

**ONTARIO ENERGY BOARD**

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

**AND IN THE MATTER OF** a proceeding on the Board’s own motion to implement the decision of the Divisional Court dated July 16, 2020 in its File #200/19, and for an Order or Orders approving or fixing just and reasonable rates for Hydro One Networks Inc. for the transmission and distribution of electricity as of January 1, 2021.

**INTERROGATORIES**

**FROM THE**

**SCHOOL ENERGY COALITION**

1. [General] Please provide, for each of the distribution rates and transmission revenue requirement orders related to the Applicant covering any part of the period from and after January 1, 2017, the Board order, or citation thereof:
  - a. Declaring the Applicant’s rates interim; or
  - b. Establishing a deferral or variance account with respect to the Misallocated Tax Savings Amounts, or any portion of those amounts.
2. [Ex. A/1/1, p. 6, 7, 14 ] Please provide, in Excel format, a table showing, with relevant dates, and covering the period from 2016 until the remaining amount of the Deferred Tax amount included in the Applicant’s financial statements is expected to be less than the Applicant’s materiality threshold:
  - a. The original Deferred Tax amount booked in the financial statements as a result of the change in tax status, and any additions to the Deferred Tax amount as a result of acquisitions or any other factors, in each case including the calculation of that amount;
  - b. The maximum drawdown of the Deferred Tax amount as a result of the availability of the FMV Bump in each year, divided between transmission and distribution businesses; and
  - c. If the drawdown of the Deferred Tax amount in any year was or is expected to be less than the maximum, because of limited taxable income or for any other reason, the actual or forecast drawdown of the Deferred Tax amount as a result of the FMV Bump in each year, divided between transmission and distribution businesses.
3. [Ex. A/1/1, p. 7] Please add to Table 1 columns for each of transmission and distribution showing the total tax savings amounts available in each year, the total tax savings claimed or expected to be claimed in the year, the amount allocated to the shareholders, and the remaining amount (already shown) originally allocated to the customers.
4. [Ex. A/1/1, throughout] With respect to the calculation of the impact of the FMV Bump:

- a. Please provide, in Excel format, a full CCA continuity schedule for all depreciable assets subject to the FMV Bump, whether at the time of the IPO, or as a result of any subsequent event, all broken down by CCA class, from 2016 until the Deferred Tax amounts are below the materiality threshold.
  - b. Please provide an identical CCA continuity schedule, calculated on the assumption that the FMV Bump was not applicable, and that the assets continued to be subject to CCA based on their previous undepreciated capital costs.
  - c. Please reconcile the differences between those continuity schedules to the initial and any additional calculations of the Deferred Tax amounts included or to be included in the financial statements.
  - d. In the event that any of the assets are amortized pursuant to the CEC rules, please provide similar continuity schedules with and without the FMV Bump, and a similar reconciliation.
5. [Court Decision, p. 4] Please provide, in Excel format, the full calculation of the net present value figure of \$1.2 billion related to the Future Tax Savings referred to in note 4 of the Court's Decision, and originally alleged by the Applicant in its Factum in that proceeding, at page 5. Please include the annual amount of tax savings for each year from 2016 onward, including the calculation of that tax savings amount, and the discounting calculations used including all assumptions.
6. [Ex. A/1/1, throughout] Please provide the accountants' working papers for the original and any subsequent calculations of the deferred taxes as recognized for financial statement purposes.
7. [General] Please provide an explanation of how the gross-up rule applies, if at all, in the case of the recovery of the Deferred Tax amounts from customers in rates, and provide examples.
8. [Ex. A/1/1, p. 12-15] With respect to the rate impacts of the Applicant's proposals:
  - a. Please provide the full calculations behind Tables 5, 6, 7, and 9.
  - b. Please provide similar tables to 5, 6, 7, and 9 showing the rate impacts for commercial customers with a 100kw monthly demand and a monthly volume of 40,000 kwh.

Respectfully submitted on behalf of the School Energy Coalition this November 13, 2020.

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Jay Shepherd  
Counsel for the School Energy Coalition