

April 29, 2015

VIA RESS AND COURIER

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Re: EB-2013-0421: Hydro One Networks' (Hydro One) Leave to Construct Supply to Essex County Transmission Reinforcement (SECTR) Project (Project).

E3 Coalition Intention to File Evidence.

Intention to File Evidence

Pursuant to Procedural Order No. 4 herein, we write to advise the Board that E3 Coalition does intend to file evidence in this proceeding. E3 Coalition is continuing its review of Hydro One's interrogatory responses. Based on its review of the interrogatory responses to date, it is anticipated that E3 Coalition's evidence will focus on potential distribution rate impacts of the proposal advanced by Hydro One for allocation of the costs associated with the SECTR Project.

Request for Technical Conference

E3 Coalition also requests that the Board convene a half day technical conference, in advance of the date for filing of intervenor evidence, to allow parties to seek clarification in respect of Hydro One's interrogatory responses. E3 Coalition has identified a number of topics in respect of which information further to the interrogatory responses would assist it in formulating evidence:

1. Clarification regarding the load forecasts (initial and updated), used by Hydro One in scoping the SECTR Project and deriving the cost allocation to each of the impacted distributors, and a better understanding of the changes between the various forecasts and the impacts of those changes on the proposed cost allocation and capital contributions from the distributors. As noted by Hydro One in its interrogatory responses, *"...the capital contributions required from*

benefitting parties are subject to large swings depending on each parties['] load forecast and their projection of new large customers" [reference Exhibit I-P2, Tab 2, Schedule 9, page 3, part e]. The interrogatory response cited indicates that the capital contribution proposed has already shifted, in one instance by \$12 million (600% of the current allocation). Understanding these various forecasts, the changes in them, and the sensitivities to future changes, is thus critically important to assessing the cost allocation/capital contribution implications and sensitivities of Hydro One's proposed approach.

2. Clarification regarding which SECTR Project assets replace existing assets and which are incremental facilities required to supply new incremental load, and the role of the replacement assets in the project and the cost allocation proposal [reference Exhibit I-P2, Tab 2, Schedule 11].
3. Clarification of the mechanics and implications of the proposed cost allocation/capital contribution "true-ups" indicated by Hydro One in its interrogatory responses, including in the eventuality that sub-transmission customers assumed by Hydro One to connect in the future (none of which have been particularly identified in the interrogatory responses) do not connect [reference Exhibit I-P2, Tab 2, Schedule 9, page 4, part e].
4. Clarification with respect to the incremental load forecast assumed by Hydro One for the impacted distributors given the load growth response in Exhibit I-P2, Tab 2, Schedule 9, page 2 part c), the load forecast provided in Exhibit I-P2- Tab 11, Schedule 5, page 2, Table 4 and the contracted capacity provided in Exhibit I-P2, Tab 2, Schedule 9, Attachment 1, page 5, Table 1.

As noted above, E3 Coalition is continuing its review of Hydro One's interrogatory responses. Further topics with respect to which clarification would assist may emerge as that review continues. In order to maximize the efficiency and utility of the technical conference, E3 Coalition suggests that the Board make provision for parties to file, in advance of the conference, a list of clarification questions to be asked.

With the benefit of a technical conference and a resulting further clarified understanding of Hydro One's cost allocation proposal and its implications and sensitivities, the evidence that E3 Coalition (and potentially other parties) will proffer would more directly and definitively address the issues engaged by Hydro One's proposal.

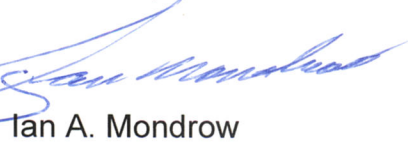
Proposed Timing

E3 Coalition anticipates that it would be able to complete and file its evidence within 2 weeks of the receipt of the additional information arising from the technical conference. Allowing a week following the technical conference for Hydro One to provide responses to any undertakings accepted, E3 Coalition suggests that the Board consider a date for filing of intervenor evidence that is 3 weeks from the date of the technical conference.

Conclusion

E3 Coalition would appreciate the Board's consideration of the foregoing suggestions, and awaits the Board's further direction.

Yours truly,



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- c. Mark Danelon, E.L.K. ENERGY INC.
David Ferguson, ENTEGRUS POWERLINES INC.
Richard Dimmel, ESSEX POWERLINES CORPORATION
Mike Roger, ELENCHUS RESEARCH ASSOCIATES
Michael Engelberg, HYDRO ONE NETWORKS INC.
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Intervenors of Record

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