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**Susan Frank**

Vice President and Chief Regulatory Officer  
Regulatory Affairs



BY COURIER

December 3, 2009

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

Dear Ms. Walli:

**Hydro One Networks Transmission – Approved Deferral Account for IPSP & Other Long Term Projects Preliminary Planning Costs – Additional Projects**

Per the OEB's Decision with Reasons in EB-2008-0272, Hydro One Networks' 2009-2010 Transmission Revenue Requirement Application, the Board authorized the establishment of a deferral account to capture preliminary planning costs for IPSP and other long term projects<sup>1</sup>, as discussed in evidence<sup>2</sup>.

Since the determination of this Decision with Reasons, the *Green Energy and Green Economy Act, 2009* (GEGEA) has received Royal Assent. Further, on September 21, 2009, the Ontario Minister of Energy and Infrastructure issued a letter to Hydro One requesting that it immediately proceed the planning, development and implementation of a number of transmission and distribution projects which will allow the grid to accommodate additional renewable generation as per the policy objectives of the GEGEA, as well as seek the necessary approvals for these projects.<sup>3</sup>

Hydro One is requesting that the OEB amend the list of "other long term" projects whose OM&A costs can be collected in the above approved deferral account to include projects required to be initiated as per the above referenced Minister's letter. These additional projects, which are driven by the GEGEA are listed in Attachment 1.

<sup>1</sup> EB-2008-0272 Decision With Reasons, issued May 28, 2009, page 60.

<sup>2</sup> EB-2008-0272, Exhibit C1, Tab 2, Schedule 3, page 7, Table 1

<sup>3</sup> Letter from George Smitherman to James Arnett dated September 21, 2009

These additional projects meet the important consideration as detailed in the Board's Decision<sup>4</sup> regarding the deferral account:

*An important consideration in this specific request is that Hydro One's activities are clearly driven by current Ontario energy policy. Hydro One itself is not the driver behind these expenditures; as the largest transmission utility in the Province, it is responding to the policy drive by the Ontario government to meet certain objectives regarding new generation. Although project plans have not unfolded as originally conceived, there are clear expectations of the largest transmission utility that the planning work for these projects must continue.*

Further, the nature of these project costs is consistent with Hydro One's Prefiled Evidence in EB-2008-0272<sup>5</sup> regarding costs to be placed in the deferral account:

*The IPSP [and GEGEA] projects include major transmission projects that will require extensive planning and pre-engineering work. ... The pre-engineering work includes: collecting initial data from internal sources; initiating work to obtain approvals; conducting feasibility studies; performing preliminary engineering and cost estimates to identify and assess alternatives; undertaking external stakeholder consultations; and submitting applications to obtain Environmental Assessment ("EA") and Section 92 'Leave to Construct' Approvals.*

Please contact Allan Cowan at 416 345 6219 if you have any questions.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

Attach.

c. Don Rogers; EB-2008-0272 Intervenors

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<sup>4</sup> EB-2008-0272 Decision With Reasons, issued May 28, 2009, page 59.

<sup>5</sup> EB-2008-0272, Exhibit C1, Tab 2, Schedule 3, page 6

**ATTACHMENT 1**

**Summary of OM&A Development Work for GEGEA Projects to be Charged to  
Approved Deferral Account for IPSP & Other Long Term Projects Preliminary Planning Costs**

<b>Item #</b>	<b>Investment Description</b>	<b>EA Status</b>	<b>Section 92 Status</b>	<b>Total Development OM&amp;A Cost (\$ Millions) (Note 1)</b>	<b>Development Work Completion</b>
1	Goderich Area Enabler	Required	Required	6.2	12/31/2011
2	Northwest Transmission Line [Pickle Lake x Nipigon]	Required	Required	20.9	12/31/2011
3	North-South Tie	Required	Required	22.7	9/30/2012
4	Reinforcement West of London [London x Sarnia]	Required	Required	15.9	9/30/2012
5	Chenau (Galetta Junction)	Required	Required	4.5	9/30/2012
6	St. Lawrence x Merivale [Cornwall x Ottawa]	Required	Required	5.2	9/30/2013
7	Renfrew Area Cluster [Pembroke]	Required	Required	11.8	9/30/2012
8	Wanstead Cluster [Huron South Enabler]	Required	Required	5.2	9/30/2014
9	Parry Sound Cluster [Enabler]	Required	Required	11.6	9/30/2013
10	North Bay Cluster [Enabler]	Required	Required	10.0	9/30/2013
11	Thunder Bay Cluster [Enabler]	Required	Required	12.0	9/30/2013
12	East – West Tie (Nipigon x Wawa)	Required	Required	11.6	9/30/2012
13	Selby Junction x Belleville [Belleville x Napanee]	Required	Required	4.7	9/30/2012
14	Bowmanville x GTA	Required	Required	25.4	9/30/2013
	<b>Total</b>			<b>167.7</b>	

**Note 1:** “*Total*” costs include cash flows, if any, in years from 2009 and on.