

**Hydro One Networks Inc.**  
**2021 Transmission Custom Incentive Rate Setting Annual Application**  
**EB-2020-0202**  
**OEB Staff Questions**

**OEB Staff - 1**

**Ref: Exhibit A Tab 2 Sch 1 p.2**

Hydro One states that it is applying to the OEB for orders approving:

- a) A total rates revenue requirement of \$1,656.6 million for 2021, to be effective on January 1, 2021, along with an amendment to the 2021 Uniform Transmission Rates to allow for recovery of this amount.
- b) Other items or amounts that may be requested by Hydro One in the course of this proceeding, and as may be granted by the OEB.

Please confirm if there are other items or amounts that Hydro One plans to request in the course of this proceeding.

**Response:**

At this time, Hydro One does not anticipate requesting other items or amounts in the course of this proceeding except amounts in respect of updating the 2021 Inflation Factor when the OEB issues its inflation factor for incentive rate setting, sometime during the course of this proceeding. If Hydro One's position changes in respect of this point, it will advise the OEB as soon as possible.

**OEB Staff - 2**

**Ref: Exhibit A Tab 4 Sch 1 p.6**

In the Decision for Hydro One's Custom IR Application, the OEB determined that it would consider Hydro One's proposed amendments to the Terms and Conditions of the UTR schedule regarding behind the meter energy storage facilities in the proceeding for the 2021 revenue requirement, if Hydro One could provide evidence that affected customers had been consulted. Hydro One has stated that it has not consulted customers on any proposed changes to the UTR schedule. Please explain Hydro One's current plans to consult customers regarding its proposed amendments, and if/when it may bring forward a request for the proposed amendments.

**Response:**

Hydro One has no further plans to request any amendments to the UTR schedule as part of its Transmission revenue requirement and charge determinants application. Hydro One believes that the amendments originally proposed in EB-2019-0082 are potentially relevant to all transmitters and would be most appropriately addressed as part of a generic proceeding.

**OEB Staff - 3**

**Ref: Exhibit A Tab 4 Sch 1 Att 4**

For Table 1 Medium Density (R1) Residential Customer Bill Impacts, please provide detailed calculations of the \$12.27 RTSR included in the 2020 R1 750 kWh Residential Customer Bill.

**Response:**

The table below provides the derivation of the \$12.27 RTSR included in the 2020 medium density residential customer bill.

<b>Current (2020) RTSR Charges for a Typical Medium Density (R1) Customer</b>				
<b>RTSRs*</b>		<b>Monthly Consumption (kWh)</b>	<b>Loss Factor*</b>	<b>RTSR Charges</b>
Network	\$0.0080	750	1.076	\$6.46
Line and Transformation Connection	\$0.0072	750	1.076	\$5.81
			<b>TOTAL</b>	<b>\$12.27</b>

\* Approved 2020 rates per Decision and Rate Order in EB-2019-0043.

## **OEB Staff - 4**

### **Ref: Exhibit A Tab 4 Sch 1 p.9 and Exhibit A Tab 4 Sch 1 Att 4**

For Table 5 – Average Bill Impacts on Transmission and Distribution-Connected Customers (Exhibit A Tab 4 Sch 1 p.9), and Tables 1 and 2 – 2021 Bill Impacts for Distribution-Connected Customers (Exhibit A Tab 4 Sch 1 Att 4), please update and submit these tables after OEB Staff has updated Hydro One's 2021 Inflation Factor and Revenue Requirement, following the OEB issuing its inflation factor for incentive rate setting, sometime during this proceeding.

### **Response:**

Hydro One proposes to update and submit evidence requested in OEB Staff – 4 after the OEB issues its inflation factor for incentive rate setting and Hydro One updates its 2021 Inflation Factor and Revenue Requirement.

## OEB Staff - 5

### Ref: Exhibit A Tab 4 Sch 1 Att 4

Footnote 2 In Table 1 indicates that “The impact on RTSR is assumed to be the net impact on average transmission rates, as per Table 5 in Exhibit A, Tab 4, Schedule 1, adjusted for Hydro One's revenue disbursement allocator per 2020 UTR Order, Schedule A (EB-2020-0180).” Please explain why the increase for 2021 in Table 1 is shown as 0.4% in the 750 kWh Residential Customer Bill instead of the 0.3% average bill impacts shown in Exhibit A Tab 4 Schedule 1 Table 5.

### **Response:**

Bill impacts shown in Exhibit A, Tab 4, Schedule 1, Table 5 are calculated for an *average distribution customer* in Ontario (including residential and non-residential customers) using estimated transmission costs as a percentage of a distribution connected customer's total bill:

- $4.6\%$  (2021 Net Impact on Average Transmission Rates)  $\times$   $6.2\%$  (Transmission as a % of Dx-connected customer's Total Bill per Table 4)  $\times$   $94\%$  (Hydro One revenue disbursement allocator per 2020 UTR Order) =  $0.3\%$

The impact of 0.4% shown in Attachment 4 is specific to a typical Hydro One medium-density (R1) residential customer.