The numerical difference cannot be summarized in this table. Please refer to UPDATED Attachment 4-1-5(A) for details.	Revised due to a systemic error in spreadsheet templates which affected 2016-2018 actual FTE, Temporary Equivalent and Compensation amounts.

Evidence Reference	Section Reference	Difference	Description
Attachment 4-1-5(C): OEB Appendix 2-K - Employee Costs and Attachment 4-1-3(C): OEB Appendix 2-L - Recoverable OM&A Cost per Customer and per Full Time Equivalent	Appendix 2-K: 2016 Actuals column 2017 Actuals column 2018 Actuals column Appendix 2-L: 2016, 2017 and 2018 Actual Number of FTEs	<u>Appendix 2-K:</u> The numerical difference cannot be summarized in this table. Please refer to the UPDATED Attachment 4-1-5(C) for details. <u>Appendix 2-L:</u> <u>Number of FTEs:</u> 2016 Actual: 606 611 2017 Actual: 603 612 2018 Actual: 599 605	Revised due to a systemic error in spreadsheet templates which affected 2016-2018 actual FTE, Temporary Equivalent and Compensation amounts.
Exhibit 4-2-4: Regulatory Costs	Page 1	<i>The variance account was to be utilized until a utility's utility's rates were next rebased/reset.</i>	Revised to correct typo in original sentence.
Exhibit 4-4-1: Payments in Lieu of Taxes	Footnote 1	<i>As a guide for interpreting the information presented in this table, please see the explanation of the applicability of the Federal Apprenticeship Job Creation Tax Credit provided in section 7 on page 4 5 of this Schedule.</i>	Revised to reflect new page number.
Exhibit 4-5-2 LRAM Variance Account	• Table 2 - > 50 kW Commercial Allocation	The numerical differences cannot be summarized in this table. Please refer to UPDATED Exhibit 4-5-2: LRAM Variance Account for details.	Table 2 changes are a result of changing the allocation to the relevant commercial KW. It was noticed that the original submission had used the estimated Non-RPP KW.
Exhibit 6-1-1: Calculation of Revenue Deficiency or Sufficiency	Table 5 - 2021 - 2025 Revenue Deficiency Amounts & Drivers	2020 Bridge - Revenue Offsets \$10,268 \$10,767	Revised to correct items detailed in revision above for Exhibit 3-2-1: Other Revenue Table 1
Exhibit 6-1-1: Calculation of Revenue Deficiency or Sufficiency	Section 2 - Calculation of Deficiency or Sufficiency	<i>The revenue deficiency/sufficiency for 2021-2025 was calculated using the following inputs:</i> • 2020 proposed approved rates;	Revised to correct typo in original evidence.

Evidence Reference	Section Reference	Difference	Description
Exhibit 8-11-1	Table 4 - Revenue per Rate Class and Reconciliation to 2024 Revenue Requirement	Average # Customers/Connection - Standby Power: 2 3	Revised to correct typo in original evidence.
Exhibit 9-1-4: Account 1592 PILS and Tax Variance	Table 2 - Impact of Prior CCA Rules vs. Accelerated CCA Rules on New Facilities	New Facilities Deferral Account Above \$66M: 2019 Difference in CCA: \$(459,593) \$(1,459,593)	Revised to correct typo in original evidence.
Exhibit 9-3-1: Disposition of Deferral and Variance Accounts	<ul style="list-style-type: none"> Table 1 - Proposed DVA Dispositions Table 2 - Rate Riders for Group 2 Accounts (2021) Table 3 - Rate Riders for Group 2 Accounts (2022) 	<u>Table 1:</u> USofA number: 1548 1518 (Retail Cost Variance - Retail) <u>Tables 2 and 3:</u> Residential Billing Determinant: \$/kWh \$	Revised to correct typos in original evidence.