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File 20805

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VIA RESS FILING AND COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: Hydro One Networks Inc.
2013-2014 Transmission Revenue Requirements and Rates
Application (Technical Conference)
Power Workers' Union ("PWU") Follow-Up Interrogatories
Board File No. EB-2012-0031**

Please find attached follow up interrogatories of Power Workers' Union in connection with the above-noted proceeding.

Yours very truly,

PALIARE ROLAND ROSENBERG ROTHSTEIN LLP



Richard P. Stephenson
RPS:jr
encl.

Doc 840981v1

HONORARY COUNSEL

Ian G. Scott, Q.C., O.C.
(1934 - 2006)

Hydro One Networks Inc. 2013-2014 Transmission Revenue Requirements and Rates Application

(Technical Conference)

PWU Follow Up Questions

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?

Ref: Exhibit I/Tab 5/ Schedule 8.02 PWU 3/ Page 3 of 4 (Hydro One response to PWU Interrogatory #3 (c)

In the response Hydro One states:

No, expected service life is the typical age at which EOL is expected. Note that multi-dimensional risk assessments drive specific end of life investment decisions.

Ref: Exhibit I/Tab 5/ Schedule 8.02 PWU 3/ Page 3 of 4 (Hydro One response to PWU Interrogatory #3 (g)

Hydro One states:

Hydro One does not have a hard target for the percentage of individual assets that can be beyond EOL. To do this would ignore the difference in risks between our asset classes and their effect on overall company business values.

Follow-up Questions:

- 1) Should the response to PWU IR # 3, (g) refer to expected service life (ESL) rather than EOL?
- 2) Is it not reasonable to assume that a transmission system ideally should strive for a 0 % of assets beyond EOL?
- 3) Please confirm that Hydro One does not have a target with respect to the percentage of assets beyond the expected service life (ESL) for each asset class

(i.e. transformers, breakers, protection and control, underground cables, steel tower structures, conductors and wood pole structures). If so,

- a. What significance does Hydro One place to the percentage of assets beyond their expect service life (ESL) such as 20%, 30%?
- b. In the absence of targets, and given that different categories of assets have different levels of risk, how does Hydro One determine the tolerable percentage of assets that can be beyond ESL?

Ref: Exhibit I/Tab 5/ Schedule 8.15 PWU 16/ Page 2 of 4 (Hydro One Response to PWU IR#16, item # i)

In its response, Hydro One states:

No, Hydro One does not directly measure the percentage of time the transmission system elements are in a single contingency state (when designed to dual contingency standards) and an outage occurs. Hydro One does have operating procedures and processes to assess the level of risk that an equipment outage presents to its customers, and Hydro One will take the necessary actions to mitigate the identified risk/contingency.

Follow-up Question:

- 4) Does Hydro One track any metric with respect to its transmission system that would provide an indication of the overall level of stress on the transmission system?

Ref: Exhibit I/ Tab 5/ Schedule 8.15 PWU 16/ Page 3 of 4 (Hydro One response to PWU Interrogatory #16, a)

In response to the PWU's interrogatory #16 (a), Hydro One has provided a table of requested values relating to asset demography and asset condition.

Follow-up Questions

- 5) Hydro One has left blank line # 10 (% of assets in "poor and very poor" state for 2009); line # 12 (% of assets in "poor and very poor" state in 2021 assuming historical rate of replacement); and line #13 (% of assets in "poor and very poor" state in 2021 assuming the currently proposed rate of replacement).
 - a. Please provide the missing values

- b. Please provide the corresponding values in line #12 and Line #13 of the table for assets that are in "Fair or Poor" condition (i.e. % of assets in "Fair or poor" state in 2021 assuming historical rate of replacement and % of assets in "Fair or poor" state in 2021 assuming the currently proposed rate of replacement)