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Frank D'Andrea

Vice President
Regulatory Affairs

BY COURIER

February 22, 2018

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

Dear Ms. Walli,

EB-2017-0051 – Hydro One Remote Communities Inc. 2018 Revenue Requirement and Rates Application – Settlement Proposal

With respect to the above noted proceeding, please find attached the following for the Board's review:

- Settlement Proposal drawn up between Hydro One Remote Communities and the parties that serves to settle most all of the issues in the case. The Board appointed facilitator has confirmed that this agreement reflects the views of all parties.
- Proposed Settlement on Issue 5.4: *"Is the plan for First Nation relations appropriate and adequately explained?"*. The proposed settlement is opposed by Opiikapawiin Services LP ("OSLP"). We await Board direction on how to proceed to resolve this issue.

Remotes will have counsel available to present the Settlement Agreement on March 19th.

Sincerely,

ORIGINAL SIGNED BY FRANK D'ANDREA

Frank D'Andrea

Encl. Settlement Proposal

EB-2017-0051

SETTLEMENT AGREEMENT

**Hydro One Remote Communities Inc.
Test year 2018 Revenue Requirements and Rates**

February 22, 2018

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Hydro One Remote Community Inc.
Test Year 2018 Revenue Requirements and Rates
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SETTLEMENT PROPOSAL

PREAMBLE:

This Settlement Agreement is filed with the Ontario Energy Board (“the Board”) in connection with the application by Hydro One Remote Communities Inc. (“Remotes”) for an Order or Orders approving the revenue requirement and customer rates for the generation and distribution of electricity to be implemented May 1, 2018.

Further to the Board’s Procedural Order No. 1 dated and issued December 14, 2017, a Settlement Conference was held on February 6 and 7, 2018, with the assistance of a third-party neutral facilitator, in accordance with the *Ontario Energy Board Rules of Practice and Procedure* (“Rules”) and the Board’s Settlement Conference Guidelines (“Guidelines”).

Remotes and the following intervenors (“the parties”) participated in the settlement conference:

Energy Probe Research Foundation (“Energy Probe”)
Vulnerable Energy Consumers Coalition (“VECC”)

Representatives from Opiikapawiiin Services LP and First Nation LP (“OSLP”), an intervenor, were not present at the settlement conference but did provide input and suggestions to Remotes via email, prior to the conference.

Board staff participated in the settlement conference but is not a party to this Settlement Agreement.

Outlined below are the positions of the parties following the settlement conference. The issues are characterized as follows:

Settled: If the Settlement Agreement is accepted by the Board, the parties will not adduce any evidence or argument during the hearing on a settled issue, unless so directed

by the Board, as the Applicant, and those intervenors who take any position on the issue agree to the proposed settlement;

Partially Settled: If the Settlement Agreement is accepted by the Board, the parties will adduce evidence and argument during the hearing only on those portions of the issues on which the parties could not reach agreement, or as directed by the Board, as the Applicant and those intervenors who take any position on the issue were able to agree on some, but not all, aspects of the particular issue; and

Not Settled: The Applicant and those intervenors who take a position on the issue will adduce evidence and argument during the hearing on the issue as the parties were unable to reach agreement.

For ease of reference, the following outlines the status of the issues as outlined in the Settlement Agreement:

Settled: Issue completely resolved. Parties will not adduce evidence or argument at the hearing.	Partially Settled: Issue partially resolved. Parties may adduce evidence and argument at hearing on certain portions of the issue.	Not Settled: Issue not resolved. Evidence may be adduced and argument presented on entirety of issue.
# issues settled: 13	# issues partially settled: 0	# issues not settled: 1

The positions taken by the various parties on each of the settled issues are identified throughout the Settlement Agreement. A party who is noted as taking no position on an issue may or may not have participated in the discussion on that particular issue and takes no position on the settlement reached or on the sufficiency of the evidence filed to date.

The Settlement Agreement provides a brief description of each of the settled issues, together with references to the evidence filed. The supporting parties to each settled issue agree that the evidence in respect of that settled issue, as supplemented in some instances by additional information recorded in the proposal, supports the proposed settlement. In addition, the supporting parties agree that the evidence filed in support of each settled issue and the additional information as recorded herein contains sufficient detail, rationale and quality of information to allow the Board to make findings in

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keeping with the settlement reached. The attachments and appendices were prepared by the Applicant. The intervenors are relying on the accuracy and completeness of the attachments and appendices in entering into this Agreement.

The Board's Settlement Conference Guidelines (p. 3) require the parties to consider whether a settlement agreement should include an adjustment mechanism for any settled issue that may be affected by external factors. Remotes and the other parties who participated in the Settlement Conference consider that no settled issues require such an adjustment mechanism other than those expressly set forth in this settlement agreement.

None of the parties can withdraw from the Settlement Agreement except in accordance with Rule 32 of the Board's *Rules of Practice and Procedure*. Finally, unless stated otherwise, the settlement of any particular issue in this proceeding and the positions of the parties in this Proposal are without prejudice to the rights of parties to raise the same issue and/or to take any position thereon in any other proceedings, unless explicitly stated otherwise.

The parties agree that the remaining unsettled issues should be dealt with during the argument phase of this proceeding, subject to further direction from the Board.

The parties agree that all positions, negotiations and discussion of any kind whatsoever that took place during the Settlement Conference and all documents exchanged during the conference that were prepared to facilitate settlement discussions are strictly confidential and without prejudice, and inadmissible unless relevant to the resolution of any ambiguity that subsequently arises with respect to the interpretation of any provision of this Settlement Agreement.

It is fundamental to the agreement of the parties that no provision of this Settlement Agreement is severable. If the Board does not, prior to the commencement of the hearing of the evidence in this proceeding, accept the provisions of the Settlement Agreement in their entirety, there is no Settlement Agreement unless the parties agree to the contrary.

In the event that the Board directs the parties to make reasonable efforts to revise the Settlement Agreement, the parties agree to use reasonable efforts to discuss any potential revisions, but no party will be obligated to accept any proposed revisions. The parties agree that all of the parties who took a position on a particular issue must agree with any revised Settlement Agreement as it relates to that issue prior to its re-submission to the Board.

For the Board's ease of reference, a List of Approvals Sought is attached as Appendix A.

OVERVIEW:

The parties were able to reach agreement on Capital Costs, Operations, Maintenance & Administration (OM&A) costs, Revenue Requirement-related issues, including the accuracy of the requirement determination and compliance with OEB policies and practices, Accounting, including the appropriateness of the Rural and Remote Rate Protection (RRRP) Variance Account and most other related issues.

The parties were not able to reach agreement on Issue 5.4 – *“Is the plan for First Nation relations appropriate and adequately explained?”*

Remotes filed a rate application seeking a 1.80% increase over the 2017 rates. The parties' efforts were focused on determining an appropriate Revenue Requirement, while balancing Remotes' need to continue to safely and reliably operate and to fund its work program. A number of parties were concerned with the amount of money Remotes would collect from provincial ratepayers through the RRRP variance account and sought reductions in the utility's revenue requirement to address that concern and achieve just and reasonable rates.

The overall financial impact of the Settlement Agreement is to reduce the total revenue requirement by \$3.383M, from \$56.689M to \$53.306M. This reduces the forecast amount Remotes collects from provincial ratepayers through the RRRP variance account from \$38.08M to \$34.697M. Parties have provided brief explanations for the reductions.

As noted above, all parties agree that the Settlement Agreement is a comprehensive package proposal. Thus, individual components of the Settlement Agreement should not be considered or reviewed in isolation. The parties agree that the elements of the proposed settlement shall be in force with an effective date of May 1, 2018.

The particulars of the Settlement Agreement are detailed below by issue as set out in the application.

1.0 PLANNING

1.1 REMOTES' 2018 TEST YEAR CAPITAL COST

Is the level of planned distribution and generation capital expenditures including the proposed rate base for 2018 appropriate and is the rationale for planning and pacing choices appropriate and adequately explained?

Settled

The parties have agreed that the Remotes Capital will be reduced by 10% from \$3,236K included in the application pre-filed evidence by \$323.5K. This results in the total net capital request of \$2,912.5K. Parties based this reduction on Remotes' evidence regarding actual capital spending from 2013-2017 versus Board-approved capital spending. The utility had, on average, underspent its capital budget in those years, compared to Board-approved amounts.

Evidence: Capital costs are discussed in numerous exhibits throughout the application. However the pertinent evidence in relation to this issue is found in the following exhibits:

Pre-Filed Evidence:

Exhibit A, Tab 3, Schedule 1, Executive Summary of Application

Exhibit A, Tab 8, Schedule 2, Financial Summary

Exhibit A, Tab 8, Schedule 3, Hydro One Remotes Financial Statements – Historical Years 2013-2016

Exhibit A, Tab 8, Schedule 4, Reconciliation of Regulatory Financial Results with Audited Financial Statements 2016

Exhibit A, Tab 8, Schedule 5, 2016 Financial Statements Reconciled to USofA Trial Balance

Exhibit A, Tab 8, Schedule 6, Hydro One Inc. Historical Years Annual Reports (2013 to 2016)

Exhibit B1, Tab 1, Schedule 1, Section 4.0, Capital Expenditure Plan

Exhibit C1, Tab 1, Schedule 1, Rate Base and Working Capital

Exhibit C1, Tab 2, Schedule 1, Interest Capitalized and Capitalization of Overheads

Exhibit C2, Tab 1, Schedule 1, Statement of Utility Rate Base 2018

Exhibit C2, Tab 2, Schedule 1, Hydro One Remotes Fixed Asset Continuity Schedules 2013, 2014, 2015, 2016, 2017 and 2018

Exhibit C2, Tab 2, Schedule 2, Capital Projects Table 2013 to 2018 – Chapter 2, Appendix 2-AA

Exhibit C2, Tab 2, Schedule 3, Capital Expenditure Summary from Chapter 5 Consolidated Distribution System Plan Filing Requirements 2013 to 2022 – Chapter 2, Appendix 2-AB

Exhibit C2, Tab 3, Schedule 1, Comparison of Net Capital Expenditures, Historical, Bridge and Test Years

Exhibit C2, Tab 4, Schedule 1, Continuity of Property, Plant and Equipment

Exhibit C2, Tab 4, Schedule 2, Continuity of Accumulated Depreciation

Exhibit C2, Tab 4, Schedule 3, Continuity of Construction Work in Progress

Exhibit C2, Tab 5, Schedule 1, Statement of Working Capital Test Year (2018)

Exhibit C2, Tab 6, Schedule 1, Mapping In-Service Additions to Grouped USofA accounts

Exhibit C2, Tab 7, Schedule 1, Overhead Expense - Chapter 2, Appendix 2-D

Exhibit C2, Tab 8, Schedule 1, Debt and Equity Summary

Exhibit C2, Tab 8, Schedule 2, Cost of Long-Term Debt Capital Test Year 2018

Exhibit D1, Tab 5, Schedule 1, Costing of Work

Exhibit D2, Tab 8, Schedule 2, Calculation of Capital Cost Allowance, Bridge Year (2017) and Test Year (2018)

Exhibit D2, Tab 8, Schedule 3, Calculation of Utility Income Taxes, Historic Years (2013 to 2016)

Exhibit D2, Tab 8, Schedule 4, Calculation of Capital Cost Allowance, Historic Years (2013 to 2016)

Exhibit E1, Tab 1, Schedule 1, Cost of Capital

Exhibit E2, Tab 1, Schedule 1, Last OEB Approved Year (2013) Capital Structure and Cost of Capital - Chapter 2, Appendix 2-OA

Exhibit E2, Tab 1, Schedule 2, 2018 Capital Structure and Cost of Capital – Chapter 2, Appendix 2-OA

Exhibit E2, Tab 2, Schedule 1, Remotes Debt Instruments 2013 to 2018

Exhibit F1, Tab 1, Schedule 1, Revenue Requirement

Exhibit F2, Tab 1, Schedule 1, Calculation of Revenue Requirement 2018

Exhibit F2, Tab 1, Schedule 2, Revenue Requirement Work Form (MS Excel file only)

Exhibit H1, Tab 1, Schedule 1, Regulatory Accounts

Exhibit H2, Tab 1, Schedule 1, Remotes Rural and Remote Rate Protection Variance Account Reconciliation 2013 to 2016

Interrogatories:

Exhibit I, Tab 01, Schedule 12
Exhibit I, Tab 01, Schedule 14
Exhibit I, Tab 01, Schedule 21
Exhibit I, Tab 01, Schedule 24
Exhibit I, Tab 01, Schedule 26
Exhibit I, Tab 01, Schedule 44
Exhibit I, Tab 01, Schedule 51
Exhibit I, Tab 01, Schedule 60
Exhibit I, Tab 02, Schedule 02
Exhibit I, Tab 02, Schedule 19
Exhibit I, Tab 02, Schedule 25
Exhibit I, Tab 02, Schedule 29
Exhibit I, Tab 03, Schedule 14

Exhibit I, Tab 01, Schedule 13
Exhibit I, Tab 01, Schedule 15
Exhibit I, Tab 01, Schedule 22
Exhibit I, Tab 01, Schedule 25
Exhibit I, Tab 01, Schedule 27
Exhibit I, Tab 01, Schedule 49
Exhibit I, Tab 01, Schedule 59
Exhibit I, Tab 01, Schedule 61
Exhibit I, Tab 02, Schedule 09
Exhibit I, Tab 02, Schedule 22
Exhibit I, Tab 02, Schedule 28
Exhibit I, Tab 02, Schedule 34
Exhibit I, Tab 03, Schedule 20

Supporting Parties:

Energy Probe Research Foundation (“Energy Probe”)
Vulnerable Energy Consumers Coalition (“VECC”)

Parties taking no position:

Opiikapawiin Services LP (“OSLP”)

1.2 OPERATIONS, MAINTENANCE AND ADMINISTRATION COSTS

Is the level of planned OM&A expenditures appropriate and is the rationale for planning choices appropriate and adequately explained?

Settled

Operations, Maintenance and Administration (“OM&A”) costs were discussed at the Settlement Conference in the following categories:

- a) Distribution Minor Maintenance, Forestry, Generation Maintenance and Generation Operations;
- b) Fuel Costs;
- c) Conservation and Demand Management Costs;
- d) Regulatory Costs;
- e) Bad Debt;
- f) Pension Costs; and
- g) Customer Engagement.

An agreement was reached amongst all parties to the Settlement Conference on the OM&A issues. The following is a summary of agreement of those discussions by issue.

a) During the Settlement Conference, the parties discussed the OM&A costs for the following categories as one issue:

- Distribution Minor Maintenance - planned maintenance, trouble response, data collection and system condition assessment, and meter re-verification, testing and checking;
- Forestry - right-of -way maintenance;
- Generation Maintenance - planned and unplanned maintenance related to the generation site, buildings, engines, systems and fuel storage and fuel systems; and
- Generation Operations - required for safe and reliable day-to-day operation of the generating plants, and are required to keep the generating station and associated facilities in a standard operating condition as required to meet community load.

The total funding request in evidence for these categories of OM&A was \$17,985K. The parties agreed to a total reduction of \$1,500K. This results in a total funding of \$16,485K

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for 2018 rates for the above noted categories of work. Parties agreed to this reduction on the basis of 2017 actual OM&A expenses compared to 2017 forecast amounts.

Evidence: OM&A costs are discussed in numerous exhibits throughout the application. However the pertinent evidence in relation to this issue is found in the following exhibits:

Pre-Filed Evidence:

Exhibit A, Tab 3, Schedule 1, Executive Summary of Application

Exhibit A, Tab 8, Schedule 2, Financial Summary

Exhibit A, Tab 8, Schedule 3, Hydro One Remotes Financial Statements – Historical Years 2013-2016

Exhibit A, Tab 8, Schedule 4, Reconciliation of Regulatory Financial Results with Audited Financial Statements 2016

Exhibit A, Tab 8, Schedule 5, 2016 Financial Statements Reconciled to USofA Trial Balance

Exhibit A, Tab 8, Schedule 6, Hydro One Inc. Historical Years Annual Reports (2013 to 2016)

Exhibit D1, Tab 1, Schedule 1, Cost of Service Summary, Cost Drivers and Summary of OM&A Expenditures

Exhibit D1, Tab 1, Schedule 2, Generation OM&A

Exhibit D1, Tab 1, Schedule 3, Distribution OM&A

Exhibit D1, Tab 1, Schedule 4, Customer Care OM&A

Exhibit D1, Tab 1, Schedule 5, Community Relations OM&A

Exhibit D1, Tab 1, Schedule 6, Shared Services and Other Administrative Costs

Exhibit D1, Tab 2, Schedule 1, Cost of External Work

Exhibit D1, Tab 3, Schedule 1, Corporate Staffing

Exhibit D1, Tab 4, Schedule 1, Pension and Benefit Costs

Exhibit D1, Tab 5, Schedule 1, Costing of Work

Exhibit D2, Tab 1, Schedule 1, Cost of Service

Exhibit D2, Tab 2, Schedule 1, Mapping OM&A Expenditures to Grouped USofA accounts

Exhibit D2, Tab 3, Schedule 1, Summary of Recoverable OM&A Expenses – Chapter 2, Appendix 2-JA

Exhibit D2, Tab 3, Schedule 2, Recoverable OM&A Cost Driver Table – Chapter 2, Appendix 2-JB

Exhibit D2, Tab 3, Schedule 3, OM&A Programs Table – Chapter 2, Appendix 2-JC

Exhibit D2, Tab 3, Schedule 4, Recoverable OM&A Cost per Customer and per FTE – Chapter 2, Appendix 2-L

Exhibit D2, Tab 4, Schedule 1, Shared Services and Corporate Cost Allocation 2013 to 2018 – Chapter 2, Appendix 2-N

Exhibit D2, Tab 5, Schedule 1, Comparison of Wages and Salaries

Exhibit D2, Tab 5, Schedule 2, Employee Costs - Chapter 2, Appendix 2-K

Exhibit D2, Tab 5, Schedule 3, OPEBs (Other Post-Employment Benefits) Costs – Chapter 2, Appendix 2-KA

Exhibit D2, Tab 6, Schedule 1, Regulatory Cost Schedule - Chapter 2, Appendix 2-M

Exhibit F1, Tab 1, Schedule 1, Revenue Requirement

Exhibit F2, Tab 1, Schedule 1, Calculation of Revenue Requirement 2018

Exhibit F2, Tab 1, Schedule 2, Revenue Requirement Work Form (MS Excel file only)

Interrogatories:

Exhibit I, Tab 01, Schedule 15

Exhibit I, Tab 01, Schedule 24

Exhibit I, Tab 01, Schedule 34

Exhibit I, Tab 01, Schedule 38

Exhibit I, Tab 01, Schedule 44

Exhibit I, Tab 01, Schedule 51

Exhibit I, Tab 02, Schedule 11

Exhibit I, Tab 03, Schedule 17

Exhibit I, Tab 03, Schedule 21

Exhibit I, Tab 03, Schedule 26

Exhibit I, Tab 01, Schedule 23

Exhibit I, Tab 01, Schedule 33

Exhibit I, Tab 01, Schedule 35

Exhibit I, Tab 01, Schedule 40

Exhibit I, Tab 01, Schedule 49

Exhibit I, Tab 02, Schedule 03

Exhibit I, Tab 02, Schedule 29

Exhibit I, Tab 03, Schedule 19

Exhibit I, Tab 03, Schedule 25

Supporting Parties:

Energy Probe Research Foundation (“Energy Probe”)

Vulnerable Energy Consumers Coalition (“VECC”)

Parties taking no position:

Opiikapawiin Services LP (“OSLP”)

b) Fuel Costs

The parties at the Settlement Conference discussed a reduction in the total amount of fuel costs. Cost savings in fuel could be related to the construction of the road to Weagamow and other productivity measures currently being explored by Remotes. The proposed funding for 2018 fuel costs in the original evidence was \$27,600K. This amount was reduced by \$1,700K. This results in a total budget of \$25,900K for 2018 diesel fuel costs. Remotes believes that this amount is sufficient to meet its diesel fuel costs for 2018 given current commodity and load forecasts including weather, winter road availability and delivery mix.

Evidence: The cost of fuel is discussed in numerous exhibits throughout the application. However the pertinent evidence in relation to this issue is found in the following exhibits:

Pre-Filed Evidence

Exhibit A, Tab 3, Schedule 1, Executive Summary of Application
Exhibit A, Tab 3, Schedule 2, Summary of Remotes Business
Exhibit A, Tab 3, Schedule 3, Renewable Energy REINDEER Program
Exhibit A, Tab 4, Schedule 1, Customer Service and Engagement Strategy
Exhibit A, Tab 5, Schedule 1, Performance Management
Exhibit A, Tab 5, Schedule 2, Service Quality and Reliability Indicators
Exhibit A, Tab 6, Schedule 2, Purchases of Non-Affiliate Goods and Services
Exhibit A, Tab 8, Schedule 2, Financial Summary
Exhibit B1, Tab 1, Schedule 1, Section 2.0, Distribution System Plan
Exhibit B1, Tab 1, Schedule 1, Section 3.0 Asset Management Process
Exhibit B1, Tab 1, Schedule 1, Section 4.0 Capital Expenditure Plan
Exhibit C2, Tab 2, Schedule 1, Hydro One Remotes Fixed Asset Continuity Schedules 2013, 2014, 2015, 2016, 2017 and 2018
Exhibit D1, Tab 1, Schedule 1, Cost of Service Summary, Cost Drivers and Summary of OM&A Expenditures
Exhibit D1, Tab 1, Schedule 2, Generation OM&A
Exhibit D1, Tab 1, Schedule 5, Community Relations OM&A
Exhibit D1, Tab 5, Schedule 1, Costing of Work
Exhibit D1, Tab 6, Schedule 1, Depreciation and Amortization Expenses
Exhibit D2, Tab 3, Schedule 3, OM&A Programs Table – Chapter 2, Appendix 2-JC
Exhibit D2, Tab 7, Schedule 2, Depreciation Expenses Detail by Asset Class (2013 to 2018)

Exhibit D2, Tab 10, Schedule 1, Depreciation and Amortization Expenses 2013 to 2018
Exhibit F2, Tab 1, Schedule 2, Revenue Requirement Work Form

Interrogatories

Exhibit I, Tab 01, Schedule 06	Exhibit I, Tab 01, Schedule 09
Exhibit I, Tab 01, Schedule 10	Exhibit I, Tab 01, Schedule 13
Exhibit I, Tab 01, Schedule 15	Exhibit I, Tab 01, Schedule 18
Exhibit I, Tab 01, Schedule 23	Exhibit I, Tab 01, Schedule 26
Exhibit I, Tab 01, Schedule 28	Exhibit I, Tab 01, Schedule 29
Exhibit I, Tab 01, Schedule 30	Exhibit I, Tab 01, Schedule 33
Exhibit I, Tab 01, Schedule 35	Exhibit I, Tab 01, Schedule 36
Exhibit I, Tab 01, Schedule 37	Exhibit I, Tab 01, Schedule 39
Exhibit I, Tab 01, Schedule 52	Exhibit I, Tab 01, Schedule 64
Exhibit I, Tab 02, Schedule 03	Exhibit I, Tab 02, Schedule 04
Exhibit I, Tab 02, Schedule 05	Exhibit I, Tab 02, Schedule 06
Exhibit I, Tab 02, Schedule 08	Exhibit I, Tab 02, Schedule 11
Exhibit I, Tab 02, Schedule 18	Exhibit I, Tab 02, Schedule 20
Exhibit I, Tab 02, Schedule 26	Exhibit I, Tab 02, Schedule 30
Exhibit I, Tab 02, Schedule 31	Exhibit I, Tab 02, Schedule 35
Exhibit I, Tab 03, Schedule 02	Exhibit I, Tab 03, Schedule 17
Exhibit I, Tab 03, Schedule 18	Exhibit I, Tab 04, Schedule 05
Exhibit I, Tab 04, Schedule 14	Exhibit I, Tab 04, Schedule 16

Supporting Parties:

Energy Probe Research Foundation (“Energy Probe”)
Vulnerable Energy Consumers Coalition (“VECC”)

Parties taking no position:

Opiikapawiin Services LP (“OSLP”)

c) Conservation and Demand Management ("CDM")

The only aspect of this issue that was discussed by the parties at the Settlement Conference was the **Conservation and Demand Management ("CDM")** budget.

In evidence Remotes requested a budget of \$112K to fund CDM initiatives. Through discussions regarding the uptake of CDM initiatives in the communities in recent years and historical spending, the parties agreed to reduce the CDM budget by \$51K resulting in a budget of \$61K for 2018. Parties requested the reduction, as Remotes' evidence highlighted the struggles with implementing CDM programs in a number of the communities it services.

Evidence: Conservation and Demand Management costs are discussed in numerous exhibits throughout the application. However the pertinent evidence in relation to this issue is found in the following exhibits:

Pre-Filed Evidence

Exhibit A, Tab 2, Schedule 2, Compliance with Licence and OEB Filing Requirements for Electricity Distributors

Exhibit A, Tab 3, Schedule 1, Executive Summary of Application

Exhibit A, Tab 4, Schedule 1, Customer Service and Engagement Strategy

Exhibit A, Tab 5, Schedule 1, Performance Management

Exhibit A, Tab 8, Schedule 6, Hydro One Inc. Historical Years Annual Reports (2013 to 2016)

Exhibit B1, Tab 1, Schedule 1, Section 1.4.4, Energy and Conservation Demand Management

Exhibit B1, Tab 1, Schedule 1, Section 2.2, Coordinated Planning with Third Parties

Exhibit B1, Tab 1, Schedule 1, Section 4.0, Capital Expenditure Plan

Exhibit D1, Tab 1, Schedule 1, Cost of Service Summary, Cost Drivers and Summary of OM&A Expenditures

Exhibit D1, Tab 1, Schedule 2, Generation OM&A

Exhibit D1, Tab 1, Schedule 5, Community Relations OM&A

Exhibit D1, Tab 5, Schedule 1, Costing of Work

Exhibit D2, Tab 3, Schedule 3, OM&A Programs Table – Chapter 2, Appendix 2-JC

Exhibit G1, Tab 1, Schedule 1, Load Forecast and Methodology

Interrogatories

Exhibit I, Tab 01, Schedule 08
Exhibit I, Tab 01, Schedule 43
Exhibit I, Tab 02, Schedule 34
Exhibit I, Tab 03, Schedule 13

Exhibit I, Tab 01, Schedule 42
Exhibit I, Tab 02, Schedule 33
Exhibit I, Tab 03, Schedule 12

Supporting Parties:

Energy Probe Research Foundation (“Energy Probe”)
Vulnerable Energy Consumers Coalition (“VECC”)

Parties taking no position:

Opiikapawiin Services LP (“OSLP”)

d) Regulatory Costs

At the Settlement Conference, the parties discussed the recovery of \$90K in regulatory costs for the test year. It was agreed that the \$90K in regulatory costs would be recovered over a five year period resulting in \$18K being recovered per year in rates. This results in a reduction of \$72K for 2018.

Evidence: Regulatory costs are discussed in numerous exhibits throughout the application. However the pertinent evidence in relation to this issue is found in the following exhibits:

Pre-Filed Evidence

Exhibit A, Tab 6, Schedule 2, Purchases of Non-Affiliate Goods and Services
Exhibit A, Tab 8, Schedule 4, Reconciliation of Regulatory Financial Results with Audited Financial Statements 2016
Exhibit C1, Tab 2, Schedule 1, Interest Capitalized and Capitalization of Overheads
Exhibit D1, Tab 1, Schedule 6, Shared Services and Other Administrative Costs
Exhibit D2, Tab 3, Schedule 3, OM&A Programs Table – Chapter 2, Appendix 2-JC
Exhibit D2, Tab 6, Schedule 1, Regulatory Cost Schedule - Chapter 2, Appendix 2-M

Interrogatories

Exhibit I, Tab 01, Schedule 56

Supporting Parties:

Energy Probe Research Foundation (“Energy Probe”)
Vulnerable Energy Consumers Coalition (“VECC”)

Parties taking no position:

Opiikapawiiin Services LP (“OSLP”)

e) Bad Debt Expenses

Over the last few years, Remotes has made a concerted effort to work with Band Councils to reduce the amount of bad debt expenses. The parties at the Settlement Conference discussed the issue of bad debt and agreed that the amount allocated for bad debts in Customer Care OM&A should be reduced to zero. This is a reduction of \$60K for 2018. Parties requested this reduction, as Remotes' evidence showed that it had over-collected bad debt expenses in recent years.

Evidence: Bad Debt expenses are discussed in numerous exhibits throughout the application. However the pertinent evidence in relation to this issue is found in the following exhibits:

Pre-Filed Evidence

Exhibit A, Tab 3, Schedule 1, Executive Summary of Application

Exhibit A, Tab 8, Schedule 2, Financial Summary

Exhibit A, Tab 8, Schedule 3, Hydro One Remotes Financial Statements - Historical Years 2013-2016

Exhibit A, Tab 8, Schedule 6, Hydro One Inc. Historical Years Annual Reports (2013 to 2016)

Exhibit D1, Tab 1, Schedule 1, Cost of Service Summary, Cost Drivers and Summary of OM&A Expenditures

Exhibit D1, Tab 1, Schedule 4, Customer Care OM&A

Exhibit D1, Tab 1, Schedule 6, Shared Services and Other Administrative Costs

Exhibit D2, Tab 3, Schedule 3, OM&A Programs Table – Chapter 2, Appendix 2-JC

Exhibit D2, Tab 9, Schedule 1, Hydro One Remote Communities Inc. Income Tax Returns

Interrogatories

Exhibit I, Tab 01, Schedule 41

Supporting Parties:

Energy Probe Research Foundation (“Energy Probe”)

Vulnerable Energy Consumers Coalition (“VECC”)

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Parties taking no position:

Opiikapawiin Services LP (“OSLP”)

f) Pension Costs

The issue of pension costs was discussed at the Settlement Conference. The proposed amount to be included in the test year is \$687 thousand. However, it was agreed amongst the parties that no adjustment would be made regarding pension costs as a result of the Settlement Conference.

The parties did agree that Remotes will provide evidence on pension costs in conjunction with any RRRP account clearing. The evidence to be shown would clearly set out that the amount of pension cost funded by Remotes would be equal to the amount required to fund Remotes pension-related obligations as set out by external parties and not necessarily equal to the current forecast amount. At issue is whether Hydro One's pension costs are in line with what external consultants show the utility should be collecting from ratepayers. The parties have agreed that, given the concern over Remotes' evidence on whether it should be collecting the requested pension costs through the test period, the utility will track those costs annually and adjust them accordingly through the RRRP. The parties have agreed that Remotes will true up those costs with what has been determined is necessary through external evaluations of its pension plan. When Remotes next seeks clearing of the RRRP variance account it will provide evidence on any pension costs it credited or debited from the account.

Evidence: Pension Costs are discussed in numerous exhibits throughout the application. However the pertinent evidence in relation to this issue is found in the following exhibits:

Pre-Filed Evidence

Exhibit A, Tab 3, Schedule 1, Executive Summary of Application

Exhibit A, Tab 6, Schedule 1, Affiliate Service Agreements

Exhibit A, Tab 8, Schedule 2, Financial Summary

Exhibit A, Tab 8, Schedule 3, Hydro One Remotes Financial Statements - Historical Years 2013-2016

Exhibit A, Tab 8, Schedule 6, Hydro One Inc. Historical Years Annual Reports (2013 to 2016)

Exhibit D1, Tab 4, Schedule 1, Pension and Benefit Costs

Exhibit D1, Tab 5, Schedule 1, Costing of Work

Exhibit D2, Tab 5, Schedule 1, Comparison of Wages and Salaries

Exhibit D2, Tab 5, Schedule 2, Employee Costs - Chapter 2, Appendix 2-K

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Exhibit D2, Tab 5, Schedule 3, OPEBs (Other Post-Employment Benefits) Costs –
Chapter 2, Appendix 2-KA

Exhibit D2, Tab 8, Schedule 1, Calculation of Utility Income Taxes Test Years (2018)

Exhibit D2, Tab 8, Schedule 3, Calculation of Utility Income Taxes, Historic Years (2013
to 2016)

Exhibit D2, Tab 9, Schedule 1, Hydro One Remote Communities Inc. Income Tax
Returns

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Exhibit I, Tab 01, Schedule 47

Exhibit I, Tab 01, Schedule 48

Exhibit I, Tab 01, Schedule 49

Exhibit I, Tab 01, Schedule 50

Exhibit I, Tab 01, Schedule 51

Exhibit I, Tab 03, Schedule 26

Supporting Parties:

Energy Probe Research Foundation (“Energy Probe”)

Vulnerable Energy Consumers Coalition (“VECC”)

Parties taking no position:

Opiikapawiin Services LP (“OSLP”)

g) Customer Engagement

At the Settlement Conference, the parties discussed the OSLP request regarding the establishment of customer support in the communities. The parties agreed that Remotes would seek to add two more members to the Customer Advisory Board. This does not impact the agreement reached on OM&A costs outlined earlier.

Evidence: Customer Engagement is discussed in numerous exhibits throughout the application. However the pertinent evidence in relation to this issue is found in the following exhibits:

Pre-Filed Evidence

Exhibit A, Tab 3, Schedule 1, Executive Summary of Application
Exhibit A, Tab 4, Schedule 1, Customer Service and Engagement Strategy
Exhibit B1, Tab 1, Schedule 1, Section 4.0, Capital Expenditure Plan
Exhibit D1, Tab 1, Schedule 1 Cost of Service Summary, Cost Drivers and Summary of OM&A Expenditures
Exhibit D1, Tab 1, Schedule 4, Customer Care OM&A
Exhibit D1, Tab 1, Schedule 5, Community Relations OM&A
Exhibit D2, Tab 1, Schedule 1, Cost of Service
Exhibit D2, Tab 2, Schedule 1, Mapping OM&A Expenditures to Grouped USofA accounts
Exhibit D2, Tab 3, Schedule 1, Summary of Recoverable OM&A Expenses – Chapter 2, Appendix 2-JA
Exhibit D2, Tab 3, Schedule 2, Recoverable OM&A Cost Driver Table – Chapter 2, Appendix 2-JB
Exhibit D2, Tab 3, Schedule 3, OM&A Programs Table – Chapter 2, Appendix 2-JC

Interrogatories

Exhibit I, Tab 01, Schedule 14	Exhibit I, Tab 01, Schedule 15
Exhibit I, Tab 01, Schedule 25	Exhibit I, Tab 02, Schedule 33
Exhibit I, Tab 03, Schedule 42	Exhibit I, Tab 02, Schedule 02
Exhibit I, Tab 02, Schedule 13	Exhibit I, Tab 03, Schedule 25
Exhibit I, Tab 04, Schedule 07	Exhibit I, Tab 04, Schedule 08
Exhibit I, Tab 04, Schedule 09	Exhibit I, Tab 04, Schedule 11

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Supporting Parties:

Energy Probe Research Foundation (“Energy Probe”)

Vulnerable Energy Consumers Coalition (“VECC”)

Parties taking no position:

Opiikapawiin Services LP (“OSLP”)

2.0 REVENUE REQUIREMENT

2.1 Are all elements of the Revenue Requirement reasonable, and have they been appropriately determined in accordance with OEB policies and practices?

This issue was discussed in terms of settlements reached in other areas and not in terms of specific elements. Therefore there will be no change to any elements of the Revenue Requirement as a result of the Settlement Conference. Some parties were concerned about whether Remotes' application aligned with the policies of the Renewed Regulatory Framework. Those concerns were addressed in reductions of various parts of the application.

Evidence: Compliance with OEB's policies and practices is discussed in numerous exhibits throughout the application. However the pertinent evidence in relation to this issue is found in the following exhibits:

Pre-Filed Evidence

Exhibit A, Tab 2, Schedule 1, Legal Form of Application
Exhibit A, Tab 2, Schedule 1, Attachment 1, Certification of Evidence
Exhibit A, Tab 2, Schedule 2, Compliance with Licence and OEB Filing Requirements for Electricity Distributors
Exhibit A, Tab 2, Schedule 2, Attachment 3, OEB 2018 Cost of Service Checklist
Exhibit A, Tab 2, Schedule 2, Attachment 4, Table of OEB Work Forms and Chapter 2 Appendices
Exhibit A, Tab 3, Schedule 1, Executive Summary of Application
Exhibit A, Tab 3, Schedule 1, Requested Approvals – Chapter 2, Appendix 2-A
Exhibit B1, Tab 1, Schedule 1, Section 1.0, Distribution System Plan Introduction

Interrogatories

Exhibit I, Tab 02, Schedule 02
Exhibit I, Tab 02, Schedule 03
Exhibit I, Tab 02, Schedule 35

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Supporting Parties:

Energy Probe Research Foundation (“Energy Probe”)

Vulnerable Energy Consumers Coalition (“VECC”)

Parties taking no position:

Opiikapawiin Services LP (“OSLP”)

2.2 Has the Revenue Requirement been accurately determined based on these elements?

This issue was not discussed. The parties agree that the revised revenue requirement as a result of the Settlement Agreement has been accurately determined based on the elements addressed elsewhere in the Settlement Proposal.

Evidence: Compliance with OEB's policies and practices is discussed in numerous exhibits throughout the application. However the pertinent evidence in relation to this issue is found in the following exhibits:

Pre-Filed Evidence

- Exhibit A, Tab 2, Schedule 1, Legal Form of Application
- Exhibit A, Tab 2, Schedule 1, Attachment 1, Certification of Evidence
- Exhibit A, Tab 2, Schedule 2, Compliance with Licence and OEB Filing Requirements for Electricity Distributors
- Exhibit A, Tab 2, Schedule 2, Attachment 3, OEB 2018 Cost of Service Checklist
- Exhibit A, Tab 2, Schedule 2, Attachment 4, Table of OEB Work Forms and Chapter 2 Appendices
- Exhibit A, Tab 3, Schedule 1, Executive Summary of Application
- Exhibit A, Tab 3, Schedule 1, Attachment 1, Requested Approvals – Chapter 2, Appendix 2-A
- Exhibit B1, Tab 1, Schedule 1, Section 1.0, Distribution System Plan Introduction
- Exhibit A, Tab 4, Schedule 1, Attachment 1, Customer Engagement Activities Summary – Chapter 2, Appendix 2-AC
- Exhibit A, Tab 5, Schedule 2, Attachment 1, Service Quality and Reliability Indicators - Chapter 2, Appendix 2-G
- Exhibit C2, Tab 2, Schedule 2, Capital Projects Table 2013 to 2018 – Chapter 2, Appendix 2-AA
- Exhibit C2, Tab 2, Schedule 3, Capital Expenditure Summary from Chapter 5 Consolidated Distribution System Plan Filing Requirements 2013 to 2022 – Chapter 2, Appendix 2-AB
- Exhibit C2, Tab 7, Schedule 1, Overhead Expense - Chapter 2, Appendix 2-D
- Exhibit D2, Tab 3, Schedule 1, Summary of Recoverable OM&A Expenses – Chapter 2, Appendix 2-JA

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Exhibit D2, Tab 3, Schedule 2, Recoverable OM&A Cost Driver Table – Chapter 2, Appendix 2-JB

Exhibit D2, Tab 3, Schedule 3, OM&A Programs Table – Chapter 2, Appendix 2-JC

Exhibit D2, Tab 3, Schedule 4, Recoverable OM&A Cost per Customer and per FTE – Chapter 2, Appendix 2-L

Exhibit D2, Tab 4, Schedule 1, Shared Services and Corporate Cost Allocation 2013 to 2018 – Chapter 2, Appendix 2-N

Exhibit D2, Tab 5, Schedule 2, Employee Costs - Chapter 2, Appendix 2-K

Exhibit D2, Tab 5, Schedule 3, OPEBs (Other Post-Employment Benefits) Costs – Chapter 2, Appendix 2-KA

Exhibit D2, Tab 6, Schedule 1, Regulatory Cost Schedule - Chapter 2, Appendix 2-M

Exhibit D2, Tab 10, Schedule 1, Depreciation and Amortization Expenses 2013 to 2018 - Chapter 2, Appendices 2-C

Exhibit E2, Tab 1, Schedule 1, Last OEB Approved Year (2013) Capital Structure and Cost of Capital - Chapter 2, Appendix 2-OA

Exhibit E2, Tab 1, Schedule 2, 2018 Capital Structure and Cost of Capital – Chapter 2, Appendix 2-OA

Exhibit E2, Tab 2, Schedule 1, Remotes Debt Instruments 2013 to 2018 - Chapter 2, Appendices 2-OB

Exhibit G2, Tab 1, Schedule 1, Customer, Connections, Load Forecast and Revenues Data and Analysis - Chapter 2, Appendix 2-IB

Exhibit G2, Tab 2, Schedule 1, Other Operating Revenue - Chapter 2, Appendix 2-H

Exhibit G2, Tab 3, Schedule 4, Rates Generator Model

Interrogatories

Exhibit I, Tab 02, Schedule 02

Exhibit I, Tab 02, Schedule 03

Exhibit I, Tab 02, Schedule 35

Supporting Parties:

Energy Probe Research Foundation (“Energy Probe”)

Vulnerable Energy Consumers Coalition (“VECC”)

Parties taking no position:

Opiikapawiin Services LP (“OSLP”)

3.0 Load Forecast, Cost Allocation and Rate Design

3.1 Are the proposed load and customer forecast, loss factors, CDM adjustments and resulting calculations appropriate, and, to the extent applicable, are they an appropriate reflection of the energy and demand profile of the applicant's customers?

The parties accept the proposed load and customer forecast for 2018 rates. The parties did discuss, at length, the revenue impact to Remotes of servicing new communities over the next five years, as well as the effect that any delay in the utility's plan of adding these new customers would have on its revenue requirement. The parties feel that reductions in other parts of Remotes' application address these concerns.

Evidence: Compliance with OEB's policies and practices is discussed in numerous exhibits throughout the application. However the pertinent evidence in relation to this issue is found in the following exhibits:

Pre-Filed Evidence

Exhibit A, Tab 3, Schedule 1, Executive Summary of Application
Exhibit A, Tab 8, Schedule 6, Hydro One Inc. Historical Years Annual Reports (2013 to 2016)
Exhibit B1, Tab 1, Schedule 1, Section 4.0, Capital Expenditure Plan
Exhibit D1, Tab 1, Schedule 2, Generation OM&A
Exhibit G1, Tab 1, Schedule 1, Load Forecast and Methodology
Exhibit G1, Tab 4, Schedule 1, Rural and Remote Rate Protection Requirement
Exhibit G2, Tab 1, Schedule 1, Customer, Connections, Load Forecast and Revenues Data and Analysis - Chapter 2, Appendix 2-IB
Exhibit G2, Tab 1, Schedule 2, Statistical Data for Load Forecast (MS Excel file only)
Exhibit G2, Tab 1, Schedule 3, Load Forecast versus Actual

Interrogatories

Exhibit I, Tab 01, Schedule 23
Exhibit I, Tab 01, Schedule 62
Exhibit I, Tab 02, Schedule 09

Supporting Parties:

Energy Probe Research Foundation (“Energy Probe”)
Vulnerable Energy Consumers Coalition (“VECC”)

Parties taking no position:

Opiikapawiin Services LP (“OSLP”)

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3.2 Are the proposed late payment and specific service charges appropriate?

The parties accept the existing late payment charges and specific service charges proposed by Remotes. Remotes has not revised late payment or specific service charges in its application.

Evidence: Late payment and specific charges are discussed in numerous exhibits throughout the application. However the pertinent evidence in relation to this issue is found in the following exhibits:

Pre-Filed Evidence

Exhibit A, Tab 2, Schedule 1, Legal Form of Application

Exhibit A, Tab 3, Schedule 1, Executive Summary of Application

Exhibit A, Tab 4, Schedule 1, Customer Service and Engagement Strategy

Exhibit A, Tab 6, Schedule 1, Affiliate Service Agreements

Exhibit A, Tab 8, Schedule 6, Hydro One Inc. Historical Years Annual Reports (2013 to 2016)

Exhibit G1, Tab 2, Schedule 1, Proposed Customer Rates

Exhibit G1, Tab 3, Schedule 1, Other Revenues

Exhibit G1, Tab 4, Schedule 1, Rural and Remote Rate Protection Requirement

Exhibit G2, Tab 2, Schedule 1, Other Operating Revenue - Chapter 2, Appendix 2-H

Exhibit G2, Tab 3, Schedule 1, Current Remote Communities Rate Schedule

Exhibit G2, Tab 3, Schedule 2, Proposed Remote Communities Rate Schedule

Interrogatories

Exhibit I, Tab 04, Schedule 12

Supporting Parties:

Energy Probe Research Foundation (“Energy Probe”)

Vulnerable Energy Consumers Coalition (“VECC”)

Parties taking no position:

Opiikapawiin Services LP (“OSLP”)

3.3 Are the proposed revenues from external work appropriate?

The parties accept Remotes' proposed revenues from external work.

Evidence: Revenues from external work are discussed in numerous exhibits throughout the application. However the pertinent evidence in relation to this issue is found in the following exhibits:

Pre-Filed Evidence

Exhibit A, Tab 2, Schedule 2, Compliance with Licence and OEB Filing Requirements for Electricity Distributors

Exhibit A, Tab 3, Schedule 1, Executive Summary of Application

Exhibit A, Tab 3, Schedule 2, Summary of Remotes Business

Exhibit A, Tab 3, Schedule 3, Renewable Energy REINDEER Program

Exhibit A, Tab 4, Schedule 1, Customer Service and Engagement Strategy

Exhibit A, Tab 5, Schedule 1, Performance Management

Exhibit A, Tab 7, Schedule 4, Project and Program Approval and Control

Exhibit A, Tab 8, Schedule 2, Financial Summary

Exhibit B1, Tab 1, Schedule 1, Section 1.0, Distribution System Plan Introduction

Exhibit B1, Tab 1, Schedule 1, Section 2.0, Distribution System Plan

Exhibit B1, Tab 1, Schedule 1, Section 4.0, Capital Expenditure Plan

Exhibit C2, Tab 2, Schedule 2, Capital Projects Table 2013 to 2018 – Chapter 2, Appendix 2-AA

Exhibit C2, Tab 5, Schedule 1, Statement of Working Capital Test Year (2018)

Exhibit D1, Tab 1, Schedule 1, Cost of Service Summary, Cost Drivers and Summary of OM&A Expenditures

Exhibit D1, Tab 1, Schedule 2, Generation OM&A

Exhibit D1, Tab 2, Schedule 1, Cost of External Work

Exhibit D1, Tab 5, Schedule 1, Costing of Work

Exhibit D2, Tab 2, Schedule 1, Mapping OM&A Expenditures to Grouped USofA accounts

Exhibit D2, Tab 3, Schedule 2, Recoverable OM&A Cost Driver Table – Chapter 2, Appendix 2-JB

Exhibit F1, Tab 1, Schedule 1, Revenue Requirement

Exhibit F2, Tab 1, Schedule 2, Revenue Requirement Work Form (MS Excel file only)

Exhibit G1, Tab 3, Schedule 1, Other Revenues

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Exhibit H2, Tab 1, Schedule 1, Remotes Rural and Remote Rate Protection Variance
Account Reconciliation 2013 to 2016

Interrogatories

Exhibit I, Tab 01, Schedule 02

Exhibit I, Tab 01, Schedule 14

Exhibit I, Tab 01, Schedule 22

Exhibit I, Tab 01, Schedule 25

Exhibit I, Tab 01, Schedule 27

Exhibit I, Tab 01, Schedule 32

Exhibit I, Tab 01, Schedule 44

Exhibit I, Tab 02, Schedule 09

Exhibit I, Tab 02, Schedule 21

Exhibit I, Tab 04, Schedule 03

Exhibit I, Tab 04, Schedule 18

Exhibit I, Tab 01, Schedule 12

Exhibit I, Tab 01, Schedule 15

Exhibit I, Tab 01, Schedule 24

Exhibit I, Tab 01, Schedule 26

Exhibit I, Tab 01, Schedule 30

Exhibit I, Tab 01, Schedule 33

Exhibit I, Tab 01, Schedule 57

Exhibit I, Tab 02, Schedule 19

Exhibit I, Tab 03, Schedule 11

Exhibit I, Tab 04, Schedule 13

Supporting Parties:

Energy Probe Research Foundation (“Energy Probe”)

Vulnerable Energy Consumers Coalition (“VECC”)

Parties taking no position:

Opiikapawiin Services LP (“OSLP”)

3.4 Is the proposed rate increase for the different rate classes appropriate?

The appropriateness of rate increases for the different rate classes was not discussed by the parties at the Settlement Conference. The Settlement Agreement does not impact the proposed rate increases for the different rate classes.

Evidence: The proposed rate increase for the different rate classes is discussed in numerous exhibits throughout the application. However the pertinent evidence in relation to this issue is found in the following exhibits:

Pre-Filed Evidence

Exhibit A, Tab 3, Schedule 1, Executive Summary of Application
Exhibit A, Tab 8, Schedule 2, Financial Summary
Exhibit A, Tab 8, Schedule 3, Hydro One Remotes Financial Statements - Historical Years 2013-2016
Exhibit A, Tab 8, Schedule 6, Hydro One Inc. Historical Years Annual Reports (2013 to 2016)
Exhibit G1, Tab 2, Schedule 1, Proposed Customer Rates
Exhibit G1, Tab 5, Schedule 1, Customer Bill Impacts
Exhibit G2, Tab 3, Schedule 1, Current Remote Communities Rate Schedule
Exhibit G2, Tab 3, Schedule 2, Proposed Remote Communities Rate Schedule
Exhibit G2, Tab 3, Schedule 3, Prorated Rate and Bills for 2018
Exhibit G2, Tab 3, Schedule 4, Rates Generator Model

Interrogatories

Exhibit I, Tab 01, Schedule 06	Exhibit I, Tab 01, Schedule 11
Exhibit I, Tab 01, Schedule 15	Exhibit I, Tab 01, Schedule 23
Exhibit I, Tab 01, Schedule 25	Exhibit I, Tab 01, Schedule 50
Exhibit I, Tab 01, Schedule 51	Exhibit I, Tab 01, Schedule 54
Exhibit I, Tab 01, Schedule 63	Exhibit I, Tab 01, Schedule 64
Exhibit I, Tab 01, Schedule 66	Exhibit I, Tab 01, Schedule 67
Exhibit I, Tab 02, Schedule 01	Exhibit I, Tab 02, Schedule 02
Exhibit I, Tab 02, Schedule 09	Exhibit I, Tab 02, Schedule 10
Exhibit I, Tab 02, Schedule 15	Exhibit I, Tab 04, Schedule 03
Exhibit I, Tab 04, Schedule 12	Exhibit I, Tab 04, Schedule 13

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Supporting Parties:

Energy Probe Research Foundation (“Energy Probe”)

Vulnerable Energy Consumers Coalition (“VECC”)

Parties taking no position:

Opiikapawiin Services LP (“OSLP”)

4.0 ACCOUNTING

4.1 Have all impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified and recorded, and is the rate-making treatment of each of these impacts appropriate?

Impacts of changes in accounting standards, policies, estimates and adjustments were not discussed during the Settlement Conference. Therefore any impacts resulting from these changes will remain the same as presented in evidence.

Evidence: The impacts of changes in accounting standards, policies, estimates and adjustment are discussed in numerous exhibits throughout the application. However the pertinent evidence in relation to this issue is found in the following exhibits:

Pre-Filed Evidence

Exhibit A, Tab 3, Schedule 1, Executive Summary of Application
Exhibit A, Tab 6, Schedule 1, Affiliate Service Agreements
Exhibit A, Tab 7, Schedule 2, Governance and Control Framework
Exhibit A, Tab 7, Schedule 3, Planning Process and Economic Assumptions
Exhibit A, Tab 8, Schedule 1, Accounting Information
Exhibit A, Tab 8, Schedule 2, Financial Summary
Exhibit A, Tab 8, Schedule 3, Hydro One Remotes Financial Statements - Historical Years 2013-2016
Exhibit A, Tab 8, Schedule 4, Reconciliation of Regulatory Financial Results with Audited Financial Statements 2016
Exhibit A, Tab 8, Schedule 6, Hydro One Inc. Historical Years Annual Reports (2013 to 2016)
Exhibit C1, Tab 1, Schedule 1, Rate Base and Working Capital
Exhibit C1, Tab 2, Schedule 1, Interest Capitalized and Capitalization of Overheads
Exhibit C2, Tab 2, Schedule 1, Hydro One Remotes Fixed Asset Continuity Schedules 2013, 2014, 2015, 2016, 2017 and 2018
Exhibit D1, Tab 4, Schedule 1, Pension and Benefit Costs
Exhibit D1, Tab 6, Schedule 1, Depreciation and Amortization Expenses
Exhibit D1, Tab 7, Schedule 1, Income Taxes and Payments in Lieu of Corporate Income Taxes

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Exhibit D2, Tab 4, Schedule 1, Shared Services and Corporate Cost Allocation 2013 to 2018 – Chapter 2, Appendix 2-N

Exhibit D2, Tab 5, Schedule 3, OPEBs (Other Post-Employment Benefits) Costs – Chapter 2, Appendix 2-KA

Exhibit D2, Tab 8, Schedule 3, Calculation of Utility Income Taxes, Historic Years (2013 to 2016)

Exhibit D2, Tab 9, Schedule 1, Hydro One Remote Communities Inc. Income Tax Returns

Exhibit D2, Tab 10, Schedule 1, Depreciation and Amortization Expenses 2013 to 2018

Exhibit G1, Tab 1, Schedule 1, Load Forecast and Methodology

Interrogatories

Exhibit I, Tab 01, Schedule 49

Supporting Parties:

Energy Probe Research Foundation (“Energy Probe”)

Vulnerable Energy Consumers Coalition (“VECC”)

Parties taking no position:

Opiikapawiiin Services LP (“OSLP”)

4.2 Are the applicant’s proposals for the Rural and Remote Rate Protection variance account including the balance and the disposition appropriate?

In the application evidence, Remotes requested disposition of the Rural and Remote Rate Protection Variance Account (“RRRPVA”) effective May 1, 2018. Intervenors noted that Hydro One Networks Inc., as part of EB-2016-0160, has an outstanding motion before the Board to review and vary the decision regarding the allocation of certain taxes where changes arose from the Initial Public Offering of Hydro One Limited. The outcome of this motion is currently outstanding and could impact Remotes, its ratepayers and the amount of money collected from the RRRP variance account. At the Settlement Conference, the parties agreed that the balance in the RRRPVA will not be disposed of and the RRRPVA is to remain open until the conclusion of the outstanding motion or until the next rates proceeding following the expiry of this rate period, whichever comes first.

Evidence: The proposal for the Rural and Remote Rate Protection variance account is discussed in numerous exhibits throughout the application. However the pertinent evidence in relation to this issue is found in the following exhibits:

Pre-Filed Evidence

- Exhibit A, Tab 2, Schedule 1, Legal Form of Application
- Exhibit A, Tab 2, Schedule 2, Compliance with Licence and OEB Filing Requirements for Electricity Distributors
- Exhibit A, Tab 3, Schedule 1, Executive Summary of Application
- Exhibit A, Tab 7, Schedule 3, Planning Process and Economic Assumptions
- Exhibit A, Tab 8, Schedule 2, Financial Summary
- Exhibit A, Tab 8, Schedule 3, Hydro One Remotes Financial Statements - Historical Years 2013-2016
- Exhibit A, Tab 8, Schedule 6, Hydro One Inc. Historical Years Annual Reports (2013 to 2016)
- Exhibit D1, Tab 1, Schedule 2, Generation OM&A
- Exhibit D1, Tab 7, Schedule 1, Income Taxes and Payments in Lieu of Corporate Income Taxes
- Exhibit D2, Tab 8, Schedule 3, Calculation of Utility Income Taxes, Historic Years (2013 to 2016)

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Exhibit D2, Tab 9, Schedule 1, Hydro One Remote Communities Inc. Income Tax Returns

Exhibit D2, Tab 10, Schedule 1, Depreciation and Amortization Expenses 2013 to 2018

Exhibit F1, Tab 1, Schedule 1, Revenue Requirement

Exhibit F2, Tab 1, Schedule 1, Calculation of Revenue Requirement 2018

Exhibit G1, Tab 1, Schedule 1, Load Forecast and Methodology

Exhibit G1, Tab 4, Schedule 1, Rural and Remote Rate Protection Requirement

Exhibit H1, Tab 1, Schedule 1, Regulatory Accounts

Exhibit H2, Tab 1, Schedule 1, Remotes Rural and Remote Rate Protection Variance Account Reconciliation 2013 to 2016

Interrogatories

Exhibit I, Tab 01, Schedule 23

Exhibit I, Tab 01, Schedule 49

Exhibit I, Tab 01, Schedule 50

Exhibit I, Tab 01, Schedule 51

Exhibit I, Tab 01, Schedule 54

Exhibit I, Tab 01, Schedule 67

Exhibit I, Tab 02, Schedule 01

Exhibit I, Tab 02, Schedule 03

Exhibit I, Tab 02, Schedule 04

Exhibit I, Tab 02, Schedule 26

Exhibit I, Tab 02, Schedule 27

Exhibit I, Tab 02, Schedule 28

Exhibit I, Tab 03, Schedule 02

Exhibit I, Tab 04, Schedule 03

Supporting Parties:

Energy Probe Research Foundation (“Energy Probe”)

Vulnerable Energy Consumers Coalition (“VECC”)

Parties taking no position:

Opiikapawiin Services LP (“OSLP”)

5.0 OTHER

5.1 Have the potential impacts of the Remote Community Connection Plan been appropriately considered in the application?

The impacts of the Remote Community Connection Plan have been considered in this application and the parties accept the evidence presented.

Evidence: Impacts of the Remote Community Connection Plan are discussed in numerous exhibits throughout the application. However the pertinent evidence in relation to this issue is found in the following exhibits:

Pre-Filed Evidence

Exhibit A, Tab 3, Schedule 3, Renewable Energy REINDEER Program
Exhibit B1, Tab 1, Schedule 1, Section 2.0, Distribution System Plan
Exhibit B1, Tab 1, Schedule 1, Section 4.0, Capital Expenditure Plan
Exhibit B1, Tab 1, Schedule 1, Appendices

Interrogatories

There were no interrogatories on this issue.

Supporting Parties:

Energy Probe Research Foundation (“Energy Probe”)
Vulnerable Energy Consumers Coalition (“VECC”)

Parties taking no position:

Opiikapawiin Services LP (“OSLP”)

5.2 Have costs for shared services been appropriately allocated to the Applicant?

The parties accept that the cost of shared services allocated to Remotes for 2018 is appropriate.

Evidence: The shared service cost allocated to Remotes is discussed in numerous exhibits throughout the application. However the pertinent evidence in relation to this issue is found in the following exhibits:

Pre-Filed Evidence

Exhibit A, Tab 2, Schedule 2, Compliance with Licence and OEB Filing Requirements for Electricity Distributors

Exhibit A, Tab 3, Schedule 1, Executive Summary of Application

Exhibit A, Tab 6, Schedule 1, Affiliate Service Agreements

Exhibit A, Tab 8, Schedule 3, Hydro One Remotes Financial Statements - Historical Years 2013-2016

Exhibit A, Tab 8, Schedule 6, Hydro One Inc. Historical Years Annual Reports (2013 to 2016)

Exhibit C2, Tab 7, Schedule 1, Overhead Expense - Chapter 2, Appendix 2-D

Exhibit D1, Tab 1, Schedule 1, Cost of Service Summary, Cost Drivers and Summary of OM&A Expenditures

Exhibit D1, Tab 1, Schedule 6, Shared Services and Other Administrative Costs

Exhibit D1, Tab 6, Schedule 1, Depreciation and Amortization Expenses

Exhibit D2, Tab 3, Schedule 2, Recoverable OM&A Cost Driver Table – Chapter 2, Appendix 2-JB

Exhibit D2, Tab 4, Schedule 1, Shared Services and Corporate Cost Allocation 2013 to 2018 – Chapter 2, Appendix 2-N

Exhibit E1, Tab 1, Schedule 1, Cost of Capital

Exhibit F1, Tab 1, Schedule 1, Revenue Requirement

Exhibit F2, Tab 1, Schedule 2, Revenue Requirement Work Form (MS Excel file only)

Interrogatories

Exhibit I, Tab 01, Schedule 06

Exhibit I, Tab 01, Schedule 33

Exhibit I, Tab 01, Schedule 45

Exhibit I, Tab 02, Schedule 29

Exhibit I, Tab 03, Schedule 25

Supporting Parties:

Energy Probe Research Foundation (“Energy Probe”)
Vulnerable Energy Consumers Coalition (“VECC”)

Parties taking no position:

Opiikapawiin Services LP (“OSLP”)

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5.3 Is the cost of capital structure, and the long-term and short-term debt rate, appropriate?

There will be no changes to the cost of capital structure, long-term debt rate or short-term debt rate as a result of the Settlement Conference.

The parties accept that the cost of capital will be updated as per the Ontario Energy Board's Cost of Capital Parameter Updates for 2018 Cost of Service and Custom Incentive Rate-setting Applications issued on November 23, 2017.

Ref: OEB Staff Interrogatory #61

Evidence: The cost of capital in terms of long and short term debt rate is discussed in numerous exhibits throughout the application. However, the pertinent evidence in relation to this issue is found in the following exhibits:

Pre-Filed Evidence

Exhibit A, Tab 2, Schedule 2, Compliance with Licence and OEB Filing Requirements for Electricity Distributors

Exhibit A, Tab 3, Schedule 1, Executive Summary of Application

Exhibit A, Tab 8, Schedule 6, Hydro One Inc. Historical Years Annual Reports (2013 to 2016)

Exhibit E1, Tab 1, Schedule 1, Cost of Capital

Exhibit E2, Tab 1, Schedule 1, Last OEB Approved Year (2013) Capital Structure and Cost of Capital - Chapter 2, Appendix 2-OA

Exhibit E2, Tab 1, Schedule 2, 2018 Capital Structure and Cost of Capital – Chapter 2, Appendix 2-OA

Exhibit F1, Tab 1, Schedule 1, Revenue Requirement

Exhibit F2, Tab 1, Schedule 1, Calculation of Revenue Requirement 2018

Interrogatories

Exhibit I, Tab 01, Schedule 61

Supporting Parties:

Energy Probe Research Foundation (“Energy Probe”)

Vulnerable Energy Consumers Coalition (“VECC”)

Parties taking no position:

Opiikapawiin Services LP (“OSLP”)

5.4 Is the plan for First Nation relations appropriate and adequately explained?

The parties at the Settlement Conference discussed Remotes' approach to improve relations with First Nations.

The parties accept that Remotes will maintain a sufficient budget to allow for translation of applicable material. This request is not impacted by the reductions to the OM&A budget agreed to in the Settlement Agreement.

Opiikapawiiin Services LP ("OSLP") was concerned with Remotes' First Nations relations and suggested a couple of ways to improve it. OSLP reviewed the proposed settlement and felt it was insufficient to address their needs and therefore is opposed to the proposed settlement on this issue.

Evidence: Plans to address First Nations Relations are discussed in numerous exhibits throughout the application. However the pertinent evidence in relation to this issue is found in the following exhibits:

Pre-Filed Evidence

- Exhibit A, Tab 3, Schedule 1, Executive Summary of Application
- Exhibit A, Tab 4, Schedule 1, Customer Service and Engagement Strategy
- Exhibit B1, Tab 1, Schedule 1, Section 4.0, Capital Expenditure Plan
- Exhibit D1, Tab 1, Schedule 1, Cost of Service Summary, Cost Drivers and Summary of OM&A Expenditures
- Exhibit D1, Tab 1, Schedule 4, Customer Care OM&A
- Exhibit D1, Tab 1, Schedule 5, Community Relations OM&A
- Exhibit D2, Tab 1, Schedule 1, Cost of Service
- Exhibit D2, Tab 2, Schedule 1, Mapping OM&A Expenditures to Grouped USofA accounts
- Exhibit D2, Tab 3, Schedule 1, Summary of Recoverable OM&A Expenses – Chapter 2, Appendix 2-JA
- Exhibit D2, Tab 3, Schedule 2, Recoverable OM&A Cost Driver Table – Chapter 2, Appendix 2-JB
- Exhibit D2, Tab 3, Schedule 3, OM&A Programs Table – Chapter 2, Appendix 2-JC

Interrogatories

Exhibit I, Tab 01, Schedule 14
Exhibit I, Tab 01, Schedule 25
Exhibit I, Tab 03, Schedule 42
Exhibit I, Tab 02, Schedule 13
Exhibit I, Tab 04, Schedule 07
Exhibit I, Tab 04, Schedule 09

Exhibit I, Tab 01, Schedule 15
Exhibit I, Tab 02, Schedule 33
Exhibit I, Tab 02, Schedule 02
Exhibit I, Tab 03, Schedule 25
Exhibit I, Tab 04, Schedule 08
Exhibit I, Tab 04, Schedule 11

Supporting Parties:

Energy Probe Research Foundation (“Energy Probe”)
Vulnerable Energy Consumers Coalition (“VECC”)

Parties taking no position:

None

Appendix A
Settlement Proposal – Summary of Changes

	Issue	In Evidence	Changes Agreed
1.1	Capital	\$3,236M	\$323.5K reduction
1.2a	Operating Distribution Minor Maintenance	\$969K	\$1.5M reduction
	Forestry	\$457K	
	Generation Maintenance	\$11.640M	
	Generation Operations	\$4.919M	
1.2b	Fuel Costs	\$27.6M	\$1.7M reduction
1.2c	CDM	\$112K	\$51K reduction
1.2d	Regulatory Costs	\$90k	\$72K reduction
1.2e	Bad Debt	\$60K	\$60K reduction
1.2f	Pension Costs	\$687K	Demonstration that amounts actually paid equals amounts in the business plan to be collected
1.2g	OSLP Request	\$\$ TBD	Add 2 members to Customer Advisory Board
4.2	RRRP Account	NA	Leave open until conclusion of current Hydro One Networks Motion on Tax changes
5.4	First Nations Relations		Remotes will maintain a sufficient budget to allow for translation

Other Issues were settled without deviation from Remotes initial request.