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Vice President and Chief Regulatory Officer
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BY COURIER

November 2, 2012

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

Dear Ms. Walli:

EB-2012-0031 – Hydro One Networks' Response to Goldcorp's Letter of October 31, 2012.

On October 31, 2012 Goldcorp wrote to the Board to present its hearing plan seeking 30 minutes of hearing time to cross examine Hydro One on the net book value of Red Lake TS.

In Exhibit I, Tab 11, Schedule 7.05 Goldcorp 5, Hydro One provided the net book value of the Red Lake TS after the refurbishment work, a value of \$14.1 million and noted that it includes all station equipment such as transformers, breakers, switches, capacitors, etc. This represents approximately 0.15% of rate base in the test years, a de minimus amount. This amount includes a significant refurbishment of Red Lake TS about five years ago. The refurbishment included new transformers, new capacitor banks that were required by the SIA, new breakers and switches and civil work. The work was done for Goldcorp to accommodate its load forecast. Hydro One has already provided the net book value to Goldcorp in previous discussions about their potential bypass of Red Lake TS. These discussions are not complete as the bypass has still not occurred. Hydro One cannot anticipate when bypass will occur but the net book value at that time will be provided to Goldcorp.

In its letter, Goldcorp asserts that the net book value in the interrogatory response appears to be inflated. Goldcorp has no evidentiary basis for this claim. The net book value provided by Hydro One is correct.

In Procedural Order No. 2 in this proceeding, the Board declined to add proposed issue 9.2 by Goldcorp. It appears that Goldcorp is again looking for an opportunity to use this OEB proceeding to attempt to reduce its financial obligation related to the bypass payment which is required in the Transmission System Code. In its letter of July 27, 2012 on the draft issues list, Hydro One's counsel outlined the background of Goldcorp's numerous attempts to have this issue raised inappropriately in past proceedings. In the combined decision of the Board in EB-2011-0361 and EB-2011-0376 ("Decision") the Board identified three alternative options that Goldcorp could pursue, at its own choosing, to address the issue. The Board ruled that Goldcorp could:

1. Seek to amend or vary the decision of the Board in the Section 92 leave to construct case by way of a properly constituted motion for review;
2. Seek an amendment to Hydro One's transmission licence to exempt it from having to apply the bypass provisions of the Code; or
3. Seek amendments to the Code itself.

Hydro One also notes that the Board's decision dated January 23, 2012, was appealed by Goldcorp to the Divisional Court. That appeal was dismissed by the Divisional Court on June 5, 2012.

While Goldcorp states in its letter that it does not intend to ask questions about bypass, the only relevance to Goldcorp of the net book value of Red Lake TS is that it will affect the calculation of bypass fees if and when bypass occurs in the future.

Hydro One submits that the Board should not grant Goldcorp any hearing time in this proceeding to question the net book value of Red Lake TS. Goldcorp will have an opportunity to do so when bypass occurs and when it is called upon to pay.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

cc. EB-2012-0031 Intervenors (electronic only)