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**Susan Frank**

Vice President and Chief Regulatory Officer  
 Regulatory Affairs



BY COURIER

September 20, 2012

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

Dear Ms. Walli:

**EB-2012-0031 – Hydro One Networks' 2013 and 2014 Transmission Revenue Requirement Application – Hydro One Networks Responses to Interrogatory Questions and Update to A-8-3**

Please find attached an electronic copy of responses provided by Hydro One Networks to Interrogatory questions and an update to Exhibit A, Tab 8, Schedule 3. Ten (10) hard copies will be sent to the Board shortly.

The Interrogatory Responses have been filed by Issue. Below is the Tab numbers for each Issue:

Tab 1	Issue 1 Has Hydro One responded appropriately to all relevant Board directions from previous proceedings?
Tab 2	Issue 2 Is the overall increase in 2013 and 2014 revenue requirement reasonable?
Tab 3	Issue 3 Is the load forecast and methodology appropriate and have the impacts of Conservation and Demand Management initiatives been suitably reflected?
Tab 4	Issue 4 Are Other Revenue (including export revenue) forecasts appropriate?
Tab 5	Issue 5 Are the proposed spending levels for Sustaining, Development and Operations OM&A in 2013 and 2014 appropriate, including consideration of factors such as system reliability and asset condition?
Tab 6	Issue 6 Are the proposed spending levels for Shared Services and Other O&M in 2013 and 2014 appropriate?
Tab 7	Issue 7 Are the 2013/14 Human Resources related costs (wages, salaries, benefits, incentive payments, labour productivity and pension costs) including employee levels appropriate? Has Hydro One demonstrated improvements in efficiency and value for dollar associated with its compensation costs?
Tab 8	Issue 8 Are the methodologies used to allocate Shared Services and Other O&M costs to the transmission business and to determine the transmission overhead capitalization rate for 2013/14 appropriate?
Tab 9	Issue 9 Are the amounts proposed to be included in the 2013 and 2014 revenue requirements for income and other taxes appropriate?
Tab 10	Issue 10 Is Hydro One Networks' proposed depreciation expense for 2013 and 2014 appropriate?
Tab 11	Issue 11 Are the amounts proposed for rate base in 2013 and 2014 appropriate?

Tab 12	Issue 12 Are the proposed 2013 and 2014 Sustaining and Development and Operations capital expenditures appropriate, including consideration of factors such as system reliability and asset condition?
Tab 13	Issue 13 Are the proposed 2013 and 2014 levels of Shared Services and Other Capital expenditures appropriate?
Tab 14	Issue 14 Are the methodologies used to allocate shared services and other capital expenditures to the transmission business, appropriate?
Tab 15	Issue 15 Are the inputs used to determine the working capital component of the rate base and the methodology used appropriate?
Tab 16	Issue 16 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 2013/14?
Tab 17	Issue 17 Is the proposed timing and methodology for determining the return on equity and short- term debt prior to the effective date of rates appropriate?
Tab 18	Issue 18 Is the forecast of long term debt for 2012-2014 appropriate?
Tab 19	Issue 19 Are the proposed amounts, disposition and continuance of Hydro One's existing Deferral and Variance accounts appropriate?
Tab 20	Issue 20 Are the proposed new Deferral and Variance Accounts appropriate?
Tab 21	Issue 21 Is the cost allocation proposed by Hydro One appropriate?
Tab 22	Issue 22 Are the OM&A and capital amounts in the Green Energy Plan appropriate and based on appropriate planning criteria?
Tab 23	Issue 23 What is the appropriate level for Export Transmission Rates in Ontario?
Tab 24	Issue 24 Are the proposed modifications to the Hydro One transmission connection procedures appropriate?
Tab 25	Issue 25 Have all impacts of the conversion of regulatory and financial accounting from CGAAP to USGAAP been identified, and reflected in the appropriate manner in the Application, the revenue requirement for the Test Years and the proposed rates?

An electronic copy of the Interrogatories and the updated exhibit, have been filed using the Board's Regulatory Electronic Submission System.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank  
Attach.