

Hydro One Networks Inc.

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

**Kathleen Burke**

VP, Regulatory Affairs  
T 416-770-0592  
Kathleen.Burke@HydroOne.com

**BY EMAIL AND RESS**

August 14, 2025

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

Dear Ms. Marconi,

**EB-2025-0159 – Hydro One Networks Inc. – Application for 2026 Transmission Revenue Requirement  
– Interrogatory Responses**

In accordance with the Ontario Energy Board's Procedural Order ("PO") No.1 issued July 17, 2025, please find interrogatory responses provided by Hydro One Networks Inc.

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

Sincerely,

A handwritten signature in black ink that reads "Kathleen Burke".

Kathleen Burke

**OEB STAFF INTERROGATORY - 01**

**Reference:**

Exhibit A-4-1, 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.

**Interrogatory:**

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.

**Response:**

Confirmed. Please refer to the response to Interrogatory I-01-02 with respect to updating the interest amounts once the Q4 2025 prescribed interest rate becomes available.

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**OEB STAFF INTERROGATORY - 02**

**Reference:**

Exhibit A-4-1, 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.

**Interrogatory:**

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.

**Response:**

Confirmed. Updates will be made in the draft rate order.

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## OEB STAFF INTERROGATORY - 03

### **Reference:**

Exhibit A-4-1, 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.

### **Interrogatory:**

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.

### **Response:**

In 2023, actual in-service additions related to the Transmission Externally Driven Work Account (EDWA) were lower than the forecast amount in EB-2021-0110. Therefore, the approved rate base amount in the ESM calculation was adjusted to account for this difference and there was a corresponding negative revenue requirement impact recorded in the EDWA.

In 2024, actual in-service additions related to the EDWA were higher than the forecast amount in EB-2021-0110. Therefore, the approved rate base amount in the ESM calculation was adjusted for the cumulative impact from 2023 and 2024. There was a corresponding negative revenue requirement impact recorded in the EDWA because the average rate base impact for 2023 and 2024 remained negative.

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**OEB STAFF INTERROGATORY - 04**

**Reference:**

1. Exhibit A-4-1, Pages 7 of 14
2. Exhibit A-4-1, 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.

**Interrogatory:**

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.

**Response:**

The (\$473,335) adjustment is incorporated in the ESM sharing calculation for the 2022 year in Table 5 – 2021 – 2024 ESM Calculations (\$M).



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## OEB STAFF INTERROGATORY - 05

### **Reference:**

1. Exhibit A-4-1, Pages 9 of 14, Table 8 - 2026 Rates Revenue Requirement by Rate Pool (\$M)
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

### **Interrogatory:**

- 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.

**Response:**

- a) Confirmed, the 2023 figures in Table 8 - 2026 Rates Revenue Requirement by Rate Pool (\$M) reflect Total Revenue Requirement prior to any revenue offsets as further discussed in part b) below.
- b) The 2026 revenue requirement percentage split calculation across rate pools uses the 2023 Total Revenue Requirement prior to the application of revenue offsets. Revenue offsets in 2023 consist of External Revenue, MSP Service Revenue, Export Revenue, Regulatory Assets, Export Revenue Variance, and LVSG Credit. Hydro One notes that in the second reference, Base Revenue Requirement is the same as the Total Revenue Requirement in the first reference.