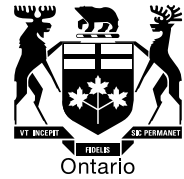


**Ontario Energy
Board**
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416-481-1967
Facsimile: 416-440-7656
Toll free: 1-888-632-6273

**Commission de l'énergie
de l'Ontario**
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416-481-1967
Télécopieur: 416-440-7656
Numéro sans frais: 1-888-632-6273



BY EMAIL

February 12, 2015

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Kirsten.Walli@ontarioenergyboard.ca

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**RE: Hydro One Networks Inc.
North West Bulk Transmission Line Deferral Account Application
Board File No. EB-2014-0311
Board Staff Submission**

In accordance with Procedural Order No.1, please find attached the Board Staff submission in the above proceeding.

This document is being forwarded to Hydro One Networks Inc. and intervenors of record.

Hydro One is reminded that its Reply Submission, if it intends to file one, is due by February 20, 2015.

Yours truly,

Original signed by

Harold Thiessen
Ontario Energy Board Staff
Case Manager, EB-2014-0311



ONTARIO ENERGY BOARD

STAFF SUBMISSION

APPLICATION FOR DEFERRAL ACCOUNT NORTHWEST BULK TRANSMISSION LINE

Hydro One Networks Inc.
(Transmission)

EB-2014-0311

February 12, 2015

**Board Staff Submission
Hydro One Networks Inc. (Transmission)
North West Bulk Transmission Line Deferral Account Application
EB-2014-0311**

Introduction

Hydro One Networks Inc. (Hydro One) filed an application with the Ontario Energy Board, (the OEB) on October 3, 2014 for an accounting order under section 78.1 of the Ontario Energy Board Act, 1998, S.O. 1998, c. 15 (Schedule B).

The application seeks approval to establish a deferral account, effective October 1, 2014, for the purpose of recording expenses relating to the North West Bulk Transmission Line Project (NWBTL Project), which Hydro One is developing pursuant to a condition of its licence.

In the application, Hydro One indicated that it will be undertaking preliminary design/engineering, cost estimation, public engagement/consultation, routing and siting, and environmental assessment preparation work associated with the NWBTL Project before the costs qualify to be recorded in transmission Construction Work In Progress (CWIP). These OM&A costs are not included in Hydro One Transmission's current 2015 and 2016 transmission revenue requirements (EB-2014-0140), and as such are outside the base upon which rates were derived. The intention is that these costs, incurred by Hydro One to facilitate the NWBTL Project, would be recovered through the Ontario Uniform Transmission Rates.

A Notice was issued on November 10, 2014. On January 15, 2015, the OEB issued Procedural Order No. 1, where it approved eight parties as intervenors and set the hearing timeline. Interrogatories from OEB staff and Intervenor were filed on January 23, 2015. Hydro One provided responses on February 4, 2015. Submissions from OEB staff and Intervenor are due on February 12, 2015.

Submission

Board staff submits that the application for the North West Bulk Transmission Line Deferral Account should be approved by the Board for the following reasons:

- 1) Hydro One has provided a clear rationale for the NWBTL project through the evidence filed, indicating that:
 - The province's 2013 Long-Term Energy Plan identifies the NWBTL project as a priority transmission project.

- This project was included as a condition to Hydro One Transmission's license in January 2014 (EB-2013-0437). The condition stipulated that Hydro One shall develop and seek approvals for the project in accordance with a scope and timing of the project to be recommended with the OPA.
 - In a letter to Hydro One dated October 1, 2014, (attached as Attachment B to the application) the OPA identified scoping options and the potential timing of the project.
 - The OPA identified development work to include preliminary design/engineering, cost estimation, public engagement/consultation, routing and siting, and Environmental Assessment preparation.
- 2) Hydro One has, in its response to Board Staff Interrogatory #1, provided appropriate and complete information on the deferral account eligibility criteria, set out in the OEB's Filing Requirements for Transmission Applications: Causation, Prudence and Materiality.
- 3) Hydro One provided satisfactory reasons for why this deferral account application was not included in Hydro One's last Transmission Rates case for 2015 and 2016 rates (EB-2014-0140).

Board staff notes that early development OM&A costs of this nature would not normally be recoverable. However, given that Hydro One is undertaking these activities pursuant to a condition of its transmission licence, and given that costs to be incurred are consequently non-discretionary and likely to be material, Board staff supports the establishment of this account.

The application was filed October 3, 2014 and Hydro One requested the deferral account be effective October 1, 2014. The Board has in the past approved deferral accounts with an effective date the same as the application filing date¹. However, Board staff notes from Hydro One's reply to Board Staff Interrogatory #4 in February 2015 that no costs proposed for recording in the deferral account have yet been incurred. Accordingly, Board staff submits that the effectiveness date of the deferral account should be January 1, 2015.

-All of which is respectfully submitted-

¹ EB-2011-0432, Decision and Order, March 2, 2012