



EB-2009-0416

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S. O. 1998, c.15, Schedule B;

AND IN THE MATTER OF a motion by Hydro One Networks Inc. in regard to a decision on Transmission Rates for 2010 and for the addition of Projects to a deferral Account previously authorised in proceeding EB-2008-0272

**NOTICE OF HEARING
AND
PROCEDURAL ORDER NO. 1**

In its Decision with Reasons in EB-2008-0272 (Hydro One Networks' Inc.'s ("Hydro One") 2009-2010 Transmission revenue requirement proceeding), the Ontario Energy Board (the "Board") authorized the establishment of a deferral account to capture preliminary planning costs for the Integrated Power System Plan ("IPSP") and certain other long term projects. By letters dated December 3, 2009 and December 15, 2009, Hydro One requested that the Board amend the scope of the deferral account to include certain additional other long term projects that had not been contemplated in the Board's original order. More specifically, Hydro One asks that the deferral account be expanded to include development OM&A costs associated with 14 additional projects. Copies of these letters are attached as Appendix "A" and Appendix "B" to this Notice.

The Board will treat this request as an application to expand the scope of the existing deferral account.

The Board has assigned docket No. EB-2009-0416 to this application. Please use this reference in all communications regarding this matter.

Hydro One has identified the 14 projects in Appendix B. The estimated total OM&A costs of the development work for the projects is estimated at approximately \$168 million.

The Board will adopt as intervenors in this proceeding the intervenors and any other parties of record from the EB-2008-0272 proceeding. The Board notes that Hydro One copied its letters to intervenors in the EB-2008-0272 proceeding.

The Board intends to proceed with the application by way of a written hearing unless a party satisfies the Board that there is a good reason for not holding a written hearing. If you object to the Board holding a written hearing in this matter, you must provide written reasons why an oral hearing is necessary. Any submissions objecting to a written hearing must be received by the Board within **7 days** of the publication date of this Notice.

The Board considers it necessary to make provision for the following matters related to this proceeding. The Board may issue further procedural orders from time to time.

THE BOARD THEREFORE ORDERS THAT:

1. Intervenors and Board staff who wish information from Hydro One on the application that is relevant to this proceeding, shall request it by written interrogatories filed with the Board and delivered to the Applicant on or before **Wednesday February 10, 2010**.
2. Hydro One shall file with the Board and provide to all parties responses to the interrogatories on or before **Friday February 19, 2010**.
3. Intervenors and Board staff who wish to provide submissions on the application shall file such with Hydro One and the Board, with copies to all other intervenors, on or before **Friday February 26, 2010**.
4. Hydro One shall file any reply submissions with the Board, with copies to all intervenors, on or before **Monday March 8, 2010**.

All filings to the Board noted in this Procedural Order must be in the form of 2 hard copies and must be received by the Board by **4:45 p.m.** on the stated dates. An

electronic copy of the filing must also be provided. If you already have a user ID, the electronic copy of your filing should be submitted through the Board's web portal at www.errr.oeb.gov.on.ca. If you do not have a user ID, please visit the "e-Filing Services" page on the Board's website at www.oeb.gov.on.ca and fill out a user ID password request. For instructions on how to submit and naming conventions, please refer to the RESS Document Guidelines also found on the "e-Filing Services" webpage. If the Board's web portal is not available, the electronic copy of your filing may be submitted by e-mail at Boardsec@oeb.gov.on.ca. Those who do not have internet access are required to submit the electronic copy of their filing on a CD or diskette in PDF format.

ISSUED at Toronto, January 26, 2010

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

APPENDIX "A"

**TO NOTICE OF HEARING
AND
PROCEDURAL ORDER NO. 1**

BOARD FILE NO. EB-2009-0416

DATED: January 26, 2010

Hydro One Networks Inc.

8th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-5700
Fax: (416) 345-5870
Cell: (416) 258-9383
Susan.E.Frank@HydroOne.com

Susan Frank

Vice President and Chief Regulatory Officer
Regulatory Affairs



BY COURIER

December 15, 2009

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

Dear Ms. Walli:

Hydro One Networks Transmission – Application to Amend Approved Deferral Account for IPSP & Other Long Term Projects Preliminary Planning Costs

In the OEB’s Decision With Reasons in EB-2008-0272, Hydro One Networks' 2009-2010 Transmission Revenue Requirement Application, this Board Order established a deferral account to capture preliminary planning costs for IPSP and other long term projects¹. Further to the Board Secretary’s recent memorandum², Hydro One is requesting that the Board amend the above referenced existing Board Order to include the OM&A development costs for additional “other long term” projects.

The additional “other long term” projects are as per my recent memorandum to the Board³ which is attached as Appendix A. The attached memorandum also outlines the rationale for this request.

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

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

² Memorandum, K. Walli to S. Frank, “REQUEST FOR AMENDMENTS TO APPROVED DEFERRAL ACCOUNTS Board File Number: EB-2008-0272”, dated December 14, 2009.

³ Memorandum, S. Frank to K. Walli, “Hydro One Networks Transmission – Approved Deferral Account for IPSP & Other Long Term Projects Preliminary Planning Costs – Additional Projects”, dated December 3, 2009.

Hydro One Networks Inc.

8th Floor, South Tower
483 Bay Street
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www.HydroOne.com

Tel: (416) 345-5700
Fax: (416) 345-5870
Cell: (416) 258-9383
Susan.E.Frank@HydroOne.com

Appendix A



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 projects¹, as discussed in evidence².

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.³

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.

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

² EB-2008-0272, Exhibit C1, Tab 2, Schedule 3, page 7, Table 1

³ Letter from George Smitherman to James Arnett dated September 21, 2009

These additional projects meet the important consideration as detailed in the Board's Decision⁴ 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-2008-0272⁵ 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

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

⁵ EB-2008-0272, Exhibit C1, Tab 2, Schedule 3, page 6

Appendix A

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

Item #	Investment Description	EA Status	Section 92 Status	Total Development OM&A Cost (\$ Millions) (Note 1)	Development Work Completion
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 (Galletta 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
	Total			167.7	

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

APPENDIX "B"

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BOARD FILE NO. EB-2009-0416

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