



November 16, 2020

Ms. Christine Long
Registrar and Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th floor
P.O. Box 2319
Toronto, ON M4P 1E4

Re: Hydro One Networks Inc. (HONI) - Remittal of Future Tax Savings Issue
AMPCO Interrogatories
Board File No. EB-2020-0194

Dear Ms. Long:

Attached please find AMPCO's interrogatories in the above proceeding.

Please do not hesitate to contact me if you have any questions or require further information.

Regards,

A handwritten signature in blue ink, appearing to read "Colin Anderson".

Colin Anderson
President
Association of Major Power Consumers in Ontario

Copy to: Hydro One Networks Inc.

EB-2020-0194
Hydro One Networks Inc.
2017- 2022 Transmission Revenue Requirement and Charge Determinants and
2018-2022 Distribution Revenue Requirement and Rates,
Remittal of Future Tax Savings Issue

AMPCO Interrogatories
November 16, 2020

AMPCO-1

Ref 1: EB-2009-0038 OPG Motion to vary part of the Ontario Energy Board's EB-2007-0905 Decision with Reasons made November 3, 2008, P15

In the above Decision, the Board varied the OPG Payments Decision to link the revenue requirement reduction and regulatory tax losses, and ordered the establishment of a tax loss variance account to record any variance between the tax loss mitigation amount which underpins the rate order for the test period and the tax loss amount resulting from the re-analysis of the prior period tax returns based on the Board's directions in the Payments Decision as to the re-calculation of those tax losses. OPG established the variance account to be called the Tax Loss Variance Account to be effective as of April 1, 2008.

Ref 2: EB-2010-0008 OPG PAYMENT AMOUNTS FOR PRESCRIBED FACILITIES FOR 2011 AND 2012, DECISION WITH REASONS March 10, 2011, P131, P135

With respect to the Tax Loss Variance Account, the EB-2010-0008 Decision states, "The difference between the revenue requirement reduction (\$342 million) and the remaining tax loss (\$50.3 million), being \$290.9 million, was booked to the account for the period April 1, 2008 through December 31, 2009. OPG forecast the amount for 2010 to be \$195 million, being an annualized grossed-up amount of the \$342 million revenue requirement reduction during the original 21 month test period. To these amounts OPG also applied interest at the Board prescribed levels." At page 135, the Decision states "The Board approved recovery of the balance in the Tax Loss Variance Account in accordance with OPG's proposal."

Given that Board approved the Board's prescribed interest levels as the appropriate carrying cost for the above OPG tax losses, please explain why the Board's prescribed interest levels should not applied in Hydro One's circumstances regarding the Misallocated Tax Savings Amounts.

AMPCO-2

Ref: Exhibit A Tab 1 Schedule 1, P9

The evidence states "Matters involving the payment of monies made under errors of law and impacted by lengthy appeal periods are distinguishable from normal utility operation circumstances. To that end, Hydro One is unaware of similar fact circumstances where this Board has had to implement Court decisions requiring the recovery or payment of amounts determined to be for the benefit or cost of the regulated utility's shareholders."

Please provide further evidence to support Hydro One's claim that "Matters involving the payment of monies made under errors of law and impacted by lengthy appeal periods are distinguishable from normal utility operation circumstances."

AMPCO-3

Ref: Exhibit A Tab 1 Schedule 1 P12-P14

Please recalculate the impacts of recovering Misallocated Tax Savings Amounts in Tables 5, 6 and 7 (Options, 1, 2 and 3) based on the Board's prescribed interest levels as the carrying cost.

AMPCO-4

Ref: Exhibit A Tab 1 Schedule 1 P12-P14

Please provide the impacts of recovering Misallocated Tax Savings Amounts in Tables 5, 6 and 7 (Options, 1, 2 and 3) if no interest charges are applied.

AMPCO-5

Ref: Exhibit A Tab 1 Schedule 1 P6

The applications states "Commencing in 2021, prior period Misallocated Tax Savings Amounts would be recovered through a rate rider (or similar base rate adjustment mechanism) applied to Hydro One's existing approved rates, as discussed further under Section 3.1.

Please define other similar base rate adjustment mechanisms that could be applied.