ONTARIO ENERGY BOARD
IN THE MATTER OF AN APPLICATION BY
HALTON HILLS HYDRO INC. ("HHHI")
2021 COST OF SERVICE APPLICATION
INTERROGATORY RESPONSES FROM HALTON HILLS HYDRO INC.

HYDRO ONE NETWORKS INC. INTERROGATORIES AND RESPONSES

1 – HONI IRR – 1

HONI 1

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.

Response:

a) Please see HHHI's response 7 – Staff IRR – 72.

b) Please see HHHI's response 7 – Staff IRR – 72.