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By electronic filing

May 28, 2012

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th floor
Toronto, ON M4P 1E4

Dear Ms Walli,

Hydro One Networks Inc.	
Request for Deferral Account East-West Tie Line	
Board File No.:	EB-2012-0180
Our File No.:	339583-000138

We are writing to provide brief submissions on behalf of our client, Canadian Manufacturers & Exporters ("CME"), with respect to the Application by Hydro One Networks Inc. ("HONI") for an Accounting Order authorizing it to establish a new East-West Tie ("EW Tie") Deferral Account. These submissions are being provided pursuant to paragraph 3 of the Board's Notice of Application and Written Hearing and Procedural Order No. 1 dated April 18, 2012.

We have reviewed the Application and the interrogatory responses HONI provided to questions posed by Board Staff, London Property Management Association ("LPMA") and the Vulnerable Energy Consumers Coalition ("VECC"). We have also reviewed the submissions filed by Mr. Aiken on behalf of LPMA on May 18, 2012.

We agree with and support the submissions made by Mr. Aiken to the effect that any deferral account the Board authorizes should be "without prejudice" to a subsequent consideration of the prudence of any costs incurred and the method of allocating and recovering any costs from ratepayers. We also support Mr. Aiken's position that the deferral account should not be established with a retroactive effective date.

An item that we wish to flag for the Board's consideration is whether the utility practice of applying for Accounting Orders establishing new deferral accounts, between the dates of its annual applications for rate relief, should continue to be countenanced by the Board without such applications be accompanied by current information from the utility applicants summarizing their existing deferral accounts and the cumulative deferral account debit balances recorded therein. We raise this question now because of recent publicity associated with the

cumulative deferral account balances of British Columbia Hydro and Power Authority ("BC Hydro") referenced in its F2012 to F2014 Revenue Requirements Application being processed by the British Columbia Utilities Commission ("BCUC") under Project No. 3698622/Order G-40-11. A number of news items were released last week indicating that BC Hydro's deferred expenses were significantly increasing from a level of about \$2.1B in F2011 to an expected level of \$4.7B by F2014. BC Hydro's large deferred expense balances were the subject of concerns expressed by the B.C. Auditor General in a report released a few months ago.

In these circumstances, we question the continuing appropriateness of entertaining new deferral account requests, in between annual rate applications, without there being some evidence from the utility applicant of the cumulative balances in deferral accounts previously authorized. Put another way, the Board should not authorize new deferral accounts, between annual rate filings, without having a good idea of the burden that such action is likely to place on ratepayers having regard to the current levels of all other deferral account balances. Transparent surveillance of the build-up and draw-down of all deferral account balances is an important element of monitoring the affordability of the electricity price increases that Ontario consumers are facing. This is particularly so for the large electricity utilities that the Board regulates such as Ontario Power Generation Inc. ("OPG") and HONI who operate under the auspices of a number of deferral accounts in which very large debit balances can accumulate.

Accordingly, we invite the Board to require any utility that seeks to establish a new deferral account, in between the filing of its annual requests for rate relief, to support the new deferral account application with information that lists the already authorized deferral accounts and the current balances recorded therein. As a first step in this direction, we urge the Board to require HONI to provide such information within a short period of time following the Board's issuance of a decision in this case. We assume that this information is readily available to HONI and that it can be filed promptly.

We request that CME be awarded 100% of its reasonably incurred costs of participating in this proceeding.

Yours very truly,



Peter C. P. Thompson, Q.C.

PCT\slc

c. Susan Frank (HONI)
Anne-Marie Reilly (HONI)
Intervenors EB-2012-0180
Paul Clipsham (CME)

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