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

BY EMAIL AND RESS

November 20, 2020

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

Dear Ms. Long:

EB-2020-0251 – 2021 Uniform Transmission Rates – Hydro One Networks Inc. and Hydro One Sault Ste. Marie

In accordance with the Ontario Energy Board (“OEB”) letter dated November 9, 2020 requesting that all transmitters submit their 2020 foregone revenue calculations and accrued interest calculations with both one-year and two-year disposition scenarios, Hydro One Networks Inc. (“Hydro One”) and Hydro One Sault Ste. Marie (“HOSSM”) propose the following:

Disposition Period and Rationale

Hydro One requests a *two-year disposition period* for its January to December 2020 foregone revenue and accrued interest amounts (i.e., a total of \$54,914,681).¹ A two-year disposition period results in \$27,457,340 being included each year in the 2021 – 2022 UTR calculation. A two-year disposition period mitigates the impact on customers by spreading the recovery of foregone revenue over two years² and would best support Ontario electricity customers and LDCs experiencing liquidity concerns during the COVID-19 pandemic.³

HOSSM requests a *one-year disposition period*⁴ for its January to December 2020 foregone revenue and accrued interest amounts (i.e., a total of \$1,588,766 to be included in the 2021 UTR calculation) as there is minimal impact to ratepayers regardless of whether the HOSSM foregone revenue is collected over a one-year period or a two year period.

¹ EB-2019-0082 Hydro One Draft Rate Order, May 28, 2020, p. 41.

² *Ibid.*

³ EB-2019-0082 Hydro One Reply Draft Rate Order, June 25, 2020, p. 34.

⁴ As indicated in EB-2020-0227, Exhibit A, Tab 4, Schedule 1.



2020 Foregone Revenue and Accrued Interest

The 2020 foregone revenue and accrued interest for Hydro One and HOSSM for both a one-year and two-year disposition scenario are summarized below. Supporting documents setting out the foregone revenue are provided in Attachment 1 and documents supporting the accrued interest calculation are provided in Attachment 2.

Hydro One Foregone Revenue and Accrued Interest

2020 Foregone Revenue*	2020 Interest	Total Amount to be included in 2021 UTR Calculation (1 year disposition)	Annual Amount to be included in 2021 - 2022 UTR Calculation (2 year disposition)	Estimated 2021 Interest (1 year disposition)	Estimated 2021 - 2022 Interest (2 year disposition)
\$54,675,317	\$239,364	\$54,914,681	\$27,457,340	\$167,506	\$322,648

*The 2020 Foregone Revenue includes \$57.4 million in 2020 foregone revenue less \$2.7 million.⁵

HOSSM Foregone Revenue and Accrued Interest

2020 Foregone Revenue	2020 Interest	Total Amount to be included in 2021 UTR Calculation (1 year disposition)	Annual Amount to be included in 2021 - 2022 UTR Calculation (2 year disposition)	Estimated 2021 Interest (1 year disposition)	Estimated 2021 - 2022 Interest (2 year disposition)
\$1,582,035	\$6,731	\$1,588,766	\$794,383	\$4,847	\$9,336

Hydro One and HOSSM submit that any additional interest accrued in 2021 or 2022 (if disposition is over two years) should be tracked in the existing foregone revenue variance account for disposition in a subsequent proceeding given that the 2021 and 2022 interest calculations are only estimated values calculated using the latest OEB prescribed quarterly interest rate, which is subject to change.

⁵ EB-2019-0082 OEB Revenue Requirement and Charge Determinant Order, July 16, 2020, p. 14: the OEB requires Hydro One to record the regulatory tax impact from the disposition of the OPEB Cost Deferral Account as an offset to the Foregone Revenue Transmission Deferral Account for each of 2020, 2021 and 2022 for future disposition.



An electronic copy of the evidence has been submitted using the Board’s Regulatory Electronic Submission System. If you have any questions regarding this submission, please contact regulatory@hydroone.com.

Sincerely,

A handwritten signature in black ink that reads "Frank D'Andrea". The signature is written in a cursive style with a prominent "F" and "A".

Frank D’Andrea

Supporting Material

EXHIBIT	TITLE
1.0	Hydro One and HOSSM Foregone Revenue Calculation
2.0	Hydro One and HOSSM Interest Calculations and Disposition Scenarios

Revenue at Interim 2020 UTRs

Hydro One TX	Charge Determinants² (kW) (A)	2020 Interim UTRs¹ (\$/kW-month) (B)	Hydro One TX Revenue Allocators¹ (C)	Revenue Collected at Interim UTRs (D = A*B*C)
Network	239,504,148	3.92	0.92606	\$869,437,228
Line Connection	232,385,678	0.97	0.96747	\$218,081,387
Transformation Connection	196,285,037	2.33	0.96747	\$442,466,731
TOTAL				\$1,529,985,346

Revenue at Approved 2020 UTRs

Hydro One TX	Charge Determinants² (kW) (A)	2020 Final UTRs² (\$/kW-month) (E)	Hydro One TX Revenue Allocators² (F)	Revenue Collected at Final UTRs (G = A*E*F)
Network	239,504,148	4.30	0.92384	\$951,433,102
Line Connection	232,385,678	0.81	0.96739	\$182,094,141
Transformation Connection	196,285,037	2.39	0.96739	\$453,823,195
TOTAL				\$1,587,350,437

Hydro One TX	Foregone Revenue (H = G-D)
Network	\$81,995,874
Line Connection	-\$35,987,246
Transformation Connection	\$11,356,463
TOTAL	\$57,365,091

Note 1 - Per OEB Decision and Interim Rate Order on 2020 Uniform Transmission Rates (EB-2019-0296) issued on December 19, 2019. Appendix A

Note 2 - Per OEB Decision and Order on 2020 Uniform Transmission Rates (EB-2020-0180) issued on July 31, 2020. Schedule A

Revenue at Interim 2020 UTRs

HOSSM	Charge Determinants² (kW) (A)	2020 Interim UTRs¹ (\$/kW-month) (B)	HOSSM Revenue Allocators¹ (C)	Revenue Collected at Interim UTRs (D = A*B*C)
Network	239,504,148	3.92	0.02377	\$22,316,613
Line Connection	232,385,678	0.97	0.02484	\$5,599,286
Transformation Connection	196,285,037	2.33	0.02484	\$11,360,428
			TOTAL	\$39,276,328

Revenue at Approved 2020 UTRs

HOSSM	Charge Determinants² (kW) (A)	2020 Final UTRs² (\$/kW-month) (E)	HOSSM Revenue Allocators² (F)	Revenue Collected at Final UTRs (G = A*E*F)
Network	239,504,148	4.30	0.02378	\$24,490,257
Line Connection	232,385,678	0.81	0.02490	\$4,686,987
Transformation Connection	196,285,037	2.39	0.02490	\$11,681,119
			TOTAL	\$40,858,363

HOSSM	Foregone Revenue (H = G-D)
Network	\$2,173,644
Line Connection	-\$912,300
Transformation Connection	\$320,690
TOTAL	\$1,582,035

Note 1 - Per OEB Decision and Interim Rate Order on 2020 Uniform Transmission Rates (EB-2019-0296) issued on December 19, 2019. Appendix A

Note 2 - Per OEB Decision and Order on 2020 Uniform Transmission Rates (EB-2020-0180) issued on July 31, 2020. Schedule A

Hydro One Estimated 2021 Interest (1 year disposition)

Account Descriptions	Account Number	2020									2021								
		Opening Principal Amounts as of Jan-1-20	Transactions Debt/(Credit) during 2020 excluding interest and adjustments	Board Approved Disposition during 2020	Closing Principal Balances as of Dec 31-20 Adjusted for Dispositions	Opening Interest Amounts as of Jan-1-20	Board Approved Interest Disposition during 2020	Interest Jan-1 to Dec-31-20	Closing Interest Balance as at Dec 31-20 balance adjusted for disposition during 2020	2020 total balance (for evidence)	Opening Principal Amounts as of Jan-1-21	Transactions Debt/(Credit) during 2021 excluding interest and adjustments	Disposition during 2021	Closing Principal Balances as of Dec 31-21 Adjusted for Dispositions	Opening Interest Amounts as of Jan-1-21	Interest Disposition during 2021	Interest Jan-1 to Dec-31-21	Closing Interest Balance as at Dec 31-21 balance adjusted for disposition during 2021	2021 total balance (for evidence)
Foregone Revenue Deferral Account	1508	-	54,675,317	-	54,675,317	-	-	239,364	239,364	54,914,681	54,675,317	-	54,675,317	-	239,364	239,364	167,506	167,506	167,506
Total Transmission Regulatory Accounts Requesting for Disposition		-	54,675,317	-	54,675,317	-	-	239,364	239,364	54,914,681	54,675,317	-	54,675,317	-	239,364	239,364	167,506	167,506	167,506

Hydro One Estimated 2021 - 2022 Interest (2 year disposition)

Account Description	Account Number	2020										2021															
		Opening Principal Amount as of Jan-20	Transactions Debit / Credit during 2020 including interest and adjustments	Board Approved Disposition during 2020	Closing Principal Balance as of Dec-31-20 Adjusted for Disposition	Opening Interest Amount as of Jan-1-20	Board Approved Interest Disposition during 2020	Interest Jan-1 to Dec-31-20	Closing Interest Balance as of Dec-31-20 Interest adjusted for disposition during 2020	2020 total balance (for evidence)	Opening Principal Amount as of Jan-21	Transactions Debit / Credit during 2021 including interest and adjustments	Disposition during 2021	Closing Principal Balance as of Dec-31-21 Adjusted for Disposition	Opening Interest Amount as of Jan-1-21	Interest Disposition during 2021	Interest Jan-1 to Dec-31-21	Closing Interest Balance as of Dec-31-21 Interest adjusted for disposition during 2021	2021 total balance (for evidence)	Opening Principal Amount as of Jan-22	Transactions Debit / Credit during 2022 including interest and adjustments	Disposition during 2022	Closing Principal Balance as of Dec-31-22 Adjusted for Disposition	Opening Interest Amount as of Jan-1-22	Interest Disposition during 2022	Interest Jan-1 to Dec-31-22	Closing Interest Balance as of Dec-31-22 Interest adjusted for disposition during 2022
Foregone Revenue Deferral Account	108	-	54,675,317	-	54,675,317	-	239,364	239,364	54,914,681	54,675,317	-	27,457,340	27,217,977	239,364	-	239,379	478,942	27,696,919	27,217,977	-	27,217,977	-	478,942	239,364	63,070	322,648	322,648
Total Transmission Regulatory Accounts Requesting for Disposition		-	54,675,317	-	54,675,317	-	239,364	239,364	54,914,681	54,675,317	-	27,457,340	27,217,977	239,364	-	239,379	478,942	27,696,919	27,217,977	-	27,217,977	-	478,942	239,364	63,070	322,648	322,648

HOSSM Estimated 2021 Interest (1 year disposition)

	2020										2021								
Account Descriptions	Account Number	Opening Principal Amounts as of Jan-1-20	Transactions Debt/(Credit) during 2020 excluding interest and adjustments	Board Approved Disposition during 2020	Closing Principal Balances as of Dec 31-20 Adjusted for Dispositions	Opening Interest Amounts as of Jan-1-20	Board Approved Interest Disposition during 2020	Interest Jan-1 to Dec-31-20	Closing Interest Balance as at Dec 31-20 balance adjusted for disposition during 2020	2020 total balance (for evidence)	Opening Principal Amounts as of Jan-1-21	Transactions Debt/(Credit) during 2021 excluding interest and adjustments	Disposition during 2021	Closing Principal Balances as of Dec 31-21 Adjusted for Dispositions	Opening Interest Amounts as of Jan-1-21	Interest Disposition during 2021	Interest Jan-1 to Dec-31-21	Closing Interest Balance as at Dec 31-21 balance adjusted for disposition during 2021	2021 total balance (for evidence)
Foregone Revenue Deferral Account	1508	-	1,582,035	-	1,582,035	-	-	6,731	6,731	1,588,766	1,582,035	-	1,582,035	-	6,731	6,731	4,847	4,847	4,847
Total Transmission Regulatory Accounts Requesting for Disposition		-	1,582,035	-	1,582,035	-	-	6,731	6,731	1,588,766	1,582,035	-	1,582,035	-	6,731	6,731	4,847	4,847	4,847

HOSSM Estimated 2021 - 2022 Interest (2 year discussion)

Account Description	Account Number	2020										2021															
		Opening Principal Amount as of Jan-1-20	Transactions Debit / Credits During 2020 including interest and adjustments	Board Approved Disposition During 2020	Closing Principal Balance as of Dec-31-20 Adjusted for Dispositions	Opening Interest amount as of Jan-1-20	Board Approved Interest Disposition during 2020	Interest Jan-1 to Dec-31-20	Closing Interest Balance as of Dec-31-20 balance adjusted for disposition during 2020	2020 total balance (per evidence)	Opening Principal Amount as of Jan-1-21	Transactions Debit / Credits during 2021 including interest and adjustments	Disposition during 2021	Closing Principal Balance as of Dec-31-21 Adjusted for Dispositions	Opening Interest amount as of Jan-1-21	Interest Disposition during 2021	Interest Jan-1 to Dec-31-21	Closing Interest Balance as of Dec-31-21 balance adjusted for disposition during 2021	2021 total balance (per evidence)	Opening Principal Amount as of Jan-1-22	Transactions Debit / Credits during 2022 including interest and adjustments	Disposition during 2022	Closing Principal Balance as of Dec-31-22 Adjusted for Dispositions	Opening Interest amount as of Jan-1-22	Interest Disposition during 2022	Interest Jan-1 to Dec-31-22	Closing Interest Balance as of Dec-31-22 balance adjusted for disposition during 2022
Peragone Revenue Deferral Account	1508	-	1,562,035	-	1,562,035	-	6,731	6,731	1,568,766	1,562,035	-	794,363	787,652	6,731	-	6,932	13,663	801,315	787,652	-	787,652	-	13,663	6,731	2,404	9,336	8,336
Total Transmission Regulatory Accounts Requesting for Disposition		-	1,562,035	-	1,562,035	-	6,731	6,731	1,568,766	1,562,035	-	794,363	787,652	6,731	-	6,932	13,663	801,315	787,652	-	787,652	-	13,663	6,731	2,404	9,336	8,336