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BY E-MAIL

January 23, 2015

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Hydro One Networks Inc. ("Hydro One")
North West Bulk Transmission Line Project
Deferral Account Application
Board File No. EB-2014-0311
Board Staff Interrogatories**

In accordance with the Procedural Order #1 in the EB-2014-0311 proceeding, please find attached Board Staff interrogatories.

Hydro One's responses to interrogatories are due by February 4, 2015.

Yours truly,

Original Signed By

Harold Thiessen
Board Staff, Case Manager – EB-2014-0311

Encl.

**Hydro One Networks Inc.
North West Bulk Transmission Line Project
Deferral Account Application
EB-2014-0311**

Board Staff Interrogatories

1.0 Ref: Application, page 1

The Board's Filing Requirements for Transmission Applications (page 25) indicate that when an application for a Deferral Account is made, the applicant must meet certain eligibility criteria: Causation, Materiality and Prudence.

While the application provides some information on these areas, please provide additional specific information under the three criteria cited.

2.0 Ref: Application, page 1

Hydro One indicates that it will be undertaking various activities with the project before these (OM&A) costs qualify to be recorded as CWIP.

Is Hydro One indicating that the costs recorded in the account will be transferred to capital upon Board approved disposition of the account, if the account is granted? Or, how will this issue be addressed?

In what way will the amounts entered into this account be treated differently if a) this project is approved, built and put in service; or b) this project does not proceed beyond development work?

3.0 Ref: Application, page 2

Hydro One indicates that the amounts entered into this account, if approved by the Board, would be recovered through the Ontario Uniform Transmission Rates.

Please indicate the mechanism that Hydro One proposes to facilitate the recovery of these approved amounts through the Uniform Transmission Rates.

4.0 Ref: Application, page 2

Hydro One indicates that the effective date of the requested Deferral Account would be October 1, 2014.

If this account is granted by the Board in early 2015, how does Hydro One propose accounting entries be entered from the approval date back to October 1, 2014?

5.0 Ref: Attachment A: Deputy Minister's Letter, December 11, 2013

Hydro One included the December 11, 2013 letter from the Deputy Minister. In this letter, Infrastructure Ontario is mentioned as providing "...services, for example, including strategic and financial advice regarding the procurement, evaluation and contracting processes, project management or other areas of project development, construction or financing."

How will the involvement of Infrastructure Ontario affect the project and what will the financial impact be, particularly in regard to the funds that would be entered in the applied-for account?

6.0 Ref: Attachment B: Letter from the OPA, October 1, 2014

Hydro One included the October 1, 2014 letter from the OPA. In this letter, at page 2, Mr. Shalaby states that, "Due to the long lead time required for new transmission line projects, it is typical to initiate development work in order to better scope the transmission option, and to shorten the subsequent lead time required if the project is selected."

Does Hydro One have any further information on the likelihood of this project being selected to move forward?

7.0 Ref: Application, page 4

Hydro One indicates that it is unable to estimate the magnitude of these costs (at the time of the application).

Has Hydro One made any progress on estimating the magnitude of the costs potentially to be entered into the applied-for deferral account? If estimates are available please provide them. If estimates have not been made, please provide the reasons for lack of estimates. Please discuss any transmission line project preliminary development costs incurred in the last 5-7 years and indicate the extent to which they are indicative of the pattern, magnitude and timing of costs expected for this project.

8.0 Ref: Application, page 1

Please provide Hydro One's view of how the recovery or non-recovery of these costs will affect its financial risk profile. Is there any indication that Hydro One's risk profile will be adversely affected due to the cost of preliminary development work for the NWBT Line?