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Frank D'Andrea
Vice President
Regulatory Affairs

BY COURIER

November 23, 2018

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON, M4P 1E4

Dear Ms. Walli,

B2M LP Updated Revenue Requirement and Supporting Schedules

Please find attached the updated revenue requirement and supporting schedules for B2M Limited Partnership ("B2M LP"), reflecting the revised Cost of Capital parameters released by the Board on November 22, 2018.

Exhibit	Title
1.0	Revenue Requirement Summary
1.1	Operations, Maintenance & Administration (OM&A) Expenses
1.2	Rate Base and Depreciation
1.3	Capital Expenditures
1.4	Capital Structure and Return on Capital
1.4.1	Cost of Long Term Debt Capital
1.5	Income Tax

The schedules reflect the Board's direction to include the reimbursement of the approved startup costs over a four year period. The 2019 allotment is \$1.925 million.

On May 3, 2018, B2M LP received a Decision from the Board approving its application for changes to its transmission revenue requirement effective January 1, 2018. The approval was for a Revenue Requirement of \$35.9M. However, interim transmission rates instituted for January 1, 2018 included revenue allotment for B2M LP of \$37.5M meaning that B2M LP was set to collect \$1.6M of revenue in excess of its approved amount. The Board decision, agreed to by all parties, stipulated that since the \$1.6M difference in revenue requirement is not material to the overall Uniform Transmission Rates ("UTR"), B2M LP should continue to receive the interim

revenue for 2018 based upon the \$37.5M revenue and return the \$1.6M difference in its next update.¹ The credit to revenue for this amount is included in Exhibit 1.0.

Otherwise, there are no other materially noteworthy items included in this update beyond the mechanistic updates resulting from the Cost of Capital parameters update from the Board.

B2M LP also notes that there is unlikely to be sufficient time to issue an Order or Orders fixing final rates for January 1, 2019 implementation. Therefore, B2M LP requests that Uniform Transmission Rates ("UTR") approved for 2019, be declared interim and include the \$32.8M requested herein.

An electronic copy has been filed using the Board's Regulatory Electronic Submission System.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank D'Andrea". The signature is fluid and cursive, with a long horizontal stroke at the end.

Frank D'Andrea

Submitting on behalf of B2M LP

Enc.

¹ EB-2017-0380, Decision and Order, Page 5-6

B2M LP Inc.
Update to Implementation of Decision with Reasons on EB-2015-0026

Revenue Requirement Summary

(\$ millions)	Supporting Reference	B2M LP Proposed	OEB Decision Impact	OEB Approved	Cost of Capital Update	Revised
		2018	2018	2018	2018	2018
OM&A	Exhibit 1.1	1.5	(0.1)	1.5	-	1.5
Transition Costs (Note 1)		1.9	-	1.9	-	1.9
Depreciation	Exhibit 1.2	6.8	-	6.8	-	6.8
Return on Debt	Exhibit 1.4	15.3	(9.3)	5.9	(0.4)	5.5
Return on Equity (Note 2)	Exhibit 1.4	20.0	(0.1)	19.8	(2.0)	17.8
Income Tax	Exhibit 1.5	1.1	(0.0)	1.1	(0.3)	0.8
Revenue Credit from 2018	Note 3	-	-	-	(1.6)	(1.6)
Base Revenue Requirement		46.6	(9.5)	37.1	(2.7)	32.8
Deduct: External Revenue		-	-	-	-	-
Rates Revenue Requirement		46.6	(9.5)	37.1	(2.7)	32.8

Note 1: The Decision allowed the \$7.7 million start-up cost to be recovered in rates over a four year period, with \$1.925 million being recovered each year from 2016 to 2019.

Note 2: The Cost of Capital is updated to reflect OEB approved parameters issued on November 23, 2017.

Note 3: See EB-2017-0380, the Decision issued on May 3, 2018 found 2018 Excess Revenue equivalent to \$1.6 million and ordered that the 2018 UTRs stay at their current level and that the 2018 Excess Revenue for B2M LP be included in 2019 Revenue Requirement calculations. See *Decision and Order issued May 3, 2018, Section 3.3*.

B2M LP Inc.
Update to Implementation of Decision with Reasons on EB-2015-0026

OM&A

(\$ millions)	Supporting Reference	B2M LP Proposed	OEB Decision Impact	Revised
		2019	2019	2019
OM&A		1.55	(0.05)	1.50

OEB Decision Impact Supporting Details

Adjustments

OEB Decision Reference

Reduction to encourage efficiency	Note 1	<u>(0.05)</u>
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Note 1: The OEB imposed a reduction of \$50,000 on 2019 OM&A to encourage efficiency. See: EB-2015-0026, Decision issued December 29, 2015, Page 2, Paragraph 2

B2M LP Inc.
Update to Implementation of Decision with Reasons on EB-2015-0026

Rate Base and Depreciation

Supporting Reference	B2M LP Proposed	OEB Decision Impact	Revised
	2019	2019	2019
<i>See supporting details below</i>			
Rate Base	495.6	-	495.6
Depreciation	6.8	-	6.8

OEB Decision Impact Supporting Details

Reference

Working Capital Adjustment

Rate Base Details

Utility plant (average)	
Gross plant at cost	547.7
Less: Accumulated depreciation	(52.1)
Add: CWIP	-
Net utility plant	<u>495.6</u>
Working capital	
Cash working capital	-
Materials & supplies inventory	-
Total working capital	<u>-</u>
Total Rate Base	<u>495.6</u>

B2M LP Inc.
 Update to Implementation of Decision with Reasons on EB-2015-0026

Capital Expenditures

(\$ millions)

Capital expenditures

Supporting Reference	B2M LP Proposed	OEB Decision Impact	Revised
	2019	2019	2019
	-	-	-

B2M LP Inc.
Update to Implementation of Decision with Reasons on EB-2015-0026

Capital Structure and Return on Capital

(\$ millions)	Supporting Reference	B2M LP Proposed 2019	OEB Decision Impact 2019	OEB Approved 2019	Cost of Capital Update 2019	Revised 2019
Return on Rate Base					Note 1	Note 1
Rate Base	Exhibit 1.2	\$ 495.6	\$ -	\$ 495.6	\$ -	\$ 495.6
Capital Structure:						
Third-Party long-term debt		56.0%	0.0%	56.0%	0.0%	56.0%
Deemed long-term debt		0.0%	0.0%	0.0%	0.0%	0.0%
Short-term debt		4.0%	0.0%	4.0%	0.0%	4.0%
Common equity		40.0%	0.0%	40.0%	0.0%	40.0%
Capital Structure:						
Third-Party long-term debt	Exhibit 1.4.1	\$ 277.5	\$ -	\$ 277.5	\$ -	\$ 277.5
Deemed long-term debt		\$ -	\$ -	\$ -	\$ -	\$ -
Short-term debt		\$ 19.8	\$ -	\$ 19.8	\$ -	\$ 19.8
Common equity		\$ 198.2	\$ -	\$ 198.2	\$ -	\$ 193.2
		\$ 495.6	\$ -	\$ 495.6	\$ -	\$ 495.6
Allowed Return:						
Third-Party long-term debt	Exhibit 1.4.1	5.16%	(3.36%)	1.80%	(0.00%)	1.80%
Deemed long-term debt	Exhibit 1.4.1	5.16%	(3.36%)	1.80%	(0.00%)	1.80%
Short-term debt		4.71%	0.02%	4.73%	(1.91%)	2.82%
Common equity		10.08%	(0.07%)	10.01%	(1.03%)	8.98%
Return on Capital:						
Third-Party long-term debt		\$ 14.3	(9.3)	\$ 5.0	(0.0)	\$ 5.0
Deemed long-term debt		\$ -	\$ -	\$ -	\$ -	\$ -
Short-term debt		\$ 0.9	0.0	\$ 0.9	(0.4)	\$ 0.6
Total return on debt		\$ 15.3	(9.3)	\$ 5.9	(0.4)	\$ 5.5
Common equity		\$ 20.0	(0.1)	\$ 19.8	(2.0)	\$ 17.8

Note 1: The Cost of Capital is updated to reflect OEB approved parameters issued on November 22, 2018.

B2M LP Inc.

Update to Implementation of Decision with Reasons on EB-2015-0026

Cost of Long-Term Debt Capital

Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered	Premium Discount and Expenses	Total Amount	Price Per \$100 Principal (\$)	Effective Cost Rate	<u>Total Amount Outstanding</u>			Carrying Cost	Embedded Cost Rate
								12/31/2018	12/31/2019	Average		
30-Jun-15	1.64%	30-Apr-20	293.3	1.0	292.3	99.64	1.72%	281.3	277.2	279.3	4.8	
								281.3	277.2	279.3	4.8	
Add: Treasury OM&A Costs											0.1	
Add: Other Financing Related Fees											0.1	
Total											5.0	1.80%

B2M LP Inc.
Update to Implementation of Decision with Reasons on EB-2015-0026

Income Tax

(\$ millions)	Supporting Reference	B2M LP Proposed	OEB Decision Impact	OEB Approved	Cost of Capital Update	Revised
		2019	2019	2019	2019	2019
Income Taxes	See supporting details below	1.1	(0.0)	1.1	(0.3)	0.8

(\$ millions)

Income Tax Supporting Details

Rate Base	Exhibit 1.2	(a)	\$ 495.6	\$ -	\$ 495.6	\$ -	\$ 495.6
Common Equity Capital Structure		(b)	40.0%		40.0%	0.0%	40.0%
Return on Equity	Exhibit 1.4	(c)	10.08%		10.01%	-1.0%	8.98%
Return on Equity		(d) = a x b x c	20.0	(0.2)	19.8	(2.0)	17.8
Regulatory Income Tax		(e) = l	1.1		1.1	(0.3)	0.8
Regulatory Net Income (before tax)		(f) = d + e	21.1	(0.2)	20.9	(2.3)	18.6
Timing Differences		(g) Note 1	(14.2)	-	(14.2)	-	(14.2)
Taxable Income		(h) = f + g	6.9	(0.2)	6.8	(2.3)	4.5
Taxable Income Allocated to Taxable Partners	Note 2		4.9		4.8		3.2
Tax Rate	(i)		26.50%		26.50%	0.00%	26.50%
Income Tax	(j) = h x i		1.3	-	1.3	(0.4)	0.9
CMT Credit Utilized	(k) Note 3		(0.2)	-	(0.2)	0.2	(0.0)
Regulatory Income Tax	(l) = j + k		1.1	-	1.1	(0.3)	0.8

	B2M LP Proposed 2019	OEB Decision Impact 2019	OEB Approved 2019	Cost of Capital Update 2019	Revised 2019
Note 1. Book to Tax Timing Differences					
Depreciation	6.8	-	6.8	-	6.8
CCA	(21.0)	-	(21.0)	(0.0)	(21.0)
Other Timing Differences	-	-	-	-	-
Total Timing Differences	<u>(14.2)</u>	<u>-</u>	<u>(14.2)</u>	<u>-</u>	<u>(14.2)</u>
Note 2. Amount to Allocate to Taxable Partners					
Taxable Income	6.9		6.8		4.5
Less Income Tax in Rates	(1.1)		(1.1)		(0.8)
Multiply by Ownership Share of Taxable Partners	65.81%		65.81%		65.81%
Taxable Income Allocated to Taxable Partners	3.8		3.7		2.4
Add Taxes in Rates	1.1		1.1		0.8
Taxable Income Allocated to Taxable Partners	4.9		4.8		3.2
Note 3. Corporate Minimum Tax					
Opening CMT Credit Carryforward	1.1		1.1		1.1
CMT Credit Utilized	<u>(0.2)</u>		<u>(0.2)</u>		<u>(0.0)</u>
Closing CMT Credit Carryforward	0.9		0.9		1.1
Regulatory Net Income (before tax)					18.6
Less Income Tax in Rates					<u>(0.8)</u>
					17.8
Multiply by Ownership Share of Taxable Partners					<u>65.8%</u>
Regulatory Net Income allocated to Taxable Partners					11.7
Add: Income Taxes in rates					<u>0.8</u>
					12.5
Multiply by CMT Rate					<u>2.7%</u>
CMT payable					0.3
Ontario taxes payable					0.4
CMT in excess of Ontario tax / (CMT Credit Utilized)					<u><u>(0.0)</u></u>