Hydro One Networks Inc.
7th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-5680
Fax: (416) 568-5534
Frank.dandrea@HydroOne.com

Frank D'Andrea
Vice President, Reliability Standards & Chief Regulatory Officer

BY EMAIL AND RESS

November 2, 2020

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

Dear Ms. Long:

EB-2020-0026 – Halton Hills Hydro Inc. 2021 Rate Application – Hydro One Networks Inc. Interrogatories to Applicant

As directed in the Ontario Energy Board's ("OEB") Procedural Order No. 1 issued October 16, 2020, Hydro One Networks Inc. ("Hydro One") is filing the enclosed Interrogatories for Halton Hills Hydro Inc.

An electronic copy of the interrogatories has been submitted using the Board's Regulatory Electronic Submission System.

Sincerely,

Frank D'Andrea

Frank D'Andrea

Hydro One Networks Inc. Interrogatories

Halton Hills Hydro Inc. (HHHI)

2021 Electricity Distribution Rates Application

November 2, 2020

<u>HONI 1</u>

Reference:

1. Exhibit 7 – Cost Allocation, Section 7.4.1, Table 6 – Revenue to Cost Ratios
2. Report of the Board – Application of Cost Allocation for Electricity Distributors (EB-2007-0667), issued on Nov 28 2007, Sections 2 and 3.

As per reference 1, the revenue to cost ratio resulting from the 2021 cost allocation study is outside the Board approved range for some rate classes. More specifically, the resulting 2021 revenue to cost ratio for the General Service 1,000 kW to 4,999 kW class is 71.35%, which is outside the Board approved range (80% to 120%). HHHI proposes to increase the revenue to cost ratio of this rate class from 71.35% to 120%, which is the same revenue to cost ratio approved in HHHI's 2016 Rate Application (EB-2015-0074). As per reference 2, Distributors are expected to move revenue to cost ratios closer to 1 if it is supported by improved cost allocations.

a) Please explain why it is appropriate to move the revenue to cost ratio of the General Service 1,000 kW to 4,999 kW class from 71.35% to 120%, which represents a 20% over-recovery of cost from this class.
b) Please discuss why it is appropriate to maintain the revenue to cost ratios similar to what was approved in HHHI's 2016 Rate Application and not use the result of the more updated 2021 Cost Allocation Study.