



BY EMAIL and RESS

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Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
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May 2, 2022
Our File: EB20210110

Attn: Nancy Marconi, Registrar

Dear Ms. Marconi:

Re: EB-2021-0110 – Hydro One Joint Rate Application – Supplementary Interrogatories

We are counsel to the School Energy Coalition (“SEC”). Attached, please find a copy of SEC’s supplementary interrogatories in the above-captioned matter.

Yours very truly,
Shepherd Rubenstein P.C.

Mark Rubenstein

cc: Ted Doherty, SEC (by email)
Applicant and intervenors (by email)

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15 (Schedule B);

AND IN THE MATTER OF an application by Hydro One
Networks Inc. for an order or orders made pursuant to section 78
of the Act, approving or fixing just and reasonable rates for the
transmission and distribution of electricity.

SUPPLEMENTARY INTERROGATORIES

ON BEHALF OF THE

SCHOOL ENERGY COALITION

O-SEC-241

[O-1; A-4-1, Attachment 1] Please update the results of the Clearspring Energy Advisor’s *Benchmarking and Productivity Research for Hydro One Networks’ Joint Rate Application* report to reflect the updated evidence (i.e. changes to forecast costs, inflation, load forecast), and 2021 actual information.

O-SEC-242

[O-1-1] Please provide a copy of all materials provided to the Hydro One Board of Directors and/or any member of its Executive Leadership Team regarding impacts of inflation in 2021, 2022 and through the rate application period (2023-2027).

O-SEC-243

[O-1-1; A-CCC-1, Attach 1] Considering the impacts noted in the updated evidence, please provide a copy of any changes, revisions, amendments, or updates to the Hydro One business plan.

O-SEC-244

[O-1-1] Please provide a copy of the most recent version of all third-party economic and price forecasts that Hydro One has in its possession or access to (e.g. Consensus Forecast, etc.).

O-SEC-245

[O-1-1, p.2] Hydro One states that its investment plans “used a 2% Ontario Consumer Price Index (CPI) assumption for all forecast years.” Please provide a reference in the existing evidence, or some other document, where it is shown that the inflation included in the Hydro One investments plan was based on Ontario CPI.

O-SEC-246

[O-1-1, p.3] Hydro One states the updated Scotiabank inflation forecasts show that inflation will reach 6.3% in 2022 and 3.3% in 2023. Please provide an updated annual revenue requirement for each of transmission and distribution based on these updated forecasts.

O-SEC-247

[O-1-1, p.5] With respect to the updated load forecast:

- a. Please confirm that the IESO 2021 APO included a forecast 2023 to 2027 net energy demand that was higher than that forecast in the 2020 APO.
- b. Please provide the difference in forecast net energy demand between the two APOs.
- c. Please confirm that Hydro One has not proposed any changes to its load forecast to reflect the IESO higher forecast provincial demand.

O-SEC-248

[O-1-2, p.6,7] Hydro One discussed the significant price escalation in material and services, especially that of steel, copper, aluminum and transportation. Please provide further details regarding Hydro One's strategy to actively manage these commodity related cost increases.

O-SEC-249

[O-1-2] SEC understands that some Ontario electricity utilities have had significant problems sourcing and procuring in a timely fashion certain capital equipment due to supply chain challenges. Please provide Hydro One's experience sourcing necessary equipment, and how this may impact the execution of its proposed transmission and distribution capital plans. In your response, please specify which capital programs have and are forecast to be impacted by any supply chain challenges.

O-SEC-250

[O-1-2, p.7] Hydro One discusses that it manages some commodity risk through long-term contracts that often have price adjustment clauses with defined formula and industry references. For each of Hydro One's 5 most significant materials contracts (in terms of monetary value per year), please provide specific details regarding the price adjustment clauses in each of those contracts.

O-SEC-251

[O-1-2, p.7] Table 2 provides a list of the inflation risk for the top ten material and service categories. Please provide the annual value of each category of costs, for each of distribution and transmission.

O-SEC-252

[O-1-2, p.16] Hydro One proposed a deferral account mechanism to defer recovery of the impacts of the updated evidence until 2028:

- a. Please provide details regarding over what period of time Hydro One proposed to collect the deferred amounts.
- b. Please provide updated cost allocation models, rate design, and bill impacts for all rate classes for both distribution and transmission, if the OEB denies the deferral proposal.
- c. Please explain any changes to the proposed ESM calculations between 2023 and 2027, in light of the proposed deferral recovery mechanism, which will result in a mismatch in each year between approved costs and revenue. If Hydro One proposes any changes, please provide an illustrative example of the revised calculations.

O-SEC-253

[O-1-2, p.17, 37, 39] Hydro One proposes to update the 2022 and 2023 inflation numbers at the DRO stage, but to cap the cumulative inflation for those years at 10%. Please update the Custom IR tables

(i.e. Tables 26 and 28) to reflect a 10% cumulative inflation over 2022 and 2023. Please also provide the tables in Excel format.

O-SEC-254

[O-1-2, p.18] For each of Hydro One’s transmission and distribution business, and for each of capital and OM&A please provide for, for each year between 2021 and 2027, the annual budgets/actuals broken down into the following categories:

- a. Labour costs subject to existing collective agreements
- b. All other labour costs
- c. Non-labour costs subject to existing fixed price contracts
- d. Non-labour costs subject to existing variable price contracts
- e. All other costs

O-SEC-255

[O-1-2, p.37, 39] Hydro One has used the 2020 OEB Inflation Factor, in the calculation of the 2024-2027 C-Factor for each of transmission and distribution business:

- a. Please explain why Hydro One has not updated the amount to reflect the OEB’s more up to date Inflation Factor.
- b. Does Hydro One plan to update that Inflation Factor as part of the DRO stage in this proceeding (for example, to reflect the OEB’s 2022 Inflation Factor)?

O-SEC-256

[O-1-2, Attachment 4A] In Attachment 4A (Revised Appendix 2-AB), Hydro One states in a footnote that for the system service category, the 2019-2022 actuals exclude certain new transmission facilities. For each year between 2019 and 2022, please provide the total expenditures for these same new facilities, included in the ‘plan’ amounts.

O-SEC-257

[O-1-2, Attachment 1] With respect to the Scotiabank Inflation Report:

- a. [p.2] Please provide further details regarding the Scotiabank model used to forecast CPI, including details regarding how the model calculates the forecast, and a list of all assumptions and input used, and the basis for them.
- b. [p.2] Please provide Chart 3 in tabular form.
- c. [p.2] Scotiabank states that “the resulting model offers a reasonable statistical ‘fit’ to actual recent inflation.” Please provide the R^2 calculation and other metrics used to measure statistical fit.
- d. Please provide Scotiabank’s most up to date inflation forecast for each year between 2022 and 2027.

O-SEC-258

[O-1-2, Attachment 2] Please expand Attachment 2 to include 2017-2022 information (2017-2020 actuals and forecast 2022 information). Please provide an Excel version in your response.

O-SEC-259

[<https://www.powerflex.com/blog/powerflex-partners-with-hydro-one-limited-to-expand-operations-into-canada/>] On March 30th, 2022, PowerFlex and Hydro One announced an agreement to co-develop DERs in Ontario, starting with “joint ownership of two Battery Energy Storage Systems (BESS) projects, totaling 20 MWh in Ontario.”:

- a. Please provide further details regarding the agreement and the two projects motion in the news release.
- b. Please explain how projects relate to proposed distribution battery storage projects included in Energy Storage Solution investment (D-SS-04).

O-SEC-260

[O-2-1] Please confirm Hydro One is not seeking to update the 2023 transmission or distribution opening rate base to reflect 2021 actuals.

O-SEC-261

[O-2-1] Has Hydro One undertaken any analysis to determine the actual inflationary impact on its 2021 costs? If so, please provide details and a copy of any such analysis.

O-SEC-262

[O-2-1, p.7] Hydro One states that its higher than expected transmission OM&A in 2021, “was mostly driven by project write-offs and COVID-19 related expenditures that were not previously forecasted”. Please provide both the total, and incremental amounts as compared to budgeted, for each of these two categories of costs.

O-SEC-263

[O-2-1; B2-SEC-99; JT 1.12] Please provide the 2021 Transmission Capital Performance Report based on 2021 Actuals.

O-SEC-264

[O-2-1; B2-SEC-145; JT 2.24] Please provide the 2021 Distribution Capital Performance Report based on 2021 Actuals.

O-SEC-265

[O-2-1] Please update the following interrogatories and undertaking responses to include 2021 year-end actuals and any changes to the 2022 forecast:

- a. B2-SEC-83
- b. B2-SEC-84
- c. B2-SEC-85
- d. B2-SEC-86
- e. B2-SEC-109
- f. B2-SEC-111
- g. B2-Staff-59
- h. B1-AMPCO-14
- i. JT1.13

O-SEC-266

[O-2-1] Please update the following interrogatory responses to include 2021 year-end actuals and any changes to the 2022 forecast:

- a. B3-SEC-131
- b. B3-SEC-132
- c. B3-SEC-133
- d. B3-SEC-150
- e. B3-SEC-151
- f. B3-AMPCO-95

Respectfully submitted on behalf of the School Energy Coalition, this May 2, 2022.

Mark Rubenstein
Counsel for the School Energy Coalition