

Hydro One Networks Inc.

7th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-1507
Fax: (416) 345-6833
Kathleen.Burke@HydroOne.com



Kathleen Burke

Director, Applications Delivery
Regulatory Affairs

BY EMAIL AND RESS

January 21, 2022

Ms. Nancy Marconi
Acting Registrar
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Marconi:

EB-2021-0033 – Hydro One Networks Inc. – Distribution Rate Application for the Areas Formerly Served by Norfolk Power Distribution Inc., Haldimand County Hydro Inc., and Woodstock Hydro Services Inc. – Draft Rate Order Reply Submission

Hydro One Networks Inc. hereby submits its Draft Rate Order Reply Submission in support of its application for the implementation of electricity distribution rates to be effective January 1, 2022 (commencing on February 1, 2022) for the service areas formerly served by Norfolk Power Distribution Inc., Haldimand County Hydro Inc., and Woodstock Hydro Services Inc.

An electronic copy of the Draft Rate Order Reply Submission has been submitted using the Board's Regulatory Electronic Submission System.

Sincerely,

A handwritten signature in black ink that reads "Kathleen Burke".

Kathleen Burke

IN THE MATTER OF the Ontario Energy Board Act, 1998, being Schedule B
to the Energy Competition Act, 1998, S.O. 1998, c.15;

AND IN THE MATTER OF an Application by Hydro One Networks Inc. to
the Ontario Energy Board for an Order or Orders pursuant to section 78 of
the *Ontario Energy Board Act, 1998* for distribution rates and related
matters in the service areas formerly served by Norfolk Power Distribution
Inc., Haldimand County Hydro Inc. and Woodstock Hydro Services Inc., to
be effective January 1, 2022.

HYDRO ONE NETWORKS INC.

DRAFT RATE ORDER REPLY SUBMISSION

January 21, 2022

1.0 INTRODUCTION

This is Hydro One Networks Inc.'s ("Hydro One") reply submission on the comments received from OEB staff in respect of Hydro One's Draft Rate Order ("DRO").

Hydro One has reviewed OEB staff's submission on the DRO filed on January 18, 2022. With the exception of three minor comments made in OEB staff's submission, OEB staff submitted that the DRO appropriately implemented the OEB's Decision and Order, and was consistent with the additional guidance provided in the OEB's Notice of Hearing, Procedural Order No. 1 and Decision on Request for a Partial Stay.

Hydro One has no concerns with the majority of OEB staff's comments.

Specifically, in respect of comment #1, Hydro One agrees that forgone revenues are to be calculated from January 1, 2022 to January 31, 2022 and the correction to the typo as identified by OEB staff is appropriate.

In respect of comment #3, Hydro One takes no issue with OEB staff's updates to the Rate Generator Models of the Acquired Utilities to keep the current 2021 RTSR rates in effect.¹ However, Hydro One notes that the Tariff Schedules in Tab 19 of the Rate Generator Models currently says "Effective and Implementation Date January 1, 2022", but should say "Effective Date January 1, 2022 and Implementation Date February 1, 2022". Hydro One submits that these aforementioned updates as proposed by OEB staff and further suggested by Hydro One to the Rate Generator Models do not affect the Tariffs of Rates and Charges that Hydro One has filed with its DRO (Attachments 11, 12, and 13) as they already reflect this information.

In this reply, Hydro One makes its submission on comment #2 of OEB staff's submission on the DRO.

2.0 RESPONSE TO COMMENT #2 OF OEB STAFF'S SUBMISSION

During the course of this proceeding, Hydro One requested that the OEB discontinue the ICM rate rider. In the interrogatory response to OEB staff 18 part b), Hydro One clarified that the balance in this account did not need to be disposed, as it was expected that the regulatory account balance as at year-end of 2020 would be drawn down by the ICM rider collected by the end of 2021. As such, Hydro One requested that the OEB discontinue the ICM rate rider as the funding was no longer required beyond 2021.²

¹ OEB Staff Submission on the DRO, January 18, 2022, p. 2

² Response to OEB Staff IR 18 part b), November 5, 2021

OEB staff in its submission agreed with Hydro One's proposal that no amount pertaining to the 1508 sub-account needed to be disposed.³ Based on OEB staff's submissions, Hydro One was under the impression that OEB staff had also agreed with the discontinuance of Woodstock ICM rider. As a result, Hydro One indicated in its Reply Submission that it did not take issue with OEB staff's submission on discontinuing the Woodstock Rate Zone's Account 1508, sub-account ICM.⁴

In the OEB's Decision and Order, the OEB approved Hydro One's request to withdraw its request to dispose of the balance in Account 1508, sub-account ICM, as the balance for disposition will be immaterial by the end of 2021.⁵ Hydro One was of the understanding that there was implied approval of both requests: (i) to withdraw the balance in Account 1508 from the overall balance requested for disposition, and (ii) to discontinue the ICM rate rider in this proceeding. Based on this understanding, Hydro One removed the ICM rate rider from the Woodstock service area's Tariff of Rates and Charges, in the DRO submission.

As part of comment #2 of OEB staff's submission on the DRO, OEB staff submitted an updated Rate Generator Model for Woodstock to include the ICM rate rider in Tab 19 and in the Tariff of Rates and Charges. The ICM rate rider would be in effect until the next cost based rate order.⁶

As a result of the change proposed by OEB staff, Hydro One seeks clarification on whether its request to discontinue the Woodstock ICM rate rider has been approved. Continuing the ICM rate rider will result in additional revenues to be collected and higher overall bills for customers relative to Hydro One's proposal.

If it is confirmed that Hydro One's request to discontinue the ICM rate rider and the ICM regulatory account has been granted, Hydro One requests that the Tariffs of Rates and Charges (Attachments 11, 12 and 13) submitted by Hydro One with its DRO, on January 13, 2022 be approved as filed. In addition, Hydro One requests that OEB staff update Tabs 19 and 20 of the Rate Generator Model for Woodstock, specifically to exclude the ICM rate rider from the Final Tariff Schedule in Tab 19 and to remove the ICM rider from Tab 20 Bill Impacts, as the Rate Generator Model is locked from editing.

3.0 IMPLEMENTATION MATTERS

Hydro One requests a Final Rate Order from the OEB clarifying the above matter to provide greater certainty with respect to its approval to discontinue the Woodstock ICM rate rider, and to discontinue the Woodstock Account 1508 – subaccount ICM in this proceeding. As previously noted in the DRO,

³ OEB Staff Submission, November 19, 2021, p. 11

⁴ Hydro One Reply Submission, December 6, 2021, p. 2

⁵ EB-2021-0033, Decision and Order, December 16, 2021, p. 13

⁶ OEB staff submission on the DRO, January 18, 2022, p. 2

Hydro One requests that a Final Rate Order be received no later than January 27, 2022, in order to implement its 2022 rates on February 1, 2022.

In the event the OEB is unable to issue a Final Rate Order by January 27, Hydro One believes that a March 1, 2022 implementation date would be appropriate. Hydro One would then be able to provide the adjusted forgone revenue riders, Group 2 DVA riders and LRAMVA riders for the OEB's approval, as required.