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Frank D'Andrea

Vice President, Reliability Standards and Chief Regulatory Officer

BY EMAIL AND RESS

January 18, 2021

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

Dear Ms. Long:

**EB-2017-0049 – Hydro One Networks' 2018-2022 Distribution Rate Application – 2021
Annual Rate Update (EB-2020-0030) – Objections to the claimed costs**

Hydro One Networks Inc. has reviewed the cost claims filed by intervenors in the above referenced proceeding. Please find enclosed Hydro One Networks Inc.'s objections to the claimed costs.

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

Sincerely,

A handwritten signature in cursive script that reads "Frank D'Andrea".

Frank D'Andrea

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3 **Hydro One Networks Inc.**

4
5 **Application for electricity distribution rates and**
6 **other charges effective January 1, 2021**

7
8 **Submission on Cost Claims**

9
10
11 **1. INTRODUCTION**

12
13 Hydro One Networks Inc. (“**Hydro One or Hydro One Distribution**”) filed an
14 application for 2021 Distribution Annual Rate Update seeking approval for changes to its
15 electricity distribution rates to be effective January 1, 2021.

16
17 The Ontario Energy Board (“**OEB**”) granted the following parties intervenor status in the
18 Application with eligibility for cost awards:¹

- 19
20 • Association of Major Power Consumers (“**AMPCO**”);
21 • Building Owners and Managers Association (“**BOMA**”);
22 • Consumers Council of Canada (“**CCC**”);
23 • Canadian Manufacturers Exporters (“**CME**”);
24 • School Energy Coalition (“**SEC**”); and
25 • Quinte Manufacturers Association (“**QMA**”).

26
27 In its Decision and Rate Order issued on December 17, 2021, the OEB directed eligible
28 intervenors to file their cost claims by January 8, 2021.² Hydro One received cost claims
29 from SEC, CME and BOMA on or before the January 8, 2021 deadline. AMPCO and
30 CCC submitted their cost claims after the January 8th deadline. QMA did not submit a
31 cost claim.

32
33 Hydro One objects to the cost claims of SEC, CME, AMPCO, and CCC for the reasons
34 set out below.

¹ Procedural Order No. 1 (October 9, 2020) at page 1.

² EB-2020-0030, Decision and Rate Order (December 17, 2021) at page 35.

1 **2. GOVERNING PRINCIPLES**

2
3 The OEB's *Practice Direction on Costs Awards* establishes that a key consideration in
4 awarding costs is whether an intervenor participated responsibly and contributed to a
5 better understanding by the OEB of the relevant issues in the proceeding.³ In determining
6 the amount of a cost award to a party, the Board may consider, amongst other things,
7 whether the party has demonstrated through its participation and documented in its cost
8 claim that it has:

- 9
- 10 a) participated responsibly in the process;
 - 11 b) contributed to a better understanding by the Board of one or more of the issues
 - 12 in the process;
 - 13 c) complied with the Board's orders, rules, codes, guidelines, filing requirements
 - 14 and section 3.03.1 of this Practice Direction with respect to frequent
 - 15 intervenors, and any directions of the Board;
 - 16 d) made reasonable efforts to combine its intervention with that of one or more
 - 17 similarly interested parties, and to co-operate with all other parties;
 - 18 e) made reasonable efforts to ensure that its participation in the process,
 - 19 including its evidence, interrogatories and cross-examination, was not unduly
 - 20 repetitive and was focused on relevant and material issues;
 - 21 f) engaged in any conduct that tended to lengthen the process unnecessarily;
 - 22 or
 - 23 g) engaged in any conduct which the Board considers inappropriate or
 - 24 irresponsible.⁴
- 25

26 These criteria ensure ratepayers do not have to fund interventions that do not materially
27 contribute to the OEB's understanding and resolution of the issues in a proceeding, or
28 interventions that are inefficient and unnecessary.

29
30 With regard to these considerations, and for the reasons articulated below, Hydro One
31 objects to the cost claims submitted by SEC, CME, AMPCO and CCC.

³ Practice Direction on Costs Awards (April 24, 2014), s 5.01 at pages 5-6.

⁴ Practice Direction on Costs Awards (April 24, 2014), s 5.01 at pages 5-6.

1 **3. COST CLAIMS OF SEC, CME, AMPCO, AND CCC**

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3 Procedural Order No. 1⁵ (P.O. #1) states that cost awards will be limited to “activities
4 related to Hydro One’s request to dispose of the balances in the deferral and variance
5 accounts and the Earnings Sharing Mechanism account” and that despite broad
6 descriptions of areas of interest in some intervention letters, “the OEB expects its review
7 of this application to be primarily a mechanistic process. The OEB therefore expects that
8 parties’ participation will reflect the limited scope of this proceeding.”

9
10 Nevertheless, CME, SEC, AMPCO and CCC devoted over fifty percent of their argument
11 to issues that clearly fell outside the scope of P.O. #1, including argument that essentially
12 amounted to a request to re-open and re-litigate the capital factor which was approved by
13 the OEB in EB-2017-0049 for the duration of the Custom IR period. In the Decision and
14 Rate Order⁶, the OEB agreed with Hydro One and stated that “this matter is out of scope
15 for this application”.

16
17 On this basis Hydro One is proposing a reduction to the cost claims of each of CME,
18 SEC, AMPCO and CCC in the amount of 50% under the Argument Preparation category,
19 as follows:

20

Party	Argument - Preparation	50% Proposed Reduction Argument - Preparation
AMPCO	\$2,237.40	\$1,118.70
CCC	\$932.25	\$466.13
CME	\$1,306.28	\$653.14
SEC	\$5,925.72	\$2,962.86
Grand Total	\$10,401.65	\$5,200.83

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22
23 All of which is respectfully submitted this January 18, 2021.

⁵ Procedural Order No. 1 (October 9, 2020) at page 1.

⁶ EB-2020-0030, Decision and Rate Order (December 17, 2021) at page 11.