

May 2, 2022

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street
P.O. Box 2319
Toronto, Ontario
M4P 1E4

Dear Ms Marconi:

EB-2021-0110 – Hydro One Networks Inc. – Transmission and Distribution – 2023-2027 – Evidence Update

Please find, attached, interrogatories on behalf of the Consumers Council of Canada for Hydro One Networks Inc. pursuant to the above-referenced proceeding.

Please feel free to contact me if you have questions.

Yours truly,

Julie E. Girvan

Julie E. Girvan

CC: All parties

INTERROGATORIES FOR HYDRO ONE NETWORKS INC.

FROM THE CONSUMERS COUNCIL OF CANADA

RE:EB-2021-0110

EVIDENCE UPDATE – MARCH 31, 2022

O-CCC-45

Re: Ex. O/T1/p. 2

Please provide all correspondence provided to HON's Board of Directors and Senior Leadership Team regarding inflation impacts for the 2023-2027 rate period. Please indicate when HON made the decision to request that the settlement conference be deferred pending an evidence update to reflect the impact of inflation on its proposed Investment Plan. Was this decision subject to Board of Directors approval?

O-CCC-46

Re: Ex. O/T1/p. 2

The evidence states that HON's five-year Investment Plans for transmission and distribution used a 2% Ontario Consumer Price Index (CPI) assumption. Please explain, in detail how the 2% CPI was used in determining the Investment Plans.

O-CCC-47

Re: Ex. O/T1/p. 3

HON has provided the impacts on the 2023 revenue requirements for transmission resulting from the CPI inflation forecasts provided by Scotia Capital. The impacts for transmission and distribution are \$26.1 and \$36.7 million respectively. The evidence states that a further update was provided in March indicating that the 2022 inflation forecast is now 6.3% (previously 4.5%). What are the impacts on the 2023 revenue requirements resulting from this change?

O-CCC-48

Re: Ex. O/T1/p. 3

The evidence states that HON is proposing to defer the Transmission and Distribution revenue requirement increases arising from the higher assumed inflation to the next rate period. The incremental revenue requirements associated with this inflation update will be recorded in deferral accounts for recovery in 2028. As a result, there will be no material changes to the proposed transmission or distribution rates for the 2023-2027 rate period due to the proposed changes in inflation assumptions. Please explain the extent to which HON considered other options to address inflationary pressures. For example, did HON consider project reprioritization? Did HON look for projects to defer? If not, why not. If so, please explain what options were considered and why they were rejected.

O-CCC-49

Re: Ex. O/T1/p. 4

O-CCC-50

RE: Ex. O/T1/pp. 1-4

Please explain why HON has essentially provided a “selective update” with respect to its Application. The updates are related to changes in inflation and changes in the IESO’s Conservation and Demand Management (CDM) forecasts that impact the load forecasts. In addition, there is a update regarding he External Station Maintenance, E&CS and Other External Revenues Account (a correction). Did HON consider updating other components of its Application? If so, please discuss what was considered. If not, why have the updates been limited to the impacts resulting from changes to inflation and CDM?

O-CCC-51

Re: Ex. O/T1/S2/p. 6

The evidence discusses the fact that essential commodities have a significant impact on HON’s costs. Equipment purchased by HON like power transformers, breakers and tower steel is heavily impacted by certain raw material indices such as copper aluminium and steel which have undergone price increases and supply shortages. In addition, shipping costs have contributed to price inflation. Shipping issues have resulted in limited supplies. Please explain the extent to which these factors may contribute to HON’s ability to complete its capital plans as proposed. Please provide any studies or reports that HON has produced or relied on regarding commodity price increases and supply costs and the potential impact on its plans.

O-CCC-52

Re: Ex. O/T1/S2/p. 15

The evidence states that it is important for the distribution management program to be sustained as proposed to target vegetation defects in a timely manner. Please indicate what factor may cause delays or interruptions in the vegetation management program.

O-CCC-53

Re: Ex. O/T1/S2/p. 16

HON is proposing that as part of the Draft Rate order process it will update the inflation forecast for 2022 and 2023.

1. What process is HON proposing that will allow OEB Staff, Intervenors and the OEB to provide input/submissions regarding those updates?
2. Why should HON’s ratepayers bear all of the inflation risk going forward?

O-CCC-54

Re: Ex. O/T1/S2/pp. 18-19

Please recast the following tables and provide the actual 2021 and the 2022 forecast numbers. Table 6 – Summary of Transmission Recoverable OM&A Expenses and Table 7 – Summary of Distribution Recoverable OM&A Expenses.

O-CCC-55

Re: Ex. O/T1/S2/pp. 20-22

Please recast the following tables and provide the 2021 actual and 2022 forecast numbers.
Table 8 – Updated Transmission Capital Expenditures for 2023-2027 and Table 10 – Updated Distribution Capital Expenditures for 2023-2027.

O-CCC-56

Re: Ex. O/T1/S2/pp. 23 and 24

Please recast the following Tables to include 2021 actuals and 2022 forecast. Table 12- Updated Capital in-Service Additions for 2023-2027 and Table 14 – Updated Distribution Capital In-Service Additions for 2023-2027.

O-CCC-57

Please provide the 2021 actual numbers and 2022 updated forecast for the following interrogatories posed on behalf of the Consumers Council of Canada.

- CCC-8
- CCC-12
- CCC-25
- CCC-33