



Hydro One Networks Inc.

483 Bay Street
7th Floor South Tower
Toronto, Ontario M5G 2P5
HydroOne.com

Kathleen Burke

Director, Applications Delivery
T 416.345.1507
Kathleen.Burke@HydroOne.com

BY EMAIL AND RESS

July 11, 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 – Undertaking Update

Please find attached an updated response to undertaking JTU 2.23 detailing Hydro One's May storm costs and the company's proposed approach to addressing these costs in the context of the ongoing application.

This filing has been submitted electronically using the OEB's Regulatory Electronic Submission System (RESS).

Sincerely,

Kathleen Burke

cc. EB-2021-0110 parties

UNDERTAKING JTU-2.23

1
2
3 **Reference:**

4 Exhibit I-3-B1-AMPCO-11

5 Exhibit SPF 1.7, Page 30

6
7 **Undertaking:**

8 To consider and enquire whether there is any memo or document regarding 2022 from the
9 redirection committee. If there is and Hydro One accepts that it is relevant and not privileged,
10 Hydro One will provide it, and if Hydro One objects to providing it on any basis, Hydro One will
11 advise so.

12
13 **Response:**

14 To date, in 2022, the Redirection Committee has not communicated variances that exceed the
15 committee's authority to the ELT. However, as discussed during the May 2022 Technical
16 Conference, Hydro One continues to experience significant cost pressures in 2022 including
17 inflation and demand pressures related to system access; i.e., new connections.¹

18
19 To compound the upward inflationary and demand pressures, on May 21, 2022, destructive
20 storms swept across the Central, Southern and Eastern regions of the province, causing damage
21 across both the transmission and distribution systems, and significant power outages. This
22 affected approximately half of Hydro One's distribution customers. Hydro One had to rapidly
23 respond to restore power to customers by mobilizing Hydro One crews from across the province,
24 and a large contingent from mutual aid partners including contractors and other utilities to assist
25 with restoration efforts.

26
27 Restoration efforts lasted over 10 days, with over 1,000 poles replaced and entire feeders rebuilt
28 to restore supply to communities. Hydro One's response to the widespread and significant
29 damage caused by the storms resulted in significant expenditures. Initial estimates indicate that
30 these restoration efforts for this single event will be well over the total annual capital storm
31 budget, and could exceed 10% of the as-filed Distribution Capital forecast.

32
33 Hydro One continues to assess the financial implications of the May 2022 storms. The capital cost
34 of the May storms is currently estimated at about \$95M to \$115M. Actual costs will be provided
35 in early August once final invoices are received for third-party work. Given the timing of these
36 storms and the spending that has already occurred year-to-date, Hydro One currently has limited
37 ability to redirect other Distribution capital work to offset the May 2022 storm costs. As a result,

¹ EB-2021-0110, Technical Conference Transcript, Day 2, June 1, 2022, p110.

1 Hydro One will not redirect 2022 capital work to maintain the forecasted envelopes. As indicated
2 in Interrogatory O-Staff-367, if Hydro One does not remain within the as-filed capital envelopes
3 for transmission (2020-2022) and distribution (2018-2022), offsetting adjustments will be made
4 to the capital and in-service additions over the 2023-2027 rate period. In this regard, the capital
5 work related to the May 2022 storms will not form part of opening rate base for 2023 and will be
6 recorded as in-service and form part of the forecast rate base for 2023. Hydro One will then
7 manage its capital and in-service additions over the five years of the Plan period to account for
8 the adjustment in 2023, which reflects approximately 2% of the \$5.6B capital plan. As a result,
9 there will be no changes to Hydro One's distribution rate request.