

Hydro One Networks Inc.

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BY EMAIL AND RESS

August 12, 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 (“Hydro One”) – Update to JTU 2.23

Please find attached an updated response to undertaking JTU 2.23 detailing Hydro One’s May storm costs.

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

Sincerely,

A handwritten signature in black ink that reads "Kathleen Burke". The signature is written in a cursive, flowing style.

Kathleen Burke

cc. EB-2021-0110 parties

UNDERTAKING JTU-2.23

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Reference:

Exhibit I-3-B1-AMPCO-11
Exhibit SPF 1.7, Page 30

Undertaking:

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

Response:

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

To compound the upward inflationary and demand pressures, on May 21, 2022, a destructive storm swept across the Central, Southern and Eastern regions of the province, causing damage across both the transmission and distribution systems, and significant power outages. The storm impacted approximately half of Hydro One distribution customers.² To restore customers rapidly, Hydro One mobilized Hydro One crews from across the province, and crews from mutual aid partners including contractors and other utilities.

Damage to the Distribution system included approximately 2,000 broken poles,³ 800 broken crossarms, 500 damaged transformers, and a significant number of downed wires and vegetation contacts. Repairs took place across a large swath of southern Ontario in challenging rural and remote areas requiring access by boats and helicopters. The capital cost of the storm was \$92.7M, exceeding Hydro One's entire annual storm-damage response budget for 2022 of \$46.6M.⁴

¹ EB-2021-0110, Technical Conference Transcript, Day 2, June 1, 2022, p110.
² As at May 29, Hydro One restored 760,000 customers. Ultimately, the storm impacted approximately 780,000 Hydro One distribution customers while an additional 110,000 customers were impacted by a Hydro One transmission loss of supply. In total, Hydro One restored power to 890,000 customers across the province as part of its storm restoration efforts..
³ This does not include downed poles of third parties that Hydro One fixed
⁴ I-22-O-SEC-266, Attachment 4

1 Given the timing of the storm and the spending that has already occurred year-to-date, Hydro
2 One has limited ability to redirect other Distribution capital work to offset the May 2022 storm
3 costs. As a result, Hydro One will not redirect 2022 capital work to maintain the forecasted
4 envelopes. As indicated in Interrogatory O-Staff-367, if Hydro One does not remain within the as-
5 filed capital envelopes for transmission (2020-2022) and distribution (2018-2022), offsetting
6 adjustments will be made to the capital and in-service additions over the 2023-2027 rate period.
7 In this regard, the capital work related to the May 2022 storm will not form part of opening rate
8 base for 2023 and will be recorded as in-service and form part of the forecast rate base for 2023.
9 Hydro One will then manage its capital and in-service additions over the five years of the Plan
10 period to account for the adjustment in 2023, which reflects approximately 1.7% of the \$5.6B
11 capital plan.⁵ As a result, there will be no changes to Hydro One's distribution rate request.

⁵ Exhibit O, Tab 2, Schedule 1, Attachment 7