Consumers Council of Canada (CCC) INTERROGATORY #1

Interrogatory

HON is applying for approval of distribution rates for five years under the Board’s RRFE. To what extent has the Board’s RRFE Framework impacted the transmission side of the business? What is HON doing to respond to the RRFE with respect to transmission? Has the RRFE impacted the revenue requirements for 2015 and 2016? If so, how?

Response

Hydro One has been an active participant in the Board’s RRFE Framework consultation process. Several consultation initiatives are relevant to transmitters (e.g. Approaches to Mitigation for Electricity Transmitters & Distributors, Defining and Measuring Performance of Electricity Transmitters & Distributors, and Regional Planning for Electricity Infrastructure).

In light of these OEB consultation initiatives, Hydro One had reviewed and revised (if necessary) its policies and planning processes to make sure the company will meet the OEB’s expectations from these RRFE initiatives.

The RRFE has not materially impacted the transmission revenue requirements for 2015 and 2016.
Consumers Council of Canada (CCC) INTERROGATORY #2

Interrogatory

HON currently has an application before the Board with respect to its distribution rates for 2015-2019. Distribution and Transmission have a component of the respective revenue requirements that are shared. How does HON propose to deal with these common costs in the context of this negotiation, given the determination of these costs is currently before the Board?

Response

Please refer to Exhibit I, Tab 2, Schedule 13, part b (Canadian Manufacturers & Exporters Interrogatory question #13).
Consumers Council of Canada (CCC) INTERROGATORY #3

Interrogatory

If the Board makes changes to the way in which the cost of capital is derived, as set out in the Cost of Capital Report, would HON be seeking to change the approved revenue requirements for 2015 and 2016 to reflect those changes, or would those changes be deferred until rebasing?

Response

Please see Hydro One’s response to LPMA interrogatory 3 at Exhibit I, Tab 3, Schedule 3.
Consumers Council of Canada (CCC) INTERROGATORY #4

Interrogatory

With respect to the information package provided when did HON undertake the Bridge Year forecast in all areas (2014)? When were the 2015 and 2016 budgets developed?

Response

The bridge year was developed throughout 2013 as part of the the business planning process, then updated in May of 2014 to reflect 2013 actuals. The 2015 and 2016 budgets were developed under a similar timeline to ensure consistency across the plan.
Consumers Council of Canada (CCC) INTERROGATORY #5

Interrogatory

Reference: (Ex. D1/T3/S2/p. 12)

The major driver for increases in the Station Re-investment budget is Air Blast Circuit Breaker Replacements. Has HON considered spreading these replacements over a longer period of time? If not, why not? What would be the implications of doing so?

Response

Air blast circuit breakers (ABCBs) are perennially the poorest performing circuit breakers in the Hydro One transmission system, have the highest operating costs, and are installed at critical stations throughout the province. Their unreliable performance impacts major generators out of Bruce A TS, Bruce B SS, Pickering A SS, Cherrywood TS, Beck 1 SS, Beck 2 SS, Lennox TS, as well as other key transmission network stations like Richview TS and Burlington TS.

Replacement plans for the remaining ABCBs are already spread out over a long period of time, with the first planned replacements happening approximately 10 years ago and replacements will continue to be an area of focus for Sustaining Capital for approximately another 10 years.

Expenditures over the 2011 to 2016 period have been focused on addressing the breakers that have been identified as highest risk due to condition, performance, technical obsolescence and customer / system impact.

Completion of the projects will mitigate existing performance risk, which otherwise would continue to have impacts on generators (most commonly nuclear and hydroelectric) and the transmission system as a whole. Replacement of the ABCBs with modern SF6 circuit breakers also has the benefit of reduced maintenance costs.
Consumers Council of Canada (CCC) INTERROGATORY #6

Interrogatory

Reference: Ex. A/T15/S2

The OPA and the LDCs are currently developing a new CDM framework for the period 2015-2020. How does HON intend to incorporate those new targets into its load forecast for 2015 and 2016?

Response

The peak savings associated with the new targets have already been incorporated in the load forecast as presented Exhibit A, Tab 15, Schedule 2, page 20, Table 3. Please see the response to Exhibit I-04 EP-09 for more details.
Consumers Council of Canada (CCC) INTERROGATORY #7

Interrogatory

Reference: Ex. A/T18/S1/pp. 2-4

Please explain, in detail, how the total annual savings related to transmission for the years 2011-2016 were derived.

Response

The full list of initiatives related to transmission can be found in Exhibit I, Tab 10, Schedule 4.
Consumers Council of Canada (CCC) INTERROGATORY #8

Interrogatory

Reference: Ex. C1/T2/S2/p. 3

With respect to Sustaining OM&A Please provide the Board approved amounts for 2011, 2012 and 2013.

Response

Please see table below for the Sustaining OM&A Board Approved amounts for 2011 through 2013.

<table>
<thead>
<tr>
<th>Description</th>
<th>Board Approved ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
</tr>
<tr>
<td>Stations</td>
<td>166.0</td>
</tr>
<tr>
<td>Lines</td>
<td>50.8</td>
</tr>
<tr>
<td>Engineering and Environmental Support</td>
<td>10.9</td>
</tr>
<tr>
<td>Total</td>
<td>227.7</td>
</tr>
</tbody>
</table>
Consumers Council of Canada (CCC) INTERROGATORY #9

Interrogatory

Reference: Ex. C1/T2/S2/p. 15

With respect to Other Maintenance and Inspection programs why is there a significant increase from 2013 to 2014-2016?

Response

There are two primary factors contributing to the trend in the Other Maintenance and Inspection programs. Firstly, the expenditures in 2013 are lower than other years in the 2011 to 2016 period primarily due to lower planned accomplishment of maintenance on operating spares at Central Maintenance Services. Secondly, there is an increased focus over the 2014 to 2016 period on managing customer reliability through the nuisance wildlife control program.
**Consumers Council of Canada (CCC) INTERROGATORY #10**

**Interrogatory**

Reference: Ex. C1/T3/S3/p. 20

Please provide a detailed breakdown of the Regulatory Affairs Function (Table 8). Please include Board-approved costs. Also, please break out the cost specifically related to previous transmission proceedings and indicate what has been assumed for those proceedings in 2015 and 2016.

**Response**

The table below provides the breakdown of total Networks’ Regulatory costs on a historic and future basis.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance</td>
<td>1.4</td>
<td>1.2</td>
<td>1.2</td>
<td>1.7</td>
<td>1.4</td>
<td>1.4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Major Applications</td>
<td>0.7</td>
<td>0.9</td>
<td>0.6</td>
<td>1.5</td>
<td>1.8</td>
<td>2.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Major Projects</td>
<td>1.8</td>
<td>1.4</td>
<td>1.5</td>
<td>0.7</td>
<td>0.7</td>
<td>0.7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VP / Pricing &amp; Support</td>
<td>5.2</td>
<td>3.9</td>
<td>4.2</td>
<td>4.4</td>
<td>4.0</td>
<td>3.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>9.1</td>
<td>7.4</td>
<td>7.5</td>
<td>8.3</td>
<td>7.9</td>
<td>7.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OEB/NEB Costs</td>
<td>11.0</td>
<td>13.2</td>
<td>13.1</td>
<td>15.8</td>
<td>13.5</td>
<td>14.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20.7</strong></td>
<td><strong>20.1</strong></td>
<td><strong>20.6</strong></td>
<td><strong>20.6</strong></td>
<td><strong>24.1</strong></td>
<td><strong>21.5</strong></td>
<td><strong>22.4</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The last rate case for Transmission was filed in 2012 for 2013-2014 rates. The costs of the 2012 Transmission proceeding are included below along with the forecasted 2014 costs. Note that the 2012 proceeding was settled on virtually all issues which lowered the cost of the proceeding significantly. Moreover, the one issue that was not settled in 2012, the ETS rate, accounted for approximately 30%-40% of the eventual cost.
<table>
<thead>
<tr>
<th>Categories</th>
<th>2012</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stakeholder consultation</td>
<td>0.02</td>
<td>0.06</td>
</tr>
<tr>
<td>Publication of Notices</td>
<td>0.06</td>
<td>0.05</td>
</tr>
<tr>
<td>Miscellaneous/Courier/Printing</td>
<td>0.001</td>
<td>0.04</td>
</tr>
<tr>
<td>OEB Variable Costs</td>
<td>0.05</td>
<td>0.08</td>
</tr>
<tr>
<td>Intervenors</td>
<td>0.65</td>
<td>0.50</td>
</tr>
<tr>
<td>Consultants</td>
<td>0.09</td>
<td>0.31</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>0.87</strong></td>
<td><strong>1.04</strong></td>
</tr>
</tbody>
</table>
Consumers Council of Canada (CCC) INTERROGATORY #11

Interrogatory

Reference: Ex. A/T15/S1/pp. 2-3

Please provide the most recent Global Insight Forecasts and Ontario CPI forecasts that are used to determine cost escalation levels. Please explain how they are applied to produce the OM&A forecasts.

Response

The Global Insight and Ontario CPI forecasts can be found in the response to interrogatory Exhibit I, Tab 3, Schedule 1.

The Transmission Cost Escalations for Operations & Maintenance are used in conjunction with Hydro One planning tools to predict expenditure level changes for transmission materials and services.

The CPI is also used in conjunction with Hydro One planning tools to forecast expenditure level changes for items such as fleet and sundry costs.
**Consumers Council of Canada (CCC) INTERROGATORY #12**

**Interrogatory**

Reference: Ex. D1/T1/S1/p. 4

Please provide a schedule in the same format as Table 3 – Board Approved vs actual rate base for the years 2009, 2010, 2011 and 2012.

**Response**

For 2009 and 2010 rate base information, please see the tables below. For 2011 and 2012 information, please see the response to LPMA’s interrogatory 16 at Exhibit I, Tab 3, Schedule 16.

### 2009 Board Approved versus 2009 Rate Base

<table>
<thead>
<tr>
<th>Rate Base Component</th>
<th>2009 Actual</th>
<th>2009 Board Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Plant</td>
<td>10,781.3</td>
<td>10,940.0</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>(3,966.6)</td>
<td>(3,954.4)</td>
</tr>
<tr>
<td><strong>Net Utility Plant</strong></td>
<td><strong>6,814.7</strong></td>
<td>6,985.6</td>
</tr>
<tr>
<td>Cash Working Capital¹</td>
<td>9.4</td>
<td>9.4</td>
</tr>
<tr>
<td>Materials &amp; Supplies Inventory</td>
<td>11.7</td>
<td>36.7</td>
</tr>
<tr>
<td><strong>Total Rate Base</strong></td>
<td><strong>6,835.8</strong></td>
<td><strong>7,031.7</strong></td>
</tr>
</tbody>
</table>

¹ Hydro One Transmission does not calculate actual cash working capital, thus the 2009 approved amount was used for illustrative purposes.

### 2010 Board Approved versus 2010 Rate Base

<table>
<thead>
<tr>
<th>Rate Base Component</th>
<th>2010 Actual</th>
<th>2010 Board Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Plant</td>
<td>11,504.7</td>
<td>11,768.2</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>(4,191.3)</td>
<td>(4,179.6)</td>
</tr>
<tr>
<td><strong>Net Utility Plant</strong></td>
<td><strong>7,313.4</strong></td>
<td>7,588.6</td>
</tr>
<tr>
<td>Cash Working Capital¹</td>
<td>8.6</td>
<td>8.6</td>
</tr>
<tr>
<td>Materials &amp; Supplies Inventory</td>
<td>12.5</td>
<td>38.7</td>
</tr>
<tr>
<td><strong>Total Rate Base</strong></td>
<td><strong>7,334.5</strong></td>
<td><strong>7,635.9</strong></td>
</tr>
</tbody>
</table>

¹ Hydro One Transmission does not calculate actual cash working capital, thus the 2010 approved amount was used for illustrative purposes.
Consumers Council of Canada (CCC) INTERROGATORY #13

Interrogatory

Reference: Ex. D1/T1/S2/p. 1

Please recast Table 1 (In-Service Capital Additions 2013-2016) to include 2012 and 2013.

Response

Please refer to Exhibit I, Tab 2, Schedule 7 (CME Interrogatory #7).
Consumers Council of Canada (CCC) INTERROGATORY #14

Interrogatory

Reference: Ex. D1/T1/S2/p. 2

With respect to the delay in the in-service additions actual vs Board approved for 2014 – what is the current status of those projects referred to in the evidence? Have those amounts ($160 million) been incorporated into the forecasts for 2015 and 2016?

Response

Please see Hydro One’s response to SEC’s interrogatory 11 for the requested information. Yes, these amounts have been incorporated into the forecasts for 2015 and 2016.
Consumers Council of Canada (CCC) INTERROGATORY #15

Interrogatory

Reference: Ex. A/T16/S8/p. 3-4

Please re-cast Table 1 – Transmission Capital Expenditures - to include Board approved numbers where they are available.

Response

Please see the response to CME’s interrogatory 6 part a, at Exhibit I, Tab 2, Schedule 6, for the requested information.
Consumers Council of Canada (CCC) INTERROGATORY #16

Interrogatory

Reference: Ex. D1/T3/S1/p. 2

Please re-cast Table 1 to include Board approved amounts.

Response

Please see the response to CME’s interrogatory 6 part a, at Exhibit I, Tab 2, Schedule 6, for the requested information.
Consumers Council of Canada (CCC) INTERROGATORY #17

Interrogatory

Reference: Ex. E/T2/S1/p. 2

Please provide Board approved amounts for External Revenues for the years 2011-2014.

Response

Board Approved Amounts
External Revenues ($ Millions)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary Land Use</td>
<td>12.6</td>
<td>12.5</td>
<td>13.2</td>
<td>13.2</td>
</tr>
<tr>
<td>Station Maintenance</td>
<td>7.0</td>
<td>7.0</td>
<td>8.1</td>
<td>8.1</td>
</tr>
<tr>
<td>Engineering &amp; Project Delivery</td>
<td>11.0</td>
<td>6.0</td>
<td>3.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Other External Revenues</td>
<td>3.2</td>
<td>3.2</td>
<td>7.3</td>
<td>12.3</td>
</tr>
<tr>
<td>Totals</td>
<td><strong>33.8</strong></td>
<td><strong>28.7</strong></td>
<td><strong>31.6</strong></td>
<td><strong>36.6</strong></td>
</tr>
</tbody>
</table>
Consumers Council of Canada (CCC) INTERROGATORY #18

Interrogatory

Reference: Ex. H/T5/S1/p. 4

What is HON’s position as to what is the appropriate level for the ETS tariff?

Response

Hydro One has submitted the ETS cost allocation study prepared by Elenchus Research Associates in response to the Board’s direction in EB-2012-0031. Hydro One will accept the resultant Board direction of the settlement for Hydro One’s 2015-2016 Transmission rates regarding the ETS tariff.