



February 8, 2022

Ms. Nancy Marconi
Acting Registrar
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Re: EB-2021-0110 Hydro One Networks Inc. 2023-2027 Joint Transmission & Distribution Rate Application
AMPCO's Comments: Hydro One Evidence Update and Schedule

Dear Ms. Marconi:

In its letter dated February 7, 2022, Hydro One requests the postponement of the settlement conference from February 7 to April 4, 2022, to allow Hydro One to make amendments to its application and evidence to reflect the impact of inflation on the application.

Scope of Update

Hydro One's investment plan was prepared using forecasted inflation rates as of 2020 to build its capital and OM&A costs from 2021 to 2027. As a result of higher inflation rates in Q4 2021 and 2022, Hydro One's position is that it will not be able to achieve the associated volumes of work since the full inflationary impacts in 2021 and 2022 are not reflected in the 2023 forecasted amounts. Hydro One indicates this will have a cumulative effect throughout the rate period as forecast OM&A and capital expenditures will start from an inappropriate base amount in 2023. Hydro One expects the amendment to include amendments to OM&A and capital at the envelope level, together with associated bill impacts.

As a result of the proposed evidence update, the pre-filed evidence including most of the material investment summary documents^{1 2} that contain program/project cost details that form the basis of the 2021 to 2027 capital spend forecasts, as well as the interrogatory responses and technical conference undertakings related to 2021 to 2027 capital & OM&A costs, will be incorrect, outdated and inconsistent with the evidence update and the increase in revenue requirement Hydro One will be seeking to recover from customers. In AMPCO's view the scope of Hydro One's evidence update at the envelope level is insufficient. AMPCO submits Hydro One should be required to update all impacted exhibits, interrogatories and technical conference undertakings that flow from the proposed amendments including revenue requirement, cost allocation, rate design and detailed bill impact calculations. A more comprehensive update will allow for an adequate and meaningful analysis of updated underlying costs in order to set rates. Further, 2021 actual cost data will be available to Hydro One and should be included in the evidence update.

Separate and apart from this inflation amendment, Hydro One is proposing to provide a mechanistic update to its load forecast and may also be seeking to file brief reply evidence from Clearspring in response to the

¹ Distribution: Exhibit B-3-1 Section 3.11

² Transmission: Exhibit B-2-1 Section 2.11

evidence recently received from PEG. AMPCO submits this represents selective updating and Hydro One should not be allowed to selectively update its evidence.

Updated Schedule

Hydro One proposes a revised schedule related to the proposed evidence update which is included at Appendix A to Hydro One's letter. Hydro One proposes to submit its evidence update on March 14, 2022.

AMPCO submits until the evidence update is filed and the extent and impact of the proposed amendments are known, it is very difficult for the OEB to set a new schedule. Having said that, AMPCO notes that Hydro One's proposed schedule allows parties one week over March Break to review and consider the updated evidence and prepare and file interrogatories on March 21, 2022. Similarly, one week is proposed for Hydro One to respond to interrogatories (March 28, 2022) and an additional week is provided for parties to consider the interrogatory responses in advance of the Settlement Conference on April 4, 2022. AMPCO submits given the high level nature of Hydro One's proposed evidence update and the potential for numerous interrogatories seeking to fill gaps in the evidence update, these timelines seem unreasonable.

Best Regards,

A handwritten signature in blue ink, appearing to read 'Colin Anderson', with a stylized flourish at the end.

Colin Anderson
President

Copy to: Hydro One Networks Inc.