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**BY EMAIL AND RESS**

April 24, 2024

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

Dear Ms. Marconi,

**EB-2023-0291 – Hydro One Networks Inc. Renewable Generation Funding Application – Responses to Pre-Settlement Clarification Questions**

In accordance with Procedural Order No. 2 a settlement conference was held in respect of the above noted proceeding from April 2-3, 2024. Prior to the settlement conference, OEB staff asked clarification questions which Hydro One responded to. On April 22, 2024, Hydro One filed a settlement proposal and responses to the pre-settlement clarifying questions.

In addition to the above, please find a revised pre-settlement clarification question response package including attachments to Question 6 and Question 8 that were inadvertently omitted from the previous filing.

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

Sincerely,

A handwritten signature in black ink that reads "Elise Andrey".

Elise Andrey

## PRE-SETTLEMENT CONFERENCE OEB STAFF CLARIFICATION QUESTION - 01

1  
2 **Reference:**

- 3 1. Staff IRR -2  
4 2. Attachment 2 – I-01-01-02, Tab 1  
5

6 **Preamble:**

7 Based on Hydro One's response in Table 1, OEB staff noted that the revised Gross OM&A  
8 in Row I from 2012 – 2014 are negative because the sum of work program costs and  
9 revised customer care start-up costs (Row A + C) are less than the sum of OM&A costs  
10 embedded in Hydro One's distribution rates, connection study costs, and program costs  
11 related to ongoing work (Row E+F+G).  
12

13 OEB staff calculated the total revised gross OM&A from 2012 to 2013 to be to  
14 approximately (\$13M).  
15

16 OEB staff notes that the gross OM&A of \$2.6M has been input into the RGCRP model in  
17 reference 2 for 2011 and the negative OM&A costs (or the underspending in OM&A)  
18 totaling \$13M from 2012-2014 are not shown into the RGCRP model.  
19

20 **Interrogatory:**

- 21 a) Please confirm whether the amount of (\$13M) has been disposed to ratepayers during  
22 the 2012-2014? If not, please explain.  
23

24 **Response:**

- 25 a) Not confirmed. The negative values provided in each year from 2012-2014 under Row  
26 I, Table 1 in interrogatory response I-01-02 were intended to demonstrate that total  
27 costs in those years did not exceed the \$7.4M threshold for inclusion in the account.  
28

29 As discussed in interrogatory response I-01-02, Hydro One's investment plan (2010-  
30 2014) included in EB-2009-0096 was finalized while distributed generation policies  
31 were still being developed. Thus, the associated approved rates coming out of EB-  
32 2009-0096 included OM&A to support the new distributed generation programs  
33 notwithstanding that an account was ultimately approved. As a result, from 2011 to  
34 2014, Hydro One had \$7.4M of OM&A embedded in its distribution rates to facilitate  
35 distribution generation connections and therefore took the approach of applying a  
36 "threshold" whereby only OM&A amounts above \$7.4M would be included in the  
37 account.

1 To provide clarity, Hydro One has restructured Table 1 from interrogatory response I-  
 2 01-02 to summarize how the start-up OM&A costs were determined for the period of  
 3 2011-2014 before being allocated to provincial and HONI ratepayers.

- 4  
 5 The costs are separated into two main sets:  
 6 1. Distributed generation (DG) coordination costs; and  
 7 2. DG customer care costs.  
 8

9 **Table 1 - Summary of Gross<sup>1</sup> OM&A Costs 2011-2014 (\$M)**

Row	Detail	2011	2012	2013	2014
<b>DG Coordination Costs</b>					
<b>A</b>	Program costs originally considered eligible	2.8	2.9	2.5	2.6
<b>B</b>	Less connection study costs <sup>2</sup>	(0.8)	(0.9)	(0.8)	(1.3)
<b>C</b>	Less program costs deemed to be related to ongoing work	(0.3)	(0.5)	(0.5)	(0.5)
<b>D = A+B+C</b>	Revised DG Coordination Costs	<b>1.7</b>	<b>1.5</b>	<b>1.2</b>	<b>0.8</b>
<b>DG Customer Care Costs</b>					
<b>E</b>	Program costs originally considered eligible	9.5	8.9	6.9	6.2
<b>F</b>	Less customer care – on-going	(1.3)	(5.9)	(5.2)	(5.2)
<b>G = E+F</b>	Revised Customer Care Costs	<b>8.2</b>	<b>3</b>	<b>1.7</b>	<b>1</b>
<b>Total Revised DG Coordination and Customer Costs</b>					
<b>H = D+G</b>	Total Revised DG Coordination and Customer Costs	<b>9.9</b>	<b>4.5</b>	<b>2.9</b>	<b>1.8</b>
<b>Threshold Check to Determine Gross Amounts for Account Inclusion</b>					
<b>Is H &gt; \$7.4M</b>	Total costs above \$7.4M threshold?	Yes	No	No	No
<b>J = H less \$7.4M threshold, if H &gt;\$7.4M</b>	Gross costs included in model after threshold check	2.6	-	-	-

10  
 11 As shown in Table 1, Rows H and J, 2011 is the only year where the gross OM&A  
 12 amounts exceeded the threshold. As such, no amounts are included in the account for  
 13 2012-2014.

<sup>1</sup> Gross costs denote costs incurred before direct benefit percentages are applied.

<sup>2</sup> Upon review of amounts in the account, Hydro One identified connection study costs that had been mistakenly included. These amounts have been removed.

1 For 2011, the \$2.6M gross OM&A was proportioned to REI and Expansion  
2 investments, and then the provincial portion of the costs was determined using the  
3 appropriate direct benefit percentages (see interrogatory response I-01-01,  
4 Attachment 2, Tab 1, Columns C:F for details). The resulting provincial incremental  
5 OM&A (start-up) costs for 2011 were \$2.3M.

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## PRE-SETTLEMENT CONFERENCE OEB STAFF CLARIFICATION QUESTION - 02

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**Reference:**

1. Staff IRR -3 (c)
2. Attachment 5 – I-01-01-05
3. Attachment 6 – I-01-01-01-06, Tab Revenue Requirement – Haldimand

**Preamble:**

From Table 2 in reference 1, column B shows the total IESO funding of approximately \$1M from 2014 to 2017 for the Haldimand RZ.

In reference 2, the closing balance in account 1533 (DVA Continuity Schedule) is a credit of approximately \$1M.

In reference 3, there appears to be minimal RGCRP spending over the historic and forecast periods.

**Interrogatory:**

- a) If Hydro One has no investment plan for renewable generation connection for the Haldimand RZ from 2024-2027, please comment whether Hydro One would consider disposing the credit balance of \$1M in the next rate proceeding and close the Account 1533.

**Response:**

- a) Hydro One will request to dispose the credit balance of \$1M and to close Account 1533 for Haldimand RZ as part of its next Custom Incentive Rate-setting (Custom IR) rebasing application.

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**PRE-SETTLEMENT CONFERENCE  
OEB STAFF CLARIFICATION QUESTION - 03**

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**Reference:**

1. Staff IRR -3 (c)
2. Original Filing - Attachment 2 - A-04-01, Tab 4, Row 2 Interrogatory Response - Attachment 2 – I-01-01-02, Tab 4, Row 67

**Preamble:**

In reference 1, Hydro One provided Table 1 which shows the annual revenue requirement and IESO funding amounts for Hydro One Distribution from 2010 to 2022.

OEB staff notes that the revenue requirement values in column A do not reconcile with the calculated revenue requirement from the values in reference 2.

**Interrogatory:**

- a) Please explain the discrepancy and revise Table 1 as needed.

**Response:**

- a) The values in Table 1, Column A have been revised to reflect the revenue requirement provided in interrogatory response I-01-01, Attachment 2. The previous values represented the revenue requirement prior to making updates for the REI/Expansion calculations and interrogatory response I-01-01, Attachment 2. An updated version of interrogatory response I-01-03 is attached.



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## OEB STAFF INTERROGATORY - 03

### Reference:

1. OEB Accounting Procedures Handbook Guidance issued on March 2015 – [APH Guidance March2015 \(oeb.ca\)](#), Question 10, Pages 10-13
2. Attachment 1 - Hydro One Distribution Account 1533 Distribution Generation – Provincial Continuity Schedule
3. Attachment 5 - Haldimand RZ Account 1533 Distribution Generation – Provincial Continuity Schedule
4. Attachment 7 - Peterborough RZ Account 1533 Distribution Generation – Provincial Continuity Schedule

### Preamble:

On page 11, Reference 1 states that:

The following is the account description for Account 1533 Renewable Generation Connection Funding Adder Deferral Account, **Sub-account Provincial Rate Protection Payment Variances**.

This account is used to record the Provincial Rate Protection payments under O. Reg. 330/09 at the end of the each fiscal year. The account will include the net of

- i. The annual revenue requirement impact on an actual basis applicable to in-service capital assets, depreciation, and incurred OM&A expenses, eligible for Provincial Rate Protection,  
AND
- ii. Provincial Rate Protection payments, as approved by the Board, and received from the IESO in that year.

On page 12 Paragraph (A), Reference 1 states that:

No carrying charges are to be recorded on the balance in Account 1533, Sub-account Provincial Rate Protection Payment Variances

In Ref 2, OEB staff noted that Hydro One Rate Zone had recorded transactions in Distribution Generation – Provincial - Other Feeders – Deferral Account, and Distribution Generation – Provincial - Express Feeders – Deferral Account.

In Ref 3, OEB staff noted that Haldimand Rate Zone had recorded transactions in Distribution Generation – Other –Provincial – Deferral Account.

In Ref 4, OEB staff noted that Peterborough Rate Zone had recorded transactions in Distribution Generation – Provincial - Express Feeders – Deferral Account.

1 OEB also noted that carrying charges are recorded in each of the deferred accounts  
2 mentioned above for all three rate zones.

3  
4 **Interrogatory:**

5 a) Please confirm that Hydro One has complied with the March 2015 Accounting  
6 Guidance on Account 1533, specifically:

- 7 i. If the transaction debits/(credits) recorded in the Account 1533 continuity  
8 schedules of Hydro One RZ, Haldimand RZ and Peterborough RZ represent the  
9 net of annual revenue requirement on the actual basis and the IESO payments for  
10 the year. If the transaction debts/(credits) recorded in the Account 1533 does not  
11 represent the net difference as referred in the March 2015 Accounting Guidance,  
12 please explain in detail what the transaction debits/(credits) represent.

13  
14 b) Please write off the interest recorded in all continuity schedules of Account 1533 for  
15 Hydro One main and all rate zones, given the direction in the March 2015 Accounting  
16 Guidance

17  
18 c) For Hydro One main and all rate zones, please provide the following:

- 19 i. The revenue requirement calculations based on the actual spending for each  
20 project on an annual basis.  
21 ii. The IESO payments schedule for each project on an annual basis  
22 iii. The calculation of the variance between i) and ii) on an annual basis for each  
23 project.  
24 iv. Please provide historical actual spendings per year and details of the work related  
25 to renewable generation connection projects. Please include the following:  
26 • Please provide a list of generation connected, the type of connection that led  
27 to the drawdown of the funding and the actual amount of spending for each  
28 type.  
29 • Please describe the work involved.  
30 • Please explain drivers for any material increases in in-service additions and  
31 start-up OM&A costs.

32  
33 **Response:**

34 a) Confirmed.

35  
36 b) Hydro One has written off the interest from 2015 onwards to align with the March 2015  
37 Accounting Guidance. See interrogatory response I-01-01, Attachments 1, 5 and 7 for  
38 the updated continuity schedules for Hydro One Distribution RZ, Haldimand RZ and  
39 Peterborough RZ, respectively. The interest written off has been summarized below.

- 1           • Hydro One Distribution RZ - \$3,353,040
- 2           • Haldimand RZ - \$147,095
- 3           • Peterborough RZ - \$9,134
- 4

5 c) Consistent with the March 2015 Accounting Guidance, Hydro One records the actual  
6 revenue requirement associated with actual capital additions and operating costs that  
7 are eligible for rate protection to Account 1533. These revenue requirement amounts  
8 are calculated on an annual basis, based on total actual spending that is eligible for  
9 provincial rate protection.

10  
11 While Hydro One maintains detailed records for each of the 1,441 eligible renewable  
12 enabling and expansion projects completed as of Dec 15, 2023, this question requests  
13 project-level information that is not readily available. For each eligible project, a scope  
14 description separates the Connection Assets (the costs of which are borne entirely by  
15 the connecting customer) from the Renewable Enabling Improvements (REI) and  
16 Expansion amounts for which the customer is not responsible. For illustrative  
17 purposes, Hydro One has attached a copy of two class C estimates for projects 32,020  
18 and 11,980. This is the document delivered to the applicant showing the calculation of  
19 the Distributor Funded Expansion on page 2, and the gross Expansion and Renewable  
20 Enabling Improvements estimates on page 3. Hydro One tracks the costs related to  
21 each category separately, based on the specific scope of each connection. Once the  
22 project is complete, in-service additions are recorded in Hydro One's financial systems  
23 corresponding to the actual costs incurred.

24  
25 Hydro One relies on the actual costs incurred against the categories defined in these  
26 detailed, project-specific documents to calculate the eligible revenue requirement to  
27 be recorded to Account 1533 on a combined, annual basis. Each such document  
28 includes commercially-sensitive information, which must be reviewed and redacted.  
29 Accordingly, it would be an extremely laborious and time-consuming exercise to  
30 review and redact all 1,441 documents.

31  
32 Hydro One has prepared tables to provide the available information requested in part  
33 (c) of this interrogatory, for each rate zone.

1 Tables 1, 2 and 3 provide details on the revenue requirement calculations and IESO  
 2 payments for Hydro One Distribution, Haldimand RZ and Peterborough RZ, as  
 3 detailed below.

- 4 • Column A presents the annual revenue requirement amounts based on actual  
 5 eligible spending.
- 6 • Column B presents the payments received from the IESO on an annual basis.  
 7 IESO payments are not provided on a per-project basis.
- 8 • Column C provides the variance between of Columns B and A.
- 9 • Column D provides the updated annual revenue requirement amounts based  
 10 on actual eligible spending.
- 11 • Column E provides the variance of Columns B and D

12  
 13 **Table 1 - Hydro One Distribution Annual Revenue Requirement and IESO Funding**  
 14 **(\$)**

Year	A As-Filed Revenue Requirement <sup>[1]</sup>	B IESO Funding <sup>[2]</sup>	C (A-B) As-Filed Variance	D Updated Revenue Requirement <sup>[3]</sup>	E (D-B) Updated Variance
2010	32,099	3,666,748	(3,634,649)	32,099	(3,634,649)
2011	4,719,257	18,522,844	(13,803,587)	2,619,168	(15,903,676)
2012	5,027,635	18,522,844	(13,495,209)	799,996	(17,722,848)
2013	3,006,304	18,522,737	(15,516,433)	1,068,797	(17,453,940)
2014	3,628,267	18,522,727	(14,894,460)	2,409,487	(16,113,240)
2015	6,298,127		6,298,127	4,863,982	4,863,982
2016	8,772,860		8,772,860	7,424,088	7,424,088
2017	9,538,760		9,538,760	7,998,129	7,998,129
2018	9,061,309		9,061,309	7,746,505	7,746,505
2019	10,164,372		10,164,372	8,203,144	8,203,144
2020	9,781,559		9,781,559	8,506,963	8,506,963
2021	9,403,705		9,403,705	7,653,969	7,653,969
2022	9,267,167	5,369,396	3,897,771	7,643,705	2,274,309

[1] As provided in A-04-01, Attachment 2.

[2] 2010 to 2014 funding amounts relate to IESO Payments for DG Provincial Other; 2022 Funding relates to the Reclass of IESO Payments from the DG Express Feeders subaccount.

[3] As provided in interrogatory response I-01-01, Attachment 2.

1 **Table 2 - Haldimand RZ Annual Revenue Requirement and IESO Funding (\$)**

	<b>A</b>	<b>B</b>	<b>C (A-B)</b>	<b>D</b>	<b>E (D-B)</b>
<b>Year</b>	<b>As-Filed Revenue Requirement [1]</b>	<b>IESO Funding</b>	<b>As-Filed Variance</b>	<b>Updated Revenue Requirement [2]</b>	<b>Updated Variance</b>
2014	848	29,568	(28,720)	848	(28,720)
2015	21,974	150,552	(128,578)	1,701	(148,851)
2016	49,914	306,996	(257,082)	9,272	(297,724)
2017	42,761	557,604	(514,843)	12,873	(544,731)
2018	44,140		44,140	13,949	13,949
2019	44,826		44,826	14,405	14,405
2020	45,248		45,248	14,664	14,664
2021	45,660		45,660	14,975	14,975
2022	46,053		46,053	15,323	15,323

[1] As provided in A-04-01, Attachment 6.

[2] As provided in interrogatory response I-01-01, Attachment 6.

2

3

**Table 3 - Peterborough RZ Annual Revenue Requirement and IESO Funding (\$)**

	<b>A</b>	<b>B</b>	<b>C (A-B)</b>	<b>D</b>	<b>E (D-B)</b>
<b>Year</b>	<b>As-Filed Revenue Requirement [1]</b>	<b>IESO Funding</b>	<b>As-Filed Variance</b>	<b>Updated Revenue Requirement [2]</b>	<b>Updated Variance</b>
2013	6,736		6,736	6,275	6,275
2014	13,374	15,653	(2,279)	12,368	(3,285)
2015	13,176	13,204	(28)	12,444	(760)
2016	12,979	13,176	(197)	12,496	(680)
2017	12,781	12,848	(67)	12,525	(323)
2018	12,584	12,780	(196)	12,533	(247)
2019	12,387	12,780	(393)	12,522	(258)
2020	12,189	12,192	(3)	12,493	301
2021	15,798	12,192	3,606	12,448	256
2022	19,163	12,192	6,971	12,388	196

[1] As provided in A-04-01, Attachment 8.

[2] As provided in interrogatory response I-01-01, Attachment 8.

1 The work required to enable the connection of DERs to Hydro One's distribution  
2 system includes the following activities:

- 3 1. the connection of the customer's tap line to Hydro One distribution system;
- 4 2. building of new line expansions or upgrade of the existing line conductor;
- 5 3. upgrades to monitoring, protection, and control system;
- 6 4. upgrades of in-line reclosers or station reclosers;
- 7 5. addition of new voltage regulators; and
- 8 6. upgrades to the existing line voltage regulator controls.

9  
10 As described above, the specific work varies between each connection request. Items  
11 2, 5 and 6 contribute to Expansion costs. Items 3, and 4 contribute to REI. The scope  
12 of work and corresponding cost for each eligible connection is recorded in the project  
13 documents prepared for each of the 1,441 eligible projects completed to-date.

14  
15 Please see interrogatory response I-01-11 for an explanation of material increases to  
16 in-service additions.

17  
18 Regarding OM&A costs, please see interrogatory response I-01-02.

19  
20 Attachment 3 to this interrogatory lists all projects eligible for Provincial Rate Protection  
21 that have been used to calculate the annual revenue requirements set out in Tables  
22 1, 2, and 3. For each project, Attachment 3 provides the total capacity connected, the  
23 Hydro One station to which it is connected, the type of generation asset, and the in-  
24 service date. As described above, the requested breakdown of actual spending is not  
25 readily available on a per-project basis.

## PRE-SETTLEMENT CONFERENCE OEB STAFF CLARIFICATION QUESTION - 04

1  
2 **Reference:**

- 3 1. Staff RR-1 and Staff IRR-8  
4 2. Original Application – Attachment3 – A-04-01-03, Tab 4, Cell AB77  
5 Original Application – Attachment 4 – A-04-01-04, Cell H8  
6 3. Interrogatory Response – Attachment 3 – I-01-01-03, Tab 4, Cell AB77  
7 Interrogatory Response – Attachment 4 – I-01-01-04, Tab Comparison, Cell H8  
8

9 **Preamble:**

10 In reference 1, Hydro One stated that it did not over-allocate any of the RGCRP provincial  
11 portion to Hydro One Distribution customers and based on changes made to Hydro One's  
12 revenue requirement model in interrogatory response I-01-01, Attachment 2 (and reflected  
13 in interrogatory response I-01-01, Attachment 4), the \$2.5M credit to Hydro One  
14 Distribution ratepayers is no longer required.

15  
16 OEB staff put together a comparison table below which shows the revenue requirement  
17 in reference 2 which makes up the credit of \$2.5M and the amounts from reference 3  
18 which come from the revised excel models from Hydro One's interrogatory response:  
19

	<b>Original Application (Reference 2)</b>	<b>Interrogatory Response (Reference 3)</b>
Attachment 3 (2010 – 2022)	(\$0.6)M	\$21.1M
Attachment 4 (2023-2027)	(\$1.9)M	\$4.6M
Total	(\$2.5)M	\$25.7M

20  
21 OEB staff noted that the updated models based on Hydro One's interrogatory responses  
22 show that revenue requirement amounts have changed from a refund to a charge.  
23

24 **Interrogatory:**

- 25 a) Please confirm whether the amount of \$25.7M represents a correction in revenue  
26 requirement (resulting from the correction in direct benefit percentage and the  
27 exclusion of on-going OM&A costs) in the revised models.  
28 i. If confirmed, please provide a breakdown of \$25.7M by these two components.  
29  
30 b) In OEB staff's understanding, since changes have been made to correct the revenue  
31 requirement amounts for RGCRP from 2010 to 2022, the RGCRP model from the  
32 original application over-estimated RGCRP funding by approximately \$21.1M. This  
33 amount is not a charge that would be recovered from ratepayers.  
34 i. Please confirm that Hydro One does not intend to recover \$21.1M from its  
35 distribution customers.



1 c) For the forecast period (2023-2027), the difference between the provincial portion of  
2 \$39.4M deducted from the revenue requirement in Hydro One's 2023-2027 Custom  
3 IR Application for Transmission and Distribution (EB-2021-0110) (which used the  
4 incorrect percentage) and the provincial portion of \$34.9M that would have been  
5 deducted using the correct percentage is \$4.6M. Does the amount \$4.6M indicate that  
6 Hydro One would require additional RGCRP funding of \$4.6M for 2023 to 2027?  
7 Please explain.

8  
9 **Response:**

10 a) Confirmed. The amount of \$25.7M represents a correction in revenue requirement  
11 resulting from the correction in direct benefit percentage and the exclusion of on-going  
12 OM&A costs in the revised models.

13  
14 The \$21.1M referenced in interrogatory response I-01-01, Attachment 3, Tab 4, Cell  
15 AB77 represents a correction in revenue requirement (resulting from the correction in  
16 direct benefit percentage and the exclusion of on-going OM&A costs) in the revised  
17 models. This figure is calculated using the updated model provided in interrogatory  
18 response I-01-01, Attachment 2 compared to the Historical Model.

19  
20 The \$4.6M referenced in interrogatory response I-01-01, Attachment 4, Tab  
21 "Comparison", Cell H8 represents a correction in revenue requirement (resulting from  
22 the correction in direct benefit percentage and the exclusion of on-going OM&A costs).  
23 The comparison is between the updated model and the values included in the Draft  
24 Rate Order (DRO) in EB-2021-0110.

25  
26 i. The majority of the \$21.1M correction for the 2010-2022 period is due to the  
27 exclusion of on-going OM&A costs, as the changes related to the updated direct  
28 benefit percentage were not material. Similarly, for the 2023-2027 period, the  
29 majority of the \$4.6M correction is related to the exclusion of OM&A.

30  
31 b) Confirmed. Hydro One does not intend to recover \$21.1M from its distribution  
32 customers.

33  
34 c) Hydro One would not require additional RGCRP funding for the \$4.6M for 2023 to  
35 2027.

## PRE-SETTLEMENT CONFERENCE OEB STAFF CLARIFICATION QUESTION - 05

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**Reference:**

1. Staff IRR-12

**Preamble:**

Hydro One explained that the in-service addition costs from 2023 to 2027 are based on the assumption of 50 renewable connections per year as illustrated in Table 3 in its most recent rebasing application (EB-2021-0110, DSP Exhibit B-3-1, Section 3.4, page 5.).

**Table 3 - Number of DER Forecast for 2021-2027**

Year		Forecast Number						
		2021	2022	2023	2024	2025	2026	2027
Non Renewable Energy Projects	> 10 kW	20	15	15	15	15	15	15
	≤ 10 kW	5	5	5	5	5	5	5
Renewable Energy Projects	> 10 kW	50	50	50	50	50	50	50
	≤ 10 kW	150	150	150	150	150	150	150

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OEB staff notes that Table 3 also shows a forecast of 150 renewable energy projects ≤ 10 kW per year.

**Interrogatory:**

- Please explain why the renewable energy projects ≤ 10 kW are not included in the in-service addition cost calculations for 2023-2027.

**Response:**

- Renewable energy projects ≤10kW do not incur any qualifying in-service additions (ISA). The costs incurred in these projects typically involve the replacement of the meter to be capable of handling reverse power flows and are paid for by the connecting renewable energy generation customer.

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**PRE-SETTLEMENT CONFERENCE  
 OEB STAFF CLARIFICATION QUESTION - 06**

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**Reference:**

1. Attachment 1 - I-01-01-01 - Updated Hydro One Dx Account 1533 - Provincial Continuity Schedule
2. Response to OEB Staff Interrogatory, Exhibit 1, Tab 1, Schedule 2, Page 5 of 6

**Preamble:**

OEB staff has compiled the following table based on the information provided in the references.

<b>Per Continuity Schedule Tab of Reference 1</b>			
Opening Principal Amounts as of Jan-1-24	Transactions Debit / (Credit) during 2024	Principal Adjustments during 2024 [4]	Closing Principal Balance as of Dec-31-24
\$(3,837,970) (Cell EN8)	\$6,987,293 (Cell EO8)	\$(4,387,943) (Cell EQ8)	\$(1,249,174) (Cell ER8)
<b>OEB staff calculation based on "Continuity Schedule" Tab of Reference 1</b>			
Closing Principal Balance as of Dec-31-23	Transactions Debit / (Credit) during 2024	Principal Adjustments during 2024 [4]	<b>Calculated</b> Closing Principal Balance as of Dec-31-24
(\$4,607,854) (Cell EH8)	\$6,987,293 (Cell EO8)	\$(4,387,943) (Cell EQ8)	\$(2,008,503)
Variance			
\$769,884	-	-	\$759,329

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In Cell EE16 of reference1, Hydro One noted that "an entry to remove CIA and Ongoing OM&A Charges from 2010 to 2022 - \$16.9M."

In Cell EN11 of reference1, Hydro One noted that "In 2024, there will be an approximately \$4.4M credit adjustment to correct the 2011 to 2013 OM&A to exclude certain customer care costs."

In reference 2: Hydro one noted that the O&M changes "have resulted in a total \$22M reduction to the OM&A recorded in the account from 2011 to 2022".

**Interrogatory:**

- a) Please explain why the 2024 opening balance, transactions and principal adjustments do not add up to the 2024 ending balance in the continuity schedule. Please reconcile the difference and revise the schedules as needed.

- 1 b) Please explain why the 2023 closing balance (Cell EH8) and the 2024 opening balance  
2 (Cell EN8) do not match. Please reconcile the difference and revise the schedules as  
3 needed.  
4
- 5 c) OEB staff also notes that the 2023 closing interest amount of \$(1,946,839) (Cell EM8)  
6 is different from the 2024 opening interest amount of \$(1,927,418) (Cell ES8). Please  
7 explain the difference and revise the schedule as needed.  
8
- 9 d) Please confirm whether the sum of \$16.9M (Cell EE16) and \$4.4M (Cell EN11) noted  
10 in reference 1 are the same as the \$22M OM&A reduction noted in Reference 2.  
11 i. If so, please explain why Hydro One split the amounts into two principal  
12 adjustments in 2023 and 2024.  
13 ii. If not, please indicate where OEB staff could locate the \$22M OM&A reduction in  
14 the schedule.  
15

16 **Response:**

- 17 a) For a) through c) Hydro One notes that the reconciliation discrepancies noted by OEB  
18 Staff were due to there being some hard-coded numbers in the 2024 columns in  
19 interrogatory response I-01-01, Attachment 1. The continuity schedule has been  
20 updated accordingly and is provided as Attachment 1 to this pre-settlement  
21 clarification question.  
22

23 As a result of this update, the requested provincial RGCRP compensation amounts for  
24 Hydro One Distribution are updated as shown in Table 1.

1 **Table 1 - Summary of Requested RGCRP Compensation Amounts for Hydro One**  
 2 **Distribution**

Period	As-Filed Requested RGCRP Compensation Amounts <sup>[1]</sup>	RGCRP Compensation Amounts as per I-01-01	Updated Requested RGCRP Compensation Amounts
One-Time Payment Related to Renewable Generation Connection Investments Made Prior to January 1, 2024	\$8,697,477	- [2]	- [2]
2024	\$8,035,443	- [2]	- [2]
2025	\$8,160,624	\$3,864,755 <sup>[3]</sup>	\$3,068,005 <sup>[5]</sup>
2026	\$8,157,823	\$6,986,604 <sup>[4]</sup>	\$6,986,604 <sup>[4]</sup>
2027	\$8,148,189	\$6,942,106 <sup>[4]</sup>	\$6,942,106 <sup>[4]</sup>

[1] As described in Exhibit A-02-01, p.1, ln 21 to p.2, ln 4.

[2] As the projected balance for Account 1533 – Distribution Generation – Provincial as of Dec 31, 2024, is in a credit position, no compensation amounts are being requested for Renewable Generation Connection investments made prior to January 1, 2025.

[3] I-01-01 Attachment 2, Tab 4, Cell AH28 - 2025 Revenue Requirement \$7.0M net of credit balance of \$3.2M from I-01-01, Attachment 1, Cell EW10

[4] Compensation amounts for 2026 to 2027 are the respective 2026 to 2027 revenue requirement forecasts provided in I-01-01, Attachment 2, Tab 4, Cells: AJ28:AL28.

[5] I-01-01 Attachment 2, Tab 4, Cell AH28 - 2025 Revenue Requirement \$7.0M net of the updated credit balance of \$4.0M from Attachment 1, Cell EW10.

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4 d)

- 5 i. Confirmed. The \$22M in Reference 2 is the sum of \$16.9M (Cell EE16) and \$4.4M  
 6 (Cell EN11) noted in Reference 1. The \$4.4M OM&A adjustment was identified in  
 7 2024 after the 2023 General Ledger had been closed and therefore has been  
 8 reflected as a 2024 adjustment in the schedule in order to tie to the General  
 9 Ledger.  
 10 ii. Not Applicable.

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**PRE-SETTLEMENT CONFERENCE**  
**OEB STAFF CLARIFICATION QUESTION – 06**  
**ATTACHMENT 1**

This has been filed separately in MS Excel format.



**PRE-SETTLEMENT CONFERENCE  
OEB STAFF CLARIFICATION QUESTION - 07**

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**Reference:**

Attachment 7 - I-01-01-07 - Updated Peterborough RZ Account 1533 – Provincial  
Continuity Schedule

**Interrogatory:**

a) Please explain the \$145,669 principal adjustment (Cell G8) noted in the reference.

**Response:**

a) The \$145,669 principal adjustment (Cell G8) noted is the opening balance upon the  
acquisition of Peterborough Distribution Inc.

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Response No. 7  
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**PRE-SETTLEMENT CONFERENCE  
OEB STAFF CLARIFICATION QUESTION - 08**

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**Reference:**

- 1. Staff-IRR-17
- 2. Attachment 7 - I-01-01-07 - Updated Peterborough RZ Account 1533 - Provincial Continuity Schedule

**Interrogatory:**

a) In its response (reference 1), Hydro One confirmed that OEB staff's calculation for the IESO payments from 2014-2023 is correct. Please confirm that the actual IESO payments in reference 2 reflect the correct IESO payments from 2014-2023.

**Response:**

a) The actual IESO payments in Reference 2 reflect the correct IESO payments, with a minor exception in 2016. The amount recorded for 2016 (pre-integration) was \$13,223, which was \$47 more than the correct IESO payment. This immaterial difference is reflected in the correction entry proposed by Hydro One in Table 1 below.

Hydro One notes that there is an outstanding issue with the revenue requirement assumptions that were included in the continuity schedule. The pre-integration transactions for the account included actual project costs, as opposed to the revenue requirement associated with the in-service additions for these projects.

To address this issue, Hydro One proposes to adjust the account balance to properly reflect the revenue requirement associated with the in-service of the eligible projects and the corrected IESO payment. The supporting calculations for the updated account balance are provided in Table 1 below.

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**Table 1 – Calculation of Account Balance (\$)**

	<b>Revenue Requirement</b>	<b>IESO Payments</b>	<b>Updated Balance</b>
2013	6,275		
2014	12,368	(15,653)	
2015	12,444	(13,204)	
2016	12,496	(13,176)	
2017	12,525	(12,848)	
2018	12,533	(12,780)	
2019	12,522	(12,780)	
2020	12,493	(12,192)	
2021	12,448	(12,192)	
2022	12,388	(12,192)	
2023	12,609	(12,192)	
<b>Total</b>	<b>131,101</b>	<b>(129,209)</b>	<b>1,892</b>

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As the December 31, 2023, balance was \$103,145, an adjustment of \$(101,253) is required in 2024 to correct the account balance to \$1,892. An updated continuity schedule is provided in Attachment 1.

As a result of these adjustments, the requested provincial RGCRP compensation amounts for Peterborough RZ are updated as shown in Table 2.

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**Table 2 - Summary of Requested Provincial RGCRP Compensation Amounts for Peterborough RZ**

<b>Period</b>	<b>As-Filed Requested RGCRP Compensation Amounts <sup>[1]</sup></b>	<b>RGCRP Compensation Amounts as per I-01-01 <sup>[2]</sup></b>	<b>Updated Requested RGCRP Compensation Amounts</b>
One-time Payment Related to Renewable Generation Connection Investments Made Prior to January 1, 2024	\$130,800	\$103,145 <sup>[3]</sup>	\$1,892 <sup>[4]</sup>
2024	\$18,018	\$13,212	\$13,212
2025	\$17,473	\$13,799	\$13,799
2026	\$16,918	\$14,370	\$14,370
2027	\$16,354	\$14,926	\$14,926

[1] As described in Exhibit A-02-01, p.2, In 6-15.

[2] Compensation amounts for 2024 to 2027 are the respective 2024 to 2027 revenue requirement forecasts provided in I-01-01, Attachment 8, Tab Revenue Requirement 17%, Cells: AM40:AV40.

[3] Reflects the adjusted balance for Account 1533 – Distribution Generation – Provincial as of Dec 31, 2023 as reflected in interrogatory response I-01-01, Attachment 7, Cell CF8

[4] Reflects the adjusted balance as calculated in Table 1, above.

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**PRE-SETTLEMENT CONFERENCE**  
**OEB STAFF CLARIFICATION QUESTION – 08**  
**ATTACHMENT 1**

This has been filed separately in MS Excel format.

**PRE-SETTLEMENT CONFERENCE  
OEB STAFF CLARIFICATION QUESTION - 09**

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**Reference:**  
Staff-IRR-21

**Interrogatory:**

In its response in the reference, Hydro One stated that the working capital allowance (WCA) for 2023 has been updated to reflect a revised split between Hydro One Distribution and provincial ratepayers.

- a) Please clarify whether the revised split is between Hydro One Distribution and provincial ratepayers or between Peterborough RZ and provincial ratepayers.

**Response:**

- a) The revised split is between Peterborough RZ and provincial ratepayers.



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