

February 1, 2017

BY COURIER (2 COPIES) AND RESS

Ms. Kirsten Walli

Board Secretary

Ontario Energy Board

2300 Yonge Street, Suite 2700, P.O. Box 2319

Toronto, Ontario M4P 1E4

Dear Ms. Walli:

Re: EB-2016-0160 – Hydro One Networks Inc. Transmission (“Hydro One”) – Cost of Service Beginning January 1, 2017 and 2018

I am writing to enclose the submissions of Environmental Defence in the above proceeding and to respond to an objection raised by Hydro One during the oral hearing.

Following the examination of Mr. Lusney, Hydro One alleged that the examination went outside the four corners of Mr. Lusney’s report and that this constituted a “bait and switch.”¹ During the hearing I stated that Environmental Defence would respond to that objection in its submissions to save time during the oral hearing. For the following reasons, Hydro One’s objection is completely unfounded.

Following the filing of Mr. Lusney’s report, Hydro One filed considerable new evidence regarding transmission losses.² Environmental Defence wrote to the Board expressing the concern that this new evidence was filed after the interrogatories, technical conference, and Mr. Lusney’s evidence was filed.³ Environmental Defence expressly stated that it might seek to respond by way of questioning at the oral hearing or by filing brief reply evidence. In a responding letter, Hydro One expressed concerns with the potential time and delay of reply evidence and stated its belief that the oral hearing would be an appropriate time to hear and consider these matters further.⁴ In other words, Hydro One specifically advocated for the very process that it later objected to (i.e. that the issues raised by Hydro One’s new evidence be addressed in the oral hearing).

Environmental Defence asked Mr. Lusney a small number of questions in response to the new evidence filed by Hydro One, including questions about methodologies for

¹ Transcript Vol. 12, p. 104, ln. 9 to p. 107, ln. 5.

² Mr. Lusney’s report was filed on November 9, 2016 and Hydro One’s fresh evidence regarding transmission losses was filed on November 10, 2016.

³ See letter from Environmental Defence, November 17, 2016.

⁴ See letter from Hydro One, November 18, 2016.

calculating the cost of transmission losses.⁵ It was completely proper for Environmental Defence to ask these questions in order to respond to Hydro One's new evidence.

It has been a significant procedural challenge for Environmental Defence to respond to Hydro One's position regarding transmission losses in this proceeding. It initially appeared that Hydro One's position was that losses should be entirely disregarded for transmission system planning purposes. Hydro One provided no information in response to Environmental Defence's request for a description of the actions Hydro One considered in relation to potential loss reductions.⁶ Indeed, Hydro one initially said that it "does not have specific plans to reduce transmission energy losses."⁷ It also said that it "does not maintain information on energy losses, let alone use this type of information in its own transmission investment planning process."⁸ In Decision and Procedural Order 5, the Board reiterated its interest in transmission losses and noted that "Hydro One's view that this topic should be disregarded in its entirety for transmission system planning and operational purposes is not shared by ED."⁹

During direct examination of its own witness at the oral hearing, Hydro One first provided some explanation for how it considers losses in its planning processes and first suggested that it does more than completely disregard losses (albeit without providing supporting documentation). Environmental Defence asked Mr. Lusney only a few brief questions in response to this, including about a transformer procurement issue first discussed by Hydro One in direct examination during the oral hearing. These questions were completely proper in the context.

Yours truly,



Kent Elson

cc: The parties in EB-2016-0160

⁵ This was intended to respond in particular to Hydro One's Additional Evidence, November 10, 2016, question 30 & FN 26.

⁶ Response to ED Interrogatory #4.

⁷ Response to ED Interrogatory #4.

⁸ Hydro One Submissions in Response to ED Motion, October 21, 2016, p. 2, ln. 1.

⁹ Decision and Procedural Order 5, p. 3.