



EB-2014-0140

IN THE MATTER OF the *Ontario Energy Board Act*,
1998, S.O. 1998, c.15 (Schedule B);

AND IN THE MATTER OF an application by Hydro One
Networks Inc. seeking changes to the electricity
transmission revenue requirement for 2015 and 2016 to
be effective January 1, 2015 and January 1, 2016.

BEFORE: Emad Elsayed
Presiding Member

Allison Duff
Member

**RATE ORDER
HYDRO ONE NETWORKS INC.
2015 AND 2016 ELECTRICITY TRANSMISSION REVENUE REQUIREMENT AND
2015 RATES**

January 08, 2015

Hydro One Networks Inc. ("Hydro One") filed a complete cost of service application with the Ontario Energy Board (the "Board") on September 16, 2014 under section 78 of the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the electricity transmission revenue requirement for 2015 and 2016 to be effective January 1, 2015 and January 1, 2016. Hydro One also submitted a proposed comprehensive settlement agreement ("Settlement Agreement") that it reached with intervenors representing ratepayers and other groups that participated in Hydro One's last transmission rate hearing (EB-2012-0031). The Board assigned file number EB-2014-0140 to the application.

The Board also established a separate proceeding (EB-2014-0357) on its own motion to issue the 2015 Uniform Transmission Rates (“UTR”) as these rates are generated with the inputs of four other Ontario transmitters.

The Board approved the Settlement Agreement in an oral hearing on December 2, 2014. Hydro One filed a Draft Rate Order (“DRO”) on December 9, 2014. The DRO was filed under both the EB-2014-0140 and the EB-2014-0357 case numbers. Board staff and intervenors were provided with the opportunity to comment on the DRO and submit comments by December 23, 2014.

The DRO included the most recent approved revenue requirements and pool load forecasts for each of the other Ontario transmitters included in the UTR: Five Nations Energy Inc., Canadian Niagara Power Inc., Great Lakes Power Transmission Inc. (“GLPT”), and B2M Limited Partnership as shown below:

- Five Nations Energy Inc. (EB-2009-0387) issued December 9, 2010;
- Canadian Niagara Power Inc. (EB-2001-0034) issued December 11, 2001 and declared interim on December 18, 2014 under EB-2014-0204;
- Great Lakes Power Transmission Inc. (EB-2012-0300) 2014 Revenue Requirement issued December 19, 2013; and
- B2M Limited Partnership (EB-2014-0330), as submitted on December 4, 2015 and now approved as interim by the Board on December 11, 2014.

Subsequent to the Hydro One DRO submission, the Board gave final approval to Great Lakes Power Transmission Inc.’s 2015 revenue requirement and charge determinants on December 18, 2014 under case number EB-2014-0238.

Hydro One’s DRO included an amended revenue allocation formula in the UTR to reflect the fact that the B2M LP assets are entirely in the network pool. The Board provided for an additional comment period to allow the Independent Electricity System Operator (“IESO”) time to complete its analysis of the new allocation formula. On December 19, 2014, the IESO indicated that it could implement the new allocation formula. Board staff and intervenors were provided an opportunity to comment on the DRO and the allocation factor. Only the London Property Management Association and Board staff submitted comments, both in agreement with the DRO as filed.

The Board notes that the DRO implements the Board's Decision for Hydro One for both 2015 and 2016 and shows the resulting calculation of the 2015 UTRs and revenue shares.

The Board finds that Hydro One has reasonably and appropriately reflected the Board's Decision in the 2015 Draft Rate Order. The Board also finds that Hydro One has appropriately reflected the relevant Board decisions regarding the other Ontario transmitters in the 2015 Draft Rate Order, with the exception of GLPT. When the Board issues its 2015 Uniform Transmission Rate Order under EB-2014-0357, it will update the attached Hydro One information with the final approved GLPT amounts as per the Board's EB-2014-0238 decision.

The Board finds it appropriate to issue a final Rate Order approving Hydro One's 2015 transmission revenue requirements and charge determinants for use in setting the 2015 Ontario Uniform Electricity Transmission rates. The Board also approves Hydro One's 2016 Transmission Revenue Requirements and charge determinants which will be updated for current cost of capital parameters before the 2016 Uniform Transmission Rates are approved in late 2015.

THE BOARD ORDERS THAT:

1. The Hydro One Transmission Rates Revenue Requirement for 2015, of \$1,517.9 million as shown in Exhibit 1.0 in Appendix A, is approved.
2. The Hydro One Transmission Rates Revenue Requirement for 2015 (excluding the B2M LP Revenue Requirement) of \$1,477.0 million as shown in Exhibit 2.0 in Appendix A, is approved.
3. The Hydro One Transmission charge determinants for each rate pool as shown in Exhibit 3.0 in Appendix A, are approved.
4. The Wholesale Meter Service and Exit Fee Schedule, attached as Exhibit 4.0 in Appendix A, is approved.
5. The Low Voltage Switchgear Credit, shown on Exhibit 5.0 in Appendix A, is approved.

ISSUED at Toronto, January 8, 2015

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

Appendix A

Rate Order

Hydro One Networks Inc.

**2015 and 2016 Transmission Revenue Requirement and
2015 Rates**

Board File No: EB-2014-0140

Dated: January 8, 2015

**Hydro One
Networks Inc.**
Implementation of Decision with Reasons
EB-2014-0140

Revenue Requirement Summary,
2015 and 2016 and Excluding B2M
LP

(\$ millions)	Supporting Reference	OEB Approved 2015	OEB Approved 2016	B2M LP Impact 2015	B2M LP Impact 2016	OEB Approved Excluding B2M LP 2015	OEB Approved Excluding B2M LP 2016
OM&A	Exhibit 1.1	432.0	437.4	(0.9)	(0.7)	431.1	436.7
Depreciation	Exhibit 1.2	394.2	404.0	(6.8)	(6.8)	387.4	397.3
Return on Debt	Exhibit 1.4	297.4	316.0	(15.1)	(15.2)	282.3	300.7
Return on Equity	Exhibit 1.4	378.5	408.8	(19.5)	(20.0)	359.0	388.8
Income Tax	Exhibit 1.5	65.7	78.6	1.6	0.6	67.4	79.1
Base Revenue Requirement		1,567.8	1,644.8	(40.6)	(42.2)	1,527.2	1,602.6
Deduct: External Revenue	Exhibit 1.6	(31.8)	(32.2)	-	-	(31.8)	(32.2)
Subtotal		1,536.0	1,612.6	(40.6)	(42.2)	1,495.4	1,570.4
Deduct: Export Tx Service Revenue	Exhibit 1.7	(30.9)	(31.7)	-	-	(30.9)	(31.7)
Deduct: Other Cost Charges	Exhibit 1.8	0.0	(36.1)	-	-	0.0	(36.1)
Add: Low Voltage Switch Gear	Note 1	12.8	13.3	-	-	12.8	13.3
Rates Revenue Requirement	Note 2	1,517.9	1,558.1	(40.6)	(42.2)	1,477.3	1,515.9

Note 1: The value of \$13.3M for LVSG in 2016 is an estimate and will be revised once the 2016 Revenue Requirement is finalized in fall 2015.

Note 2: B2M LP information is as per Exhibit A - Revised filed in EB-2014-0330 dated December 4, 2014.

Hydro One Networks Inc.
Implementation of Decision with Reasons on EB-2014-0140

2015 Revenue Requirement by Rate Pool Excluding B2M LP

	Supporting Exhibit	2015 Rate Pool Revenue Requirement Excluding B2M LP (\$ Million)					
		Network (Note 3)	Line Connection	Transformation Connection	Uniform Rates Sub-Total	Wholesale Meter	Total
OM&A	1.1	221.8	43.3	99.6	364.7	0.2	364.8
Other Taxes (Grants-in-Lieu)	Note 1	41.8	9.2	15.3	66.3	0.0	66.3
Depreciation of Fixed Assets	1.2	206.5	43.9	98.8	349.2	0.0	349.2
Capitalized Depreciation	Note 2	(4.0)	(0.9)	(1.5)	(6.4)	0.0	(6.4)
Asset Removal Costs	Note 2	23.8	5.2	9.1	38.1	0.0	38.1
Other Amortization	Note 2	4.1	0.9	1.5	6.5	0.0	6.5
Return on Debt	1.4	172.4	41.2	68.6	282.3	0.0	282.3
Return on Equity	1.4	219.1	52.5	87.4	359.0	0.0	359.0
Income Tax	1.5	43.1	9.1	15.2	67.4	0.0	67.4
Base Revenue Requirement		928.6	204.4	394.0	1526.9	0.3	1527.2
Less Regulatory Asset Credit	1.8	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement		928.6	204.4	394.0	1526.9	0.3	1527.2
Less Non-Rate Revenues	1.6	(19.7)	(4.1)	(8.0)	(31.8)	0.0	(31.8)
Less Export Revenues	1.7	(30.9)			(30.9)		(30.9)
Plus LVSG Credit	8.0			12.8	12.8		12.8
Total Revenue Requirement for UTR		878.0	200.2	398.8	1477.0	0.3	1477.3

Note 1: Included in OEB Approved 2015 OMA total in Exhibit 1.1.

Note 2: Included in OEB Approved 2015 Depreciation total in Exhibit 1.2.

Note 3: The revenue requirement allocated to the Network rate pool excludes the B2MLP 2015 interim revenue requirement show in Exhibit 2.0

Hydro One Networks Inc.					
Implementation of Decision with Reasons, EB-2014-0140					
Hydro One Transmission 2015 Charge Determinants					
Effective January 1, 2015					
(for setting Uniform Transmission Rates, January 1 to December 31, 2015)					
			2015 Total MW (Notes 1, 2)		
Network			246,888		
Line Connection			238,332		
Transformation Connection			204,816		
<i>Note 1: 2015 Charge Determinant per Settlement Agreement Section II, Appendix C, Page 2 of 3.</i>					
<i>Note 2: There is no customer load directly connected to the B2M LP system, therefore exclusion of B2M LP assets do not impact Hydro One charge determinants.</i>					

HYDRO ONE NETWORKS INC.
Ontario, Canada

WHOLESALE METER SERVICE
And
EXIT FEE SCHEDULE

Rate Schedule: HON-MET
Issued: January 8, 2015
Ontario Energy Board

RATE SCHEDULE: HON-MET	HYDRO ONE NETWORKS - WHOLESALE METER SERVICE
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APPLICABILITY:

This rate schedule is applicable to the *metered market participants** that are transmission customers of Hydro One Networks (“Networks”) and to *metered market participants* that are customers of a Local Distribution Company (“LDC”) that is connected to the transmission system owned by Networks.

* The terms and acronyms that are italicized in this schedule have the meanings ascribed thereto in Chapter 11 of the Market Rules for the Ontario Electricity Market.

a) Wholesale Meter Service

The *metered market participant* in respect of a *load facility* (including customers of an LDC) shall be required to pay an annual rate of \$7,900 for each *meter point* that is under the transitional arrangement for a *metering installation* in accordance with Section 3.2 of Chapter 6 of the Market Rules for the Ontario Electricity Market.

The Wholesale Meter Service rate covered by this schedule shall remain in place until such time as the rate is revised by Order of the Ontario Energy Board.

b) Fee for Exit from Transitional Arrangement

The *metered market participant* in respect of a *load facility* (including customers of an LDC) or a *generation facility* may exit from the transitional arrangement for a *metering installation* upon payment of a one-time exit fee of \$ 5,200 per *meter point*.

EFFECTIVE DATE: January 1, 2015	BOARD ORDER: EB-2014-0140	REPLACING BOARD ORDER: EB-2012-0031 January 9, 2014	Page 2 of 2 Wholesale Meter Service Rate & Exit Fee Schedule for Hydro One Networks Inc.
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Hydro One Networks Inc.					
Implementation of Decision with Reasons on EB-2014-0140					
Low Voltage Switchgear (LVSG) Credit					
Effective January 1, 2015					
Charge Determinant (MW)	Transformation Pool Revenue Requirement Before LVSG Credit (\$M)	Rate Before LVSG Credit (\$/kw/month)	Average Monthly NCP Demand for Toronto Hydro & Hydro Ottawa (MW)	LVS Proportion (%)	Final LSVG Credit (\$M)
<i>(Note 1)</i>	<i>(Note 2)</i>		<i>(Note 3)</i>	<i>(Note 4)</i>	
(A)	(B)	(C) = (B)/(A)	(D)	(E)	(F) = (C)x(D)x(E)
204,816	386.0	1.884	2977	19.0%	12.8
<i>Note 1: Per DRO Exhibit 5.0</i>					
<i>Note 2: Equals Total Revenue Requirement for Transformation Connection Pool less Non-Rate Revenues allocated to Transformation Connection Pool, as per information in DRO Exhibit 3.0.</i>					
<i>Note 3: Per EB-2014-0140 Exhibit H1, Tab 3, Schedule 1.</i>					
<i>Note 4: Per EB-2012-0031 Exhibit G1, Tab 4, Schedule 1, page 1.</i>					