



Hydro One Sault Ste. Marie LP

Application for electricity transmission revenue requirement beginning January 1, 2019 and related matters

ISSUES LIST DECISION

January 10, 2019

Hydro One Sault Ste. Marie LP (Hydro One SSM) filed an application with the Ontario Energy Board (OEB) on July 26, 2018 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), and under the OEB's *Filing Requirements for Electricity Transmission Applications*. Hydro One SSM is seeking approval for changes to its electricity transmission revenue requirement to be effective January 1, 2019 and related matters.

The OEB issued the Decision on Confidentiality and Procedural Order No. 3 on December 14, 2018. This document required, among other items, that OEB staff file a proposed issues list which had been agreed to by Hydro One SSM and intervenors (the parties) and OEB staff by January 8, 2019. In the event that the parties and OEB staff were unable to reach an agreement on a proposed issues list, OEB staff was to inform the OEB in writing.

On January 8, 2019, OEB staff filed a letter with the OEB advising that the parties and OEB staff had reached an agreement on the proposed issues list enclosed with the staff letter.

Decision

The OEB has reviewed the proposed issues list and approves it for the purpose of this proceeding, subject to modifications made to Issue #B6.

As proposed, Issue #B6 read as follows:

B. REVENUE CAP PROPOSAL

6. Is the Power System Engineering's TFP sample of comparator utilities appropriate, and does its TFP growth rate trend based on the 2004-2016 period meet the OEB's requirement for a long-term historical trend?

The OEB has revised that issue to read:

6. Is the Power System Engineering's sample of comparator utilities for Total Cost Benchmarking and Total Factor Productivity appropriate for Hydro One SSM?

The modifications to Issue #B6 were made in order to more directly relate this issue to the Hydro One SSM application. The OEB has also included a reference to Total Cost Benchmarking in this issue in order to ensure that Total Cost Benchmarking remains within the scope of the issue and this proceeding. The OEB does not find it necessary to include reference to the TFP growth rate trend as it finds that this is implicitly included in the issue description.

The approved issues list is attached as Schedule A.

DATED at Toronto, **January 10, 2019**

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

SCHEDULE A

APPROVED ISSUES LIST

HYDRO ONE SAULT STE. MARIE LP

EB-2018-0218

JANUARY 10, 2019

Hydro One Sault Ste. Marie LP
Approved Issues List
January 10, 2019
EB-2018-0218

A. GENERAL

1. Has Hydro One SSM responded appropriately to all relevant OEB directions from previous proceedings?
2. Has the 2019 revenue requirement been calculated appropriately, in accordance with OEB policies and practices?
3. Are the associated 2019 total bill impacts reasonable?

B. REVENUE CAP PROPOSAL

4. Are the elements of Hydro One SSM's revenue cap framework proposal reasonable and in accordance with prior decisions and with OEB policy, including its proposed future earnings sharing mechanism, incremental capital funding options, Z-factors, and any other mechanisms?
5. Are the parameters of Hydro One SSM's proposed revenue cap plan, and more specifically, the inflation factor with transmission sector-specific weightings, and the proposed base productivity and stretch factors, as supported by Power System Engineering's Total Cost Benchmarking and Total Factor Productivity Study reasonable?
6. Is the Power System Engineering's sample of comparator utilities for Total Cost Benchmarking and Total Factor Productivity appropriate for Hydro One SSM?
7. Is Hydro One SSM's proposal to maintain the current approved load forecast and resulting charge determinants for the purposes of setting Uniform Transmission Rates over the entirety of the deferred rebasing period appropriate?

C. TRANSMISSION SYSTEM PLAN

8. Does the Transmission System Plan adequately address the OEB's Renewed Regulatory Framework objectives?
9. Is the level of planned 2019 to 2026 expenditures appropriate and is the rationale for planning and pacing choices appropriate and adequately explained in the Transmission System Plan? Is Hydro One SSM's asset management process reasonable and has it been adequately supported by its Transmission System Plan?
10. Do the proposed expenditures include the consideration of factors such as customer preferences, system reliability and asset condition?
11. Has Hydro One SSM adequately addressed operational synergies and savings in the Transmission System Plan, including with respect to its operational integration with Hydro One Networks Inc.? Is Hydro One SSM's continuous improvement adequate?
12. Were Hydro One SSM's customer engagement activities adequate to enable customer needs and preferences to be considered in the formulation of its proposed spending?

D. PERFORMANCE SCORECARD

13. Are Hydro One SSM's proposed key performance indicators and scorecard complete, including adequate performance measure metrics, each with specific performance outcomes and implementation timelines? Do the outcomes adequately reflect customer expectations? Does Hydro One SSM's proposed scorecard reflect the OEB's requirements?

E. ACCOUNTING

14. Have all impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified and recorded, and is the rate-making treatment of each of these impacts appropriate?

15. Are Hydro One SSM's proposals for deferral and variance accounts, including the balances in the existing accounts and their disposition, and the continuation of existing accounts appropriate?

16. Is the proposed new deferral account to capture revenue deficiencies appropriate?

F. COST ALLOCATION

17. Is the transmission cost allocation proposed by Hydro One SSM appropriate?

G. EFFECTIVE DATE

18. Is the proposed effective date of January 1, 2019 for Hydro One SSM's 2019 revenue requirement appropriate?