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February 18, 2014

**Our File Number: 72738**

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

Dear Ms. Walli:

**Re: Hydro One Networks  
2015-2019 Distribution Custom Rate Application (EB-2013-0416)**

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We represent Hydro One Networks Inc. ("**Hydro One**") in the above-referenced application.

On December 19, 2013, Hydro One filed a 5-year Custom Distribution Rate Application ("**Distribution Application**") with the Board, covering the 2015-2019 test year period. It is the first custom application submitted to the Board under the new *Renewed Regulatory Framework for Electricity Distributors*. Hydro One submitted supplementary evidence in support of the Distribution Application on January 31, 2014. It intends to file an update in late April to reflect 2013 year-end actual results, their impact on in-service additions, and other adjustments such as recent LTEP direction.

In the interest of establishing an orderly, transparent hearing process while enhancing the efficiency and effectiveness of the review of the application, we respectfully submit the following suggestions for the Board's consideration.

1. Prior to the April update, Hydro One could hold a series of technical conference sessions for participants in the Distribution Application proceeding, each focusing on a specific aspect of the evidence. These sessions would offer opportunities to further clarify Hydro One's approach beyond that provided in the 4 stakeholder sessions held during the development of the application. The technical conferences would identify areas for potential settlement or where modifications could be incorporated in the updated evidence. These sessions could begin in late March and possible subjects include:
  - a. the overall framework of the Distribution Application and the proposed annual adjustment mechanisms, adjustments outside of the normal course of business, off-ramps and outcome measures described therein;
  - b. the determination of customer preferences and their incorporation into the distribution system plan, which is set out in the Distribution Application; and
  - c. cost allocation and rate design changes including line losses.
2. Given that the Distribution Application contains new and untested elements, Hydro One could provide an overview of its Distribution Application to the Board panel and make a senior executive team available to meet and answer clarifying questions. We propose that this session be held in mid-May, after Hydro One has completed its evidentiary update in April and before the issues list is finalized.
3. Opportunities might also exist to increase the effectiveness of the interrogatory process. Materiality constraints could be established for interrogatories ("IRs"), permitting only IRs that clarify evidence relevant to the Board-approved issues list. To avoid duplication of questions and ensure each area gets examined, each issue could be assigned to one intervener, which would be responsible to take the lead on IRs specific to that issue.
4. Settlement conferences could be scheduled for those issues that can be settled or which might be appropriate for written submissions, by agreement.

In early May 2014, Hydro One intends to file a 2-year Transmission Application covering the 2015-2016 test year period. Certain evidentiary exhibits in the Transmission Application will be identical to those already filed in the Distribution Application. Other evidentiary exhibits pertaining to common costs will also be the same, other than the amounts allocated to the distribution or transmission business, as the case may be. We suggest the following means of streamlining the Ontario Energy Board's concurrent review of these applications for your consideration.

5. For elements that are common to both the Distribution Application and Transmission Application (which could include direct evidence, IR responses, transcribed testimony, undertakings and relevant arguments):
  - a. evidence could be examined in one proceeding and the Board panel for the other proceeding could adopt the findings of the first proceeding; or
  - b. any common oral testimony could be heard by a panel composed of Board members overseeing the Distribution Application and the Transmission Application.

We believe that, if adopted, these measures would improve the orderly and efficient examination of Hydro One's rate applications as well as reducing the strain on resources for the Board, the intervenor community and Hydro One. We respectfully submit that this would improve the applications and hearing process in a manner that is consistent with the Board's 2013-2016 Business Plan objectives.

We look forward to hearing from you.

Yours very truly,

  
D.H. Rogers, Q.C.  
DHR:db