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Frank D'Andrea
Vice President
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BY COURIER

December 20, 2017

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON, M4P 1E4

Dear Ms. Walli,

B2M LP Updated Revenue Requirement and Supporting Schedules

Please find attached the updated revenue requirement and supporting schedules for B2M LP, reflecting the Revised Cost of Capital parameters released by the Board on November 23, 2017.

The schedules reflect the Board's direction to include the reimbursement of the approved startup costs over a four year period. The 2017 allotment is \$1.925 million.

Exhibit	Title
1.0	Revenue Requirement 2015-2019
1.1	Operations, Maintenance & Administration (OM&A) Expenses
1.2	Rate Base
1.3	Capital Expenditures
1.4	Capital Structure and Return on Capital Details
1.4.1	Cost of Long Term Debt Capital
1.5	Income Tax Summary
2.0	2017 Foregone Revenue Calculation

On June 8, 2017, B2M LP received a Decision from the Board approving its application for changes to its Transmission revenue requirement effective January 1, 2017. Included in that decision was the approval of a deferral account for foregone revenue in order to capture differences between revenue earned by B2M LP under the interim 2017 rates set at the 2016 UTR level, and the revenues that would have been received under the approved 2017 UTR. B2M LP has been capturing those amounts.



Additionally, in the recent decision received by Hydro One Networks in response to its request for rates for 2017-2018 in EB-2016-0160, an updated Load Forecast was approved by the Board. B2M LP has worked with Hydro One Networks and has determined that a foregone revenue amount is appropriate for B2M LP in light of the changed forecast.

The total foregone revenue for 2017, up to the end of October of 2017, including the interim amounts contemplated in the decision as well the revenue commensurate with the updated load forecast is calculated in total to be \$1.1 million dollars as demonstrated in Exhibit 2.0 attached herein. This schedule considers the new forecast to be implemented as of November 1, 2017.

B2M LP respectfully requests that the Revenue Requirement and the Foregone Revenue herein be included in the calculation of the Uniform Transmission Rates.

B2M LP also notes that there is unlikely to be sufficient time to issue an Order or Orders fixing final rates in time to allow a January 1, 2018 implementation. Therefore, B2M LP requests that the existing Uniform Transmission Rates ("UTR") as approved for 2017, be declared interim as of January 1, 2018. B2M LP also requests approval to record any revenue differences between the 2017 rates revenue requirement on which the proposed interim UTR are based and B2M LP's applied-for 2018 rates revenue requirement. We would anticipate that the requested deferral account would capture the forgone revenue between January 1, 2018 and the date when the 2018 UTR are updated and that any deferral account balance would be included in the UTR established for January 1, 2019.

An electronic copy has been filed using the Board's Regulatory Electronic Submission System.

Sincerely,

ORIGINAL SIGNED BY FRANK D'ANDREA

Frank D'Andrea

Submitting on behalf of B2M LP

Enc.

B2M LP Inc.
Update to Implementation of Decision with Reasons on EB-2015-0026

Revenue Requirement Summary

(\$ millions)	Supporting Reference	B2M LP Proposed	OEB Decision Impact	OEB Approved	Cost of Capital Update	Revised
		2018	2018	2018	2018	2018
OM&A	Exhibit 1.1	2.5	(0.1)	2.4	-	2.4
Transition Costs (Note 1)		1.9	-	1.9	-	1.9
Depreciation	Exhibit 1.2	6.8	-	6.8	-	6.8
Return on Debt	Exhibit 1.4	6.0	-	6.0	(0.5)	5.5
Return on Equity (Note 2)	Exhibit 1.4	20.2	(0.1)	20.0	(1.9)	18.1
Income Tax	Exhibit 1.5	0.9	(0.5)	0.4	0.1	0.5
Foregone Revenue	Exhibit 2.0	-	-	-	1.1	1.1
Base Revenue Requirement		38.2	(0.6)	37.6	(1.2)	36.3
Deduct: External Revenue		-	-	-	-	-
Rates Revenue Requirement		38.2	(0.6)	37.6	(1.2)	36.3

Note 1: The Decision allowed the \$7.7 million start-up cost to be recovered in rates over a four year period, with \$1.925 million being recovered each year from 2016 to 2019.

Note 2: The Cost of Capital is updated to reflect OEB approved parameters issued on November 23, 2017.

B2M LP Inc.

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OM&A

(\$ millions)	Supporting Reference	B2M LP Proposed	OEB Decision Impact	Revised
		2018	2018	2018
OM&A		2.5	(0.1)	2.4

OEB Decision Impact Supporting Details

Adjustments

OEB Decision Reference

No Adjustment

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B2M LP Inc.

Update to Implementation of Decision with Reasons on EB-2015-0026

Rate Base and Depreciation

(\$ millions)	Supporting Reference	B2M LP Proposed	OEB Decision Impact	Revised
		2018	2018	2018
Rate Base	See supporting details below	502.4	-	502.4
Depreciation		6.8	-	6.8

OEB Decision Impact Supporting Details

Reference

Working Capital Adjustment

Rate Base Details

Utility plant (average)

Gross plant at cost

547.7

Less: Accumulated depreciation

(45.3)

Add: CWIP

-

Net utility plant

502.4

Working capital

Cash working capital

-

Materials & supplies inventory

-

Total working capital

-

Total Rate Base

502.4

B2M LP Inc.

Update to Implementation of Decision with Reasons on EB-2015-0026

Capital Expenditures

(\$ millions)

Capital expenditures

Supporting Reference	B2M LP Proposed	OEB Decision Impact	Revised
	2018	2018	2018
	-	-	-

B2M LP Inc.
Update to Implementation of Decision with Reasons on EB-2015-0026

Capital Structure and Return on Capital

(\$ millions)	Supporting Reference	B2M LP Proposed 2018	OEB Decision Impact 2018	OEB Approved 2018	Cost of Capital Update 2018	Revised 2018
<u>Return on Rate Base</u>					Note 1	Note 1
Rate Base	Exhibit 1.2	\$ 502.4	\$ -	\$ 502.4	\$ -	\$ 502.4
Capital Structure:						
Third-Party long-term debt		56.0%	0.0%	56.0%	0.0%	56.0%
Deemed long-term debt		0.0%	0.0%	0.0%	0.0%	0.0%
Short-term debt		4.0%	0.0%	4.0%	0.0%	4.0%
Common equity		40.0%	0.0%	40.0%	0.0%	40.0%
Capital Structure:						
Third-Party long-term debt	Exhibit 1.4.1	\$ 281.3	\$ -	\$ 281.3	\$ -	\$ 281.3
Deemed long-term debt		\$ -	\$ -	\$ -	\$ -	\$ -
Short-term debt		\$ 20.1	\$ -	\$ 20.1	\$ -	\$ 20.1
Common equity		\$ 200.9	\$ -	\$ 200.9	\$ -	\$ 200.9
		\$ 502.4	\$ -	\$ 502.4	\$ -	\$ 502.4
Allowed Return:						
Third-Party long-term debt	Exhibit 1.4.1	1.79%	0.00%	1.79%	0.00%	1.79%
Deemed long-term debt	Exhibit 1.4.1	1.79%	0.00%	1.79%	0.00%	1.79%
Short-term debt		4.71%	0.00%	4.71%	(2.42%)	2.29%
Common equity		10.03%	(0.07%)	9.96%	(0.96%)	9.00%
Return on Capital:						
Third-Party long-term debt		\$ 5.0	\$ -	\$ 5.0	\$ 0.0	\$ 5.0
Deemed long-term debt		\$ -	\$ -	\$ -	\$ -	\$ -
Short-term debt		\$ 0.9	\$ -	\$ 0.9	\$ (0.5)	\$ 0.5
Total return on debt		\$ 6.0	\$ -	\$ 6.0	\$ (0.5)	\$ 5.5
Common equity		\$ 20.2	\$ (0.1)	\$ 20.0	\$ (1.9)	\$ 18.1

Note 1: The Cost of Capital is updated to reflect OEB approved parameters issued on November 23, 2017.

B2M LP Inc.
 Update to Implementation of Decision with Reasons on EB-2015-0026

Cost of Long-Term Debt Capital

Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered	Premium Discount and Expenses	Total Amount	Price Per \$100 Principal (\$)	Effective Cost Rate	<u>Total Amount Outstanding</u>			Carrying Cost	Embedded Cost Rate
								12/31/2017	12/31/2018	Average		
30-Jun-15	1.64%	30-Apr-20	293.3	1.0	287.9	99.64	1.72%	288.9	285.1	287.0	4.9	
								288.9	285.1	287.0	4.9	
											0.1	
											0.1	
											5.2	1.79%

B2M LP Inc.
Update to Implementation of Decision with Reasons on EB-2015-0026

Income Tax

(\$ millions)	Supporting Reference	B2M LP Proposed	OEB Decision Impact	OEB Approved	Cost of Capital Update	Revised
		2018	2018	2018	2018	2018
Income Taxes	<i>See supporting details below</i>	0.9	(0.5)	0.4	0.1	0.5

Income Tax Supporting Details

Rate Base	Exhibit 1.2	(a) \$	502.4	\$	-	\$	502.4	\$	-	\$	502.4
Common Equity Capital Structure		(b)	40.0%				40.0%		0.0%		40.0%
Return on Equity	Exhibit 1.4	(c)	10.03%				9.96%		-1.0%		9.00%
Return on Equity		(d) = a x b x c	20.1		(0.1)		20.0		(1.9)		18.1
Regulatory Income Tax		(e) = l	0.9				0.4		0.1		0.5
Regulatory Net Income (before tax)		(f) = d + e	21.0		(0.1)		20.5		(1.8)		18.6
Timing Differences		(g) Note 1	(15.9)		-		(15.9)		-		(15.9)
Add Other Taxable Revenue		Note 2	-				-				2.1
Taxable Income		(h) = f + g	5.1		(0.1)		4.5		(1.8)		4.8
Opening Loss Carry Forward			(0.4)				(1.3)				(1.3)
Taxable Income Allocated to Taxable Partners	Note 3		3.7				3.1				3.3
Closing Loss Carry Forward			-				-				-
Tax Rate		(i)	26.50%				26.50%		0.00%		26.50%
Income Tax		(j) = h x i	0.9		-		0.4		0.1		0.5
Add: Corporate Minimum Tax		(k) Note 4	-		-		-		-		-
Regulatory Income Tax		(l) = j + k	0.9		-		0.4		0.1		0.5

	B2M LP Proposed 2018	OEB Decision Impact 2018	OEB Approved 2018	Cost of Capital Update 2018	Revised 2018
Note 1. Book to Tax Timing Differences					
Depreciation	6.8	-	6.8	-	6.8
CCA	(22.7)	-	(22.7)	-	(22.7)
Other Timing Differences	-	-	-	-	-
Total Timing Differences	<u>(15.9)</u>	<u>-</u>	<u>(15.9)</u>	<u>-</u>	<u>(15.9)</u>
Note 2. Other Taxable Revenue					
Add: Managing Director Costs					0.1
Less: 20(1)(e) Deductions					(0.0)
Add: Setup Costs recovered in Rates					<u>2.0</u>
					2.1
Note 3. Amount to Allocate to Taxable Partners					
Taxable Income	5.1		4.5		4.8
Less Income Tax in Rates	(0.9)		(0.4)		(0.5)
Multiply by Ownership Share of Taxable Partners	65.81%		65.81%		65.81%
Taxable Income Allocated to Taxable Partners	2.8		2.7		2.8
Add Taxes in Rates	0.9		0.4		0.5
Taxable Income Allocated to Taxable Partners	3.7		3.1		3.3

Note 4. Corporate Minimum Tax

Corporate Minimum Tax ("CMT") is an Ontario Tax at the rate of 2.7% of Accounting Income.

The amount payable is the difference between the CMT calculated at 2.7% of Accounting Income and the Ontario portion of Income Tax at 11.5% of Taxable Income.

B2M LP Inc.

Update to Implementation of Decision with Reasons on EB-2015-0026

2017 Foregone Revenue Calculation

HONI Transmission Charge Determinant Forecast for the Year 2017, After Deducting the Load Impact of CDM and Embedded Generation (MW)

Charge Determinant	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Total
Network	21,081	20,558	20,269	18,074	19,383	21,977	22,833	21,929	20,197	18,234	19,535	20,795	244,866

Monthly Charge Determinant Share of Annual Total

% Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Total
Network	8.61%	8.40%	8.28%	7.38%	7.92%	8.98%	9.32%	8.96%	8.25%	7.45%	7.98%	8.49%	100.00%

2017 UTR Charge Determinant (including all Transmitters)

Charge Determinant	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Total
Network	21,444	20,912	20,617	18,384	19,717	22,355	23,226	22,306	20,544	18,548	19,871	21,152	249,074

2016 Approved UTRs

	\$/kw-month	B2M LP Revenue Allocator
Network	3.66	0.03548

Note 1

1. 2017 Revenue at 2016 Approved Rates and 2017 Load Forecast

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Total
Network	2.8	2.7	2.7	2.4	2.6	2.9	3.0	2.9	2.7	2.4	2.6	2.7	32.3

Total to end of October = 27.0

2017 Forecast UTR Reflecting Board Decision

	\$/kw-month	B2M LP Revenue Allocator
Network	3.52	0.03843

Note 2

2. 2017 Revenue at Proposed UTR Rates and 2017 Load Forecast

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Total
Network	2.9	2.8	2.8	2.5	2.7	3.0	3.1	3.0	2.8	2.5	2.7	2.9	33.7

Total to end of October = 28.1

2017 Foregone Revenue (2 - 1)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Total
Network	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.3

Total to end of October = 1.1 Note 3