



**Hydro One Networks Inc.**

**Application for electricity transmission and distribution  
rates and other charges for the period from January 1,  
2023 to December 31, 2027**

**DECISION ON ISSUES LIST AND PROCEDURAL ORDER NO. 3  
January 13, 2022**

Hydro One Networks Inc. (Hydro One) filed an application dated August 5, 2021, with the Ontario Energy Board (OEB) under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the rates that it charges for electricity transmission and distribution, beginning January 1, 2023 and for each following year through to December 31, 2027.

**Decision on Issues List**

Procedural Order No. 1, dated September 17, 2021, set out a schedule of procedural steps including a direction that OEB staff either file a proposed issues list for the OEB's consideration, or advise in writing that parties and OEB staff were unable to reach an agreement. If parties were unable to reach an agreement on a proposed issues list, an Issues List Hearing was scheduled for January 14, 2022.

OEB staff filed a proposed issues list on January 10, 2022 and advised that it had been agreed to by all parties.

**Findings**

The OEB approves the proposed issues list and cancels the Issues List Hearing scheduled for January 14, 2022.

The OEB may update the issues list, as necessary, to further define the scope of the proceeding.

**Motions Hearing**

Procedural Order No. 1 provided for a transcribed Motions Hearing on January 19, 2022, if needed. To determine if a Motions Hearing is necessary, OEB staff contacted

parties to determine if any intended to file a motion. The OEB understands that two parties confirmed their intention to file motions.

## Findings

A Motions Hearing is scheduled for January 19, 2022. During the Motions Hearing, the OEB intends to hear oral motions regarding interrogatories or undertakings at issue. The objective is to avoid a lengthy written process.

To prepare for an oral process in this proceeding, intervenors and OEB staff who intend to present motions in the Motions Hearing shall file a letter with the OEB by January 17, 2022 indicating:

- The interrogatory or technical conference undertaking at issue
- References (or links) to any supporting documentation
- One paragraph explaining the reasons for wanting the information

## THE ONTARIO ENERGY BOARD THEREFORE ORDERS THAT:

1. The approved Issues List is attached to this Decision as Schedule A.
2. If OEB staff and intervenors wish to present motions in the Motions Hearing, they shall file a letter with the OEB indicating the information sought, references to supporting documentation, and a one-paragraph explanation by **January 17, 2022**.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's [Rules of Practice and Procedure](#).

Please quote file number, **EB-2021-0110** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address

- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [Filing Systems page](#) on the OEB's website
- Parties are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact [registrar@oeb.ca](mailto:registrar@oeb.ca) for assistance

All communications should be directed to the attention of the Registrar at the address below and be received by end of business, 4:45 p.m., on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Managers, Martin Davies at [Martin.Davies@oeb.ca](mailto:Martin.Davies@oeb.ca) and Tracy Garner at [Tracy.Garner@oeb.ca](mailto:Tracy.Garner@oeb.ca) and OEB Counsel, James Sidlofsky at [James.Sidlofsky@oeb.ca](mailto:James.Sidlofsky@oeb.ca).

Email: [registrar@oeb.ca](mailto:registrar@oeb.ca)

Tel: 1-877-632-2727 (Toll free)

**DATED** at Toronto, January 13, 2022

**ONTARIO ENERGY BOARD**

Nancy Marconi  
Acting Registrar

**SCHEDULE A**  
**APPROVED ISSUES LIST**  
**HYDRO ONE NETWORKS INC.**  
**EB-2021-0110**  
**JANUARY 13, 2022**

## **HYDRO ONE NETWORKS INC.**

### **2023-2027 TRANSMISSION AND DISTRIBUTION JOINT RATE APPLICATION**

**EB-2021-0110**

#### **APPROVED ISSUES LIST**

##### **1.0 GENERAL**

1. Has Hydro One responded appropriately to all relevant Ontario Energy Board (OEB) directions from previous Transmission and Distribution rate proceedings?
2. Are all elements of the proposed Transmission and Distribution revenue requirements and their associated total bill impacts reasonable?
3. Were Hydro One's customer engagement activities sufficient to enable customer needs and preferences to be considered in the formulation of its proposed spending?
4. Is the accounting standard used for regulatory purposes appropriate, and is the rate-making treatment of any impacts from any changes in accounting standards, policies and estimates appropriate?

##### **2.0 CUSTOM APPLICATION**

5. Are all components of Hydro One's proposed Transmission Custom Incentive Rate Methodologies appropriate?
6. Are all components of Hydro One's proposed Distribution Custom Incentive Rate Methodologies appropriate?

##### **3.0 PRODUCTIVITY IMPROVEMENT AND PERFORMANCE SCORECARD**

7. Has Hydro One taken appropriate steps to identify and quantify productivity improvements in all areas of its Transmission and Distribution operations?
8. Are the metrics and targets in the proposed Transmission and Distribution scorecards appropriate?

#### **4.0 TRANSMISSION SYSTEM PLAN**

9. Are the proposed Transmission capital expenditures and in-service additions arising from the Transmission System Plan appropriate, and is the rationale for planning and pacing choices (including consideration of customer preferences, planning criteria, system reliability, non-wires alternatives, facilitation of distributed energy resources, asset condition and benchmarking) appropriate and adequately explained?
10. Does Hydro One's Transmission System Plan sufficiently address the unique rights and concerns of Indigenous customers and rights-holders?
11. Has Hydro One appropriately considered measures to cost-effectively reduce transmission losses in its planning processes and included such measures where appropriate?

#### **5.0 DISTRIBUTION SYSTEM PLAN**

12. Are the proposed Distribution capital expenditures and in-service additions arising from the Distribution System Plan appropriate, and is the rationale for planning and pacing choices (including consideration of customer preferences, planning criteria, system reliability, non-wires alternatives, facilitation of distributed energy resources, asset condition and benchmarking) appropriate and adequately explained?
13. Does Hydro One's Distribution System Plan sufficiently address the unique rights and concerns of Indigenous customers and rights-holders?
14. Has Hydro One appropriately considered measures to cost-effectively reduce distribution losses in its planning processes and included such measures where appropriate?

#### **6.0 GENERAL PLANT SYSTEM PLAN**

15. Are the proposed General Plant capital expenditures and in-service additions arising from the General System Plan appropriate, and is the rationale for planning and pacing choices (including consideration of customer preferences, planning

criteria, system reliability, asset condition and benchmarking) appropriate and adequately explained?

16. Are the methodologies used to allocate Common Corporate capital expenditures to the Transmission and Distribution businesses and to determine the Overhead Capitalization Rates for the Transmission and Distribution businesses appropriate?
17. Does Hydro One's General Plant System Plan sufficiently address the unique rights and concerns of Indigenous customers and rights-holders?

## **7.0 OPERATIONS MAINTENANCE & ADMINISTRATION COSTS**

18. Are the proposed Transmission OM&A expenditures appropriate?
19. Are the proposed Distribution OM&A expenditures appropriate?
20. Are the methodologies used to allocate Common Corporate OM&A Costs and Other OM&A costs to the Transmission and Distribution businesses appropriate?
21. Are the amounts proposed to be included in the revenue requirement for income taxes appropriate?
22. Is Hydro One's proposed depreciation expense appropriate?

## **8.0 COMPENSATION COSTS**

23. Are the compensation related costs appropriate?

## **9.0 RATE BASE, COST OF CAPITAL, AND REVENUE REQUIREMENT**

24. Are the amounts proposed for the Transmission and Distribution rate bases (including working capital allowances) reasonable?
25. Is the proposed cost of capital (interest on debt, return on equity) and capital structure for Transmission and Distribution appropriate?
26. Is the proposed calculation of the Transmission and Distribution Revenue Requirements appropriate?

## **10.0 LOAD FORECAST**

27. Are the load forecast methodologies and the resulting load forecasts appropriate for each of Transmission and Distribution?

## **11.0 DEFERRAL/VARIANCE ACCOUNTS**

28. Are the proposed amounts for disposition, and the continuance or discontinuation of Hydro One's existing deferral and variance accounts for each of Transmission and Distribution appropriate?

29. Are the proposed new or modified Transmission and Distribution deferral and variance accounts appropriate?

## **12.0 COST ALLOCATION FOR TRANSMISSION**

30. Is the proposed Transmission cost allocation appropriate?

## **13.0 COST ALLOCATION AND RATE DESIGN FOR DISTRIBUTION**

31. Is the proposed Distribution cost allocation appropriate?

32. Is the proposed Distribution rate design appropriate?

33. Are the proposed billing determinants appropriate?

34. Are the proposed revenue-to-cost ratios for all rate classes over the test period appropriate?

35. Is the rate harmonization proposal for the Acquired Utilities (Norfolk, Haldimand and Woodstock) appropriate?

36. Are the proposed changes in the Sub-Transmission class eligibility requirements appropriate?

37. Are the proposed Retail Transmission Service Rates appropriate?

38. Are the proposed bill impact mitigation measures appropriate?

## **14.0 OTHER CHARGES AND REVENUES**

39. Are Other Revenue forecasts for each of Transmission and Distribution appropriate?

40. Are the proposed Specific Service Charges appropriate? (Distribution)