

Hydro One Networks Inc.

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**Kathleen Burke**

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**BY EMAIL AND RESS**

May 24, 2022

Ms. Nancy Marconi  
Registrar  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street  
P.O. Box 2319  
Toronto, ON M4P 1E4

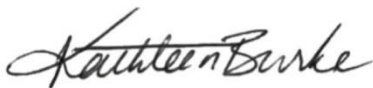
Dear Ms. Marconi,

**EB-2021-0110 – Custom IR Application (2023-2027) for Hydro One Networks Inc. Transmission and Distribution – Inflation Update Interrogatory Responses**

Further to Hydro One's letter dated May 16, 2022, Hydro One filed its responses to interrogatories and committed to responding to I-14-O-LPMA-037 forthwith. Attached here please find our response to interrogatory I-14-O-LPMA-037.

An electronic copy of this response has been submitted using the Board's Regulatory Electronic Submission System.

Sincerely,



Kathleen Burke

cc: EB-2021-0110 parties

**O - LPMA INTERROGATORY - 037**

**Reference:**

Exhibit O-1-2

**Interrogatory:**

- 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.

**Response:**

- a) Please see Attachments 1 and 2 appended to this interrogatory for the updated continuity schedules on Continuity of Property, Plant and Equipment (Attachment 6B of Exhibit O-01-02) and Accumulated Depreciation (Attachment 6C of Exhibit O-01-02) inclusive of 2021 actuals.

Hydro One notes that the statement of utility rate base (Attachment 6A of Exhibit O-01-02) as originally filed in the Application did not include 2021 actuals. As the 2023 opening rate base continues to remain appropriate for rate setting purposes, Hydro One did not update Attachment 6A.

- b) Please see Attachment 3 appended to this interrogatory on Depreciation and Amortization Expenses (Attachment 8 of Exhibit O-01-02).
- c) Hydro One notes that the 2021 actual CCA calculations are not available at this time as this information is in the process of being finalized for the 2021 corporate income tax return filing due June 30, 2022.

Filed: 2022-05-24  
EB-2021-0110  
Exhibit I  
Tab 14  
Schedule O-LPMA-037  
Page 2 of 2

1

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**HYDRO ONE NETWORKS INC.**  
**TRANSMISSION**

Continuity of Property, Plant and Equipment

Historical (2018, 2019, 2020, 2021-Forecast), Bridge (2022) & Test (2023-2027) Years

Year Ending December 31

Total - Gross Balances

(\$M)

Line No.	Year	Opening Balance	Additions	Retirements	Sales	Transfers In/Out	Closing Balance	Average
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
<u>Historical</u>								
1	2018	17,076.7	1135.6	(10.9)	(15.9)	(0.5)	18,185.0	17,630.8
2	2019	18,185.0	959.5	(59.7)	(6.9)	15.8	19,093.7	18,639.3
3	2020	19,093.7	944.3	(59.9)	(15.5)	6.8	19,969.4	19,531.5
4a	2021-Forecast	19,969.4	1006.0	(51.1)		9.0	20,933.2	20,451.3
4b	2021	19,969.4	997.3	(32.1)	(9.4)	(26.9)	20,898.3	20,433.9
<u>Bridge</u>								
5	2022	20,933.2	1381.6	(53.8)		1.0	22,262.1	21,597.7
<u>Test</u>								
6	2023	22,262.1	1368.1	(68.1)		1.0	23,563.1	22,912.6
7	2024	23,563.1	1332.4	(66.4)		1.0	24,830.2	24,196.7
8	2025	24,830.2	1710.3	(72.0)		1.1	26,469.6	25,649.9
9	2026	26,469.6	1280.3	(63.9)		1.1	27,687.1	27,078.4
10	2027	27,687.1	1599.8	(56.8)		1.1	29,231.2	28,459.2

**HYDRO ONE NETWORKS INC.**  
**DISTRIBUTION**

Continuity of Property, Plant and Equipment

Historical (2018, 2019, 2020, 2021-Forecast), Bridge (2022) & Test (2023-2027) Years

Year Ending December 31

Total - Gross Balances

(\$M)

Line No.	Year	Opening Balance	Additions	Retirements	Sales	Transfers In/Out	Closing Balance	Average
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
<u>Historical</u>								
1	2018	11,624.1	627.8	(181.8)	(36.1)	(5.1)	12,028.9	11,826.5
2	2019	12,028.9	585.1	(60.2)	(13.6)	9.2	12,549.5	12,289.2
3	2020	12,549.5	668.1	(56.8)	(16.7)	6.9	13,150.9	12,850.2
4a	2021-Forecast	13,150.9	700.1	(116.2)	0.0	6.8	13,741.6	13,446.3
4b	2021	13,150.9	710.8	(59.5)	(7.0)	23.3	13,818.6	13,484.7
<u>Bridge</u>								
5	2022	13,741.6	656.4	(108.3)	-	0.8	14,290.5	14,016.1
<u>Test</u>								
6	2023	14,490.3	970.9	(173.7)	-	0.9	15,288.4	14,889.3
7	2024	15,288.4	1,027.3	(180.6)	-	0.9	16,136.0	15,712.2
8	2025	16,136.0	1,203.4	(201.8)	-	0.9	17,138.5	16,637.2
9	2026	17,138.5	1,061.2	(187.9)	-	0.9	18,012.7	17,575.6
10	2027	18,012.7	1,107.8	(178.1)	-	0.9	18,943.3	18,478.0

2018-2022 figures refer only to Hydro One Distribution excluding Acquired Utilities (Norfolk, Haldimand and Woodstock). 2023-2027 figures are presented on a combined basis including Acquired Utilities.

2023 Opening Balance reflects the integration of Acquired Utilities.

**HYDRO ONE NETWORKS INC.**  
**TRANSMISSION**

Continuity of Property, Plant and Equipment - Accumulated Depreciation  
Historical (2018, 2019, 2020, 2021-Forecast), Bridge (2022) & Test (2023-2027) Years  
Year Ending December 31  
Total - Gross Balances  
(\$M)

Line No.	Year	Opening Balance	Additions	Retirements	Sales	Transfers In/Out and Other	Closing Balance	Average
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
<u>Historical</u>								
1	2018	6,301.7	387.3	(10.9)	(14.6)	(1.4)	6,662.1	6,481.9
2	2019	6,662.1	406.6	(59.7)	(6.2)	0.5	7,003.2	6,832.7
3	2020	7,003.2	410.9	(59.9)	(7.4)	1.7	7,348.6	7,175.9
4a	2021-Forecast	7,348.6	440.2	(51.1)			7,737.6	7,543.1
4b	2021	7,348.6	430.6	(32.1)	(3.4)	0.1	7,743.7	7,546.1
<u>Bridge</u>								
5	2022	7,737.6	461.2	(53.8)			8,145.1	7,941.3
<u>Test</u>								
6	2023	8,145.1	481.8	(68.1)			8,558.7	8,351.9
7	2024	8,558.7	509.3	(66.4)			9,001.6	8,780.2
8	2025	9,001.6	538.2	(72.0)			9,467.9	9,234.8
9	2026	9,467.9	566.6	(63.9)			9,970.5	9,719.2
10	2027	9,970.5	592.2	(56.8)			10,506.0	10,238.3

# HYDRO ONE NETWORKS INC.

## DISTRIBUTION

Continuity of Property, Plant and Equipment - Accumulated Depreciation  
Historical (2018, 2019, 2020, 2021-Forecast), Bridge (2022) & Test (2023-2027) Years  
Year Ending December 31  
Total - Gross Balances  
(\$M)

Line No.	Year	Opening Balance	Additions	Retirements	Sales	Transfers In/Out and Other	Closing Balance	Average
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
<u>Historical</u>								
1	2018	4,352.5	346.1	(181.8)	(30.9)	(0.0)	4,486.0	4,419.3
2	2019	4,486.0	351.7	(60.2)	(12.3)	(0.4)	4,764.8	4,625.4
3	2020	4,764.8	355.4	(56.8)	(14.6)	0.0	5,048.8	4,906.8
4a	2021-Forecast	5,048.8	370.2	(116.2)	0.0	0.0	5,302.8	5,175.8
4b	2021	5,048.8	362.7	(59.5)	(6.4)	0.2	5,345.9	5,197.3
<u>Bridge</u>								
5	2022	5,302.8	384.9	(108.3)	0.0	0.0	5,579.3	5,441.0
<u>Test</u>								
6	2023	5,609.8	402.9	(173.7)	0.0	0.0	5,838.9	5,724.3
7	2024	5,838.9	425.0	(180.6)	0.0	0.0	6,083.4	5,961.2
8	2025	6,083.4	460.6	(201.8)	0.0	0.0	6,342.2	6,212.8
9	2026	6,342.2	496.6	(187.9)	0.0	0.0	6,650.9	6,496.6
10	2027	6,650.9	528.7	(178.1)	0.0	0.0	7,001.5	6,826.2

2018-2022 figures refer only to Hydro One Distribution excluding Acquired Utilities (Norfolk, Haldimand and Woodstock). 2023-2027 figures are presented on a combined basis including Acquired Utilities.

2023 Opening Balance reflects the integration of Acquired Utilities.

**HYDRO ONE NETWORKS INC.**  
**TRANSMISSION**  
**Depreciation & Amortization Expenses**  
Historical Years (2018, 2019, 2020 and 2021-Forecast)  
Year Ending December 31  
(\$M)

Line No.	Particulars	2018		2019		2020		2021F		2021	
		Deprn Rate	Provision (\$M)	Deprn Rate	Provision	Deprn Rate	Provision	Deprn Rate	Provision (\$M)	Deprn Rate	Provision (\$M)
		(a)	(b)	(e)	(f)	(g)	(h)	(a)	(b)	(a)	(b)
<b><u>Depreciation Expenses</u></b>											
1	Major Fixed Assets	2.03%	362.3	2.04%	382.0	1.98%	386.7	2.02%	409.3	1.98%	406.3
2	Minor Fixed Assets	6.56%	25.0	6.32%	24.6	6.13%	24.2	7.84%	30.9	6.05%	24.3
3	Depreciation on Fixed Assets		<u>387.3</u>		<u>406.6</u>		<u>410.9</u>		<u>440.2</u>		<u>430.6</u>
4	Less Capitalized Depreciation		(13.0)		(13.1)		(14.4)		(14.5)		(14.5)
5	Asset Removal Costs		37.7		45.9		39.6		63.1		46.4
6	Losses/(Gains) on Asset Disposition		(0.5)		(0.5)		(2.4)		0.0		(9.0)
7	Total Depreciation Expenses		<u>411.5</u>		<u>438.9</u>		<u>433.7</u>		<u>488.8</u>		<u>453.5</u>
<b><u>Amortization Expenses</u></b>											
8	Environmental Costs		6.7		5.5		7.7		15.5		13.6
9	Other Regulatory Amortization		0.0		0.0		0.0		-		-
10	Other Amortization		0.0		0.0		0.0		-		-
11	Total Amortization Expenses		<u>6.7</u>		<u>5.5</u>		<u>7.7</u>		<u>15.5</u>		<u>13.6</u>
12	Total Depreciation & Amortization Expenses		<u>418.2</u>		<u>444.4</u>		<u>441.4</u>		<u>504.3</u>		<u>467.1</u>
13	Exclude Other Reg Amort		0.0		-		-		-		-
14	Depreciation & Amortization for recovery		<u>418.2</u>		<u>444.4</u>		<u>441.4</u>		<u>504.3</u>		<u>467.1</u>

2018-2020 Major/Minor average depreciation rate has been updated to appropriately reflect depreciation expense on fixed assets and intangible assets

**HYDRO ONE NETWORKS INC.**  
**DISTRIBUTION**  
**Depreciation & Amortization Expenses**  
Historical Years (2018, 2019, 2020 and 2021-Forecast)  
Year Ending December 31  
(\$M)

Line No.	Particulars	2018		2019		2020		2021F		2021	
		Deprn Rate	Provision (\$M)	Deprn Rate	Provision	Deprn Rate	Provision	Deprn Rate	Provision (\$M)	Deprn Rate	Provision (\$M)
		(a)	(b)	(e)	(f)	(g)	(h)	(a)	(b)	(a)	(b)
<b><u>Depreciation Expenses</u></b>											
1	Major Fixed Assets	2.62%	303.5	2.58%	312.1	2.50%	316.6	2.59%	335.6	2.43%	324.6
2	Minor Fixed Assets	9.19%	41.4	8.55%	39.6	8.26%	38.8	7.29%	34.5	7.97%	38.1
3	Depreciation on Fixed Assets		<u>344.9</u>		<u>351.7</u>		<u>355.4</u>		<u>370.1</u>		<u>362.7</u>
4	Less Capitalized Depreciation		(18.0)		(18.3)		(17.7)		(17.9)		(17.9)
5	Asset Removal Costs		50.6		53.8		59.3		54.8		57.9
6	Losses/(Gains) on Asset Disposition		(1.3)		(1.2)		(0.5)				(0.5)
7	Total Depreciation Expenses		<u>376.2</u>		<u>386.0</u>		<u>396.5</u>		<u>407.0</u>		<u>402.2</u>
<b><u>Amortization Expenses</u></b>											
8	Environmental Costs		14.4		15.5		14.3		13.4		15.0
9	Other Regulatory Amortization		0.0		0.0		0.0		0.0		0.0
10	Other Amortization		0.0		0.0		0.0				0.0
11	Total Amortization Expenses		<u>14.4</u>		<u>15.5</u>		<u>14.3</u>		<u>13.4</u>		<u>15.0</u>
12	Total Depreciation & Amortization Expenses		<u>390.6</u>		<u>401.5</u>		<u>410.8</u>		<u>420.4</u>		<u>417.2</u>
13	Exclude Other Reg Amort		3.9		4.3		4.4		4.1		4.0
14	Depreciation & Amortization for recovery		<u>386.7</u>		<u>397.2</u>		<u>406.4</u>		<u>416.3</u>		<u>413.2</u>

2018-2022 figures refer only to Hydro One Distribution excluding Acquired Utilities (Norfolk, Haldimand and Woodstock). 2023-2027 figures are presented on a combined basis including Acquired Utilities.

2018-2020 Major/Minor average depreciation rate has been updated to appropriately reflect depreciation expense on fixed assets and intangible assets