



Hydro One Networks Inc.

483 Bay Street  
7th Floor South Tower  
Toronto, Ontario M5G 2P5  
HydroOne.com

**Kathleen Burke**

VP, Regulatory Affairs  
T 416-770-0592  
Kathleen.Burke@HydroOne.com

**BY EMAIL AND RESS**

November 11, 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-2024-0032 – Hydro One Networks Inc. – Application for 2025 Distribution Rates – Interrogatory Responses**

In accordance with Procedural Order No.1, please find attached responses provided by Hydro One to interrogatory questions posed by Ontario Energy Board (“OEB”) staff and Richard Gruchala. Intervenor interrogatory responses have been assigned Exhibit I and have been addressed in the following Exhibit order:

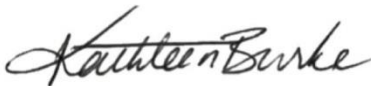
<b>Exhibit</b>	<b>Tab</b>	<b>Intervenor</b>
I	1	OEB Staff
I	2	Richard Gruchala

In addition, Hydro One has updated its DVA Continuity Schedule to reflect the Q3 and Q4 2024 OEB-prescribed interest rates and certain other attachments to Exhibit A-04-01 to reflect the Preliminary 2025 Uniform Transmission Rates (“Preliminary UTRs”) as shown in the following table. All other excels remain unchanged unless indicated otherwise.

<b>Exhibit</b>	<b>File Name</b>	<b>Updated (“U”)</b>
Exhibit A-04-01-01	Consolidated DVA Continuity Schedule (Excel Only)	U: 2024-11-11
Exhibit A-04-01-02	Allocation of Consolidated RSVA Balances (Excel Only)	2024-08-30
Exhibit A-04-01-03	Hydro One DVA Continuity Schedule (Excel Only)	U: 2024-11-11
Exhibit A-04-01-04	Derivation of Wheeling Credit Amounts (Excel Only)	2024-08-30
Exhibit A-04-01-05	GA Analysis Work Form (Excel Only)	2024-08-30
Exhibit A-04-01-06	2025 Rate Design (Excel Only)	U: 2024-11-11
Exhibit A-04-01-07	2025 Sub-Transmission Rates (Excel Only)	U: 2024-11-11
Exhibit A-04-01-08	2025 Retail Transmission Service Rates (Excel Only)	U: 2024-11-11
Exhibit A-04-01-09	2025 Revenue Reconciliation (Excel Only)	U: 2024-11-11
Exhibit A-04-01-10	2025 Rate Rider Derivation for Group 1 DVAs (Excel Only)	U: 2024-11-11
Exhibit A-04-01-11	2025 Bill Impacts (Excel Only)	U: 2024-11-11
Exhibit A-04-01-12	2024 Current Tariff of Rates and Charges Schedule (PDF Only)	2024-08-30 (not re-filed)
Exhibit A-04-01-13	2025 Proposed Tariff of Rates and Charges Schedule (Excel Only)	U: 2024-11-11

An electronic copy of these responses has been submitted using the Board’s Regulatory Electronic Submission System.

Sincerely,



Kathleen Burke

## OEB STAFF INTERROGATORY - 01

### Reference:

1. Exhibit A-4-1, Pages 10-11
2. A-04-01-04 - Derivation of Wheeling Credit

### Preamble:

On April 30, 2020, the OEB approved Hydro One's request to acquire the distribution businesses of Orillia Power Distribution Corporation (Orillia Power Distribution)<sup>1</sup>. The integration into Hydro One's distribution system was completed on June 1, 2021. Hydro One is requesting approval to recover and allocate credits for the wheeling and supply of power for two generation stations embedded in Hydro One's distribution system. These amounts are for the years 2021-2023.

Post-integration, credits related to the wheeling agreements are manually calculated and applied to Orillia RZ customers, while equivalent debits are applied to Hydro One Distribution. These credits do not impact the consolidated Group 1 Deferral and Variance Account (DVA) balances or Hydro One's consolidated financial statements.

### Interrogatory:

- a) Hydro One states that the wheeling agreements were updated and remain in place. Please provide copies of the original and updated agreements.
- b) Please confirm how the concept of "wheeling" is applied in the post-integration structure between Hydro One and Orillia Power Generation Corporation. What specific changes, if any, occurred in the definition and practice of wheeling after Orillia Power Distribution's integration into Hydro One?
- c) Please explain how the pre-integration accounting treatment of wheeling credits was managed and how it differs from the proposed approach post-integration. Please provide the reference to Orillia's rate application where the wheeling agreement and its treatment was explained.
- d) Please explain how the calculation of the credits currently differs from the calculation done pre-integration.

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<sup>1</sup> EB-2018-0270

1 e) Hydro One states that EB-2024-0033 is the first annual update application where these  
2 wheeling benefits are proposed to be provided to Orillia RZ customers for the years  
3 2021, 2022, and 2023. Why were the credits for 2021 and 2022 not included in Hydro  
4 One's 2023 and 2024 rate applications?

5  
6 f) What controls or procedures are in place to ensure the accuracy and consistency of  
7 these manual calculations?

8  
9 g) How will the wheeling credit benefits be accounted for in future filings and does Hydro  
10 One plan to move away from manual calculations?

11  
12 **Response:**

13 a) Copies of the Wheeling Agreements have been filed confidentially with the OEB in  
14 accordance with the Practice Direction on Confidential Filings.

15  
16 b) With respect to the application of the concept of "wheeling", there is no change  
17 between pre-integration and post-integration. Please refer to part d) below for further  
18 details related to how the Wheeling Credits were applied in the pre-integration  
19 structure and are applied in the current post-integration structure.

20  
21 c) Pre-integration, Hydro One Distribution provided the Wholesale Market Service  
22 Charge (WMSC) and Retail Transmission Service Rate (RTSR) credits on the OPGC  
23 and Orillia Power Distribution Corporation (OPDC) monthly bills, respectively.

24  
25 Specifically for Hydro One Distribution, the WMSC benefit to OPGC was recognized  
26 as a deduction to WMSC revenues and ultimately reflected in the WMSC variance  
27 account (1580). The RTSR benefit to OPDC resulted in lower RTSR revenues and  
28 ultimately reflected in the RTSR variance accounts (1584 and 1586).

29  
30 Please refer to OPDC's last Cost of Service Application, EB-2009-0273, Exhibit 2, Tab  
31 3, Schedule 2 for an explanation of the treatment of the Wheeling Agreements.

32  
33 d) Please refer to the following comparison with respect to the calculation of the Wheeling  
34 Credits.

35 **i. WMSC:**

- 36 • Pre-integration: Hydro One calculated the monthly WMSC credit by applying the  
37 applicable WMSC rate to the generator outputs (kWh) and provided the calculated  
38 credit to Orillia Power Generation Corporation (OPGC) on their monthly bill. OPGC  
39 transferred this monthly credit amount to OPDC, who then recorded it in their  
40 WMSC variance account (1580). OPDC customers realized the benefits when  
41 OPDC disposed of their WMSC variance account (1580) balance.

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- Post-integration: Hydro One calculates the WMSC credit in a similar manner as described above (pre-integration). However, Hydro One no longer provides the monthly credit to OPGC (as OPGC is no longer able to pass it on to OPDC). Instead, the annual credit is added to the Orillia RZ's allocated balances in Account 1580, and an equivalent debit amount is added to Hydro One Distribution's allocated balances in Account 1580. This is consistent with the allocation presented in Exhibit A-04-01-02 (Allocation of Group 1 RSVA Balances)

**ii. RTSR:**

- Pre-integration: Hydro One deducted the generator output (kW) from OPDC's RTSR billing quantities, and thus billed OPDC based on lower RTSR billing quantities on their Sub-Transmission (ST) bills. This was reflected in the OPDC's RTSR variance accounts (1584 and 1586) balances and subsequently, OPDC customers realized the benefits when these accounts were disposed of.
- Post-integration: Hydro One calculates the RTSR credits using the billing quantities (kW) established in the updated Wheeling Agreements and applicable RTSR charges. The calculated credit amount is added to the Orillia RZ's allocated balances in Accounts 1584 and 1586, and an equivalent debit amount is added to Hydro One Distribution's allocated balances in Accounts 1584 and 1586. This is consistent with the allocation presented in Exhibit A-04-01-02 (Allocation of Group 1 RSVA Balances).

e) The 2023 Applications (Orillia and Peterborough RZs,<sup>2</sup> Hydro One Distribution<sup>3</sup>) only reflected balances up to and including 2020. As such, the impact of Wheeling Credits for 2021 or 2022 was not applicable to the 2023 Applications.

Although the 2024 Applications (Orillia and Peterborough RZs,<sup>4</sup> Hydro One Distribution<sup>5</sup>) did dispose of accumulated balances for 2021 and 2022, the impact of the Wheeling Credits was not included in addition to the allocated balances for 2021 and 2022. Hydro One did not include the impact for the Wheeling Credits in the 2024 Applications and instead included the impact for the period since integration (2021, 2022 and 2023) in the current application (2025 Application).

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<sup>2</sup> EB-2022-0040  
<sup>3</sup> EB-2021-0110  
<sup>4</sup> EB-2023-0059  
<sup>5</sup> EB-2023-0030

1 f) Consistent with the calculations outlined in Exhibit A-04-01-04 (Derivation of Wheeling  
2 Credit Amounts) the following inputs are required in order to calculate the benefits  
3 associated with the Wheeling Agreements:  
4

5 **WMSC Credit Calculation:**

6 **Billing Units:** Monthly generation output (kWh) are required per generation station.  
7 This is available directly from the generator station's meter readings.  
8

9 **Rates:** Applicable WMSC (minus IESO fees) and the Rural and Remote Rate  
10 Protection (RRRP) Charge are applied to the above-mentioned units to derive the  
11 WMSC wheeling credit amounts.  
12

13 **RTSR Credit Calculation:**

14 **Billing Units:** Monthly RTSR billing units are required (kW) per generation station for  
15 Network and Connection charges. These inputs are stipulated in the updated  
16 Wheeling Agreements.  
17

18 **Rates:** Applicable RTSR Network and Connection charges are applied to the above-  
19 mentioned billing units to derive the RTSR wheeling credit amounts.  
20

21 Hydro One has an established process in place that requires multi-level review and  
22 approval of the calculations to ensure accuracy of the calculated credits.  
23

24 Hydro One notes that with respect to the reference to manual calculations in Exhibit  
25 A-04-01, prior to integration Hydro One was required to do the calculations on a similar  
26 basis and reflect these benefits directly on the bills issued to OPDC as an ST customer  
27 and OPGC as further described under part d) above. However, now that OPDC is no  
28 longer billed by Hydro One, there is a need to perform the calculation for the annual  
29 benefits for Orillia RZ customers and include the calculated credits in addition to the  
30 Group 1 DVA balances allocated to Orillia RZ. This is the basis for the reference to  
31 manual calculations in Exhibit A-04-01.  
32

33 g) Hydro One plans to calculate the benefits associated with the Wheeling Agreements  
34 on a consistent manner with the approach utilized in the current Application in future  
35 applications for Orillia RZ.  
36

37 Please refer to part f) above which further addresses the concept of manual  
38 calculations.

**OEB STAFF INTERROGATORY - 02**

**Reference:**

1. Exhibit A -4-1, Pages 10-11
2. A-04-01-04 - Derivation of Wheeling Credits
3. A-04-01-02

**Preamble:**

Hydro One has provided an Excel breakdown in Reference 2 for the calculation of the wheeling credit amounts for the affected RSVA accounts. These amounts are a debit and corresponding credit to Hydro One and Orillia Rate Zone's RSVA accounts as summarized below:

**Table 1 - Wheeling Amounts for 2021-2023<sup>1</sup>**

Account Name	Account Number	2021	2022	2023
RSVA - Wholesale Market Service Charge	1580	\$101,158	\$113,085	\$211,494
Variance WMS – Subaccount CBR Class B	1580	\$18,153	\$20,873	\$24,769
RSVA – Retail Transmission Network Charge	1584	\$210,727	\$389,431	\$416,950
RSVA – Retail Transmission Connection Charge	1586	\$161,591	\$260,916	\$303,672
Total		\$491,629	\$784,306	\$956,885
Interest				\$139,882
<b>Total Impact</b>				<b>\$2,371,702</b>

**Interrogatory:**

- a) Please confirm whether Hydro One is in agreement with OEB staff's summary table above, including the values and calculations. If not, please explain, and update OEB Staff Table 1, as required.
- b) Please update Table 1 above for yearly interest calculations for each DVA account.
- c) Please reconcile the amounts in A-04-01-04 to the amounts shown in A-04-01-02 (Allocation of 2023 Group 1 RSVA Balances) and the above Table 1, specifically "Adjustments as per Orillia Wheeling Agreement".

<sup>1</sup> The calculated debit amounts are added to the Group 1 DVA balances allocated to Hydro One and equivalent credit amounts added to the Group 1 DVA balances allocated to Orillia RZ.

1 d) Please confirm that the wheeling credit amounts for the affected RSVA accounts are  
2 shown in the "Transactions Debit / (Credit) During 2023" columns of the DVA  
3 Continuity Schedules. If this is not the case, please explain.

4

5 e) Please explain why the wheeling credit amounts for the affected RSVA accounts are  
6 not shown as principal adjustments on the DVA Continuity Schedules.

7

8 **Response:**

9 a) Hydro One agrees with the summary table provided by OEB staff. However, Hydro  
10 One notes that the total impact should add to \$2,372,702 (the summary table shows  
11 the total impact as \$2,371,702).

12

13 b) Please see the requested table for the calculated amounts for 2021, 2022 and 2023  
14 below:



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Account Name	Account Number	2021 - Principal (A)	Interest for 2021 (A1)	Interest for 2022 (A2)	Interest for 2023 (A3)	2022 - Principal (B)	Interest for 2022 (B1)	Interest for 2023 (B2)	2023 - Principal (C)	Interest for 2023 (C1)	Total Principal (A+B+C)	Total Interest (A1+A2+A3+B1+B2+C1)
RSVA - Wholesale Market Service Charge	1580	\$101,158	\$577	\$1,937	\$5,103	\$113,085	\$2,166	\$5,705	\$211,494	\$10,670	\$425,737	\$26,158
Variance WMS – Subaccount CBR Class B	1580	\$18,153	\$103	\$348	\$916	\$20,873	\$400	\$1,053	\$24,769	\$1,250	\$63,795	\$4,069
RSVA – Retail Transmission Network Charge	1584	\$210,727	\$1,201	\$4,035	\$10,631	\$389,431	\$7,458	\$19,647	\$416,950	\$21,035	\$1,017,108	\$64,007
RSVA – Retail Transmission Connection Charge	1586	\$161,591	\$921	\$3,094	\$8,152	\$260,916	\$4,997	\$13,163	\$303,672	\$15,320	\$726,179	\$45,648
<b>Total</b>		<b>\$491,629</b>				<b>\$784,306</b>			<b>\$956,885</b>		<b>\$2,232,819</b>	<b>\$139,882</b>
<b>Total Impact</b>												<b>\$2,372,701</b>

2

3 c) The amounts shown in Exhibit A-04-01-04 (Derivation of Wheeling Credit Amounts) reflect the principal amounts only. In the table  
 4 provided in part b) above, the total principal amount for 2021 (A) is consistent with the total shown in tab “2021” in Exhibit A-04-01-  
 5 04 (cell N20). Similarly, the total principal amounts for 2022 (B) and 2023 (C) are consistent with the total amounts shown in tabs  
 6 “2022” and “2023” respectively of Exhibit A-04-01-04 (cell N28).

1 The table in part b) above also confirms that the total principal and interest amounts  
2 (2021-2023 combined) for each of the impacted RSVAs are consistent with those  
3 shown as “Adjustments as per Orillia Wheeling Agreement” in Exhibit A-04-01-02  
4 (Allocation of Group 1 RSVA Balances).

5

6 d) Confirmed.

7

8 e) Exhibit A-04-01-02 (Allocation of Group 1 RSVA Balances) reflects the allocation of  
9 consolidated 2023 principal and interest balances to Hydro One Distribution,  
10 Peterborough RZ and Orillia RZ. The allocated balances, combined with the impact of  
11 the Wheeling Credits for the calculated amounts for 2021, 2022 and 2023 (the period  
12 since integration), were therefore recorded as transactions in 2023 for both principal  
13 (from Table 2 of Exhibit A-04-01-02) and interest (from Table 3 of Exhibit A-04-01-02)  
14 in Exhibit A-04-01-03 (HONI Distribution Continuity Schedule).<sup>2</sup> As further stated in  
15 Exhibit A-04-01, this is Hydro One’s first annual update application where these  
16 benefits are proposed to be provided to the Orillia RZ customers and as such it was  
17 shown under 2023 transactions.

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<sup>2</sup> Please also refer to Table 2, footnote 3 and Table 3, footnote 2 in Exhibit A-04-01-02.

## OEB STAFF INTERROGATORY - 03

### Reference:

1. EB-2023-0030/EB-2023-0059 Settlement Proposal, Page 10, May 24, 2024
2. Exhibit A-4-1, Pages 10-11
3. A-04-01-04 - Derivation of Wheeling Credits
4. [OEB Letter](#), Adjustments to Correct for Errors in Electricity Distributor "Pass -Through" Variance Accounts After Disposition, October 31, 2019

### Preamble:

In the settlement proposal in the 2024 rates proceeding, at reference 1 above, the Parties agreed to the disposition of 2021 and 2022 Group 1 DVA balances on a final basis for the Hydro One Distribution rate zone, Peterborough rate zone, and Orillia rate zone.

In the current proceeding, Hydro One is proposing to adjust 2021- 2022 balances that were previously approved for disposition on a final basis in its 2024 rate proceedings.

OEB staff notes that Hydro One has not specifically addressed the OEB's October 31, 2019 letter, regarding adjustments to correct for errors after disposition.

For example, the OEB outlined factors that it may consider to determine on a case-by case basis whether to make a retroactive adjustment based on the particular circumstances of each case.

### Interrogatory:

- a) Please describe how Hydro One has addressed the OEB's concerns noted in the OEB's October 31, 2019 letter regarding adjustments to correct for errors in Electricity Distributor "Pass-Through" Variance Accounts after disposition. Without limiting the generality of this request, please ensure that you address the four factors shown at p.2 of the letter.
- b) Please provide OEB precedents where the OEB has approved corrections to Hydro One balances previously disposed on a final basis, specifically where such corrections were a credit to customers. Please provide the EB# and the date of the respective OEB decision.

1        **Response:**

2        a) In the preamble to this interrogatory, OEB Staff notes that “In the current  
3        proceeding, Hydro One is proposing to adjust 2021-2022 balances that were  
4        previously approved for disposition on a final basis in its 2024 rate proceedings.”  
5        For clarification, Hydro One is not proposing to adjust 2021-2022 balances  
6        previously approved for disposition in the current Application. There were no  
7        accounting errors in the tracked consolidated balances for 2021 and 2022, or in  
8        the allocated balances previously disposed of for 2021 and 2022 and as such, no  
9        adjustment is required. Hydro One is proposing to incorporate the impact of the  
10       Wheeling Agreements into the 2023 transactions in the current Hydro One  
11       Distribution (EB-2024-0032) and the Orillia and Peterborough RZ (EB-2024-0033)  
12       Applications. Additionally, as Hydro One reports these balances on a consolidated  
13       basis, there is no impact resulting from the Wheeling Agreements on the  
14       consolidated balances.

15  
16       Hydro One did not file evidence to address concerns raised by the OEB in the  
17       October 31, 2019 letter regarding adjustments to correct for errors in “Pass-  
18       Through” variance accounts after disposition, as the incorporation of the Wheeling  
19       Credits into 2023 transactions does not represent the correction of an error. As  
20       noted in response to Exhibit I-01-01, part e), Hydro One did not include the impact  
21       for the Wheeling Credits in any previous applications, and has calculated the  
22       Wheeling Credits within the current applications. Since there are no errors in the  
23       consolidated Group 1 balances or the allocation of those balances, the factors  
24       outlined in the October 31, 2019 letter<sup>1</sup> do not apply in this circumstance.

25  
26       b) Hydro One disagrees with the premise of the question, as it has not requested a  
27       correction to the approved balances in the current application as further explained  
28       in part a) above. However, in order to be responsive to the question Hydro One is  
29       providing the following response.

30  
31       Hydro One is aware of two recent examples where the OEB has approved  
32       corrections to Hydro One balances that were disposed of on a final basis, where  
33       such corrections were a credit to customers. This includes:

- 34  
35       • EB-2021-0110 (HONI 2023-27 Custom IR Application) - November 16, 2022.  
36       Through the settlement process, the correction to Transmission external revenues  
37       was accepted and disposed over a one-year period starting in 2023.

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<sup>1</sup> OEB’s letter, October 31, 2019, p. 2

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  - 2
  - 3
- EB-2023-0291 (Application for RGCRP for HONI Distribution, Haldimand and Peterborough RZs) - May 7, 2024. Through the settlement process, a correction in the Account 1533 balance for the Peterborough RZ was accepted.

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**OEB STAFF INTERROGATORY - 04**

**Reference:**

1. Exhibit A-4-1 Pages 22-23
2. EB-2023-0328, Decision and Order

**Preamble:**

On April 18, 2024, the OEB approved the sale of Chapleau Public Utilities Corporation (Chapleau Public Utilities) distribution system assets to Hydro One. On August 2, 2024, Hydro One notified the OEB that the sale and integration of Chapleau Public Utilities was completed. Former Chapleau Public Utilities customers have been mapped to corresponding Hydro One rate classes. As part of this acquisition Decision<sup>1</sup>, Hydro One's current rate riders will not apply to former Chapleau Public Utilities customers at this time.

As part of the application, Hydro One has provided bill impacts for all former Chapleau Public Utilities rate classes before mitigation.

**Table 1 - CPUC Bill Impacts before Mitigation**

Rate Class	Monthly Consumption (kWh)	Monthly Peak (kW)	Sub-Total						Total	
			A (Distribution Excl. Pass-through)		B (Distribution Incl. Pass-through)		C (Total Distribution and RTSRs)		Total Bill	
			\$	%	\$	%	\$	%	\$	%
R1-CPUC	750		\$2.75	4.0%	\$2.75	3.6%	\$3.31	3.6%	\$3.11	1.8%
GSe-CPUC	2,000		\$85.42	84.6%	\$85.42	67.0%	\$86.74	52.8%	\$81.27	21.7%
GSd-CPUC	29,000	90	\$1,291.01	174.4%	\$1,291.01	146.5%	\$1,307.98	95.8%	\$1,478.01	28.0%
St Lgt-CPUC	220	21	\$379.35	58.4%	\$379.35	49.6%	\$382.97	43.7%	\$358.84	19.6%
Sen Lgt-CPUC	8,300	0.6	\$6.81	17.7%	\$6.81	16.6%	\$6.93	15.8%	\$6.49	10.2%
USL-CPUC	60		\$19.00	89.2%	\$19.00	86.3%	\$19.03	83.0%	\$17.84	64.0%

**Interrogatory:**

- a) Please confirm which, if any, Group 1 or Group 2 Deferral and Variance Accounts (DVAs) are impacted by the bill mitigation measures applied to CPUC customers.
- b) Please provide a detailed calculation of the 2025 bill impacts for CPUC customers after the application of bill mitigation measures.

<sup>1</sup> EB-2023-0328

c) Please confirm if there are any outstanding directives from the acquisition Decision for CPUC that Hydro One is required to account for in this application. If so, provide a summary of how these directives are addressed in the current application.

**Response:**

a) Pursuant to the Acquisition Decision for CPUC, the OEB approved the creation of “Account 1508 – Other Regulatory Assets, Sub Account Bill Impact Mitigation Deferral Account - non-residential customers” to track all expenses associated with the bill mitigation credits for non-residential CPUC customers.<sup>2</sup> Hydro One will start tracking the mitigation costs in 2025 and will bring forward the balances for the OEB’s review in the next rebasing application. Hydro One confirms that the 2023 Group 1 balances as proposed to be disposed in the current Application are not impacted by the mitigation measures for CPUC.

b) The table below provides the 2025 bill impacts for CPUC customers, before and after the bill mitigation measures approved by the OEB in the Acquisition Decision for CPUC (EB-2023-0328). Please note that these bill impacts are consistent with the updated Proposed Tariff of Rates and Charges (A-04-01-13) as filed along with these interrogatory responses.

Rate Class	Monthly Consumption (kWh)*	Monthly Peak (kW)	Current (2024) Total Monthly Bill (A)	Proposed (2025) Total Monthly Bill-without mitigation (B)	Bill Impact-without mitigation (C=B-A)	Bill Impact-without mitigation (D=C/A)	Proposed (2025) Total Monthly Bill-with mitigation (B1=A*1.1)	Bill Impact-with mitigation (C1=B1-A)	Bill Impact-with mitigation (D1=C1/A)
R1-CPUC	750		\$170.40	\$174.11	\$3.71	2.2%	Not Applicable	Not Applicable	Not Applicable
GSe-CPUC	2,000		\$374.85	\$457.35	\$82.50	22.0%	\$412.33	\$37.48	10.0%
GSd-CPUC	29,000	90	\$5,273.31	\$6,771.53	\$1,498.22	28.4%	\$5,800.64	\$527.33	10.0%
St Lgt-CPUC	8,300	21	\$1,827.63	\$2,190.72	\$363.09	19.9%	\$2,010.40	\$182.76	10.0%
Sen Lgt-CPUC	220	0.6	\$63.97	\$70.56	\$6.58	10.3%	\$70.37	\$6.40	10.0%
USL-CPUC	60		\$27.88	\$45.74	\$17.86	64.1%	\$30.66	\$2.79	10.0%

\* Hydro One notes that the monthly consumption values for Street and Sentinel Light rate classes were inadvertently flipped in Table 13 of Exhibit A-04-01.

c) There are no outstanding directives from the Acquisition Decision for CPUC.

<sup>2</sup> EB-2023-0328, Decision and Order, Section 4.4.1



**OEB STAFF INTERROGATORY - 05**

**Reference:**

1. EB-2024-0032/EB-2024-0033 A-04-01-05\_GA Analysis Workform, Consolidated
2. EB-2024-0032/ EB-2024-0033 A-04-01-1\_DVA Continuity Schedule, Consolidated
3. EB-2023-0030/EB-2023-0059 Settlement Proposal, Table 7, Page. 27, May 24, 2024
4. EB-2023-0030/EB-2023-0059, Settlement Proposal, Attachment 1.4,\_HONI GA Analysis Workform\_Settlement, 20240524

**Preamble:**

On tab "Principal Adjustments" of the GA Analysis Workform, Hydro One is showing a debit of \$4,562,448 for Account 1588 and a debit of \$3,789,140 for Account 1589 for "Total Current Year Principal Adjustments". Normally this would show on the opposite sign in the DVA Continuity Schedule in column AG "Variance RRR vs. 2023 Balance(Principal + Interest)".

Although the DVA Continuity Schedule is showing a credit of \$4,562,448 for Account 1588, Account 1589 is showing a credit of \$3,699,531. There is the following difference shown for Account 1589.

**Account 1589 Amount**

GA Analysis Workform	\$3,789,140
DVA Continuity Schedule	<u>\$3,699,531</u>
Difference	<u>\$89,609</u>

In the EB-2023-0030/EB-2023-0059 Settlement Proposal related to Hydro One's 2024 rate proceedings, the Parties agreed to a 10% disallowance on the Peterborough rate zone Account 1589 pre-integration balance from January 1, 2021 to May 31, 2021. This amount was \$89,609. A credit of \$88,018 was recorded as a 2022 principal adjustment in that proceeding.

**Interrogatory:**

- a) Please explain why \$89,609 is shown as a debit to Account 1589 in the GA Analysis Workform in the current proceeding for 2025 rates (included as part of the \$3,789,140), when it was approved as a credit in Hydro One's 2024 IRM rate proceeding for the Peterborough rate zone.
- b) If the \$89,609 was recorded as a credit in Hydro One's 2024 general ledger, please explain whether it should be reversed as a debit principal adjustment for 2024

1 balances in the DVA Continuity Schedule (to be disposed in 2026 rates), as opposed  
2 to 2023 balances in the current proceeding (to be disposed in 2025 rates).

3

4 **Response:**

5 a) The 2023 GA Analysis Workform does not include the \$89,609 disallowance on the  
6 Peterborough rate zone as it is not a transaction that occurred in 2023. However, this  
7 amount was reflected as both principal (\$88,018) and interest (\$1,591) credit  
8 adjustments under the 2021 principal and interest adjustments of the Consolidated  
9 DVA Continuity Schedule submitted as part of EB-2023-0030/EB-2023-0059  
10 Settlement Proposal.

11

12 b) The total disallowance was recorded as a credit to the respective principal and interest  
13 balances in Hydro One's 2024 general ledger. These amounts will be reversed as  
14 debits to the respective principal and interest adjustment for the 2024 balances in the  
15 DVA Continuity Schedule as part of the 2026 annual update.

## OEB STAFF INTERROGATORY - 06

### Reference:

1. EB-2023-0030, Partial Decision and Rate Order, December 14, 2023, Page. 16
2. Instructions for Completing GA Analysis Workform – 2025 Rates
3. EB-2024-0032/ EB-2024-0033 A-04-01-05\_GA Analysis Workform, Consolidated
4. EB-2023-0030/EB-2023-0059, Settlement Proposal, Attachment 1.4,\_HONI GA Analysis Workform\_Settlement, 20240524

### Preamble:

In the 2024 Custom IR Update proceeding decision for Hydro One Distribution, it was noted that Hydro One made equal and offsetting reclassification adjustments to the 2021 and 2022 balances in Accounts 1588 and 1589 of \$24.8 million for 2021 and \$20.9 million for 2022. These adjustments pertained to the Hydro One Distribution rate zone only.

The OEB has posted on its website “Instructions for Completing GA Analysis Workform - 2025 Rates”. In Appendix A “GA Analysis Workform - Examples of Reconciling Items and Principal Adjustments”, an example was shown regarding how to reflect principal adjustments in the general ledger and the DVA Continuity Schedule.

In the GA Analysis Workform filed by Hydro One on May 24, 2024 for its 2024 Custom IR Update proceeding, tab “Principal Adjustments”, shows the following was recorded in Hydro One’s general ledger:

- 2023 general ledger – equal and offsetting reclassification adjustments to the 2021 and 2022 balances in Accounts 1588 and 1589 of \$24,748,877 for 2021 and \$20,162,335 for 2022
- 2024 general ledger – Account 1589 credit of \$88,018

However, the above noted amounts that Hydro One stated were recorded in its 2023 general ledger were not shown as reversing amounts in the GA Analysis Workform filed in the current proceedings for 2025 rates. In the current proceedings’ GA Analysis Workforms these amounts were labelled as a “One time correction”.

### Interrogatory:

- a) Please explain why Hydro One has not reversed the amounts recorded in its 2023 general ledger (as per the GA Analysis Workforms filed by Hydro One on May 24, 2024) as 2024 principal adjustments in the current proceedings’ GA Analysis Workforms (for 2025 rates) and DVA Continuity Schedules. These amounts are the

1 equal and offsetting reclassification adjustments to the 2021 and 2022 balances in  
2 Accounts 1588 and 1589 of \$24,748,877 for 2021 and \$20,162,335 for 2022.

3

4 b) If Hydro One proposes to deviate from the OEB's "Instructions for Completing GA  
5 Analysis Workform – 2025 Rates", please explain.

6

7 **Response:**

8 a) Hydro One does not consider a reversal of these adjustments appropriate in the  
9 current application. The adjustments have already been reflected in 2021 and 2022  
10 DVA Continuity Schedules and were recorded in the 2023 general ledger. The  
11 amounts form part of the "Net Change in Principal Balance in the GL" amount of  
12 \$23.4M in the GA Analysis Workform. Therefore, no reversal is required since this was  
13 a one-time correction on the DVA Continuity Schedule.

14

15 b) Hydro One considers the above treatment compliant with the OEB's "Instructions for  
16 Completing GA Analysis Workforms – 2025 Rates" and does not propose to deviate.  
17 The "Principal Adjustment" section of the GA Analysis Workform provides opportunity  
18 for an "explanation if not to be reversed in current application". Hydro One has  
19 identified these amounts as "One time correction" entries.

**OEB STAFF INTERROGATORY - 07**

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**Reference:**

EB-2024-0032/ EB-2024-0033 A-04-01-05\_GA Analysis Workform, Consolidated

**Preamble:**

In the consolidated GA Analysis Workforms, tab “Principal Adjustments” Hydro One has recorded the “CT 148 true-up of GA Charges based on actual RPP volumes”, as a debit of \$142,370 to Account 1588 and a debit of \$209,939 to Account 1589 for 2023 balances.

**Interrogatory:**

a) Please explain why the amounts recorded as 2023 balances as CT 148 true-ups in the GA Analysis Workform are not equal and offsetting for Accounts 1588 and 1589.

**Response:**

a) The CT 148 true-up of GA charges was based on the difference between what was accrued by the 2023 year-end and what was charged by the IESO for 2023. The true-up of CT 148 then is allocated into Commodity and GA cost accounts, and then reflected in Account 1588 and 1589 respectively. Since the true-up amount is allocated between RPP portion and Non RPP Class B portion, the amounts adjusted in 1588 and 1589 are not offsetting each other.

2023 CT 148 true-up per IESO invoice recognized in 2024 was \$352,308. This amount is then allocated between RPP portion as commodity cost of \$142,370 reflected in 1588 and Non RPP Class B portion as GA cost of \$209,939 respectively.

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## OEB STAFF INTERROGATORY - 08

### Reference:

1. EB-2024-0032/ EB-2024-0033 A-04-01-05\_GA Analysis Workform, Consolidated
2. Instructions for Completing GA Analysis Workform – 2025 Rates

### Preamble:

In the consolidated GA Analysis Workform, tab “Account 1588”, “Account 1588 as % of Account 4705” shows a percentage of a credit of 1.9%. This amount is higher than the OEB’s general threshold of +/-1%, as discussed in the OEB’s “Instructions for Completing GA Analysis Workform – 2025 Rates”, p. 1.

In the Workform, Hydro One explained that “retail sales volume was higher than the purchased volume in 2023, resulting in a bigger RSVA commodity regulatory liability.”

In the OEB’s “Instructions for Completing GA Analysis Workform – 2025 Rates”, p. 6, the OEB stated that “typically, large balances are not expected for Account 1588, as it should only hold the variance between commodity costs based on actual line losses and commodity revenues calculated based on approved line losses.”

### Interrogatory:

- a) Please explain whether Hydro One means that its line loss factor embedded in its base rates was too high, when compared to actual line losses experienced by Hydro One.

### Response:

- a) The 2023 Account 1588 balance exceeded the +/-1% materiality threshold as retail sales volume was higher than the purchased volume in 2023. Hydro One does not mean that the loss factors embedded in base rates are too high.

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**OEB STAFF INTERROGATORY - 09**

**Reference:**

EB-2024-0032/ EB-2024-0033 A-04-01-05\_GA Analysis Workform, Consolidated

**Preamble:**

In the consolidated GA Analysis Workform, tab "GA 2023", Hydro One shows a credit of \$22,461,232 for Account 1589 as a reconciling item (and not a principal adjustment).

Hydro One stated that this amount relates to "retail billed kWh at Weighted Average GA billed Rate adjustment."

**Interrogatory:**

- a) Please further explain the credit of \$22,461,232 for Account 1589.
- b) Please explain why the credit of \$22,461,232 for Account 1589 has been recorded as a reconciling item, as opposed to a principal adjustment, and thereby not reflected as a credit on the DVA Continuity Schedule.

**Response:**

- a) For the 2023 GA Analysis Workform, the reconciliation item of \$22,461,232 is calculated as:

(7,059,477,140 kWh x \$0.074746/kWh) minus \$505,207,497

- b) The \$22,461,232 has been reported as a reconciling item (as opposed to a principal adjustment) to the Account 1589 balance because this reconciling item reflects an adjustment made to the OEB's estimation methodology to calculate the "Weighted Average GA Actual Rate Paid" as noted in the previous proceedings (EB-2023-0030/EB-2023-0059<sup>1</sup>). A principal adjustment is not required as the general ledger already reflects this calculation adjustment.

The annual Weighted Average GA Actual Rate Paid derived based on wholesale volumes is different than the rate that is derived based on retail billed volumes. As such, Hydro One has calculated the expected GA volume variance on a different basis than the calculation in the default GA Analysis Workform, which has resulted in the reconciling item of \$22,461,232.

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<sup>1</sup> EB-2023-0030, Interrogatory Response to I-01-13

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## OEB STAFF INTERROGATORY - 10

### Reference:

EB-2024-0032/ EB-2024-0033 A-04-01-05\_GA Analysis Workform, Consolidated

### Preamble:

In the consolidated GA Analysis Workform, tab "GA 2023", Hydro One shows a credit of \$1,195,744 for Account 1589 as a reconciling item (and not a principal adjustment).

Hydro One stated that this amount relates to "LDC Customers adjustment on the Rate used".

### Interrogatory:

- a) Please further explain the credit of \$1,195,744 for Account 1589.
- b) Please explain why the credit of \$1,195,744 for Account 1589 has been recorded as a reconciling item, as opposed to a principal adjustment, and thereby not reflected as a credit on the DVA Continuity Schedule.

### Response:

- a) As disclosed on the GA Workform Note 3, Hydro One does not bill customers at the same GA rate. Hydro One bills Non-LDC Non-RPP Class B customers at the 1<sup>st</sup> estimation GA rate published by the IESO. Hydro One bills LDC Non-RPP Class B customers at the actual GA rate.

In Note 4, to calculate the Expected GA Amount per the GA Workform, the total Non RPP Class B Billed Consumptions are used in columns C to E, which includes both LDC and Non-LDC customers. However, the calculation applies the 1<sup>st</sup> estimation GA rate in column G to all Non-Class B billed consumptions to estimate the expected GA amount. This is different than how Hydro One bills its Non RPP Class B customers.

Therefore, a further adjustment of \$1,195,744 is required to the Note 4 Expected GA Amount calculation to align with Hydro One's billing practices.

- b) This adjustment is not treated as a principal adjustment on the DVA Continuity Schedule, as it has already been included in the general ledger.

1        This adjustment is calculated as:

2

3

*Adjustment Amount*

4

$= \sum$  (*Monthly LDC NonRPP Class B Consumption*

5

$\times$  *Monthly Actual GA rate*

6

$-$  *\$ Consumption at GA Rate Billed per Note 4)*

## OEB STAFF INTERROGATORY - 11

### Reference:

1. EB-2024-0032/ EB-2024-0033 A-04-01-05\_GA Analysis Workform, Consolidated
2. EB-2023-0030/EB-2023-0059 Settlement Proposal, Page. 11, May 24, 2024

### Preamble:

In the consolidated GA Analysis Workform, tab "GA 2023", Hydro One has shown the following amounts:

- CT 148 True-up of GA Charges based on Actual Non-RPP Volumes - prior year debit of \$1,449,765
- Remove prior year end unbilled to actual revenue differences debit of \$5,321,189

In the the settlement proposal in the 2024 rates proceeding, at reference 2 above, the Parties agreed that starting with the January 1, 2023 Accounts 1588 and 1589 balances, Hydro One shall use a consistent approach for any principal adjustments identified on the GA Analysis Workform and on the DVA Continuity Schedule."

### Interrogatory:

- a) Please confirm that Hydro One has not reversed its prior year amounts of \$1,449,765 and \$5,321,189 in the tab "Principal Adjustments" of the current proceedings' GA Analysis Workforms because these amounts were not recorded as credits in Hydro One's proceedings for 2024 rates; and rather, that Hydro One is recording the principal adjustments consistently going forward, starting January 1, 2023. If this is not the case, please explain.

### Response:

- a) Confirmed. There has been no reversal of the referenced prior year amounts.

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## OEB STAFF INTERROGATORY - 12

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3 **Reference:**

4 EB-2024-0032 A-04-01-10\_DVA Continuity Schedule, Hydro One Distribution  
5

6 **Preamble:**

7 Hydro One Distribution is requesting to recover the sub-account of Account 1595,  
8 Disposition and Recovery/Refund of Regulatory Balances (2021) - HONI and Norfolk/  
9 Haldimand/ Woodstock. The principal amount is a credit of \$5,032,770 and the carrying  
10 charge amount is a debit of \$2,543,084.  
11

12 **Interrogatory:**

13 a) Please explain why the requested claim is a principal amount of Account 1595 (2021)  
14 and a credit of \$5,032,770, but the carrying charge amount is a debit of \$2,543,084,  
15 instead of both components having the same sign (i.e., both credit or debit).  
16

17 **Response:**

18 a) The Account 1595 (2021) balance was approved for disposition in EB-2020-0030 and  
19 EB-2020-0031, which contained a combined principal amount of a *credit* of \$51.6M  
20 and carrying charges of a *debit* of \$3.6M. As a result, there is a credit balance for the  
21 principal amount (of \$5.0M) and a debit balance for carrying charges (of \$2.5M) in the  
22 residual balance of Account 1595 (2021).  
23

24 Please note that Group 1 principal account balances can be volatile, switching from  
25 an asset to liability position or vice/versa on a monthly basis. At the time of filing the  
26 EB-2020-0030 and EB-2020-0031 rate applications, the principal balance in the Group  
27 1 accounts was in a credit position largely driven by Hydro One Distribution, but for  
28 the majority of the months before filing, the principal balance was actually in a debit  
29 position. Therefore, the overall interest which is calculated monthly was also in a debit  
30 position.

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**RICHARD GRUCHALA INTERROGATORY - 01**

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**Reference:**

Exhibit A-4-1, Page 18  
Exhibit A-4-1, Attachment 12, Page 3  
Exhibit A-4-1, Attachment 13, Page 4

**Preamble:**

Delivery rates for some of the low-volume (former) seasonal customers continue to be mitigated and transitioned over a 10 year period. The Tariffs of Rates and Charges referenced above indicate that the “Service Charge - applicable to Seasonal customers” in the low density - R2 class was \$73.88 effective July 1, 2024, and is proposed to rise by 11.85 per cent to \$82.64 effective January 1, 2025.

**Interrogatory:**

Can Hydro One Networks Inc. (Hydro One) explain how this increase in the service charge for these customers fits in with the 10 year transition and mitigation of delivery rates previously approved by the Ontario Energy Board?

**Response:**

Please refer to Exhibit A-04-01-06 (2025 Rate Design), cells K31 to O33 (Summary Table Titled “Derivation of 2025 Mitigated Fixed Charge for Seasonal Customers Moving to R2 Class”).

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1                                   **RICHARD GRUCHALA INTERROGATORY - 02**

2

3    **Reference:**

4    Update A-04-01-11 Dated 20240820

5

6    **Interrogatory:**

7    Can Hydro One provide Bill Impact charts similar to those found in the referenced section  
8    of Hydro One's submission for both year-round residential as well as the former seasonal  
9    class customers at low monthly consumption volumes of 100 and 200 kWh for each of the  
10   R1 (Medium Density) and R2 (Low Density) categories providing the current OEB-  
11   Approved amounts and the Hydro One Proposed amounts for January 1, 2025? Include  
12   examples with Distribution Rate Protection (DRP) applied and without, as well as the Rural  
13   or Remote Rate Protection (RRRP) where applicable.

14

15   **Response:**

16   Please refer to Attachment 1 to this interrogatory response which provides the requested  
17   bill impacts consistent with the updated Proposed Tariff of Rates and Charges (A-04-01-  
18   13) as filed with these interrogatory responses.

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**RICHARD GRUCHALA INTERROGATORY - 03**

**Reference:**

Exhibit A-4-1, Attachment 12, Page 1

Exhibit A-4-1, Attachment 13, Page 1

**Preamble:**

Hydro One's residential service area is currently sub-divided into three density zones as follows: Urban, Medium and Low. Hydro One's website indicates that it

"... periodically conduct(s) density reviews using a Geographic Information System (GIS) tool to identify clusters of customers who may require a rate reclassification as well as verifying that customers are properly classified according to density."

**Interrogatory:**

Can Hydro One fully explain when the GIS tool was first implemented, how it has evolved and how it currently works? How often are the density reviews referred to above undertaken? Are they initiated by Hydro One staff and undertaken on a province wide or regional basis, or do they arise from customer complaints in response to more specific anomalous situations created through the application of its GIS tool? Do Hydro One staff manually intervene in such situations and override the application of the GIS tool? Are relevant Hydro One customers advised when such density reviews are undertaken, or completed? Are Hydro One customers offered the opportunity to provide input in the density review process in anomalous situations?

**Response:**

The current methodology used by Hydro One to establish density boundaries was first approved by the OEB in the Hydro One's 2015-2017 Rate Application (EB-2013-0416). Please refer to Section 1.0 in Exhibit G1, Tab 2, Schedule 1 for a detailed description of the methodology.

With regards to the frequency of these density boundary reviews, below is an excerpt from Hydro One's 2023-2027 Rate Application (EB-2021-0110):<sup>1</sup>

"On an annual basis, Hydro One will create or modify rate class boundaries for known areas of customer growth and ensure that affected customers are reclassified accordingly. Outside of the annual review, there is also an opportunity to update the density boundaries in response to customer inquiries to Hydro One's call centre."

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<sup>1</sup> EB-2021-0110, Exhibit L-01-02, page 2.

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Exhibit I

Tab 2

Schedule 3

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1 Customers impacted by rate reclassification resulting from such reviews are informed  
2 through customer-specific letters.

3

4 Furthermore, Hydro One's next rebasing application, for the rate period 2028-2032 will  
5 include evidence on the Company's plans for density boundary reviews during that period.