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BY COURIER

July 22, 2011

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

Dear Ms. Walli:

EB-2011-0126 – AltaLink Ontario L.P. (AltaLink) Transmission Licence Application –Hydro One Networks Inc. Argument

I am attaching two (2) copies of Hydro One Networks (“Hydro One”) Argument.

A copy of this cover letter and the attached interrogatory questions have been filed in text-searchable electronic form through the Ontario Energy Board's Regulatory Electronic Submission System and the confirmation slip is also enclosed.

Sincerely,

ORIGINAL SIGNED BY ANDREW SKALSKI

Andrew Skalski

c. AltaLink
Intervenors

Attach.

1
2 **ALTALINK ONTARIO L.P.**
3 **TRANSMISSION LICENCE APPLICATION**
4 **ARGUMENT OF HYDRO ONE NETWORKS INC.**
5
6

7 The following are the submissions of Hydro One Networks Inc. ("Hydro One") in the
8 Transmission Licence Application of AltaLink Ontario L.P. ("AOLP").
9

10 Hydro One has two submissions with respect to AOLP's Application. The first has to do
11 with AOLP's request for an exemption from the Affiliate Relationships Code ("ARC").
12

13 In response to Hydro One Interrogatory #2, AOLP amended its request for temporary
14 exemption from the ARC to include only a temporary exemption from Section 2.3 until
15 the date it is designated as a transmitter.
16

17 Hydro One understands that in requesting this exemption AOLP does not intend to
18 recover any of its costs to prepare and file a Transmission Project Development Plan
19 from ratepayers in Ontario regardless of whether or not it is the successful bidder. This is
20 despite the fact that the Board in its Policy [EB-2010-0059, Board Policy, p. 11] allowed
21 for such recovery by winning bidders. Hydro One bases this conclusion on AOLP's
22 response in part c) in the above-mentioned interrogatory response which stated:
23

24 "In light of this concern, AltaLink Ontario is requesting a Temporary
25 Exemption to Section 2.3 of the ARC on the basis that: (1) there is no risk
26 of harm to Ontario ratepayers because AltaLink Ontario will not recover
27 any of its costs associated with developing a Transmission Project
28 Development Plan from ratepayers (these costs are to the account of
29 AltaLink Ontario's unit holders)." [emphasis added]
30

31 Hydro One's second submission relates to AOLP's demonstration of its technical
32 capabilities. AOLP is a newly established entity created for the purpose of participating
33 in the Board's competitive bid process [AOLP Application, Sections A-2, B-2, B-13]. As
34 a new entity it has no project development or construction experience of its own. In its

1 evidence at section B-5 of its Application, it indicated that it intends to rely on its
2 affiliates AltaLink and SNC-Lavalin ["SNC"] for the necessary project management and
3 construction expertise to bid on and build projects.

4
5 In order to test the Applicant's evidence on that point, Hydro One had asked AOLP in an
6 interrogatory request [Hydro One Interrogatory #4] for further details about the project
7 construction experience of SNC in relation to high-voltage transmission projects in
8 Ontario that SNC had developed and that were cited in AOLP's application [Section B-
9 5]. The information requested by Hydro One about these projects included such things as
10 budget versus actual costs and schedule, complaints received and their resolution, and
11 First Nations/Métis consultation. Hydro One has asked for -- and received -- similar
12 project-related information from other recent transmission licence applicants and their
13 affiliates.

14
15 In its response, AOLP refused to provide the requested information for reasons that in
16 Hydro One's view are specious: AOLP asserted that the requested details were
17 competitive data which would typically be considered confidential; and in any event, it
18 did not have the information because it was in the possession of its affiliate SNC and
19 SNC is not a party to this proceeding. By way of a letter to the Board and copied to
20 AOLP, Hydro One made a further request of AOLP to provide the requested information
21 and noted that confidentiality is not an accepted ground for refusing to file information
22 under the OEB's *Rules of Practice and Procedure*. However, to-date there has been no
23 response by AOLP to this further request.

24
25 Hydro One notes that in any application before the Board, the onus is on the applicant to
26 prove its case. The applicant is required to file evidence and allow for reasonable testing
27 of that evidence to occur. In Hydro One's view, by refusing to provide the requested
28 information and allowing it to be appropriately tested, AOLP has failed to adequately
29 support its case in relation to its assertions of technical expertise. As a result, there is an
30 insufficient evidentiary base for the Board to make a finding on that aspect of AOLP's

1 application. In Hydro One's view, project construction experience, including such things
2 as landowner and First Nations/Métis relations and cost and schedule outcomes, is a key
3 issue to be determined in the licence application process, especially one which is focused
4 on determining eligibility to become a potential builder of major transmission projects in
5 the province. In Hydro One's view, AOLP has simply not met the evidentiary standard
6 of a licence application with respect to proving its case, even in an application like this
7 one where there are no actual facilities involved and a lower evidentiary standard could
8 be considered to apply.

9
10 Hydro one submits that the Board should be concerned about applicants skirting its
11 processes and hiding behind affiliates in order to avoid subjecting evidence to scrutiny.
12 AOLP appears to believe it can rely on the reputation of its affiliates alone to earn a
13 licence from the Board, without having to submit supporting evidence about its affiliates'
14 expertise and subjecting it to the Board's standard testing process.

15
16 In making this argument, Hydro One again notes that other licence applicants provided
17 similar information about project construction experience – whether from affiliates or not
18 -- that AOLP refused to provide. As such, Hydro one believes the Board should be
19 concerned about holding AOLP to a lower standard, in terms of evidentiary support, than
20 other applicants were held to. To do so would undermine the integrity of the Board's
21 licensing process. The Board itself made obtaining a licence a requirement of the
22 designation process [EB-2010-0059, Board Policy, p. 6] and proof of technical capability
23 is in turn a key requirement of the licence application under the Board's filing guidelines.

24
25 Accordingly, it is Hydro One's submission that the Board should deny AOLP's licence
26 application until it has met the standard burden of proof required of other applicants. The
27 Board's licensing process is not something to be taken lightly.

28
29 All of which is respectfully submitted.
30