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September 14, 2009

BY EMAIL & COURIER

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge St, Suite 2701  
Toronto ON M4P 1E4

Dear Ms. Walli:

**Board File No. EB-2009-0096**  
**Hydro One Networks Inc. – 2010 & 2011 Rates Application**  
**Submissions on Draft Issues List**

Pursuant to Procedural Order No. 1, issued by the Board on September 9, 2009, Energy Probe Research Foundation (Energy Probe) is hereby providing Submissions on the Draft Issues List for the Board's consideration. An electronic version of this communication will be forwarded in PDF format.

Energy Probe has reviewed the Draft Issues List and found it to be comprehensive. There is one Issue on the List on which Energy Probe wishes to make submissions – Issue 4.4.

The wording of Issue 4.4 mirrors the wording of Issue 4.7 in EB-2007-0681, the HONI Dx 2008 rates proceeding. The wording was not challenged in the EB-2007-0681 Issues Day Hearing on February 15, 2008 and was accepted by the Board.

However, the wording did pose an obstacle to settlement; the Settlement Agreement, Appendix B to the Decision With Reasons in this proceeding, issued December 18, 2008, split Issue 4.7 into two segments as part of a Partial Settlement of that Issue, appearing on Page 17 of 26 as follows:

- 4.7 Are the methodologies used to allocate Shared Services and Other Capital expenditures to the distribution business and determine the Working Capital component of the Rate Base consistent with the methodologies approved by the Board in previous Hydro One rate applications?

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**Partially Settled.** The parties agree that the methodology used by the Applicant to determine the Working Capital of \$273.2 million is consistent with the methodology approved by the Board at page 29 of their EB-2005-0378 Decision. This amount represents 11.2% of total OM&A and cost of power. The settlement of this issue was also accepted by the Board in proceeding EB-2006-0501.

**The narrowed scope of the issue is: “Are the methodologies used to allocate Shared Services and Other Capital expenditures to the distribution business consistent with the methodology approved by the Board in previous Hydro One rate applications”. (End of Quotation)**

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It is the Submission of Energy Probe that the wording of the narrowed scope of that issue in the EB-2007-0681 Settlement Agreement become Issue 4.4 in this proceeding and the balance of the issue should be worded as follows:

**4.5 Are the methodologies used to determine the Working Capital component of the Rate Base consistent with the methodologies approved by the Board in previous Hydro One rate applications?**

On another point, Energy Probe notes that in the prefiled evidence there are references to evidence not yet filed. For example, in Exhibit A, Tab 14, Schedule 2, Page 27, Lines 25 – 28, where the Applicant expects to assemble a portfolio of CDM programs for the Board’s review and approval by the end of 2009. As well, at Exhibit A, Tab15, Schedule 2, Page 2, Lines 9 -11, where the Applicant expects the CN Utility Vegetation Management Study to be completed by late summer 2009 and filed once it is completed.

As interrogatories have been scheduled in Procedural Order No. 1 for intervenors on October 2, 2009, Energy Probe requests an extended deadline for interrogatories on the Applicant’s evidence yet to be filed.

Should you require additional information, please do not hesitate to contact me.

Yours truly,



David S. MacIntosh  
Case Manager

cc: Anne-Marie Reilly, Hydro One Networks Inc. (By email)  
D.H. Rogers, Rogers Partners LLP (By email)  
Peter Faye, Energy Probe Counsel (By email)  
Randy Aiken, Aiken & Associates (By email)  
Interested Parties (By email)

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