

**Hydro One Networks Inc.**

**Application for electricity transmission rates for the period from January 1, 2020 to December 31, 2022**

**DECISION AND ORDER ON INTERIM RATES AND CONFIDENTIALITY  
December 10, 2019**

Hydro One Networks Inc. (Hydro One) filed a custom incentive rate-setting application (the application) with the Ontario Energy Board (OEB) on March 21, 2019 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that Hydro One charges for electricity transmission, to be effective January 1, 2020 and for each following year through to December 31, 2022.

**Request for Interim Rates**

Hydro One made a request in the application, which was reiterated in its Argument in Chief, for an interim order to (1) make its current transmission revenue requirement and charges effective on an interim basis as of January 1, 2020 and (2) establish a Foregone Transmission Revenue Deferral Account to recover the differences between the revenues earned under interim rates and the revenues that would have been earned based on final rates from the January 1, 2020 effective date until the implementation date of the final rates.

Hydro One submitted that the granting of this request by the OEB was necessary to address the possibility that the requested rate orders cannot be issued prior to the requested January 1, 2020 effective date given that the schedule for the proceeding extends into the early part of 2020.

**Findings**

The OEB declares Hydro One's current transmission revenue requirement and charges interim as of January 1, 2020 until such time as a new transmission revenue requirement and charges are approved by the OEB. The OEB agrees with Hydro One

that given the current schedule for the proceeding extends into 2020, it will not be possible to issue the requested rate orders by the requested January 1, 2020 effective date.

This determination is made without prejudice to the OEB's decision on the application, and should not be construed as predictive, in any way whatsoever, of the OEB's final determination with regards to the effective date of rates arising from this application. Despite granting an interim rate order at this time, the OEB retains the discretion to set the effective date at a date later than the date of the interim rate order. The OEB will ultimately set the effective date of the final rate order to whatever date it ultimately determines to be just and reasonable.

The OEB will not, however, approve Hydro One's request for the Foregone Transmission Revenue Deferral Account. The OEB believes that there is no need for this deferral account at this time since the revenue requirement has been made interim as of January 1, 2020. The OEB will determine the need for such an account once it makes its final determination on the effective date for Hydro One's 2020 revenue requirement.

## **Confidentiality Issues**

### *Undertaking J6.03*

On November 18, 2019, Hydro One filed a request for confidential treatment of a portion of its response to undertaking J6.03, pursuant to the OEB's *Rules of Practice and Procedure* (Rules) and the OEB's *Practice Direction on Confidential Filings* (Practice Direction) (together referred to as the Confidentiality Directions). Specifically, Hydro One requested that a portion of page 15 of the Productivity Review Report dated January 31, 2019, provided as Attachment 1 to this undertaking be provided confidential treatment.

Hydro One justified its request on the basis that page 15 of the Productivity Report contains confidential information regarding the identity of certain vendors and their strategies relating to procurement activities that have a quantifiable impact on Hydro One's work program. Hydro One stated that in certain instances, contractors' names and productivity initiatives (along with quantifiable savings) are disclosed. Hydro One noted that there are very few providers for the relevant services and that the specific vendors used by the utility for these services are well known in the industry. Hydro One stated that consequently, if the identities of these vendors are disclosed, their respective

strategies in respect of Hydro One's procurement initiatives will be reasonably identifiable.

Hydro One argued that the disclosure of this commercially sensitive information would be prejudicial to its procurement process and negotiations with vendors and can adversely impact the competitive position of the relevant vendors.

Hydro One submitted that the information described above, for which Hydro One requests confidential treatment, is consistent with the types of information for which confidential treatment is contemplated in Appendix 'A' to the Practice Direction and for which the OEB has consistently granted confidential treatment in prior proceedings.

### **Findings**

The OEB shall designate this information as confidential based on the determination that this information is commercially sensitive which, if disclosed, could negatively impact Hydro One's procurement process and adversely affect the competitive position of the associated vendors.

#### *Working Papers*

On November 1, 2019, during the oral hearing portion of this proceeding, OEB staff counsel asked Mr. Fenrick to provide the working papers related to Power System Engineering, Inc.'s (PSE) "Reply" to Pacific Economics Group's Report ("Incentive Regulation for Hydro One Transmission") of October 15, 2019. Mr. Fenrick agreed to do so in confidence as undertaking J8.9.

### **Findings**

The OEB shall designate this information as confidential because of its proprietary nature. The OEB notes that this type of information has been treated as confidential in several other OEB proceedings.

**THE ONTARIO ENERGY BOARD ORDERS THAT:**

1. Hydro One's current transmission revenue requirement and charges shall be made interim as of January 1, 2020 until such time as a new transmission revenue requirement and charges are approved by the OEB.

**DATED** at Toronto, December 10, 2019

**ONTARIO ENERGY BOARD**

*Original signed by*

Christine E. Long  
Registrar and Board Secretary