McCarthy Tétrault LLP
Suite 3300
421-7th Avenue S.W.
Calgary AB T2P 4K9
Canada
Tel: 403-260-3500
Fax: 403-260-3501

mccarthy tétrault

Gordon M. Nettleton
Partner
Direct Line: (403) 260-3622
Email: gnettleton@mccarthy.ca

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VIA RESS, EMAIL AND COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

RE: EB-2014-0213 – Hydro One application to purchase Woodstock Hydro (the "Application")

We are counsel to Hydro One Inc. and Hydro One Networks Inc. ("**Hydro One**") in the above-noted proceeding. This letter is in response to letters filed by the School Energy Coalition ("**SEC**") and the Concerned Citizens Against the Sale of Woodstock Hydro ("**CSASWH**") on October 21, 2014 requesting that the Board hold an oral hearing in this proceeding.

Hydro One submits that neither SEC nor CSASWH have provided compelling reasons for the Board to convene an oral hearing process into the Application.

Dissatisfaction with the Application and/or the interrogatory responses is not a reasonable basis for the Ontario Energy Board (the "Board") to hold an oral hearing

SEC and CSASWH justify their request based on assertions that interrogatory responses filed by Hydro One are not to their satisfaction. They allege that interrogatory responses are "surprisingly brief" and "vague" and do not provide a sufficient basis for the Board to make its determination. SEC also argues that the Application is "relatively sparse".

With respect, SEC and CSASWH's submissions ignore facts. The Application is comprehensive. Evidentiary rulings made by the Board in previous MAAD application processes, namely, the Hydro One-Norfolk proceeding have been taken into account. This is why, for example, analysis of savings and efficiencies set out at Exhibit A, Tab 2, Schedule 1, Section 1.1 spans 12 pages and includes a sensitivity analysis of the expected OM&A and capital expenditure savings. Such an approach is entirely consistent with prior Board rulings and provides parties with more than "surprisingly brief" or "vague" levels of information as has been asserted. Indeed, the information set forth in the Application and in the Interrogatory Responses is as comprehensive if not more so than compared to most, if not all, other MAAD applications previously considered by the Board.

SEC and CSASWH's requests in part appear to be for the purpose of creating an oral discovery process. Yet, such an approach presumes there has been some defect with the written interrogatory process. SEC and CSASWH are silent on explaining what exactly is the defect.

Hydro One submits that the written interrogatory process has provided intervenors with a fair and appropriate discovery opportunity.

It is incumbent upon SEC and CSASWH to formulate the questions it seeks responses to and presumably for purposes of testing the information against the "no harm" test and for purposes related to the preparation of its own evidence and/or making final submissions.

Oral phases of hearings should not be used as a device intended to remedy poorly crafted or missed interrogatories that could and should have been discovered in the former and proper phase. It would be a troublesome precedent for the Board to decide to hold an oral hearing simply because some parties in a proceeding do not find the responses to interrogatories to be particularly satisfying.

As SEC well knows, Rule 27.03 of the Board's Rules states the proper procedure to follow when a party seeks to obtain further and better responses to an interrogatory. Notwithstanding, SEC now suggests that the Board's process (i.e., Rule 27.03) is not "efficient." With respect, Hydro One submits that it is SEC who is not proceeding in an efficient manner. SEC and CSASWH have been in receipt of Hydro One's responses for over four weeks, and there has been no indication that these parties had concerns with any of the responses provided. Any concerns with the responses could have, and should have, been raised by SEC and CSASWH as expeditiously as possible.

SEC and CSASWH's submissions are void of any substantive rationale that should cause the Board to override the customary approach to hearing MAAD applications. CSASWH alleges that Hydro One's response in respect of conservation targets is "inconclusive" and "not sufficient for the Board to rely upon", yet the basis for how additional discovery into this issue would be helpful to the Board, and in its consideration of potential harm to ratepayers, is ignored. Another example is SEC's ROE concerns and allegations regarding historical WHSI over-earnings. SEC states that this matter would "benefit from further information elicited through cross-examination", but again fails to provide reasons to support this proposition, that is, no reason as to why cross-examination is needed to obtain further information and in context of the information that is already before the Board. In that regard, Hydro One's Response to SEC Interrogatory #6 provides a full and complete response to the question posed. This information has been ignored by SEC.

Hydro One is concerned that SEC and CSASWH's submissions are indirectly intended to prompt a reconsideration of the purposes and objectives of MAAD proceedings and with a view to broadening the issues to be considered during these applications. With respect, such a view is not helpful. There is a need for the expedient consideration of MAAD Applications through the use of a fair and consistent regulatory process. It is simply inappropriate to be re-hashing old arguments and old ground at this stage.

Customers of Woodstock Hydro have the opportunity to present their views in a written hearing; an oral hearing is not needed for customers to express their views

Hydro One submits that neither SEC nor CSASWH have provided any cogent reason to suggest that an oral hearing is the only means that would allow the Application to proceed fairly. It has never been the Board's practice or approach to hold an oral hearing in order to allow customers to provide their view on an application. The Board has indicated that written hearings allow

participants to adequately and fully express their views to the Board.[1] Hydro One submits that the present circumstances are not unique or in any way suggest the need to depart from this perspective.

Conclusion

Hydro One submits that both its Application and Interrogatory Responses are complete. SEC and CSASWH requested information which is not relevant to the Application, and are now attempting to argue that because Hydro One did not provide this irrelevant information, the Board should hold an oral hearing. Hydro One submits that the Application and Interrogatory Responses reflect the level of detail requested and approved in the Hydro One-Norfolk MAAD proceeding and also takes into account areas that were deemed out of scope in the same. Hydro One submits that it would be a significant distortion of the Board's process for a party to successfully request an oral hearing so that information which is not relevant to the Application may be discussed.

Yours truly,

McCarthy Tétrault LLP

Gordon M. Nettleton

GMN/mpf

cc: Susan Frank, V.P. and Chief Regulatory Officer, Hydro One Networks Inc.
Joanne Richardson, Regulatory Affairs, Hydro One Networks Inc.

[1] See Ontario Energy Board Decision dated May 22, 2009 regarding an order or orders under 53.18 of the *Electricity Act* (EB-2009-0111), pg. 2.