

BY E-MAIL

October 20, 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)
2026 Electricity Distribution Rates
OEB Staff Interrogatories
Ontario Energy Board File Number: EB-2025-0030**

In accordance with Procedural Order No. 1, please find attached the Ontario Energy Board (OEB) staff interrogatories in the above proceeding. The applicant and intervenors have been copied on this filing.

Hydro One Networks Inc.'s responses to interrogatories are due by October 31, 2025.

Any questions relating to this letter should be directed to Lizzie Zhang at lizzie.zhang@oeb.ca or at 416-440-8147. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Original Signed By

Lizzie Zhang
Analyst, Electricity Distribution I

Attach.

OEB Staff Interrogatories
2026 Electricity Distribution Rates Application
Hydro One Networks Inc. (Hydro One)
EB-2025-0030
October 20, 2025

Please note, Hydro One Networks Inc. (Hydro One) is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, 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*.

Staff-1

Ref. 1: Exhibit A, Tab 6, Schedule 1, page 16 of 36

Preamble:

Hydro One states asset removal costs typically cover labour and equipment for dismantling or demolition, transportation and disposal of materials.

Question(s):

- a) Please provide a detailed breakdown detail of Asset Removal Costs by rate zones, categorized into labour, labour (overtime), trucks, materials, etc.
- b) Please confirm whether Asset Removal Costs include any internal labour costs.
- c) Please clarify whether Hydro One paid any premium amounts to its third-party contractors.

Staff-2

Ref. 1: Exhibit A, Tab 6, Schedule 1, page 21 of 36, Table 10

Preamble:

Hydro One indicates that the major storm resulted in total costs of approximately \$223.0M, including \$196.2M Net Capital Expenditures.

- a) In the reference above, Hydro One provided the total capital expenditures by asset classes. Please provide details of \$196.2M by filling out the table below, for each rate zone.

Asset/Equipment	Quantity	Repaired or Replaced	Estimated Net Asset Value	Useful Life

Total				

- b) Please discuss in detail whether the total capital amount of \$196.2M includes costs in addition to asset repairment/replacement.
- c) Please confirm whether any assets were already scheduled for replacement or repair before the storm. If yes, please indicate the amount.

Staff-3

Ref. 1: Exhibit A, Tab 6, Schedule 1, page 1 of 36

Question(s):

- a) Please submit engineering reports such as damage assessments related to the Z-factor event.
- b) Please confirm whether Hydro One claimed insurance for any portion of the restoration costs.
- c) Please confirm all cost categories have been audited. If not, please indicate which costs have not been audited, and when they are targeted to be audited.
- d) Please confirm if there are changes expected to Hydro One’s future investment plans as a result of replacing damaged assets caused by the Z-factor event. If yes, please explain the changes. If no, please explain why not.
- e) Please confirm that Hydro One has removed the damaged assets from its books and will no longer record depreciation for them as listed in EB-2021-0110.

Staff-4

Ref. 1: Exhibit A, Tab 6, Schedule 1, page 16 of 36

Preamble: Hydro One states that it is not seeking recovery of the OM&A costs incurred due to the Z-factor event in the interest of regulatory efficiency.

Question(s):

- a) Please provide the amount of total OM&A costs related to the Z-factor event, by rate zone, including breakdown details such as number of eligible employees and hours worked.
- b) Please provide the amount in base rates related to reactive OM&A.

Staff-5**Ref. 1: Exhibit A, Tab 6, Schedule 1, page 10 of 36**

Preamble: Mutual assistance was formally initiated with support from Ontario Mutual Assistance Group (OnMAG) and Canadian Mutual Assistance Group (CanMAG) partners.

Question(s):

- a) Please specify which utility partners from OnMAG and CanMAG has participated in the restoration.
- b) Please provide Hydro One's annual OM&A Emergency Maintenance amounts included in rates, budgeted and actual expenditures for the years 2023 to 2028.

Staff-6**Ref. 1: Exhibit A, Tab 6, Schedule 1, page 22 of 36**

Preamble: As the above reference, Hydro One has a well-defined emergency response plan aligned with industry best practices, that identifies position holders across Planning, Operations, Logistics, Emergency Information, and Finance & Administration.

Question(s):

- a) Please provide a copy of Hydro One's emergency response plan that was activated in response to the Z-factor event.
- b) Please describe how Hydro One monitored and documented compliance with the emergency response plan during the event.
- c) Please discuss any deviation from this plan during the Z-factor event.
- d) Please discuss any planned adjustments to Hydro One's emergency plan that were learned from the Z-factor event.
- e) Does Hydro One have strategies in place for mitigating the impact of storm events, such as vegetation management? If so, please provide the related strategies, and any budget allocated.

Staff-7**Ref. 1: Exhibit A, Tab 6, Schedule 1, page 26 of 36, Table 14 to 16****Ref. 2: Exhibit A, Tab 6, Schedule 1, page 30 of 36**

Preamble: Hydro One indicated the Recovery Period of Z-factor claims is Jan1, 2026 to December 31, 2027 for Hydro One Distribution, and Jan 1, 2026 to December 31, 2030 for both Peterborough and Orillia Rate Zone (RZs).

Question(s):

- a) Please explain the reason why dispose the Z-factor costs over a 2-year period and 5-year period instead of 1-year?
- b) For Peterborough and Orillia RZ's, please provide the bill impact of disposing Z-factor costs over a 1-year and a 2-year period.
- c) Please elaborate on how Medium Density (R1) and Low Density (R2) residential customers are protected from the increases associated with the recovery of Z-factor under the Distribution Rate Protection (DRP) Program, as states in Reference 2.
- d) Please indicate the percentage of bill mitigation R1 and R2 rate classes would receive compared to other rate classes.

Staff-8

Ref. 1: Exhibit A, Tab 6, Schedule 1, Page 7 of 36, Table 3

Question(s):

- a) The Major Events listed in the Reference have not all resulted in a Z-factor application being filed. Please explain the reasons for not filing Z-factor application for each applicable event.
- b) Please provide a summary of Hydro One's previous Z-factor applications for storm events in the past 10 years and provide the amounts requested and approved by the OEB.

Staff-9

Ref. 1: Exhibit A, Tab 4, Schedule 7, Page 3 of 10, Concern #1

Ref. 2: HONI_Dx_A-04-07-01 Deviation of 2021-2023 Orillia Wheeling Credit Amounts (Existing Agreements)

Ref. 3: HONI_Dx_A-04-07-02 Deviation of 2021-2023 Orillia Wheeling Credit Amounts (2016-2021)

Preamble: Staff noticed that the calculation of Orillia Wheeling Credit in Reference 2 differs from that in Reference 3. Total Credit Amount in Reference 2 includes Account 1580, Variance WMS – Sub-account CBR Class B, Account 1584, and Account 1586. However, in Reference 3, the Total Credit Amount includes only Account 1584 and Account 1586.

Question(s):

- a) Please explain the variance in the calculation between Reference 2 and Reference 3, as noted in Preamble.
- b) Please update the calculation in Reference 3 using the same methodology applied in Reference 2.

Staff-10

Ref. 1: Exhibit A, Tab 4, Schedule 7, Page 7 of 10, Concern #2

Preamble: Hydro One confirmed that the measurement facilities were removed after the integration of OPDC.

Question(s):

- a) How will Hydro One maintain the accuracy of billing quantities over longer time periods, such as 10 years from now, as system configuration or load patterns evolve?
- b) Does Hydro One have a plan on how frequently it will assess the accuracy of billing quantities in the future.
- c) Please explain the reason for removing the measurement facilities.
- d) Has Hydro One considered the option of installing a low-cost measurement facility solely for billing purposes?
- e) Please submit the wheeling agreements both before the integration and after the integration.

Staff-11

Ref. 1: Exhibit A, Tab 4, Schedule 7, Page 7 of 10, Concern #3

Preamble: Hydro One stated that the RTSR billing quantities stipulated in the Wheeling Agreements are generator's contribution to the peak load, instead of the generation quantities.

Question(s):

- a) Please provide data showing the generator's hourly output for the most recent 12 months.
- b) Please identify the dates and hours of Hydro One's system peak demand during the same period.
- c) Please calculate the generator's output as a percentage of its capacity during those peak hours.

Staff-12**Ref. 1: Exhibit A, Tab 4, Schedule 8, Page 3 of 4, Footnote 3****Ref. 2: HONI_Dx_A-04-05-01_HONI Consolidated DVA Continuity, Tab 2, Cell B36**

Preamble: Reference 1 states there were no DVA dispositions in 2021 rate year for former CPUC. However, Reference 2 shows a CPUC Account 1595 (2021) is ready for disposition.

Question(s):

- a) Please reconcile the difference between Reference 1 and Reference 2 as noted in the preamble.

Staff-13**Ref. 1: HONI_Dx_A-04-05-01_HONI Consolidated DVA Continuity, Tab 2****Ref. 2: HONI_Dx_A-04-05-03_HONI Distribution DVA Continuity, Tab 2****Ref. 3: HONI_Dx_A-04-05-04 2026-IRM-Rate-Generator-Model_Orillia RZ****Ref. 4: HONI_Dx_A-04-05-05 2026-IRM-Rate-Generator-Model_Peterborough RZ****Ref. 5: HONI_Dx_A-04-05-06_Chapleau 2026 DVA Schedule**

Preamble: On September 11, 2025, the OEB published the 2025 Quarter 4 prescribed accounting interest rates applicable to the carrying charges of deferral, variance and construction work in progress (CWIP) accounts of natural gas utilities, electricity distributors and other rate-regulated entities.

Question(s):

- a) Please confirm that Continuity Schedule in each reference above reflects the Q4 2025 OEB-prescribed interest rate of 2.91%. If not, please update, as necessary.

Staff-14**Ref. 1: IRM Rate Generator Model Orillia Rate Zone Tabs 1, 12, 13 and 14**

Preamble: On Tab 1 (Row 53) Hydro One for the Orillia Rate Zone has indicated its is partially embedded within Hydro One Networks Inc. On Tabs 12, 13 and 14 there are no billing details entered for the IESO sections. This indicates the Orillia Rate Zone is fully embedded in Hydro One.

Question(s):

- a. OEB staff has updated Tab 1 to fully embedded within Hydro One (see attached updated Rate Generator). Please confirm this is correct.

- b. If the Orillia Rate Zone is in fact only partially embedded within Hydro One, please change Tab 1 back to partially embedded within Hydro One and update the IESO billing details for Tabs 12, 13 and 14.

Staff-15

Ref. 1: IRM Rate Generator Model Orillia Rate Zone Tab 12

Ref. 2: IRM Rate Generator Model Peterborough Rate Zone Tab 12

Preamble: On Tab 12 (Columns E, I and M) Hydro has not filled out the rates, please see screenshot below.

Orillia Rate Zone

Hydro One	Network			Line Connection			Transformation Connection			Total Connection
Month	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
January	52,938		\$ 179,882	52,938		\$ 42,588	52,938		\$ 106,902	\$ 149,491
February	50,541		\$ 171,738	50,541		\$ 40,660	50,541		\$ 102,062	\$ 142,722
March	46,084		\$ 156,594	46,084		\$ 37,075	46,084		\$ 93,062	\$ 130,137
April	38,975		\$ 132,437	38,975		\$ 31,355	38,975		\$ 78,706	\$ 110,061
May	47,315		\$ 160,775	47,315		\$ 38,065	47,315		\$ 95,547	\$ 133,612
June	51,566		\$ 175,222	51,566		\$ 41,485	51,566		\$ 104,133	\$ 145,618
July	58,367		\$ 198,331	58,367		\$ 46,956	58,367		\$ 117,866	\$ 164,822
August	57,355		\$ 194,891	57,355		\$ 46,142	57,355		\$ 115,822	\$ 161,964
September	46,803		\$ 159,035	46,803		\$ 37,653	46,803		\$ 94,513	\$ 132,166
October	44,596		\$ 151,538	44,596		\$ 35,878	44,596		\$ 90,058	\$ 125,936
November	47,887		\$ 162,721	47,887		\$ 38,525	47,887		\$ 96,704	\$ 135,229
December	53,298		\$ 181,106	53,298		\$ 42,878	53,298		\$ 107,629	\$ 150,507
Total	595,725	\$ 3,3980	\$ 2,024,271	595,724	\$ 0.8045	\$ 479,260	595,724	\$ 2.0194	\$ 1,203,005	\$ 1,682,265

Peterborough Rate Zone

IESO	Network			Line Connection			Transformation Connection			Total Connection
Month	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
January	59,540		\$ 233,397	63,970		\$ 62,051	63,970		\$ 149,050	\$ 211,101
February	73,066		\$ 286,419	78,193		\$ 75,847	78,193		\$ 182,190	\$ 258,037
March	72,029		\$ 282,354	73,224		\$ 71,027	73,224		\$ 170,612	\$ 241,639
April	55,367		\$ 217,039	59,018		\$ 57,247	59,018		\$ 137,512	\$ 194,759
May	69,190		\$ 271,225	69,884		\$ 67,787	69,884		\$ 162,830	\$ 230,617
June	68,621		\$ 268,994	80,514		\$ 78,099	80,514		\$ 187,598	\$ 265,697
July	76,397		\$ 299,476	78,621		\$ 76,262	78,621		\$ 183,187	\$ 259,449
August	76,056		\$ 298,140	77,779		\$ 75,446	77,779		\$ 181,225	\$ 256,671
September	66,975		\$ 262,542	71,339		\$ 69,199	71,339		\$ 166,220	\$ 235,419
October	57,170		\$ 224,106	57,170		\$ 55,455	57,170		\$ 133,206	\$ 188,661
November	66,666		\$ 261,331	66,666		\$ 64,666	66,666		\$ 155,332	\$ 219,998
December	70,422		\$ 276,053	70,422		\$ 68,309	70,422		\$ 164,083	\$ 232,392
Total	811,499	\$ 3.92	\$ 3,181,076	846,800	\$ 0.97	\$ 821,395	846,800	\$ 2.33	\$ 1,973,045	\$ 2,794,440

Question(s):

- a. Please fill out the rates on Tab 12 (Columns E, I and M) for both the Orillia and Peterborough Rate Zones.

Staff-16

Ref. 1: IRM Rate Generator Model Peterborough Rate Zone Tab 11 and 12

Preamble: On Tab 11, the 2024 January to December Network Service Rate is reported as \$4.9103. On Tab 12, the January to December Network Rate is reported as \$3.3980. On Tab 11, the 2024 January to December Line Connection Service Rate is

reported as \$0.6537. On Tab 12, the January to December Connection Service Rate is reported as \$0.8045. As well, on Tab 11, the 2024 January to December Transformation Line Connection Service Rate is reported as \$3.3041. On Tab 12, the January to December Connection Service Rate is reported as \$2.0194.

Question(s):

- a) Please explain the discrepancies and update the Rate Generator Model Tab 12 as needed.

Staff-17

Ref. 1: HONI_Dx_A-08-01-02 Rate Rider Derivation for Group 1 DVAs - Chapleau_20250829

Ref. 2: Chapleau 2024-IRM-Rate-Generator-Model_20230321, Continuity Schedule

Question(s):

- a) Column P, Column U, Column Z, and Column AE in Reference 1 are not completed, please update the Continuity Schedule.
- b) Opening Amounts as Jan-23 in Column N and Column S in Reference 1 do not match with Closing Balances as of December 31, 2022 in Column BG and Column BL. Please reconcile the difference.

Staff-18

Ref. 1: Exhibit A, Tab 4, Schedule 6, pages 2 - 4

Preamble: Hydro One stated that as a result of its Internal Review, Note 5, Item 10 reconciling item on 2023 GA Tab – Commodity Accounts Analysis Workform, changed from a previously reported credit reconciling item of \$27,492,434 to a revised credit reconciling item of \$26,319,169.

Hydro One further stated that without limiting the generality of the disagreement on Account 1589, there was no agreement between Hydro One and OEB staff on Note 5, Reconciling Item 10 in the Commodity Accounts Workform (i.e. \$26 million credit reconciling item).

Hydro One agreed to file, on a best efforts basis, a modified Commodity Accounts Analysis Workform (customized to Hydro One's circumstances) during the 2026 proceeding to support the reasonability of the Account 1589 balance. Hydro One further noted that there is no agreement at this time that the modified Commodity Accounts Analysis Workform will establish reasonability.

Question(s):

- a) Please file Hydro One's modified Commodity Accounts Analysis Workform (customized to Hydro One's circumstances), related to both Accounts 1588 and 1589. Please identify and explain additional reconciling items or principal adjustments with specific drivers (e.g., any billing adjustments, IESO settlement adjustments, or other adjustments in breaking down true-up amounts further).
- b) Please explain how Hydro One's modified Commodity Accounts Analysis Workform differs from the OEB's templated workform posted on the OEB's website,¹ related to both Accounts 1588 and 1589.

Staff-19

Ref. 1: Excel HONI_Dx_A-04-06-

03_2026_Commodity_Accounts_Analysis_Workform_2.0_20250829, Tab GA 2024

Ref. 2: Exhibit A, Tab 4, Schedule 6, Attachment 1, page 15

Ref. 3: Exhibit A, Tab 4, Schedule 6, page 5

Preamble: In Tab GA 2024, under Note 5, Hydro One has provided the following explanations in Column B, with a more detailed explanation in Column D.

- "LDC Customers adjustment on the Rate used:" debit of \$4,428,046
- "Adjustment to Note 4 table, because it does not reflect HONI Dx GA unbilled calculation which is done on each customer account:" credit of \$11,223,509

In Tab GA 2024, under Note 5, Hydro One has provided a reconciling item of a debit of \$1,173,474 relating to "Retail billed kWh at Weighted Average GA billed Rate adjustment."

In Tab Account 1588, Hydro One has quantified a debit amount of \$9,359,555 related to "Embedded Generation Settlement true-up based on actual - current year".

"Table 4: Revised supporting documentation for Note 5, Reconciling Item 10" in the Internal Review Report described a "plug" reconciling item related to 2023 balances of a credit of \$26.3 million.

Hydro One stated that in 2023 and 2024, there are credit reconciling items of \$26,319,169 (Note 5, Item 10) and \$11,223,509 (Note 5, Item 8) in each respective

¹ <https://www.oeb.ca/applications/applications-oeb/electricity-distribution-rates/2026-electricity-distribution-rate> 2026 electricity distribution rate applications, Commodity Accounts Analysis Workform (xlsb) (updated July 4, 2025).

year, which are specific Hydro One adjustments to the Commodity Analysis Workform Note 4 table. Hydro One stated that this specific reconciling item is required because the Commodity Analysis Workform Note 4 table does not reflect Hydro One's GA unbilled calculation which is done on each customer account. Hydro One noted that this item is in the general ledger, but excluded for the purpose of comparison to the Note 4 table.

Question(s):

- a) Please explain (also with supporting tables) these above two adjustments noted in Tab GA 2024 (debit of \$4,428,046 and credit of \$11,223,509) in more detail, as they appear to be quantifying and describing the same thing.
- b) Please explain whether the reconciling item of a debit of \$1,173,474 in Tab GA 2024 relating to "Retail billed kWh at Weighted Average GA billed Rate adjustment" used the same methodology to generate this number as in Tab GA 2023. Please provide a supporting table.
- c) Please explain the Tab Account 1588 adjustment of a debit amount of \$9,359,555 in 2024 related to "Embedded Generation Settlement true-up based on actual - current year". Please provide a supporting table.
- d) Please explain why there were no years prior to 2024 that captured an Account 1588 adjustment related to "Embedded Generation Settlement true-up based on actual."
- e) Please confirm that in Tab GA 2024, there is a reconciling item amount of a credit of \$11,223,509 similar to the credit reconciling item of \$26,319,169 for Account 1589 in Tab GA 2023. Please also provide a similar table for related 2024 amounts, as per "Table 4: Revised supporting documentation for Note 5, Reconciling Item 10" in the Internal Review Report for related 2023 amounts, and supporting explanations. If the number in Tab GA 2024 is not a credit of \$11,223,509, please explain.

Staff-20

Ref. 1: Exhibit A, Tab 4, Schedule 6, page 5

Ref. 2: Exhibit A, Tab 4, Schedule 6, Attachment 1h, page 6

Ref. 2: Exhibit A, Tab 4, Schedule 6, Attachment 1, page 7

Ref. 3: Exhibit A, Tab 4, Schedule 6, Attachment 1, page 10

Ref. 4: Exhibit A, Tab 4, Schedule 6, Attachment 1, page 15

Preamble: Hydro One stated that any reconciling items on its Commodity Accounts Analysis Workform recorded as a debit reflected under-recovery of GA revenue (or

regulatory asset) relative to the Workform's expectations. A credit resulted in an over-recovery of GA revenue (or regulatory liability) relative to the Workform's expectations.

However, this approach taken (as noted in the first paragraph of the above preamble) differs from the approach taken in other areas of Hydro One's application. For example Hydro One stated in its "Responses to Follow-Up Questions" that its "approach used in Issue 1A involved offsetting a higher GL credit with a lower Workform credit to derive a net debit (regulatory asset)..." Other approaches similar to Issue 1A's approach are shown in tables of the Internal Review report (and differ from what is noted in the first paragraph of the above preamble):

- Table 1: Supporting documentation for Note 5, Reconciling Item 8
- Table 2: Supporting documentation for Note 5, Reconciling Item 9
- Table 4: Revised supporting documentation for Note 5, Reconciling Item 10

Question(s):

- a) Please explain whether Hydro One meant the opposite of what is noted in the first paragraph of the above preamble. Specifically, that
 - i. A debit represents over-recovery of GA revenue (or regulatory asset) and not under-recovery, relative to the Workform's expectation. This is because an over-recovery of GA revenue would need to be debited in the Workform to reduce the higher GA revenue recorded in the general ledger, relative to the Workform's expectations.
 - ii. A credit represents an under-recovery of GA revenue (or regulatory liability) and not over-recovery, relative to the Workform's expectations. This is because an under-recovery of GA revenue would need to be credited in the Workform to increase the lower GA revenue recorded in the general ledger, relative to the Workform's expectations.

Staff-21

Ref. 1: Exhibit A, Tab 5, Schedule 1, pages 1-5

Ref. 2: EB-2025-0159, Hydro One Networks Transmission, Decision and Order, October 7, 2025, pages 6-7

Preamble: Hydro One provided "Table 1 - Hydro One Distribution (2021- 2024 ESM) (\$M)" in its current proceeding evidence, showing the calculations it used to calculate the 2021 through 2024 ESM balances. Hydro One is requesting disposition of a total credit balance of \$66.8 million, including 2021 through 2024 principal amounts, and carrying charges to December 31, 2025.

Hydro One Distribution is also requesting to dispose of a \$2.2 million credit amount that was identified in 2021 and should have been presented as part of the 2020 disposed ESM balance.

Hydro One stated that the 2020 ESM balance was last disposed on a final basis in the 2023-2027 Custom IR application. Hydro One subsequently identified the need for a one-time inclusion of a credit of \$2.2 million (in 2021) to reverse an over-depreciation on distribution fixed assets (in 2020), which understated earnings in 2020.

Hydro One also stated that as this post-audit adjustment was not reflected in the audited 2020 DVA balances after the 2023-2027 Custom IR Application was filed, the ESM balance proposed for disposition at the time of settlement was a credit balance of \$14.9 million (aligned to 2020 audited balances). The ESM balance disposed should have been presented as \$17.1 million as of 2020 to include this additional \$2.2 million credit amount.

The OEB approved an ESM balance in the Hydro One Networks Transmission Decision and Order, October 7, 2025, for its 2026 revenue requirement.

Question(s):

- a) Please explain whether any updates to the requested ESM credit balance of \$66.8 million need to be made as a result of any specific drivers included in the OEB-approved ESM balance for Hydro One Networks Transmission decision and order issued on October 7, 2025.

Staff-22

Ref. 1: Exhibit A, Tab 5, Schedule 1, page 4

Ref. 2: EB-2021-0110, Decision and Order, November 29, 2022, Attachment 2, Schedule 1.8, Page 1, October 24, 2022

Ref. 3: OEB Letter, Adjustments to Correct for Errors in Electricity Distributor "Pass-Through" Variance Accounts After Disposition, October 31, 2019

Preamble: In its pre-filed evidence, Hydro One stated the following:

As a result of recomputing accelerated CCA calculated using actual additions as agreed to in the EB-2021-0110 (Decision on Settlement Proposal and Order on Rates, Revenue Requirements and Charge Determinants page 46), there was a reduction in the associated regulatory tax account liability, resulting in additional earnings. This resulted in more sharing from 2018 to 2021, resulting in an

additional ESM liability of \$4.5M being recorded in 2022. This \$4.5M was appropriately excluded from the 2022 regulated net income calculation. For simplicity, the \$4.5M is presented in just the 2021 year as Hydro One Distribution was in a sharing position from 2018-2021.

Question(s):

- a) Please explain and quantify whether there is an impact of the \$4.5 million tax reduction on the Account 1592 balance disposed in Hydro One's JRAP proceeding for 2023-2027 rates, given that it relates to 2018 to 2021 balances.
- b) If yes, please also describe how Hydro One has satisfied the OEB's concerns noted in the OEB's October 31, 2019 letter, regarding adjustments to correct for errors after disposition, including the four factors that will be considered in making such a determination on a case-by-case basis.
- c) If no, please explain.

Staff-23

Ref. 1: Exhibit A, Tab 5, Schedule 1, page 2 & 3

Ref. 2: Excel HONI A-05-01_01_Gr 2 Dx DVA_ESM Continuity_20250911_v2

Preamble: Hydro One stated that the total ESM principal requested for disposition is \$59.1 million (\$56.9 million + \$2.2 million), which agrees to the closing December 31, 2024 principal balance per its Excel spreadsheet (DVA Continuity for ESM balance).

However, "Table 1 - Hydro One Distribution (2021- 2024 ESM) (\$M)" sums to a principal balance of a credit of \$56.9 million and appears to already include the \$2.2 million credit adjustment when adding the amounts in rows R, S, and T together. The sum of rows R, S, and T is a credit of approximately \$2.4 million (which is slightly different than the above referenced \$2.2 million credit).

OEB staff also notes that the Excel spreadsheet DVA ESM continuity schedule has a difference of a credit of \$3,550,979 when comparing the December 31, 2024 balance in the DVA continuity schedule to the RRR 2.1.7 balance of a credit of \$68,453,985.

Question(s):

- a) Please explain whether the ESM principal balance being requested for disposition in this proceeding is a credit of \$59.1 million or a credit of \$56.9 million.

b) Please explain the difference of a credit of \$3,550,979 when comparing the December 31, 2024 balance in the ESM DVA continuity schedule to the RRR 2.1.7 balance of a credit of \$68,453,985. Please also reconcile this difference to the \$2.2 million principal credit adjustment to the ESM balance.

Staff-24

Ref. 1: HONI_Dx_A-04-05-04 2026-IRM-Rate-Generator-Model_Orillia RZ

Ref. 2: HONI_Dx_A-04-05-05 2026-IRM-Rate-Generator-Model_Peterborough RZ

OEB staff has updated the following Uniform Transmission Rates and Hydro One Sub-Transmission Rates in Tab 18 for the Orillia and Peterborough RZ's Rate Generator Model:

Uniform Transmission Rates		Unit	2024 Jan to Jun		2024 Jul to Dec		2025 Jan to Jun		2025 Jul to Dec		2026
Rate Description			Rate		Rate		Rate		Rate		Rate
Network Service Rate		KW	\$ 5.78	\$ 6.12	\$ 6.37	\$ 6.37	\$ 6.37	\$ 6.37	\$ 6.37	\$ 6.42	\$ 6.42
Line Connection Service Rate		KW	\$ 0.95	\$ 0.95	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.02	\$ 1.02
Transformation Connection Service Rate		KW	\$ 3.21	\$ 3.21	\$ 3.39	\$ 3.39	\$ 3.39	\$ 3.39	\$ 3.39	\$ 3.47	\$ 3.47

Hydro One Sub-Transmission Rates		Unit	2024		2025		2026
Rate Description			Rate		Rate		Rate
Network Service Rate		KW	\$ 4.9103	\$ 4.9103	\$ 5.3280	\$ 5.3280	\$ 5.4282
Line Connection Service Rate		KW	\$ 0.6537	\$ 0.6537	\$ 0.6882	\$ 0.6882	\$ 0.6896
Transformation Connection Service Rate		KW	\$ 3.3041	\$ 3.3041	\$ 3.4894	\$ 3.4894	\$ 3.4965
Both Line and Transformation Connection Service Rate		KW	\$ 3.9578	\$ 3.9578	\$ 4.1776	\$ 4.1776	\$ 4.1861

Question(s):

a) Please confirm the accuracy of these updates in the Rate Generator Model.