

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

June 11, 2010

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

Dear Ms. Walli:

EB-2010-0002 – Hydro One Networks' 2011 and 2012 Transmission Revenue Requirement Application – Proposed Expedited Hearing Timetable

Prior to the issuance of Procedural Order #1 in the above proceeding, Hydro One Networks Inc. ("Hydro One") would like to propose the following considerations for an expedited hearing timetable to the Board in hopes of streamlining the hearing process. This would in turn, facilitate the implementation of new Uniform Transmission Rates ("UTR") effective January 1, 2011.

Hydro One is currently arranging for the publication of the Board's Notice per its Letter of Direction of June 7, 2010. The last date for daily publication will be June 18 and the last date for one bi-weekly newspaper is June 24, 2010. Hydro One would like to propose that the issuing of Procedural Order #1 be driven by the date of the last daily newspaper publication, June 18. Hydro One would not oppose any intervention or request for observer status received after that date.

The timetable normally allows several weeks for the preparation, filing and interrogatories on Board staff and intervenor evidence. Hydro One believes that intervenor and/or Board staff evidence may be filed respecting the AMPCO High Five charge determinant proposal. However, Hydro One is preparing a motion seeking to have the AMPCO High Five proposal heard as part of a new generic proceeding given the impact of this issue on all transmitters. If Hydro One is successful in this motion and if no other Board staff or intervenor evidence is to be filed, Hydro One believes that the timetable could be adjusted accordingly to remove this step from the proceeding.

Previous Board hearing timetables allowed several days for the finalization of an initial Issues List. Hydro One is willing to work closely with the assigned OEB staff case manager to ensure a

comprehensive Issues List is developed. Previous timetables also allow for a settlement conference once the interrogatory process has been completed.

Hydro One would like to recommend that the settlement process be moved forward and amalgamated with the determination of the initial Issues List. Given Hydro One's 25% reduction in the level of the revenue requirement increase from what would have been originally proposed, Hydro One cannot entertain further cost reductions as part of any settlement conference. However, the Company would support the finalization of the hearing issues list at the issue stage including the determination of items which could be pursued by way of a written hearing. In addition, Hydro One would entertain any requests for additional studies or reports from stakeholders that could be undertaken as part of the written portion of the proceeding if it would advance the oral hearing timetable. If the Board agrees to this amalgamation, a separate settlement process after the interrogatory process could be removed from the timetable and significantly streamline the process. Attached to this memorandum is a draft Issues List for the Board's consideration.

Should the Board agree with the steps outlined above, Hydro One believes that new UTRs could be in place for January 1, 2011.

If you have any questions regarding this submission please contact Anne-Marie Reilly at 416 345-6482.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

Attach.

**HYDRO ONE NETWORKS INC.
EB-2010-0002
PROPOSED ISSUES LIST**

1. GENERAL

- 1.1 Has Hydro One responded appropriately to all relevant Board directions from previous proceedings?
- 1.2 Are Hydro One's economic and business planning assumptions for 2011/2012 appropriate?

2. LOAD FORECAST and REVENUE FORECAST

- 2.1 Is the load forecast and methodology appropriate and have the impacts of Conservation and Demand Management initiatives been suitably reflected?
- 2.2 Are Other Revenue (including export revenue) forecasts appropriate?

3. OPERATIONS MAINTENANCE & ADMINISTRATION COSTS

- 3.1 Are the proposed spending levels for, Sustaining, Development and Operations OM&A in 2011 and 2012 appropriate, including consideration of factors such as system reliability and asset condition?
- 3.2 Are the proposed spending levels for Shared Services and Other O&M in 2011 and 2012 appropriate?
- 3.3 Are the 2011/12 Human Resources related costs (wages, salaries, benefits, incentive payments, labour productivity and pension costs) including employee levels appropriate? Has Hydro One demonstrated improvements in efficiency and value for dollar associated with its compensation costs?
- 3.4 Are the methodologies used to allocate Shared Services and Other O&M costs to the transmission business and to determine the transmission overhead capitalization rate for 2011/12 appropriate?
- 3.5 Are the amounts proposed to be included in the 2011 and 2012 revenue requirements for income and other taxes appropriate?
- 3.6 Is Hydro One Networks' proposed depreciation expense for 2011 and 2012 appropriate?

4. CAPITAL EXPENDITURES and RATE BASE

- 4.1 Are the amounts proposed for rate base in 2011 and 2012 appropriate?
- 4.2 Are the proposed 2011 and 2012 Sustaining and Development and Operations capital expenditures appropriate, including consideration of factors such as system reliability and asset condition?
- 4.3 Are the proposed 2011 and 2012 levels of Shared Services and Other Capital expenditures appropriate?
- 4.4 Are the methodologies used to allocate Shared Services and Other Capital expenditures to the transmission business consistent with the methodologies approved by the Board in previous Hydro One rate applications?
- 4.5 Are the inputs used to determine the Working Capital component of the rate base appropriate and is the methodology used consistent with the methodologies approved by the Board in previous Hydro One rate applications?
- 4.6 Does Hydro One's Asset Condition Assessment information and Investment Planning Process adequately address the condition of the transmission system assets and support the O&MA and Capital expenditures for 2011/12?

5. COST OF CAPITAL/CAPITAL STRUCTURE

- 5.1 Is the proposed capital structure appropriate?
- 5.2 Is the proposed methodology to determine the Return on Equity and Short-term debt appropriate?
- 5.3 Is the forecast of long term debt for 2010-2012 appropriate?

6. DEFERRAL/VARIANCE ACCOUNTS

- 6.1 Are the proposed amounts, disposition and continuance of Hydro One's existing Deferral and Variance accounts appropriate?
- 6.2 Are the proposed new Deferral and Variance Accounts appropriate?

7. COST ALLOCATION

- 7.1 Has Hydro One Networks' cost allocation methodology been applied appropriately?

8. CHARGE DETERMINANTS

- 8.1 Is it appropriate to implement "AMPCO's High 5 Proposal" in place of the status quo charge determinants for Network service? (Subject to the outcome of the Hydro One motion requesting a generic review of this issue)

9. GREEN ENERGY PLAN

- 9.1 Does Hydro One's Green Energy Plan meet the Board's filing guidelines and the objectives set out in the Green Energy and Green Economy Act, 2009?