



**PUBLIC INTEREST ADVOCACY CENTRE**  
**LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC**

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**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: Hydro One Networks Inc. Transmission  
2013-14 Revenue Requirement and Rates**

We are writing with respect to the draft issues list. More specifically we are writing to object to the inclusion of the issue proposed by Goldcorp.

Goldcorp has proposed that the following issue be added to the issues list:

9.2 Should the Board establish an interim rate for Goldcorp in order to recover any bypass compensation due in an appropriate amount over the remaining life of the Red Lake Transformer Station ("RLTS")?

In support of adding this issue, Goldcorp makes the following submission:

Goldcorp submits that this proceeding is about establishing HydroOne's rates. Goldcorp is asking the Board to set a new interim rate for HydroOne and, if necessary, determine which costs ought to be fairly recovered in it. That request is a legitimate rates-hearing issue that would satisfy the terms of the CCRA, and finally provide a means for transparent and fair challenge of Hydro One's bypass compensation calculation.

As outline in the submissions of Goldcorp, Goldcorp has agreed to pay HONI bypass compensation. What is in dispute, VECC understands from those submissions, is not whether bypass compensation is owed, but rather the

calculation of the bypass compensation to be paid. It appears to VECC that, under the guise of a rate proposal, Goldcorp is seeking to both challenge the calculation underpinning the bypass compensation, and attempt to convince the Board to exercise jurisdiction to, possibly, alter the quantum of bypass compensation whether or not the calculation of the bypass compensation is correct.

In VECC's view, without commenting on the substance of Goldcorp's apparent complaints in respect of its bypass compensation obligation, it would be inappropriate to use this rate case as a forum to determine a non-rate related dispute between Goldcorp and HONI.

VECC notes that a similar scenario presented itself in NRG's most recent rates case, EB-2010-0018. In the Board's decision dated December 6, 2010 it was noted that a customer of NRG, IGPC, asked the Board to adjudicate a dispute between NRG and IGPC with respect to the amounts owed by IGPC to NRG in respect of the construction of a pipeline dedicated to the use of IGPC. In the Board Decision it determined as follows:

### **Board Findings**

IGPC in its submission referenced a range of cost categories related to the IGPC pipeline. However, a number of the cost items in dispute do not impact the rate base or rates for 2011. The Board notes that the amount of the pipeline that is added to rate base is not a function of the cost of the pipeline but is derived from the calculation of the future revenue stream over a fixed number of years. The Board will therefore make a determination only on those matters that impact rates and not all costs that are in dispute.<sup>1</sup>

Similarly, VECC submits, in the present case the value of the assets that will go into rate base is not in dispute. Reframing the actual dispute as a rate proposal does not, in VECC's view, assist Goldcorp in its cause.

To be clear, VECC is not asserting that the Board does not have jurisdiction, in an appropriate process, over the issues raised by Goldcorp; that may be the case. Nor does VECC assert that information requests made by Goldcorp or any other party with respect to HONI's activities with respect to obtaining assets or rights to bypass compensation, including the calculations underpinning bypass compensation in any particular case, are not relevant in this proceeding; such questions may very well be asked and answered as relevant to the rate application. VECC is only asserting that the issue proposed by Goldcorp is inappropriate, as it requests a type of relief (an interim rate implemented solely to

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<sup>1</sup> EB-2010-0018, Decision dated December 6, 2010, page 5. It should be noted that IGPC has appealed the decision of the Board that is before the Divisional Court.

recover bypass compensation owed by a single entity to HONI) that should be rejected *ab initio*.

Thank you.

Yours truly,

A handwritten signature in blue ink, appearing to be the name 'Michael Buonaguro'.

Michael Buonaguro  
Counsel for VECC