



June 30, 2010

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: Hydro One Networks Inc.
Change to Electricity Transmission Revenue Requirement and Rates
AMPCO Submissions on Draft Issues List
Board File No. EB-2010-0002

Pursuant to the Board's Procedural Order No. 1 dated June 28, 2010, AMPCO has reviewed the Draft Issues List and makes the following comments/suggested additions.

In general, AMPCO agrees with the Draft Issues List subject to the Board's consideration of the following submissions from AMPCO that are shown below under the relevant sections of the Draft Issues List (Appendix B) that was attached to the Board's Procedural Order.

DRAFT ISSUES LIST

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?

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AMPCO is recommending that a new issue be added as follows:

4.6 Is Hydro One's request for accelerated cost recovery of the 500 kV Bruce to Milton Double Circuit Line project appropriate?

Rationale: *Hydro One is proposing that the Bruce to Milton project, which has already been approved by the OEB in a Section 92 proceeding, be subject to accelerated cost recovery by treating 100% of annual Construction Work In Progress (CWIP) expenditures as if they were added to rate base until the project is placed into service. Hydro One submits that this proposed treatment is consistent with the methodology and meets the parameters as set by the Board in its EB-2009-0152 "Report of the Board – The Regulatory treatment of Infrastructure Investment in connection with the Rate-regulated Activities of Distributors and Transmitters in Ontario, issued on January 15, 2010.*

AMPCO submits that Hydro One's interpretation and application of the Board's Report and resulting cost recovery proposal is not appropriate and should be further reviewed and analyzed in this proceeding.

4.7 (was 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?

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.)

AMPCO is recommending that a new issue be added as follows:

8.2 Is Hydro One's recommendation to continue with the \$1.00/MWh Export Transmission Service (ETS) Tariff appropriate?

Rationale: *The ETS Tariff has not changed since its original inception in 1999. The IESO ETS Tariff study filed in August 2009 recommends the existing ETS charge of \$1.00/MWh be maintained. In the current application Hydro One has assumed the status quo for the purpose of determining revenue requirement and associated rates for Network Service.*

AMPCO submits that the IESO study results and Hydro One's proposal to implement the IESO's recommendations requires further review and analysis in this proceeding.

9. GREEN ENERGY PLAN

9.1 Is Hydro One's Green Energy Plan consistent with the objectives set out in the Green Energy and Economy Act, 2009 and with other related government instruction?

9.2 Are the OM&A and capital amounts in the Green Energy Plan appropriate and based on appropriate planning criteria?

AMPCO is recommending that a new issue be added as follows:

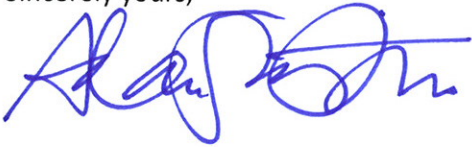
9.3 Is Hydro One's request for accelerated cost recovery of green energy projects appropriate?

Rationale: *Hydro One is proposing an accelerated cost recovery mechanism for CWIP for green energy projects. Hydro One submits that this proposed treatment is consistent with the methodology and meets the parameters as set by the Board in its EB-2009-0152 "Report of the Board – The Regulatory treatment of Infrastructure Investment in connection with the Rate-regulated Activities of Distributors and Transmitters in Ontario, issued on January 15, 2010.*

AMPCO submits that Hydro One's interpretation and application of the Board's Report and resulting cost recovery proposal for green energy projects is not appropriate and should be further reviewed in this proceeding.

Please do not hesitate to contact me if you have any questions or require further information.

Sincerely yours,



Adam White
Association of Major Power Consumers in Ontario

Copy to: Hydro One Networks Inc.
Intervenors (via email)