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Frank D'Andrea

Vice President, Reliability Standards and Chief Regulatory Officer

BY EMAIL and RESS

May 22, 2020

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

Dear Ms. Long,

EB-2018-0275 – NRLP's 2020-2024 Transmission Revenue Cap IR Application – Response to Board Staff Comments

NRLP is in receipt of OEB Staff's response, dated May 15, 2020, to NRLP's Draft Rate Order dated May 8, 2020 (the "DRO").

NRLP accepts OEB staff submissions that a) NRLP's updated base revenue requirement, including its underlying components, is consistent with the Decision and Order in this proceeding and b) that all inputs used by NRLP to determine its 2020 revenue requirement are accurate and consistent with the Decision and Order in this proceeding.

NRLP also generally accepts the comments of OEB Staff requesting administrative revisions to the DRO and, where necessary, NRLP has made minor revisions to address OEB Staff comments in the attached updates to the DRO. The requested administrative updates are provided as one package at Attachment 1 of this submission.

On the matter of Uniform Transmission Rates, specifically at page 4 of OEB Staff comments, OEB Staff submits:

OEB staff notes that NRLP's foregone 2020 revenue calculation is based on an assumption that final 2020 UTRs will become effective and implemented on July 1, 2020. If the final 2020 UTRs are implemented later than July 1, 2020, it would be necessary to recalculate the foregone revenue, likely as part of the final 2020 UTR proceeding.

On the matter of 2020 foregone revenue calculation, specifically at page 4 of OEB Staff comments, OEB Staff submits:

OEB staff notes that NRLP's annualized 2020 foregone revenue calculation has been determined without the benefit of knowing Hydro One's final approved 2020 revenue requirement. OEB staff's calculations indicate that the calculation of 2020 foregone revenue for NRLP, or for other transmitters, would not differ in any material way, but notes that, without Hydro One's approved 2020 revenue requirement, the foregone revenue calculations cannot be confirmed. To address this, OEB staff submits that it would be necessary to update the annualized 2020 foregone revenue calculation for NRLP once Hydro One's final approved 2020 revenue requirement is determined in that proceeding, in which case 2020 UTRs, revenue allocation factors and foregone revenues could be updated consistently based on the same final and approved data.

NRLP submits that the calculation of its 2020 foregone revenue is not materially dependent of Hydro One's 2020 revenue requirement. Therefore, it is not necessary to revise and confirm the calculation when Hydro One's 2020 revenue requirement is approved. To address OEB staff's concern, NRLP has prepared a set of calculations to demonstrate that the NRLP 2020 foregone revenue would remain unchanged even when a materially higher Hydro One revenue requirement is used in the calculation. These calculations are included in this submission as:

- Attachment 2 – 2020 Uniform Transmission Rates and Revenue Disbursement Allocators with an illustrative Hydro One Revenue Requirement;
- Attachment 3 – NRLP 2020 Foregone Revenue Calculations using UTRs and Allocators derived from Attachment 2; and
- Attachment 4 – Derivation of NRLP 2020 Annualized Foregone Revenue using Foregone Revenue derived from Attachment 3.

These attachments show that an illustrative increase of \$100M in Hydro One's revenue requirement increases the UTRs, but the allocation factors would also change resulting in no net impact to the revenue requirement collected by other transmitters. As a result, the annualized foregone revenue calculation for NRLP is very similar to the amount calculated in the DRO assuming Hydro One's interim revenue requirement. The immaterial difference of \$1,565 (less than 0.05%) as shown in Attachment 4 is a result of rounding of UTR and allocation factors in Attachment 2. As such, the annualized 2020 foregone revenue of \$3,992,259 (provided in Exhibit 3.3 of NRLP's DRO, filed on May 8, 2020) is accurate and should be included in the calculation of 2020 final UTRs if they are implemented July 1, 2020.

NRLP is currently working with its partners to determine any concerns it may have with the timing of any changes to UTRs, which would impact the collection of its foregone revenue request. If the final implementation of the foregone revenue recovery is after July 1st then NRLP will provide updated calculations to the Board as instructed.



If you have any questions regarding this submission, please contact Eryn MacKinnon at regulatory@hydroone.com.

Sincerely,

A handwritten signature in black ink that reads "Frank D'Andrea". The signature is written in a cursive style with a long horizontal stroke at the end.

Frank D'Andrea
Submitting on behalf of NRLP

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ATTACHMENT 1 - UPDATE PACKAGE

Updated Exhibit and Page Number	Justification
Exhibit 1.3 – Page 1	Corrected NRLP column heading
Exhibit 1.4 – Page 1	Corrected NRLP column heading
April 23, 2020 Draft Revenue Requirement and Charge Determinant Order Cover Letter – Page 2	Corrected the reference to appropriately read NRLPDA
Exhibit 6 – Page 1 and 2	Updated language to reflect the requested revisions of OEB Staff

NRLP
Implementation of Decision with Reasons on EB-2018-0275

Capital Expenditures

(\$ millions)

Capital expenditures

Supporting Reference	NRLP Proposed	Settlement Impact	OEB Approved
	2020	2020	2020
		-	-

NRLP
Implementation of Decision with Reasons on EB-2018-0275

Capital Structure and Return on Capital

<i>(\$ millions)</i> Supporting Reference	NRLP Proposed	Settlement Impact	OEB Approved
	2020	2020	2020
<u>Return on Rate Base</u>			
Rate Base	\$ 117.84	\$ -	\$ 117.84
Capital Structure:			
Third-Party long-term debt	0.0%	-	0.0%
Deemed long-term debt	56.0%	-	56.0%
Short-term debt	4.0%	-	4.0%
Common equity	40.0%	-	40.0%
Capital Structure:			
Third-Party long-term debt			
Deemed long-term debt	\$ 65.99	\$ -	\$ 65.99
Short-term debt	\$ 4.71	\$ -	\$ 4.71
Common equity	\$ 47.14	\$ -	\$ 47.14
	\$ 117.84	\$ -	\$ 117.84
Allowed Return:			
Third-Party long-term debt	3.05%	-	3.05%
Deemed long-term debt	3.05%	-	3.05%
Short-term debt	2.75%	-	2.75%
Common equity	8.52%	-	8.52%
Return on Capital:			
Third-Party long-term debt	\$ -	\$ -	\$ -
Deemed long-term debt	\$ 2.01	\$ -	\$ 2.01
Short-term debt	\$ 0.13	\$ -	\$ 0.13
Total return on debt	\$ 2.14	\$ -	\$ 2.14
Common equity	\$ 4.02	\$ -	\$ 4.02

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BY EMAIL, COURIER AND RESS

April 23, 2020

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

Dear Ms. Long,

EB-2018-0275 – NRLP's 2020-2024 Transmission Revenue Cap IR Application - Draft Revenue Requirement and Charge Determinant Order

On April 9th, 2020, the Ontario Energy Board (“**OEB**”) issued its decision (the “**Decision**”) on the 2020-2024 transmission revenue requirements for Niagara Reinforcement Limited Partnership (“**NRLP**”) in the above-noted proceeding, accepting the settlement proposal as filed.¹ Pursuant to the Decision please find the following documents attached:

- a) Exhibits including a draft revenue requirement order;
- b) Customer bill impacts;
- c) An accounting order for the Earning Sharing Mechanism (“**ESM**”) Deferral Account;
- d) The audited NRLPDA foregone revenue calculation for the September 1, 2019 to December 31, 2019 period with explicit details on the calculation; and
- e) A detailed calculation of foregone revenue for the period January 1, 2020 to June 30, 2020.

1. Revenue Requirement and Charge Determinants

The OEB's approved 2020 base revenue requirement is \$8.66 million effective January 1, 2020², as set out in Exhibit 1.0. As outlined in the Decision³, NRLP does not have any customer delivery points supplied directly from its assets, and as such NRLP does not have charge determinants for setting Uniform Transmission Rates (“**UTRs**”).

¹ EB-2018-0275 Settlement Proposal, March 6, 2020.

² EB-2018-0275 Decision, April 9, 2020, p 9.

³ EB-2018-0275 Decision, April 9 2020, p 5.

2. Other OEB Determinations

The Decision accepted the settlement proposal which provided for the following:

- Revenue Cap Index (“RCI”) equal to the proposed inflation factor multiplied by 50% minus the Settlement Capital Adjustment Factor
- Adjustment of Base Revenue Requirement by the RCI for determining the 2021 to 2024 Base Revenue Requirement;
- Update of long-term debt into revenue requirement for 2021, to incorporate any changes in the actual debt rates resulting from the refinancing of the long-term debt due in 2020
- Discontinuance of the NRLPDA once the foregone revenue has been recovered through the UTRs; and
- Creation of an ESM Deferral Account.

3. Disposition of NRLPDA Balances

The Decision accepted NRLP’s request to clear the portion of the NRLPDA related to foregone 2019 revenue requirement as part of the final 2020 UTRs. The audited balance of the NRLPDA, per the audited financial statements, is \$4.50M⁴. The financial statements are provided as Exhibit 6 of this submission. The corresponding calculation for this amount was previously provided in interrogatory responses already on record at Table 2 of Exhibit I, Tab 1, Schedule 20 of this record. For convenience, an excerpt with the final costs is included below.

NRLPDA Reconciliation (\$millions)

OM&A	0.19
Transition Costs	1.39
Depreciation	0.80
Return on Debt	0.83
Return on Equity	1.22
Income Tax	0.06
Total	4.50

4. 2020 Foregone Revenue Calculation

The decision requests a detailed calculation of foregone revenue for the period January 1, 2020 to June 30, 2020. The proposed methodology to calculate the 2020 foregone revenue associated with the change in rates revenue requirement is provided in Exhibits 3.1 and 3.2. NRLP highlights that the \$1.9M in foregone revenue calculated in Exhibit 3.2 *does not* account for the foregone revenue associated with any change in the approved UTR load forecast for 2020, which is almost entirely driven by the approved load forecast for Hydro One. Therefore, the final foregone revenue to be collected can only be provided once Hydro One’s 2020 load forecast is approved as part of the OEB’s Decision in EB-2019-0082.

⁴ Note 6 on Page 10 of the NRLP 2019 Financial Statements provided in Exhibit 6.0.

5. UTR Calculations

The Decision determined that NRLP's approved 2020 revenue requirement will be incorporated into the 2020 final UTRs. The 2020 UTRs were declared interim by the OEB in a Decision (EB-2019-0296) issued December 19, 2019. When the 2020 UTRs are declared final, any forgone revenue for NRLP between September 1, 2019 and the implementation date of the final 2020 UTRs will be recovered by NRLP during the period between the implementation date of the final 2020 UTRs and December 31, 2020.⁵

Therefore, NRLP will provide a calculation of the foregone revenue to be included in the 2020 UTRs as part of the process for approving final 2020 UTRs.

6. Bill Impacts

The 2020 rates revenue requirement will result in a 0.8% increase on average transmission rates, and a total bill impact of 0.04% (5 cents per month) for a typical Hydro One Residential (R1) customer consuming 750 kW per month and, similarly, a total bill impact of 0.03% (11 cents per month) for a typical Hydro One energy-billed General Service (GS < 50 kW) customer consuming 2,000 kWh per month. Further information on the 2020 bill impact calculations is provided in Exhibit 4 of this submission.

7. Accounting Orders

The Transmission Accounting Orders that the OEB made effective as of January 1, 2020, originally provided at Exhibit J-1-1, Attachment 1 and 2 of the Settlement Proposal, have been included at Exhibit 5 of this submission. For ease of reference, NRLP has also included the Accounting Order entitled NRP Transmission Line Revenue Requirement Deferral Account provided at Exhibit J-1-1, Attachment 3 of the Settlement Proposal, which will be closed once the foregone revenue has been recovered through Uniform Transmission Rates.

If you have any questions regarding this submission, please contact Eryn MacKinnon at regulatory@hydroone.com.

Sincerely,

A handwritten signature in black ink that reads "Frank D'Andrea". The signature is written in a cursive, flowing style.

Frank D'Andrea
Submitting on behalf of NRLP

⁵ EB-2018-0275 Decision, April 9, 2020, p 9.

Supporting Material

The detailed information supporting the determination of the revenue requirement and charge determinants are provided in the attached Exhibits:

EXHIBIT	TITLE
1.0	Approved 2020 Revenue Requirement
2.0	2020 Rates Revenue Requirement by Rate Pool
3.0	Illustrative Calculations of 2020 Foregone Revenue
	3.1 2020 Uniform Transmission Rates for Foregone Revenue Calculation
	3.2 Monthly Foregone Revenue Calculation
4.0	2020 Bill Impacts
5.0	Accounting Orders
	5.1 Accounting Order for Earning Sharing Mechanism Deferral Account
	5.2 Accounting Order for Tax Rate and Rule Changes Variance Account
	5.3 Accounting Order for NRP Transmission Line Revenue Requirement Deferral Account
6.0	2019 Niagara Reinforcement LP Audited Financial Statements

Transmission Accounting Order – ESM Deferral Account

The “Earnings Sharing Mechanism (“ESM”) Deferral Account” shall record 50% of earnings that exceed the regulatory return on equity (ROE) reflected in this Application by more than 100 basis points in any year of the five-year term through NRLP’s transmission revenue. NRLP shall use a methodology which is similar to what is outlined in the annual RRR 2.1.5.6 filing. The calculation of actual ROE shall use the actual mid-year rate base for that period. The ROE calculation shall be normalized for revenue impacting items such as entries that are recorded in the year which relate to prior years to normalize the in-year net income. The portion of NRLP owned by Hydro One Networks Inc. is subject to tax - this cost will be included as part of the calculation of ROE.

The account will be established as Account 2435, Accrued Rate-Payer Benefit effective January 1, 2020. NRLP shall record interest on any balance in the sub-account using the interest rates set by the OEB. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed.

The following outlines the proposed accounting entries for this deferral account.

USofA #	Account Description
DR: 4395	Rate-Payer Benefit Including Interest
CR: 2435	Accrued Rate-Payer Benefit

Initial entry to record the over-earnings realized in any year of the five-year term.

USofA #	Account Description
DR: 4395	Rate-Payer Benefit Including Interest
CR: 2435	Accrued Rate Payer Benefit

To record interest improvement on principal balance of ESM deferral account.

1 **Transmission Accounting Order – Tax Rate and Rule Changes Variance Account**

2
3 NRLP proposes the establishment of a new “Tax Rate and Rule Changes Variance
4 Account” to track the revenue requirement impact of legislative or regulatory changes to
5 tax rates or rules compared to costs approved by the OEB in NRLP’s 2020 to 2024
6 transmission rates. Hydro One Networks Inc. and Hydro One Indigenous Partnerships Inc.
7 are the only taxable corporate partners of NRLP. This new account will only be applicable
8 to these companies.

9
10 The account will be established as Account 1592, PILS and Tax Variances for 2006 and
11 Subsequent Years effective January 1, 2020. NRLP will record interest on any balance in
12 the sub-account using the interest rates set by the OEB. Simple interest will be calculated
13 on the opening monthly balance of the account until the balance is fully disposed.

14
15 The following outlines the proposed accounting entries for this variance account.

16
17 **USofA # Account Description**
18 DR: 1592 PILS and Tax Variances for 2006 and Subsequent Years
19 CR: 4110 Transmission Services Revenue

20
21 Initial entry to record the revenue requirement impact of legislative or regulatory changes
22 to tax rates or rules compared to costs approved by the OEB.

23
24 **USofA # Account Description**
25 DR: 1592 PILS and Tax Variances for 2006 and Subsequent Years
26 CR: 6035 Other Interest Expense

27
28 To record interest improvement on the principal balance of the tax rate and rule changes
29 variance account.

Niagara Reinforcement Limited Partnership
 Implementation of Decision with Reasons on EB-2018-0275

FOR ILLUSTRATIVE PURPOSES ONLY

2020 Interim Uniform Transmission Rates and Revenue Disbursement Allocators
 (Updated for H1N's 2020 Charge Determinants, an illustrative H1N 2020 Revenue Requirement and NRLP 2020 Revenue Requirement, excluding 2020 Foregone Revenue)
 (for Period January 1, 2020 to December 31, 2020)

Transmitter	Revenue Requirement (\$)			
	Network	Line Connection	Transformation Connection	Total
FNEI	\$4,548,772	\$1,134,471	\$2,304,848	\$7,988,092
CNPI	\$2,646,322	\$659,997	\$1,340,883	\$4,647,201
H1N SSM	\$23,244,093	\$5,797,114	\$11,777,707	\$40,818,914
H1N*	\$962,324,875	\$240,005,375	\$487,606,902	\$1,689,937,152
B2MLP	\$32,464,151	\$0	\$0	\$32,464,151
NRLP	\$13,160,593	\$0	\$0	\$13,160,593
All Transmitters	\$1,038,388,806	\$247,596,957	\$503,030,340	\$1,789,016,103

Transmitter	Total Annual Charge Determinants (MW)**			
	Network	Line Connection	Transformation Connection	
FNEI	230.410	248.860	73.040	
CNPI	522.894	549.258	549.258	
H1N SSM	3,498.236	2,734.624	635.252	
H1N	235,252.608	228,852.936	195,027.487	
B2MLP	0.000	0.000	0.000	
NRLP	0.000	0.000	0.000	
All Transmitters	239,504.148	232,385.678	196,285.037	

Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW-Month)	4.34	1.07	2.56	
FNEI Allocation Factor	0.00438	0.00458	0.00458	
CNPI Allocation Factor	0.00255	0.00267	0.00267	
H1N SSM Allocation Factor	0.02238	0.02341	0.02341	
H1N Allocation Factor	0.92675	0.96934	0.96934	
B2MLP Allocation Factor	0.03126	0.00000	0.00000	
NRLP Allocation Factor	0.01267	0.00000	0.00000	
Total of Allocation Factors	1.00000	1.00000	1.00000	

* H1N's Total Revenue Requirement, as described in Note 4, is increased by \$100 million for illustrative purposes

** The sum of 12 monthly charge determinants for the year.

Note 1: FNEI Rates Revenue Requirement and Charge Determinants per Board Decision and Order on EB2016-0231 dated January 18, 2018.

Note 2: CNPI Rates Revenue Requirement and Charge Determinants per OEB Decision EB-2015-0354 dated January 14, 2016.

Note 3: H1N SSM 2020 Rates Revenue Requirement and Charge Determinants per OEB Decision EB-2019-0266 dated December 17, 2019.

Note 4: H1N Rates Revenue Requirement per OEB Decision and Order on Interim Rates EB-2019-0082 dated December 10, 2019, and Charge Determinants per OEB Decision and Order EB-2019-0082 dated April 23, 2020.

Note 5: B2M LP 2019 Revenue Requirement per OEB Decision and Order EB-2018-0320 dated December 20, 2018.

Note 6: Calculated data in shaded cells.

Note 7: NRLP 2020 Revenue Requirement per OEB Decision and Order EB-2018-0275 April 9, 2020.

FOR ILLUSTRATIVE PURPOSES ONLY - 2020 Foregone Revenue Calculations (NRLP)

HONI Transmission Charge Determinant Forecast for the Year 2020, 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	19,819	19,585	18,899	17,431	18,573	20,969	21,952	21,462	19,838	17,848	18,963	19,916	235,253
Line Connection	19,027	18,888	18,096	16,875	18,261	20,052	21,443	20,836	19,425	17,750	18,431	19,770	228,853
Transformation Connection	16,265	16,204	15,558	14,317	15,623	17,203	18,432	17,785	16,900	14,558	15,443	16,739	195,027

Table 2. Monthly Charge Determinant Share of Annual Total

% Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Total
Network	8.42%	8.32%	8.03%	7.41%	7.89%	8.91%	9.33%	9.12%	8.43%	7.59%	8.06%	8.47%	100.00%
Line Connection	8.31%	8.25%	7.91%	7.37%	7.98%	8.76%	9.37%	9.10%	8.49%	7.76%	8.05%	8.64%	100.00%
Transformation Connection	8.34%	8.31%	7.98%	7.34%	8.01%	8.82%	9.45%	9.12%	8.67%	7.46%	7.92%	8.58%	100.00%

Table 3. 2020 UTR Charge Determinant (including all Transmitters)

Charge Determinant	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Total
Network	20,177	19,938	19,241	17,746	18,908	21,348	22,348	21,850	20,196	18,170	19,305	20,276	239,504
Line Connection	19,321	19,179	18,376	17,135	18,543	20,362	21,774	21,157	19,725	18,024	18,715	20,075	232,386
Transformation Connection	16,370	16,309	15,658	14,410	15,724	17,314	18,551	17,899	17,009	14,652	15,543	16,847	196,285

Table 4. Interim 2020 UTR

	\$/kw-month	NRLP Revenue Allocators
Network	3.92	0.00960
Line Connection	0.97	0.00000
Transformation Connection	2.33	0.00000

Table 5. 2020 Revenue at 2020 Interim UTR and 2020 Charge Determinants (\$M) (3*4)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Total
Network	0.8	0.8	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.7	0.7	0.8	9.0
Line Connection	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Transformation Connection	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Total	0.8	0.8	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.7	0.7	0.8	9.0

4.4

Table 6. Proposed 2020 UTR (Approved Interim 2020 UTR, updated for NRLP's approved 2020 revenue requirement, H1N's 2020 Charge Determinants and an illustrative H1N 2020 revenue requirement as described in Attachment 2)

	\$/kw-month	NRLP Revenue Allocators
Network	4.34	0.01267
Line Connection	1.07	0.00000
Transformation Connection	2.56	0.00000

Table 7. 2020 Revenue at Proposed 2020 UTR and 2020 Charge Determinants (\$M) (3*6)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Total
Network	1.1	1.1	1.1	1.0	1.0	1.2	1.2	1.2	1.1	1.0	1.1	1.1	13.2
Line Connection	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Transformation Connection	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Total	1.1	1.1	1.1	1.0	1.0	1.2	1.2	1.2	1.1	1.0	1.1	1.1	13.2

6.5

Table 8. 2020 Foregone Revenue (Rev at Proposed Rates - Rev at Interim Rates) (\$M) (7-5)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Total
Network	0.4	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.3	0.3	0.4	4.2
Line Connection	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transformation Connection	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.4	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.3	0.3	0.4	4.2

Foregone Revenue for January 1, 2020 to June 30, 2020: 2,036,838

Foregone Revenue for January 1, 2020 to December 31, 2020: 4,156,786

FOR ILLUSTRATIVE PURPOSES ONLY - Derivation of Annualized Foregone Revenue

Rate Pool	Sum of 12 Monthly Charge Determinants (A)	Sum of Monthly Charge Determinants for Jul-Dec (B)	Foregone Revenue for January to June 2020 (C)	Annualized Foregone Revenue (D=A/B*C)
Network	239,504	122,146	\$2,036,838	\$3,993,824
Line Connection	232,386	119,470	\$0	\$0
Transformation Connection	196,285	100,501	\$0	\$0
			\$2,036,838	\$3,993,824

Annualized Foregone Revenue provided in Exhibit 3.3 of NRLP's DRO, filed on May 8, 2020 (Hydro One's revenue requirement = \$1,589,937,152): **\$3,992,259**

Annualized Foregone Revenue calculated with Hydro One's revenue requirement = \$1,689,937,152: **\$3,993,824**

Difference due to rounding of UTR and allocation factors in Attachment 2: **\$1,565**
or
0.04%