McCarthy Tétrault LLP
PO Box 48, Suite 5300
Toronto-Dominion Bank Tower
Toronto ON M5K 1E6
Canada
Tel: 416-362-1812
Fax: 416-868-0673

Gordon M. Nettleton
Partner
Email: gnettleton@mccarthy.ca

mccarthy tétrault

December 1, 2016

VIA RESS AND COURIER

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-2016-0160 Hydro One Networks Inc. ("Hydro One") Transmission Rates Application – Responses to Undertakings J4.01, J4.02, J4.07 and J4.08

Hydro One's responses to Undertakings J4.01, J4.02, J4.07 and J4.08 are enclosed.

Yours truly,

McCarthy Tétrault LLP
Per:

Gordon M. Nettleton
GMN

UNDERTAKING – J4.1

Undertaking

To update page 40 of Exhibit B1-2-2, Attachment 1, which is an appendix to the Ipsos report.

Response

Please refer to Attachment 1 for the updated page 40.

APPENDIX

CONSULTATION PARTICIPANT LIST

Wave Three – Self-Directed Online Consultation Tool

This list includes individuals who logged in to the Wave Three online consultation tool but did not respond to any questions.

Adel Ali, General Motors of Canada Ltd.
Gerry Bernard, Tembec Enterprises Inc.
John Brace, McLean's Mountain Wind L.P.
Jake Brooks, Association of Power Producers of Ontario
Darrell Brown, Goldcorp, Musselwhite
Jim Brown, EnWin Utilities Ltd.
Robert Chercoe, National Research Council of Canada
J.J. Davis, Kruger Energy Port Alma Limited Partnership
Shawn DeForge, AuRico Gold Inc.
Joe Emberson, McMaster University
Robert Evangelista, Hydro One Brampton Networks Inc.
Ryan Forget, Atlantic Power L.P.
Sean Gillespie, Atlantic Power L.P.
Jeff Glaser, Panabrasive Inc.
Ben Greenhouse, Summerhaven Wind, L.P.
Rodney Guy, Greater Sudbury Hydro Inc.
Herbert Haller, Waterloo North Hydro Inc.
Paul Heeg, Haldimand County Hydro Inc.
Jim Huntington, Niagara-On-The-Lake Hydro Inc.
Irv Klajman, PowerStream Inc.
Gerry Landriault, FQM (Akubra) Inc.
Greg Lubertowicz, Arcelormittal Dofasco Inc.
James Macumber, Enersource Hydro Mississauga Inc.
Gary Mayne, ASW Steel Inc.
Robert Mozzoni, Goreway Station Partnership
Marianna Nagy, U.S. Steel Canada Inc.
Mike Ploc, Peterborough Distribution Inc.
Claude Quesnel, Greater Sudbury Hydro Inc.
Ismail Sheikh, London Hydro Inc.
Michael Shuman, Kirkland Lake Gold Inc.
Mark Simpson, Brantford Power Inc.
Dave Stevens, Lake Shore Gold Corp.
Derek Teevan, Detour Gold Corporation
Patricia Vallejo, Next Era Energy Canada
Jason Weir, Suncor Adelaide Wind Limited Partnership
Kevin Whitehead, Whitby Hydro Electric
Frank Wick, Atlantic Power L.P.

UNDERTAKING – J4.2

Undertaking

To provide an explanation of the difference between numbers re: how the 20 per cent figure was arrived at.

Response

The difference is the slide deck presented to customers indicates the change in reliability risk in five years. The table referred to in Exhibit A, Tab 3, Schedule 1 provides the change in reliability risk over a two year period.

Witness: Chong Kiat Ng

UNDERTAKING – J4.7

Undertaking

To provide info re: the questionnaire on responses received back on cost.

Response

Please refer to Attachment 1 for the responses on cost from the IPSOS questionnaire.

Witness: IPSOS

If you could create the ideal aggregate / composite Scenario using elements of all three, what would it be? Please take as much time as you need to tell us in detail about these elements.

No.	Response	Author
1.	I do not have all of the facts and expertise to answer this question appropriately.	pa, 339
2.	Look - in businesses that have to compete, there is a third option called work smarter, harder, faster and cheaper. Discounting that option is just gaming the entire market research process. How about bidding out the labour component to the private sector? Haven't seen that question yet How about designing a standard set of cookie cutter stations and not doing a custom job at each station? Haven't seen that option yet. (to be fair - maybe these questions are still further down in the survey..)	pa, 266
3.	Focus on highest risk elements, factoring in cost and life expectancy for each. Ongoing capital investment is undoubtedly required for long term maintenance planning and risk mitigation, but effort should be made to keep rates at current levels (plus CPI) to avoid driving further investment and industry from the province.	pa, 367
4.	Rate increase at rate of inflation over 5 year time frame while improving reliability risk. Note that rate impact can be mitigated in other areas (AM&A) while still increasing capital budget.	pa, 278
5.	Better reliability reduces costs in long term.	pa, 329
6.	In line with scenario 3 presented	pa, 411
7.	I cannot answer question 3 & 4 properly. insufficient information to understand cost /benefit ratios of the various scenarios.	pa, 413
8.	Set priorities to address the higher risk items which have the greatest reliability impact and scale up toward diminishing impact.	pa, 352
9.	go with scenario 2, but ensure projects selected are of the most value based on a competitive evaluation.	pa, 268
10.	i reluctantly said yes to question 4, i believe we need to look internal, when you look at cost of energy in Ontario and where it is projected to go industry will not be able to keep up, i would need to be convinced that all agencies involved with energy system in Ontario become part of the solution not just area to split pots of money Global adjustment is a great example, also an awareness of what not only today's prices but future prices will have on industry within Ontario there as to be a better balance. When does the debt get paid, what will we do with that money, what threshold for Megawatts used in Ontario do we want to get to, i believe we need a less complicated system one that we can all better understand, role	pa, 233

	of OPG< Ontario Hydro, IESO, energy boards, governments etc.	
11.	I am confused by this question. It sounds like you are asking me to justify a rate increase.	pa, 274
12.	The ideal scenario would be an improvement in reliability with minimal cost increases due to increased efficiencies.	pa, 439
13.	We do not accept the premise that a rate increase will address reliability risk, or indeed that a rate increase is justified at all. Hydro One is using reliability risk as a lever to increase rates, when it should be seeking to be more effective in how it manages costs. It has not demonstrated that it has an asset management plan, how it is implemented to maximize effectiveness and reduce overall cost, and how operating and maintenance costs might be reduced with newer, more reliable equipment.	pa, 245
14.	HONI is in the best position make that, since they're accountable for the integrity of that system.	pa, 156

UNDERTAKING – J4.8

Undertaking

To provide information re: the questionnaire as to whether there was anything unclear about what was presented.

Response

Please refer to Attachment 1 for the requested information from the IPSOS questionnaire.

Is there anything unclear about what has just been presented?

No.	Response	Author
1.	How Hydro One TX performs as compared to their peers. Perhaps industry performance comparisons to similar sized Transmission companies would be helpful to determine context.	pa, 339
2.	No - I think I understand the distinction	pa, 266
3.	No	pa, 186
4.	what specifically is being done to improve grid reliability / var support in areas previously identified as a concern (Kapuskasing area)	pa, 367
5.	No	pa, 278
6.	no	pa, 329
7.	no	pa, 411
8.	No	pa, 413
9.	No	pa, 420
10.	no	pa, 286
11.	No	pa, 311
12.	no	pa, 371
13.	Information is clear	pa, 352
14.	no	pa, 301
15.	no	pa, 268
16.	to be honest this format is dumb	pa, 244
17.	No it was a well laid out presentation	pa, 233
18.	I have had issues with the web interface. This system did not allow me to rank the item from 1 -10.	pa, 274
19.	no	pa, 155
20.	No.	pa, 439
21.	For SAIFI, Weather (58%) is by far the greatest contributor to power interruptions followed by Equipment (14%) but all of the discussion is focused on equipment. What steps are being taken to proactively address Weather issues? - ie. tree trimming, etc.	pa, 245
22.	No	pa, 156