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BY EMAIL

July 30, 2025

Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Mr. Murray:

**Re: Hydro One Networks Inc. (Hydro One)
Application for 2026 Transmission Revenue Requirement
Ontario Energy Board (OEB) Staff Interrogatories
OEB File Number: EB-2025-0159**

In accordance with Procedural Order No. 1, please find attached the OEB staff interrogatories for the above proceeding. This document has been sent to Hydro One and to all other registered parties to this proceeding.

Hydro One is reminded that its responses to interrogatories are due by August 14, 2025. Responses to interrogatories, including supporting documentation, must 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.

Yours truly,

Tina Zhu
Senior Advisor, Generation & Transmission

Encl.

Hydro One Networks Inc. (Hydro One)
EB-2025-0159
OEB Staff Interrogatories

Staff-1

Ref (1): Exhibit A, Tab 4, Schedule 1, pages 5 of 14

Preamble:

In the reference above, Hydro One states that it requests approval of the Excess Export Service Revenue Variance Account balance for disposition. Included in the balance submitted for approval is interest forecast through to December 31, 2025, to reflect carrying charges anticipated through to the proposed effective date. This will result in a forecast debit balance of \$2,252,437 as at December 31, 2025.

Question(s):

Given that the application was filed during 2025, please confirm that the requested balance for disposition of \$2,252,437 includes actual transaction balances to December 31, 2024 as well as forecasted accrued carrying charges to December 31, 2025. If that is not the case, please explain the composition of the requested balance.

Staff-2

Ref (1): Exhibit A, Tab 4, Schedule 1, pages 5-6 of 14

Preamble:

In the reference above, Hydro One states that for the Excess Export Service Revenue Variance Account and the Earnings Sharing Mechanism (ESM) Deferral Account balances submitted approval, they include interest forecast through to December 31, 2025.

OEB staff notes that the OEB prescribed interest rates only update to Q3 2025 so far.

Question(s):

Please confirm that Hydro One will update the forecasted interest amounts for the Excess Export Service Revenue Variance Account and the ESM account once the Q4 2025 prescribed interest rate becomes available.

Staff-3

Ref (1): Exhibit A, Tab 4, Schedule 1, pages 7 of 14

Preamble:

In the reference above, Hydro One includes adjustments to rate base of (\$27.38) million in 2023 and \$18.35 million in 2024. Hydro One states that the 2023 and 2024 adjustments account for the corresponding net income impact mainly related to the transmission externally driven work variance account. This ensures that the calculation of the ESM accurately takes into account both elements - regulated net income and the rate base.

Question(s):

Please explain the corresponding adjustments to the transmission externally driven work variance account and what is the reason for the adjustments in 2023 and 2024.

Staff-4

Ref (1): Exhibit A, Tab 4, Schedule 1, pages 7 of 14

Ref (2): Exhibit A-4-1, Attachment 1, pages 3 of 7

Preamble:

In the first reference above, Hydro One includes an adjustment of (\$0.17) million to the ESM sharing calculation for the 2022 year. Hydro One states that the adjustment relates to an out-of-period, non-recurring expense in 2022, which was identified in 2024, and the ESM impact of this expense was recorded in 2024. This would have resulted in less sharing in 2022.

In the second reference above, OEB staff notes the 2022 ESM account continuity schedule has two adjusting entries:

- i) A (\$473,335) entry relates to refining the 2022 ESM calculation
- ii) A \$166,245 entry relates to the non-recurring expense in 2022, which was identified in 2024, and the ESM impact of this expense was recorded in 2024.

Question(s):

Please clarify whether the (\$473,335) adjustment amount is incorporated to the ESM sharing calculation for the 2022 year in Table 5 - 2021- 2024 ESM Calculations (\$M) of Exhibit A, Tab 4, Schedule 1, page 7 of 14.

Staff-5

Ref (1): Exhibit A, Tab 4, Schedule 1, pages 9 of 14, Table 8 - 2026 Rates Revenue Requirement by Rate Pool (\$M)

Ref (2): Decision on Settlement Proposal and Order on Rates, Revenue Requirement and Charge Determinants, EB-2021-0110, Attachment 1, Schedule 2.2, page 1 of 2, Table 1: 2023 Revenue Requirement by Rate Pool

Preamble:

In the first reference above, Hydro One states that the 2023 Total Revenue Requirement is as follows:

	Network	Line Connection	Transformation Connection	Total
2023 Total Revenue Requirement	\$1,189.0M	\$202.8M	\$560.7M	\$1,952.5M

In the second reference above, OEB staff notes the 2023 Rate Pool Revenue Requirement related amounts in the table are as follows:

	Network	Line Connection	Transformation Connection	Total
2023 Base Revenue Requirement	\$1,189.0M	\$202.8M	\$560.7M	\$1,952.5M
2023 Total Revenue Requirement	\$1,164.1M	\$198.5M	\$549.0M	\$1,911.6M

Question(s):

- a) Please confirm the 2023 revenue requirement figures presented in the Table 8 - 2026 Rates Revenue Requirement by Rate Pool (\$M) of Exhibit A, Tab 4, Schedule 1, pages 9 of 14.
- b) Please clarify if the revenue requirement percentage split by rate pool calculation uses the 2023 base revenue requirement or the 2023 total revenue requirement.