

1                    **Energy Probe Research Foundation (EP) INTERROGATORY #1**

2  
3                    **Interrogatory**

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5                    **Ref: Exhibit A, Tab 3, Schedule 2, Page 4, Table 1, Financial Highlights 2015**

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7                    Please Check/Populate the attached Energy Probe Excel Summary Schedule(s)

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9                    **Response**

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11                    Please see the table on the next page for the information requested.

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		Financial Summary 2013-2016					
		Approved	Actual	Approved	Forecast	Proposed	Proposed
		2013	2013	2014	2014	2015	2016
Total OM&A Expense		440.3	388.4	449.7	448.6	452.0	457.4
Depreciation & Amortization		345.0	326.3	371.5	366.5	394.2	404.0
Capital Expenditures		982.4	718.5	1,121.5	899.2	899.4	866.3
Rate Base		9,353.4	9,209.3	9,933.8	9670.7	10,176.5	10,558.0
Return on Capital*		609.3	605.3	659.7	659.6	694.3	739.9
Income Taxes		43.1	78.5	54.5	51.3	71.8	82.8
<b>Total Gross Revenue Requirement</b>		<b>1,437.7</b>	<b>1,398.5</b>	<b>1,535.3</b>	<b>1535.3</b>	<b>1,617.1</b>	<b>1,689.2</b>
External Revenues		-31.6	-46.6	-36.6	-36.6	-28.4	-28.8
Export Revenue Credit		-27.0	-27.0	-34.1	-34.1	-33.4	-34.3
Regulatory Assets Recovery		0.0	-67.4	-30.3	-36.1	-18.0	-18.1
LV Switch Gear		11.6	11.6	12.1	12.1	13.2	13.9
<b>RATES REVENUE REQUIREMENT</b>		<b>1,390.8</b>	<b>1,269.1</b>	<b>1,446.4</b>	<b>1440.6</b>	<b>1550.5</b>	<b>1621.9</b>
	Variation		-121.7		-5.9		
Total Debt*		5,612.1	5,525.6	5,960.3	5,802.4	6,105.9	6,334.8
Common Equity*		3,741.4	3,683.7	3,973.5	3,868.3	4,070.6	4,223.2
Total Rate Base		9,353.4	9,209.3	9,933.8	9,670.7	10,176.5	10,558.0
	Variation		-144.1		-263.1		
<b>CAPEX and In Service Asset Additions</b>							
<b>Capital Expenditures</b>							
Total Sustaining Capital		584.3	480.0	652.1	579.3	581.9	548.6
Total Development Capital		277.8	171.7	354.4	195.6	209.7	211.8
Total Operations Capital		38.5	17.7	42.7	38.5	38.4	37.4
Total Capital Common Corporate Costs& Other		80.6	49.1	71.0	85.8	69.4	68.5
<b>Total Transmission Capital</b>		<b>981.2</b>	<b>718.5</b>	<b>1120.4</b>	<b>899.2</b>	<b>899.4</b>	<b>866.3</b>
	Variation		-262.7		-221.2		
<b>In-Service Asset Additions</b>							
Sustaining		443.3	403.8	701.1	701.1	572.2	480.9
Development		261.8	231.7	205.8	205.8	134.7	119.4
Operations		15.1	5.9	48.0	48.0	50.4	10
Common & Other		64.0	62.4	68.0	68.0	64.1	63.1
<b>TOTAL ISAs</b>		<b>784.2</b>	<b>703.8</b>	<b>1022.9</b>	<b>1,023.1</b>	<b>821.4</b>	<b>673.4</b>
	Variation		-80.4		0.2		
<b>OM&amp;A</b>							
Sustaining		235.7	221.0	246.5	236.2	238.7	241.1

<b>Financial Summary 2013-2016</b>						
	<b>Approved</b>	<b>Actual</b>	<b>Approved</b>	<b>Forecast</b>	<b>Proposed</b>	<b>Proposed</b>
	<b>2013</b>	<b>2013</b>	<b>2014</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Development	13.7	8.6	14.7	12.9	12.9	13.4
Operations	57.7	56.7	58	57.4	58.5	59.1
Customer Care	4.9	5.3	4.7	5.8	5.5	5.5
Common Corporate and Other OM&A	61.9	75.8	59	70.6	70.2	71.3
Property Taxes & Rights Payments	66	21.2	66.8	65.6	66.3	67
<b>TOTAL</b>	<b>439.9</b>	<b>388.6</b>	<b>449.7</b>	<b>448.6</b>	<b>452.1</b>	<b>457.4</b>
<b>Variation</b>		<b>-51.3</b>		<b>-1.1</b>		

1 \*Return on Capital has been calculated on a deemed basis using the allowed rates of return.

**Energy Probe Research Foundation (EP) INTERROGATORY #2**

**Interrogatory**

**Ref: Exhibit A, Tab 15, Schedule 1, Page 5 and  
Exhibit D1, Tab 6, Schedule 1. (not provided)**

Preamble:

Hydro One will base its interest capitalization rate on its embedded cost of debt used to finance the capital expenditures made. The rates used in calculating Capitalized Interest for the Bridge and Test years represent the effective rate of Hydro One Transmission's forecasted average debt portfolio during the year.

- a) For the historic, bridge and test years, please provide the amounts of capital work in progress and show the capitalized interest calculation.
- b) Where is the WIP capitalized interest amount shown in the Revenue Requirement and/or how is it recovered in rates?

**Response**

- a) Please find the interest capitalized amounts and capitalization percentages for Transmission for Historic, Bridge and Test years:

	Historic			Bridge	Test	
	2011	2012	2013	2014	2015	2016
Interest Capitalized (\$ millions)	46.2 <sup>1</sup>	39.6	33.1	31.9	30.1	30.9
Capitalization Rate	4.2%	5.2%	4.8%	4.8%	4.8%	5.0%

<sup>1</sup>Based on the former OEB-prescribed methodology *Allowance for Funds Used During Construction (AFUDC)*, which used the DEX Mid Term Corporate Bond Yield Index as the capitalization rate.

- b) Capitalized interest is included in the capital expenditures shown in Exhibit D1, Tab 3, Schedule 1. These expenditures are recovered through Revenue Requirement once they become in-service additions to Rate Base.



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**2013**

<b>REPRESENTATION</b>	<b>TOTAL NO. EMPLOYEES</b>	<b>TOTAL WAGES</b>	<b>Base Pay</b>	<b>Overtime(Incl Premium)</b>	<b>Incentive</b>	<b>Other**</b>	<b>Average Base Pay</b>
PWU Reg	3,321	361,121,121	282,009,791	63,909,056	5,000.00	15,197,274	84,917
SOCIETY Reg	1,260	137,307,219	127,603,743	6,218,672	18,650.00	3,466,154	101,273
MCP Reg	600	82,932,593	70,297,687	176,885	8,236,068	4,221,953	117,163
<b>Total Reg</b>	<b>5,181</b>	<b>581,360,932</b>	<b>479,911,220</b>	<b>70,304,613</b>	<b>8,259,718</b>	<b>22,885,381</b>	<b>92,629</b>
PWU Temp	205	6,747,274	6,521,171	189,533	0.00	41,214	31,811
Society Temp	46	3,144,181	2,911,798	115,174	0.00	117,601	63,300
MCP Temp	25	1,221,374	1,175,065	1,172	0	45,138	47,003
<b>Total Temp</b>	<b>276</b>	<b>11,112,830</b>	<b>10,608,034</b>	<b>305,878</b>	<b>0.00</b>	<b>203,953</b>	<b>38,435</b>
CASUAL	1781	127,908,507	98,518,887	14,668,063	11,000.00	14,710,557	55,317
<b>TOTAL</b>	<b>7,238</b>	<b>720,387,304</b>	<b>589,038,140</b>	<b>85,278,555</b>	<b>8,270,718</b>	<b>37,799,890</b>	<b>81,381</b>

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<b>2014</b>							
<b>REPRESENTATION</b>	<b>TOTAL NO. EMPLOYEES</b>	<b>TOTAL WAGES</b>	<b>Base Pay</b>	<b>Overtime(Incl Premium)</b>	<b>Incentive</b>	<b>Other**</b>	<b>Average Base Pay</b>
PWU Reg	3,467	381,570,832	300,295,846	65,187,237		16,087,749	86,615
SOCIETY Reg	1,311	145,456,033	135,424,029	6,343,045		3,688,958	103,298
MCP Reg	622	90,121,621	74,332,774	180,423	11,149,916	4,458,508	119,506
<b>Total Reg</b>	<b>5,400</b>	<b>617,148,485</b>	<b>510,052,648</b>	<b>71,710,705</b>	<b>11,149,916</b>	<b>24,235,215</b>	<b>94,454</b>
PWU Temp	381	12,624,883	12,362,231	193,323	0.00	69,328	32,447
Society Temp	103	7,035,467	6,650,294	117,477	0.00	267,695	64,566
MCP Temp	56	2,789,114	2,684,789	1,195	0	103,131	47,943
<b>Total Temp</b>	<b>540</b>	<b>22,449,464</b>	<b>21,697,314</b>	<b>311,996</b>	<b>0.00</b>	<b>440,154</b>	<b>40,180</b>
CASUAL	2283	167,171,831	128,813,583	19,178,514		19,179,734	56,422.94
<b>TOTAL</b>	<b>8,223</b>	<b>806,769,780</b>	<b>660,563,545</b>	<b>91,201,215</b>	<b>11,149,916</b>	<b>43,855,104</b>	<b>80,331</b>

**2015**

<b>REPRESENTATION</b>	<b>TOTAL NO. EMPLOYEES</b>	<b>TOTAL WAGES</b>	<b>Base Pay</b>	<b>Overtime(Incl Premium)</b>	<b>Incentive</b>	<b>Other**</b>	<b>Average Base Pay</b>
PWU Reg	3,435	386,223,662	303,474,633	66,490,982		16,258,047	88,348
SOCIETY Reg	1,281	145,118,122	134,971,583	6,469,906		3,676,634	105,364
MCP Reg	592	87,499,293	72,162,544	184,032	10,824,382	4,328,336	121,896
<b>Total Reg</b>	<b>5,308</b>	<b>618,841,077</b>	<b>510,608,760</b>	<b>73,144,919</b>	<b>10,824,382</b>	<b>24,263,017</b>	<b>96,196</b>
PWU Temp	410	13,842,539	13,569,252	197,190	0.00	76,097	33,096
Society Temp	132	9,162,915	8,693,161	119,827	0.00	349,927	65,857
MCP Temp	85	4,317,515	4,156,628	1,219	0	159,669	48,902
<b>Total Temp</b>	<b>627</b>	<b>27,322,970</b>	<b>26,419,041</b>	<b>318,236</b>	<b>0.00</b>	<b>585,693</b>	<b>42,136</b>
CASUAL	2283	170,515,267	131,389,854	19,562,084		19,563,329	57,551.40
<b>TOTAL</b>	<b>8,218</b>	<b>816,679,314</b>	<b>668,417,655</b>	<b>93,025,239</b>	<b>10,824,382</b>	<b>44,412,039</b>	<b>81,336</b>



<b>2016</b>							
<b>REPRESENTATION</b>	<b>TOTAL NO. EMPLOYEES</b>	<b>TOTAL WAGES</b>	<b>Base Pay</b>	<b>Overtime(Incl Premium)</b>	<b>Incentive</b>	<b>Other**</b>	<b>Average Base Pay</b>
PWU Reg	3,414	391,954,343	307,651,717	67,820,801		16,481,826	90,115
SOCIETY Reg	1,252	144,818,913	134,554,340	6,599,304		3,665,268	107,472
MCP Reg	574	86,541,326	71,367,780	187,712	10,705,167	4,280,666	124,334
<b>Total Reg</b>	<b>5,240</b>	<b>623,314,582</b>	<b>513,573,837</b>	<b>74,607,818</b>	<b>10,705,167</b>	<b>24,427,760</b>	<b>98,010</b>
PWU Temp	437	15,035,958	14,752,093	201,134	0.00	82,731	33,758
Society Temp	148	10,464,228	9,941,815	122,224	0.00	400,189	67,174
MCP Temp	94	4,870,026	4,688,676	1,243	0	180,106	49,880
<b>Total Temp</b>	<b>679</b>	<b>30,370,212</b>	<b>29,382,585</b>	<b>324,600</b>	<b>0.00</b>	<b>663,026</b>	<b>43,273</b>
CASUAL	2283	173,925,572	134,017,651	19,953,325		19,954,596	58,702.43
<b>TOTAL</b>	<b>8,202</b>	<b>827,610,366</b>	<b>676,974,074</b>	<b>94,885,744</b>	<b>10,705,167</b>	<b>45,045,382</b>	<b>82,538</b>

**Energy Probe Research Foundation (EP) INTERROGATORY #4**

**Interrogatory**

**Ref: Exhibit A, Tab 18, Schedule 1, Page 4, Table 2**

- a) Please provide a Table similar to Table 2 that shows the total and breakout of Tx and DX Productivity Savings over the years 2011-2016
- b) Explain which Productivity savings are common to Tx and Dx and how the relative savings have been allocated.
- c) Please provide the Productivity savings related to Cornerstone (Tx and Dx and Other)
- d) Please provide a copy of the Cornerstone Benefits Realization Plan and relate the savings to the Plan by year and allocation to Tx, Dx and Other

**Response**

- a) For 2011-2016 Tx and Dx productivity savings please refer to the following tables.

Distribution	Historical			Bridge Year	Test Years		Distribution Cumulative 2011 - 2016
	2011	2012	2013	2014	2015	2016	
Back Office	4.1	6.5	18.0	23.3	26.7	26.7	<b>105.3</b>
Business Systems	13.2	18.6	29.9	30.6	30.8	31.0	<b>154.0</b>
Business Transformations	0.0	0.0	0.4	13.6	30.9	33.9	<b>78.9</b>
Centralized Operations	0.0	0.6	5.0	5.0	5.3	5.4	<b>21.3</b>
Leveraging Technology	0.0	1.9	3.4	5.7	8.1	9.3	<b>28.4</b>
Miscellaneous Admin	0.0	5.3	5.1	5.2	5.3	5.5	<b>26.4</b>
Process Improvement	0.0	1.0	0.2	0.6	2.4	2.4	<b>6.6</b>
Staff Flexibility	0.0	2.8	5.0	5.1	7.0	10.2	<b>30.2</b>
Telephony	0.0	2.1	1.0	1.5	1.9	2.1	<b>8.6</b>
<b>Total Distribution</b>	<b>17.3</b>	<b>38.8</b>	<b>68.0</b>	<b>90.7</b>	<b>118.4</b>	<b>126.5</b>	<b>459.7</b>

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Transmission	Historical			Bridge Year	Test Years		Transmission Cumulative 2011 - 2016
	2011	2012	2013	2014	2015	2016	
Back Office	4.1	6.5	6.4	8.3	9.5	9.5	<b>44.4</b>
Business Systems	13.2	18.6	27.5	28.1	28.3	28.4	<b>144.2</b>
Business Transformations	0.0	0.0	0.5	3.0	5.7	7.5	<b>16.7</b>
Centralized Operations	0.0	0.6	6.2	6.3	6.6	6.8	<b>26.5</b>
Leveraging Technology	0.0	0.0	0.2	2.1	2.1	2.8	<b>7.2</b>
Miscellaneous Admin	0.0	5.3	6.4	6.5	6.7	6.8	<b>31.7</b>
Process Improvement	0.0	0.1	1.1	2.3	2.2	2.2	<b>7.9</b>
Staff Flexibility	0.0	2.8	5.0	3.6	3.8	3.8	<b>19.0</b>
Telephony	0.0	1.0	1.2	1.9	2.3	2.6	<b>9.0</b>
<b>Total Transmission</b>	<b>17.3</b>	<b>34.9</b>	<b>54.6</b>	<b>62.1</b>	<b>67.2</b>	<b>70.5</b>	<b>306.5</b>

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b) For initiatives that have costs that are common to both Transmission and Distribution, the common cost allocation provided in the Black & Veatch studies is used to determine the percentage allocation between Transmission and Distribution. See the below table for the listing of the common initiatives and the associated percentages.

Category	Initiative Name	Percentage Allocation	
		Tx	Dx
Back Office	Contract Replacement	26.0%	73.0%
Back Office	Inergi Contract Extension	26.0%	73.0%
Business Systems	Cornerstone Ph1, 2	47.9%	52.1%
Business Transformations	AA	41.6%	58.4%
Business Transformations	AIP - Asset Investment Planning	55.6%	44.4%
Business Transformations	HR Pay Project	55.6%	44.4%
Business Transformations	Process Improvements & BPC	55.6%	44.4%
Business Transformations	Workflow of the Future	55.6%	44.4%
Centralized Operations	Electrical Safety Awareness available online	55.6%	44.4%
Centralized Operations	Make Spills Management training available via E Learning	55.6%	44.4%
Centralized Operations	Regular Head Count Reduction	55.6%	44.4%
Centralized Operations	Vendor Rebates	55.6%	44.4%
Leveraging Technology	Employee Travel Policy	55.6%	44.4%
Leveraging Technology	Facilities Energy Efficiency Retrofits	55.6%	44.4%
Leveraging Technology	SMNO - Smart Meter Network Operating	55.6%	44.4%

Category	Initiative Name	Percentage Allocation	
		Tx	Dx
Leveraging Technology	Standards Development for Design	42.3%	57.7%
Leveraging Technology	Work Program Optimization (TSOGs)	55.6%	44.4%
Miscellaneous Admin	Admin Spend Controls	55.6%	44.4%
Process Improvement	Maintain Stock of Regularly Used Items	55.6%	44.4%
Process Improvement	Project Trailer Purchase	55.6%	44.4%
Process Improvement	Smart MFA spend	42.3%	57.7%
Staff Flexibility	Facilities & Real Estate Outsourcing	40.0%	60.0%
Staff Flexibility	Fleet Mechanic Reduction	55.6%	44.4%
Staff Flexibility	Inhouse Retorques on Light Vehicles	55.6%	44.4%
Staff Flexibility	Initial Training: union pays for basic	55.6%	44.4%
Staff Flexibility	Manage Stations Work for Facilities	55.6%	44.4%
Staff Flexibility	Outsourcing Drawing Backlog	55.6%	44.4%
Staff Flexibility	TWHQ - Stations	55.6%	44.4%
Telephony	Cell Contracts	55.6%	44.4%
Telephony	Telecom Expense Management (TEM)	55.6%	44.4%



Filed: 2014-07-17  
 2015-2016 Tx Rates  
 Exhibit I  
 Tab 4  
 Schedule 4  
 Page 5 of 5

<u>Transmission and Distribution</u> <u>CORNERSTONE Productivity Summary Savings</u> (for 2009-2019)												
	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast	Total Projected Savings (per 2009-2019 BP)
<b>Phase 1</b>												
OMA	8.9	16.0	18.2	16.5	16.8	17.6	18.0	18.3	18.7	19.1	19.4	187.4
CAPITAL	6.4	11.1	12.9	27.0	36.6	36.6	36.6	36.6	36.6	36.6	36.6	313.4
<b>Total</b>	<b>15.3</b>	<b>27.1</b>	<b>31.1</b>	<b>43.5</b>	<b>53.4</b>	<b>54.2</b>	<b>54.5</b>	<b>54.9</b>	<b>55.3</b>	<b>55.6</b>	<b>56.0</b>	<b>500.8</b>
<b>Phase 2</b>												
OMA	1.6	3.8	4.6	3.4	4.0	4.5	4.5	4.5	4.5	4.5	4.5	44.5
CAPITAL	1.2	2.7	3.2	-	-	-	-	-	-	-	-	7.1
<b>Total</b>	<b>2.8</b>	<b>6.5</b>	<b>7.8</b>	<b>3.4</b>	<b>4.0</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>51.5</b>
<b>Phase 3</b>												
OMA	-		0.2	0.2	0.9	2.9	3.8	7.0	7.2	7.4	7.5	37.1
CAPITAL	-		2.3	2.3	-	2.8	4.6	4.8	5.0	5.2	5.2	32.2
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2.5</b>	<b>2.5</b>	<b>0.9</b>	<b>5.7</b>	<b>8.5</b>	<b>11.8</b>	<b>12.2</b>	<b>12.6</b>	<b>12.7</b>	<b>69.3</b>
<b>Phase 4</b>												
OMA	-	-	-	-	-	10.3	19.8	19.8	19.8	19.8	19.8	109.2
CAPITAL	-	-	-	-	-	2.8	4.6	4.8	5.1	5.2	5.3	27.9
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13.1</b>	<b>24.4</b>	<b>24.6</b>	<b>24.8</b>	<b>25.0</b>	<b>25.1</b>	<b>137.1</b>
<b>TOTAL</b>												
OMA	10.5	19.8	23.0	20.1	21.7	35.3	46.1	49.6	50.2	50.8	51.2	378.2
CAPITAL	7.6	13.8	18.4	29.3	36.6	42.2	45.8	46.2	46.6	47.0	47.0	380.5
<b>Total</b>	<b>18.1</b>	<b>33.6</b>	<b>41.4</b>	<b>49.4</b>	<b>58.3</b>	<b>77.5</b>	<b>91.9</b>	<b>95.7</b>	<b>96.8</b>	<b>97.8</b>	<b>98.3</b>	<b>758.7</b>
		<b>Reported in previous rate filings</b>										
		<b>Current Productivity Reporting</b>										
Notes:												
Phase 1 includes: 50% of headcount reduction savings												
Phase 2 includes: 50% of headcount reduction savings, IT application reduction savings												
Phase 3 includes: E3, AIP, AA, WWF & BPC												
Phase 4 includes: CIS												

1 **Energy Probe Research Foundation (EP) INTERROGATORY #5**

2  
3 **Interrogatory**

4  
5 **Ref: Exhibit B1, Tab 2, Schedule 1, Page 3.**

6  
7 Preamble:

8 Hydro One Transmission's embedded long term debt, which was issued during the period  
9 from 2000 to 2013, is shown on lines 1 to 34 of Exhibit B2, Tab 1, Schedule 2, page 5 to  
10 6. The rates on these embedded debt issues were approved by the Board as part of the  
11 Board's 2014 Rate Order in EB-2012-0031, dated January 9, 2014.

- 12  
13 a) Please provide a schedule that shows both the actual and forecast (Board Approved)  
14 embedded debt at the end of 2013. include the gross amount as well as the mounts  
15 mapped to Tx and Dx.  
16  
17 b) Please provide a discussion/explanation of differences and the financial consequences  
18 (e.g. Revenue Requirement impact) of these differences.

19  
20 **Response**

21  
22 Please see Hydro One's response to CME's interrogatory 4 Attachment 1 for the  
23 historical and forecast long term debt schedules. This exhibit was not included as part of  
24 the HONI Tx Rates Information Package.

25  
26 Please find attached a revised Exhibit B1, Tab 2, Schedule 1 (Attachment 1). The  
27 references to Exhibit B2, Tab 1, Schedule 2 have been updated due to a change in the  
28 format of the tables.

29  
30 Please also note that Exhibit B1, Tab 1, Schedule 1, page 3, line 9-10 should read  
31 "Historical long-term debt cost information is filed at Exhibit B2, Tab 1, Schedule 2,  
32 pages 1 to 6." (instead of pages 1 to 12), due to a change in format of tables.

33  
34 In addition, Exhibit B2, Tab 1, Schedule 2 from EB-2013-0416 for Hydro One's  
35 Distribution rate application, updated May 30, 2014 has been included as Attachment 2.

- 36  
37 a) See page 4 of Exhibit B2, Tab 1, Schedule 2 (CME interrogatory #4 Attachment 1)  
38 for the year 2014 for both the actual and forecast (Board Approved) embedded debt at  
39 the end of 2013 (lines 1 to 32) for Hydro One Transmission.

40  
41 See page 5 of Exhibit B2, Tab 1, Schedule 2 (Attachment 2) for the year 2014 from  
42 EB-2013-0416 for both the actual and forecast debt at the end of 2013 (lines 1 to 32)  
43 for Hydro One Distribution.

- 1 b) Embedded debt shown on lines 1 to 32 is identical to 2014 Rate Order in EB-2012-
- 2 0031, dated January 9, 2014. For forecast debt issues shown on lines 33 to 35, the
- 3 coupon rates are identical but the amounts have declined. This results in the average
- 4 embedded cost of debt rate increasing from 4.94% (Approved) vs. 4.97% updated.
- 5 There is no impact on the 2014 Revenue requirement.



1                   **B1-02-01 - COST OF THIRD PARTY LONG-TERM DEBT**

2

3           **1.0     HYDRO ONE TRANSMISSION LONG-TERM DEBT**

4

5     The debt portfolio for Hydro One Transmission, as set out in Exhibit B2, Tab 1, Schedule  
6     2, is based on debt issued by Hydro One Networks Inc. to Hydro One Inc., of which the  
7     Transmission business is mapped a portion. Hydro One Networks Inc. issues debt to  
8     Hydro One Inc., reflecting debt issues by Hydro One Inc. to third party public debt  
9     investors.

10

11     Third party public debt investors hold all of the long term debt issued by Hydro One Inc.  
12     Hydro One Inc.'s debt financing strategy takes into consideration the objectives of cost  
13     effectiveness, distributing debt maturities evenly over time, and ensuring the term of the  
14     debt portfolio is compatible with the long life of the Company's assets.

15

16     Hydro One Inc. has a Medium Term Note ("MTN") Program that provides ready access  
17     to issue debt with a term greater than one year into the Canadian debt capital markets.  
18     The standard maturity terms in the area of five, ten and thirty years are preferred by  
19     investors and represent the main financing which Hydro One Inc. utilizes to execute its  
20     financing strategy and raise the required funds. The short form base shelf prospectus for  
21     the current \$3.0 billion MTN Program is provided in Exhibit A, Tab 13, Schedule 2.

22

23           **2.0     CREDIT RATINGS**

24

25     As Hydro One Inc. issues medium term notes in the Canadian public debt markets, credit  
26     ratings are a requirement. The credit ratings of Hydro One Inc.'s debt obligations by  
27     Dominion Bond Rating Service, Moody's Investors Service and Standard & Poor's  
28     Rating Services are as follows:

**Table 1**  
**Credit Ratings for Hydro One Inc.**

Rating Agency	Short-term Debt	Debt
Standard & Poor's Rating Services (S&P)	A-1	A+
Dominion Bond Rating Service (DBRS)	R-1(middle)	A(high)
Moody's Investors Service (Moody's)	Prime-1	A1

The most recent rating agency reports are provided in Exhibit A, Tab 12, Schedule 1.

### **3.0 COST OF LONG-TERM DEBT**

The long term debt rate is calculated as the weighted average rate on embedded debt, new debt and forecast debt planned to be issued in 2014, 2015 and 2016. The weighted average rate on long term debt rate is 5.02% for 2015 and 5.08% for 2016. Details of Hydro One Transmission's long term debt rate calculation for the 2014 bridge year and 2015 and 2016 test years are identified at Exhibit B2, Tab 1, Schedule 2, pages 4 to 6.

The amount of each Hydro One Networks Inc. debt issue that is mapped to the Transmission business is based on its most recent forecast of borrowing requirements. Borrowing requirements are driven mainly by debt retirement, capital expenditures net of internally generated funds, and the maintenance of its capital structure. For example, in January of 2012, Hydro One Inc. issued \$300 million of ten-year notes with a 3.20% coupon rate, of which \$154 million was mapped to Hydro One Transmission, as shown on line 25 of Exhibit B2, Tab 1, Schedule 2, page 5.

The interest rates of debt issues mapped to the Transmission business, as shown in Exhibit B2, Tab 1, Schedule 2, are equal to the actual interest rates on debt issued by

1 Hydro One Networks Inc. to Hydro One Inc., and by Hydro One Inc. to third party public  
2 debt investors.

3  
4 **3.1 Embedded Debt**

5  
6 The Board has determined in its Cost of Capital Report that for embedded debt, the rate  
7 approved in prior Board decisions shall be maintained for the life of each active  
8 instrument, unless a new rate is negotiated, in which case it will be treated as new debt.  
9 Hydro One Transmission's embedded long term debt, which was issued during the period  
10 from 2000 to 2013, is shown on lines 1 to 34 of Exhibit B2, Tab 1, Schedule 2, page 3.  
11 The rates on these embedded debt issues were approved by the Board as part of the  
12 Board's 2014 Rate Order in EB-2012-0031, dated January 9, 2014.

13  
14 **3.2 New Debt**

15  
16 The Board has determined in its Cost of Capital Report that the rate for new debt that is  
17 held by a third party will be the prudently negotiated contract rate. This would include  
18 recognition of premiums and discounts.

19  
20 **3.3 Forecast Debt**

21  
22 Hydro One Transmission's forecast borrowing requirements are \$206 million for 2014,  
23 \$478 million for 2015 and \$592 million for 2016. For planning purposes it is assumed  
24 that debt issuance will be evenly distributed over the standard terms in the area of five,  
25 ten and thirty years, which are preferred by investors, while limiting total annual  
26 maturities for Hydro One Inc. to \$750 million to avoid undue refinancing risk.

27 Table 2 lists the fixed rate MTN's which Hydro One Networks Inc. plans to issue in 2014,  
28 and will be mapped to the Transmission business, as shown on lines 33 to 35 of Exhibit  
29 B2, Tab 1, Schedule 2, page 4.

1  
2  
3

**Table 2**  
**Forecast Debt Issues for remainder of 2014**

<b>2014</b>		
<b>Principal Amount (\$Millions)</b>	<b>Term (Years)</b>	<b>Coupon</b>
68.5	5	3.10%
68.5	10	4.09%
68.5	30	4.93%

4  
5  
6  
7

Table 3 lists the fixed rate MTN's which Hydro One Networks Inc. plans to issue in 2015, and 2016 will be mapped to the Transmission business, as shown on lines 34 to 39 of Exhibit B2, Tab 1, Schedule 2, page 6.

8  
9  
10

**Table 3**  
**Forecast Debt Issues for 2015 and 2016**

<b>2015</b>			<b>2016</b>		
<b>Principal Amount (\$Millions)</b>	<b>Term (Years)</b>	<b>Coupon</b>	<b>Principal Amount (\$Millions)</b>	<b>Term (Years)</b>	<b>Coupon</b>
159.3	5	3.80%	197.5	5	4.30%
159.3	10	4.79%	197.5	10	5.29%
159.3	30	5.63%	197.5	30	6.13%

11

### **3.3 Interest Rates for 2014, 2015 and 2016 Forecast Debt Issues**

12

13

14

15

16

Transmission business borrowing will be financed at market rates applicable to Hydro One Inc. Table 4 summarizes the derivation of the forecast Hydro One Inc. yield for each of the planned issuance terms for 2014, 2015 and 2016.

1  
2

**Table 4**  
**Forecast Yield for 2014-2016 Issuance Terms**

	<b>2014</b>		
	<b>5-year</b>	<b>10-year</b>	<b>30-year</b>
<b>Government of Canada</b>	2.23%	2.90%	3.40%
<b>Hydro One Spread</b>	0.87%	1.19%	1.53%
<b>Forecast Hydro One Yield</b>	3.10%	4.09%	4.93%
	<b>2015</b>		
	<b>5-year</b>	<b>10-year</b>	<b>30-year</b>
<b>Government of Canada</b>	2.93%	3.60%	4.10%
<b>Hydro One Spread</b>	0.87%	1.19%	1.53%
<b>Forecast Hydro One Yield</b>	3.80%	4.79%	5.63%
	<b>2016</b>		
	<b>5-year</b>	<b>10-year</b>	<b>30-year</b>
<b>Government of Canada</b>	3.43%	4.10%	4.60%
<b>Hydro One Spread</b>	0.87%	1.19%	1.53%
<b>Forecast Hydro One Yield</b>	4.30%	5.29%	6.13%

3

4 Each rate is comprised of the forecast Canada bond yield plus the Hydro One Inc. credit  
 5 spread applicable to that term. The ten-year Government of Canada bond yield forecast  
 6 for 2014 is based on the average of the 3 month and 12 month forecast from the  
 7 September 2013 Consensus Forecast. The ten-year Government of Canada bond yield  
 8 forecast for 2015 and 2016 is based on the average of the October 2013 Long Term  
 9 Consensus Forecast. The five- and 30-year Government of Canada bond yield forecasts  
 10 are derived by adding the September, 2013 average spreads (five-year to ten-year for the  
 11 five-year forecast and 30-year to ten-year for the 30-year forecast) to the ten-year  
 12 Government of Canada bond yield forecast. Hydro One's credit spreads over the  
 13 Government of Canada bonds are based on the average of indicative new issue spreads  
 14 for September, 2013 obtained from the Company's MTN dealer group for each planned  
 15 issuance term.

16 Hydro One assumes that forecast debt issuance interest rates for each test year will be  
 17 updated consistent with the ROE methodology, upon the final decision in this case. For

1 rates effective January 1, 2015, the forecast interest rate for Hydro One Transmission  
2 debt issues will be based on the September 2014 Consensus Forecasts and the average of  
3 indicative new issue spreads for September 2014 which will be obtained from the  
4 Company's MTN dealer group for each planned issuance term. For rates effective  
5 January 1, 2016, the forecast interest rate for Hydro One Transmission debt issues will be  
6 based on the September 2015 Consensus Forecasts and the average of indicative new  
7 issue spreads for September 2015 which will be obtained from the Company's MTN  
8 dealer group for each planned issuance term. In addition Hydro One assumes that long  
9 term debt rate will be updated to reflect and take into account the actual issuances of debt  
10 since the time of original application consistent with the OEB's Decision on Hydro One  
11 Transmission's 2013 and 2014 rate application in EB-2012-0031 and changes in the  
12 interest rate forecast.

### 13 14 **3.4 Treasury OM&A Costs**

15  
16 Treasury OM&A costs are incurred to:

- 17
- 18 • execute borrowing plans and issue commercial paper and long term debt;
  - 19 • ensure compliance with securities regulations, bank and debt covenants;
  - 20 • manage the company's daily liquidity position, control cash and manage the  
21 company's bank accounts;
  - 22 • settle all transactions and manage the relationship with creditors; and
  - 23 • communicate with debt investors, banks and credit rating agencies.
- 24

25 These costs are \$1.6 million for both 2015 and for 2016 as shown on line 39, page 5 and  
26 line 41, page 6 of Exhibit B2, Tab 1, Schedule 2.

1 **3.5 Other Financing-Related Fees**

2  
3 Column (e) of Exhibit B2, Tab 1, Schedule 2 ("Premium, Discount and Expenses")  
4 represents the costs of issuing debt. These costs are specific to each debt issue and  
5 include commissions, legal fees, debt discounts or premiums on issues or re-openings of  
6 issues relative to par, and hedge gains or losses.

7  
8 Other financing related fees, \$2.9 million in 2015 and \$3.0 million 2016, identified on  
9 line 40, page 5 and line 42, page 6 of Exhibit B2, Tab 1, S chedule 2, include the  
10 Transmission allocation of Hydro One Inc.'s standby credit facility, annual credit rating  
11 agency, banking, custodial and trustee fees.

HYDRO ONE NETWORKS INC.  
DISTRIBUTION  
Cost of Long-Term Debt Capital  
Historical Year (2010)  
Year ending December 31

Line No.	Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered (\$Millions)	Premium Discount and Expenses (\$Millions)	Net Capital Employed		Effective Cost Rate	Total Amount Outstanding		Avg. Monthly Averages (\$Millions)	Carrying Cost (\$Millions)	Projected Average Embedded Cost Rates
						Total Amount (\$Millions)	Per \$100 Principal (Dollars)		at 12/31/09 (\$Millions)	at 12/31/10 (\$Millions)			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
1	3-Jun-00	7.350%	3-Jun-30	121.6	2.0	119.6	98.37	7.49%	121.6	121.6	121.6	9.1	
2	22-Jun-01	6.400%	1-Dec-11	76.0	(0.2)	76.2	100.28	6.36%	76.0	76.0	76.0	4.8	
3	22-Jun-01	6.930%	1-Jun-32	47.7	0.6	47.1	98.78	7.03%	47.7	47.7	47.7	3.4	
4	17-Sep-02	5.770%	15-Nov-12	213.0	1.0	212.0	99.55	5.83%	213.0	213.0	213.0	12.4	
5	17-Sep-02	6.930%	1-Jun-32	142.0	(5.1)	147.1	103.57	6.65%	142.0	142.0	142.0	9.4	
6	31-Jan-03	5.770%	15-Nov-12	111.0	(0.5)	111.5	100.48	5.70%	111.0	111.0	111.0	6.3	
7	31-Jan-03	6.350%	31-Jan-34	74.0	0.6	73.4	99.21	6.41%	74.0	74.0	74.0	4.7	
8	22-Apr-03	6.590%	22-Apr-43	105.0	0.8	104.2	99.26	6.64%	105.0	105.0	105.0	7.0	
9	25-Jun-04	6.350%	31-Jan-34	48.0	(0.1)	48.1	100.22	6.33%	48.0	48.0	48.0	3.0	
10	20-Aug-04	6.590%	22-Apr-43	26.0	(2.1)	28.1	107.89	6.06%	26.0	26.0	26.0	1.6	
11	24-Aug-04	6.350%	31-Jan-34	26.0	(0.9)	26.9	103.48	6.09%	26.0	26.0	26.0	1.6	
12	19-May-05	5.360%	20-May-36	98.1	3.7	94.4	96.19	5.62%	98.1	98.1	98.1	5.5	
13	3-Mar-06	4.640%	3-Mar-16	90.0	0.4	89.6	99.52	4.70%	90.0	90.0	90.0	4.2	
14	24-Apr-06	5.360%	20-May-36	62.5	0.8	61.7	98.68	5.45%	62.5	62.5	62.5	3.4	
15	22-Aug-06	4.640%	3-Mar-16	90.0	1.1	88.9	98.75	4.80%	90.0	90.0	90.0	4.3	
16	19-Oct-06	5.000%	19-Oct-46	45.0	0.3	44.7	99.29	5.04%	45.0	45.0	45.0	2.3	
17	13-Mar-07	4.890%	13-Mar-37	160.0	0.9	159.1	99.45	4.93%	160.0	160.0	160.0	7.9	
18	18-Oct-07	5.180%	18-Oct-17	75.0	0.3	74.7	99.63	5.23%	75.0	75.0	75.0	3.9	
19	3-Mar-08	5.180%	18-Oct-17	120.0	(2.1)	122.1	101.73	4.95%	120.0	120.0	120.0	5.9	
20	10-Nov-08	5.000%	12-Nov-13	160.0	0.8	159.2	99.53	5.11%	160.0	160.0	160.0	8.2	
21	19-Nov-08	3.890%	19-Nov-10	40.0	0.1	39.9	99.78	4.01%	40.0	0.0	33.8	1.4	
22	13-Jan-09	3.890%	19-Nov-10	35.0	(0.2)	35.2	100.65	3.52%	35.0	0.0	29.6	1.0	
23	14-Jan-09	5.000%	12-Nov-13	70.0	(2.0)	72.0	102.85	4.34%	70.0	70.0	70.0	3.0	
24	3-Mar-09	6.030%	3-Mar-39	105.0	0.6	104.4	99.41	6.07%	105.0	105.0	105.0	6.4	
25	16-Jul-09	5.490%	16-Jul-40	90.0	0.6	89.4	99.36	5.53%	90.0	90.0	90.0	5.0	
26	19-Nov-09	3.130%	19-Nov-14	75.0	0.3	74.7	99.63	3.21%	75.0	75.0	75.0	2.4	
27	15-Mar-10	5.490%	24-Jul-40	80.0	(0.5)	80.5	100.58	5.45%	0.0	80.0	80.0	4.4	
28	15-Mar-10	4.400%	4-Jun-20	120.0	0.5	119.5	99.55	4.46%	0.0	120.0	120.0	5.3	
29	13-Sep-10	2.950%	11-Sep-15	100.0	0.4	99.6	99.62	3.03%	0.0	100.0	100.0	3.0	
30	13-Sep-10	5.000%	19-Oct-46	100.0	(0.2)	100.2	100.25	4.98%	0.0	100.0	100.0	5.0	
31		<b>Subtotal</b>							<u>2305.9</u>	<u>2630.9</u>	<u>2694.4</u>	<u>146.0</u>	
32		Treasury OM&A costs										0.8	
33		Other financing-related fees										3.2	
34		<b>Total</b>							<u>2305.9</u>	<u>2630.9</u>	<u>2694.4</u>	<u>149.9</u>	<u>5.56%</u>



HYDRO ONE NETWORKS INC.  
DISTRIBUTION  
Cost of Long-Term Debt Capital  
Historical Year (2011)  
Year ending December 31

Line No.	Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered (\$Millions)	Premium Discount and Expenses (\$Millions)	Net Capital Employed		Effective Cost Rate	Total Amount Outstanding		Avg. Monthly Averages (\$Millions)	Carrying Cost (\$Millions)	Projected Average Embedded Cost Rates
						Total Amount (\$Millions)	Per \$100 Principal (Dollars)		at 12/31/10 (\$Millions)	at 12/31/11 (\$Millions)			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
1	3-Jun-00	7.350%	3-Jun-30	121.6	2.0	119.6	98.37	7.49%	121.6	121.6	121.6	9.1	
2	22-Jun-01	6.400%	1-Dec-11	76.0	(0.2)	76.2	100.28	6.36%	76.0	0.0	70.2	4.5	
3	22-Jun-01	6.930%	1-Jun-32	47.7	0.6	47.1	98.78	7.03%	47.7	47.7	47.7	3.4	
4	17-Sep-02	5.770%	15-Nov-12	213.0	1.0	212.0	99.55	5.83%	213.0	213.0	213.0	12.4	
5	17-Sep-02	6.930%	1-Jun-32	142.0	(5.1)	147.1	103.57	6.65%	142.0	142.0	142.0	9.4	
6	31-Jan-03	5.770%	15-Nov-12	111.0	(0.5)	111.5	100.48	5.70%	111.0	111.0	111.0	6.3	
7	31-Jan-03	6.350%	31-Jan-34	74.0	0.6	73.4	99.21	6.41%	74.0	74.0	74.0	4.7	
8	22-Apr-03	6.590%	22-Apr-43	105.0	0.8	104.2	99.26	6.64%	105.0	105.0	105.0	7.0	
9	25-Jun-04	6.350%	31-Jan-34	48.0	(0.1)	48.1	100.22	6.33%	48.0	48.0	48.0	3.0	
10	20-Aug-04	6.590%	22-Apr-43	26.0	(2.1)	28.1	107.89	6.06%	26.0	26.0	26.0	1.6	
11	24-Aug-04	6.350%	31-Jan-34	26.0	(0.9)	26.9	103.48	6.09%	26.0	26.0	26.0	1.6	
12	19-May-05	5.360%	20-May-36	98.1	3.7	94.4	96.19	5.62%	98.1	98.1	98.1	5.5	
13	3-Mar-06	4.640%	3-Mar-16	90.0	0.4	89.6	99.52	4.70%	90.0	90.0	90.0	4.2	
14	24-Apr-06	5.360%	20-May-36	62.5	0.8	61.7	98.68	5.45%	62.5	62.5	62.5	3.4	
15	22-Aug-06	4.640%	3-Mar-16	90.0	1.1	88.9	98.75	4.80%	90.0	90.0	90.0	4.3	
16	19-Oct-06	5.000%	19-Oct-46	45.0	0.3	44.7	99.29	5.04%	45.0	45.0	45.0	2.3	
17	13-Mar-07	4.890%	13-Mar-37	160.0	0.9	159.1	99.45	4.93%	160.0	160.0	160.0	7.9	
18	18-Oct-07	5.180%	18-Oct-17	75.0	0.3	74.7	99.63	5.23%	75.0	75.0	75.0	3.9	
19	3-Mar-08	5.180%	18-Oct-17	120.0	(2.1)	122.1	101.73	4.95%	120.0	120.0	120.0	5.9	
20	10-Nov-08	5.000%	12-Nov-13	160.0	0.8	159.2	99.53	5.11%	160.0	160.0	160.0	8.2	
21	14-Jan-09	5.000%	12-Nov-13	70.0	(2.0)	72.0	102.85	4.34%	70.0	70.0	70.0	3.0	
22	3-Mar-09	6.030%	3-Mar-39	105.0	0.6	104.4	99.41	6.07%	105.0	105.0	105.0	6.4	
23	16-Jul-09	5.490%	16-Jul-40	90.0	0.6	89.4	99.36	5.53%	90.0	90.0	90.0	5.0	
24	19-Nov-09	3.130%	19-Nov-14	75.0	0.3	74.7	99.63	3.21%	75.0	75.0	75.0	2.4	
25	15-Mar-10	5.490%	24-Jul-40	80.0	(0.5)	80.5	100.58	5.45%	80.0	80.0	80.0	4.4	
26	15-Mar-10	4.400%	4-Jun-20	120.0	0.5	119.5	99.55	4.46%	120.0	120.0	120.0	5.3	
27	13-Sep-10	2.950%	11-Sep-15	100.0	0.4	99.6	99.62	3.03%	100.0	100.0	100.0	3.0	
28	13-Sep-10	5.000%	19-Oct-46	100.0	(0.2)	100.2	100.25	4.98%	100.0	100.0	100.0	5.0	
29	26-Sep-11	4.390%	26-Sep-41	75.0	0.5	74.5	99.35	4.43%	0.0	75.0	75.0	3.3	
30	22-Dec-11	4.000%	22-Dec-51	30.0	0.2	29.8	99.47	4.03%	0.0	30.0	30.0	1.2	
31		<b>Subtotal</b>							<u>2630.9</u>	<u>2659.9</u>	<u>2730.1</u>	<u>147.7</u>	
32		Treasury OM&A costs										0.8	
33		Other financing-related fees										3.3	
34		<b>Total</b>							<u>2630.9</u>	<u>2659.9</u>	<u>2730.1</u>	<u>151.8</u>	<u>5.56%</u>

HYDRO ONE NETWORKS INC.  
DISTRIBUTION  
Cost of Long-Term Debt Capital  
Historical Year (2012)  
Year ending December 31

Line No.	Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered (\$Millions)	Premium Discount and Expenses (\$Millions)	Net Capital Employed		Effective Cost Rate	Total Amount Outstanding		Avg. Monthly Averages (\$Millions)	Carrying Cost (\$Millions)	Projected Average Embedded Cost Rates
						Total Amount (\$Millions)	Per \$100 Principal Amount (Dollars)		at 12/31/11 (\$Millions)	at 12/31/12 (\$Millions)			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
1	3-Jun-00	7.350%	3-Jun-30	121.6	2.0	119.6	98.37	7.49%	121.6	121.6	121.6	9.1	
2	22-Jun-01	6.930%	1-Jun-32	47.7	0.6	47.1	98.78	7.03%	47.7	47.7	47.7	3.4	
3	17-Sep-02	5.770%	15-Nov-12	213.0	1.0	212.0	99.55	5.83%	212.0	0.0	179.4	10.5	
4	17-Sep-02	6.930%	1-Jun-32	142.0	(5.1)	147.1	103.57	6.65%	142.0	142.0	142.0	9.4	
5	31-Jan-03	5.770%	15-Nov-12	111.0	(0.5)	111.5	100.48	5.70%	111.5	0.0	94.4	5.4	
6	31-Jan-03	6.350%	31-Jan-34	74.0	0.6	73.4	99.21	6.41%	74.0	74.0	74.0	4.7	
7	22-Apr-03	6.590%	22-Apr-43	105.0	0.8	104.2	99.26	6.64%	105.0	105.0	105.0	7.0	
8	25-Jun-04	6.350%	31-Jan-34	48.0	(0.1)	48.1	100.22	6.33%	48.0	48.0	48.0	3.0	
9	20-Aug-04	6.590%	22-Apr-43	26.0	(2.1)	28.1	107.89	6.06%	26.0	26.0	26.0	1.6	
10	24-Aug-04	6.350%	31-Jan-34	26.0	(0.9)	26.9	103.48	6.09%	26.0	26.0	26.0	1.6	
11	19-May-05	5.360%	20-May-36	98.1	3.7	94.4	96.19	5.62%	98.1	98.1	98.1	5.5	
12	3-Mar-06	4.640%	3-Mar-16	90.0	0.4	89.6	99.52	4.70%	90.0	90.0	90.0	4.2	
13	24-Apr-06	5.360%	20-May-36	62.5	0.8	61.7	98.68	5.45%	62.5	62.5	62.5	3.4	
14	22-Aug-06	4.640%	3-Mar-16	90.0	1.1	88.9	98.75	4.80%	90.0	90.0	90.0	4.3	
15	19-Oct-06	5.000%	19-Oct-46	45.0	0.3	44.7	99.29	5.04%	45.0	45.0	45.0	2.3	
16	13-Mar-07	4.890%	13-Mar-37	160.0	0.9	159.1	99.45	4.93%	160.0	160.0	160.0	7.9	
17	18-Oct-07	5.180%	18-Oct-17	75.0	0.3	74.7	99.63	5.23%	75.0	75.0	75.0	3.9	
18	3-Mar-08	5.180%	18-Oct-17	120.0	(2.1)	122.1	101.73	4.95%	120.0	120.0	120.0	5.9	
19	10-Nov-08	5.000%	12-Nov-13	160.0	0.8	159.2	99.53	5.11%	160.0	160.0	160.0	8.2	
20	14-Jan-09	5.000%	12-Nov-13	70.0	(2.0)	72.0	102.85	4.34%	70.0	70.0	70.0	3.0	
21	3-Mar-09	6.030%	3-Mar-39	105.0	0.6	104.4	99.41	6.07%	105.0	105.0	105.0	6.4	
22	16-Jul-09	5.490%	16-Jul-40	90.0	0.6	89.4	99.36	5.53%	90.0	90.0	90.0	5.0	
23	19-Nov-09	3.130%	19-Nov-14	75.0	0.3	74.7	99.63	3.21%	75.0	75.0	75.0	2.4	
24	15-Mar-10	5.490%	24-Jul-40	80.0	(0.5)	80.5	100.58	5.45%	80.0	80.0	80.0	4.4	
25	15-Mar-10	4.400%	4-Jun-20	120.0	0.5	119.5	99.55	4.46%	120.0	120.0	120.0	5.3	
26	13-Sep-10	2.950%	11-Sep-15	100.0	0.4	99.6	99.62	3.03%	100.0	100.0	100.0	3.0	
27	13-Sep-10	5.000%	19-Oct-46	100.0	(0.2)	100.2	100.25	4.98%	100.0	100.0	100.0	5.0	
28	26-Sep-11	4.390%	26-Sep-41	75.0	0.5	74.5	99.35	4.43%	75.0	75.0	75.0	3.3	
29	22-Dec-11	4.000%	22-Dec-51	30.0	0.2	29.8	99.47	4.03%	30.0	30.0	30.0	1.2	
30	13-Jan-12	3.200%	13-Jan-22	126.0	0.7	125.3	99.47	3.26%	0.0	126.0	126.0	4.1	
31	22-May-12	3.200%	13-Jan-22	135.0	(1.3)	136.3	100.97	3.08%	0.0	135.0	135.0	4.2	
32	22-May-12	4.000%	22-Dec-51	56.3	0.3	56.0	99.51	4.02%	0.0	56.3	56.3	2.3	
33	31-Jul-12	3.790%	31-Jul-62	22.5	0.1	22.4	99.47	3.81%	0.0	22.5	22.5	0.9	
34	16-Aug-12	3.790%	31-Jul-62	94.0	0.8	93.2	99.20	3.83%	0.0	94.0	94.0	3.6	
35	<b>Subtotal</b>								2659.5	2769.7	3043.5	155.4	
36	Treasury OM&A costs											0.8	
37	Other financing-related fees											3.3	
38	<b>Total</b>								<u>2659.5</u>	<u>2769.7</u>	<u>3043.5</u>	<u>159.4</u>	<u>5.24%</u>

HYDRO ONE NETWORKS INC.  
DISTRIBUTION  
Cost of Long-Term Debt Capital  
Historical Year (2013)  
Year ending December 31

Line No.	Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered (\$Millions)	Premium Discount and Expenses (\$Millions)	Net Capital Employed		Effective Cost Rate	Total Amount Outstanding		Avg. Monthly Averages (\$Millions)	Carrying Cost (\$Millions)	Projected Average Embedded Cost Rates
						Total Amount (\$Millions)	Per \$100 Principal Amount (Dollars)		at 12/31/12 (\$Millions)	at 12/31/13 (\$Millions)			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
1	3-Jun-00	7.350%	3-Jun-30	121.6	2.0	119.6	98.37	7.49%	121.6	121.6	121.6	9.1	
2	22-Jun-01	6.930%	1-Jun-32	47.7	0.6	47.1	98.78	7.03%	47.7	47.7	47.7	3.4	
3	17-Sep-02	6.930%	1-Jun-32	142.0	(5.1)	147.1	103.57	6.65%	142.0	142.0	142.0	9.4	
4	31-Jan-03	6.350%	31-Jan-34	74.0	0.6	73.4	99.21	6.41%	74.0	74.0	74.0	4.7	
5	22-Apr-03	6.590%	22-Apr-43	105.0	0.8	104.2	99.26	6.64%	105.0	105.0	105.0	7.0	
6	25-Jun-04	6.350%	31-Jan-34	48.0	(0.1)	48.1	100.22	6.33%	48.0	48.0	48.0	3.0	
7	20-Aug-04	6.590%	22-Apr-43	26.0	(2.1)	28.1	107.89	6.06%	26.0	26.0	26.0	1.6	
8	24-Aug-04	6.350%	31-Jan-34	26.0	(0.9)	26.9	103.48	6.09%	26.0	26.0	26.0	1.6	
9	19-May-05	5.360%	20-May-36	98.1	3.7	94.4	96.19	5.62%	98.1	98.1	98.1	5.5	
10	3-Mar-06	4.640%	3-Mar-16	90.0	0.4	89.6	99.52	4.70%	90.0	90.0	90.0	4.2	
11	24-Apr-06	5.360%	20-May-36	62.5	0.8	61.7	98.68	5.45%	62.5	62.5	62.5	3.4	
12	22-Aug-06	4.640%	3-Mar-16	90.0	1.1	88.9	98.75	4.80%	90.0	90.0	90.0	4.3	
13	19-Oct-06	5.000%	19-Oct-46	45.0	0.3	44.7	99.29	5.04%	45.0	45.0	45.0	2.3	
14	13-Mar-07	4.890%	13-Mar-37	160.0	0.9	159.1	99.45	4.93%	160.0	160.0	160.0	7.9	
15	18-Oct-07	5.180%	18-Oct-17	75.0	0.3	74.7	99.63	5.23%	75.0	75.0	75.0	3.9	
16	3-Mar-08	5.180%	18-Oct-17	120.0	(2.1)	122.1	101.73	4.95%	120.0	120.0	120.0	5.9	
17	10-Nov-08	5.000%	12-Nov-13	160.0	0.8	159.2	99.53	5.11%	160.0	0.0	135.4	6.9	
18	14-Jan-09	5.000%	12-Nov-13	70.0	(2.0)	72.0	102.85	4.34%	70.0	0.0	59.2	2.6	
19	3-Mar-09	6.030%	3-Mar-39	105.0	0.6	104.4	99.41	6.07%	105.0	105.0	105.0	6.4	
20	16-Jul-09	5.490%	16-Jul-40	90.0	0.6	89.4	99.36	5.53%	90.0	90.0	90.0	5.0	
21	19-Nov-09	3.130%	19-Nov-14	75.0	0.3	74.7	99.63	3.21%	75.0	75.0	75.0	2.4	
22	15-Mar-10	5.490%	24-Jul-40	80.0	(0.5)	80.5	100.58	5.45%	80.0	80.0	80.0	4.4	
23	15-Mar-10	4.400%	4-Jun-20	120.0	0.5	119.5	99.55	4.46%	120.0	120.0	120.0	5.3	
24	13-Sep-10	2.950%	11-Sep-15	100.0	0.4	99.6	99.62	3.03%	100.0	100.0	100.0	3.0	
25	13-Sep-10	5.000%	19-Oct-46	100.0	(0.2)	100.2	100.25	4.98%	100.0	100.0	100.0	5.0	
26	26-Sep-11	4.390%	26-Sep-41	75.0	0.5	74.5	99.35	4.43%	75.0	75.0	75.0	3.3	
27	22-Dec-11	4.000%	22-Dec-51	30.0	0.2	29.8	99.47	4.03%	30.0	30.0	30.0	1.2	
28	13-Jan-12	3.200%	13-Jan-22	126.0	0.7	125.3	99.47	3.26%	126.0	126.0	126.0	4.1	
29	22-May-12	3.200%	13-Jan-22	135.0	(1.3)	136.3	100.97	3.08%	135.0	135.0	135.0	4.2	
30	22-May-12	4.000%	22-Dec-51	56.3	0.3	56.0	99.51	4.02%	56.3	56.3	56.3	2.3	
31	31-Jul-12	3.790%	31-Jul-62	22.5	0.1	22.4	99.47	3.81%	22.5	22.5	22.5	0.9	
32	16-Aug-12	3.790%	31-Jul-62	94.0	0.8	93.2	99.20	3.83%	94.0	94.0	94.0	3.6	
33	9-Oct-13	4.590%	9-Oct-43	195.8	1.1	194.6	99.42	4.63%	0.0	195.8	45.2	2.1	
34	9-Oct-13	2.780%	9-Oct-18	337.5	1.4	336.1	99.59	2.87%	0.0	337.5	77.9	2.2	
35	<b>Subtotal</b>								2769.7	3072.9	2857.4	142.1	
36	Treasury OM&A costs											1.0	
37	Other financing-related fees											2.2	
38	<b>Total</b>								<u>2769.7</u>	<u>3072.9</u>	<u>2857.4</u>	<u>145.2</u>	<u>5.08%</u>

HYDRO ONE NETWORKS INC.  
DISTRIBUTION  
Cost of Long-Term Debt Capital  
Bridge Year (2014)  
Year ending December 31

Line No.	Offering Date (a)	Coupon Rate (b)	Maturity Date (c)	Principal Amount Offered (\$Millions) (d)	Premium Discount and Expenses (\$Millions) (e)	Net Capital Employed		Effective Cost Rate (h)	Total Amount Outstanding		Avg. Monthly Averages (\$Millions) (k)	Carrying Cost (\$Millions) (l)	Projected Average Embedded Cost Rates (m)
						Total Amount (\$Millions) (f)	Per \$100 Principal Amount (Dollars) (g)		at 12/31/13 (\$Millions) (i)	at 12/31/14 (\$Millions) (j)			
1	3-Jun-00	7.350%	3-Jun-30	121.6	2.0	119.6	98.37	7.49%	121.6	121.6	121.6	9.1	
2	22-Jun-01	6.930%	1-Jun-32	47.7	0.6	47.1	98.78	7.03%	47.7	47.7	47.7	3.4	
3	17-Sep-02	6.930%	1-Jun-32	142.0	(5.1)	147.1	103.57	6.65%	142.0	142.0	142.0	9.4	
4	31-Jan-03	6.350%	31-Jan-34	74.0	0.6	73.4	99.21	6.41%	74.0	74.0	74.0	4.7	
5	22-Apr-03	6.590%	22-Apr-43	105.0	0.8	104.2	99.26	6.64%	105.0	105.0	105.0	7.0	
6	25-Jun-04	6.350%	31-Jan-34	48.0	(0.1)	48.1	100.22	6.33%	48.0	48.0	48.0	3.0	
7	20-Aug-04	6.590%	22-Apr-43	26.0	(2.1)	28.1	107.89	6.06%	26.0	26.0	26.0	1.6	
8	24-Aug-04	6.350%	31-Jan-34	26.0	(0.9)	26.9	103.48	6.09%	26.0	26.0	26.0	1.6	
9	19-May-05	5.360%	20-May-36	98.1	3.7	94.4	96.19	5.62%	98.1	98.1	98.1	5.5	
10	3-Mar-06	4.640%	3-Mar-16	90.0	0.4	89.6	99.52	4.70%	90.0	90.0	90.0	4.2	
11	24-Apr-06	5.360%	20-May-36	62.5	0.8	61.7	98.68	5.45%	62.5	62.5	62.5	3.4	
12	22-Aug-06	4.640%	3-Mar-16	90.0	1.1	88.9	98.75	4.80%	90.0	90.0	90.0	4.3	
13	19-Oct-06	5.000%	19-Oct-46	45.0	0.3	44.7	99.29	5.04%	45.0	45.0	45.0	2.3	
14	13-Mar-07	4.890%	13-Mar-37	160.0	0.9	159.1	99.45	4.93%	160.0	160.0	160.0	7.9	
15	18-Oct-07	5.180%	18-Oct-17	75.0	0.3	74.7	99.63	5.23%	75.0	75.0	75.0	3.9	
16	3-Mar-08	5.180%	18-Oct-17	120.0	(2.1)	122.1	101.73	4.95%	120.0	120.0	120.0	5.9	
17	3-Mar-09	6.030%	3-Mar-39	105.0	0.6	104.4	99.41	6.07%	105.0	105.0	105.0	6.4	
18	16-Jul-09	5.490%	16-Jul-40	90.0	0.6	89.4	99.36	5.53%	90.0	90.0	90.0	5.0	
19	19-Nov-09	3.130%	19-Nov-14	75.0	0.3	74.7	99.63	3.21%	75.0	0.0	63.5	2.0	
20	15-Mar-10	5.490%	24-Jul-40	80.0	(0.5)	80.5	100.58	5.45%	80.0	80.0	80.0	4.4	
21	15-Mar-10	4.400%	4-Jun-20	120.0	0.5	119.5	99.55	4.46%	120.0	120.0	120.0	5.3	
22	13-Sep-10	2.950%	11-Sep-15	100.0	0.4	99.6	99.62	3.03%	100.0	100.0	100.0	3.0	
23	13-Sep-10	5.000%	19-Oct-46	100.0	(0.2)	100.2	100.25	4.98%	100.0	100.0	100.0	5.0	
24	26-Sep-11	4.390%	26-Sep-41	75.0	0.5	74.5	99.35	4.43%	75.0	75.0	75.0	3.3	
25	22-Dec-11	4.000%	22-Dec-51	30.0	0.2	29.8	99.47	4.03%	30.0	30.0	30.0	1.2	
26	13-Jan-12	3.200%	13-Jan-22	126.0	0.7	125.3	99.47	3.26%	126.0	126.0	126.0	4.1	
27	22-May-12	3.200%	13-Jan-22	135.0	(1.3)	136.3	100.97	3.08%	135.0	135.0	135.0	4.2	
28	22-May-12	4.000%	22-Dec-51	56.3	0.3	56.0	99.51	4.02%	56.3	56.3	56.3	2.3	
29	31-Jul-12	3.790%	31-Jul-62	22.5	0.1	22.4	99.47	3.81%	22.5	22.5	22.5	0.9	
30	16-Aug-12	3.790%	31-Jul-62	94.0	0.8	93.2	99.20	3.83%	94.0	94.0	94.0	3.6	
31	9-Oct-13	4.590%	9-Oct-43	195.8	1.1	194.6	99.42	4.63%	195.8	195.8	195.8	9.1	
32	9-Oct-13	2.780%	9-Oct-18	337.5	1.4	336.1	99.59	2.87%	337.5	337.5	337.5	9.7	
33	15-Mar-14	4.928%	15-Mar-44	58.8	0.3	58.6	99.50	4.96%	0.0	58.8	45.3	2.2	
34	15-Jun-14	4.091%	15-Jun-24	58.8	0.3	58.6	99.50	4.15%	0.0	58.8	31.7	1.3	
35	15-Sep-14	3.101%	15-Sep-19	58.8	0.3	58.6	99.50	3.21%	0.0	58.8	18.1	0.6	
36		<b>Subtotal</b>							3072.9	3174.5	3156.4	150.8	
37		Treasury OM&A costs										1.0	
38		Other financing-related fees										2.0	
39		<b>Total</b>							<b>3072.9</b>	<b>3174.5</b>	<b>3156.4</b>	<b>153.8</b>	<b>4.87%</b>

HYDRO ONE NETWORKS INC.  
DISTRIBUTION  
Cost of Long-Term Debt Capital  
Test Year (2015)  
Year ending December 31

Line No.	Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered (\$Millions)	Premium Discount and Expenses (\$Millions)	Net Capital Employed		Effective Cost Rate	Total Amount Outstanding		Avg. Monthly Averages (\$Millions)	Carrying Cost (\$Millions)	Projected Average Embedded Cost Rates
						Total Amount (\$Millions)	Per \$100 Principal (Dollars)		at 12/31/14 (\$Millions)	at 12/31/15 (\$Millions)			
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	3-Jun-00	7.350%	3-Jun-30	121.6	2.0	119.6	98.37	7.49%	121.6	121.6	121.6	9.1	
2	22-Jun-01	6.930%	1-Jun-32	47.7	0.6	47.1	98.78	7.03%	47.7	47.7	47.7	3.4	
3	17-Sep-02	6.930%	1-Jun-32	142.0	(5.1)	147.1	103.57	6.65%	142.0	142.0	142.0	9.4	
4	31-Jan-03	6.350%	31-Jan-34	74.0	0.6	73.4	99.21	6.41%	74.0	74.0	74.0	4.7	
5	22-Apr-03	6.590%	22-Apr-43	105.0	0.8	104.2	99.26	6.64%	105.0	105.0	105.0	7.0	
6	25-Jun-04	6.350%	31-Jan-34	48.0	(0.1)	48.1	100.22	6.33%	48.0	48.0	48.0	3.0	
7	20-Aug-04	6.590%	22-Apr-43	26.0	(2.1)	28.1	107.89	6.06%	26.0	26.0	26.0	1.6	
8	24-Aug-04	6.350%	31-Jan-34	26.0	(0.9)	26.9	103.48	6.09%	26.0	26.0	26.0	1.6	
9	19-May-05	5.360%	20-May-36	98.1	3.7	94.4	96.19	5.62%	98.1	98.1	98.1	5.5	
10	3-Mar-06	4.640%	3-Mar-16	90.0	0.4	89.6	99.52	4.70%	90.0	90.0	90.0	4.2	
11	24-Apr-06	5.360%	20-May-36	62.5	0.8	61.7	98.68	5.45%	62.5	62.5	62.5	3.4	
12	22-Aug-06	4.640%	3-Mar-16	90.0	1.1	88.9	98.75	4.80%	90.0	90.0	90.0	4.3	
13	19-Oct-06	5.000%	19-Oct-46	45.0	0.3	44.7	99.29	5.04%	45.0	45.0	45.0	2.3	
14	13-Mar-07	4.890%	13-Mar-37	160.0	0.9	159.1	99.45	4.93%	160.0	160.0	160.0	7.9	
15	18-Oct-07	5.180%	18-Oct-17	75.0	0.3	74.7	99.63	5.23%	75.0	75.0	75.0	3.9	
16	3-Mar-08	5.180%	18-Oct-17	120.0	(2.1)	122.1	101.73	4.95%	120.0	120.0	120.0	5.9	
17	3-Mar-09	6.030%	3-Mar-39	105.0	0.6	104.4	99.41	6.07%	105.0	105.0	105.0	6.4	
18	16-Jul-09	5.490%	16-Jul-40	90.0	0.6	89.4	99.36	5.53%	90.0	90.0	90.0	5.0	
19	15-Mar-10	5.490%	24-Jul-40	80.0	(0.5)	80.5	100.58	5.45%	80.0	80.0	80.0	4.4	
20	15-Mar-10	4.400%	4-Jun-20	120.0	0.5	119.5	99.55	4.46%	120.0	120.0	120.0	5.3	
21	13-Sep-10	2.950%	11-Sep-15	100.0	0.4	99.6	99.62	3.03%	100.0	0.0	69.2	2.1	
22	13-Sep-10	5.000%	19-Oct-46	100.0	(0.2)	100.2	100.25	4.98%	100.0	100.0	100.0	5.0	
23	26-Sep-11	4.390%	26-Sep-41	75.0	0.5	74.5	99.35	4.43%	75.0	75.0	75.0	3.3	
24	22-Dec-11	4.000%	22-Dec-51	30.0	0.2	29.8	99.47	4.03%	30.0	30.0	30.0	1.2	
25	13-Jan-12	3.200%	13-Jan-22	126.0	0.7	125.3	99.47	3.26%	126.0	126.0	126.0	4.1	
26	22-May-12	3.200%	13-Jan-22	135.0	(1.3)	136.3	100.97	3.08%	135.0	135.0	135.0	4.2	
27	22-May-12	4.000%	22-Dec-51	56.3	0.3	56.0	99.51	4.02%	56.3	56.3	56.3	2.3	
28	31-Jul-12	3.790%	31-Jul-62	22.5	0.1	22.4	99.47	3.81%	22.5	22.5	22.5	0.9	
29	16-Aug-12	3.790%	31-Jul-62	94.0	0.8	93.2	99.20	3.83%	94.0	94.0	94.0	3.6	
30	9-Oct-13	4.590%	9-Oct-43	195.8	1.1	194.6	99.42	4.63%	195.8	195.8	195.8	9.1	
31	9-Oct-13	2.780%	9-Oct-18	337.5	1.4	336.1	99.59	2.87%	337.5	337.5	337.5	9.7	
32	15-Mar-14	4.928%	15-Mar-44	58.8	0.3	58.6	99.50	4.96%	58.8	58.8	58.8	2.9	
33	15-Jun-14	4.091%	15-Jun-24	58.8	0.3	58.6	99.50	4.15%	58.8	58.8	58.8	2.4	
34	15-Sep-14	3.101%	15-Sep-19	58.8	0.3	58.6	99.50	3.21%	58.8	58.8	58.8	1.9	
35	15-Mar-15	5.628%	15-Mar-45	89.6	0.4	89.2	99.50	5.66%	0.0	89.6	68.9	3.9	
36	15-Jun-15	4.791%	15-Jun-25	89.6	0.4	89.2	99.50	4.86%	0.0	89.6	48.3	2.3	
37	15-Sep-15	3.801%	15-Sep-20	89.6	0.4	89.2	99.50	3.91%	0.0	89.6	27.6	1.1	
38		<b>Subtotal</b>							<b>3174.5</b>	<b>3343.3</b>	<b>3288.5</b>	<b>158.3</b>	
39		Treasury OM&A costs										1.0	
40		Other financing-related fees										1.8	
41		<b>Total</b>							<b>3174.5</b>	<b>3343.3</b>	<b>3288.5</b>	<b>161.1</b>	<b>4.90%</b>

HYDRO ONE NETWORKS INC.  
 DISTRIBUTION  
 Cost of Long-Term Debt Capital  
 Test Year (2016)  
 Year ending December 31

Line No.	Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered (\$Millions)	Premium Discount and Expenses (\$Millions)	Net Capital Employed		Effective Cost Rate	Total Amount Outstanding		Avg. Monthly Averages (\$Millions)	Carrying Cost (\$Millions)	Projected Average Embedded Cost Rates	
						Total Amount (\$Millions)	Per \$100 Principal (Dollars)		at 12/31/15 (\$Millions)	at 12/31/16 (\$Millions)				
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)		
1	3-Jun-00	7.350%	3-Jun-30	121.6	2.0	119.6	98.37	7.49%	121.6	121.6	121.6	9.1		
2	22-Jun-01	6.930%	1-Jun-32	47.7	0.6	47.1	98.78	7.03%	47.7	47.7	47.7	3.4		
3	17-Sep-02	6.930%	1-Jun-32	142.0	(5.1)	147.1	103.57	6.65%	142.0	142.0	142.0	9.4		
4	31-Jan-03	6.350%	31-Jan-34	74.0	0.6	73.4	99.21	6.41%	74.0	74.0	74.0	4.7		
5	22-Apr-03	6.590%	22-Apr-43	105.0	0.8	104.2	99.26	6.64%	105.0	105.0	105.0	7.0		
6	25-Jun-04	6.350%	31-Jan-34	48.0	(0.1)	48.1	100.22	6.33%	48.0	48.0	48.0	3.0		
7	20-Aug-04	6.590%	22-Apr-43	26.0	(2.1)	28.1	107.89	6.06%	26.0	26.0	26.0	1.6		
8	24-Aug-04	6.350%	31-Jan-34	26.0	(0.9)	26.9	103.48	6.09%	26.0	26.0	26.0	1.6		
9	19-May-05	5.360%	20-May-36	98.1	3.7	94.4	96.19	5.62%	98.1	98.1	98.1	5.5		
10	3-Mar-06	4.640%	3-Mar-16	90.0	0.4	89.6	99.52	4.70%	90.0	0.0	20.8	1.0		
11	24-Apr-06	5.360%	20-May-36	62.5	0.8	61.7	98.68	5.45%	62.5	62.5	62.5	3.4		
12	22-Aug-06	4.640%	3-Mar-16	90.0	1.1	88.9	98.75	4.80%	90.0	0.0	20.8	1.0		
13	19-Oct-06	5.000%	19-Oct-46	45.0	0.3	44.7	99.29	5.04%	45.0	45.0	45.0	2.3		
14	13-Mar-07	4.890%	13-Mar-37	160.0	0.9	159.1	99.45	4.93%	160.0	160.0	160.0	7.9		
15	18-Oct-07	5.180%	18-Oct-17	75.0	0.3	74.7	99.63	5.23%	75.0	75.0	75.0	3.9		
16	3-Mar-08	5.180%	18-Oct-17	120.0	(2.1)	122.1	101.73	4.95%	120.0	120.0	120.0	5.9		
17	3-Mar-09	6.030%	3-Mar-39	105.0	0.6	104.4	99.41	6.07%	105.0	105.0	105.0	6.4		
18	16-Jul-09	5.490%	16-Jul-40	90.0	0.6	89.4	99.36	5.53%	90.0	90.0	90.0	5.0		
19	15-Mar-10	5.490%	24-Jul-40	80.0	(0.5)	80.5	100.58	5.45%	80.0	80.0	80.0	4.4		
20	15-Mar-10	4.400%	4-Jun-20	120.0	0.5	119.5	99.55	4.46%	120.0	120.0	120.0	5.3		
21	13-Sep-10	5.000%	19-Oct-46	100.0	(0.2)	100.2	100.25	4.98%	100.0	100.0	100.0	5.0		
22	26-Sep-11	4.390%	26-Sep-41	75.0	0.5	74.5	99.35	4.43%	75.0	75.0	75.0	3.3		
23	22-Dec-11	4.000%	22-Dec-51	30.0	0.2	29.8	99.47	4.03%	30.0	30.0	30.0	1.2		
24	13-Jan-12	3.200%	13-Jan-22	126.0	0.7	125.3	99.47	3.26%	126.0	126.0	126.0	4.1		
25	22-May-12	3.200%	13-Jan-22	135.0	(1.3)	136.3	100.97	3.08%	135.0	135.0	135.0	4.2		
26	22-May-12	4.000%	22-Dec-51	56.3	0.3	56.0	99.51	4.02%	56.3	56.3	56.3	2.3		
27	31-Jul-12	3.790%	31-Jul-62	22.5	0.1	22.4	99.47	3.81%	22.5	22.5	22.5	0.9		
28	16-Aug-12	3.790%	31-Jul-62	94.0	0.8	93.2	99.20	3.83%	94.0	94.0	94.0	3.6		
29	9-Oct-13	4.590%	9-Oct-43	195.8	1.1	194.6	99.42	4.63%	195.8	195.8	195.8	9.1		
30	9-Oct-13	2.780%	9-Oct-18	337.5	1.4	336.1	99.59	2.87%	337.5	337.5	337.5	9.7		
31	15-Mar-14	4.928%	15-Mar-44	58.8	0.3	58.6	99.50	4.96%	58.8	58.8	58.8	2.9		
32	15-Jun-14	4.091%	15-Jun-24	58.8	0.3	58.6	99.50	4.15%	58.8	58.8	58.8	2.4		
33	15-Sep-14	3.101%	15-Sep-19	58.8	0.3	58.6	99.50	3.21%	58.8	58.8	58.8	1.9		
34	15-Mar-15	5.628%	15-Mar-45	89.6	0.4	89.2	99.50	5.66%	89.6	89.6	89.6	5.1		
35	15-Jun-15	4.791%	15-Jun-25	89.6	0.4	89.2	99.50	4.86%	89.6	89.6	89.6	4.4		
36	15-Sep-15	3.801%	15-Sep-20	89.6	0.4	89.2	99.50	3.91%	89.6	89.6	89.6	3.5		
37	15-Mar-16	6.128%	15-Mar-46	144.0	0.7	143.3	99.50	6.17%	0.0	144.0	110.8	6.8		
38	15-Jun-16	5.291%	15-Jun-26	144.0	0.7	143.3	99.50	5.36%	0.0	144.0	77.5	4.2		
39	15-Sep-16	4.301%	15-Sep-21	144.0	0.7	143.3	99.50	4.41%	0.0	144.0	44.3	2.0		
41	<b>Subtotal</b>									3343.3	3595.3	3437.5	168.2	
42	Treasury OM&A costs												1.0	
43	Other financing-related fees												1.9	
44	<b>Total</b>									<b>3343.3</b>	<b>3595.3</b>	<b>3437.5</b>	<b>171.1</b>	<b>4.98%</b>

HYDRO ONE NETWORKS INC.  
 DISTRIBUTION  
 Cost of Long-Term Debt Capital  
 Test Year (2017)  
 Year ending December 31

Line No.	Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered (\$Millions)	Premium Discount and Expenses (\$Millions)	Net Capital Employed			Total Amount Outstanding		Avg. Monthly Averages (\$Millions)	Carrying Cost (\$Millions)	Projected Average Embedded Cost Rates
						Total Amount (\$Millions)	Per \$100 Principal Amount (Dollars)	Effective Cost Rate	at 12/31/16 (\$Millions)	at 12/31/17 (\$Millions)			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
1	3-Jun-00	7.350%	3-Jun-30	121.6	2.0	119.6	98.37	7.49%	121.6	121.6	121.6	9.1	
2	22-Jun-01	6.930%	1-Jun-32	47.7	0.6	47.1	98.78	7.03%	47.7	47.7	47.7	3.4	
3	17-Sep-02	6.930%	1-Jun-32	142.0	(5.1)	147.1	103.57	6.65%	142.0	142.0	142.0	9.4	
4	31-Jan-03	6.350%	31-Jan-34	74.0	0.6	73.4	99.21	6.41%	74.0	74.0	74.0	4.7	
5	22-Apr-03	6.590%	22-Apr-43	105.0	0.8	104.2	99.26	6.64%	105.0	105.0	105.0	7.0	
6	25-Jun-04	6.350%	31-Jan-34	48.0	(0.1)	48.1	100.22	6.33%	48.0	48.0	48.0	3.0	
7	20-Aug-04	6.590%	22-Apr-43	26.0	(2.1)	28.1	107.89	6.06%	26.0	26.0	26.0	1.6	
8	24-Aug-04	6.350%	31-Jan-34	26.0	(0.9)	26.9	103.48	6.09%	26.0	26.0	26.0	1.6	
9	19-May-05	5.360%	20-May-36	98.1	3.7	94.4	96.19	5.62%	98.1	98.1	98.1	5.5	
10	24-Apr-06	5.360%	20-May-36	62.5	0.8	61.7	98.68	5.45%	62.5	62.5	62.5	3.4	
11	19-Oct-06	5.000%	19-Oct-46	45.0	0.3	44.7	99.29	5.04%	45.0	45.0	45.0	2.3	
12	13-Mar-07	4.890%	13-Mar-37	160.0	0.9	159.1	99.45	4.93%	160.0	160.0	160.0	7.9	
13	18-Oct-07	5.180%	18-Oct-17	75.0	0.3	74.7	99.63	5.23%	75.0	0.0	57.7	3.0	
14	3-Mar-08	5.180%	18-Oct-17	120.0	(2.1)	122.1	101.73	4.95%	120.0	0.0	92.3	4.6	
15	3-Mar-09	6.030%	3-Mar-39	105.0	0.6	104.4	99.41	6.07%	105.0	105.0	105.0	6.4	
16	16-Jul-09	5.490%	16-Jul-40	90.0	0.6	89.4	99.36	5.53%	90.0	90.0	90.0	5.0	
17	15-Mar-10	5.490%	24-Jul-40	80.0	(0.5)	80.5	100.58	5.45%	80.0	80.0	80.0	4.4	
18	15-Mar-10	4.400%	4-Jun-20	120.0	0.5	119.5	99.55	4.46%	120.0	120.0	120.0	5.3	
19	13-Sep-10	5.000%	19-Oct-46	100.0	(0.2)	100.2	100.25	4.98%	100.0	100.0	100.0	5.0	
20	26-Sep-11	4.390%	26-Sep-41	75.0	0.5	74.5	99.35	4.43%	75.0	75.0	75.0	3.3	
21	22-Dec-11	4.000%	22-Dec-51	30.0	0.2	29.8	99.47	4.03%	30.0	30.0	30.0	1.2	
22	13-Jan-12	3.200%	13-Jan-22	126.0	0.7	125.3	99.47	3.26%	126.0	126.0	126.0	4.1	
23	22-May-12	3.200%	13-Jan-22	135.0	(1.3)	136.3	100.97	3.08%	135.0	135.0	135.0	4.2	
24	22-May-12	4.000%	22-Dec-51	56.3	0.3	56.0	99.51	4.02%	56.3	56.3	56.3	2.3	
25	31-Jul-12	3.790%	31-Jul-62	22.5	0.1	22.4	99.47	3.81%	22.5	22.5	22.5	0.9	
26	16-Aug-12	3.790%	31-Jul-62	94.0	0.8	93.2	99.20	3.83%	94.0	94.0	94.0	3.6	
27	9-Oct-13	4.590%	9-Oct-43	195.8	1.1	194.6	99.42	4.63%	195.8	195.8	195.8	9.1	
28	9-Oct-13	2.780%	9-Oct-18	337.5	1.4	336.1	99.59	2.87%	337.5	337.5	337.5	9.7	
29	15-Mar-14	4.928%	15-Mar-44	58.8	0.3	58.6	99.50	4.96%	58.8	58.8	58.8	2.9	
30	15-Jun-14	4.091%	15-Jun-24	58.8	0.3	58.6	99.50	4.15%	58.8	58.8	58.8	2.4	
31	15-Sep-14	3.101%	15-Sep-19	58.8	0.3	58.6	99.50	3.21%	58.8	58.8	58.8	1.9	
32	15-Mar-15	5.628%	15-Mar-45	89.6	0.4	89.2	99.50	5.66%	89.6	89.6	89.6	5.1	
33	15-Jun-15	4.791%	15-Jun-25	89.6	0.4	89.2	99.50	4.86%	89.6	89.6	89.6	4.4	
34	15-Sep-15	3.801%	15-Sep-20	89.6	0.4	89.2	99.50	3.91%	89.6	89.6	89.6	3.5	
35	15-Mar-16	6.128%	15-Mar-46	144.0	0.7	143.3	99.50	6.17%	144.0	144.0	144.0	8.9	
36	15-Jun-16	5.291%	15-Jun-26	144.0	0.7	143.3	99.50	5.36%	144.0	144.0	144.0	7.7	
37	15-Sep-16	4.301%	15-Sep-21	144.0	0.7	143.3	99.50	4.41%	144.0	144.0	144.0	6.4	
38	15-Mar-17	6.528%	15-Mar-47	133.8	0.7	133.1	99.50	6.57%	0.0	133.8	102.9	6.8	
39	15-Jun-17	5.691%	15-Jun-27	133.8	0.7	133.1	99.50	5.76%	0.0	133.8	72.0	4.1	
40	15-Sep-17	4.701%	15-Sep-22	133.8	0.7	133.1	99.50	4.81%	0.0	133.8	41.2	2.0	
41	<b>Subtotal</b>									3595.3	3801.6	3766.4	186.8
42	Treasury OM&A costs												1.0
43	Other financing-related fees												2.0
44	<b>Total</b>									<u>3595.3</u>	<u>3801.6</u>	<u>3766.4</u>	<u>189.8</u>

5.04%

HYDRO ONE NETWORKS INC.  
DISTRIBUTION  
Cost of Long-Term Debt Capital  
Test Year (2018)  
Year ending December 31

Line No.	Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered (\$Millions)	Premium Discount and Expenses (\$Millions)	Net Capital Employed		Effective Cost Rate	Total Amount Outstanding		Avg. Monthly Averages (\$Millions)	Carrying Cost (\$Millions)	Projected Average Embedded Cost Rates
						Total Amount (\$Millions)	Per \$100 Principal Amount (Dollars)		at 12/31/17 (\$Millions)	at 12/31/18 (\$Millions)			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
1	3-Jun-00	7.350%	3-Jun-30	121.6	2.0	119.6	98.37	7.49%	121.6	121.6	121.6	9.1	
2	22-Jun-01	6.930%	1-Jun-32	47.7	0.6	47.1	98.78	7.03%	47.7	47.7	47.7	3.4	
3	17-Sep-02	6.930%	1-Jun-32	142.0	(5.1)	147.1	103.57	6.65%	142.0	142.0	142.0	9.4	
4	31-Jan-03	6.350%	31-Jan-34	74.0	0.6	73.4	99.21	6.41%	74.0	74.0	74.0	4.7	
5	22-Apr-03	6.590%	22-Apr-43	105.0	0.8	104.2	99.26	6.64%	105.0	105.0	105.0	7.0	
6	25-Jun-04	6.350%	31-Jan-34	48.0	(0.1)	48.1	100.22	6.33%	48.0	48.0	48.0	3.0	
7	20-Aug-04	6.590%	22-Apr-43	26.0	(2.1)	28.1	107.89	6.06%	26.0	26.0	26.0	1.6	
8	24-Aug-04	6.350%	31-Jan-34	26.0	(0.9)	26.9	103.48	6.09%	26.0	26.0	26.0	1.6	
9	19-May-05	5.360%	20-May-36	98.1	3.7	94.4	96.19	5.62%	98.1	98.1	98.1	5.5	
10	24-Apr-06	5.360%	20-May-36	62.5	0.8	61.7	98.68	5.45%	62.5	62.5	62.5	3.4	
11	19-Oct-06	5.000%	19-Oct-46	45.0	0.3	44.7	99.29	5.04%	45.0	45.0	45.0	2.3	
12	13-Mar-07	4.890%	13-Mar-37	160.0	0.9	159.1	99.45	4.93%	160.0	160.0	160.0	7.9	
13	3-Mar-09	6.030%	3-Mar-39	105.0	0.6	104.4	99.41	6.07%	105.0	105.0	105.0	6.4	
14	16-Jul-09	5.490%	16-Jul-40	90.0	0.6	89.4	99.36	5.53%	90.0	90.0	90.0	5.0	
15	15-Mar-10	5.490%	24-Jul-40	80.0	(0.5)	80.5	100.58	5.45%	80.0	80.0	80.0	4.4	
16	15-Mar-10	4.400%	4-Jun-20	120.0	0.5	119.5	99.55	4.46%	120.0	120.0	120.0	5.3	
17	13-Sep-10	5.000%	19-Oct-46	100.0	(0.2)	100.2	100.25	4.98%	100.0	100.0	100.0	5.0	
18	26-Sep-11	4.390%	26-Sep-41	75.0	0.5	74.5	99.35	4.43%	75.0	75.0	75.0	3.3	
19	22-Dec-11	4.000%	22-Dec-51	30.0	0.2	29.8	99.47	4.03%	30.0	30.0	30.0	1.2	
20	13-Jan-12	3.200%	13-Jan-22	126.0	0.7	125.3	99.47	3.26%	126.0	126.0	126.0	4.1	
21	22-May-12	3.200%	13-Jan-22	135.0	(1.3)	136.3	100.97	3.08%	135.0	135.0	135.0	4.2	
22	22-May-12	4.000%	22-Dec-51	56.3	0.3	56.0	99.51	4.02%	56.3	56.3	56.3	2.3	
23	31-Jul-12	3.790%	31-Jul-62	22.5	0.1	22.4	99.47	3.81%	22.5	22.5	22.5	0.9	
24	16-Aug-12	3.790%	31-Jul-62	94.0	0.8	93.2	99.20	3.83%	94.0	94.0	94.0	3.6	
25	9-Oct-13	4.590%	9-Oct-43	195.8	1.1	194.6	99.42	4.63%	195.8	195.8	195.8	9.1	
26	9-Oct-13	2.780%	9-Oct-18	337.5	1.4	336.1	99.59	2.87%	337.5	0.0	259.6	7.4	
27	15-Mar-14	4.928%	15-Mar-44	58.8	0.3	58.6	99.50	4.96%	58.8	58.8	58.8	2.9	
28	15-Jun-14	4.091%	15-Jun-24	58.8	0.3	58.6	99.50	4.15%	58.8	58.8	58.8	2.4	
29	15-Sep-14	3.101%	15-Sep-19	58.8	0.3	58.6	99.50	3.21%	58.8	58.8	58.8	1.9	
30	15-Mar-15	5.628%	15-Mar-45	89.6	0.4	89.2	99.50	5.66%	89.6	89.6	89.6	5.1	
31	15-Jun-15	4.791%	15-Jun-25	89.6	0.4	89.2	99.50	4.86%	89.6	89.6	89.6	4.4	
32	15-Sep-15	3.801%	15-Sep-20	89.6	0.4	89.2	99.50	3.91%	89.6	89.6	89.6	3.5	
33	15-Mar-16	6.128%	15-Mar-46	144.0	0.7	143.3	99.50	6.17%	144.0	144.0	144.0	8.9	
34	15-Jun-16	5.291%	15-Jun-26	144.0	0.7	143.3	99.50	5.36%	144.0	144.0	144.0	7.7	
35	15-Sep-16	4.301%	15-Sep-21	144.0	0.7	143.3	99.50	4.41%	144.0	144.0	144.0	6.4	
36	15-Mar-17	6.528%	15-Mar-47	133.8	0.7	133.1	99.50	6.57%	133.8	133.8	133.8	8.8	
37	15-Jun-17	5.691%	15-Jun-27	133.8	0.7	133.1	99.50	5.76%	133.8	133.8	133.8	7.7	
38	15-Sep-17	4.701%	15-Sep-22	133.8	0.7	133.1	99.50	4.81%	133.8	133.8	133.8	6.4	
39	15-Mar-18	6.628%	15-Mar-48	169.5	0.9	168.6	99.49	6.67%	0.0	169.5	130.4	8.7	
40	15-Jun-18	5.791%	15-Jun-28	169.5	0.8	168.6	99.50	5.86%	0.0	169.5	91.3	5.3	
41	15-Sep-18	4.801%	15-Sep-23	169.5	0.8	168.6	99.50	4.91%	0.0	169.5	52.1	2.6	
42		<b>Subtotal</b>							3801.6	3972.5	3997.5	203.6	
43		Treasury OM&A costs										1.1	
44		Other financing-related fees										2.0	
45		<b>Total</b>							<b>3801.6</b>	<b>3972.5</b>	<b>3997.5</b>	<b>206.7</b>	<b>5.17%</b>



HYDRO ONE NETWORKS INC.  
DISTRIBUTION  
Cost of Long-Term Debt Capital  
Test Year (2019)  
Year ending December 31

Line No.	Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered (\$Millions)	Premium Discount and Expenses (\$Millions)	Net Capital Employed		Effective Cost Rate	Total Amount Outstanding		Avg. Monthly Averages (\$Millions)	Carrying Cost (\$Millions)	Projected Average Embedded Cost Rates
						Total Amount (\$Millions)	Per \$100 Principal Amount (Dollars)		at 12/31/18 (\$Millions)	at 12/31/19 (\$Millions)			
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	3-Jun-00	7.350%	3-Jun-30	121.6	2.0	119.6	98.37	7.49%	121.6	121.6	121.6	9.1	
2	22-Jun-01	6.930%	1-Jun-32	47.7	0.6	47.1	98.78	7.03%	47.7	47.7	47.7	3.4	
3	17-Sep-02	6.930%	1-Jun-32	142.0	(5.1)	147.1	103.57	6.65%	142.0	142.0	142.0	9.4	
4	31-Jan-03	6.350%	31-Jan-34	74.0	0.6	73.4	99.21	6.41%	74.0	74.0	74.0	4.7	
5	22-Apr-03	6.590%	22-Apr-43	105.0	0.8	104.2	99.26	6.64%	105.0	105.0	105.0	7.0	
6	25-Jun-04	6.350%	31-Jan-34	48.0	(0.1)	48.1	100.22	6.33%	48.0	48.0	48.0	3.0	
7	20-Aug-04	6.590%	22-Apr-43	26.0	(2.1)	28.1	107.89	6.06%	26.0	26.0	26.0	1.6	
8	24-Aug-04	6.350%	31-Jan-34	26.0	(0.9)	26.9	103.48	6.09%	26.0	26.0	26.0	1.6	
9	19-May-05	5.360%	20-May-36	98.1	3.7	94.4	96.19	5.62%	98.1	98.1	98.1	5.5	
10	24-Apr-06	5.360%	20-May-36	62.5	0.8	61.7	98.68	5.45%	62.5	62.5	62.5	3.4	
11	19-Oct-06	5.000%	19-Oct-46	45.0	0.3	44.7	99.29	5.04%	45.0	45.0	45.0	2.3	
12	13-Mar-07	4.890%	13-Mar-37	160.0	0.9	159.1	99.45	4.93%	160.0	160.0	160.0	7.9	
13	3-Mar-09	6.030%	3-Mar-39	105.0	0.6	104.4	99.41	6.07%	105.0	105.0	105.0	6.4	
14	16-Jul-09	5.490%	16-Jul-40	90.0	0.6	89.4	99.36	5.53%	90.0	90.0	90.0	5.0	
15	15-Mar-10	5.490%	24-Jul-40	80.0	(0.5)	80.5	100.58	5.45%	80.0	80.0	80.0	4.4	
16	15-Mar-10	4.400%	4-Jun-20	120.0	0.5	119.5	99.55	4.46%	120.0	120.0	120.0	5.3	
17	13-Sep-10	5.000%	19-Oct-46	100.0	(0.2)	100.2	100.25	4.98%	100.0	100.0	100.0	5.0	
18	26-Sep-11	4.390%	26-Sep-41	75.0	0.5	74.5	99.35	4.43%	75.0	75.0	75.0	3.3	
19	22-Dec-11	4.000%	22-Dec-51	30.0	0.2	29.8	99.47	4.03%	30.0	30.0	30.0	1.2	
20	13-Jan-12	3.200%	13-Jan-22	126.0	0.7	125.3	99.47	3.26%	126.0	126.0	126.0	4.1	
21	22-May-12	3.200%	13-Jan-22	135.0	(1.3)	136.3	100.97	3.08%	135.0	135.0	135.0	4.2	
22	22-May-12	4.000%	22-Dec-51	56.3	0.3	56.0	99.51	4.02%	56.3	56.3	56.3	2.3	
23	31-Jul-12	3.790%	31-Jul-62	22.5	0.1	22.4	99.47	3.81%	22.5	22.5	22.5	0.9	
24	16-Aug-12	3.790%	31-Jul-62	94.0	0.8	93.2	99.20	3.83%	94.0	94.0	94.0	3.6	
25	9-Oct-13	4.590%	9-Oct-43	195.8	1.1	194.6	99.42	4.63%	195.8	195.8	195.8	9.1	
26	15-Mar-14	4.928%	15-Mar-44	58.8	0.3	58.6	99.50	4.96%	58.8	58.8	58.8	2.9	
27	15-Jun-14	4.091%	15-Jun-24	58.8	0.3	58.6	99.50	4.15%	58.8	58.8	58.8	2.4	
28	15-Sep-14	3.101%	15-Sep-19	58.8	0.3	58.6	99.50	3.21%	58.8	0.0	40.7	1.3	
29	15-Mar-15	5.628%	15-Mar-45	89.6	0.4	89.2	99.50	5.66%	89.6	89.6	89.6	5.1	
30	15-Jun-15	4.791%	15-Jun-25	89.6	0.4	89.2	99.50	4.86%	89.6	89.6	89.6	4.4	
31	15-Sep-15	3.801%	15-Sep-20	89.6	0.4	89.2	99.50	3.91%	89.6	89.6	89.6	3.5	
32	15-Mar-16	6.128%	15-Mar-46	144.0	0.7	143.3	99.50	6.17%	144.0	144.0	144.0	8.9	
33	15-Jun-16	5.291%	15-Jun-26	144.0	0.7	143.3	99.50	5.36%	144.0	144.0	144.0	7.7	
34	15-Sep-16	4.301%	15-Sep-21	144.0	0.7	143.3	99.50	4.41%	144.0	144.0	144.0	6.4	
35	15-Mar-17	6.528%	15-Mar-47	133.8	0.7	133.1	99.50	6.57%	133.8	133.8	133.8	8.8	
36	15-Jun-17	5.691%	15-Jun-27	133.8	0.7	133.1	99.50	5.76%	133.8	133.8	133.8	7.7	
37	15-Sep-17	4.701%	15-Sep-22	133.8	0.7	133.1	99.50	4.81%	133.8	133.8	133.8	6.4	
38	15-Mar-18	6.628%	15-Mar-48	169.5	0.9	168.6	99.49	6.67%	169.5	169.5	169.5	11.3	
39	15-Jun-18	5.791%	15-Jun-28	169.5	0.8	168.6	99.50	5.86%	169.5	169.5	169.5	9.9	
40	15-Sep-18	4.801%	15-Sep-23	169.5	0.8	168.6	99.50	4.91%	169.5	169.5	169.5	8.3	
41	15-Mar-19	6.628%	15-Mar-49	78.1	0.4	77.7	99.50	6.67%	0.0	78.1	60.1	4.0	
42	15-Jun-19	5.791%	15-Jun-29	78.1	0.4	77.7	99.50	5.86%	0.0	78.1	42.1	2.5	
43	15-Sep-19	4.801%	15-Sep-24	78.1	0.4	77.7	99.50	4.91%	0.0	78.1	24.0	1.2	
44		<b>Subtotal</b>							3972.5	4148.0	4080.6	216.2	
45		Treasury OM&A costs										1.1	
46		Other financing-related fees										2.0	
47		<b>Total</b>							<b>3972.5</b>	<b>4148.0</b>	<b>4080.6</b>	<b>219.3</b>	<b>5.37%</b>

1 **Energy Probe Research Foundation (EP) INTERROGATORY #6**

2  
3 **Interrogatory**

4  
5 **Ref: Exhibit B1, Tab 2, Schedule 1, Page 3**

6  
7 Preamble:

8 Table 2 lists the fixed rate MTN's which Hydro One Networks Inc. plans to issue in  
9 2014, and that will be mapped to the Transmission business, as shown on lines 33 to 35 of  
10 Exhibit B2, Tab 1, Schedule 2, page 8.

- 11
- 12 a) For historic year 2013 please provide the regulatory schedules that showed the  
13 forecast (Board approved) amount of debt to be issued by Hydro One Inc. for  
14 Networks and the "as filed" amounts and rates and the forecast amounts mapped to  
15 Tx and Dx.
- 16
- 17 b) For Historic Year 2013 provide the Actual amounts, rates and amounts mapped to TX  
18 and DX. Please explain all material differences.
- 19
- 20 c) For Bridge year 2014 please provide the schedules that show the (Board-Approved)  
21 amount of debt to be issued by Hydro One Inc. for Networks and the as filed amounts  
22 issued or to be issued, rates and the forecast amounts mapped to Tx and Dx.
- 23
- 24 d) For Bridge year 2014 provide the Actual amounts issued, rates and amounts mapped  
25 to Tx and Dx. Also update for year to date and provide a 2014 projection. Please  
26 explain all material differences.

27  
28 **Response**

- 29
- 30 a) Please see response to interrogatory CME 4 Attachment 1, page 3 of Exhibit B2, Tab  
31 1, Schedule 2 for the long term debt schedule for the historic year 2013 for the  
32 Transmission Business. In addition, please see page 4 of Exhibit B2, Tab 1, Schedule  
33 2 from EB-2013-0416 for Hydro One Distribution updated May 30, 2014 for the long  
34 term debt schedule for the historic year 2013 for the Distribution Business.
- 35
- 36 b) Please see response to part (a) above as the amounts issued and rates provided in the  
37 schedule are Actual.
- 38
- 39 c) Please see response to interrogatory I-2-4 Attachment 1, page 4 of Exhibit B2, Tab 1,  
40 Schedule 2 for the long term debt schedule for the Bridge year 2014 for the

- 1           Transmission Business. In addition, please see page 5 of Exhibit B2, Tab 1, Schedule  
2           2 from EB-2013-0416 for Hydro One Distribution updated May 30, 2014 for the long  
3           term debt schedule for the Bridge year 2014 for the Distribution Business.  
4
- 5   d) Please see response to part (c) above, amounts issued and rates for debt issues shown  
6       on lines 1 to 32 are Actual to the end of 2013. Projected debt issues for 2014 are  
7       shown on lines 33 to 35. Please see response to interrogatory I-03-05 part (a) for  
8       actual issuances during 2014.

1 **Energy Probe Research Foundation (EP) INTERROGATORY #7**

2  
3 **Interrogatory**

4  
5 **Ref: Exhibit B1, Tab 2, Schedule 1, Page 4**

6  
7 Preamble:

8 Table 3 lists the fixed rate MTN's which Hydro One Networks Inc. plans to issue in 2015  
9 and 2016 that will be mapped to the Transmission business, as shown on lines 34 to 39 of  
10 Exhibit B2, Tab 1, Schedule 2, page 12.(not provided)

- 11  
12 a) Please provide the 2015 and 2016 gross amounts by issue of debt to be issued on  
13 behalf of Networks. Provide forecast rates.  
14  
15 b) Please provide the calculations that map the 2015 and 2016 amounts of new debt to  
16 both Tx and Dx and provide a Table that show shows the total amounts of.  
17 i) Embedded debt, and  
18 ii) New debt.

19  
20 Allocated to each business.

21  
22 **Response**

- 23  
24 a) Please see response to CME 4 Attachment 1, page 6 of Exhibit B2, Tab 1, Schedule 2  
25 for the test year 2016 for the Transmission Business. Lines 34 to 39 provides the  
26 forecast amounts of debt for the Transmission Business for 2015 and 2016.

27  
28 In addition, please see page 7 of Exhibit B2, Tab 1, Schedule 2 from EB-2013-0416  
29 for Hydro One Distribution updated May 30, 2014 for the test year 2016 for the  
30 Distribution Business. Lines 34 to 39 provides the forecast amounts of debt for the  
31 Distribution Business for 2015 and 2016.

32  
33 The amount of debt issued by Hydro One Networks for 2015 and 2016 is the total of  
34 the principal amounts offered for the Transmission Business and the Distribution  
35 Business for each issue as provided in the referenced two schedules. The forecast  
36 rates are provided in the two schedules are identical.

- 37  
38 b) Please see response to CME 4 Attachment 1, attached Exhibit B2, Tab 1, Schedule 2  
39 for the Transmission Business. Lines 1 to 31 of Page 5 Exhibit B2, Tab 1, Schedule 2  
40 for the test year 2015 provides the amounts of Embedded debt for the Transmission

1 Business. Lines 31 to 39 of Page 6 Exhibit B2, Tab 1, Schedule 2 for the test year  
2 2016 provides the amounts of forecast debt for the Transmission Business.

3

4 In addition, please see Exhibit B2, Tab 1, Schedule 2 from EB-2013-0416 for Hydro  
5 One Distribution updated May 30, 2014 for the Distribution Business. Lines 1 to 31  
6 of Page 6 Exhibit B2, Tab 1, Schedule 2 for the test year 2015 provides the amounts  
7 of Embedded debt for the Distribution Business. Lines 31 to 39 of Page 7 Exhibit B2,  
8 Tab 1, Schedule 2 for the test year 2016 provides the amounts of forecast debt for the  
9 Distribution Business.

1 **Energy Probe Research Foundation (EP) INTERROGATORY #8**

2  
3 **Interrogatory**

4  
5 **Ref: Exhibit B1, Tab 2, Schedule 1, Page 5**

6  
7 Preamble:

8 Hydro One assumes that forecast debt issuance interest rates for each test year will be  
9 updated consistent with the ROE methodology, upon the final decision in this case.

- 10 a) Confirm when the forecast of debt rates is updated. Are the amounts and terms of  
11 debt to be issued also updated?  
12  
13 b) Are the amounts of debt and costs and the allocation to Tx and Dx trued up post  
14 facto? Please discuss and provide an example.

15  
16 **Response**

- 17  
18 a) As discussed on lines 12 to 17, page 3 of Exhibit B1, Tab 1 Schedule 1 shown below,  
19 Hydro One will update the forecast debt rates as part of the rate order for the  
20 following year:

21  
22 “As discussed in this exhibit, forecast interest rates will be updated consistent  
23 with the methodology used for the return on common equity and deemed short  
24 term interest rate. In addition Hydro One assumes that long term debt rate will be  
25 updated to reflect and take into account the actual issuances of debt since the time  
26 of original application consistent with the OEB Decision on Hydro One  
27 Transmission 2013 and 2014 rate application in EB-2012-0031.”

- 28  
29 b) Please see response to part (a). The long term debt rate will be updated annually to  
30 take into account actual debt issuances.

31

1 **Energy Probe Research Foundation (EP) INTERROGATORY #9**

2  
3 **Interrogatory**

4  
5 **Ref: Exhibit A, Tab 15, Schedule 2, Page 7 (Attachment 1 not provided)**

6  
7 Preamble:

8 Details of the information provided by the OPA and the methodology used by Hydro One  
9 to derive the CDM impacts for the 3 charge determinants are documented in Attachment  
10 1 of this Exhibit. Table 2 summarizes the CDM peak impacts assumed in Hydro One  
11 Transmission's system load forecast for 2006 to 2016. These CDM peak impacts are  
12 consistent with the 2013 LTEP.

- 13  
14 a) Please provide a summary of Attachment 1.  
15  
16 b) Please provide the comparable 2013-2016 CDM amounts from the 2013 LTEP.  
17  
18 c) Please clarify which years OPA data are actuals and which are estimates.  
19  
20 d) Do the OPA data reflect the extension of the current CDM plan to 2015?  
21  
22 e) Confirm if the data for 2016 include any estimates for the new CDM plan requested  
23 by the Minister this spring?

24  
25 **Response**

- 26  
27 a) A summary of Attachment 1 is provided below:

28  
29 Attachment 1 discusses the CDM impacts in Hydro One Network's transmission load  
30 forecast. The methodology for incorporating CDM impacts in the load forecast was  
31 presented in Hydro One's last transmission rates application (EB-2012-0031) and was  
32 approved by the Ontario Energy Board.

33  
34 In December of 2013, the Ministry of Energy released Ontario's updated Long-Term  
35 Energy Plan, *Achieving Balance* ("the 2013 LTEP"). The detailed breakdown of  
36 assumptions underpinning the 2013 LTEP was released by the OPA in February  
37 2014. Based on consultation with the OPA, Hydro One has adopted the OPA's  
38 province-wide conservation forecast and used a similar methodology to incorporate  
39 these CDM impacts into the load forecast.

40 While the OPA provided total CDM impacts for the province, it did not provide this  
41 information by charge determinant. Hydro One derived CDM impacts by charge  
42 determinant to support its load forecast.  
43

1 Table 1 shows CDM impacts by the three charge determinants used in this rate  
 2 application.

3 **Table 1: Annual CDM Impacts by Charge Determinant**

4 (12-Month Average Peak MW)

Year	Ontario Demand (MW)	Charge Determinant		
		Network Connection (MW)	Line Connection (MW)	Transformation Connection (MW)
2014	1,723	1,711	1,602	1,377
2015	1,872	1,858	1,740	1,495
2016	2,087	2,071	1,939	1,667

5 Note: Charge Determinants are at wholesale purchase level

6  
 7 b) The 2013-2016 peak demand savings (MW) from 2013 LTEP are provided below.

	2013	2014	2015	2016
<b>Peak Demand Reduction Associated with Energy Savings Targets</b>	<b>1621</b>	<b>1820</b>	<b>1942</b>	<b>2167</b>
EE (historical and future programs)	1248	1435	1528	1662
Codes and Standards (existing and forecast)	373	386	413	505
<b>Peak Reduction from Existing and Future Demand Response Resources</b>	<b>1352</b>	<b>1399</b>	<b>1425</b>	<b>1437</b>
Dispatchable Load	377	377	377	377
Industrial Conservation Initiative	300	300	300	300
Time-of-Use Rates	137	184	221	232
Existing DR Programs (assume capacity maintained)	539	539	528	528
<b>Total</b>	<b>2973</b>	<b>3219</b>	<b>3367</b>	<b>3604</b>

9  
 10  
 11  
 12 c) In the OPA data 2006 to 2012 are actuals and 2013 to 2016 are forecasted savings.

13  
 14 d) Savings from the current CDM plan for 2011-2014 as well as the new CDM plan for  
 15 2015-2020 are reflected in the OPA data consistent with the 2013 LTEP.

16  
 17 e) Yes, the new CDM plan requested by the Minister is included in the OPA data.



1                                    **Energy Probe Research Foundation (EP) INTERROGATORY #10**

2  
3                                    **Interrogatory**

4  
5                                    **Ref: Exhibit C1, Tab 2, Schedule 1, Page 5 of 6, Table 2**

6  
7                                    Preamble:

8                                    The reduction in the Sustaining, Development, and Operations work program spend  
9                                    reflects Cornerstone savings (both are included in the Board Approved Shared Services  
10                                    and Other total in Table 2).

- 11  
12                                    a) Please provide details of 2013 Cornerstone savings by category and Total for both Dx  
13                                    and Tx  
14  
15                                    b) Relate these savings to the Cornerstone Benefits Realization Plan

16  
17                                    **Response**

- 18  
19                                    a) Aspects of the Cornerstone Program are embedded in many areas of the corporation  
20                                    such as planning tools, billing processes, design and engineering tools that are used  
21                                    by different groups in the company. Some of this work overlaps between areas such  
22                                    as Sustaining and Development. Therefore the breakdown of the savings by category  
23                                    is not available. However, Exhibit I, Tab 4, Schedule 4, part d illustrates the  
24                                    breakdown between transmission and distribution.  
25  
26                                    b) Please see response to Exhibit I, Tab 4, Schedule 4, part d.

**Energy Probe Research Foundation (EP) INTERROGATORY #11**

**Interrogatory**

**Ref: Exhibit C1, Tab 6, Schedule 3, Page 4 of 4**

Preamble:

Due to the significance of Cornerstone as a Shared Asset, Hydro One has developed transfer price charge rates to allocate a portion of the revenue requirement related to certain Shared Assets to the Telecom and Remotes businesses. The methodology and impact of the transfer price charges are described in more detail in Attachment 1 to this Exhibit.

- a) Please provide referenced Attachment.
- b) Please provide the amount and 2014-2016 shared services schedule(s) showing Cornerstone- related increases in common costs to Telecom and Remotes

**Response**

- a) Please see Attachment 1 for the Common Asset Allocation study requested.
- b) Please see table below.

<b>FEES PAYABLE BY AFFILIATES TO NETWORKS FOR SERVICES TO BE PROVIDED BY NETWORKS: (in \$Thousands)</b>				
<i>Services</i>	<b>Hydro One Inc.</b>	<b>Remotes</b>	<b>Telecom</b>	<b>Brampton</b>
<b>Lease of HONI's IT Assets</b>				
• <b>2015</b>	0	300	580	0
• <b>2016</b>	0	300	580	0

# REVIEW OF SHARED ASSETS ALLOCATION (TRANSMISSION) – 2014

PREPARED FOR

Hydro One Networks Inc.

17 MARCH 2014

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## I. Summary

### A. BACKGROUND AND PURPOSE

Black & Veatch (“B&V” or “we”) is pleased to submit this Report on our Review of Shared Assets Allocation (Transmission) – 2014 to Hydro One Networks Inc. (“HONI”). This Report describes the review that B&V performed, at the request of Hydro One, of Hydro One’s allocation of the costs of Shared Assets in its 2015-2016 Transmission Rates filing before the Ontario Energy Board (“OEB”). In this Report, “cost” is original cost (i.e., gross book value) as derived of December 31, 2012.

In 2005, B&V recommended, Hydro One adopted, and the OEB accepted a methodology for Hydro One to allocate the costs of Shared Assets between its Distribution business and Transmission business, and issued our *Report on Shared Assets Methodology Review* dated June 15, 2005 (“2005 Assets Report”). B&V’s objective in allocating the Shared Assets was to ensure that the allocation was reasonable, reflected best practices and was consistent with the allocation of common corporate costs, as discussed in our *Review of Allocation of Common Corporate Costs (Transmission)*-dated March 17, 2014 (“2014 Common Corporate Costs Report- Transmission”).

The OEB-accepted methodology has been applied to Hydro One’s Business Plans, and reviewed by B&V with reports issued, as follows:

B&V REVIEW / ASSET VALUES	HYDRO ONE FILING	B&V REPORT
2006 Review 12/31/2005	2006 Distribution Rates	<i>Report on Common Assets Methodology 2006</i> dated May 31, 2006
2008 Review 12/31/2007	2008 Transmission Rates	<i>Report on Common Assets Methodology 2008</i> dated September 10, 2008
2009 Review (Distribution) 12/31/2008	2010/2011 Distribution Rates	<i>Report on Common Assets Allocation- 2009</i> dated June 29, 2009
2009 Review (Transmission) 12/31/2008	2011/2012 Transmission Rates	<i>Report on Common Assets Allocation (Transmission) - 2010</i> dated February 26, 2010
2011 Review (Transmission) 12/31/2010	2013/2014 Transmission Rates	<i>Report on Shared Assets Allocation (Transmission) 2012</i> dated February 1, 2012
2013 Review (Distribution) 12/31/2012	2015-2019 Distribution Rates	<i>Report on Shared Assets Allocation (Distribution) 2013</i> dated September 19, 2013

The OEB-accepted methodology has been applied by Hydro One to its Business Plan for 2014-19 (“BP 2014-19”) data for its 2015-2016 Transmission Rates filing. This Report describes the “Review of Shared Assets Allocation (Transmission)” that B&V performed, at Hydro One’s request, of Hydro One’s application of the methodology to its BP 2014-19, and presents B&V’s conclusions.

In its 2015-2016 Transmission Rates filing, Hydro One has allocated 42.3% of the cost of the Shared Assets to its Transmission business, and 57.7% to its Distribution business. These ratios are the

same as used in its 2015-19 Distribution Rates filing, and approximately the same as in its 2011/2012 Transmission Rates filing which allocated 40.1% to the Transmission business and 59.9% to the Distribution business.

In addition, Hydro One has developed transfer price charge rates for the Telecom and Remotes businesses, to be used in allocating to those businesses a portion of the revenue requirement related to the Shared Assets (e.g., depreciation expense and return). In the past, before Cornerstone assets had been placed in service, no Shared Assets were assigned to Telecom or Remotes because the amounts would have been very small.

No Shared Assets are allocated to Brampton, because it does not use these assets.

## B. TYPES OF SHARED ASSETS

Hydro One provided B&V with a list of the Shared Assets, by Asset Group and Asset Subgroup, as shown in Table 1.

Table 1 - Types of Shared Assets

ASSET GROUP	ASSET SUBGROUPS
Major Assets	<ul style="list-style-type: none"> <li>■ Software</li> <li>■ Buildings and Telecommunications equipment</li> </ul>
Minor Fixed Assets (“MFA”)	<ul style="list-style-type: none"> <li>■ Aircraft</li> <li>■ Computer Hardware</li> <li>■ Office equipment</li> <li>■ Service equipment- Miscellaneous</li> <li>■ Service equipment- Measurement and Testing</li> <li>■ Service equipment- Storage</li> <li>■ Tools</li> <li>■ Transportation Work Equipment</li> <li>■ Transportation Work Equipment- Power equipment</li> </ul>

If an asset was estimated to be used at least 95% in either Transmission or Distribution, the cost of that asset was removed from Shared Assets and directly assigned to that business.

## C. SUMMARY OF APPROACH

### Allocation of Asset Costs to Transmission and Distribution

A cost driver was assigned to each asset (i.e., a building within Major Assets), asset type (i.e., Pickup Trucks within TWE) or Asset Subgroup, based on discussions with Hydro One personnel to ascertain what cost driver was most closely related to the usage of the asset or the Asset Subgroup. The cost drivers used to allocate the Shared Assets were selected from among, or derived from, the cost drivers used to allocate the costs of the common corporate functions and services. The specific

steps used for each Asset Group and Subgroup are discussed below. The amounts allocated to Transmission and Distribution are summarized in Table 2.

### Development of Transfer Price Charge Rates for Telecom and Remotes

The transfer price charge rates represent the usage of the Shared Assets by the Telecom and Remotes businesses. Our approach to developing the transfer price charge rates was as follows:

- The portion of each asset that should be allocated to Telecom and Remotes based on the appropriate cost driver was determined.
- The total dollar amount allocated to Telecom, representing Shared Asset cost, was computed for each asset by multiplying the Telecom share of usage by the asset cost; these dollar amounts were summed and divided by the category total cost to determine the Telecom share for the category. The same was done for Remotes. Table 3 presents the Telecom and remotes shares.
- The percentages should be applied to each component of the revenue requirement related to the Shared Assets (e.g., depreciation expense and return), to compute the dollar amount charged to Telecom and Remotes. The amounts charged to Telecom and Remotes should be applied to reduce the revenue requirement recovered from rate payers of the Transmission and Distribution businesses.

For example, the study determined that Telecom uses 0.42% (Table 3) of the shared Major Assets owned by HONI. As such, 0.42% of the revenue requirement associated with major assets is charged to Telecom. The revenue requirement calculated for HONI will include 100% of the assets, however, the other revenues received from the Hydro One Inc. subsidiaries will reduce the revenue requirement which is used to derive the tariff rates.

## II. Descriptions of Asset Groups

### A. MAJOR ASSETS

#### Software

Most of the software included in Shared Assets was for Hydro One's Cornerstone project, an enterprise-wide system to support work management, asset management, human resources, financial and other functions. These costs were allocated using a cost driver that reflects the activities supported. Infrastructure costs related to each phase were allocated based on the activities those phases support.

#### Buildings and Telecommunications Equipment

Each asset included in Buildings and Telecommunications Shared Assets was discussed with Hydro One personnel, and allocated using one of the following methods:

- **Specific estimation for a building.** For example, Sudbury Service Centre has estimated usage of Transmission-20% / Distribution-80%.
- **Direct assignment based on type of usage.** For example, Hydro One summarized Fleet time charges (which are recorded to time sheets concurrently with usage) for years 2009-2012 and determined that Fleet usage is Transmission- 27.26% and Distribution- 72.74%; therefore the costs for buildings used for Fleet were allocated using these percentages.

Buildings used for Training were allocated using the cost driver Headcount.

- **Cost drivers based on usage.** For example, Buildings used to manage both Distribution and Transmission projects are allocated using the cost driver *ProgramProjectCosts*, developed as part of the 2014 Common Corporate Costs Report- Transmission study.

### B. MINOR FIXED ASSETS

Each component of Minor Fixed Assets includes many individual items. B&V reviewed the lists of individual items and determined that the following allocations are appropriate:

- **Aircraft** – Helicopter and supporting components. Usage was based on an analysis of time charges (which are recorded to time sheets concurrently with usage) for years 2009-2012.
- **Computer Hardware** – Includes Laptops, Desktops, Network Equipment, Printers, etc. Allocated using a cost driver based on the number of *Workstations* (50% weight) and the cost driver *Headcount* (50% weight).
- **Office equipment** – Includes office furniture and other office equipment. Allocated using the cost driver *Headcount*.
- **Service equipment - Miscellaneous** – Includes miscellaneous equipment. Allocated using *Total Common Costs* cost driver, developed as part of the 2014 Common Corporate Costs Report- Transmission study.
- **Service equipment- Measurement and Testing** – Includes Meters, Splicers etc. used for Distribution. Directly assigned to *Distribution*.



- **Service equipment- Storage** – Includes Waste Storage and Other Storage equipment. Allocated using the cost driver based on spending for *Operating and Maintenance costs and Capital spending*.
- **Tools** – Includes Rental tools. Allocated Distribution-20% / Transmission-80% reflecting estimated usage based on information as to which business units are renting the tools.
- **Transportation & Work Equipment** – Includes primarily Vehicles. Allocated using the cost driver “Fleet”, which represents Fleet time charges (which are recorded to time sheets concurrently with usage) for years 2009-2012. Except for items representing less than 1.0% of cost, the usage for all of the Transportation & Work Equipment Shared Assets were recorded on time sheets and included in the computation of the Fleet cost driver.

The results are summarized in Table 2.

### III. Summary of Results

Table 2 presents the allocation of Shared Assets to Transmission and Distribution.

Table 2 - Summary of Shared Assets Allocation

YEAR - END 2012 \$ MILLIONS COST	TOTAL	TRANS- MISSION	DISTRIBU- TION	TRANS- MISSION %	DISTRIBU- TION %
<b>Major Assets</b>					
Software	\$444.1	\$238.2	\$205.9	53.6%	46.4%
Building / Telecom	95.1	51.4	43.7	54.0%	46.0%
<b>Total</b>	<b>539.2</b>	<b>289.6</b>	<b>249.6</b>	<b>53.7%</b>	<b>46.3%</b>
<b>Minor Fixed Assets</b>					
Aircraft	19.1	13.9	5.2	72.8%	27.2%
Computer Hardware	89.2	48.8	40.4	54.7%	45.3%
Office Equipment	10.0	5.5	4.5	55.0%	45.0%
Service- Misc.	5.2	2.4	2.8	46.2%	53.8%
Service- Measure/Test	11.8	--	11.8	0.0%	100.0%
Service- Storage	3.6	2.1	1.5	58.3%	41.7%
Tools	8.3	6.6	1.7	79.5%	20.5%
Transportation & Work Equipment	524.0	142.9	381.1	27.3%	72.7%
<b>Total</b>	<b>671.2</b>	<b>222.2</b>	<b>449.0</b>	<b>33.1%</b>	<b>66.9%</b>
<b>Total - All Shared Assets</b>	<b>\$1,210.4</b>	<b>\$511.8</b>	<b>\$698.6</b>	<b>42.3%</b>	<b>57.7%</b>

Table 3 presents the Shared Assets transfer price charges for Telecom and Remotes.

Table 3 - Transfer Price Charges for Other Businesses

ASSET GROUP	TELECOM	REMOTES
Major Assets	0.42%	0.24%
Minor Fixed Assets	0.25%	0.12%
<b>Total - All Shared Assets</b>	<b>0.30%</b>	<b>0.16%</b>

1                                    **Energy Probe Research Foundation (EP) INTERROGATORY #12**

2  
3                                    **Interrogatory**

4  
5                                    **Ref.: Exhibit C1, Tab 2, Schedule 1, Page 6, Table 3**

6  
7                                    Preamble:

8                                    The reduction in the Sustaining, Development, and Operations work program spend was  
9                                    driven by the need to stay within the overall Transmission business OM&A envelope  
10                                    approved in the Board's last Decision, and also reflects Cornerstone savings.

- 11  
12                                    a) Please provide details of 2014 Cornerstone savings by category and Total for both Dx  
13                                    and Tx.  
14  
15                                    b) Relate these savings to the Cornerstone Benefits Realization Plan.

16  
17                                    **Response**

- 18  
19                                    a) Please refer to Exhibit I, Tab 4, Schedule 10, part a for response.  
20  
21                                    b) Please refer to Exhibit I, Tab 4, Schedule 4, part d for response.

1                                    **Energy Probe Research Foundation (EP) INTERROGATORY #13**

2  
3                                    **Interrogatory**

4  
5                                    **Ref: Exhibit C1, Tab 3, Schedule 3, Page 2, Table 1**

6  
7                                    Preamble:

8                                    Total CCFS costs increase by \$13.1 million from 2013 to 2015.

- 9  
10                                   a) Please confirm the difference in Total and Tx allocated costs are the allocations to  
11                                   Dx; and  
12  
13                                   b) Confirm the 2014-2016 amounts reconcile to the Dx Multi-year COS Application

14  
15                                   **Response**

- 16  
17                                   a) Materially, the difference in Total and TX allocated costs is the allocation to Dx.  
18                                   However, very small portions of the total CCFS costs are also allocated to Hydro One  
19                                   Telecom, Hydro One Brampton, Hydro One Inc. and Hydro One Remotes. Please  
20                                   see EB-2013-0416, Exhibit C1, Tab 5, Schedule 1 for more information.  
21  
22                                   b) Confirmed.  
23

1                    **Energy Probe Research Foundation (EP) INTERROGATORY #14**

2  
3                    **Interrogatory**

4  
5                    **Ref: Exhibit C1, Tab 6, Schedule 1, Page 3, Table 1**

6  
7                    Please provide a summary table showing 2013-2016 Common CCFS service costs and  
8                    the allocations to Dx, Tx and other corporate Business Units including each of Hydro  
9                    One Inc., Remotes, Telecom and Brampton Hydro.

10  
11                   **Response**

12  
13                   Please refer to the Interrogatory response in Exhibit I, Tab 10, Schedule 7.

1                                    **Energy Probe Research Foundation (EP) INTERROGATORY #15**

2  
3                                    **Interrogatory**

4  
5                                    **Ref: Exhibit C1, Tab 6, Schedule 3, Page 2, Table 3**

6  
7                                    Preamble:

8                                    Hydro One has used the approved B&V Asset Allocation methodology in this proposed  
9                                    application and Table 3 below shows the Hydro One Common Asset allocation as at  
10                                    December 31, 2012.

11  
12                                    Please provide a version of Table 3 showing the Allocations for each of 2013-2016.  
13                                    Comment on any material changes.

14  
15                                    **Response**

16  
17                                    The numbers in Table 3 were produced by Black & Veatch as part of their “Review of  
18                                    Shared Assets Allocation (Transmission) – 2014” study at a point in time when actuals  
19                                    were only available for 2012. Therefore, a version of Table 3 for 2013 was not included.  
20                                    The intent of the study was to develop allocation rates to Transmission and Distribution,  
21                                    the results of which have been applied to all test years in the Transmission rate  
22                                    application.

1                    **Energy Probe Research Foundation (EP) INTERROGATORY #16**

2  
3                    **Interrogatory**

4  
5                    **Ref: Exhibit C1, Tab 7, Schedule 1**

6  
7                    Please explain big increase in Asset Removal Costs 2013 to 2014-16.

8  
9                    **Response**

10  
11                    This is due to increase in capital expenditures, in particular due to the increase in  
12                    Sustaining i.e replacement of existing assets requiring removal expense. Please refer to  
13                    Exhibit D1, Tab 3, Schedule 1.

**Energy Probe Research Foundation (EP) INTERROGATORY #17**

**Interrogatory**

**Ref: Exhibit D1, Tab 1, Schedule 1, Page 4/5, Tables 1 and 2**

Preamble:

Total (2013) rate base was \$143.9 million below the Board approved amount; a variance of 1.5%. Total (2014) rate base was \$263.0 million below the Board approved amount, a variance of 2.6%.

- a) Please provide calculations showing for each year relative to Board-approved baseline, the impact on the Revenue Requirement and Rates of the lower 2013 and 2014 ratebase.
- b) Is the reduction in 2013 and 2014 ratebase a result of lower capital expenditures or lower Assets in Service? Please discuss.
- c) Please provide the 2013 and 2014 ISA schedules provided in the EB-2012-0031 Settlement Process. Highlight major and material differences.

**Response**

- a) Please see the tables below for the requested information. All amounts have been rounded to the nearest million.

<b>Impact of lower Rate Base in 2013</b>	<b>Rate Order</b>	<b>Updated Rate Base</b>	<b>Variance</b>
Rate Base	9,353	9,209	(144)
Revenue requirement			
OM&A	440	440	-
Depreciation (excl. rate rider amortization)	345	341	(4)
Return on rate base	604	595	(9)
AFUDC	5	5	-
Income tax (incl. LCT)	43	46	3
	1,438	1,427	(10)



<b>Impact of lower Rate Base in 2014</b>	<b>Rate Order</b>	<b>Updated Rate Base</b>	<b>Variance</b>
Rate Base	9,934	9,671	(263)
Revenue requirement			
OM&A	450	450	-
Depreciation (excl. rate rider amortization)	371	364	(8)
Return on rate base	655	637	(17)
AFUDC	5	5	-
Income tax (incl. LCT)	55	58	3
	1,535	1,514	(22)

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- b) Rate Base growth did not achieve the approved levels in 2013 and 2014 due to lower than planned in-service additions.
- c) Please see the information provided in response to SEC's interrogatory 11 filed at Exhibit I, Tab 10, Schedule 11.

1                    **Energy Probe Research Foundation (EP) INTERROGATORY #18**

2  
3                    **Interrogatory**

4  
5                    **Ref: Exhibit D1, Tab 1, Schedule 2, Page 4, Table 2**

6  
7                    Please expand the list of all major 2014-2016 project ISAs by category and ratebase  
8                    addition date (year and Quarter).

9  
10                   **Response**

11  
12                   Please see response to SEC's interrogatory 12 at Exhibit I, Tab 10, Schedule 12.

1 **Energy Probe Research Foundation (EP) INTERROGATORY #19**

2  
3 **Interrogatory**

4  
5 **Ref: Exhibit D1, Tab 1, Schedule 2, Page 5**

6  
7 Preamble:

8 In the Common Corporate Costs area, there are in-service additions in 2015 and 2016 for  
9 IT systems, transport & work equipment and head office and field facility improvements.

10  
11 Please list all major 2014-2016 project ISAs by category and ratebase addition date (year  
12 and Quarter).

13  
14 **Response**

15  
16 Please see table below. These projects/programs are in serviced throughout the year, thus  
17 no quarterly in service date can be identified.

18

Description	In-Service Additions (\$M)		
	2014	2015	2016
Information Technology	20.3	15.2	17.0
Fleet	17.7	14.9	17.1
Work Equipment (Service Equipment & Tools)	5.3	4.9	4.2
Real Estate Facilities	24.3	29.2	24.7
Cornerstone	11.1	0.0	0.0
<b>Total</b>	<b>78.7</b>	<b>64.1</b>	<b>63.1</b>



**Table 1**

ISD#	Project Name	CAP EX (\$ millions)													Gross Total
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
<b>Inter-Area Network Transfer Capability</b>															
D01	New 500 kV Bruce to Milton Double Circuit Transmission Line	1.2	6.6	44.8	150.0	173.2	204.1	100.1	9.6	6.9	3.3	3.2	6.5	0.0	709.4
D02	Clarington TS: New 500/230kV Station	0.0	0.0	0.0	0.0	0.0	0.0	6.8	4.5	36.9	91.7	101.1	53.2	0.0	294.1
D03	Installation of Shunt Capacitor Banks at Cherrywood TS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	3.4	7.0	3.5	14.0
<b>Local Area Supply Adequacy</b>															
D05	Guelph Area Transmission Reinforcement	0.0	0.0	0.2	0.2	0.4	0.1	0.5	1.1	13.5	48.3	29.9	0.0	0.0	94.3
D06	Preston TS Transformation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	10.0	4.6	10.0	0.0	24.9
D07	Toronto Area Station Upgrades for Short Circuit Capability: Manby TS Equipment Uprate	0.0	0.0	0.0	0.0	0.1	0.2	5.2	5.8	3.4	5.7	3.9	0.0	0.0	24.3
D08	Hawthorne TS: Replace two existing Transformers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	7.0	4.5	0.0	12.5
D09	York Region - Increase Transmission Capability for B82V/B83V Circuits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	5.0	7.0	7.0	0.0	20.0
<b>Load Customer Connection</b>															
D12	Supply to Essex County Transmission Reinforcement	0.0	0.1	0.3	0.5	0.3	0.8	0.2	0.3	2.0	25.0	37.5	10.0	0.0	77.0
<b>Generation Customer Connection</b>															
D13	Napanee Gas Generation Connection	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	1.0	4.5	0.5	0.0	6.5
<b>P&amp;C Modifications for Enablement of Distribution Connected Generation</b>															
D14	Transmission Station P&C Upgrades for DG	0.0	0.0	0.0	2.4	6.1	4.3	8.6	3.3	17.5	17.5	18.0	6.7	0.1	N/A*

\*This category involves multiple small projects which do not have multi-year expenditures.

- 1 b) The project costs in this table represent the individual projects from the 10 tables in
- 2 Exhibit D1, Tab 3, Schedule 3, Appendix A which is provided in Exhibit I, Tab 10,
- 3 Schedule 15, Attachment 1. Table 1 in Exhibit D1, Tab 3, Schedule 3 summarizes the
- 4 capital expenditures for tables 2 to 10 in Appendix A.
- 5
- 6 c) The in-service additions are shown in Table 2 below.

**Table 2**

ISD#	Investment Summary Description	I/S (Year)	I/S (Quarter)	2013	2014	2015	2016
D01	New 500 kV Bruce to Milton Double Circuit Transmission Line	2012	Q2	9.6	6.9	3.3	3.2
D02	Clarington TS: Build new 500/230kV Station	2017	Q3	0.0	0.0	0.0	0.0
D03	Installation of Shunt Capacitor Banks at Cherrywood TS	2018	Q2	0.0	0.0	0.0	0.0
D05	Guelph Area Transmission Reinforcement	2016	Q2	0.0	0.0	0.0	94.3
D06	Preston TS Transformation	2017	Q2	0.0	0.0	0.0	0.0
D07	Toronto Area Station Upgrades for Short Circuit Capability: Manby TS Equipment Uprate*	2016	Q2	7.4	0.0	0.0	16.2
D08	Hawthorne TS: Replace two existing Transformers	2017	Q2	0.0	0.0	0.0	0.0
D09	York Region - Increase Transmission Capability for B82V/B83V Circuits	2017	Q2	0.0	0.0	0.0	0.0
D12	Supply to Essex County Transmission Reinforcement	2017	Q1	0.0	0.0	0.0	0.0
D13	Napanee Gas Generation Connection	2017	Q1	0.0	0.0	0.0	0.0
D14	Transmission Station P&C Upgrades for DG*			0.0	0.0	0.0	0.0

\*The costs in Table 1 are Gross Costs and these are Net Costs.

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**Energy Probe Research Foundation (EP) INTERROGATORY #21**

**Interrogatory**

**Ref.: Exhibit D1, Tab 2, Schedule 1, Page 15, Table - Cost Trends and Impacts**

- a) Please provide a version of Table that shows added Historic year Board Approved and 2014 YTD columns and data.
- b) Please provide the unit average costs.
- c) Please discuss any variances and associated cost impacts.

**Response**

- a) Please see the revised table below for the inclusion of the 2014 YTD (*as of June 30, 2014*) information. The OEB Decisions provide approved amounts for programs and projects but not specific asset levels, so historical Board Approved amounts are not available.

Transformer Portfolio	Historic			Bridge		Test	
	2011	2012	2013	2014	2014 YTD	2015	2016
# of Replacements	16	12	15	26	8	26	26
% of Fleet	2.2%	1.7%	2.1%	3.6%	1.1%	3.6%	3.6%
Capital (\$M)	81.1	100.5	120.7	162.9	27.9	105.7	120.1
OM&A (\$M)	30.2	23.2	21.8	23.3	10.6	23.7	22.8

- b) Average unit costs for transformer replacements are as follows:

Transformer Portfolio	Historic			Bridge	Test	
	2011	2012	2013	2014	2015	2016
Unit Cost (\$M)	5.1	8.4	8.0	6.3	4.1	4.6

- c) The costs of replacement of transformers varies based on the specification of the equipment as well as the site specific details. Typical transformer installation costs can range from \$4 million to \$25 million.

The higher unit costs in the historic years are a result of a greater number of higher MVA transformers being replaced which carry a higher unit cost than the transformers to be replaced in the test years.



**Energy Probe Research Foundation (EP) INTERROGATORY #22**

**Interrogatory**

**Ref: Exhibit D1, Tab 2, Schedule 1, Page 24, Table - Cost Trends and Impacts**

- a) Please provide a version of Table that shows added Historic year Board Approved and 2014 YTD columns and data.
- b) Please provide the unit average costs.
- c) Please discuss any variances and associated cost impacts.

**Response**

- a) Please see the revised table below for the inclusion of the 2014 YTD (*as of June 30, 2014*) information. The OEB Decisions provide approved amounts for programs and projects but not specific asset levels, so historical Board Approved amounts are not available.

Circuit Breaker Portfolio	Historic			Bridge		Test	
	2011	2012	2013	2014	2014 YTD	2015	2016
# of Replacements	100	55	57	125	28	150	147
% of Fleet	2.2	1.2	1.2	2.7	0.6	3.3	3.2
Capital (\$M)	55.8	39.7	54.5	68.9	30.9	82.7	83.2
OM&A (\$M)	19.3	18.5	20.7	17.3	11.0	19.4	19.8

- b) Average unit costs for circuit breaker replacements are as follows:

Circuit Breaker Portfolio	Historic			Bridge	Test	
	2011	2012	2013	2014	2015	2016
Unit Cost (\$M)	0.6	0.7	1.0	0.6	0.6	0.6

- c) The costs of replacement of breakers varies based on the specifications of the equipment as well as the site specific details. Typical breaker installation costs can range from \$100 thousand to \$3 million.

The higher unit cost in 2013 is mostly a factor of increased completion of work associated with air blast breaker replacements which have a higher unit cost compared with other types of circuit breakers.

**Energy Probe Research Foundation (EP) INTERROGATORY #23**

**Interrogatory**

**Ref: Exhibit D1, Tab 2, Schedule 1, Page 36, Table - Cost Trends and Impacts**

- a) Please provide a version of Table that shows added Historic year Board Approved and 2014 YTD columns and data.
- b) Please provide the unit average costs.
- c) Please discuss any variances and associated cost impacts.

**Response**

- a) Please see the revised table below for the inclusion of the 2014 YTD (*as of June 30, 2014*) information. The OEB Decisions provide approved amounts for programs and projects but not specific asset levels, so historical Board Approved amounts are not available.

Protection Systems Portfolio	Historic			Bridge		Test	
	2011	2012	2013	2014	2014 YTD	2015	2016
# of Replacements	389	350	340	350	50	365	450
% of Fleet	3.5%	2.9%	2.8%	2.9%	0.4%	3.0%	3.7%
Capital (\$M)	28.5*	53.5	53.8	56.3	31.7	57.9	70.5
OM&A (\$M)	11.3	9.7	9.7	10.6	6.3	10.3	11.7

*\*Note: Excludes capital expenditures for protection replacements included under Station Re-Investment*

- b) Average unit costs for protection system replacements are as follows:

Protection Systems Portfolio	Historic			Bridge	Test	
	2011	2012	2013	2014	2015	2016
Unit Cost (\$K)	73.3*	152.9	158.2	160.9	158.6	156.7

*\*Note: Excludes capital expenditures for protection replacements included under Station Re-Investment*

- c) The average unit cost for protection system replacements over the period has remained essentially constant.

**Energy Probe Research Foundation (EP) INTERROGATORY #24**

**Interrogatory**

**Ref: Exhibit D1, Tab 2, Schedule 1, Page 43, Table - Cost Trends and Impacts**

- a) Please provide a version of Table that shows added Historic year Board Approved and 2014 YTD columns and data.
- b) Please provide the unit average costs.
- c) Please discuss any variances and associated cost impacts.

**Response**

- a) Please see the revised table below for the inclusion of the 2014 YTD (*as of June 30, 2014*) information. The OEB Decisions provide approved amounts for programs and projects but not specific asset levels, so historical Board Approved amounts are not available.

Conductor Portfolio	Historic			Bridge		Test	
	2011	2012	2013	2014	2014 YTD	2015	2016
Kms of Circuit Replacements	37	22	75	113	59	99	60
% of Fleet	0.1%	0.1%	0.3%	0.4%	0.2%	0.3%	0.2%
Capital (\$M)	10.2	8.6	17.8	33.2	17.6	36.8	29.3
OM&A (\$M)	10.6	10.6	9.4	13.1	6.2	14.2	14.5

- b) Average unit costs for conductor replacements are as follows:

Conductor Portfolio	Historic			Bridge	Test	
	2011	2012	2013	2014	2015	2016
Unit Cost (\$M)	0.3	0.4	0.2	0.3	0.4	0.5

- c) The costs of replacement of conductor varies based on the specifications and the extend of the refurbishment required. The unit cost in 2013 is lower than other years, as work largely focused on a 115kV single circuit wood pole line which is less costly than the typical steel structure circuit.

**Energy Probe Research Foundation (EP) INTERROGATORY #25**

**Interrogatory**

**Ref: Exhibit D1, Tab 2, Schedule 1, Page 50, Table - Cost Trends and Impacts**

- a) Please provide a version of Table that shows added Historic year Board Approved and 2014 YTD columns and data.
- b) Please provide the unit average costs.
- c) Please discuss any variances and associated cost impacts.

**Response**

- a) Please see the revised table below for the inclusion of the 2014 YTD (*as of June 30, 2014*) information. The OEB Decisions provide approved amounts for programs and projects but not specific asset levels, so historical Board Approved amounts are not available.

Wood Pole Portfolio	Historic			Bridge		Test	
	2011	2012	2013	2014	2014 YTD	2015	2016
# of Replacements	862	763	830	850	432	850	850
% of Fleet	2.1%	1.8%	2.0%	2.0%	1.0%	2.0%	2.0%
Capital (\$M)	30.1	27.2	32.7	27.2	23.3	27.7	28.2
OM&A (\$M)	2.9	4.4	3.1	4.4	2.3	4.1	4.2

- b) Average unit costs for wood pole replacements are as follows:

Wood Pole Portfolio	Historic			Bridge	Test	
	2011	2012	2013	2014	2015	2016
Unit Cost (\$K)	34.9	35.6	39.4	32.0	32.6	33.2

- c) The costs of wood pole replacement varies based on the structure specifications, extent of the work required, as well as the site specific details. Typical pole replacement costs can range from \$20,000 to \$80,000. The higher unit cost in 2013 was attributed to a higher percentage of 230 kV structure replacements in the overall program. These 230kV structures are larger and the most costly to replace.

**Energy Probe Research Foundation (EP) INTERROGATORY #26**

**Interrogatory**

**Ref: Exhibit D1, Tab 2, Schedule 1, Page 58, Table - Cost Trends and Impacts**

- a) Please provide a version of Table that shows added Historic year Board Approved and 2014 YTD columns and data.
- b) Please provide the unit average costs.
- c) Please discuss any variances and associated cost impacts.

**Response**

- a) Please see the revised table below for the inclusion of the 2014 YTD (*as of June 30, 2014*) information. The OEB Decisions provide approved amounts for programs and projects but not specific asset levels, so historical Board Approved amounts are not available.

Steel Structure Portfolio	Historic			Bridge		Test	
	2011	2012	2013	2014	2014 YTD	2015	2016
# of Refurbishments	0	226	218	350	4	350	400
# of Replacements	0	0	17	4	0	4	12
% of Fleet	0%	0.5%	0.5%	0.7%	0.0%	0.7%	0.8%
Capital (\$M)	0.6	8.7	13.3	11.1	5.4	10.7	16.0
OM&A (\$M)	4.7	4.8	3.1	4.4	2.1	4.1	4.2

- b) The capital costs provided in table above include a combination of structure refurbishment and complete structure replacement. The average unit costs by type of work are as follows.

Steel Structure Portfolio	Historic			Bridge	Test	
	2011	2012	2013	2014	2015	2016
Unit Cost Refurbishment (\$K)	N/A	38.5	23.4	26.4	25.1	25.8
Unit Cost Replacement (\$K)	N/A	N/A	482.4	462.5	475.0	475.0

- c) The unit costs for structures are generally consistent over the time period, with some variation based on the structure specifications, extent of the work required, as well as the site specific details. The higher unit cost for refurbishment in 2012 is attributed to the restarting of the program after a suspension for a portion of 2010 and 2011 due to an internal joint health and safety committee (JHSC) review of work practices.

1 **Energy Probe Research Foundation (EP) INTERROGATORY #27**

2  
3 **Interrogatory**

4  
5 **Ref: Exhibit E1, Tab2, Schedule 1, Page2, Table 1 &**  
6 **Exhibit F1, Tab1, Schedule 1, Page 3, Table 2**

- 7  
8 a) Please confirm and list which External Revenues are subject to Deferral/Variance  
9 Account Treatment in 2013-2016.  
10  
11 b) Please provide the Amounts in the Accounts for 2013 and YTD and Forecast for  
12 2014.  
13  
14 c) Are the Forecast amounts included in the Rates Revenue Requirement? Please  
15 provide details.  
16

17 **Response**

- 18  
19 a) All HONI Transmission External Revenues are subject to the Deferral/Variance  
20 Account. The External Revenues are listed as show in Exhibit E1, Tab 2, Schedule 1,  
21 page 2, Table 1.  
22

23 The Variance/Deferral related accounts that capture any variances are listed in  
24 Exhibit F1, Tab 1, Schedule 1, page 3, Table 2, for 2013-2016 in the second and third  
25 categories of that Table respectively;

- 26 • Secondary Land Use: (line 2 of the table)  
27 • External Stations Maintenance: (combined in line 3 of the table)  
28 • E&CS Revenues: (combined in line 3 of the table)  
29 • Other External Revenues: (combined in line 3 of the table)  
30

- 31 b) Please refer to the Table provided in Exhibit I, Tab 3, Schedule 17 [Response to IR  
32 from LPMA, Q17, Part c].  
33

- 34 c) The amounts in Exhibit E1, Tab 2, Schedule 1, Page 3, Table 1 are included in the  
35 Board approved 2014 [EB-2012-0031] revenue requirement. These 2014 amounts and  
36 any variance to actual are not included in this disposition request and will not impact  
37 the revenue requirement amount requested in this rate file proceeding for the test  
38 years 2015 and 2016. Additionally, Hydro One is not forecasting any actual variance  
39 to forecast for the year-end 2014, however, any variances that may occur will be  
40 tracked in the Board approved variance/deferral account established for this purpose.

**Energy Probe Research Foundation (EP) INTERROGATORY #28**

**Interrogatory**

**Ref: Exhibit F1, Tab 1, Schedule 1, Page 3, Table 2**

- a) Does Dx also have a Pension Cost Deferral account?
- b) Please explain the amounts allocated to each account are calculated and provide the 2013-2016 amounts.
- c) Please explain why the Long Term Future Corridor Account 1508 is still required and why “This amount is expected to grow over the next few years.”

**Response**

- a) Yes.
- b) The method of allocation of Pension costs to OM&A and Capital is consistent with the methodology reviewed during RP-2005-0020/EB-2005-0378, EB-2006-0501, EB-2007-0681 and EB-2008-0272, EB-2009-0096, EB-2010-0002 and EB-2012-0031.

The following table shows the allocated Transmission Pension amounts between OM&A and Capital for the years 2013-2016.

<b>Transmission Allocated Pension Components</b>	<b>2013 <sup>1</sup></b> \$M	<b>2014 <sup>1</sup></b> \$M	<b>2015 <sup>2</sup></b> \$M	<b>2016 <sup>2</sup></b> \$M
Tx OM&A <sup>3</sup>	32	33	29	29
Tx Capital	38	42	42	40
<b>Total</b>	<b>70</b>	<b>75</b>	<b>71</b>	<b>69</b>

1. 2013 and 2014 values are per the Board approved amounts in the Business Plan supporting Hydro One Transmission rate filing EB-2012-0031.
2. 2015 and 2016 values are as per the Business Plan that supports the Hydro One Transmission rates application for 2015 and 2016 as filed with Intervenors
3. It should be highlighted when reading the above response that the Board approved Pension Costs Differential regulatory account tracks the difference between estimated and actual OM&A pension costs. This is also consistent for Hydro One Distribution.
- c) Hydro One has not included any costs relating to Long-Term Transmission Future Corridor Acquisitions and Development, in the rate filing for 2015 & 2016 revenue requirement. Due to the variable and unpredictable nature of the work and the expected materiality of the costs, Hydro One Transmission continues to request approval to collect the costs in a deferral account.

1       As the regulatory account is a full deferral account, any expenditures relating to  
2       Long-Term Transmission Future Corridor Acquisitions and Development will see a  
3       growth of the balance in the account. As mentioned, Hydro One does expect money  
4       to be spent and subsequently recorded in this account, however the timing remains  
5       uncertain and predominately out of the control of Hydro One.



**Energy Probe Research Foundation (EP) INTERROGATORY #29**

**Interrogatory**

**Ref: Exhibit G1, Tab 1, Schedule 1, Page 1, Table 1 &  
 Exhibit E1, Tab 1, Schedule 1, Table 4 (not provided)**

- a) Please provide a version of Table 3 with the Rates Revenue Requirement Allocations to TX pools for the Historic and Bridge years as well as 2015/2016.
- b) Please include the % allocations for each pool.

**Response**

- a) Hydro One assumes the question is referring to Table 1 of Exhibit G1, Tab 1, Schedule 1. The information requested is provided in the Table below.

Tariff Pool	Historic		Bridge		Test Years			
	2013		2014		2015		2016	
	\$ (M)	%	\$ (M)	%	\$ (M)	%	\$ (M)	%
Network	857.6	61.7%	882.9	61.0%	933.6	60.2%	972.0	59.9%
Line Connection	170.6	12.3%	183.2	12.7%	206.3	13.3%	218.0	13.4%
Transformation Connection	361.7	26.0%	379.7	26.2%	410.8	26.5%	432.1	26.6%
Wholesale Meter	0.9	0.1%	0.7	0.0%	0.3	0.0%	0.2	0.0%
<b>TOTAL</b>	<b>1,390.9</b>		<b>1,446.4</b>		<b>1,550.9</b>		<b>1,622.3</b>	

- b) Please see response to part a) above.

**Energy Probe Research Foundation (EP) INTERROGATORY #30**

**Interrogatory**

**Ref: Exhibit H1, Tab 3, Schedule 1, Page 1, Table 1**

- a) Please provide a version of Table 1 that shows the Charge Determinants for the Historic and Bridge Years.
- b) Please highlight and explain material changes.
- c) In particular, please explain changes to the Wholesale Meter Pool 2013-2016.
- d) Why should the Exit Fee for Wholesale Meter installations, remain at \$5,200?

**Response**

- a) The requested information for the Network, Line Connection and Transformation Connection pools is provided in the information package at Exhibit A, Tab 15, Schedule 2, Table 4. The requested information for the Wholesale Meter pool is provided below.

**Charge Determinants for Wholesale Meter Pool (MW)**

Tariff Pool	Historic	Bridge	Test	
	2013	2014	2015	2016
Wholesale Meter	77	53	35	25

- b) Please refer to the load forecast details provided in the information package, at Exhibit A, Tab 15, Schedule 2.
- c) The change in Wholesale Meter Points from 2013 to 2016 reflects the number of wholesale meters that have, or are forecast, to exit the wholesale meter pool based on the experience in the meter exits completed to date, as well as knowledge of the exit requirements for the remaining meter points.
- d) The \$5,200 value is an average exit fee associated with the transfer of ownership and Meter Service Provider responsibilities from Hydro One to the metered market participant for all wholesale revenue metering facilities that were inherited from the former Ontario Hydro. This average fee was specifically reviewed and approved by Board Order dated March 11, 2004 under proceeding EB-2003-0233 and subsequently approved as part of Hydro One's Transmission applications under EB-2006-0501, EB-2008-0272, EB-2010-0002 and EB-2012-0031.

1                                    **Energy Probe Research Foundation (EP) INTERROGATORY #31**

2  
3                                    **Interrogatory**

4  
5                                    **Ref: Exhibit H1, Tab 5, Schedule 1, Page 4**

6  
7                                    Preamble:

8                                    For 2015 and 2016 the ETS revenue will continue to be disbursed through a decrease to  
9                                    the revenue requirement for the Network Pool, as per the cost allocation process  
10                                    approved by the Board in EB-2012-0031. The forecast for ETS revenue is \$33.4 million  
11                                    and \$34.3 million per year for 2015 and 2016, respectively.

12  
13                                    Hydro One proposes to revise its rates revenue requirement to reflect the OEB's Decision  
14                                    and Order with respect to the ETS tariff as part of the Draft Rate Order to be submitted in  
15                                    connection with finalizing the 2015 Uniform Transmission Rates to be approved.

- 16  
17                                    a) Confirm the impacts on the Rates Revenue Requirement and Rates of adopting the  
18                                    proposed \$1.70/MW ETS rate for 2015/16.  
19  
20                                    b) Will there be any increase in Export Revenues as a result of the lower charge? Please  
21                                    discuss and provide estimates.

22  
23                                    **Response**

- 24  
25                                    a) Adopting the proposed \$1.70/MW ETS rate will result in ETS revenue of \$28.4M in  
26                                    2015 and \$29.2M in 2016. This will increase the rates revenue requirement of the  
27                                    Network pool by \$5.0M in 2015 (0.32% increase in rates) and by \$5.1M in 2016  
28                                    (0.31% increase in rates).  
29  
30                                    b) Hydro One has not forecast any increase in Export Revenues as a result of the lower  
31                                    charge. Many factors contribute to changes in export volumes. The Board previously  
32                                    approved a variance account, as described in Exhibit F1, Tab 1, Schedule 1, to track  
33                                    the difference between forecast export revenues approved by the Board and the actual  
34                                    export revenues. Any increase in revenues resulting from higher exports will be  
35                                    captured and subsequently refunded to transmission customers as part of a subsequent  
36                                    transmission revenue requirement application.