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May 2, 2022

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Marconi,

RE: EB-2021-0110 - London Property Management Association Interrogatories on Updated Evidence – Hydro One Networks Inc.

Please find attached the interrogatories of the London Property Management Association related to the updated evidence in the above noted proceeding.

Yours very truly,

Randy Aiken

Digitally signed by Randy Aiken
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Date: 2022.05.02 11:50:23 -04'00'

Randy Aiken
Aiken & Associates

c.c. Hydro One Networks Inc., Regulatory Affairs

EB-2021-0110

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

INTERROGATORIES OF THE LONDON PROPERTY MANAGEMENT ASSOCIATION

O-LPMA-29

Ref: Ex. O, Tab 1, Schedule 2, page 4

Please explain why Hydro One engaged Scotia to forecast Ontario CPI for 2022 and 2023 and is using only one source for the Ontario inflation forecast (January 2022 Scotia forecast) rather than a consensus of other provincial forecast providers?

O-LPMA-30

Ref: Ex. O, Tab 1, Schedule 2, page 9

a) Please calculate the proration figure assuming an Ontario inflation rate of 4.7% in 2022 and 2.5% in 2023.

b) Please provide a version on Table 3 that reflects the proration factor from part (a).

O-LPMA-31

Ref: Ex. O, Tab 1, Schedule 2, page 16

a) Based on the illustrative timelines attached to Procedural Order No. 5, a decision would be released by March 28, 2023, regardless of whether no settlement or a partial settlement was achieved. The draft rate order would then be filed in mid April, 2023. What is the latest date that Hydro One expects the final inflation rate for 2022 to be available to be incorporated into the draft rate order?

b) Please explain fully why Hydro One believes it should be protected against forecast error for 2022 inflation and why an updated inflation rate at the time the DRO should be used for 2023?

O-LPMA-32

Ref: Ex. O, Tab 1, Schedule 2, pages 36-40 & Attachment 1

As part of the updated evidence, Hydro One proposes to update the inflation rate for 2022 and 2023 to reflect information available as part of the draft rate order process. This would change the OM&A and in-service capital additions (and rate base) for 2023, as well as impact the 2023 total capital revenue requirement and the total revenue requirement shown in tables 26 and 28.

a) Does Hydro propose to update the calculation of the capital factors for both transmission and distribution as a result of any update to the inflation rates for 2022 and 2023 used in the draft rate order process? If not, please explain fully why not.

b) Please provide versions of Tables 26 through 29 that reflect an inflation rate of 6.3% for 2022 and 3.3% for 2023, as forecast in the Scotiabank Global Economics report found in Exhibit O, Tab 1, Schedule 2, Attachment 1.

O-LPMA-33

Ref: Ex. O, Tab 1, Schedule 2, page 36

At the bottom of page 36 the following statement is made: *"In light of the unprecedented levels of inflation currently being seen, Hydro One wishes to clarify that the Capital factor would not become negative in the case of exceptionally high inflation."*

a) Is the inflation factor being referred to here the inflation factor adjustments for 2022 and 2023 that are proposed as part of the draft rate order process or the Board approved inflation factor that would be used to adjust the custom revenue cap index for 2024 through 2027?

b) Please provide an example of a situation in which exceptionally high inflation could cause the capital factor to be negative.

O-LPMA-34

Ref: Ex. O, Tab 1, Schedule 2, Attachments 3A & 3B

Please updated the tables in Attachments 3A and 3B to reflect actual data for 2021.

O-LPMA-35

Ref: Ex. O, Tab 1, Schedule 2, Attachments 4A through 4H & Ex. O, Tab 2, Schedule 1

Please update any tables in Attachments 4A through 4H that have not been updated to include actual data for 2021 in the tables found in Ex. O, Tab 2, Schedule 1.

O-LPMA-36

Ref: Ex. O, Tab 1, Schedule 2, Attachment 5

a) Please explain why the distribution revenue at current rates is the same for the application update as it is for the initial application in Attachments 5F, 5G, 5H, 5I and 5J when the distribution load forecast has been decreased.

b) What impact does this lack of a reduction in the distribution revenue at current rates as part of the update have on the calculation of the revenue deficiency in each of 2023 through 2027? Please provide a table that shows the revenue deficiency, as filed that excludes the impact on the load forecast, and the revenue deficiency including the impact of the reduced load forecast.

O-LPMA-37

Ref: Ex. O, Tab 1, Schedule 2

a) Do the tables in Attachments 6A, 6B and 6C reflect actual 2021 figures? If not, please update the tables to reflect actual data for 2021.

b) Please update the tables on pages 1 and 3 of Attachment 8 to reflect actual data for 2021.

c) Please update the tables in Attachment 9 to reflect actual CCA calculations for 2021, along with the flow through changes to the subsequent years.

O-LPMA-38

Ref: Ex. O, Tab 1, Schedule 3, Table 3

Does Table 3 include actual or forecast data for 2021? If forecast, please add lines in Table 3 that reflect actual data for 2021.

O-LPMA-39

Ref: Ex. O, Tab 1, Schedule 3, Table 6

Do the figures in Table 6 for 2021 reflect actual data? If not, please provide the actual GWh delivered and the actual number of distribution customers for 2021. Please also provide the actual normalized weather GWh delivered in 2021.

O-LPMA-40

Ref: Ex. O, Tab 1, Schedule 3, Table 14

If not already included in Table 14, please provide actual weather corrected data for 2021.

O-LPMA-41

Ref: Ex. O, Tab 1, Schedule 3 & Ex. O, Tab 1, Schedule 6 (Ex. JT-VECC-TCQ-04) & Ex. D, Tab 3, Schedule 1

The evidence in the update to JT_VECC_TCQ-04 (part (f), states that the "Other" column has been adjusted downwards relative to the pre-filed evidence in view of a declining optimism regarding the future state of the economy (as compared to optimistic recovery in short run assumed in the pre-filed evidence). The response also indicates that higher inflation and supply constraints would lead to an increase in interest rates, leading to slower economic growth than expected in the pre-filed evidence.

a) Please provide the reduction by year in the "Other" column noted in the updated response to JT_VECC_TCQ_04.

b) Please explain why Hydro One made the above noted adjustment related to the change in economic growth while not updating the transmission or distribution load forecasts to reflect changes in the economy from the as-filed evidence, which according to Appendix A in Exhibit D, Tab 3, Schedule 1, is not more than a full year out of date as it was updated on Feb. 3, 2021.

c) Please provide an update to Appendix A of Exhibit D, Tab 3, Schedule 1 to reflect the most recent forecasts currently available.

d) Please add a line to both the GDP forecast and the Ontario housing starts forecast that reflects the April 28, 2022 Ontario government budget forecasts (including historical data for 2019 through 2021).

e) Please provide updated Tables 1 & 16 (and any other relevant tables) if the transmission forecast is updated to reflect both historical and forecast changes:

i) the updated average forecast in Appendix A as requested above in part (c);
ii) the updated forecast from the Ontario government budget as requested in part (d) above.

f) Please confirm that based on the Ontario government budget forecast and actuals for 2020 through 2023, the level of economic activity is higher than that forecast by Hydro One in the as-filed evidence. If this cannot be confirmed, please show the calculations that support this claim.

O-LPMA-42

Ref: Ex. O, Tab 1, Schedule 4

If the OEB were to determine that the revenue requirement should be reduced relative to the application originally filed, how does Hydro One propose to deal with the incremental revenue requirement associated with the increase in inflation and the decrease in the load forecast? In particular, would all of the associated increases be deferred, or would a portion of the increase in revenue requirement be recovered in proposed rates (i.e. up to the original level) and any excess in revenue requirement from inflation and load adjustments be deferred?

O-LPMA-43

Ref: Ex. O, Tab 1, Schedule 4

Is Hydro One requesting that the Board approve the transmission and distribution revenue requirements associated with the as-filed evidence, the updated evidence, or both? Please explain fully.

O-LPMA-44

Ref: Ex. O, Tab 1, Schedule 4

Please provide versions of Tables 1 & 2 that would reflect Board decisions of a reduction of $10 million in revenue requirement (for both transmission and distribution) assuming that the reduction in the approved revenue requirement is based on:

a) the as-filed evidence;

b) the updated evidence.

O-LPMA-45

Ref: Ex. O, Tab 1, Schedule 5

a) What interest rate was used in 2013 through 2020 in the calculation of the accrued interest shown in Table 1?

b) What interest rate was used for 2021 and 2022 in the calculation of the carrying charges for 2021 and 2022?

c) If any of the interest rates identified in parts (a) and (b) are different than the prescribed interest rates set by the OEB for deferral and variance accounts, please explain the reason for the difference and provide an updated Table 1 that reflects the OEB approved rates (assuming the Q2 2022 rate is applied through to the end of 2022).

d) Please add a column to Table 2 that reflects actual data for 2021.