Ontario Energy Board | Commission de l'énergie de l'Ontario

BY E-MAIL

November 9, 2022

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

Dear Ms. Marconi:

Re: Hydro One Remote Communities Inc. (Hydro One Remote Communities) Application for 2023 Revenue Requirement and Rates Ontario Energy Board File Number: EB-2022-0041

In accordance with Procedural Order No. 1, please find attached OEB staff's interrogatories in the above noted proceeding. Hydro One Remote Communities and all intervenors have been copied on this filing.

Hydro One Remote Communities' responses to interrogatories are due by November 29, 2022. Responses to interrogatories, including supporting documentation, must not include personal information unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Yours truly,

Original Signed By Donald Lau Digitally signed by Donald Lau Date: 2022.11.10 08:55:58 -05'00'

Donald Lau
Project Advisor – Electricity Distribution: Major Rate Applications & Consolidations

Attach.

OEB Staff Interrogatories
Application for 2023 Revenue Requirement and Rates
Hydro One Remote Communities Inc. (Hydro One Remote Communities)
EB-2022-0041
November 9, 2022

*Responses to interrogatories, including supporting documentation, must not include personal information unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Exhibit A – General

A-Staff-1
Updated Revenue Requirement Work Form (RRWF) and Models

Upon completing all interrogatories from Ontario Energy Board (OEB) staff and intervenors, please provide an updated RRWF in working Microsoft Excel format with any corrections or adjustments that the Applicant wishes to make to the amounts in the populated version of the RRWF filed in the initial applications. Entries for changes and adjustments should be included in the middle column on sheet 3 Data_Input_Sheet. Sheets 10 (Load Forecast), 11 (Cost Allocation), and 13 (Rate Design) should be updated, as necessary. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note. Such notes should be documented on Sheet 14 Tracking Sheet and may also be included on other sheets in the RRWF to assist in understanding of changes.

In addition, please file an updated set of models that reflects the interrogatory responses. Please ensure the models used are the latest available models on the OEB's 2023 Electricity Distributor Rate Applications webpage.

A-Staff-2
Application Update
Ref 1: Exhibit F – Tab 1 – Schedule 1

Hydro One Remote Communities stated in reference 1 that "during the course of this proceeding, Remotes plans on submitting an update to its evidence to reflect the most recent Remotes' Board approved business plan that will incorporate an updated revenue requirement."

a) Please provide any updates as stated in reference 1 and highlight the impacts of those updates.

A-Staff-3
Wataynikaneyap Schedule
Ref 1: Exhibit B/Tab 2/Schedule 1/p. 68
Ref 2: EB-2022-0149, Wataynikaneyap Power LP, 2023 Tx Revenue Requirement Application
Ref 3: Exhibit B/Tab 1/Schedule 3/pp. 2-3/Table 1, filed July 6, 2022
Ref 4: EB-2018-0190, Wataynikaneyap Power LP, Semi-annual Report on CWIP Account and Backup Supply Arrangements, p. 11, filed October 16, 2022
OEB staff has prepared a table comparing the schedules for the connection of the sixteen First Nations communities connected to or scheduled to be connected to the Wataynikaneyap Line (Attachment 1), based on the community connection schedules in the application, in Wataynikaneyap Power LP's (WPLP's) 2023 Transmission Revenue Requirement Application (EB-2022-0149) and in WPLP's most recent Semi-annual Report on CWIP Account and Backup Supply Arrangements, as required by the OEB's decision in EB-2018-0190). A comparison reveals that a number of differences in the estimated date of connection, which, based on the evidence in this application and WPLP's 2023 Transmission revenue requirement, is understandable given the size of the project and the unique circumstances of the environment that the Wataynikaneyap Line is being constructed in and of the communities to be served by the line.

OEB staff understands the operating arrangements between Hydro One Remote Communities and WPLP, and of the duty to consult with the affected First Nations Communities, and that many of these changed connection dates are largely outside of the control of Hydro One Remote Communities. However, OEB staff wish to understand the impacts of these, and possibly any further changes in the connection schedules on Hydro One Remote Communities costs, operations and revenue requirement for the 2023 test year.

a) Please confirm or correct the table shown as Table 1. If Hydro One Remote Communities has more current information than is shown in the table, please include it and document the source of the update.
b) Please provide Hydro One Remote Communities' proposals for contingency costs related to delays in community connection per the Wataynikaneyap Line connection schedule as factored into the 2023 revenue requirement with respect to the following:

    i. The forecasted contingency funds included for 2023 by category (operating expenses, diesel fuel, capital, etc.) and budgets
    ii. Accounting treatment for contingency costs factored into the 2023 revenue requirement if these contingency costs are not incurred

iii. Hydro One Remote Communities’ proposal with respect to any new and unanticipated costs incurred in 2023 due to further delays in community connection to the Wataynikaneyap line.

A-Staff-3, Table 1
Comparison of Wataynikaneyap Project Connection Schedule

		Exhibit B-02-01, p. 68	EB-2022-0149, Wataynikaneyap Project 2023 Tx Revenue Requirement Application, Exhibit B/Tab 1/Schedule 3/pp. 2-3/Table 1				EB-2018-0190, Wataynikaneyap Project Semi-annual Report on CWIP Account and Backup Supply Arrangements, October 16, 2022	
Community	**Current service**	**Estimated Connection Date**	**Estimated Date, April 18, 2022 Semi-Annual Report**	**Current Estimated Date**	**Difference (Months)**	**Difference from Exhibit B-02-1, p. 68 (Months)**	**Current Estimated Date**	**Difference from Exhibit B-02-1, p. 68 (Months)**
Pikangikum	HORCI	Aug-22	Jun-22	Aug-22	2	0	Oct-22	2
North Caribou Lake	HORCI	Jul-22	Aug-22	Sep-22	1	2	Oct-22	3
Kingfisher Lake	HORCI	Jun-22	Aug-22	Sep-22	1	2	Nov-22	5
Muskrat Dam	IPA	May-23	May-23	Jun-23	1	1	Jun-23	1
Bearskin Lake	HORCI	May-23	May-23	Jul-23	2	2	Jul-23	2
Sachigo Lake	HORCI	Jul-23	Jul-23	May-24	10	10	May-24	10
Wawakapewin	IPA	May-23	Jun-23	Jul-23	1	2	Jul-23	2
Deer Lake	HORCI	Apr-24	Apr-24	May-24	1	1	May-24	1
Kasabonika Lake	HORCI	Jul-23	May-24	Aug-23	-9	1	Aug-23	1
Kitchenuhmaykoosib Inninuwug + Wapekeka	HORCI	Jun-23	May-24	Apr-24	-1	10	Apr-24	10
Wunnumin Lake	IPA	May-23	May-24	May-23	-12	0	May-23	0
North Spirit Lake	IPA	May-24	May-24	Jul-24	2	2	Jul-24	2
Sandy Lake	HORCI	May-24	May-24	Jun-24	1	1	Jun-24	1
Keewaywin	IPA	May-24	May-24	Aug-24	3	3	Aug-24	3
Pickle Lake	HORCI	Connected	Connected	Connected			Connected	

A-Staff-4
US GAAP
Ref 1: A-01-02-02
Ref 2: EB-2021-0110 – Custom IR Application (2023-2027) for Hydro One Networks Inc. (Hydro One) Transmission and Distribution – Settlement Proposal, October 24, 2022, p. 54 & 107

Hydro One Remote Communities stated that consistent with the OEB's decision in EB-2011-0427, it uses US GAAP as its accounting standard.

In the October 24, 2022 settlement proposal for Hydro One, the Parties agreed that Hydro One will continue to report under US GAAP for regulatory purposes for the rate period from 2023 to 2027 for Transmission and Distribution and Hydro One's revenue requirement should continue to be calculated under US GAAP for regulatory purposes.

As described more particularly in Appendix A of the settlement proposal, the Parties agreed that subject to the accounting system limitations identified by Hydro One and the issuance by the IASB of a final IFRS Standard applicable to rate-regulated utilities, Hydro One will in its next cost-based rate application provide, on a best efforts basis, estimated impacts of an initial transition from USGAAP to IFRS for regulatory purposes as at the beginning of the next rate term, as well as estimated impacts on the annual revenue requirements for the remainder of the rate term. Hydro One will also, on a best efforts and without prejudice basis, quantify the incremental costs of transitioning and maintaining IFRS for regulatory purposes.

a) Please confirm that Hydro One Remote Communities intends to follow the same commitments made by Hydro One in the October 24, 2022 settlement proposal (including Appendix A), and with the same timeframe, as noted in the preamble to this interrogatory.
b) If this is not the case, please explain.

Exhibit B – Rate Base

B-Staff-5

Wataynikaneyap Grid Connection 4-Pole Cluster
Ref 1: B-02-01-01 - Watay Grid Connection 4-Pole Cluster

This project is for the design and construction of poles at the communities being connected to the Wataynikaneyap Transmission project. Hydro One Remote Communities has 3 planned communities in 2022, 8 communities in 2023, and 5 communities in 2024. The estimated total cost is $7.4M or $463k per community or $116k per pole.

a) Please provide an update to the number of communities each year in 2022, 2023, and 2024.
b) Hydro One Remote Communities stated that a significant portion of the cost is mobilization and demobilization. Please provide the average estimated cost of mobilization and demobilization for these remote communities.
c) Hydro One Remote Communities stated that similar individual pole designs have been used in the past, but this is the first time it is being used in a clustered manner. Please provide the historical average cost of the individual pole designs for each of the 4 poles.

B-Staff-6

Armstrong A&B Unit Generator Replacements
Ref 1: B-02-01-03 - Armstrong A&B Unit Generator Replacements

Hydro One Remote Communities is planning to replace 2 generator units that have a capacity of 725kW with a third generator unit needing replacement soon.

a) Please provide the historical load for the Armstrong diesel generation station.
b) Did Hydro One Remote Communities consider larger generators so that the third generator could be retired in the future and the station operates with 2 generators instead? If not, why not?
c) Please provide the cost difference between installing two 725kW generators and two 1500kW generators.

B-Staff-7

Big Trout Lake A Unit Generator
Ref 1: B-02-01-04 - Big Trout Lake A Unit Generator
Ref 2: B-02-01-01 - Watay Grid Connection 4-Pole Cluster

Hydro One Remote Communities is planning to replace Big Trout Lake DGS with a modular DGS. The existing B and C generation units, each with 1000kW capacity, will be decommissioned and either placed in storage or used as spare units. In reference 2, it shows that the community of Pikangikum, Weagamow, and Kingfisher are connected to Wataynikaneyap project in 2022 and Big Trout Lake in 2023. After Big Trout Lake is connected to Wataynikaneyap project, Hydro One Remote Communities intends to keep the modular DGS as a backup supply.

a) Please explain why the existing B and C generation units could not be moved to Armstrong DGS.
b) Please explain why Big Trout Lake could not be prioritized connection to other communities in 2022 to avoid this investment.
c) Please explain if Hydro One Remote Communities considered a similar modular design for Armstrong DGS. If not, why not?
d) Since the modular DGS is meant as a backup supply, please explain why maintaining the existing B and C generation units would not be sufficient.

B-Staff-8
Lansdowne House (Neskantaga) C Unit Generator Replacement
Ref 1: B-02-01-05 - Lansdowne House (Neskantaga) C Unit Generator Replacement
Ref 2: B-02-01-04 - Big Trout Lake A Unit Generator
Hydro One Remote Communities is planning to replace one 1800rpm generator at Lansdowne House. In reference 2, Hydro One Remote Communities has a 1000kW 1800rpm generation unit that has 17k engine hours.

a) Please explain whether this unit can be used to replace the Lansdowne House C unit. If not, why not?

B-Staff-9
Beaverhall Facility Expansion/Relocation
Ref 1: B-02-01-09 - Beaverhall Facility Expansion/Relocation
Hydro One Remote Communities stated that the space at their main office is no longer adequate. Hydro One Remote Communities stated that they need to accommodate up to four people to account for increased work with the additional six Independent Power Authority communities being added. Hydro One Remote Communities also stated that a preferred option has not been identified but has estimated the total cost to be $2M.

a) Please provide an update on whether Hydro One Remote Communities has a preferred option.

b) Please provide an estimated breakdown of the $2M between the yard, shop, and office space.
c) What is the current working from home and working in the office arrangement for Hydro One Remote Communities staff at this facility? How many days are staff in the office?
d) How has Hydro One Remote Communities has considered the impacts of a remote or hybrid work model in assessing the need for more office space.
e) Option 3 provided is to buy a new facility and sell the existing one which is also estimated to be $2M. The estimated value of the existing facility is $2.3M. How does Hydro One Remote Communities propose to deal with gains, if any, from the sale of the existing facility?
f) Please provide the approximate number of square footage per employee.

B-Staff-10
CDM
Ref 1: Distribution System Plan, s. 5.3.5
Ref 2: Exhibit D - Tab 1 - Schedule 6
Ref 3: Appendix 2-JC (OM&A Programs)
Hydro One Remote Communities indicates forecast Community Relations OM&A expenditures for 2023 of $682k, for customer outreach activities including a conservation and demand management (CDM) program. Appendix 2-JC breaks down these expenditures by category, including energy conservation. Section 5.3.5 of the Distribution System Plan discusses Hydro One Remote Communities’ CDM activities.

a) Please clarify if the “energy conservation” spending (line 5415) in Appendix 2-JC includes staffing costs, other CDM program administration/delivery costs, and incentives paid to customers.
b) If so, please break down the forecast CDM costs in 2023 and the historical CDM costs for 2018-2021 into these (or similar) categories.

B-Staff-11
CDM
Ref 1: Distribution System Plan, s. 5.3.5
Ref 2: 2021-2024 Conservation and Demand Management Framework Directive
Ref 3: “Energy Efficiency Programs for First Nation Communities” (IESO presentation, November 4, 2021)
Section 5.3.5 of the DSP describes Hydro One Remote Communities’ plans to continue offering energy conservation programs to its customers. The presentation “Energy Efficiency Programs for First Nation Communities” describes conservation programs

delivered by the IESO and funded through the 2021-2024 CDM Framework for First Nation communities, including a Remote First Nation Energy Efficiency Program eligible to many of the communities served by Hydro One Remote Communities.

a) OEB staff's understanding is that CDM programs delivered and funded by the IESO under the 2021-2024 CDM Framework are offered to all First Nations communities that are or will be connected to the IESO-controlled grid, including those communities that will be connected to the IESO-controlled grid in the future through the Wataynikaneyap project. Please confirm if this is also Hydro One Remote Communities' understanding.
b) Given the IESO programs for First Nations, has Hydro One Remote Communities reviewed its proposed CDM program offerings, in order to maximize customer uptake and avoid customer confusion or CDM program duplication? Please describe.

B-Staff-12
CDM
Ref 1: Distribution System Plan Material Investment Narratives: Landsdowne House (Neskantaga) DGS Upgrade and Gull Bay (KZA) DGS Upgrade, pages 192-215 of 798.

Hydro One Remote Communities discusses proposed diesel generation upgrades driven by capacity growth and indicates that demand management and/or alternative generation sources are not viable options.

a) Given Hydro One Remote Communities' experience delivering CDM programs, please provide more details as to why Hydro One Remote Communities does not consider CDM (alone, or in combination with alternative generation and storage) as a viable solution to manage capacity growth in Landsdowne House and Gull Bay. Has Hydro One Remote Communities undertaken any analysis of the conservation potential in these communities, based on their existing energy use and building stock?
b) Given Hydro One Remote Communities' experience with the REINDEER renewable energy program, please provide more details as to why Hydro One Remote Communities does not consider alternative generation and storage (alone, or in combination with CDM) as a viable solution to manage capacity growth in Landsdowne House and Gull Bay.
c) Should Hydro One Remote Communities identify a viable solution based on CDM and/or alternative generation and storage that would avoid or defer capital spending on diesel generation, does Hydro One Remote Communities believe

that Indigenous Services Canada would give consideration to providing funding for such a solution? Why or why not?

Exhibit C – Load Forecast

C-Staff-13
Load Forecast
Ref 1: Exhibit C – Tab 1- Schedule 1 pages 1, 3.
Ref 2: Chapter 2 Filing Requirements 2022 Edition for 2023 Rate Applications, dated April 18, 2022, section 2.3.1
Hydro One Remote Communities appears to underscore the importance of its load forecast stating that its "load forecast underpins its revenues from customers and its fuel forecast." It later states it does not normalize its load forecast for weather and gives as one of the reasons that "it is operated as a break-even business" and "does not stand to profit as a result of forecasting errors". The rationale also includes the lack of available weather and economic data suitable for its service areas. The load is forecasted using historical trends as well as information from Band Councils, Indigenous Services Canada (ISC), and employees.

The filing requirements provide two options for load forecasting, one of which is Normalized Average use per Customer (NAC).

a) Has Hydro One Remote Communities considered a NAC approach to forecasting?
b) Please compare the methodology and merits of Hydro One Remote Communities' approach to incorporating a NAC approach for the baseline forecast with adjustments for information from Band Councils, ISC, and employees.

Exhibit D – Operating Costs

D-Staff-14
Generation OM&A
Ref 1: Exhibit D – Tab 1 – Schedule 2
Hydro One Remote Communities' forecasted generation OM&A expenditures are $2.67M lower than 2018 approved partially due to decreased DGS operations.

a) Please provide the number of estimated DGS that will no longer be in service at the end of 2023.

b) Please provide the forecasted reduction in generation OM&A when all DGSs are retired after the Wataynikaneyap project.

D-Staff-15
Fuel OM&A
Ref 1: Exhibit D – Tab 1 – Schedule 3

Hydro One Remote Communities stated that the lower fuel costs are due to lower community load and offset by increased unit price.

a) Please update the expected latest expected fuel costs.
b) Please provide the forecasted fuel OM&A when all DGSs are retired after Wataynikaneyap project.
c) Please provide the fuel efficiency of the new DGS and explain if they have a better fuel efficiency than the retired units. How did Hydro One Remote Communities take the new units' fuel efficiency into account for the forecast?

D-Staff-16
Distribution OM&A
Ref 1: Exhibit D – Tab 1 – Schedule 4

Hydro One Remote Communities stated that the distribution costs were forecasted based on a historical 3-year average adjustment for inflation and communities connected to the grid.

a) Please provide a breakdown of the 2023 distribution costs by 3-year average, inflation, and communities connected to the grid.
b) Please explain why Hydro One Remote Communities chose to use a 3-year average as opposed to a 5-year average, which is the approach used to forecast other OM&A programs (i.e., customer care and community relations).
c) Please provide the forecasted Distribution OM&A when DGSs are retired after the Wataynikaneyap project.
d) In Table 2, Hydro One Remote Communities stated that the driver for the cost increase is the maintenance cost after connecting the IPAs. Please provide the number of IPA communities connected each historical year.
e) Please provide more information about the about the maintenance costs and explain the maintenance work if no IPAs have connected.

D-Staff-17
Customer Care OM&A
Ref 1: Exhibit D – Tab 1 – Schedule 5

Hydro One Remote Communities stated that the Customer Care costs were forecasted based on a historical 5-year average adjustment for inflation and communities connected to the grid.

a) Please provide a breakdown of the 2023 distribution costs by 5-year average, inflation, and communities connected to the grid
b) Please provide the forecasted Customer Care OM&A when all Wataynikaneyap project communities are connected.

D-Staff-18
Community Relations OM&A
Ref 1: Exhibit D – Tab 1 – Schedule 6
Hydro One Remote Communities stated that the Community Relations costs were forecasted based on the historical 5-year average and customer outreach for the new communities connected to Hydro One Remote Communities service territory.

a) Please provide the forecasted Community Relations OM&A when all Wataynikaneyap project communities are connected.

D-Staff-19
Other Power Supply Expenses OM&A
Ref 1: Exhibit D – Tab 1 – Schedule 7
Ref 2: Exhibit D – Tab 1 – Schedule 7 – Attachment 1
Hydro One Remote Communities stated that it expects the cost of power and Wataynikaneyap transmission connection costs to increase in the test year as a result of the Wataynikaneyap project.

a) Please update the forecasted cost of power and Wataynikaneyap transmission connection costs.
b) Please explain how the 0.15 per kWh was calculated for the Cost of Power.
c) Please explain how the distribution and transmission loss factor was calculated.

D-Staff-20
Shared Services and Other Administrative Costs
Ref 1: Exhibit D – Tab 1 – Schedule 8
Ref 2: Chapter 2 appendices – 2-JC
Ref 3: EB-2021-0110 Settlement Proposal, October 24, 2022

Hydro One Remote Communities stated that the methodology and allocations of shared services and assets from Hydro One to Hydro One Remote Communities are supported by the updated 2023 Black & Veatch (B&V) Study.

a) In reference 3, “the parties agree that the methodologies used to allocate Common Corporate Capital expenditures to the Transmission and Distribution businesses (Allocation of Shared Assets Methodology) and to determine the Overhead Capitalization Rates for the Transmission and Distribution businesses (Overhead Capitalization Rate Methodology), are appropriate.” Please confirm if this will result in any changes to the costs allocated to Hydro One Remote Communities.

Hydro One Remote Communities also stated that the higher forecasted Miscellaneous General Expense and General Plant is due to the reallocation of cost from the Generation Maintenance of Structures account.

b) The Miscellaneous General Expense and General Plant increased by about $1.1 million, while the Generation Maintenance of Structures (account 4610) decreased by about $0.4 million. Please explain the additional increase of $0.7 million.

D-Staff-21
Costing of Work
Ref 1: Exhibit D – Tab 2 – Schedule 2
In reference 1, Hydro One Remote Communities provided the forecasted labour rate and transport & work equipment for 2023.

a) Please provide the same labour rate breakdown for 2018-2022 provided in table 1 of reference 1.
b) Please provide the same transport & work equipment breakdown for 2018-2022 in reference 1.

D-Staff-22
Corporate Staffing
Ref 1: Exhibit D – Tab 2 – Schedule 1
Ref 2: Chapter 2 Appendices – 2-K
Hydro One Remote Communities stated that it has 61 full-time staff as well as contract and Hiring Hall staff (10 to 15 staff). Hydro One Remote Communities also stated that its work program has increased over the past four years due to generation upgrade construction projects. In reference 2, it shows the total FTE for 2023 is 72.4.

a) Please confirm that 12 of the 72.4 FTEs are PWU hiring hall and included in the non-management line of appendix 2-K or provide a breakdown of the FTEs in 2-K by full-time staff and contracted staff.
b) Please confirm if the increased work from the generation upgrade projects was driven by full-time staff reallocated to the Wataynikaneyap project. If not, please explain the increase in generation upgrade work in recent years.
c) Please provide the number of employees eligible for retirement in each year for the next 5 years and indicate whether that position has an employee overlapping as part of a succession plan. Please also describe the position.
d) Hydro One Remote Communities stated that the increase in staff is largely (7-10 FTEs) related to the Wataynikaneyap project which drives new business requirements and processes. Please provide an update on the planned additional full-time FTEs and the positions.

D-Staff-23
Compensation
Ref 1: Exhibit D – Tab 3 – Schedule 1
Hydro One Remote Communities stated that has not undertaken any relevant studies (e.g., compensation benchmarking) conducted by or for the distributor, unique to Remotes. A few minor compensation items are unique to Remotes:

- Employees perform additional paid duties outside of normal job classification
- Employees are also entitled to negotiate overnight field allowances and subsistence allowances related to overnight stays in isolated communities
- Employees work increased amounts of overtime relative to other organizations

a) Please provide the policy on how the amount paid for duties outside of normal job classification is determined.
b) Please provide the process/policy on how allowances for overnight stays in isolated communities are negotiated.
c) Please explain how Hydro One Remote Communities determines overtime is required and when additional headcount should be added.
d) Please provide the number of hours of overtime charged for each year between 2018 to 2022 by position type.
e) Please provide the overtime payment rates.

D-Staff-24
Regulatory Costs
Ref 1: Chapter 2 appendices – 2-M

Hydro One Remote Communities proposed $50k in intervenor costs but there is only one intervenor in this case.

a) Please provide an updated intervenor cost with one intervenor.

Exhibit F – Revenue Requirement

F-Staff-25
Other Revenue
Ref 1: Exhibit F – Tab 3 – Schedule 1
Hydro One Remote Communities forecasts a total other revenue of $915k. In their 2018 cost of service application, Hydro One Remote Communities forecasted $999k but the actual other revenue was $1.4M. In subsequent years, 3 of the 5 years had higher amounts than the 2018 approved other revenue. Hydro One Remote Communities stated that the reasons for the increase were CIAs and a decrease in streetlight projects.

a) Please explain the driver for the increase in CIAs and why this volume is not expected to continue into the five-year forecast period.
b) Please explain why there will be significantly fewer streetlighting projects over the five-year forecast period considering the connection of new communities.

Exhibit G – Rural and Remote Rate Protection

G-Staff-26
RRRP inflation
Ref 1: Exhibit G – Tab 1 – Schedule 1
Hydro One Remote Communities is proposing to increase the RRRP amount by inflation during the IRM years.

a) Please provide the calculation for the revenue requirement impact of the Wataynikaneyap project.
b) In Table 1 of reference 1, please confirm the main driver of the variance in the RRRPVA is the increase in the total cost and not the lack of IRM increases to RRRP.
c) How would Hydro One Remote Communities manage the balance in the RRRPVA should the OEB not approve the full disposition of the amount?

Exhibit H – Deferral and Variance Accounts

H-Staff-27
RRRPVA
Ref 1: H-01-01-01

Hydro One Remote Communities conducts its operations under a cost recovery model applied to achieve break-even results of operations after the inclusion of income taxes. Any excess or deficiency in RRRP revenues necessary to ensure break-even results in operations is added to, or drawn from, the Rural and Remote Rate Protection Variance Account (RRRPVA).

a) Please confirm that Hydro One Remote Communities trues up its revenues and costs to break-even through the use of RRRPVA, such that all of its incurred costs are recovered by the utility. If this is not the case, please explain.
b) Please explain what controls and procedures are in place to ensure that all of its incurred costs are reasonable, given that all of its incurred costs are recovered by the utility through the RRRPVA, if the RRRPVA balance is approved for recovery by the OEB.

H-Staff-28
RRRPVA
Ref 1: H-01-01-03
Ref 2: G-01-01-05
Ref 3: G-01-01-01
Ref 4: A-01-02-15

For the RRRPVA, Hydro One Remote Communities is proposing that the RRRP be adjusted upwards by $1,946,000 annually (representing one-fifth of the 2021 year-end audited balance of $9,732,000) to recover the current RRRPVA balance over the five-year period.

This method is proposed to smooth the required RRRP going forward and avoid the one-time rate shock to RRRP that would occur by requesting recovery of the full amount effective in 2023.

Hydro One Remote Communities has provided a table that shows its 2023 forecasted RRRP requirement of $110,753,000. This amount has been increased by $1,946,000 to reflect the recovery of the RRRPVA on a smoothed basis.

Hydro One Remote Communities stated that the IESO distributes the utility's OEB-approved share of RRRP revenues in equal installments throughout the year.

Hydro One Remote Communities is also requesting that the RRRP (Remotes Operating) amount approved by the OEB for 2023 be adjusted each year by the OEB's approved escalation. This would lower amounts to be recovered at each rebasing in the RRRPVA.

a) Please explain whether the OEB has approved in the past a similar approach as proposed by Hydro One Remote Communities in the current proceeding to smooth the recovery amount of RRRPVA. If so, please provide the reference to the precedent (EB#).
b) If the smoothing method is approved by the OEB in the current proceeding, does this mean that the 2023 forecasted RRRP requirement of $110,753,000 would remain the same over the entire 2023-2027 period and the utility would receive this amount of $110,753,000 from the IESO, but in equal installments, each year? (This is ignoring the proposed adjustment each year by the OEB's approved escalation.) If this is not the case, please explain.
c) Please explain the implications of including the full RRRPVA audited balance of $9,732,000 as part of the 2023 forecasted RRRP requirement, as opposed to a smoothed amount of $1,946,000.
d) Ignoring the proposed adjustment each year by the OEB's approved escalation and if the smoothing approach is not approved by the OEB in the current proceeding, please explain whether this would mean that:
    i. The 2023 forecasted RRRP requirement would be $118,539,000 and calculated as follows:
    $110,753,000
    $9,732,000
    ($1,946,000)
    $118,539,000
    ii. The 2024-2027 forecasted RRRP requirements would be $108,807,000 and calculated as follows:
    $110,753,000
    ($1,946,000)
    $108,807,000

H-Staff-29
RRRPVA
Ref 1: EB-2012-0137, 2013 CoS Proceeding, Draft Rate Order, Exhibit 1.0, Page 1, September 3, 2013

Ref 2: A-01-02-10
Ref 3: HORCI_CoS Appl_Exh_H-02-01-01_20220914 (2013 to 2017 balances)
Ref 4: HORCI_CoS Appl_Exh_H-02-01-02_20220914 (2018 balance)
Ref 5: HORCI_CoS Appl_Exh_H-02-01-03_20220914 (2019 balance)
Ref 6: HORCI_CoS Appl_Exh_H-02-01-04_20220914 (2020 balance)
Ref 7: HORCI_CoS Appl_Exh_H-02-01-05_20220914 (2021 balance)
Ref 8: Reporting and Record Keeping Requirements (RRR) 2.1.7 December 31, 2021 balances
Ref 9: HORCI_Attach 3_A-01-07-06_20221019

OEB staff requests clarification regarding the RRRPVA.

The draft rate order from Hydro One Remote Communities 2013 cost of service proceeding suggests that a RRRPVA balance of $787,000 as at December 31, 2012 was disposed in that proceeding.

In the current proceeding, Hydro One Remote Communities stated that the $9,732k December 31, 2021 audited RRRPVA balance is primarily due to:

- Increased diesel fuel costs
- The connection of Pikangikum First Nation to the Ontario power grid on December 20, 2018 as part of the Watay Transmission Project, which resulted in power purchases

a) Please confirm that the RRRPVA balance was last disposed in in Hydro One Remote Communities' 2013 cost of service proceeding – specifically a balance of $787,000 as at December 31, 2012 was disposed. If this is not the case, please explain.
b) Please explain the large variations in the actual "Fuel" OM&A, versus OEB-approved, which are mainly reflected as debits in the RRPVA over the period 2013 to 2021, meaning that the actuals were greater than the OEB-approved costs.
c) Please demonstrate how the $9,732k December 31, 2021 audited RRRPVA balance ties to the December 31, 2021 RRR 2.1.7 balances of a debit of $10,056,035 for Account 1508 and a debit balance of $43,299,387 for Account 1525, and subsequently to the audited financial statements, as it is not clear from the "2021 Distribution Financial Statements mapping reconciled to USofA Trial Balance" provided by Hydro One Remote Communities.

H-Staff-30
RRRPVA

Ref 1: H-01-01-01

The balance in Hydro One Remote Communities' RRRPVA account is expected to increase from $9.732 million, as at December 31, 2021, to $45.088 million, as at December 31, 2022.

However, OEB staff notes that in this proceeding, Hydro One Remote Communities is requesting clearance of the RRRPVA account of $9.732 million, as at December 31, 2021 (and not December 31, 2022).

a) Please explain the reasons for the large expected increase in the RRRPVA balance to $45.088 million, as at December 31, 2022, from $9.732 million, as at December 31, 2021.

H-Staff-31
RRRPVA and P&OPEB
Ref 1: A-02-01-03-09
Ref 2: D-04-01-02
Ref 3: A-01-07-04

Hydro One Remote Communities stated that actuarial valuations are not applicable. The actuarial report is performed at the holding company level and the utility does not impact the report. An actuarial account is not performed on Hydro One Remote Communities.

However, OEB staff notes that actuarial valuations were provided on the record of Hydro One Remote Communities' 2018 cost of service proceeding and that Hydro One actuarial valuations are also applicable to Hydro One Remote Communities.

Hydro One Remote Communities' stated the following regarding Hydro One's defined benefit (DB) pension plan, of which Hydro One Remote Communities participate.

- For DB plans, there is a requirement to complete and file a full actuarial valuation at a minimum every 3 years. Management can, at its discretion, file these valuations more frequently. The Tri-Annual Actuarial Valuation report for the DB Plan as at December 31, 2018 establishes the contribution rate for 2019, 2020 and 2021.

- In September 2019, Hydro One filed this actuarial valuation with the Financial Services Regulatory Authority of Ontario (FSRA), formerly FSCO. Hydro One's next Tri-Annual Actuarial Valuation for the DB Plan is required as at December

31, 2021 and must be filed by September 30, 2022. The valuation results will depend on investment returns, changes in benefits, and actuarial assumptions.

Note 12 of the 2021 Hydro One Remote Communities' audited financial statements also indicates that the new valuation (that is expected to be filed by no later than September 30, 2022) may result in a change to the estimated contributions for 2022-2027.

a) Please explain how the general economic increases in interest rates have impacted the 2023 test year for pension and OPEB, given that there is an inverse relationship between the discount rate and the present value of any pension and OPEBs obligations. The higher the discount rate, the lower the present value.
b) Please provide the most recent actuarial reports/valuations for all pension and OPEB plans, including the valuation that was required to be filed by September 30, 2022.
c) Please demonstrate how the pension and OPEBs amounts in the 2022 bridge and 2023 test years tie to the most recent actuarial reports/valuations, as applicable.
d) If the balances in the actuarial reports/valuations are different from the 2022 bridge and 2023 test pension and OPEB amounts, please provide a reconciliation and explain why the amounts in the 2022 bridge and 2023 test are appropriate.
e) Please provide the calculation that was used to allocate Hydro One Remote Communities' share of the total Hydro One 2023 contributions (for both the Defined Benefit and Defined Contribution plans) and the 2023 OPEB accrual amount.
f) Please confirm that there has been no change in the methodology used to calculate and allocate Hydro One Remote Communities' share of the total Hydro One pension contributions and the OPEB accrual amount, since Hydro One Remote Communities' last rebasing application. If this is not the case, please explain.

H-Staff-32
RRRPVA and P&OPEB
Ref 1: EB-2017-0051, 2018 Cost of Service Settlement Proposal, February 22, 2018, Appendix A, p. 48 & 21
Ref 2: EB-2017-0051, OEB Staff Submission on the Settlement Proposal, March 1, 2018, p. 7 & 8
Ref 3: HORCI_Attach 7_H-02-01-07_20221019

In the 2018 cost of service settlement proposal, Hydro One Remote Communities agreed to provide a demonstration in its next cost of service proceeding that pension cost amounts actually paid equal amounts in the business plan to be collected.

The Parties also agreed that Hydro One Remote Communities will provide evidence on pension costs in conjunction with any RRRP account clearing. The evidence to be shown would clearly set out that the amount of pension cost funded by Hydro One Remote Communities would be equal to the amount required to fund its pension-related obligations as set out by external parties, and not necessarily equal to the current forecast amount.

At issue is whether the pension costs are in line with what external consultants show the utility should be collecting from ratepayers. The Parties agreed that, given the concern over Hydro One Remote Communities' evidence on whether it should be collecting the requested pension costs through the test period, the utility will track those costs annually and adjust them accordingly through the RRRP. The Parties have agreed that Remotes will true up those costs with what has been determined is necessary through external evaluations of its pension plan. When Hydro One Remote Communities next seeks clearing of the RRRP variance account it will provide evidence on any pension costs it credited or debited from the account.

In its submission on the settlement proposal in the 2018 cost of service proceeding, OEB staff stated that the actuarial valuation provided by Hydro One Remote Communities indicates that the utility will not be required to make a pension contribution, as the fund was in a surplus position at the end of 2016. Hydro One Remote Communities will true up the costs with the actual contributions that it is required to make.

In the current proceeding, Hydro One Remote Communities provided an enhanced RRRPVA spreadsheet that shows the amount of forecasted pension and OPEB versus actual, for the period 2018 to 2021. However, it is not clear to OEB staff whether the actual amounts in the spreadsheet represent the fact that the utility was not required to make pension contributions, as the fund was in a surplus position at the end of 2016.

a) Please provide a demonstration that pension cost amounts actually paid equal amounts in the business plan to be collected. If this is not the case, please explain.
b) Please provide the actual 2013 to 2021 contributions made to both the Defined Benefit and Defined Contribution plans by Hydro One Remote Communities and reconcile to the amounts recorded annually in the RRRPVA spreadsheets.

c) Incorporating the response to b), please explain why the actual 2017 – 2021 (and any amounts from 2013 to 2016, as applicable) pension amounts in the RRRPVA spreadsheet are not $nil, given that the utility was not required to make pension contributions, as the fund was in a surplus position at the end of 2016 (and possibly earlier), and also given the commitments made in the 2018 cost of service proceeding settlement proposal.

d) Please update the RRPVA spreadsheets and the cumulative balance as at December 31, 2021 to reflect $nil actual pension costs for the period 2017 to 2021 (as well as the period 2013 to 2016, as applicable), or in the alternative, please explain why this update is not required.

H-Staff-33
RRRPVA and P&OPEB
Ref 1: D-04-01-02
Ref 2: D-04-01-03

Hydro One Remote Communities is requesting a forecasted pension amount in the 2023 revenue requirement of $1,110,000, consisting of $693,000 in OM&A and $417,000 in capital.

Funding ratios greater than 100% indicate that the DB Plan holds more than a sufficient amount of assets to meet the long-term obligations of the DB Plan. The DB Plan ended 2021 with a going concern funded ratio of 118% (2020: 110%) and a solvency funded ratio of 114% (2020: 111%).

a) Please confirm that given that the DB Plan ended 2021 (and 2020) with a going concern funded ratio of 118% (2020: 110%) and a solvency funded ratio of 114% (2020: 111%), Hydro One Remote Communities is not required to make pension contributions. If this is not the case, please explain.

b) As discussed in the above interrogatories, please explain whether the updated pension actuarial reports/valuations as at December 31, 2021 show that the utility will not be required to make a pension contribution, as the fund in a surplus position.

c) Incorporating the response to parts a) and b) of this interrogatory, please confirm the following:
    i. The actual pension amounts in the RRRPVA spreadsheet should instead be $nil for the calendar year 2020 and forward until Hydro One Remote Communities' next scheduled rebasing (which is expected for 2028 rates).
    ii. The forecasted pension amount in the 2023 revenue requirement of $1,110,000 should instead be $nil.

d) If any of the above are not the case, please explain.

H-Staff-34
RRRPVA and P&OPEB
Ref 1: D-04-01-02
Ref 2: D-04-01-04

Hydro One Remote Communities is requesting a forecasted pension amount in the 2023 revenue requirement of $1,110,000. This compares to the 2018 OEB-approved pension amount of $687,000.

Hydro One Remote Communities is requesting a forecasted OPEB amount in the 2023 revenue requirement of $1,709,000. This compares to the 2018 OEB-approved OPEB amount of $1,273,000.

a) Please explain why the proposed 2023 test year pension amount of $1,110,000 has increased by 62% versus the 2018 OEB-approved amount of $687,000.
b) Please explain why the proposed 2023 test year OPEB amount of $1,709,000 has increased by 34% versus 2018 OEB-approved amount of $1,273,000.

H-Staff-35
RRRPVA and P&OPEB
Ref 1: D-04-01-05

Hydro One Remote Communities accounts for its OPEB costs on an accrual basis.

OEB staff notes that Hydro One Remote Communities filed this application under US GAAP. In addition, OEB staff notes that the amortization of actuarial gains/losses is recognized in income under US GAAP while the amortization of actuarial gains/losses is recognized in other comprehensive income under IFRS.

a) Please explain how the actuarial gains/losses are reflected in the RRRPVA.
b) Please provide the quantum of the actuarial loss/gain amortization that is included in the 2023 test year OPEB costs.
c) If Hydro One Remote Communities is approved to remain on US GAAP, please explain how the utility addresses the differences between IFRS and US GAAP with respect to the treatment of actuarial gains/losses.
d) Irrespective of the reporting standard applied by Hydro One Remote Communities throughout the 2023-2027 rate setting term, for rate-making purposes, would the utility be aggregable to notionally exclude all actuarial gains

and losses from revenue requirement (if material), and instead, capture those impacts in a separate DVA? Please discuss.

H-Staff-36
RRRPVA and Taxes
Ref 1: H-02-01-01-05
Ref 2: EB-2017-0051, OEB Staff - Interrogatory # 54, January 26, 2018

Regarding the RRRPVA Reconciliation for 2017, Hydro One Remote Communities made a credit adjustment of $682k to the January 1, 2017 opening balance.

Note 1 of this reconciliation stated the following:

> As a result of the Initial Public Offering (IPO) of Hydro One Limited, Remotes exited the PILs regime, which triggered a deemed disposition of all of its assets at FMV. As a result of the deemed disposition, Remotes was not able to claim the CCA for the January 1 to October 31, 2015 period for tax purposes. This resulted in a reduction of $682K in the RRRP variance account.

In an interrogatory related to the 2018 cost of service proceeding, Hydro One Remote Communities provided a calculation of the $682k reduction recorded in the RRRPVA.

Tax impact of Additional CCA deduction	($711,594)
Other	$ 29,233
Net	($682,361)

Hydro One Remote Communities further stated that:

- The company was unable to claim CCA from January 1 to October 31 as a result of the IPO.
- Rate-payers should be held neutral from tax impacts associated with the IPO.
- Consequently, ratepayers should be entitled to the CCA from January 1 to October 31 even though it cannot be claimed by the company.

a) Please confirm that the credit adjustment of $682k to the January 1, 2017 opening balance was made because of the following:
    i. Prior to that date, a cumulative amount of a debit of approximately $682k was recorded in the “Actual Revenues and Expenses (Audited)” column in the RRRPVA Reconciliations, which generated a higher RRRPVA balance to be collected from ratepayers.

ii. This debit of approximately $682k was recorded in the RRRPVA because Hydro One Remote Communities paid higher actual taxes than expected, as it was unable to claim CCA for the January 1 to October 31, 2015 period for tax purposes.
iii. Hydro One Remote Communities then subsequently concluded that its ratepayers should be held neutral from tax impacts associated with the IPO, which resulted in the credit adjustment of $682k to the January 1, 2017 opening balance.

b) If any of the above are not the case, please explain.
c) Please explain how Hydro One Remote Communities has absorbed the $682k credit adjustment to the RRRPVA. For example, if Hydro One Remote Communities wrote off this balance of $682k, how was the write-off accounted for (e.g., is it being recovered elsewhere for regulatory purposes)?

H-Staff-37
RRRPVA and Taxes
Ref 1: EB-2017-0051, D2-08-01-01, August 28, 2017
Ref 1: EB-2017-0051, OEB Staff - Interrogatory # 67, January 26, 2018
Ref 2: EB-2017-0051, 2018 Cost of Service Proceeding Settlement Proposal, February 22, 2018, Page 39
Ref 3: EB-2020-0194, A-01-01-05, October 28, 2020
Ref 4: EB-2020-0194, Energy Probe Interrogatory #1, December 4, 2020
Ref 5: OEB Staff Error Checking Questions, #9-#12, October 19, 2022

In the 2018 cost of service proceeding, the 2018 tax provision of a credit of $69,000, excluded CCA related to the revaluation of assets due to Hydro One's IPO.

It was also noted that the amounts recorded in the RRRPVA for both 2015 and 2016 would be impacted by the final allocation (between shareholder and ratepayers) of the tax benefits arising from Hydro One's 2015 IPO.

In the 2018 cost of service proceeding settlement proposal, intervenors noted that Hydro One Networks Inc., as part of EB-2016-0160, had an outstanding motion before the OEB to review and vary the decision regarding the allocation of certain taxes where changes arose from the Initial Public Offering of Hydro One Limited.

It was also noted that the outcome of this motion was outstanding at the time, and could impact Hydro One Remote Communities, its ratepayers, and the amount of money collected from the RRRPVA. The parties agreed that the balance in the RRRPVA will not be disposed of and the RRRPVA is to remain open until the conclusion of the outstanding motion or until the next rates proceeding following the expiry of this rate period, whichever comes first.

The following was noted in Hydro One Networks Inc. Transmission Revenue Requirement and Distribution Revenue Requirement and Tax Issue – Future Tax Savings Evidence.[1]

> On July 16, 2020, the Ontario Divisional Court determined that Board decisions having the effect of allocating tax savings amounts to rate payers had been made in error. In the Court's opinion, no part of the benefit of the Future Tax Savings is allocable to ratepayers and should instead be paid to the shareholders in its entirety. The Court ordered that the matter be remitted back to the Board for implementation.

A copy of the Ontario Divisional Court Decision was filed as part of interrogatory responses in that proceeding.

Hydro One Remote Communities stated that the UCC and CCA on its tax returns filed in the current proceeding's pre-filed evidence include additional depreciable property relating to the fair market value revaluation that arose from the deemed disposition and reacquisition from the IPO. Hydro One Remote Communities noted that any tax deductions arising from fair market revaluation on the IPO deemed reacquisitions (IPO Bump) should accrue to the shareholders. As such, the UCC and CCA related to the IPO Bump have been excluded from its regulatory tax calculations.

a) As the outstanding motion has now been completed, please describe how the RRRPVA balance of $9.732 million, as at December 31, 2021, has been impacted by the outcome of the motion, including both a quantification and explanation of the impacts.
b) If the RRRPVA balance of $9.732 million, as at December 31, 2021, has not been impacted by the outcome of the motion, please explain.

H-Staff-38
DVAs Proposed Exemption and Non-Applicability of Account 1588
Ref 1: A-02-01-06

Hydro One Remote Communities is seeking an exemption from the use of Account 1588 (RSVA – Power) due to the following reasons:

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[1] EB-2020-0194

1. The cost of power purchased from the IESO is recorded in Account 4705. Any variances between revenues collected from customers and costs paid to the IESO will be recoverable through the RRRP.
2. Given that Hydro One Remote Communities does not require disposition of Account 1588 to customers through separate rate riders, this negates the need to create an additional set of entries to record the cost of power purchased into Account 1588 on a monthly basis.
3. Recording the monthly entries to reflect the transfer from Account 4705 to Account 1588, as required in the OEB's Accounting Guidance,[2] would be redundant for Hydro One Remote Communities due to the circular nature of RRRP which functions to recover/return any variances between power sales and power costs incurred.

a) Regarding Hydro One Remote Communities' statements in bullet point #1 in the above preamble, please confirm that Hydro One Remote Communities means that the variances would be recoverable through the RRRPVA first, and then the RRRP. If this is not the case, please explain.
b) Regarding Hydro One Remote Communities' statements in bullet point #3 in the above preamble, please confirm that Hydro One Remote Communities means that the circular nature would apply to the RRRPVA first, and then the RRRP. If this is not the case, please explain.

H-Staff-39
DVAs Proposed Exemption and Non-Applicability of Account 1588
Ref 1: A-02-01-05
Ref 2: A-02-01-06

Regarding Account 1588, Hydro One Remote Communities stated that the OEB's Accounting Guidance is not applicable, as it does not have RPP and non-RPP customers.

OEB staff requires further detail regarding Hydro One Remote Communities' proposed exemption and non-applicability of Account 1588.

a) Given that Hydro One Remote Communities trues-up its revenues and costs to break-even through the use of RRRPVA, please confirm that circular journal entries would result if Account 1588 was utilized. Please confirm that any

[2] Accounting Procedures Handbook Update – Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589, February 21, 2019

amounts that would be posted to Account 1588 would then subsequently be reflected in the RRRPVA. If any of these are not the case, please explain.

b) Please confirm that the reporting of the Account 1588 balance separately from the RRRPVA balance would affect all of Ontario's provincial ratepayers who pay for the RRRP funding. If this is not the case, please explain.
c) Please explain that whether using Account 1588 or the RRRPVA to capture the impact of cost of power related costs, another key difference may be due to timing, as Account 1588 is typically cleared in annual IRM proceedings, whereas the RRRPVA is typically cleared only in cost of service proceedings.

H-Staff-40
DVAs Proposed Non-Applicability of Account 1580 sub-account CBR Class B and Account 1589
Ref 1: A-02-01-04
Ref 2: A-02-01-05
Ref 3: A-02-01-06
Ref 4: A-02-02-03

Regarding the Accounting Guidance on Capacity Based Recovery, set out in the OEB's July 25, 2016 letter, Hydro One Remote Communities does not have account balances in Account 1580 sub-account CBR Class B. Hydro One Remote Communities stated that this account is not applicable.

Hydro One Remote Communities stated that Account 1589 does not apply as the utility does not have non-RPP Class B customers. Regarding Account 1589, Hydro One Remote Communities also stated that the OEB's Accounting Guidance is not applicable, as it does not have RPP and non-RPP customers.

Hydro One Remote Communities stated that its customers do not pay the Global Adjustment, and as such it does not have activity in Account 1589.

a) Please confirm that since Hydro One Remote Communities does not have any non-RPP customers (as well as no Class A and Class B customers), there is no need to separate Class B impacts from Class A impacts in Account 1580 sub-account CBR Class B and no need for Account 1589. If this is not the case, please explain.
b) Please explain whether Hydro One Remote Communities is, or will be invoiced the Global Adjustment, and how this impacts the RRRPVA balance, given that its customers do not pay the Global Adjustment.

H-Staff-41
DVAs Clarification of Non-Applicability of Account 1550, Account 1580, Account 1584, Account 1586, and Account 1595
Ref 1: A-01-02-03
Ref 2: A-02-02-03

Hydro One Remote Communities stated that it will transition to a transmission-connected distributor, while continuing to provide off-grid electricity generation and distribution, both as primary or prime power and as backup power.

Hydro One Remote Communities stated that it is exempt from the Retail Service Code, and therefore the RTSR Workform does not apply to the utility.

Hydro One Remote Communities was silent regarding its use of Account 1550, LV Variance Account, Account 1580, RSVA - Wholesale Market Service Charge, Account 1584, RSVA - Retail Transmission Network Charge, Account 1586, RSVA - Retail Transmission Connection Charge, and Account 1595, Disposition and Recovery/Refund of Regulatory Balances.

a) Please explain:
    i. Hydro One Remote Communities' statement that it is exempt from the "Retail Service Code"
    ii. Whether the utility instead meant to reference a different OEB code
    iii. How this exemption relates to the RTSR Workform not applying to the utility and the use of Account 1550, Account 1584, and Account 1586.
b) Please explain whether Account 1550, LV Variance Account, Account 1580, RSVA - Wholesale Market Service Charge, Account 1584, RSVA - Retail Transmission Network Charge, Account 1586, RSVA - Retail Transmission Connection Charge, and Account 1595, Disposition and Recovery/Refund of Regulatory Balances, are applicable to Hydro One Remote Communities.
c) If these accounts are not applicable to Hydro One Remote Communities, please explain why and also whether Hydro One Remote Communities is proposing an exemption to not use these accounts.
d) If these accounts are applicable to Hydro One Remote Communities, please explain why the utility is not using these accounts.

H-Staff-42
DVAs Continued Exemption of Account 1592
Ref 1: A-02-01-04
Ref 2: D-05-01-05

On April 1, 2020, the OEB approved Hydro One Remote Communities' exemption request regarding Account 1592, but noted that this request will be effective to December 31, 2027, when the accelerated investment incentive (AII) program is expected to end, unless directed otherwise by the OEB as part of Hydro One Remote Communities' next rebasing application.

Hydro One Remote Communities stated that accelerated capital cost allowance (CCA) balances will be disposed of through the RRRP, as the OEB approved its exemption request to use Account 1592.

a) Please explain Hydro One Remote Communities' proposal regarding a further exemption from Account 1592, in the event of either occurring:
    i. The accelerated CCA is continued past its scheduled expiry date of December 31, 2027.
    ii. Hydro One Remote Communities defers the filing of its next scheduled cost-based application that is expected for 2028 rates.
b) Please clarify that Hydro One Remote Communities means that its CCA balances will be disposed of through the RRRPVA first, and then the RRRP. If this is not the case, please explain.