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Frank D'Andrea
Vice President
Regulatory Affairs

BY COURIER

November 27, 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,

B2M LP Updated Revenue Requirement and Supporting Schedules

Please find attached the updated revenue requirement and supporting schedules for B2M Limited Partnership ("B2M LP"), reflecting the revised Cost of Capital parameters released by the Board on November 22, 2018. Further to feedback from Board staff, the supporting schedules have been updated to show amounts to the dollar.

Exhibit	Title
1.0	Revenue Requirement Summary
1.1	Operations, Maintenance & Administration (OM&A) Expenses
1.2	Rate Base and Depreciation
1.3	Capital Expenditures
1.4	Capital Structure and Return on Capital
1.4.1	Cost of Long Term Debt Capital
1.5	Income Tax

The schedules reflect the Board's direction to include the reimbursement of the approved startup costs over a four year period. The 2019 allotment is \$1.925 million.

On May 3, 2018, B2M LP received a Decision from the Board approving its application for changes to its transmission revenue requirement effective January 1, 2018. The approval was for a Revenue Requirement of \$35.9M. However, interim transmission rates instituted for January 1, 2018 included revenue allotment for B2M LP of \$37.5M meaning that B2M LP was set to collect \$1.6M of revenue in excess of its approved amount. The Board decision, agreed to by all parties, stipulated that since the \$1.6M difference in revenue requirement is not material to the overall Uniform Transmission Rates ("UTR"), B2M LP should continue to receive the interim



revenue for 2018 based upon the \$37.5M revenue and return the \$1.6M difference in its next update.¹ The credit to revenue for this amount is included in Exhibit 1.0.

Otherwise, there are no other materially noteworthy items included in this update beyond the mechanistic updates resulting from the Cost of Capital parameters update from the Board.

B2M LP also notes that there is unlikely to be sufficient time to issue an Order or Orders fixing final rates for January 1, 2019 implementation. Therefore, B2M LP requests that Uniform Transmission Rates (“UTR”) approved for 2019, be declared interim and include the \$32.8M requested herein.

An electronic copy has been filed using the Board’s Regulatory Electronic Submission System.

Sincerely,

ORIGINAL SIGNED BY FRANK D’ANDREA

Frank D’Andrea

Submitting on behalf of B2M LP

Enc.

¹ EB-2017-0380, Decision and Order, Page 5-6

B2M LP Inc.
 Update to Implementation of Decision with Reasons on EB-2015-0026

Revenue Requirement Summary

(\$)	Supporting Reference	B2M LP Proposed	OEB Decision Impact	OEB Approved	Cost of Capital Update	Revised
		2018	2018	2018	2018	2018
OM&A	Exhibit 1.1	1,549,507	(50,000)	1,499,507	-	1,499,507
Transition Costs (Note 1)		1,925,000	-	1,925,000	-	1,925,000
Depreciation	Exhibit 1.2	6,796,716	-	6,796,716	-	6,796,716
Return on Debt	Exhibit 1.4	15,253,761	(9,320,752)	5,933,009	(387,109)	5,545,900
Return on Equity (Note 2)	Exhibit 1.4	19,981,535	(138,761)	19,842,774	(2,041,764)	17,801,010
Income Tax	Exhibit 1.5	1,102,299	(26,088)	1,076,211	(255,193)	821,018
Revenue Credit from 2018	Note 3	-	-	-	(1,600,000)	(1,600,000)
Base Revenue Requirement		46,608,818	(9,535,600)	37,073,217	(4,284,066)	32,789,151
Deduct: External Revenue		-	-	-	-	-
Rates Revenue Requirement		46,608,818	(9,535,600)	37,073,217	(4,284,066)	32,789,151

Note 1: The Decision allowed the \$7.7 million start-up cost to be recovered in rates over a four year period, with \$1.925 million being recovered each year from 2016 to 2019.

Note 2: The Cost of Capital is updated to reflect OEB approved parameters issued on November 22, 2018.

Note 3: See EB-2017-0380, the Decision issued on May 3, 2018 found 2018 Excess Revenue equivalent to \$1.6 million and ordered that the 2018 UTRs stay at their current level and that the 2018 Excess Revenue for B2M LP be included in 2019 Revenue Requirement calculations. See *Decision and Order issued May 3, 2018, Section 3.3*.

B2M LP Inc.

Update to Implementation of Decision with Reasons on EB-2015-0026

Operations, Maintenance & Administration (OM&A) Expenses

(\$)	Supporting Reference	B2M LP Proposed	OEB Decision Impact	Revised
		2019	2019	2019
OM&A		1,549,507	(50,000)	1,499,507

OEB Decision Impact Supporting Details

Adjustments

OEB Decision Reference

Reduction to encourage efficiency

Note 1

(50,000)

Note 1: The OEB imposed a reduction of \$50,000 on 2019 OM&A to encourage efficiency. See: *EB-2015-0026*, Decision issued December 29, 2015, Page 2, Paragraph 2

B2M LP Inc.

Update to Implementation of Decision with Reasons on EB-2015-0026

Rate Base and Depreciation

(\$)	Supporting Reference	B2M LP Proposed	OEB Decision Impact	Revised
		2019	2019	2019
	<i>See supporting details below</i>	495,573,776	-	495,573,776
	Rate Base			
	Depreciation	6,796,716	-	6,796,716

OEB Decision Impact Supporting Details

Reference

Working Capital Adjustment

Rate Base Details

Utility plant (average)	
Gross plant at cost	547,701,859
Less: Accumulated depreciation	(52,128,083)
Add: CWIP	-
Net utility plant	<u>495,573,776</u>
Working capital	
Cash working capital	-
Materials & supplies inventory	-
Total working capital	<u>-</u>
Total Rate Base	<u>495,573,776</u>

B2M LP Inc.

Update to Implementation of Decision with Reasons on EB-2015-0026

Capital Expenditures

(\$)	Supporting Reference	B2M LP Proposed	OEB Decision Impact	Revised
		2019	2019	2019
	Capital expenditures	-	-	-

B2M LP Inc.

Update to Implementation of Decision with Reasons on EB-2015-0026

Capital Structure and Return on Capital

(\$)	Supporting Reference	B2M LP Proposed 2019	OEB Decision Impact 2019	OEB Approved 2019	Cost of Capital Update 2019	Revised 2019
					Note 1	Note 1
Return on Rate Base						
Rate Base	Exhibit 1.2	\$ 495,573,776	\$ -	\$ 495,573,776	\$ -	\$ 495,573,776
Capital Structure:						
Third-Party long-term debt		56.0%	0.0%	56.0%	0.0%	56.0%
Deemed long-term debt		0.0%	0.0%	0.0%	0.0%	0.0%
Short-term debt		4.0%	0.0%	4.0%	0.0%	4.0%
Common equity		40.0%	0.0%	40.0%	0.0%	40.0%
Capital Structure:						
Third-Party long-term debt	Exhibit 1.4.1	\$ 277,521,315	\$ -	\$ 277,521,315	\$ -	\$ 277,521,315
Deemed long-term debt		\$ -	\$ -	\$ -	\$ -	\$ -
Short-term debt		\$ 19,822,951	\$ -	\$ 19,822,951	\$ -	\$ 19,822,951
Common equity		\$ 198,229,510	\$ -	\$ 198,229,510	\$ -	\$ 198,229,510
		\$ 495,573,776	\$ -	\$ 495,573,776	\$ -	\$ 495,573,776
Allowed Return:						
Third-Party long-term debt	Exhibit 1.4.1	5.16%	(3.36%)	1.80%	(0.00%)	1.80%
Deemed long-term debt	Exhibit 1.4.1	5.16%	(3.36%)	1.80%	(0.00%)	1.80%
Short-term debt		4.71%	0.02%	4.73%	(1.91%)	2.82%
Common equity		10.08%	(0.07%)	10.01%	(1.03%)	8.98%
Return on Capital:						
Third-Party long-term debt		\$ 14,320,100	\$ (9,324,716)	\$ 4,995,384	\$ (8,491)	\$ 4,986,893
Deemed long-term debt		\$ -	\$ -	\$ -	\$ -	\$ -
Short-term debt		\$ 933,661	\$ 3,965	\$ 937,626	\$ (378,618)	\$ 559,007
Total return on debt		\$ 15,253,761	\$ (9,320,752)	\$ 5,933,009	\$ (387,109)	\$ 5,545,900
Common equity		\$ 19,981,535	\$ (138,761)	\$ 19,842,774	\$ (2,041,764)	\$ 17,801,010

Note 1: The Cost of Capital is updated to reflect OEB approved parameters issued on November 22, 2018.

B2M LP Inc.

Update to Implementation of Decision with Reasons on EB-2015-0026

Cost of Long-Term Debt Capital

Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered	Premium Discount and Expenses	Total Amount	Price Per \$100 Principal (\$)	Effective Cost Rate	<u>Total Amount Outstanding</u>			Embedded Cost Rate	
								12/31/2018	12/31/2019	Average		Carrying Cost
30-Jun-15	1.64%	30-Apr-20	293.3	1.0	292.3	99.64	1.72%	281.3	277.2	279.3	4.8	
								281.3	277.2	279.3	4.8	
											0.1	
											0.1	
										279.3	5.0	1.80%

B2M LP Inc.

Update to Implementation of Decision with Reasons on EB-2015-0026

Income Tax

(\$ millions)	Supporting Reference	B2M LP Proposed	OEB Decision Impact	OEB Approved	Cost of Capital Update	Revised
		2019	2019	2019	2019	2019
Income Taxes	<i>See supporting details below</i>	1,102,299	(26,088)	1,076,211	(255,193)	821,018

Income Tax Supporting Details

Rate Base	Exhibit 1.2	(a) \$ 495,573,776	\$ -	\$ 495,573,776	\$ -	\$ 495,573,776	
Common Equity Capital Structure		(b) 40.0%		40.0%	0.0%	40.0%	
Return on Equity	Exhibit 1.4	(c) 10.08%		10.01%	-1.0%	8.98%	
Return on Equity		(d) = a x b x c	19,981,535	(138,760.7)	19,842,774	(2,041,764)	17,801,010
Regulatory Income Tax		(e) = l	1,073,490		1,076,211	(255,193)	821,018
Regulatory Net Income (before tax)		(f) = d + e	21,055,025	(138,760.7)	20,918,985	(2,296,957)	18,622,028
Timing Differences	(g) Note 1	(14,160,115)	-	(14,160,115)	-	(14,160,115)	
Taxable Income		(h) = f + g	6,894,910	(138,760.7)	6,758,870	(2,296,957.2)	4,461,913
Taxable Income Allocated to Taxable Partners	Note 2	4,914,336		4,815,890		3,217,040	
Tax Rate	(i)	26.50%		26.50%	0.00%	26.50%	
Income Tax	(j) = h x i	1,302,299	-	1,276,211	(423,695)	852,516	
CMT Credit Utilized	(k) Note 3	(200,000.0)	-	(200,000.0)	168,502	(31,498)	
Regulatory Income Tax	(l) = j + k	1,102,299.0	-	1,076,211	(255,193)	821,018	

	B2M LP Proposed 2019	OEB Decision Impact 2019	OEB Approved 2019	Cost of Capital Update 2019	Revised 2019
Note 1. Book to Tax Timing Differences					
Depreciation	6,796,716	-	6,796,716	-	6,796,716
CCA	(20,956,831)	-	(20,956,831)	-	(20,956,831)
Other Timing Differences	-	-	-	-	-
Total Timing Differences	<u>(14,160,115)</u>	-	<u>(14,160,115)</u>	-	<u>(14,160,115)</u>
Note 2. Amount to Allocate to Taxable Partners					
Taxable Income	6,894,910		6,758,870		4,461,913
Less Income Tax in Rates	(1,102,299)		(1,076,211)		(821,018)
Multiply by Ownership Share of Taxable Partners	65.81%		65.81%		65.81%
Taxable Income Allocated to Taxable Partners	3,812,037		3,739,679		2,396,023
Add Taxes in Rates	1,102,299		1,076,211		821,018
Taxable Income Allocated to Taxable Partners	4,914,336		4,815,890		3,217,040
Note 3. Corporate Minimum Tax					
Opening CMT Credit Carryforward	1,100,000		1,100,000		1,100,000
CMT Credit Utilized	<u>(200,000)</u>		<u>(200,000)</u>		<u>(31,498)</u>
Closing CMT Credit Carryforward	900,000		900,000		1,068,502
Regulatory Net Income (before tax)					18,622,028
Less Income Tax in Rates					<u>(821,018)</u>
					17,801,010
Multiply by Ownership Share of Taxable Partners					65.81%
Regulatory Net Income allocated to Taxable Partners					<u>11,714,598</u>
Add: Income Taxes in rates					821,018
					<u>12,535,616</u>
Multiply by CMT Rate					2.7%
CMT payable					<u>338,462</u>
Ontario taxes payable					369,960
CMT in excess of Ontario tax / (CMT Credit Utilized)					<u><u>(31,498)</u></u>