



BY EMAIL and RESS

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Ontario Energy Board
2300 Yonge Street
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September 28, 2021
Our File: EB20210110

Attn: Christine Long, Registrar

Dear Ms. Long:

Re: EB-2021-0110 – Hydro One Joint Rate Application – SEC Submissions

We are counsel to the School Energy Coalition (“SEC”). Pursuant to Procedural Order No. 1, these are SEC’s submissions on, i) the request from Hydro One to be able to file reply evidence, ii) the need for a blue page update for 2021 actuals, and iii) claim of confidentiality over certain pre-filed evidence.

Hydro One Reply Evidence

The OEB has asked for submissions on Hydro One’s request that it be allowed to file reply evidence in response to any evidence filed by Board Staff and/or intervenors. SEC does not oppose Hydro One’s request, subject to three conditions.

First, the reply evidence should be limited to replying to new issues raised in Board Staff and/or intervenor evidence. It should not be used as an opportunity to file additional evidence cloaked under the guise of reply.

Second, depending on the contents of any filed reply evidence, the OEB may very well need to make provisions for interrogatories. Just as Hydro One believes that as a matter of procedural fairness, it should be allowed to file reply evidence¹, intervenors have the right to test that evidence through written discovery.

Third, and most importantly, the filing of reply evidence and any required interrogatory process should not come at the expense of the already limited time available in the schedule for this proceeding. The various illustrative hearing schedules included in Appendix D and E to Procedural Order No. 1, which themselves do not contemplate a reply evidence phase, provide very little time between various steps in the proceeding. The tight schedule is already a concern considering the size and complexity of this joint distribution and transmission application. As it is Hydro One who seeks these additional steps that deviate from the normal process, then the time it takes to complete these steps should not count towards the number of days the OEB is required to reach a decision as set out in its performance

¹ Letter from Hydro One, dated September 16, 2021, p.2

standards. The OEB should treat this as an abeyance period or a similar “stop the clock” event. Intervenor should not be at a disadvantage by having the already limited time available for other steps be shortened to accommodate Hydro One’s request to file reply evidence, and the resulting discovery that may be required as a result.

Need For A Blue Page Update

The OEB has requested submissions on whether a blue page update reflecting 2021 actuals is necessary for this proceeding. SEC submits that having 2021 actual information is important for ensuring there is a proper assessment of Hydro One’s past performance, how that impacts its proposed 2023-2027 plan, and the 2023 opening rate base calculation.

The information is especially critical as it relates to Hydro One’s transmission business. Without it there is only a single year of actuals (2020) available related to the current 3-year transmission rate plan (2020-2022) approved in EB-2019-0082.

A review of Hydro One’s past applications demonstrates that a blue page update has resulted in material changes between actuals and forecast information. For example, in Hydro One’s last transmission Custom IR application, as a result of the blue page update, the 2018 actual capital expenditures were 4% (~\$42M) lower than the forecast amount included in the original pre-filed evidence.² Similarly, after the update the 2018 actual OM&A amount were 5% (~\$20M) higher than the forecast included in the original filed pre-filed evidence.³ In Hydro One’s last distribution Custom IR rate application, while there was no material change in the 2016 capital expenditures as a result of the blue page update, there was for its 2016 OM&A. The 2016 actual OM&A were 3.7% (~\$12M) lower than the forecast included in the original pre-filed evidence.⁴

The variance between actuals and forecast could very well be much higher in the current application because of the timing of the filing. In both these previous proceedings, the original applications with forecast information that was later updated for actuals were filed after the forecast year had concluded but before actuals were known. In this proceeding, Hydro One has filed its application five months before the end of the year at issue.

The need for the blue page update is also impacted by what information Hydro One will provide in response to interrogatories. If Hydro One cannot or is unwilling to file updated end-of-year forecasts for 2021, based on where the company is at the end of Q3 and its plans for Q4, then the need for a blue page update for actuals becomes even more acute.

Furthermore, requiring 2021 actuals will also allow the disposition of an additional year of deferral and variance account balances. Hydro One’s evidence only includes balances as of the end of 2020 while noting they will be “updated once 2021 audited balances are available”.⁵

² 2018 Forecast CapEx of \$1009.5 (EB-2019-0082, A-3-1, p.34, Table 7, dated 2019-03-21) as compared to 2018 Actual CapEx of \$967.3M (EB-2019-0082, A-3-1, p.34, Table 7, dated 2019-06-19).

³ 2018 Forecast OM&A of \$399.4M (EB-2019-0082, A-3-1, p.40, Table 7, dated 2019-03-21) as compared to 2018 Actual OM&A of \$419.2M (EB-2019-0082, A-3-1, p.40, Table 7, dated 2019-06-19).

⁴ 2016 Forecast OM&A of \$583.6M (EB-2017-0049, A-3-1, p.28, Table 11 dated 2016-03-31) as compared to 2016 Actual OM&A of \$562.6M (EB-2017-0049, A-3-1, p.28, Table 11, dated 2017-06-17).

⁵ G-1-1, p.1



Confidentiality

SEC has reviewed the information Hydro One seeks to be treated confidentially and does not object to the request.

All of which is respectfully submitted.

Yours very truly,

Shepherd Rubenstein P.C.

Mark Rubenstein

cc: Ted Doherty, SEC (by email)
Hydro One and intervenors (by email)