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By electronic filing

May 2, 2022

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

Dear Ms. Marconi

**Re: Hydro One Networks Inc. (“Hydro One”)
2023-2027 Transmission and Distribution Rates
Board File #: EB-2021-0110**

Please find attached Canadian Manufacturers and Exporter’s interrogatories in the above-noted proceeding pursuant to Procedural Order #5 dated April 14, 2022.

Yours very truly

A handwritten signature in blue ink, appearing to read 'Scott Pollock', is written over a light blue horizontal line.

Scott Pollock
SP/tb

c. Mathew Wilson & Allison Bernholtz (CME)
Hydro One and Intervenors EB-2021-0110

ONTARIO ENERGY BOARD

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

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.

**INTERROGATORIES OF
CANADIAN MANUFACTURERS & EXPORTERS (“CME”)
TO HYDRO ONE NETWORKS INC. (“HONI”)**

Interrogatory CME-1

Ref: Exhibit O, Tab 1, Schedule 1, p. 2 of 10; Exhibit O, Tab 1, Schedule 2, p. 17.

At Schedule 1, p. 2, HONI stated “With evolving circumstances continuing to impact forecast inflation levels (and the trend) for 2022 and 2023, Hydro One has developed an approach to help protect its customers from the impacts of this uncertainty on their electricity transmission and distribution rates and to deliver on our public commitments by deferring the recovery of approved revenue requirements that reflect the updated inflation assumptions impacting capital and OM&A forecasts.”

At Schedule 2, p. 17, HONI states:

“If the cumulative inflation for 2022 and 2023 exceeds 10%, Hydro One will aim to manage its work program to the capped amount through investment reprioritization and redirection and will adjust the outcomes outlined in TSP Section 2.5 and DSP Section 3.5 accordingly.”

- (a) Why did HONI determine that it was appropriate to begin reprioritization and redirection of capital budgets with a cumulative inflation of 10%?
- (b) Were other thresholds considered to trigger reprioritization and redirections? Please explain fully.
- (c) Were any other approaches considered to help protect HONI’s customers from the impact of inflation on HONI’s revenue requirement request for 2024 and onwards? For instance, did HONI consider curtailing or reducing its capital investment plan in order to attempt to offset some of the increase caused by higher inflation for those years?
- (d) If the answer to (c) is no, why not?
- (e) If the answer to (c) is yes, please outline what other options were considered and why HONI felt deferral was the most appropriate response.

Interrogatory CME-2

Ref: Exhibit O, Tab 1, Schedule 1, p. 2 of 10; Exhibit O, Tab 1, Schedule 3, p. 1 of 16.

At p. 2, HONI stated: “The 2021 APO contains materially higher forecasts for CDM in Ontario, averaging a 19% increase in CDM compared to the forecast used in the pre-filed evidence over the test period (2023-2027). As a result of the change in the IESO’s CDM forecast, from its 2020 APO to its 2021 APO, the CDM assumptions used to establish Hydro One’s load forecasts for both transmission and distribution have become outdated. Updating the CDM assumptions in Hydro One’s load forecasts has a material impact on the load forecasts for both distribution and transmission, which must be taken into account to ensure that the billing determinants underpinning rates appropriately allow for recovery of Hydro One’s approved rates revenue requirements.”

- (a) Please confirm whether HONI reviewed any other aspects of load forecasting, for instance, load growth due to population growth forecasts or increased electrification to determine whether those inputs of the load forecast should also be updated.
- (b) If the answer to (a) is no, please explain why not.
- (c) If the answer to (a) is yes, please describe what other factors HONI reviewed, and why it decided not to include them in this update.