

Hydro One Networks Inc.

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

Joanne Richardson

Director, Major Projects and
Partnerships
C 416.902.4326
Joanne.Richardson@HydroOne.com

BY EMAIL AND RESS

March 4, 2024

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

Dear Ms. Marconi,

EB-2023-0328 – Chapleau Public Utilities Corporation (CPUC) and Hydro One Networks Inc. (Hydro One) Application made under s.86(1) of the Ontario Energy Board Act, 1998 to sell and purchase the electricity distribution assets of CPUC – Interrogatory Responses

In accordance with the Ontario Energy Board's (OEB) Procedural Order No. 1 issued on February 9, 2024, please find attached responses provided by Hydro One to interrogatory questions posed by VECC and Ontario Energy Board ("OEB") Staff.

These interrogatory responses have been assigned Exhibit I and have been addressed in the following Exhibit order:

Exhibit	Tab	Intervenor
I	1	OEB Staff
I	2	VECC

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

Sincerely,



Joanne Richardson

cc: Judith Meyntz, CAO, Township of Chapleau (cao@chapleau.ca)

Alan Morin, President, CPUC (operations.puc@chapleau.ca)

Jason Rioux (Jason.rioux@gmail.com)

OEB STAFF INTERROGATORY - 01

Reference:

Forecast Capital Expenditure

1. Exhibit A-2-1, Page 7

Preamble:

Hydro One Networks indicates that it expects to spend more on capital relative to historic expenditures due to the current status of Chapleau Public Utilities distribution system.

Hydro One Networks further states,

Once some deficiencies noted in the Observation Report are addressed, capital cost levels will thereafter taper off to a steady state value adjusted for Hydro One's growth forecast for the acquired service territory.

Hydro One Networks provides the following capital forecast for 2025-2027 as shown in the table below,

Future Hydro One Forecast for CPUC	Year 2024 (\$000's)	Year 2025 (\$000's)	Year 2026 (\$000's)	Year 2027 (\$000's)
Sustainment Capital	34	180	150	117
Growth Capital	30	92	93	93
Total	64	272	243	209

Interrogatory:

a) Please provide a forecast for the steady state level of capital expenditures expected after the investments in 2025-2027.

Response:

a) The Hydro One incremental capital cost forecast of \$209k for year 2027, shown in Table 2 of the evidence, is the expected steady state level of capital expenditures as it does not include any capital spending related to the deficiencies noted in the Observation Report. The table below shows a further breakdown of the costs presented in Table 2 to address the replacement of transformers contaminated with PCBs and the submarine cable.

Future Hydro One Forecast for CPUC	Year 2024 (\$000's)	Year 2025 (\$000's)	Year 2026 (\$000's)	Year 2027 (\$000's)
Steady state (General Sustainment)	34	107	112	117
PCB (Observation Report)		73		
Sub Cable (Observation Report)			38	
Sustainment Capital	34	180	150	117
Growth Capital	30	92	93	93
Total	64	272	243	209

- 1
- 2 The capital cost to address deficiencies at the substation is forecast to be in the range of
- 3 \$3M (2023\$s), pending a detailed study post integration, and is expected to occur outside
- 4 the forecast period.
- 5
- 6 The retirement costs of CPUC's obsolete billing system, incurred when CPUC customers
- 7 are integrated into the Hydro One billing system, are included as integration costs. Refer
- 8 to Exhibit I, Tab 1, Schedule 7.

OEB STAFF INTERROGATORY - 02

Reference:

Bill Impact

1. Exhibit A-2-1, Page 10

Preamble:

Hydro One Networks states,

Both CPUC (EB-2023-0011, for rates effective May 1, 2024) and Hydro One (EB-2023-0030, for rates effective January 1, 2024) currently have an application for approval of 2024 delivery rates before the OEB. The proposed rates in these applications are used to calculate the bill impacts in Tables 4 and 5 below.

OEB Staff has produced table 4 and 5 at reference 1 below:

	Residential/R1* (750 kWh/month)	GS<50 kW/Gse (2,000kWh/month)	GS 50-4,999kW/GSd (93 kW)
Total Bill (CPUC)	\$136.53	\$356.95	\$6,482.98
Total Bill (Hydro One)	\$142.88	\$446.51	\$7,931.25
Difference (\$)	\$6.35	\$89.57	\$1,448.27
Difference (%)	5%	25%	22%

	GS<50 kW/Gse (2,000kWh/month)	GS 50-4,999kW/GSd (93 kW)
Total Bill (CPUC)	\$356.95	\$6,482.98
Total Bill (Hydro One)	\$373.41	\$6,506.74
Difference (\$)	\$16.46	\$23.76
Difference (%)	4.60%	0.40%

Hydro One Networks proposes to freeze distribution charges for all non-residential customers at the OEB-approved 2024 values between September and December 2024. Starting January 2025, Hydro One Networks has proposed to limit annual bill impacts to no more than 10% for all non-residential customers.

Interrogatory:

- a) Please provide the OEB Tariff Schedule and Bill Impacts model supporting the calculation of total bill for Chapleau Public Utilities and Hydro One Networks shown in table 4 at reference 1. If applicable, please provide a revised version of Table 4 and 5 at reference 1 confirming bill impacts for all Chapleau Public Utilities customers post transition (effective September 1, 2024).
- b) Please provide the distribution charges underpinning the total bill that will be in effect from September to December 2024 for residential and non-residential customers.
- c) Please explain how Hydro One Networks is proposing to limit bill impacts to no more than 10% for non-residential customers between 2025-2027.
- d) Please provide the rationale for Hydro One Networks' proposal to transition Chapleau Public Utilities customers as new customers instead of maintaining a separate rate zone for former Chapleau Public Utilities customers (assuming OEB approval of this proposed transaction) until Hydro One Networks' next rebasing application.
- e) Hydro One Networks proposes to maintain Chapleau Public Utilities' existing OEB-approved deferral and variance accounts separate from Hydro One Networks' deferral and variance accounts through to disposition. Please confirm that Hydro One Networks' existing rate riders as per its current Tariff of Rates and Charges (i.e., those effective until December 31, 2025) will not be applicable to former Chapleau Public Utilities customers.

Response:

- a) In the evidence, Hydro One used proposed 2024 rates for CPUC and Hydro One Distribution for the bill impact calculations as both CPUC (EB-2023-0011, for rates effective May 1, 2024) and Hydro One (EB-2023-0030, for rates effective January 1, 2024) application were before the OEB at the time.

The requested information is provided in Attachments 1-3 to this interrogatory response:

- Attachment 1: Proposed Chapleau Public Utilities Corporation – Tariff of Rates and Schedules (Effective May 1, 2024)
- Attachment 2: Approved Hydro One Networks Inc. - Tariff of Rates and Schedules (Effective January 1, 2024)
- Attachment 3: Bill Impact Calculations

- b) The table below provides the distribution charges underpinning the total bill, as shown in Tables 4 and 5 in Exhibit A-2-1, that will be in effect from September 2024 (assumed integration date as stated in the evidence) to December 2024 for CPUC's residential and non-residential customers per Hydro One's proposal. As mentioned in the evidence, Exhibit A, Tab 2, Schedule 1, page 10 of 20, CPUC's residential customers will adopt the distribution charges for Hydro One's medium-density residential rate class (R1) starting in September 2024 (assumed integration date as stated in the evidence). For CPUC's non-residential customers, distribution charges shown below are CPUC's proposed 2024 rates which are proposed to remain in effect until December 31, 2024.

Rate Class	Fixed Monthly Charge (\$/kWh)	Volumetric Charge (\$/kWh)	Volumetric Charge (\$/kW)
Residential*	\$68.30		
General Service < 50kW	\$40.36	\$0.0303	
General Service 50-4,999 kW	\$222.05		\$5.7597

** Under Distribution Rate Protection (DRP) program, monthly distribution charges for residential customers will be capped at the OEB-approved value at the time (currently \$39.49/month).*

- c) Hydro One proposes to use the same bill impact mitigation approach as approved by the OEB in Hydro One's 2023-2027 Joint Transmission and Distribution Rate Application for unmetered customers in the former Norfolk, Haldimand, and Woodstock service areas.¹ Under the previously approved mitigation approach, Hydro One will calculate the bill impacts for each non-residential customer using their average monthly consumption based on the latest 12 months of data available at the time. Monthly credit amounts will then be calculated to limit the total bill impacts to less than or equal to 10%. The same monthly credit will be applied throughout the year. The bill credit calculation will be an annual exercise (before January 1 of each year, commencing in 2025), until the total bill impact is less than 10%.
- d) Hydro One's proposal to transition existing CPUC customers to Hydro One as new customers in lieu of pursuing a deferred rebasing period is premised on the circumstances associated with the acquisition of a small utility and uniquely compounded by the circumstances challenging the current operations of CPUC.

¹ EB-2021-0110, Exhibit L, Tab 6, Schedule 1, Section 2.2 and EB-2021-0110 Decision on Settlement Proposal and Order on Rates, Revenue Requirement, and Charge Determinants, Schedule A, Settlement Proposal, Issue 38, Pg 102 of 117

CPUC is a small utility with approximately 1,300 customers and an entire annual distribution revenue requirement that marginally exceeds Hydro One's materiality threshold. Establishing a separate rate class for this sized LDC would be cost-prohibitive, especially given the small number of customers transitioning to those rate classes (Residential, GS <50kw, GS > 50 kw). For context, as documented in the most recent OEB yearbook for electricity distributors, CPUC's net income for 2022 was \$132,608². Between 2015-2022, CPUC's reported net income ranged from -\$22,706 in 2018 to \$185,390 in 2021 averaging \$70,684/year. Utilizing that average income, recovery of the cost to establish separate rates for CPUC customers in Hydro One's operating systems would take several years to recuperate that cost alone.

Additionally, rate classes for a small number of customers may result in unstable rates if customers numbers change (e.g., currently there are six customers in CPUC's class GS>50kW), if two of these customers were to depart, it could have material impact on the remaining customers' rates.

As documented by the OEB in previous jurisprudence³, rate-setting policies associated with consolidation are predicated on the notion that the going-in rates are the rates intended to provide the revenues required as the starting point to achieve savings over the deferred rebasing period. In this circumstance, however, that is not feasible for all the reasons documented in Exhibit A, Tab 2, Schedule 1, the OEB's interim licence decision provided to Hydro One pursuant to docket EB-2023-0144 as well as the Observation Report filed in that proceeding following the issuance of the interim licence. The distribution rates revenue currently collected is insufficient and has resulted in the utility being in the likely scenario of failing.

e) Confirmed.

² Electricity Reporting & Record Keeping Requirements (RRR): Section 2.1.7 Trial Balance. Note that CPUC's operating expenses were considerably lower because of staff shortages.

³ EB-2016-0050 - OEB Decision & Order – October 13, 2016

Chapleau Public Utilities Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2024

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 750 volts or less where the electricity is used exclusively by a single family unit, non-commercial. This can be a separately metered living accommodation, town-house, apartment, semi-detached, duplex, triplex or quadruplex with residential zoning. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	59.58
Smart Metering Entity Charge - effective until December 31, 2027	\$	0.42
Low Voltage Service Rate	\$/kWh	0.0020
Rate Rider for Disposition of Global Adjustment Account (2024) - effective until April 30, 2025		
Applicable only for Non-RPP Customers	\$/kWh	0.0027
Rate Rider for Disposition of Deferral/Variance Accounts (2024) - effective until April 30, 2025	\$/kWh	0.0023
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until April 30, 2024		
Applicable only for Non-RPP Customers	\$/kWh	0.0003
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until April 30, 2024	\$/kWh	0.0010
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0093
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0016

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0007
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Chapleau Public Utilities Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2024

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification refers to a non residential account taking electricity at 750 volts or less whose average monthly average peak demand is less than, or is forecast to be less than, 50 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	40.36
Smart Metering Entity Charge - effective until December 31, 2027	\$	0.42
Distribution Volumetric Rate	\$/kWh	0.0303
Low Voltage Service Rate	\$/kWh	0.0020
Rate Rider for Disposition of Global Adjustment Account (2024) - effective until April 30, 2025		
Applicable only for Non-RPP Customers	\$/kWh	0.0027
Rate Rider for Disposition of Deferral/Variance Accounts (2024) - effective until April 30, 2025	\$/kWh	0.0024
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until April 30, 2024		
Applicable only for Non-RPP Customers	\$/kWh	0.0003
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until April 30, 2024	\$/kWh	0.0010
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0082
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0016

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0007
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Chapleau Public Utilities Corporation
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This classification refers to a non-residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	222.05
Distribution Volumetric Rate	\$/kW	5.7597
Low Voltage Service Rate	\$/kW	0.7061
Rate Rider for Disposition of Global Adjustment Account (2024) - effective until April 30, 2025		
Applicable only for Non-RPP Customers	\$/kWh	0.0027
Rate Rider for Disposition of Deferral/Variance Accounts (2024) - effective until April 30, 2025	\$/kW	0.6919
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until April 30, 2024		
Applicable only for Non-RPP Customers	\$/kWh	0.0003
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until April 30, 2024	\$/kW	0.3553
Retail Transmission Rate - Network Service Rate	\$/kW	3.4414
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.5878

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0007
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Chapleau Public Utilities Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2024

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW and the consumption is un-metered. Such connections include cable TV, power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The customer will provide detailed manufacturer information/documentation with regard to electrical demand/consumption of the proposed unmetered load. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	19.72
Distribution Volumetric Rate	\$/kWh	0.0265
Low Voltage Service Rate	\$/kWh	0.0020
Rate Rider for Disposition of Deferral/Variance Accounts (2024) - effective until April 30, 2025	\$/kWh	0.0025
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until April 30, 2024	\$/kWh	0.0010
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0082
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0016

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0007
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Chapleau Public Utilities Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2024

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	12.61
Distribution Volumetric Rate	\$/kW	21.9352
Low Voltage Service Rate	\$/kW	0.5573
Rate Rider for Disposition of Global Adjustment Account (2024) - effective until April 30, 2025		
Applicable only for Non-RPP Customers	\$/kWh	0.0027
Rate Rider for Disposition of Deferral/Variance Accounts (2024) - effective until April 30, 2025	\$/kW	0.8015
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until April 30, 2024	\$/kW	0.3670
Retail Transmission Rate - Network Service Rate	\$/kW	2.6084
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.4640

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0007
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Chapleau Public Utilities Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2024

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting operation, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved Ontario Energy Board street lighting load shape template. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	1.54
Distribution Volumetric Rate	\$/kW	7.1454
Low Voltage Service Rate	\$/kW	0.5460
Rate Rider for Disposition of Deferral/Variance Accounts (2024) - effective until April 30, 2025	\$/kW	0.9017
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until April 30, 2024	\$/kW	0.3595
Retail Transmission Rate - Network Service Rate	\$/kW	2.5955
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.4545

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0007
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Chapleau Public Utilities Corporation
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

microFIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	4.55
----------------	----	------

ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for Transformer Losses - applied to measured demand & energy	%	(1.00)

SPECIFIC SERVICE CHARGES

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Customer Administration

Arrears certificate	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque (plus bank charges)	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

Non-Payment of Account

Late payment - per month		
(effective annual rate 19.56% per annum or 0.04896% compounded daily rate)	%	1.50
Reconnection at meter - during regular hours	\$	65.00

Other

Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments)	\$	37.78
--	----	-------

RETAIL SERVICE CHARGES (if applicable)

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

Chapleau Public Utilities Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2024

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity.

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	117.02
Monthly fixed charge, per retailer	\$	46.81
Monthly variable charge, per customer, per retailer	\$/cust.	1.16
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.69
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.69)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.59
Processing fee, per request, applied to the requesting party	\$	1.16
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year	\$	no charge
More than twice a year, per request (plus incremental delivery costs)	\$	4.68
Notice of switch letter charge, per letter (unless the distributor has opted out of applying the charge as per the Ontario Energy Board's Decision and Order EB-2015-0304, issued on February 14, 2019)	\$	2.34

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor - Secondary Metered Customer < 5,000 kW	1.0705
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0599



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

PARTIAL DECISION AND RATE ORDER

EB-2023-0030

HYDRO ONE NETWORKS INC.

Application for rates and other charges to be effective January
1, 2024

BEFORE: **Pankaj Sardana**
 Presiding Commissioner

Lynne Anderson
Chief Commissioner

December 14, 2023

1. OVERVIEW

The Ontario Energy Board (OEB) is approving changes to the rates that Hydro One Networks Inc. (Hydro One) charges to distribute electricity to its customers, effective January 1, 2024.

The OEB finds it prudent to not dispose any of the Group 1 deferral and variance account (DVA) balances at this time. The OEB is concerned with OEB staff's and Hydro One's divergent views on complicated accounting matters regarding Accounts 1588 and 1589 and has ordered a "settlement conference" to discuss such matters.

As a result of this Partial Decision, there will be a monthly total bill increase of \$1.94 for a residential customer consuming 750 kWh. This change does not factor in applicable taxes or the Ontario Electricity Rebate but includes impacts resulting from the Distribution Rate Protection program. The applicant is one of eight electricity distributors in Ontario to which this tax-funded program applies. The program has been in effect since July 2017, and currently caps monthly distribution charges at \$39.49.¹

The OEB is also approving Hydro One's request to change the composition of its distribution service rates. Residential distribution service rates have historically included a fixed monthly charge and a variable usage charge. In 2015, the OEB issued a policy to transition these rates to a fully fixed rate structure beginning in 2016, and the OEB approved the timeframe over which this would be implemented.² For the Urban Density rate class (UR), 2021 was the fifth and final year of the transition period to an all-fixed distribution rate. For the Medium Density (R1) and Low Density (R2) rate classes, 2024 is the eighth, and final year of Hydro One's transition to fully fixed rates. This change does not affect the total revenue that distributors collect from residential customers.

Also in 2015, the OEB issued a decision to eliminate Hydro One's seasonal distribution rate class and move the existing seasonal class customers to one of three Hydro One residential rate classes (i.e., R1, R2 and UR) according to their density³. To implement these changes, a subsequent OEB decision⁴ permitted Hydro One to phase-in the fixed charge for seasonal customers transitioning to the R2 rate class to the same all-fixed distribution charge as R2 customers over the number of years, beginning January 1, 2023, required to limit the total bill impacts for affected seasonal customers to 10% per year. As part of this mitigation, all R2 customers pay an increased volumetric rate that

¹ Decision and Order, EB-2023-0119, May 30, 2023

² OEB Policy – "[A New Distribution Rate Design for Residential Electricity Customers](#)." EB-2012-0410, April 2, 2015

³ Decision, EB-2013-0416/EB-2014-0247, March 12, 2015

⁴ Decision and Order, EB-2020-0246, November 10, 2021

ensures recovery of the total revenue to be collected from the R2 class that is not covered by the lower monthly fixed charge to affected seasonal R2 customers.⁵

⁵ *Ibid.*

2. CONTEXT AND PROCESS

Hydro One serves approximately 1.5 million distribution customers, primarily in the rural and remote areas of the province.

Hydro One filed its application for 2024 distribution rates on August 17, 2023 under section 78 of the *Ontario Energy Board Act, 1998*. The application was based on the Custom Incentive Rate-setting (Custom IR) option, with a five-year term. This is the first annual update application filed by Hydro One using the Custom IR methodology approved by the OEB in 2022, as described below.

In November, 2022, the OEB approved a settlement proposal submitted on October 24, 2022, and updated November 16, 2022, for a five-year Custom IR framework (Custom IR Decision) that covers the years 2023 to 2027.⁶ As part of the 2023-2027 Custom IR Decision, the OEB issued a final rate order establishing distribution rates for 2023. The distribution revenue requirement and the rates to recover it for subsequent years are to be adjusted mechanistically through a custom revenue cap index adjustment formula. This is referred to in Section 4 of this Partial Decision as the Custom Revenue Cap Index Adjustment.

The key components of Hydro One's Custom IR framework are listed below:

- A custom revenue cap approach for adjusting rates for 2024-2027 of the five-year term
- A productivity factor of 0.45% to remain constant over the term of the plan
- A capital factor, reduced by a supplemental stretch factor on capital of 0.20%, and updated annually to reflect any changes to the inflation factor. The capital factor is designed to recover the incremental revenue each test year to support Hydro One's distribution system plan
- Forecast number of customers and load by rate class for 2023-2027
- An earnings sharing mechanism (ESM) and access to the OEB's Z-factor mechanism. Hydro One is to bring any ESM balances for disposition for the years 2021-2024, to the extent that the ESM is triggered and there are balances required to be disposed of, as part of Hydro One's 2026 rate application
- Annual updates to Retail Transmission Service Rates
- No changes to its capital structure

⁶ EB-2021-0110, Decision on Settlement Proposal and Order on Rates, Revenue Requirement and Charge Determinants, November 29, 2022.

The OEB follows a standardized and streamlined process for Custom IR update applications. Applications of this nature may be decided by a panel of Commissioners, or may be delegated to OEB staff, depending on the complexity of the applications.

Hydro One requested that the application be disposed of without a hearing, however after an initial review of the application, the OEB proceeded by way of a written hearing because of questions with respect to certain account balances.

Notice of the application was issued on September 8, 2023. The Society of United Professionals (SUP), Power Workers' Union (PWU) and Canadian Manufacturers & Exporters (CME) requested intervenor status. The OEB approved CME as an intervenor and denied SUP and PWU's intervention requests. The OEB approved cost eligibility for CME and only in relation to Hydro One's proposed adjustments and disposition of the commodity DVAs (i.e., Account 1588 and Account 1589).

The application was supported by pre-filed written evidence and customized Excel models, and as required during the proceeding, Hydro One updated and clarified the evidence.

Hydro One responded to interrogatories from OEB staff and CME. Final submissions on the application were filed by OEB staff and Hydro One.

3. DECISION OUTLINE

Each of the following issues is addressed in this Partial Decision, together with the OEB's findings:

- Custom Revenue Cap Index Adjustment
- Cost Allocation and Rate Design
- Retail Transmission Service Rates and Sub Transmission Rates
- Group 1 Deferral and Variance Accounts
- Retail Service and Specific Service Charges

Instructions for implementing Hydro One's new rates and charges are set out in the final section of this Partial Decision.

4. CUSTOM REVENUE CAP INDEX ADJUSTMENT

The OEB approved a five-year Custom IR plan with the revenue requirement to be adjusted annually through a custom revenue cap index (RCI). The approved formula for the Custom IR for the test year (t+1) is equal to the revenue in year t inflated by the RCI. Hydro One's approved custom RCI formula is $I - X + C$, where:

- **I** is the Inflation Factor, and is updated annually as determined by the OEB. The application reflects the 4.8% Inflation Factor for electricity distributors calculated by the OEB for 2024 applications, effective January 1, 2024.
- **X** is the Productivity Factor, that is equal to the sum of Hydro One's Custom Industry Total Factor Productivity measure and Hydro One's Custom Productivity Stretch Factor. The approved Productivity Factor is 0.45% and will not be updated over the 2024 to 2027 period.
- **C** is Hydro One's Custom Capital Factor, reduced by a Supplemental Stretch Factor on Capital of 0.20%, and updated annually to reflect any changes to the Inflation Factor. The Capital Factor is designed to recover the incremental revenue each test year to support Hydro One's distribution system plan.

The components of the RCI adjustment formula are set out in Table 4.1. They result in a total RCI of 5.36%.

Table 4.1: 2024 Custom RCI by Component

Components	2024
Inflation Factor ⁷ (I)	4.80%
Productivity Factor (X)	(0.45%)
Custom Capital Factor (C)	1.01%
Total RCI = I – X + C	5.36%

Hydro One's total revenue requirement for the 2024 rate year is then determined by applying the RCI of 5.36% to Hydro One's OEB-approved 2023 total revenue

⁷ OEB Letter, 2024 Inflation Parameters, June 29, 2023

requirement. The result is a 2024 total revenue requirement of \$1,819.8 million, as shown in Table 4.2.

Table 4.2: Hydro One's Total Revenue Requirement by Year

Year	Formula	Total Revenue Requirement (million)
2023	OEB-Approved Hydro One Total Revenue Requirement	\$1,727.2
2024	2023 Total Revenue Requirement x 2024 RCI = \$1,727.2 million x 1.0536	\$1,819.8

The Custom IR Decision approved 2024 load forecast,⁸ including the Acquired Utilities⁹, by rate class is summarized in the following table:

Table 4.3: 2024 Load Forecast by Rate Class

Rate Classification	Number of Customers	GWh	kW
Distributed Generation – DGen	1,576	31	217,567
General Service Demand Billed – GSd	5,393	2,193	7,028,358
General Service Energy Billed – GSe	88,831	1,990	
Residential Medium Density – R1	548,767	5,142	
Residential Low Density – R2	417,937	4,843	
Sub Transmission – ST	917	15,171	31,012,799
Urban General Service Demand Billed – UGd	1,753	889	2,312,124
Urban General Service Energy Billed – UGe	18,524	549	
Residential Urban Density – UR	249,127	2,053	
Street Lighting – STL	5,536	83	

⁸ EB-2021-0110, Decision on Settlement Proposal and Order on Rates, Revenue Requirement and Charge Determinants, November 29, 2022, Attachment 2, Schedule 2.0 pp 1 – 3

⁹ Norfolk Power Distribution Inc., Haldimand County Hydro Inc. and Woodstock Hydro Services Inc.

Sentinel Lighting – Sen LGT	19,086	11	
Unmetered Scattered Load – USL	5,793	33	
Residential Acquired Mixed Density – AR	39,198	334	
Acquired Mixed Density General Service Energy Billed – AGSe	4,213	116	
Acquired Mixed Density General Service Demand Billed – AGSd	306	229	640,641
Residential Acquired Urban Density – AUR	15,550	119	
Acquired Urban Density General Service Energy Billed – AUGe	1,392	41	
Acquired Urban Density General Service Demand Billed – AUGd	207	119	334,225
Total	1,424,106	33,948	41,545,714

Findings

Hydro One's final 2024 RCI is 5.36% (i.e., 4.80% - 0.45% + 1.01%). The OEB approves the revenue requirement for 2024 of \$1,819.8 million, which is determined as the revenue requirement in 2023 (\$1,727.2 million) inflated by the 2024 RCI. The 2024 distribution rates are derived from the calculated 2024 revenue requirement and the approved load forecast.

The OEB finds that Hydro One has calculated the RCI adjustment in accordance with the Custom IR Decision. Accordingly, the total formulaic increase yielded by the RCI formula of 5.36% will apply to Hydro One's distribution rates effective January 1, 2024.

5. COST ALLOCATION AND RATE DESIGN

Hydro One stated that it is not updating the cost allocation model over the term of the Custom IR plan as per the Custom IR Decision.¹⁰ Hydro One also noted that the determination of costs and revenue requirement by rate class for 2024 is consistent with the methodology approved for in the Custom IR Decision. Hydro One further noted that, consistent with the Custom IR Decision, it has not performed any revenue-to-cost ratio adjustments for the 2024 rate year.

Transition to Fully Fixed Rates

The OEB directed Hydro One to implement the transition to fully fixed rates for the residential rate classes using the methodology in the OEB's Revenue Requirement Work Form¹¹. Hydro One stated in this application that the transition to all-fixed distribution rates is now complete for all residential rate classes. The OEB approved the elimination of the seasonal rate class in a previous decision and as a result, Hydro One's R2 rate class will continue to have a declining volumetric rate until 2032 as a mitigation measure for those low-volume seasonal customers that would otherwise see total bill impacts greater than 10%.¹²

Hydro One also stated that the 2024 fixed and volumetric distribution rates for non-residential rate classes were calculated using the methodology approved in the Custom IR Decision. Hydro One confirmed that total bill impacts exceed 10% for approximately 230 unmetered load customers, including unmetered scattered load, street lighting and sentinel lighting, of the Acquired Utilities. Hydro One continues to apply a mitigation credit to these customers to limit their total bill impact to no more than 10%.

Hopper Foundry and Transformer Cost Allowance Rate Adders

Hydro One stated that the proposed 2024 Hopper Foundry rate adder reflects the proposed 2024 General Service Demand Billed (GSd) rates and that the forecast lost revenue related to Hopper Foundry is \$96,468 and results in a rate adder of \$0.0137 per kW. Hydro One further stated that this adder is included in the volumetric rate shown on the proposed 2024 tariff schedule for the GSd class.

Hydro One also stated that in accordance with the Custom IR Decision that the Customer Supplied Transformer Allowance (CSTA) rate adders for the GSd, Urban General Service Demand Billed (UGd), Distributed Generation (DGen), Acquired Urban

¹⁰ EB-2021-0110, Decision on Settlement Proposal and Order on Rates, Revenue Requirement and Charge Determinants, November 29, 2022

¹¹ EB-2017-0049, Decision and Order, March 7, 2019, p. 141

¹² EB-2020-0246, Decision and Order, November 10, 2021, pp. 6-8

Density General Service Demand Billed (AUGd) and Acquired Mixed Density General Service Demand Billed (AGSd) rate classes will remain unchanged at their current approved values.¹³

Findings

The OEB accepts Hydro One's evidence on the transition to fully fixed distribution rates, the mitigation measures related to the elimination of the seasonal rate class and the Hopper Foundry, and the CSTA rate adders as proposed by Hydro One. The OEB also accepts Hydro One's evidence on the mitigation credit to limit the bill impacts to no more than 10% for approximately 230 unmetered load customers, including unmetered scattered load, streetlights and sentinel light rate classes of the acquired service areas of Norfolk, Haldimand and Woodstock. The OEB concludes the approaches are consistent with prior OEB decisions.

¹³ EB-2021-0110, Decision on Settlement Proposal and Order on Rates, Revenue Requirement and Charge Determinants, November 29, 2022, Attachment 2, Schedule 4.3, p. 1

6. RETAIL TRANSMISSION SERVICE RATES (RTSRs) AND SUB TRANSMISSION (ST) RATES

Hydro One is billed by the Independent Electricity System Operator (IESO) at each of its transmission delivery points for the transmission of power. The IESO charges the uniform transmission rates (UTRs) approved by the OEB. On September 28, 2023, the OEB announced preliminary UTRs effective January 1, 2024.¹⁴

Hydro One updated its RTSRs based on the preliminary UTRs. The OEB sets the UTRs based on the approved revenue requirements for multiple transmitters. Preliminary UTRs are based on those revenue requirements that have already been approved for 2024. These preliminary UTRs are to be used for the setting of RTSRs to minimize the accumulation of variances in Retail Settlement Variance Accounts 1584 (Retail Transmission Network Charge) and 1586 (Retail Transmission Connection Charge). The cost consequences of any future adjustments to 2024 UTRs to reflect remaining approvals to a transmitter's revenue requirement will be tracked in these accounts and recovered over time.

As a result of its proposed update of RTSRs for 2024, Hydro One also updated the proposed 2024 ST rates, including high voltage distribution station (HVDS)-high charge, HVDS-low charge and the Common ST line charge to reflect the proposed 2024 ST RTSR for Transformation Connection.

Findings

The OEB approves Hydro One's proposed 2024 RTSRs and ST rates. Hydro One updated both the RTSRs and ST rates to reflect the preliminary 2024 UTRs set by the OEB on September 28, 2023.

¹⁴ EB-2023-0222, OEB Letter "2024 Preliminary Uniform Transmission Rates", issued September 28, 2023

7. GROUP 1 DEFERRAL AND VARIANCE ACCOUNTS

Disposition of Group 1 Deferral and Variance Accounts

In each year of an IRM (or Custom IR update) term, the OEB will review a distributor's Group 1 DVAs to determine whether those balances should be disposed of. OEB policy states that Group 1 account balances should be disposed of if they exceed, on a net basis (as a debit or credit), a pre-set disposition threshold of \$0.001 per kWh, unless a distributor justifies why balances should not be disposed of.¹⁵ If the net balance does not exceed the threshold, a distributor may still request disposition.¹⁶

The 2022 year-end net balance for Hydro One's Group 1 accounts eligible for disposition for its main distribution rate zone (Hydro One Distribution rate zone), including interest projected to December 31, 2023, is a debit of \$13,119,794, and pertains to variances accumulated during the 2021 and 2022 calendar years.¹⁷ This amount represents a total claim which does not exceed the disposition threshold, but Hydro One has requested disposition of this amount over a one-year period. Hydro One noted that the disposition of these balances will minimize intergenerational inequities, as the 2021 and 2022 balances have not yet been disposed of.¹⁸ The Custom IR Decision approved the disposition of Hydro One's Group 1 account balances on a final basis, as of December 31, 2020.¹⁹

In addition to the Hydro One Distribution rate zone, Hydro One requested disposition of its Group 1 balances for Hydro One's Peterborough rate zone and Orillia rate zone, which are being addressed in a separate proceeding.²⁰ Hydro One noted that the disposition threshold for the Peterborough rate zone has been met. Hydro One believes it is appropriate to dispose of the Peterborough rate zone, Orillia rate zone, and the Hydro One Distribution rate zone Group 1 balances together in the respective 2024 rate applications, as this approach to dispose of the consolidated Group 1 balances is consistent with past practice.²¹

OEB staff supported the disposition of Hydro One's December 31, 2022 Group 1 account balances on a final basis, excluding Accounts 1588, 1589, and 1595, but

¹⁵ Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative" (EDDVAR), EB-2008-0046, July 31, 2009

¹⁶ OEB letter, "Update to the Electricity Distributors' Deferral and Variance Account Review ("EDDVAR Report")", released July 2009 (EB-2008-0046)", issued July 25, 2014

¹⁷ Hydro One Distribution DVA Continuity Schedule, I-01-01-02, October 27, 2023

¹⁸ Exhibit A, Tab 4, Schedule 1, p. 10 & 11, August 17, 2023

¹⁹ EB-2021-0110, Decision on Settlement Proposal and Order on Rates, Revenue Requirement and Charge Determinants, November 29, 2022, Settlement Proposal, p. 46

²⁰ EB-2023-0059

²¹ Exhibit A, Tab 4, Schedule 1, p. 10 & 11, August 17, 2023

pending Hydro One's reply submission on certain matters. OEB staff submitted that these account balances should not be approved for disposition at this time, pending a further review of Accounts 1588 and 1589, as well as the review of Account 1595, being conducted by Hydro One. OEB staff recommended that the results of Hydro One's review should be filed in the distributor's 2025 Custom IR Update application.

In its reply, Hydro One stated that further reviews on Accounts 1588 and 1589 are not required as these accounts reflect audited balances and have already been reviewed. Hydro One has not identified any further issues aside from isolated reclassification adjustments with respect to embedded distributors, which have now been rectified. Hydro One also stated that a review of Account 1595 is not required, as the issues were already resolved in Hydro One's 2021 Custom IR Update proceeding.

Adoption of Accounting Guidance

On February 21, 2019, the OEB issued *Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589* (Accounting Guidance). The Accounting Guidance was effective January 1, 2019 and was to be implemented by August 31, 2019.²² However, in its 2021 Custom IR Update proceeding, Hydro One indicated that it intended to adopt the Accounting Guidance on a prospective basis, once a solution to implement the Accounting Guidance was determined, citing computer technology issues.²³

In its decision in that proceeding, the OEB accepted Hydro One's proposal to adopt the Accounting Guidance in a modified manner, until the OEB otherwise directs Hydro One.²⁴ The OEB also agreed with Hydro One that changes to its technology framework to implement the Accounting Guidance could be costly and could only be applied on a prospective basis.

In the current proceeding, Hydro One confirmed its view that since the Accounting Guidance was applied on a prospective basis (beginning January 1, 2021), the historical balances approved on a final basis prior to 2021 were not impacted.²⁵ Hydro One also stated that no historical balances for the pre-2021 period were considered in the context of the Accounting Guidance. Hydro One stated that no further review was performed for pre-2021 balances because its pre-2021 Regulated Price Plan (RPP) settlement methodology was audited by the OEB, its pre-2021 balances underwent monthly

²² Accounting Procedures Handbook Update - Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589, February 21, 2019; Note that this guidance was further updated on May 23, 2023

²³ EB-2020-0030, OEB Staff Interrogatory #1 Response, October 30, 2020

²⁴ EB-2020-0030, Hydro One Distribution, 2021 Custom IR Update, Decision and Rate Order, December 17, 2020, Revised: February 18, 2021, p. 17 & 18

²⁵ OEB Staff Interrogatory #6 Response, October 27, 2023

reviews and adhered to Hydro One's control processes, and Hydro One did not identify any systemic errors from past transactions.

OEB staff submitted that it did not support Hydro One's request for the disposition of the balances in Accounts 1588 and 1589, given that OEB staff was unclear of the full impact of certain 2021 and 2022 reclassification adjustments proposed by Hydro One, as well as other issues pertaining to pre-2021 balances and post-2021 balances. OEB staff recommended that "the OEB should direct Hydro One to perform a further review of all of its balances" relating to Accounts 1588 and 1589. OEB staff noted that Hydro One's significant adjustments give rise to concerns that there may be systemic problems with Hydro One's commodity accounting, especially since Hydro One has not yet fully adopted the Accounting Guidance.

OEB staff was also concerned that Hydro One used a select approach in reflecting Accounts 1588 and 1589 principal adjustments on the Global Adjustment (GA) Analysis Workform and the DVA Continuity Schedule, as opposed to a consistent approach.²⁶ OEB staff stated that Hydro One should comply with the OEB's requirements relating to the GA Analysis Workform and the DVA Continuity Schedule, as set out in the OEB's Chapter 3 filing requirements, as well as the OEB's instructions related to the GA Analysis Workform and DVA Continuity Schedule.²⁷

In its reply, Hydro One stated that it had reviewed the relevant data to confirm accuracy of the 2021 and 2022 Account 1588 and 1589 balances and confirmed there would be no material adjustments on a retrospective basis, following the final disposition in this proceeding. Hydro One submitted that no further reviews for Accounts 1588 and 1589 were required and questioned the additional value that further reviews and quantification plans would bring to confirm accuracy of the Account 1588 and 1589 balances.

Hydro One also disagreed with OEB staff that it used a select approach to reflect Accounts 1588 and 1589 adjustments. Hydro One stated that it is using a consistent approach to reflect Accounts 1588 and 1589 reclassification adjustments on the DVA Continuity Schedule based on audited actuals, consistent with historical practice. Hydro One stated that the two principal adjustments captured on the DVA Continuity Schedule were reclassification adjustments related to the audited balances between the two

²⁶ OEB Staff Interrogatory #11 Response, October 27, 2023

²⁷ Filing Requirements for Electricity Distribution Rate Applications - 2023 Edition for 2024 Rate Applications, Chapter 3, Incentive Rate-Setting Applications, June 15, 2023, section 3.2.6; Instructions for Completing GA Analysis Workform – 2024 Rates, June 23, 2023; IRM Rate Generator – DVA Tabs Instructions - 2024 Rates, July 18, 2023

specific accounts only and that the reconciliation items on the GA Analysis Workform were primarily related to timing differences.

Systemic Issues – Accounts 1588 and 1589

Hydro One stated that in early 2023, it identified an issue for the post-January 1, 2021 period related to the accounting in its general ledger of the invoices issued to the embedded distributors (i.e., on the revenue side). The accounting error resulted in the misallocation of commodity revenues and GA revenues. To address this issue, Hydro One proposed equal and offsetting reclassification adjustments to the 2021 and 2022 balances in Accounts 1588 and 1589, of \$24.8 million for 2021 and \$20.9 million for 2022.²⁸

OEB staff was concerned that two additional systemic issues raised in the 2021 Custom IR Update proceeding regarding conformity with the Accounting Guidance remain unresolved. One issue was that meter reading calendarization calculations were not conducted when settling with the IESO on a monthly basis.²⁹ The second issue was that the RPP settlements, and the splitting of IESO GA Charge Type 148 between Accounts 1588 and 1589 were based on retail loss adjusted consumption, rather than wholesale consumption.³⁰

OEB staff was also concerned that these two additional systemic issues remain ongoing, despite Hydro One's assertion that it reviewed all related data and processes and ensured alignment with the Accounting Guidance as of January 1, 2021.³¹ OEB staff was not clear why these two issues have not yet been resolved, given that these issues were brought to the OEB's attention over three years ago.

OEB staff submitted that the proposed reclassification adjustments were material. OEB staff also expressed its concern about the implication of these reclassification adjustments on Hydro One, specifically the implication of this issue on pre-2021 balances, despite Hydro One stating that there were no errors or impacts affecting these balances.

OEB staff submitted that the OEB should direct Hydro One to fully adopt the Accounting Guidance effective January 1, 2023, but if there were any concerns, Hydro One should

²⁸ OEB Staff Interrogatory #6 Response, October 27, 2023

²⁹ OEB Staff Interrogatory #11 Response, October 27, 2023; EB-2020-0030, Response to OEB Staff Interrogatory #11 a), October 30, 2020

³⁰ OEB Staff Interrogatory #7 Response, October 27, 2023; EB-2020-0030, Response to OEB Staff Interrogatory #14, October 30, 2020

³¹ Exhibit A, Tab 4, Schedule 1, p. 13, August 17, 2023. OEB Staff Interrogatory #6 Response, October 27, 2023

advise of a date when it would be possible for Hydro One to fully implement the Accounting Guidance.

In its reply, Hydro One stated that the reclassification adjustments of \$24.8 million (2021) and \$20.9 million (2022) between Accounts 1588 and 1589 were a one-time, isolated issue starting in 2021. Hydro One stated that the reclassification was necessary because when Hydro One was setting up the new process for the Accounting Guidance, it incorrectly mapped the entry for embedded distributors. Hydro One noted that there were no historical issues that arose as a result from this point-in-time oversight.

Also in its reply, Hydro One stated that there were no ongoing systemic issues. Hydro One explained that the first issue described above was a technology system limitation that the OEB has previously acknowledged and accepted, and as a result, the OEB approved Hydro One's modified approach. Hydro One also explained that the second issue described above was not a systemic issue and that OEB staff may have misinterpreted statements made by Hydro One.

Hydro One also noted that adoption of the Accounting Guidance as of January 1, 2023 was not possible and could not be adopted retroactively (i.e., it can only be adopted prospectively). Additionally, Hydro One noted that the timeframe to implement changes to the current IT framework would be considerable.

Hydro One requested that, should the OEB determine that it is necessary for Hydro One to fully adopt the Accounting Guidance, a deferral account be approved in this proceeding to capture costs related to modifications and enhancements to its technology framework for recovery at Hydro One's next rebasing application.

Disposition of Account 1595

Hydro One requested disposition of a debit balance of \$6,222,411 in Account 1595, Disposition and Recovery/Refund of Regulatory Balances (2019), which relates to the Hydro One Distribution rate zone only.³² This amount relates to DVAs approved for disposition in Hydro One Distribution's 2018 Custom IR³³ proceeding.

In its submission, OEB staff did not support disposition of Account 1595. OEB staff required greater clarity regarding the amounts that were transferred to Account 1595 (2019) and the recoverability of a \$38 million amount, given the OEB's decision in Hydro One's 2021 Custom IR Update proceeding. In that proceeding, the OEB agreed with Hydro One's estimate of \$38 million as the amount that was under-collected, relating to

³² Hydro One Distribution DVA Continuity Schedule, I-01-01-02, October 27, 2023

³³ EB-2017-0049, Decision and Order, March 7, 2019

DVA balances that were approved for disposition in its 2018 Custom IR proceeding.³⁴ \$38 million was under-collected due to an accounting error made by Hydro One.

OEB staff also noted that Hydro One incorrectly transferred a credit of \$3.2 million to Account 1589 from Account 1595 (2021) in the 2022 transactions portion of the DVA Continuity Schedule and the GA Analysis Workform.³⁵ OEB staff stated that this transfer was inconsistent with how the OEB treated similar cases regarding disposition of residual amounts.³⁶

In its reply, Hydro One explained that, in the 2021 Custom IR Update proceeding where Account 1595 (2021) was established, the OEB approved the disposition of 2015-2019 audited balances. Hydro One confirmed that the 2015-2019 balances approved for disposition already included the under-collected amount of \$38 million, as it was captured in the final audited balances requested for disposition as of December 31, 2019. Following this decision, Hydro One proceeded to recover this amount and established Account 1595 (2021) in the normal course.

Hydro One also disagreed with OEB staff's assertion that Hydro One's approach of transferring the credit of \$3.2 million to Account 1589 from Account 1595 (2021) was incorrect. Hydro One stated that if the same accounting treatment implemented by Oshawa PUC (as referenced as a precedent by OEB staff) was adopted for Hydro One, the refund would be delayed by at least one year and further exacerbate the intergenerational inequity issues, as Account 1595 (2021) will not be eligible for disposition until 2025 at the earliest. Hydro One also stated that with its proposed approach the under-refunded GA amounts would be returned to the applicable non-transition customers as soon as possible.

Allocated DVA Balances

Hydro One stated that the Group 1 DVA balances were allocated to the Hydro One Distribution rate zone, the Peterborough rate zone, and the Orillia rate zone using the methodology approved in the OEB's Inspection Report,³⁷ which was primarily based on

³⁴ EB-2020-0030, Hydro One 2021 Custom IR Update, Decision and Rate Order, p. 18 & 19, December 17, 2020, Revised February 18, 2021

³⁵ OEB Staff Question #3 Response, August 29, 2023

³⁶ OEB Staff Interrogatory #14 Response, October 27, 2023; EB-2022-0057, Oshawa PUC Networks Inc., Decision and Rate Order, p. 8 & 9, December 8, 2022. This is a similar precedent where the OEB approved a sub-account of Account 1595 to be refunded only to non-RPP customers (as opposed to all customers), as it was global adjustment in nature

³⁷ EB-2021-0110, OEB Staff Interrogatory #G-Staff-311 Response, November 29, 2021, "Inspection of the Compliance of the RPP Settlement Process and Assessment of the DVA Allocation Methodology for the Acquired Utilities, Hydro One Networks Inc., March 4, 2019"

relevant historical sales volumes.³⁸ However, where possible, specific amounts were directly assigned to the appropriate rate zones.

OEB staff asked interrogatories seeking clarification on the balances allocated to each rate zone. In response, Hydro One stated that it had reviewed all relevant models and numbers and confirmed that all amounts were correct and did not require updates.³⁹ Similar issues related to Accounts 1588, 1589 and 1595 have been raised in the separate proceeding for the Hydro One Peterborough and Orillia rate zones.

Establishment of Forgone Revenue DVA

In order to address the possibility that the requested rate order cannot be made effective by January 1, 2024, Hydro One requested an interim rate order making its current distribution rates and charges effective on an interim basis as of January 1, 2024. Hydro One also requested the approval of a Forgone Revenue Deferral Account to recover any differences between the interim rates and final rates effective January 1, 2024, based on the OEB's decision and order.

Regarding any forgone revenue amounts, OEB staff submitted that there would be regulatory efficiencies to be gained and less intergenerational inequity by using forgone revenue rate riders in the current proceeding, rather than clearing a DVA in a future proceeding related to forgone revenue from the current proceeding.

Hydro One agreed with OEB staff that the use of a rate rider to capture any forgone revenue resulting from approved 2024 rates that would be implemented after the effective date of the 2024 rates would be appropriate.

Findings

The OEB finds it prudent to not dispose any of the Group 1 DVAs at this time. The OEB is concerned with OEB staff's and Hydro One's divergent views on this complicated accounting matter. While Hydro One is confident about disposing all its Group 1 DVA account balances, OEB staff has expressed reservations about balances in accounts 1588, 1589, and 1595 given that Hydro One has adopted the OEB's Accounting Guidance in a modified manner. Instead, the OEB requires Hydro One and OEB staff to convene to discuss the myriad accounting issues and the balances in Accounts 1588 and 1589 in a "settlement conference" setting with a goal of finding common ground to present a resolution to the OEB. It is expected that CME will not attend this settlement conference, however it is not prohibited from doing so. However, cost awards will not be granted to CME for its attendance. The OEB requires Hydro One to file a submission in

³⁸ OEB Staff Interrogatory #8 Response, October 27, 2023

³⁹ OEB Staff Interrogatory #8 Response, October 27, 2023

this matter by no later than May 31, 2024 on whether or not there is a settlement with OEB staff.

The OEB is approving the December 31, 2022 balances in all Group 1 DVA accounts of a debit balance of \$73,990,080 on a final basis, including interest projected to December 31, 2023, except Accounts 1588 and 1589, however no date for disposition is being established at this time.

Table 7.1 identifies the principal and interest amounts, which the OEB approves.

**Table 7.1: Group 1 Deferral and Variance Account Balances –
Hydro One Distribution Rate Zone**

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
Low Voltage Variance Account	1550	3,538,602	438,618	3,977,220
Smart Metering Entity Charge Variance Account	1551	(4,520,751)	(293,349)	(4,814,100)
RSVA - Wholesale Market Service Charge	1580	52,288,039	3,179,486	55,467,525
Variance WMS – Sub-account CBR Class B	1580	(9,534,050)	(1,023,896)	(10,557,946)
RSVA - Retail Transmission Network Charge	1584	38,671,078	2,365,312	41,036,390
RSVA - Retail Transmission Connection Charge	1586	(15,327,760)	(2,013,660)	(17,341,421)
Disposition and Recovery/Refund of Regulatory Balances (2019) – HONI	1595	9,026,160	(2,803,749)	6,222,411
Totals for Group 1 accounts		74,141,318	(151,238)	73,990,080

The OEB is satisfied with Hydro One's response that the \$38 million adjustment for an error was addressed in Hydro One's 2021 Custom IR proceeding and therefore does not affect the balance in Account 1595 (2019). Any residual balance in Account 1595

(2021) will be addressed in a future proceeding and therefore is not in scope of this proceeding. While the OEB is approving these other Group 1 balances, disposition will be postponed until after the settlement conference with staff to coordinate with the disposition of Accounts 1588 and 1589 if possible. Additional interest will accrue on these accounts at the OEB prescribed rates.

The OEB expects Hydro One and OEB staff to focus their discussion only on the 2021 and 2022 balances in Accounts 1588 and 1589. The balances in the accounts for the pre-2021 period have been disposed on a final basis and the OEB is approving the balances in the other 2022 Group 1 balances. The OEB acknowledges that, while the focus of the discussions should be on the 2021 and 2022 balances in Accounts 1588 and 1589, it is open to the parties to discuss a resolution of other aspects as well.

The OEB is not fixing a date for this meeting to allow flexibility for OEB staff and Hydro One to find a mutually agreeable time to file a resolution. If OEB staff and Hydro One reach a settlement, the OEB expects the proposal to include a timeline for whether the balances should be cleared commencing mid-year 2024 or commencing January 1, 2025.

Despite Hydro One being approved to adopt the OEB's Accounting Guidance on a modified basis, the OEB is concerned that technological limitations are precluding the largest distributor in Ontario from adopting the OEB's Accounting Guidance fully and without modifications. While the modified approach may or may not be giving rise to systemic issues, this approach is requiring Hydro One to create alternative solutions to meter reading calendarization (and perhaps for other charges and charge types as well). The OEB finds this to be a sub-optimal solution and orders Hydro One to present a plan with the costs and implications of fully adopting the OEB's Accounting Guidance on a prospective basis no later than its next Custom IR application.

Given that the OEB is not requiring Hydro One to fully adopt the Accounting Guidance in this proceeding, the OEB finds that there is no need at this time to establish a deferral account to capture costs related to modifications and enhancements to Hydro One's technology framework.

In light of the timeliness of this decision, the OEB expects Hydro One to be able to make the necessary changes and test its billing system in time for bills with approved 2024 rates and charges to be issued in January 2024. Accordingly, the OEB concludes that neither a new DVA or rate rider to capture any forgone revenue for 2024 rates are required.

8. RETAIL SERVICE AND SPECIFIC SERVICE CHARGES

The OEB issued a report on energy retail service charges (RSCs) on November 29, 2018. This report amended the RSCs effective May 1, 2019. RSCs will also be increased by the OEB's inflation factor on January 1 of each year starting on January 1, 2020. The OEB issued a decision to establish the 2024 RSCs, effective January 1, 2024.⁴⁰ Hydro One's 2024 tariff schedule reflects the new RSCs.

Specific service charges (SSCs) are charges for certain extra miscellaneous services such as special meter reads, late payment interest and reconnections. Hydro One has not updated SSCs for 2024 pursuant to the Custom IR Decision.⁴¹ The existing SSCs are included on the 2024 tariff schedule.

The OEB issued a decision to establish the 2024 Wireline Pole Attachment Charge, effective January 1, 2024.⁴² Hydro One's 2024 tariff schedule reflects the new charge of \$37.78 per attacher, per year, per pole.

Findings

The RSCs, SSCs and wireline pole attachment charges have already been approved by the OEB in previous decisions. Hydro One shall implement the approved charges per those decisions.

⁴⁰ EB-2023-0193 Decision and Order, September 26, 2023

⁴¹ EB-2021-0110 Decision and Order, November 29, 2022, Schedule A, p. 104 of 117

⁴² EB-2023-0194 Decision and Order, September 26, 2023

9. IMPLEMENTATION

Pursuant to the approval by the OEB of this Partial Decision and Rate Order, the new rates are effective January 1, 2024 and to be implemented on January 1, 2024.

The Tariff of Rates and Charges incorporates the rates set out in the following table.

Table 9.1: Regulatory Charges

Rate	per kWh
Rural or Remote Electricity Rate Protection (RRRP)	\$0.0014
Wholesale Market Service (WMS) billed to Class A and B Customers	\$0.0041
Capacity Based Recovery (CBR) billed to Class B Customers	\$0.0004

Each of these rates is a component of the “Regulatory Charge” on a customer’s bill, established annually by the OEB through a separate, generic order. The RRRP and WMS rates were set by the OEB on December 7, 2023.⁴³

The Smart Metering Entity Charge is a component of the “Distribution Charge” on a customer’s bill, established by the OEB through a separate order. The Smart Metering Entity Charge was set by the OEB at \$0.42 on September 8, 2022.⁴⁴

In the *Report of the Board: Review of Electricity Distribution Cost Allocation Policy*,⁴⁵ the OEB indicated that it will review the default province-wide microFIT charge annually to ensure it continues to reflect actual costs in accordance with the established methodology. On November 29, 2023, the OEB issued a letter advising electricity distributors that the microFIT charge shall remain at \$4.55 for the duration of the 2024 rate year (January 1 to December 31, 2024).⁴⁶

⁴³ EB-2023-0268, Decision and Order, December 7, 2023

⁴⁴ EB-2022-0137, Decision and Order, September 8, 2022

⁴⁵ EB-2010-0219, Report of the Board “Review of Electricity Distribution Cost Allocation Policy”, March 31, 2011

⁴⁶ OEB Letter, “Review of Fixed Monthly Charge for microFIT Generator Service Classification”, November 29, 2023

10. ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. An un-transcribed settlement conference among Hydro One Networks Inc. and OEB staff will be convened on a mutually agreeable date. The OEB has determined that, in accordance with the OEB's [*Practice Direction on Settlement Conferences*](#), OEB staff will be a party to the settlement conference and to any resulting settlement proposal. The OEB does not anticipate that CME will participate in the settlement conference, but it is not prohibited from doing so. However, CME will not be eligible for a cost award for its participation in the settlement conference. This will be a virtual event and information on how to participate will be provided in advance of the conference. If clarifying questions are sent to Hydro One Networks Inc. as part of the settlement process, they should be submitted as far in advance as possible of the commencement of the settlement conference, in the interests of making the settlement process as efficient as possible.
2. **Within 48 hours** of the conclusion of the settlement conference, Hydro One Networks Inc. shall file a letter informing the OEB of the status of the settlement discussions including whether a tentative agreement had been reached or if the parties propose to continue the settlement discussions.
3. If there is no settlement proposal arising from the settlement conference, Hydro One Networks Inc. shall file a statement to that effect with the OEB by **May 31, 2024**.
4. If there is a settlement, any settlement proposal arising from the settlement conference shall be filed with the OEB on or before **May 31, 2024**. In addition to outlining the terms of any settlement, the settlement proposal should contain a list of any unsettled issues, indicating with reasons whether the parties believe those issues should be dealt with by way of oral or written hearing.
5. Hydro One Networks Inc.'s new final distribution rates shall be effective January 1, 2024, in accordance with this Partial Decision and Rate Order.
6. The Tariff of Rates and Charges set out at Schedule A of this Partial Decision and Rate Order is deemed draft until the following procedural steps have been complied with:
 - i. Hydro One Networks Inc. shall review the Tariff of Rates and Charges and shall file with the OEB, as applicable, a written confirmation of its completeness and accuracy, or provide a detailed explanation of any inaccuracies or missing information, by **December 21, 2023**.

- ii. The Tariff of Rates and Charges will be considered final if Hydro One Networks Inc. does not provide a submission to the OEB that inaccuracies were found or information was missing pursuant to item 6.i
 - iii. If the OEB receives a submission from Hydro One Networks Inc. to the effect that inaccuracies were found or information was missing pursuant to item 6.i, the OEB will consider the submission and issue a final Rate Order.
7. Hydro One Networks Inc. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.

COST AWARDS

The OEB will issue a separate decision on cost awards once the following steps are completed:

1. CME shall submit to the OEB and copy Hydro One Networks Inc. its cost claims no later than December 21, 2023.
2. Hydro One Networks Inc. may file with the OEB and forward to CME any objections to the claimed costs by January 4, 2024.
3. CME may file with the OEB and forward to Hydro One Networks Inc. any responses to any objections for cost claims by January 11, 2024.
4. Hydro One Networks Inc. shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's [Rules of Practice and Procedure](#).

Please quote file number, **EB-2023-0030** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address.
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\)](#)

[Document Guidelines](#) found at the [File documents online page](#) on the OEB's website.

- Parties are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact registrar@oeb.ca for assistance.
- Cost claims are filed through the OEB's online filing portal. Please visit the [File documents online page](#) of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the [Practice Direction on Cost Awards](#).

All communications should be directed to the attention of the Registrar and be received by end of business, 4:45 p.m., on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Daniel Kim at daniel.kim@oeb.ca, and OEB Counsel, James Sidlofsky at james.sidlofsky@oeb.ca.


Email: registrar@oeb.ca

Tel: 1-877-632-2727 (Toll free)

DATED at Toronto, December 14, 2023

ONTARIO ENERGY BOARD

Nancy
Marconi

 Digitally signed by Nancy
Marconi
Date: 2023.12.14
13:19:48 -05'00'

Nancy Marconi
Registrar

SCHEDULE A
PARTIAL DECISION AND RATE ORDER
HYDRO ONE NETWORKS INC.
TARIFF OF RATES AND CHARGES
EB-2023-0030
December 14, 2023

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

RESIDENTIAL SERVICE CLASSIFICATIONS - HYDRO ONE NETWORKS INC. SERVICE AREA

These classifications apply to year-round and seasonal residential properties. A year-round residential property, located in Hydro One Networks Inc.'s service area excluding former Norfolk Power Distribution Inc., Haldimand County Hydro Inc. and Woodstock Hydro Services Inc.'s service areas., is considered to be customer's main place of abode and may include additional buildings served through the same meter, provided they are not rental income units. All of the following criteria must be met:

1. Occupant represents and warrants to Hydro One Networks Inc. that for so long as he/she has year-round residential rate status for the identified dwelling, he/she will not designate another property that he/she owns as a year-round residence for purposes of Hydro One rate classification.
2. Occupier must live in this residence for at least four (4) days of the week for eight (8) months of the year and the Occupier must not reside anywhere else for more than three (3) days a week during eight (8) months of the year.
3. The address of this residence must appear on documents such as the occupant's electric bill, driver's licence, credit card invoice, property tax bill, etc.
4. Occupants who are eligible to vote in Provincial or Federal elections must be enumerated for this purpose at the address of this residence.

A seasonal property is defined as any residential service that does not meet residential year-round criteria. It includes dwellings such as cottages, chalets and camps.

Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

Hydro One Networks' residential service area is sub-divided into three density zones according to the following:

- Urban Density Zone is defined as areas containing 3,000 or more customers with a line density of at least 60 customers per circuit kilometer.
- Medium Density Zone is defined as areas containing 100 or more customers with a line density of at least 15 customers per circuit kilometer.
- Low Density Zone is defined as areas other than Urban or Medium Density Zone.

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

URBAN DENSITY - UR**MONTHLY RATES AND CHARGES - Delivery Component**

Service Charge	\$	40.00
Smart Metering Entity Charge - effective until December 31, 2027	\$	0.42
Rate Rider for Disposition of Group 2 Deferral/Variance Accounts (2023) - effective until December 31, 2025	\$	(0.11)
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (2023) - effective until December 31, 2025	\$/kWh	(0.0007)
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until December 31, 2025 (see Note 13)	\$/kWh	(0.0009)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kWh	0.0126
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kWh	0.0093

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

MEDIUM DENSITY - R1****MONTHLY RATES AND CHARGES - Delivery Component**

Service Charge	\$	68.30
Smart Metering Entity Charge - effective until December 31, 2027	\$	0.42
Rate Rider for Disposition of Group 2 Deferral/Variance Accounts (2023) - effective until December 31, 2025	\$	(0.21)
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (2023) - effective until December 31, 2025	\$/kWh	(0.0007)
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until December 31, 2025 (see Note 13)	\$/kWh	(0.0009)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kWh	0.0118
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kWh	0.0087

**The rates set out above do not reflect the impact of the Distribution Rate Protection program on R1 customers per Ontario Regulation 198/17.

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

LOW DENSITY - R2****MONTHLY RATES AND CHARGES - Delivery Component**

Service Charge* - applicable to year-round low-density customers	\$	138.59
Service Charge - applicable to Seasonal customers	\$	73.88
Smart Metering Entity Charge - effective until December 31, 2027	\$	0.42
Distribution Volumetric Rate	\$/kWh	0.0126
Rate Rider for Disposition of Group 2 Deferral/Variance Accounts (2023) - effective until December 31, 2025	\$	(0.44)
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (2023) - effective until December 31, 2025	\$/kWh	(0.0007)
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until December 31, 2025 (see Note 13)	\$/kWh	(0.0009)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kWh	0.0109
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kWh	0.0082

*Under the Ontario Energy Board Act, 1998 and associated Regulations, every qualifying year-round customer with a principal residence is eligible to receive Rural of Remote Rate Protection (RRRP). The service charge shown for eligible R2 customers will be reduced by the applicable RRRP credit, currently at \$60.50.

**The rates set out above do not reflect the impact of the Distribution Rate Protection program on R2 customers per Ontario Regulation 198/17.

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

GENERAL SERVICE CLASSIFICATIONS - HYDRO ONE NETWORKS INC.
SERVICE AREA

These classifications apply to properties located in Hydro One Networks Inc.'s service area, which excludes former Norfolk Power Distribution Inc., Haldimand County Hydro Inc. and Woodstock Hydro Services Inc.'s service areas with one exception - Sub-Transmission (ST). The ST rate class applies to properties located in Hydro One Networks Inc. service area as well as former Norfolk Power Distribution Inc., Haldimand County Hydro Inc. and Woodstock Hydro Service Inc.'s service areas. General Service classification applies to any service that does not fit the description of residential classes. It includes combination type services where a variety of uses are made of the service by the owner of one property, and all multiple services except residential. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

Hydro One Networks' General Service area is sub-divided into two density zones according to the following:

- Urban Density Zone is defined as areas containing 3,000 or more customers with a line density of at least 60 customers per circuit kilometer.
- Non-Urban Density Zone is defined as areas other than Urban Density Zone.

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

URBAN GENERAL SERVICE ENERGY BILLED - UGe

This classification applies to a non-residential account located in an Urban Density Zone whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	25.51
Smart Metering Entity Charge - effective until December 31, 2027	\$	0.42
Distribution Volumetric Rate	\$/kWh	0.0352
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (2023) - effective until December 31, 2025	\$/kWh	(0.0007)
Rate Rider for Disposition of Group 2 Deferral/Variance Accounts (2023) - effective until December 31, 2025	\$/kWh	(0.0001)
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until December 31, 2025 (see Note 13)	\$/kWh	(0.0009)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kWh	0.0099
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kWh	0.0078

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

GENERAL SERVICE ENERGY BILLED - GSe

This classification applies to a non-residential account not located in an Urban Density Zone whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	32.78
Smart Metering Entity Charge - effective until December 31, 2027	\$	0.42
Distribution Volumetric Rate	\$/kWh	0.0731
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (2023) - effective until December 31, 2025	\$/kWh	(0.0007)
Rate Rider for Disposition of Group 2 Deferral/Variance Accounts (2023) - effective until December 31, 2025	\$/kWh	(0.0003)
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until December 31, 2025 (see Note 13)	\$/kWh	(0.0009)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kWh	0.0093
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kWh	0.0074

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

URBAN GENERAL SERVICE DEMAND BILLED - UGd

This classification applies to a non-residential account located in an Urban Density Zone whose average monthly maximum demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW. Hydro One establishes billing determinants for demand customers' Distribution charges at the greater of 100 per cent of kW and 90 per cent of kVA where kVA metering is installed. When a customer's power factor is known to be less than 90 per cent, a kVA meter of equivalent electronic meter shall be used for measuring and billing.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	96.47
Distribution Volumetric Rate	\$/kW	11.9310
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (General) (2023) - effective until December 31, 2025 (see Note 9)	\$/kW	(0.1053)
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (Non-WMP) (2023) - effective until December 31, 2025 (see Note 10)	\$/kW	(0.1473)
Rate Rider for Disposition of Group 2 Deferral/Variance Accounts (2023) - effective until December 31, 2025	\$/kW	(0.0421)
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until December 31, 2025 (see Note 13)	\$/kWh	(0.0009)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kW	3.6705
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kW	2.8252

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

GENERAL SERVICE DEMAND BILLED - GSd

This classification applies to a non-residential account not located in an Urban Density Zone whose average monthly maximum demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW. Hydro One establishes billing determinants for demand customers' Distribution charges at the greater of 100 per cent of kW and 90 per cent of kVA where kVA metering is installed. When a customer's power factor is known to be less than 90 per cent, a kVA meter or other equivalent electronic meter shall be used for measuring and billing.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	105.55
Distribution Volumetric Rate	\$/kW	20.5366
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (General) (2023) - effective until December 31, 2025 (see Note 9)	\$/kW	(0.0855)
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (Non-WMP) (2023) - effective until December 31, 2025 (see Note 10)	\$/kW	(0.1195)
Rate Rider for Disposition of Group 2 Deferral/Variance Accounts (2023) - effective until December 31, 2025	\$/kW	(0.0710)
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until December 31, 2025 (see Note 13)	\$/kWh	(0.0009)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kW	2.8418
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kW	2.2256

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

DISTRIBUTED GENERATION - DGen

This classification applies to an embedded retail generation facility connected to the distribution system that is not classified as MicroFIT generation. Hydro One establishes billing determinants for demand customers' Distribution charges at the greater of 100 per cent of kW and 90 per cent of kVA where kVA metering is installed. When a customer's power factor is known to be less than 90 per cent, a kVA meter or other equivalent electronic meter shall be used for measuring and billing. Class A and Class B consumers are defined in accordance with O. Reg. 429/04.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	199.26
Distribution Volumetric Rate	\$/kW	12.8895
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (General) (2023) - effective until December 31, 2025 (see Note 9)	\$/kW	(0.0394)
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (Non-WMP) (2023) - effective until December 31, 2025 (see Note 10)	\$/kW	(0.0565)
Rate Rider for Disposition of Group 2 Deferral/Variance Accounts (2023) - effective until December 31, 2025	\$/kW	(0.0930)
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until December 31, 2025 (see Note 13)	\$/kWh	(0.0009)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kW	1.5596
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kW	0.9549

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro One Networks Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2024

This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

SUB TRANSMISSION - ST

This classification applies to either:

- Embedded supply to Local Distribution Companies (LDCs). "Embedded" meaning receiving supply via Hydro One Distribution assets, and where Hydro One is the host distributor to the embedded LDC. Situations where the LDC is supplied via Specific Facilities are included. OR
- Load which:
 - is three-phase; and
 - is connected to and supplied from Hydro One Distribution assets between 44 kV and 13.8 kV inclusive, where 44 kV and 13.8 kV are the voltage of the primary side of the local transformer; local transformer can be Hydro One-owned or customer-owned; and
 - is greater than 500 kW (monthly measured maximum demand averaged over the most recent calendar year or whose forecasted monthly average demand over twelve consecutive months is greater than 500 kW).

Hydro One establishes billing determinants for demand customers' Distribution charges at the greater of 100 per cent of kW and 90 per cent of kVA where kVA metering is installed. When a customer's power factor is known to be less than 90 per cent, a kVA meter or other equivalent electronic meter shall be used for measuring and billing.

Class A and Class B consumers are defined in accordance with O. Reg. 429/04.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	824.28
Meter Charge (for Hydro One ownership) (see Note 11)	\$	417.59
Local Transformation Charge (per transformer) (see Note 15)	\$	200.00
Facility Charge for connection to Common ST Lines (44 kV to 13.8 kV) (see Notes 1, 8 and 14)	\$/kW	1.6301
Facility Charge for connection to Specific ST Lines (44 kV to 13.8 kV) (see Note 2)	\$/km	655.2453
Facility Charge for connection to high-voltage (> 13.8 kV secondary) delivery High Voltage Distribution Station (see Notes 1 and 14)	\$/kW	3.4164
Facility Charge for connection to low-voltage (< 13.8 kV secondary) delivery High Voltage Distribution Station (see Notes 1 and 14)	\$/kW	5.4419
Facility Charge for connection to low-voltage (< 13.8 kV secondary) Low Voltage Distribution Station (see Notes 3 and 14)	\$/kW	2.0255
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (General) (2023) - effective until December 31, 2025 (see Notes 1 and 9)	\$/kW	(0.1340)
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (Non-WMP) (2023) - effective until December 31, 2025 (see Notes 1 and 10)	\$/kW	(0.1880)
Rate Rider for Disposition of Group 2 Deferral/Variance Accounts (2023) (Applicable to Hydro One legacy customers only) - effective until December 31, 2025 (see Notes 1 and 16)	\$/kW	(0.0072)
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until December 31, 2025 (see Note 13)	\$/kWh	(0.0009)
Rate Rider for Disposition of Account 1595 (former Woodstock GS >1,000kW Customers only) - effective until December 31, 2025 (see Note 1)	\$/kW	0.0277
Rate Rider for Disposition of Account 1595 (former Woodstock GS 50-999kW Customers only) - effective until December 31, 2025 (see Note 1)	\$/kW	0.0327
Rate Rider for Disposition of Account 1595 (former Norfolk GS 50-4,999kW Customers only) - effective until December 31, 2025 (see Note 1)	\$/kW	0.0327
Rate Rider for Disposition of Account 1592 (former Norfolk GS 50-4,999kW Customers only) - effective until December 31, 2025 (see Note 1)	\$/kW	(0.0618)

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

Rate Rider for Disposition of Account 1592 (former Halidmand GS 50-4,999kW Customers only) - effective until December 31, 2025 (see Note 1)	\$/kW	(0.0603)
Rate Rider for Disposition of Account 1592 (former Woodstock GS 50-999kW Customers only) - effective until December 31, 2025 (see Note 1)	\$/kW	(0.0392)
Rate Rider for Disposition of Account 1592 (former Woodstock GS >1,000kW Customers only) - effective until December 31, 2025 (see Note 1)	\$/kW	(0.0438)
Retail Transmission Service Rates (see Notes 6 and 7)		
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kW	4.9103
Retail Transmission Rate - Line Connection Service Rate (see Note 5)	\$/kW	0.6537
Retail Transmission Rate - Transformation Connection Service Rate (see Note 5)	\$/kW	3.3041

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro One Networks Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2024

This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to properties located in Hydro One Networks Inc. service area as well as former Norfolk Power Distribution Inc., Haldimand County Hydro Inc. and Woodstock Hydro Services Inc.'s service areas. Unmetered Scattered Load classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. The amount of electricity consumed by unmetered connections will be based on detailed information/documentation provided by the device's manufacturer and will be agreed to by Hydro One and the customer and may be subject to periodic monitoring of actual consumption. Eligible unmetered loads include cable TV amplifiers, bus shelters, telephone booths, railway crossings and other small fixed loads. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	38.29
Distribution Volumetric Rate	\$/kWh	0.0292
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (2023) - effective until December 31, 2025	\$/kWh	(0.0007)
Rate Rider for Disposition of Group 2 Deferral/Variance Accounts (2023) (Applicable to Hydro One legacy customers only) - effective until December 31, 2025 (see Note 16)	\$/kWh	(0.0003)
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until December 31, 2025 (see Note 13)	\$/kWh	(0.0009)
Rate Rider for Disposition of Account 1595 (Applicable to former Woodstock USL customers only) - effective until December 31, 2025	\$/kWh	(0.0002)
Rate Rider for Disposition of Account 1595 (Applicable to former Norfolk USL customers only) - effective until December 31, 2025	\$/kWh	(0.0007)
Rate Rider for Disposition of Account 1592 (Applicable to former Norfolk USL customers only) - effective until December 31, 2025	\$/kWh	(0.0008)
Rate Rider for Disposition of Account 1592 (Applicable to former Haldimand USL customers only) - effective until December 31, 2025	\$/kWh	(0.0007)
Rate Rider for Disposition of Account 1592 (Applicable to former Woodstock USL customers only) - effective until December 31, 2025	\$/kWh	(0.0003)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kWh	0.0079
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kWh	0.0059

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro One Networks Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2024

This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification is applicable to all Hydro One Networks' customers, including customers in former Norfolk Power Distribution Inc. and Haldimand County Hydro Inc. service areas who have separate service to a sentinel light. The energy consumption for sentinel lights is estimated based on Networks' profile for sentinel lighting load, which provides the amount of time each month that the sentinel lights are operating. Class B consumers are defined in accordance to O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, it should be noted that the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	3.29
Distribution Volumetric Rate	\$/kWh	0.1816
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (2023) - effective until December 31, 2025	\$/kWh	(0.0007)
Rate Rider for Disposition of Group 2 Deferral/Variance Accounts (2023) (Applicable to Hydro One legacy customers only) - effective until December 31, 2025 (see Note 16)	\$/kWh	(0.0005)
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until December 31, 2025 (see Note 13)	\$/kWh	(0.0009)
Rate Rider for Disposition of Account 1595 (Applicable to former Norfolk Sentinel Light customers only) - effective until December 31, 2025	\$/kWh	(0.0005)
Rate Rider for Disposition of Account 1592 (Applicable to former Norfolk Sentinel Light customers only) - effective until December 31, 2025	\$/kWh	(0.0018)
Rate Rider for Disposition of Account 1592 (Applicable to former Haldimand Sentinel Light customers only) - effective until December 31, 2025	\$/kWh	(0.0055)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kWh	0.0068
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kWh	0.0054

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

STREET LIGHTING SERVICE CLASSIFICATION

This classification is applicable to all Hydro One Networks' customers, including customers in former Norfolk Power Distribution Inc., Haldimand County Hydro Inc. and Woodstock Hydro Services Inc.'s service areas, who have streetlights, which are devices owned by or operated for a road authority and/or municipal corporation. The energy consumption for street lights is estimated based on Networks' profile for street lighting load, which provides the amount of time each month that the street lights are operating. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, it should be noted that the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	3.27
Distribution Volumetric Rate	\$/kWh	0.1186
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (2023) - effective until December 31, 2025	\$/kWh	(0.0007)
Rate Rider for Disposition of Group 2 Deferral/Variance Accounts (2023) (Applicable to Hydro One legacy customers only) - effective until December 31, 2025 (see Note 16)	\$/kWh	(0.0004)
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until December 31, 2025 (see Note 13)	\$/kWh	(0.0009)
Rate Rider for Disposition of Account 1595 (Applicable to former Woodstock Street Light customers only) - effective until December 31, 2025	\$/kWh	0.0001
Rate Rider for Disposition of Account 1595 (Applicable to former Norfolk Street Light customers only) - effective until December 31, 2025	\$/kWh	(0.0004)
Rate Rider for Disposition of Account 1592 (Applicable to former Norfolk Street Light customers only) - effective until December 31, 2025	\$/kWh	(0.0011)
Rate Rider for Disposition of Account 1592 (Applicable to former Haldimand Street Light customers only) - effective until December 31, 2025	\$/kWh	(0.0028)
Rate Rider for Disposition of Account 1592 (Applicable to former Woodstock Street Light customers only) - effective until December 31, 2025	\$/kWh	(0.0013)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kWh	0.0068
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kWh	0.0054

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

ACQUIRED RESIDENTIAL SERVICE CLASSIFICATIONS

These classifications apply to Residential and Seasonal properties in the service areas of former Norfolk Power, Haldimand county Hydro, and Woodstock Hydro, which are utilities acquired by Hydro One Networks after 2013. It may include additional buildings served through the same meter, provided they are not rental income units. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

ACQUIRED URBAN DENSITY - AUR

This classification applies to residential accounts in acquired service areas (after 2013) with urban density and currently includes customers in the former Woodstock Hydro Services Inc.'s service area.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	33.03
Smart Metering Entity Charge - effective until December 31, 2027	\$	0.42
Rate Rider for Disposition of Account 1592 - effective until December 31, 2025	\$	(0.40)
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (2023) - effective until December 31, 2025	\$/kWh	(0.0007)
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until December 31, 2025 (see Note 13)	\$/kWh	(0.0009)
Rate Rider for Disposition of Account 1595 - effective until December 31, 2025	\$/kWh	(0.0002)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kWh	0.0130
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kWh	0.0096

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

ACQUIRED MIXED DENSITY - AR

This classification applies to residential accounts in acquired service areas (after 2013) with mixed-density (that is, combination of Urban, Medium and Low density areas) and currently includes customers in the former Norfolk Power Distribution Inc. and Haldimand County Hydro Inc.'s service territories.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	40.10
Smart Metering Entity Charge - effective until December 31, 2027	\$	0.42
Rate Rider for Disposition of Account 1592 (Applicable to former Norfolk Residential customers only) - effective until December 31, 2025	\$	(0.43)
Rate Rider for Disposition of Account 1592 (Applicable to former Haldimand Residential customers only) - effective until December 31, 2025	\$	(0.46)
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (2023) - effective until December 31, 2025	\$/kWh	(0.0007)
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until December 31, 2025 (see Note 13)	\$/kWh	(0.0009)
Rate Rider for Disposition of Account 1595 (Applicable to former Norfolk Residential customers only) - effective until December 31, 2025	\$/kWh	(0.0001)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kWh	0.0124
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kWh	0.0093

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

ACQUIRED GENERAL SERVICE CLASSIFICATIONS

Acquired General Service classification applies to any service that does not fit the description of acquired residential classes. It includes combination type services where a variety of uses are made of the service by the owner of one property, and all multiple services except residential. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

ACQUIRED URBAN DENSITY GENERAL SERVICE ENERGY BILLED - AUGÉ

This classification applies to non-residential accounts in acquired service areas (after 2013) with urban density and currently includes customers located in former Woodstock Hydro Services Inc's service territory, whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	26.36
Smart Metering Entity Charge - effective until December 31, 2027	\$	0.42
Distribution Volumetric Rate	\$/kWh	0.0165
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (2023) - effective until December 31, 2025	\$/kWh	(0.0007)
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until December 31, 2025 (see Note 13)	\$/kWh	(0.0009)
Rate Rider for Disposition of Account 1595 - effective until December 31, 2025	\$/kWh	(0.0002)
Rate Rider for Disposition of Account 1592 - effective until December 31, 2025	\$/kWh	(0.0003)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kWh	0.0100
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kWh	0.0078

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

ACQUIRED MIXED DENSITY GENERAL SERVICE ENERGY BILLED - AGSE

This classification applies to non-residential accounts in acquired service areas (after 2013) with mixed-density (that is, combination of Urban, Medium and Low density areas) and currently includes customers located in former Norfolk Power Distribution Inc. and Haldimand County Hydro Inc.'s service territories, whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	39.96
Smart Metering Entity Charge - effective until December 31, 2027	\$	0.42
Distribution Volumetric Rate	\$/kWh	0.0201
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (2023) - effective until December 31, 2025	\$/kWh	(0.0007)
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until December 31, 2025 (see Note 13)	\$/kWh	(0.0009)
Rate Rider for Disposition of Account 1595 (Applicable to former Norfolk GS<50kW customers only) - effective until December 31, 2025	\$/kWh	(0.0001)
Rate Rider for Disposition of Account 1592 (Applicable to former Norfolk GS<50kW customers only) - effective until December 31, 2025	\$/kWh	(0.0004)
Rate Rider for Disposition of Account 1592 (Applicable to former Haldimand GS<50kW customers only) - effective until December 31, 2025	\$/kWh	(0.0004)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kWh	0.0098
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kWh	0.0076

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

ACQUIRED URBAN DENSITY GENERAL SERVICE DEMAND BILLED - AUGD

This classification applies to non-residential accounts in acquired service areas (after 2013) with Urban density and currently includes customers located in former Woodstock Hydro Services Inc.'s service territory and whose average monthly maximum demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW. Hydro One establishes billing determinants for demand customers' Distribution charges at the greater of 100 per cent of kW and 90 per cent of kVA where kVA metering is installed. When a customer's power factor is known to be less than 90 per cent, a kVA meter of equivalent electronic meter shall be used for measuring and billing.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	146.47
Distribution Volumetric Rate	\$/kW	3.0288
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (General) (2023) - effective until December 31, 2025 (see Note 9)	\$/kW	(0.0972)
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (Non-WMP) (2023) - effective until December 31, 2025 (see Note 10)	\$/kW	(0.1351)
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until December 31, 2025 (see Note 13)	\$/kWh	(0.0009)
Rate Rider for Disposition of Account 1595 - effective until December 31, 2025	\$/kW	0.0327
Rate Rider for Disposition of Account 1592 - effective until December 31, 2025	\$/kW	(0.0392)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kW	3.3818
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kW	2.5948

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

ACQUIRED MIXED DENSITY GENERAL SERVICE DEMAND BILLED - AGSD

This classification applies to non-residential accounts in acquired service areas (after 2013) with mixed-density (that is, combination of Urban, Medium and Low density areas) and currently includes customers located in former Norfolk Power Distribution Inc. and Haldimand County Hydro Inc.'s service territories and whose average monthly maximum demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW. Hydro One establishes billing determinants for demand customers' Distribution charges at the greater of 100 per cent of kW and 90 per cent of kVA where kVA metering is installed. When a customer's power factor is known to be less than 90 per cent, a kVA meter or equivalent electronic meter shall be used for measuring and billing.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	170.26
Distribution Volumetric Rate	\$/kW	4.9080
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (General) (2023) - effective until December 31, 2025 (see Note 9)	\$/kW	(0.0980)
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (Non-WMP) (2023) - effective until December 31, 2025 (see Note 10)	\$/kW	(0.1364)
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until December 31, 2025 (see Note 13)	\$/kWh	(0.0009)
Rate Rider for Disposition of Account 1595 (Applicable to former Norfolk GS 50-4,999kW customers only) - effective until December 31, 2025	\$/kW	0.0327
Rate Rider for Disposition of Account 1592 (Applicable to former Norfolk GS 50-4,999kW customers only) - effective until December 31, 2025	\$/kW	(0.0618)
Rate Rider for Disposition of Account 1592 (Applicable to former Haldimand GS 50-4,999kW customers only) - effective until December 31, 2025	\$/kW	(0.0603)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kW	2.9125
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kW	2.2909

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

microFIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility, located in Hydro One Networks Inc. service area as well as former Norfolk Power Distribution Inc., Haldimand County Hydro Inc. and Woodstock Hydro Services Inc.'s service areas, contracted under the Independent Electricity System Operator's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	4.55
----------------	----	------

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

ALLOWANCES**CUSTOMER-SUPPLIED TRANSFORMATION ALLOWANCE**

Applicable to customers providing their own transformers and the primary voltage is under 50 kV

Demand Billed - per kW of billing demand/month	\$/kW	(0.60)
Energy Billed - per kWh of billing energy/month	\$/kWh	(0.0014)

TRANSFORMER LOSS ALLOWANCE

Applicable to non-ST customers requiring a billing adjustment for transformer losses as the result of being metered on the primary side of a transformer. The following uniform values shall be applied to measured demand and energy to calculate transformer losses for voltages up to and including 50 kV (as metered on the primary side).

For installations up to and including bank capacity of 400 kVA	%	(1.50)
For bank capacities over 400 kVA	%	(1.00)

Applicable to ST customers requiring a billing adjustment for transformer losses as the result of being metered on the secondary side of a transformer. The uniform value of 1% shall be added to measured demand and energy (as measured on the secondary side) to adjust for transformer losses.

Alternately, transformer losses may be determined from transformer test data, and measured demand and energy adjusted accordingly.

For services which are not demand metered, an assumed demand of 50% of the transformer capacity will be used to calculate the loss allowance. Where several transformers are involved, the bank capacity is assumed to be the arithmetic sum of all transformer capacities.

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

LOSS FACTORS

Residential - UR	1.057
Residential - R1	1.076
Residential - R2	1.105
General Service - UGe	1.067
General Service - GSe	1.096
General Service - UGd	1.050
General Service - GSd	1.061
Distributed Generation - Dgen	1.061
Unmetered Scattered Load	1.092
Sentinel Lights	1.092
Street Lights	1.092
Acquired Residential - AUR	1.043
Acquired General Service - AUGe	1.043
Acquired General Service - AUGd	1.033
Acquired Residential - AR	1.064
Acquired General Service - AGSe	1.064
Acquired General Service - AGSd	1.053
Sub Transmission - ST	
Distribution Loss Factors	
Embedded Delivery Points (metering at station)	1.000
Embedded Delivery Points (metering away from station)	1.028
Total Loss Factors	
Embedded Delivery Points (metering at station)	1.006
Embedded Delivery Points (metering away from station)	1.034

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

SPECIFIC SERVICE CHARGES

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Customer Administration

Easement letter - letter request	\$	92.51
Easement letter - web request	\$	25.00
Returned cheque charge	\$	7.00
Account set up charge/change of occupancy charge (plus credit agency costs, if applicable)	\$	38.00
Special meter reads (retailer requested off-cycle read)	\$	90.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

Non-Payment of Account

Late payment - per month (effective annual rate 19.56% per annum or 0.04896% compounded daily rate)	%	1.50
Collection - reconnect at meter - during regular hours	\$	65.00
Collection - reconnect at meter - after regular hours	\$	185.00
Collection - reconnect at pole - during regular hours	\$	185.00
Collection - reconnect at pole - after regular hours	\$	415.00

Other

Service call - customer owned equipment - during regular hours	\$	210.00*
Service call - customer owned equipment - after regular hours	\$	775.00*
Specific charge for access to power poles - telecom	\$	37.78
Reconnect completed after regular hours (customer/contract driven) - at meter	\$	245.00
Reconnect completed after regular hours (customer/contract driven) - at pole	\$	475.00
Additional service layout fee - basic/complex (more than one hour)	\$	595.20
Pipeline crossings	\$	2,499.29
Water crossings	\$	3,717.21
	\$	
		\$4,965.66 plus
		Railway
		Feedthrough
		Costs
Railway crossings		

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

Overhead line staking per meter	\$	4.42
Underground line staking per meter	\$	3.18
Subcable line staking per meter	\$	2.78
Central metering - new service <45 kw	\$	100.00
Conversion to central metering <45 kw	\$	1,612.75
Conversion to central metering >=45 kw	\$	1,512.75
Connection impact assessments - net metering	\$	3,329.86
Connection impact assessments - embedded LDC generators	\$	2,996.97
Connection impact assessments - small projects <= 500 kw	\$	3,405.38
Connection impact assessments - small projects <= 500 kw, simplified	\$	2,054.41
Connection impact assessments - greater than capacity allocation exempt projects - capacity allocation required projects	\$	9,011.83
Connection impact assessments - greater than capacity allocation exempt projects - TS review for LDC capacity allocation required projects	\$	5,969.89
Specific charge for access to power poles - LDC	\$	see below
Specific charge for access to power poles - generators	\$	see below
Specific charge for access to power poles - municipal streetlights	\$	2.04
Sentinel light rental charge	\$	10.00
Sentinel light pole rental charge	\$	7.00

*Base Charge only. Additional work on equipment will be based on actual costs.

Specific Charge for LDCs Access to the Power Poles (\$/pole/year)

LDC rate for 10' of power space	\$	90.60
LDC rate for 15' of power space	\$	108.72
LDC rate for 20' of power space	\$	120.80
LDC rate for 25' of power space	\$	129.43
LDC rate for 30' of power space	\$	135.90
LDC rate for 35' of power space	\$	140.93
LDC rate for 40' of power space	\$	144.96
LDC rate for 45' of power space	\$	148.25
LDC rate for 50' of power space	\$	151.00
LDC rate for 55' of power space	\$	153.32
LDC rate for 60' of power space	\$	155.31

Specific Charge for Generator Access to the Power Poles (\$/pole/year)

Generator rate for 10' of power space	\$	90.60
Generator rate for 15' of power space	\$	108.72
Generator rate for 20' of power space	\$	120.80
Generator rate for 25' of power space	\$	129.43
Generator rate for 30' of power space	\$	135.90
Generator rate for 35' of power space	\$	140.93
Generator rate for 40' of power space	\$	144.96
Generator rate for 45' of power space	\$	148.25
Generator rate for 50' of power space	\$	151.00
Generator rate for 55' of power space	\$	153.32
Generator rate for 60' of power space	\$	155.31

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

RETAIL SERVICE CHARGES (if applicable)

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	117.02
Monthly fixed charge, per retailer	\$	46.81
Monthly variable charge, per customer, per retailer	\$	1.16
Distributor-consolidated billing monthly charge, per customer, per retailer	\$	0.69
Retailer-consolidated billing monthly credit, per customer, per retailer	\$	(0.69)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.59
Processing fee, per request, applied to the requesting party	\$	1.16
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year	\$	no charge
More than twice a year, per request (plus incremental delivery costs)	\$	4.68
Notice of switch letter charge, per letter (unless the distributor has opted out of applying the charge as per the Ontario Energy Board's Decision and Order EB-2015-0304, issued on February 14, 2019)	\$	2.34

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2023-0030

NOTES

1. The basis of the charge is the customer's monthly maximum demand. For an ST customer with multiple delivery points served from the same Transformer Station or High Voltage Distribution Station, the aggregated demand will be the applicable billing determinant. Demand is not aggregated between stations.
2. The basis of the charge is kilometers of line, within the supplied LDC's service area, supplying solely that LDC.
3. The basis of the charge is the "non-coincident demand" at each delivery point of the customer supplied by the station. This is measured as the kW demand at the delivery point at the time in the month of maximum load on the delivery point. For a customer connected through two or more distribution stations, the total charge for the connection to the shared distribution stations is the sum of the relevant charges for each of the distribution stations.
4. The monthly billing determinant for the RTSR Network Service rate is:
 - a. For energy-only metered customers: the customer's metered energy consumption adjusted by the total loss factor as approved by the Ontario Energy Board.
 - b. For interval-metered customers: the peak demand from 7 AM to 7 PM (local time) on IESO business days in the billing period. The rates shown are to be adjusted by the total loss factor as approved by the Ontario Energy Board.
 - c. For non-interval-metered demand billed customers: the non-coincident peak demand in the billing period. The rates shown are to be adjusted by the total loss factor as approved by the Ontario Energy Board.
5. The monthly billing determinant for the RTSR Line and Transformation Connection Service rates:
 - a. For energy-only metered customers: the customer's metered energy consumption adjusted by the total loss factor as approved by the Ontario Energy Board.
 - b. For all demand billed customers: the non-coincident peak demand in the billing period. The rates shown are to be adjusted by the total loss factor as approved by the Ontario Energy Board.
 - c. For customers with load displacement generation above 1 MW, or 2 MW for renewable generation, installed after October 1998, RTSR connection is billed at the gross demand level.
6. Delivery point with respect to RTSR is defined as the low side of the Transformer Station that steps down voltage from above 50 kV to below 50 kV. For customer with multiple interval-metered delivery points served from the same Transformer Station, the aggregated demand at the said delivery points on the low side of the Transformer Station will be the applicable billing determinant.
7. The loss factors, and which connection service rates are applied, are determined based on the point at which the distribution utility or customer is metered for its connection to Hydro One Distribution's system. Hydro One Distribution's connection agreements with these distribution utilities and customers will establish the appropriate loss factors and connection rates to apply from Hydro One Distribution's tariff schedules.
8. The Common ST Lines rate also applies to Distributors which use lines in the 12.5 kV to 4.16 kV range from HVDSs or LVDSs.
9. Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (General) is charged based on appropriate billing kW.
10. Rate Rider for Disposition of Group 1 Deferral/Variance Account (non-WMP) applies to non-WMP Class A or Class B customers.
11. The Meter charge is applied per metering facility at delivery points for which Hydro One owns the metering.
12. The Wholesale Market Service Rate and the Rural or Remote Electricity Rate Protection Charge are applied solely to non-Wholesale Market Participants. For Class A customers, distributors shall bill the actual CBDR costs to Class A customers in proportion to their contribution to peak. These rates pertain to the IESO's defined point of sale; consequently, appropriate loss factors as approved by the Ontario Energy Board must be applied to the customers metered energy.
13. The Global Adjustment rate rider applies to metered energy consumption, as approved by the Ontario Energy Board, for non-LDC, non-RPP and Class B customers that are charged Wholesale Market Service Charges by Hydro One Distribution.
14. For customers with load displacement generation at 1MW or above, or 2MW or above for renewable generation, installed after October 1998, the ST volumetric charges are billed at the gross demand level.
15. Local Transformation Charge applies to customers in the ST class who make use of Hydro One owned local transformation facilities.
16. Legacy customers are Hydro One Networks Inc. customers located outside the service areas of former Norfolk Power Distribution Inc., Haldimand County Hydro Inc., Woodstock Hydro Services Inc., Orillia Power Distribution Corporation, and Peterborough Distribution Inc..

1
2
3

BILL IMPACT CALCULATIONS

This attachment has been filed separately in MS Excel format.

OEB STAFF INTERROGATORY - 03

Reference:

Capital Expenditure

1. Observation Report
2. Exhibit A-2-1, Page 7

Preamble:

In reference 1, Hydro One Networks has identified several concerns with station assets that pose a risk to supply of power in Chapleau and require a large-scale investment to address the station assets' age and safety related deficiencies within the next few years.

At reference 2, Hydro One Networks has provided the 2025-2027 capital forecast which includes both growth and sustainment capital.

Hydro One Networks provides the following capital forecast for 2025-2027 as shown in the table below,

Interrogatory:

- a) Please note whether the capital costs provided in Reference 2 are on a gross or net of capital contributions basis. Please provide both the gross and net capital costs from 2019 to 2027.
- b) Please describe the station investments in more detail over the 2025-2027 period:
 - i. Will Hydro One Networks be utilizing its station located beside the Chapleau Public Utilities station to pick up the load while decommissioning the Chapleau Public Utilities stations, or will it be replacing/upgrading the current Chapleau stations? If it is the former, please describe any upgrades required and costs associated with the current Hydro One Networks station per year as well as any voltage conversion requirements to the rest of the distribution system.
 - If it is the latter (the Chapleau Public Utilities stations are being replaced), please answer the following questions:
 - ii. Please provide the cost associated with station replacements for each year.
 - iii. Please include details on the current capacity of the stations and the replacement capacity. If the capacity is increasing, please explain on what basis.
 - iv. Please explain if and how electric vehicle and heat pump adoption were included in sizing the replacement stations.

- 1 v. Will the replacement stations be 115kV-25kV? If so, what other voltage conversion
2 projects are required, and what are their associated annual costs (i.e., conductor
3 replacement)?
- 4 vi. Will the new stations use reclosers instead of fuses as identified in the Observation
5 report as a known issue?
- 6 vii. What safety precautions are being taken to avoid oil leaks into the surrounding
7 body of water near the stations as identified in the Observation Report as a
8 potential issue?
- 9 viii. Is Hydro One Networks able to forecast the reliability impacts from scheduled
10 outages during the construction of the stations? Is Hydro One Networks able to
11 forecast the reliability benefits once the new stations are operational?
- 12
- 13 c) Does the 2025-2027 capital forecast include investments related to the replacement
14 of pole-mounted transformers due to PCB oil and submarine cable?
- 15 i. If yes, please explain the methodology used to forecast the length/number of
16 replacements for submarine cable and pole-mounted transformers given that
17 testing is still required for these asset types.
- 18 ii. What is the cost associated with the replacement of each of these asset types from
19 2019 to 2027?
- 20
- 21 d) Hydro One Networks notes that an obsolete billing system is currently being used:
- 22 i. What are the costs associated with the billing system integration to Hydro One
23 Networks' system per year?
- 24 ii. Please confirm that Chapleau Public Utilities' billing system will be retired, and that
25 customer data will be transferred to Hydro One Networks' billing system as a
26 simple data transfer.
- 27

28 **Response:**

- 29 a) CPUC has not recorded any capital contributions between the years 2019 and 2022,
30 therefore, the capital costs net of contribution equal gross costs. 2024-2027 cost
31 forecasts in Table 1 are provided on a net of capital contribution basis. Please see the
32 table below for Hydro One's incremental gross and net capital costs forecast from
33 2024-2027.

Future Hydro One Forecast for CPUC	Year 2024¹ (\$000's)	Year 2025 (\$000's)	Year 2026 (\$000's)	Year 2027 (\$000's)
Capital (Gross)	74	312	279	240
Capital (Net)	64	272	243	209

b) Please refer to Exhibit I, Tab 1, Schedule 1. There are no additional significant station investments contemplated over the 2025-2027 capital forecast period.

c) Yes, the 2025-27 capital forecast included investments related to the replacement of pole-mounted transformers due to PCB oil and submarine cable. The submarine cable replacement length of approximately 200m was based on a study completed by METSCO originally filed in CPUC's last cost of service application, EB-2018-0087. The PCB replacements were forecast based on the number of assets that had the potential to be PCB contaminated using Hydro One's experience (9 total replacements are forecast).

ii. Please refer to Exhibit I, Tab 1, Schedule 1.

d) i. Hydro One Networks estimates that there will be a one-time cost of \$0.1 million to set up Hydro One's billing system and integrate CPUC customers in the manner requested. This cost is included in the integration costs provided in Exhibit I, Tab 1, Schedule 7. Hydro One does not anticipate any material ongoing incremental costs to support billing system changes tied to integrated CPUC customers.

ii. Confirmed. Chapeau Public Utilities' billing system will be retired after the core data required to set up customers in Hydro One Networks' billing system is properly vetted, standardized and entered. Hydro One Networks is not planning to transfer all of Chapeau's Billing system data to Hydro One's system but will save it in an "off line" tool set to support access on an exception/as needed basis. Please refer to Exhibit A, Tab 2, Schedule 1, Section 2.3.3.

¹ Assumes integration in September 2024.

This page has been left blank intentionally.

OEB STAFF INTERROGATORY - 04

Reference:

Growth Capital

1. Exhibit A-2-1, Page 8

Preamble:

Growth capital makes up approximately 38% of the total capital budget over the 2025-2027 forecast period. At reference 1, Hydro One Networks has stated that growth capital investments such as customer connections/upgrades are contemplated in the forecast.

Interrogatory:

a) What customer/connection forecast or external studies has Hydro One Networks relied on for the 2025-2027 period to determine the investments related to growth capital? Please provide the details of this forecast.

Response:

a) The details of the customer/connection forecast Hydro One has relied upon are provided in the table below. The residential and GS customer forecasts account for their historical relation with the trends in demographic and economic factors affecting them. USL and Street Lighting forecasts were derived in relation to the residential and general service customer growth. Sentinel Light forecast also reflects its historical relation with provincial trends in this regard.

Year	2025	2026	2027
Rate Class			
Residential	1,075	1,080	1,085
GS < 50 kW	151	152	152
GS 50-24,999	12	12	12
USL	4	4	4
Sentinel Light	19	19	19
Street Light	333	334	336
Total	1,594	1,601	1,608

The growth capital forecast contemplates investments required for new load connections, service upgrades and cancellations, and investments to address system capacity issues that arise as a result of changes to the distribution system caused by regional growth.

This page has been left blank intentionally.

OEB STAFF INTERROGATORY - 05

Reference:

Compliance

1. Exhibit A-2-1, Page 17

Preamble:

Hydro One Networks states,

It is substantially compliant with its regulatory requirements, subject to any approved regulatory exemptions. CPUC has experienced difficulties with continued compliance with regulatory and government agencies due to staffing shortages. Under the management recently instated in the OEB Decision and Order, Hydro One has taken steps to rectify various non-compliance issues.

Interrogatory:

- a) What are the specific non-compliance issues that Hydro One Networks has taken steps to rectify?

Response:

- a) In April 2023, CPUC informed Hydro One, followed by a letter to the OEB in May 2024, that, due to its lack of management and staff (with more retirements pending), the utility was facing a number of obligations that it was unable to complete. Accordingly, in early July, 2023, after Hydro One took over management and operations of CPUC¹, Hydro One administered CPUC's payment of outstanding payroll or other remittances (such as HST), filings or claims/declarations as required for the months of February through June, 2023 to third parties or agencies such as the Canada Revenue Agency ("CRA"), the Ontario Municipal Employees' Retirement System ("OMERS"), the Power Workers' Union ("PWU"), the Workplace Safety and Insurance Board ("WSIB"), the IESO and in August, Statistics Canada.

Hydro One also managed CPUC's filings to the OEB, such as its 2022 RRR report (submitted on July 12, 2023 and revised on September 7, 2023) and its Green Button Initiative progress report (submitted July 30, 2023). Furthermore, as CPUC had been unable to implement either the OEB's Green Button Initiative or the Ultra-Low Overnight ("ULO") Price Plan, Hydro One worked with CPUC to request the OEB's:

¹ As directed in EB-2023-0144

- Approval of an extension for CPUC's implementation of the Green Button Initiative (EB-2023-0314). The OEB's November 1, 2023 Decision approved this extension with a requirement to provide an update or confirm an implementation plan no later than September 30, 2024.
- Approval of an exemption to the November 1, 2023 implementation deadline for the ULO Price Plan (EB-2023-0323). The OEB's October 31, 2023 response confirmed that its Staff would not initiate or recommend compliance action to enforce the November 1, 2023 implementation deadline for the ULO Price Plan while CPUC's financial, operational and ownership status remained unresolved. (It also stated that an exemption from the obligation to provide the ULO price plan may be considered later if circumstances warrant.)

Hydro One also oversaw LEAP payments to CPUC's local funding agency. This had been approved as part of CPUC's 2019 Cost of Service rates application, but due to lack of staff, could not be completed. While not a compliance issue, the funding was provided in July, 2023 to ensure that qualifying CPUC customers could receive the benefit of LEAP support, as would other Hydro One customers with similar needs.

Operationally, Hydro One's September 29, 2023 Observation Report (Attachment 7 to this Application) states its concerns in respect of CPUC assets, the work undertaken to address immediate issues to the extent possible (for example, temporary repairs to exposed submarine cable) and broadly noted the investment needed to ensure appropriate system reliability for the township's future needs. Of note, page 5 in this report states the need to test about 150 pieces of oil-filled equipment to determine the extent of PCB above threshold limits and comments on the investment required to enable compliance with the 2025 deadline for equipment replacement. As an update, Hydro One has completed testing of all relevant oil-filled equipment and plans to have all equipment with PCB above the threshold removed by the 2025 deadline.

OEB STAFF INTERROGATORY - 06

Reference:

Conditions of Service

Interrogatory:

a) Please identify and describe any material differences in the current Conditions of Service of Hydro One Networks and Chapleau Public Utilities.

b) Please identify what steps Hydro One Networks intends to take to consolidate the Conditions of Service post-merger, and the timing for when consolidation will occur.

Response:

a) Hydro One has not identified any material differences. Hydro One adds that pursuant to the OEB's decision and order in EB-2023-0144, Hydro One is already responsible for providing all distribution services within the Township of Chapleau, including the connection of new customers, and the reliable supply and distribution of electricity to the customers of CPUC in accordance with good utility practice.

b) Customers will be transferred immediately to Hydro One's Conditions of Service.

This page has been left blank intentionally.

OEB STAFF INTERROGATORY - 07

Reference:

Transition and Other Costs

1. Exhibit A-2-1, Page 17
2. [MAADs Handbook, Schedule 2 – Filing Requirements for Consolidation Applications p. 6](#)
3. Attachment 3, Agreement of Purchase and Sale, 4.17, Page 19 of 74

Preamble:

As per the MAADs handbook,

Identify all incremental costs that the parties to the proposed transaction expect to incur which may include incremental transaction costs (e.g. legal, regulatory), incremental merged costs (e.g. employee severances), and incremental on-going costs (e.g. purchase and maintenance of new IT systems). Explain how the consolidated entity intends to finance these costs.

Interrogatory:

- a) Please provide forecasts for all transaction costs associated with the proposed transaction broken down by category (e.g., legal, regulatory).
 - i. Section 4.17 of the Agreement of Purchase and Sale states “all costs and expenses incurred by the parties in connection with the application for OEB approval shall be borne equally by each party”. Please confirm if all noted incremental transaction costs will not be included in Hydro One’s revenue requirement at the time of rebasing, and thus will not be funded by ratepayers.
- b) Please break down the expected incremental transition costs into applicable categories. Please also describe the nature of these costs.
- c) Please explain how Hydro One Networks intends to finance the expected transition costs.

Response:

- a) Both parties to the transaction will have incurred some incremental costs associated with the transaction.

Hydro One’s incremental transaction costs are estimated to be approximately \$18k. These include tax costs related to completion of the transaction, and cost associated with the necessary regulatory approvals.

Incremental integration costs are expected to be \$350k. Integration costs include incremental up-front costs to integrate existing CPUC customers from their obsolete billing to Hydro One's customer and outage management system. Hydro One will transition CPUC customers into Hydro One system as new customers. Hydro One's estimate of the integration costs assume the relief sought in Exhibit A, Tab 1, Schedule 1, page 5, line 23. Hydro One is not expecting to incur any ongoing transition costs.

Table - 1

Hydro One Forecast - (\$000s)	2024
Incremental Transaction and Integration Costs	
Regulatory Approval / Land Transfer Tax	18
Total Transaction Costs	18
Total Integration (Customers, Assets, Employees)	350

All of the above incremental costs will be financed through productivity gains associated with the transaction.

In addition to the costs noted above, Hydro One expended significant effort developing the transaction proposal and negotiating definitive transaction agreements. These activities represent costs which have occurred prior to the regulatory approval process and will not be funded by ratepayers.

i. Confirmed, recovery of the costs incurred in connection with the application for OEB approval stated in Section 4.17 of the Agreement of Purchase and Sale will not be included in Hydro One's next rebasing application.

b) See response in part a.

c) See response in part a.

OEB STAFF INTERROGATORY - 08

Reference:

Compliance Matters

1. Exhibit A-1-1, Page 6
2. Exhibit A-2-1, Page 14

Preamble:

Hydro One Networks has requested an exemption from section 3.5.11 of the Standard Supply Service Code (SSSC) and sections 2.6 and 10.6.3 of the Retail Settlement Code as it intends to migrate the existing customers of Chapleau Public Utilities into Hydro One Networks billing system as “new” customers without prior billing history. The exemption has been requested for two years from the date Chapleau Public Utilities electricity distribution business is integrated into Hydro One Networks operations. Hydro One Networks has identified a number of challenges in maintaining historical customer-specific information, prior to the date of integration of Chapleau Public Utilities existing customers into Hydro One Networks billing system, including Chapleau Public Utilities currently uses an “obsolete billing system”, and its operations and programming is dependent on one person.

Interrogatory:

- a) Please confirm that by classifying the existing Chapleau Public Utilities customers as “new” customers, Hydro One Networks will not use this as a reason for requiring a security deposit from Chapleau Public Utilities customers. If Hydro One Networks intends to request a security deposit from the existing Chapleau Public Utilities customers, please elaborate on the reason(s).

Response:

- a) Confirmed. Hydro One Networks will not use the proposed integration approach of classifying the existing Chapleau Public Utilities customers as “new” customers to trigger the requirement for security deposits. Hydro One Networks does reserve the right to request security deposits for any new customers or any existing customers that may warrant a security deposit based on go forward payment/arrears management performance.

This page has been left blank intentionally.

OEB STAFF INTERROGATORY - 09

Reference:

Accounting Standards

1. Exhibit A-2-1, Page 14

Preamble:

Reference 1 states that “CPUC’s financial results will be incorporated into Hydro One Distribution’s results using United States Generally Accepted Accounting Principles, which is the OEB-approved framework for rate-setting, regulatory accounting and regulatory reporting for Hydro One.”

OEB staff notes that Chapleau Public Utilities currently uses IFRS for financial accounting purposes and Modified IFRS (MIFRS) for regulatory accounting purposes.

Interrogatory:

- a) Please explain whether Hydro One Networks has undertaken any studies or reviews of the types of transactions that will be impacted by the accounting standard transition from IFRS to US GAAP
 - i. If such a review has been undertaken, please identify and explain whether there are any material accounting policy differences between Chapleau Public Utilities and Hydro One Networks, as well as any impacts for regulatory and ratemaking purposes.
- b) Please explain whether Hydro One Networks intends to establish a new “Accounting Policy Changes” Deferral Account to record the impact of any applicable accounting changes to depreciation expense and capitalization policies on property, plant, and equipment (PPE) resulting from Chapleau Public Utilities transition from IFRS to US GAAP for financial and regulatory accounting purposes.
 - i. If so, please provide the corresponding draft accounting order.
 - ii. If not, please explain why not.

Response:

- a) Hydro One has performed a review of the types of transactions that will be impacted by the accounting standard transition from IFRS to US GAAP. Hydro One Networks anticipates that similar accounting policy differences will exist between Chapleau Public Utilities and Hydro One that existed upon the acquisition of other local distribution companies under the IFRS framework. Hydro One will quantify the differences upon acquisition.

- 1 b) Hydro One does not intend to establish a new regulatory account but does intend to
2 create a new sub-account to track the differences resulting from accounting policy
3 changes specific to CPUC in the already established account for same that was
4 created for PDI and OPDC.

5
6 However, if OEB Staff believe it is more efficient to establish a new accounting policy
7 changes deferral account, similar to that previously approved by the OEB in EB-2018-
8 0242¹, to record the impact of any applicable accounting changes to depreciation
9 expense and capitalization policies on property, plant and equipment resulting from
10 the transition of Chapleau Public Utilities from IFRS to USGAAP for financial and
11 regulatory accounting purposes then Hydro One will accept creating such an account.

¹ EB-2018-0242 – Decision & Rate Order – July 9, 2020 - Schedule B

OEB STAFF INTERROGATORY - 10

Reference:

DVAs

1. Appendix A, Page 3 and 4
2. [Accounting Procedures Handbook Electricity Distributors 20120101 \(oeb.ca\)](#),
Page 16 - 17
3. Appendix C

Preamble:

Reference 1 states that

Hydro One proposes to provide rate mitigation to those customers and record those costs in a new account called Bill Impact Mitigation Deferral Account. The mitigation costs expected to be incurred are outside the base of which revenue requirement was set” and “The proposed use of this account, to track mitigation costs, is consistent with bill impact mitigation variance accounts, proposed and approved by the Board in proceedings EB-2007-0681, EB-2009-0096, and EB-2013-0416.

Reference 2 states that “Carrying charges shall apply to this account” and “... shall be recorded monthly in a separate carrying charges sub-account of this account.”

Page 3 of Reference 1 states that

Hydro One, once aware of non-existent land rights, will negotiate with the landowner using market rates in the area. These costs are expected to be material (i.e., exceed \$50,000) given the intention of the disposition of the account is to customers of the former CPUC service territory and the costs expected to be incurred are outside the base of which CPUC’s revenue requirement was set.

Interrogatory:

- a) Please explain in detail how the proposed new bill mitigation account is similar to the accounts that have already been approved, as mentioned in Reference 1.
- b) Please explain how the proposed Bill Impact Mitigation Deferral account meets the criteria of materiality (one of the criteria for a new deferral and variance account).
- c) Please explain if Hydro One Networks has specific information related to the expected land rights costs as noted in Reference 1.
 - i. If so, please provide details.

d) Please explain why carrying charges have not been applied to the "Bill Impact Mitigation Deferral Account" in a carrying charges subaccount, as Reference 2 indicates they should be.

Response:

a) As stated in Exhibit A, Tab 2, Schedule 1, the purpose of the requested Bill Impact Mitigation Deferral Account is to track all costs incurred to provide bill impact mitigation to CPUC's non-residential customers that will move to Hydro One's existing rate classes as a result of Hydro One's proposed harmonization plan (from the time of integration to the time of the expiry of Hydro One Distribution's current Custom IR period, December 31, 2027). As stated in Exhibit A, Tab 2, Schedule 1, Appendix A, the proposed use of the requested Bill Impact Mitigation Deferral Account is consistent with previously approved accounts which tracked costs related to bill mitigation as described below:

- In EB-2007-0681,¹ the OEB approved a Bill Impact Mitigation account, as requested by Hydro One, to track the costs of harmonization of acquired customers into Hydro One rate structure as a result of mitigating customer rate increases to specified levels (including the incremental costs reasonably incurred for implementation).
- In EB-2013-0416, the OEB approved a similar Bill Impact Mitigation account to track the mitigation, and related implementation costs incurred in limiting the bill impacts for customers impacted by rate reclassification resulting from the rate class review.

b) Please refer to Section 3.1 of Appendix A of the Application. Hydro One believes the existing CPUC materiality threshold is the appropriate materiality threshold to utilize for the establishment of this account.

c) Hydro One continues to investigate missing land rights in the existing CPUC service territory. Hydro One has verified that there are several assets currently trespassing on private property. To date, this includes pad mount transformers, poles and anchors situated on private property. To rectify the situation, when a missing right has been verified, Hydro One will seek to acquire the necessary easements for these facilities. This process includes, but is not limited to, cost of the rights, any and all surveys necessary to delineate property boundaries, administrative costs associated with

¹ In EB-2009-0096 the account was approved for continuation to keep track of any incremental costs associated with implementing any additional mitigation measures that might be required as a result of completing the harmonization process (as approved in EB-2007-0681)

1 negotiations, as well as the registration and conveyancing of the rights. Independent
2 legal advice for the review of any proposed agreements will also be made available to
3 the affected property owners. Hydro One's forecast cost for the above is currently
4 between \$0.1M-\$1.5M.

5

6 d) Interest improvement (or carrying charges as OEB Staff refers to it in this interrogatory)
7 was included in Hydro One's draft accounting order for the proposed Bill Impact
8 Mitigation Deferral Account, at Appendix C, located on page 8 and 9 of the
9 Appendices.²

² The appendices includes Appendices A through C and contains 9 pages.

This page has been left blank intentionally.

OEB STAFF INTERROGATORY - 11

Reference:

DVAs

1. Exhibit A-2-1, Page 11

Preamble:

Reference 1 states that “CPUC’s existing OEB-approved deferral and variance accounts will be ringfenced and maintained separate from Hydro One’s deferral and variance accounts through to disposition” and “Hydro One will comply with this policy during the period up until the point when CPUC is included in the rebasing with Hydro One’s distribution customers and will propose disposition of the former CPUC Group 1 balances, to be recovered or refunded to CPUC customers only.”

Interrogatory:

- a) Please confirm that the above statement refers to both Group 1 and Group 2 accounts. If this is not the case, please explain.
- b) Please explain whether Hydro One Networks has an anticipated timeline in mind for the merger of the IESO settlement processes and when Hydro One Networks will receive a single, consolidated monthly IESO invoice that includes Chapleau Public Utilities’ costs.
- c) Please explain how Hydro One Networks or Chapleau Public Utilities intends to settle with the IESO during:
 - i. The period prior to IESO invoice harmonization.
 - ii. The period subsequent to IESO invoice harmonization
- d) Would Hydro One Networks consider consolidating the Group 1 accounts after they start receiving one consolidated IESO invoice, rather than performing allocations and maintaining separate rate zone-level accounts? If not, please explain how Hydro One Networks is going to allocate the IESO charges between the two rate-zones.
- e) Please discuss whether Chapleau Public Utilities has any material Group 2 balances at this or expect to have material Group 2 balances. Please provide the details if Chapleau Public Utilities has any material Group 2 balances.
- f) Please explain Hydro One Networks’ planned disposition approach for Chapleau Public Utilities Group 2 accounts, including discussion on when disposition will be requested and impacts to intergenerational inequity.

- 1 g) Does Hydro One networks intend to request the alignment of the rate year of the
2 Chapleau Public Utilities rate zone with that of Hydro One Networks prior to rebasing?
3 If so, when does it expect to do so? If not, why not?
4

5 **Response:**

- 6 a) Confirmed. Both Group 1 and Group 2 Accounts will be ringfenced and their balances
7 dispositioned to the legacy CPUC territory customers with whom they are associated.
8
9 b) Hydro One plans to merge the IESO settlements processes to coincide with the
10 planned integration of the CPUC customers and anticipates receiving a single,
11 consolidated monthly IESO invoice that includes CPUC costs the month following
12 integration.
13
14 c) i. Prior to IESO invoice harmonization, Hydro One and Chapleau will be receiving
15 separate invoices and submitting separate IESO Settlement Claims & Data
16 Submissions.
17
18 ii. Subsequent to IESO invoice harmonization, Hydro One Networks will have fully
19 integrated Chapleau PUC into the Hydro One IESO Invoice, Settlement Claims & Data
20 Submissions. There will no longer be a Chapleau PUC IESO invoice, Settlement
21 Claims & Data Submissions.
22
23 d) Yes. Hydro One intends to consolidate its Group 1 accounts once Chapleau PUC is
24 integrated into Hydro One Networks from a tracking perspective.
25

26 For disposition of Group 1 balances, the following will apply:
27

- 28 • If the integration occurs on the first day of the year (for example, January 1, 2025),
29 then Chapleau PUC's pre-integration Group 1 balances (up to December 2024)
30 will be disposed of via rate riders specific to their customers. The post-integration
31 Group 1 balances which would have accumulated will be disposed of to all Hydro
32 One customers, on a consolidated basis, including the customers of Chapleau
33 PUC. In other words, no allocation of balances will be required under this scenario.
34
35 • If the integration occurs mid-year (for example, September 2024), balances
36 accumulated for the post-integration period (September-December 2024), will be
37 allocated to Chapleau PUC's customers using the sales volume as an allocator as
38 approved by the OEB and added to their pre-integration balances for 2024

- 1 (January-August 2024).¹ In other words, there will be rate riders specific to
2 Chapleau PUC's customers for the balances accumulated in the integration year.
3 After the integration year (stating 2025 in this example), the Group 1 account
4 balances will be disposed of on a consolidated basis, and no further allocation will
5 be required.
- 6
- 7 e) Chapleau Public Utilities' balances in accounts 1508, 1555 and 1576 at time of closing
8 are not expected to be material. Audited Group 2 balances as at December 31, 2022
9 are not material.
- 10
- 11 f) Hydro One Networks plans to dispose of Chapleau Public Utilities' Group 2 balances
12 at its next cost of service application.
- 13
- 14 g) Hydro One intends to transfer CPUC customers to Hydro One's rate classes
15 immediately.

¹ Under the methodology described in the OEB's Inspection Report dated March 4, 2019, entitled "Inspection of Compliance of the RPP Settlement Process and Assessment of DVA Allocation Methodology to Assign Group 1 Balances to the Acquired Utilities", Hydro One uses the post-integration sales volume (kWh) of each of the utilities as the allocators to assign the post-integration consolidated Group 1 balances to acquired utilities. This OEB-approved allocation methodology was used by Hydro One in its 2021 distribution rate application to allocate the post-integration Group 1 balances between Hydro One, Norfolk, Haldimand and Woodstock rate zones.

This page has been left blank intentionally.

OEB STAFF INTERROGATORY - 12

Reference:

OM&A Savings

1. Exhibit A-2-1, Page 7

Preamble:

Forecast OM&A spending in 2024-2027 is less than historical levels. Hydro One Networks states that OM&A savings exceed 50% per annum as a result of the acquisition.

Interrogatory:

a) Please provide a breakdown of the OM&A cost savings indicating which are attributable to the following categories (as listed at reference 1): administrative, governance, information technology, regulatory, finance, legal or other (please specify).

Response:

a) Exhibit A, Tab 2, Schedule 1, Table 1 Hydro One Forecast OM&A for stub year 2024 was overstated due to an administrative error. The corrected Hydro One Forecast incremental OM&A cost for stub year 2024 is forecast at \$108k, please find the revised Table 1 below.

Table 1 - CPUC Historic Costs and Incremental Hydro One Forecast Costs to 2027

	Year 2019 (\$000's)	Year 2020 (\$000's)	Year 2021 (\$000's)	Year 2022 (\$000's)
Prior Actual CPUC Expenditures¹				
OM&A	832	839	732	755
Capital	124	98	150	95
Future Hydro One Forecast for CPUC	Year 2024² (\$000's)	Year 2025 (\$000's)	Year 2026 (\$000's)	Year 2027 (\$000's)
OM&A	108158 108158	351	350	362
Capital	64	272	243	209

Table 2 below presents implied OM&A savings when comparing the 2022 actuals to Hydro One OM&A forecast for period.

¹ Results sourced from the published [OEB LDC Yearbooks](#)

² Assumes integration in September 2024.

Table 2

In 000s of dollars	CPUC ¹	HONI				Implied Savings ²			
Year	2022	2024 ¹	2025	2026	2027	2024 ¹	2025	2026	2027
Operation and Maintenance	183	38	132	124	129	23	51	59	54
General and Admin	449	48	150	154	158	102	299	295	291
Billing and Collection	122	22	69	72	74	18	53	50	48
Total OM&A	755	108	351	350	362	143	403	404	392

¹ Stub year 2024 includes 4 months of costs estimated from integration date Sept 1st, 2024. 2024 implied savings are generated by taking four twelfths of 2022 CPUC actuals and comparing them to the stub year 2024.

² Implied savings are calculated by comparing HONI's OM&A forecast from 2024 through 2027 against CPUC's 2022 OM&A actuals; this does not presume to take into account inflationary pressures on CPUC's 2022 actuals, adjustments would yield even greater savings 2024 through 2028.

The actual costs incurred by CPUC in categories listed at reference 1 are collectively shown as General and Admin costs in the table above. Majority of the savings shown in the table are generated from a reduction in the General and Admin costs.

**VULNERABLE ENERGY CONSUMERS COALITION
INTERROGATORY - 01**

Note: Hydro One has corrected labelling errors in the posed interrogatory thus response sub-parts may not align with the original interrogatory.

Reference:

Exhibit A-1-1

Interrogatory:

a) Page 2: CPUC and Hydro One entered into an Agreement of Purchase and Sale. CPUC has agreed to sell to Hydro One, and Hydro One has agreed to purchase from CPUC the business of distributing electricity to consumers and businesses within the Township of Chapleau via an asset sale. The purchase price is \$2.3 million.

Please confirm that costs associated with the amalgamation will not be recovered from ratepayers.

b) Page 3: The Agreement eliminates redundancies between Hydro One and CPUC and results in a single electricity service provider for the Township of Chapleau.

Please list the specific redundancies that will be eliminated and quantify the resulting cost savings by year.

c) Page 4: Hydro One proposes to immediately integrate CPUC customers into Hydro One's existing rate classes.

Please discuss what other options Hydro One considered, and why they were ultimately rejected, in favour of the option to immediately integrate CPUC customers into Hydro One existing rate classes.

d) Page 5: The transaction is not expected to harm customers with respect to price.

Please confirm the proposed amalgamation increases the price that CPUC residential customers pay for the distribution of electricity.

e) Page 5: All CPUC rate riders will continue as per CPUC's existing rate schedules until expiry.

Please list CPUC's rate riders by customer class that will continue until expiry.

f) Please confirm the transition costs of the amalgamation are immaterial.

Response:

a) Please refer to Exhibit I, Tab 1, Schedule 7.

b) For OM&A savings including synergies due to consolidation of redundant functions, refer to Exhibit I, Tab 1, Schedule 12.

c) Please refer to Exhibit I, Tab 1, Schedule 2 part d)

d) Not confirmed. CPUC's residential customers will continue to receive the benefit of Distribution Rate Protection. In the absence of the transaction, as documented in the evidence (Exhibit A, Tab 2, Schedule 1), considerable capital investment would have been required by CPUC to ensure that customers receive safe and reliable electricity service. To that end, note that the current rates paid for by CPUC residential customers are underpinned by cost structures for a distributor that the OEB has determined is likely to fail to meet its obligations relating to the supply of electricity to consumers in the Township of Chapleau.¹ On balance the proposed amalgamation will not harm CPUC residential customers.

Hydro One reminds VECC of p. 6 of the OEB MAADs Handbook that articulates that *a simple comparison of current rates between consolidating distributors does not reveal the potential for lower cost service delivery. These entities may have dissimilar service territories, each with a different customer mix resulting in differing rate class structure characteristics. For these reasons, the OEB will assess the underlying cost structures of the consolidating utilities.*

e) The table below provides the 2024 rate riders as proposed in EB-2023-0011 which are expected to continue until April 30, 2025.²

¹ EB-2023-0144 – OEB Decision and Order – May 23, 2023 – p. 2

² Refer to I-01-02 Attachment 1 for CPUC's proposed 2024 tariff schedules. Existing OEB-approved rate riders that are set to expire on April 30, 2024 are excluded from the table. Additional rate riders might be established for CPUC at a future date as applicable.

2024 Rate Riders as proposed in EB-2023-0011	Residential	GS<50kW	GS 50-4,999kW	Unmetered Scattered Load	Sentinel Lighting	Street Lighting
Rate Rider for Disposition of Global Adjustment Account (2024) - effective until April 30, 2025, Applicable only for Non-RPP Customers (\$/kWh)	\$0.0027	\$0.0027	\$0.0027		\$0.0027	
Rate Rider for Disposition of Deferral/Variance Accounts (2024) - effective until April 30, 2025 (\$/kWh)	\$0.0023	\$0.0024		\$0.0025		
Rate Rider for Disposition of Deferral/Variance Accounts (2024) - effective until April 30, 2025 (\$/kW)			\$0.6919		\$0.8015	\$0.9017

1

2

3

f) Please refer to Exhibit I, Tab 1, Schedule 7.

This page has been left blank intentionally.

**VULNERABLE ENERGY CONSUMERS COALITION
INTERROGATORY - 02**

Reference:

Exhibit A-1-1, Page 4

Interrogatory:

The application includes Hydro One's and CPUC's financial statements for 2021 and 2022.

Please provide the 2023 financial statements for Hydro One and CPUC.

Response:

Hydro One Limited's financial statements are available publicly through SEDAR and can be found at the following link:

<https://www.sedarplus.ca/csa-party/viewInstance/resource.html?node=W5189&drmKey=a8987f4db7874cdb&dr=sse3a011b1edd9d7e4d09cfd7fd0edd30bcc79311dc8ae5e3c4a10c4327bb94143ea0df08dc2983afbc0b0ff5afed343aux&id=0c11f8b7998bcd96856bc287de0ef4b227d5db4c7bd40e49>

2023 audited financial statements are not available for CPUC; they will be available later in the year once audits and finalization of accounts are complete.

Filed: 2024-03-04
EB-2023-0328
Exhibit I
Tab 2
Schedule 2
Page 2 of 2

1

This page has been left blank intentionally.

**VULNERABLE ENERGY CONSUMERS COALITION
INTERROGATORY - 03**

Reference:

Exhibit A-2-1, Page 2

Interrogatory:

CPUC customers can expect to benefit from operational efficiencies by having the CPUC assets integrated into Hydro One's larger distribution system.

Please discuss the operational efficiencies and quantify the expected savings by year.

Response:

Please refer to the subsequent sections of Exhibit A, Tab 2, Schedule 1 for the requested information, specifically Sections 2.1, 2.1.1, 2.1.2., 2.3, and 2.3.1.

Filed: 2024-03-04
EB-2023-0328
Exhibit I
Tab 2
Schedule 3
Page 2 of 2

1

This page has been left blank intentionally.

**VULNERABLE ENERGY CONSUMERS COALITION
INTERROGATORY - 04**

Reference:

Exhibit A-2-1

Interrogatory:

Page 7: Table 1 provides CPUC's actual OM&A and capital expenditures for the most recent complete four-year period (2019 to 2022), as published in the OEB yearbook.

a) Please provide the OM&A and Capital data for 2023.

b) Please provide a breakdown and quantify the OM&A savings for the period 2024-2027.

Response:

a) Audited 2023 Financial Statements for CPUC are not expected to be available until late April 2024.

b) Refer to Exhibit I, Tab 1, Schedule 12 for a further breakdown of OM&A savings.

This page has been left blank intentionally.

**VULNERABLE ENERGY CONSUMERS COALITION
INTERROGATORY - 05**

Reference:

Exhibit A-2-1

Interrogatory:

Page 8: Table 2 provides further breakdown of the capital investments forecast in Sustainment Capital and Growth Capital 2024-2027.

Please provide a further breakdown of Sustainment Capital by year as it relates to the specific asset needs identified in the Observation Report at Attachment 7; and other capital priorities.

Response:

Please refer to Exhibit I, Tab 1, Schedule 1.

This page has been left blank intentionally.

**VULNERABLE ENERGY CONSUMERS COALITION
INTERROGATORY - 06**

Reference:

Supplemental Evidence November 30, 2023.

Interrogatory:

Hydro One provides an OM&A cost/customer comparison between Hydro One and CPUC using 2021 Yearbook data.

Please provide the same calculation using 2022 Yearbook data.

Response:

The information requested is readily available through the 2022 OEB Yearbook. The requested information is provided therein as follows:

2022			
	OM&A (\$)	Customers	OM&A(\$)/Customer
CPUC	\$ 762,253	1,224	622.76
Hydro One	\$ 662,892,335	1,440,085	460.31

This page has been left blank intentionally.

**VULNERABLE ENERGY CONSUMERS COALITION
INTERROGATORY - 07**

Reference:

Attachment 7

Interrogatory:

Hydro One provided its observations of CPUC's current asset and operating conditions.

- a) Please provide the net book value of CPUC's assets.
- b) Please discuss if Hydro One prepared a scope of work and budget as a result of the asset needs identified Observation Report. Please provide a copy.
- c) Hydro One anticipates that once some deficiencies noted in the Observation Report are addressed capital cost levels will thereafter taper off to a steady state value adjusted for Hydro One's growth forecast for the acquired service territory.

Please discuss the timeframe required to address the majority of the deficiencies in the Observation Report, and when will the steady state cost levels will begin.
- d) Please confirm Hydro One will make all necessary investments to be compliant with CPUC's 2025 deadline to replace equipment above the PCB threshold.

Response:

- a) The net book value of fixed assets based on the audited 2022 financial statements is \$1,574,349. 2023 audited statements are not available yet.
- b) Please refer to Exhibit I, Tab 1, Schedule 1.
- c) Please refer to Exhibit I, Tab 1, Schedule 1.
- d) Confirmed.

Filed: 2024-03-04
EB-2023-0328
Exhibit I
Tab 2
Schedule 7
Page 2 of 2

1

This page has been left blank intentionally.

**VULNERABLE ENERGY CONSUMERS COALITION
INTERROGATORY - 08**

Reference:

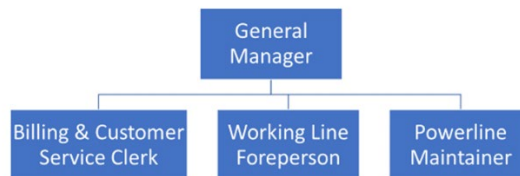
Attachment 1

Interrogatory:

- a) Please provide the organizational chart for CPUC.
- b) Please provide the total number of FTEs at the time of CPUC's rebasing (EB-2018-0087).

Response:

- a) Hydro One took over the control of CPUC assets in June 2023 per OEB's Order EB-2023-0144. The positions of General Manager and Finance & Regulatory Manager were vacant as the CPUC board was unable to fill the positions to continue operations. A CPUC board member had temporarily assumed the General Manager role until Hydro One took control of CPUC assets. Hydro One back-filled the General Manager role and CPUC contracted the previous Finance and Regulatory Manager to provide continuity under interim management by Hydro One. Please see the current organizational chart below.



- b) As per the publicly available evidence submitted in EB-2018-0087 by CPUC (Chapter 2 Appendices document), there were 5 FTEs at the time of rebasing.

This page has been left blank intentionally.

**VULNERABLE ENERGY CONSUMERS COALITION
INTERROGATORY - 09**

Reference:

Exhibit A-2-1, Page 13

Preamble:

The applicated states

Provided that CPUC customers will transition to Hydro One existing rates, there will be no separate Distribution System Plan required for CPUC and distribution plans for CPUC's existing service territory will be encompassed within future Hydro One Distribution System Plans.

Ref: EB-2018-0087 Decision and Rate Order, Page 6

The OEB's Decision in CPUC's 2019 Cost of Service application states the following:

Chapleau Public Utilities' Distribution System Plan (DSP) articulates the need for a major voltage conversion project (i.e. 4 kV to 25 kV) planned outside the plan period (i.e. after the 2019-2023 plan period). The parties agreed that Chapleau Public Utilities will need to seek approval in a subsequent application to the OEB before this voltage conversion project is implemented. In its next DSP, the parties also agreed that Chapleau Public Utilities will demonstrate how it is moving to a more condition-based strategy, rather than based primarily on asset age.

The OEB agrees with the parties and has determined that Chapleau Public Utilities will need to seek approval in a subsequent application to the OEB before the voltage conversion project is implemented, as well as demonstrate in its next DSP how it is moving to a more condition-based strategy.

Interrogatory:

Please discuss how the OEB's findings will be addressed.

Response:

DSPs are required by the OEB as a planning tool to demonstrate that the resulting investment plan is based on solid principles of prioritization and optimization. The OEB uses DSPs to inform the rate-setting process of the proposed investment plan. The needs of the existing CPUC distribution system and the service territory it currently serves will be encompassed within future Hydro One Distribution System Plans that will inform the rate

Filed: 2024-03-04

EB-2023-0328

Exhibit I

Tab 2

Schedule 9

Page 2 of 2

- 1 setting process of Hydro One and Hydro One's investments are based on both asset age
- 2 and condition assessments.

VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORY - 10

Reference:

MAADS Handbook, Page 7

Preamble:

The MAADS Handbook requires consolidating utilities to indicate the impact that the proposed transaction will have on customers with respect to quality and reliability of electricity service. In considering the impact of a proposed transaction on the quality and reliability of electricity service, and whether the “no harm” test has been met, the OEB is informed by, among other things, the metrics provided by the distributor in its annual reporting to the OEB and published in its annual scorecard.

Interrogatory:

- a) Please provide the latest OEB annual scorecard for CPUC and Hydro One.
- b) Please provide SAIDI, SAIFI and CAIDI results for Hydro One and CPUC for each of the years 2019 to 2023.
- c) Please provide SAIDI, SAIFI and CAIDI results (excluding Major Event Days and Loss of Supply) for Hydro One and CPUC for each of the years 2019 to 2023.
- d) Please discuss how the proposed amalgamation will impact SAIDI, SAIFI and CAIDI for CPUC.
- e) Please discuss if Hydro One plans to track reliability metrics separately for CPUC over the period 2024-2027. If not, why not.

Response:

- a) The publicly available information for Chapleau can be found at the following link: here <https://chapleau.ca/documents/dl/?versionID=558&catID=92>
- b) The publicly available information for Hydro One can be found at the following link: <https://www.oeb.ca/documents/scorecard/2022/Scorecard%20-%20Hydro%20One%20Networks%20Inc..pdf>
- c) For 2019-2022 please refer to the publicly available OEB data found at the following link:

1 [https://www.oeb.ca/ontarios-energy-sector/performance-assessment/natural-gas-](https://www.oeb.ca/ontarios-energy-sector/performance-assessment/natural-gas-and-electricity-utility-yearbooks)
2 [and-electricity-utility-yearbooks](https://www.oeb.ca/ontarios-energy-sector/performance-assessment/natural-gas-and-electricity-utility-yearbooks). 2023 data is not yet available.

3
4 d) Hydro One addresses this filing requirement in multiple sections throughout the
5 prefiled evidence that is not referenced in this interrogatory. Please refer to Sections
6 2.1 and 2.1.1 of Hydro One's prefiled evidence as well as Attachments 2 and 7 of the
7 Application. For additional discussion regarding improvements to reliability and quality
8 of service please refer to Exhibit I, Tab 1, Schedule 1 and 5.

9
10 e) Hydro One does not intend to track reliability metrics specifically for CPUC's service
11 territory from 2024-2027. As described as p.2 of Attachment 2 of the Application,
12 CPUC is an existing embedded utility of Hydro One. Hydro One does not believe there
13 is any material benefit in continuing to segment reporting of this currently embedded
14 utility post amalgamation.