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ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7

Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: piac@piac.ca. <http://www.piac.ca>

Michael Buonaguro
Counsel for VECC
(416) 767-1666

November 8, 2010

VIA MAIL and E-MAIL

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

Dear Ms. Walli:

Re: Vulnerable Energy Consumers Coalition (VECC)
Hydro One Brampton Networks Inc.
- 2011 Electricity Distribution Rate Application (EB-2010-0132)
Submissions re: Next Steps

The letter is in response to Procedural Order #3 wherein the Board requested submissions on the next steps for the above proceeding, including which issues should be addressed as part of an oral proceeding. In VECC's view the Board should make provision for oral hearing which would address those issues where parties identify the need for further discovery. Subsequent to this, written submissions should be made on all issues relating to the Application. As there is no approved Issues List, VECC's comments are organized in accordance with the index to Hydro One Brampton's Application¹. Set out below is VECC's assessment of the issues where it requires further discovery.

- *Rate Base and Capital Spending (Exhibit #2)*
 - In response to undertakings made during the Technical Conference, Hydro One Brampton (Brampton) has filed additional information on its Green Energy Plan and the treatment of HST. At this stage, VECC believes there is need, at minimum, for further follow-up with Brampton regarding the impact of these aspects of its proposed spending on rate base.

¹ Exhibit 1, Tab 1, Schedule 1

- *Load Forecast (Exhibit #3)*
 - During the Technical Conference, VECC noted the need to follow-up further on the proposed CDM adjustments². As a result, VECC submits that the load forecast and, in particular, the CDM adjustments made by Brampton, need to be the subject of further discovery and should be part of an oral proceeding.
- *Operating Expenses (Exhibit #4)*
 - Brampton's OM&A is forecast to increase substantially between 2008 and 2011 even after removing the impact of IFRS. Issues related to Metering, Staffing and the Green Energy Plan were explored during the technical conference and VECC believes parties require an opportunity for further discovery.
 - VECC does not require further discovery with respect to issues related to Depreciation and Taxes. However, VECC acknowledges that other parties may have issues to explore and supports their prerogative to do so.
- *Capital Structure and Cost of Capital (Exhibit #5)*
 - VECC does not require further discovery (via an oral proceeding) on these issues.
- *Cost Allocation and Rate Design (Exhibits #7 and #8)*
 - VECC does not require further discovery on these issues. The only exception is in the area of Smart Meters where there may be link between the treatment of smart meters in the cost allocation and outcome the discovery proposed below with respect to Deferral/Variance accounts and, in particular, the Smart Meter-related accounts.
- *Deferral and Variance Accounts (Exhibit #10)*
 - The specific areas where VECC sees additional discovery being required are a) the proposed new accounts and b) the treatment of smart meter costs.

As noted above, there are certain areas where VECC does not currently foresee the need for additional discovery. Also, there are areas, such as the calculation of taxes and the treatment of tax-related deferral accounts where VECC relies on other parties' expertise. As a result, VECC acknowledges that other parties may have identified additional issues that require clarification and supports their submissions for an opportunity to do so during an oral proceeding.

² Transcript page 48

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC

cc: Hydro One Brampton Networks Inc.
Attention: Mr. Scott Miller