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**BY E-MAIL**

January 8, 2019

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

Dear Ms. Walli:

**Re: Hydro One Sault Ste. Marie LP  
2019 Electricity Transmission Rate Application  
OEB Staff Submission of Proposed Issues List  
OEB File No. EB-2018-0218**

In accordance with the Decision on Confidentiality and Procedural Order No. 3 issued by the Ontario Energy Board (OEB) on December 14, 2018, please find accompanying this letter a proposed issues list for Hydro One Sault Ste. Marie LP's (Hydro One SSM) 2019 transmission application.

A conference call was held among Hydro One SSM and intervenor representatives, and OEB staff on January 7, 2019 to discuss the issues list. Hydro One SSM, Energy Probe Research Foundation, School Energy Coalition, Vulnerable Energy Consumers Coalition, and OEB staff participated in the call, and the proposed issues list reflects the agreement of the participants. Other parties to this proceeding, including the Association of Major Power Consumers in Ontario, Independent Electricity System Operator, and Power Workers' Union, did not participate in the conference call or comment on the issues list.

Hydro One SSM and all intervenors have been copied on this filing.

Yours truly,

*Original Signed By*

Fiona O'Connell  
Project Advisor, Major Applications

Attach.

**Hydro One Sault Ste. Marie LP**  
**Proposed Issues List**  
**January 8, 2019**  
**EB-2018-0218**

**A. GENERAL**

1. Has Hydro One SSM responded appropriately to all relevant OEB directions from previous proceedings?
2. Has the 2019 revenue requirement been calculated appropriately, in accordance with OEB policies and practices?
3. Are the associated 2019 total bill impacts reasonable?

**B. REVENUE CAP PROPOSAL**

4. Are the elements of Hydro One SSM's revenue cap framework proposal reasonable and in accordance with prior decisions and with OEB policy, including its proposed future earnings sharing mechanism, incremental capital funding options, Z-factors, and any other mechanisms?
5. Are the parameters of Hydro One SSM's proposed revenue cap plan, and more specifically, the inflation factor with transmission sector-specific weightings, and the proposed base productivity and stretch factors, as supported by Power System Engineering's Total Cost Benchmarking and Total Factor Productivity Study reasonable?
6. Is the Power System Engineering's TFP sample of comparator utilities appropriate, and does its TFP growth rate trend based on the 2004-2016 period meet the OEB's requirement for a long-term historical trend?
7. Is Hydro One SSM's proposal to maintain the current approved load forecast and resulting charge determinants for the purposes of setting Uniform Transmission Rates over the entirety of the deferred rebasing period appropriate?

### **C. TRANSMISSION SYSTEM PLAN**

8. Does the Transmission System Plan adequately address the OEB's Renewed Regulatory Framework objectives?
9. Is the level of planned 2019 to 2026 expenditures appropriate and is the rationale for planning and pacing choices appropriate and adequately explained in the Transmission System Plan? Is Hydro One SSM's asset management process reasonable and has it been adequately supported by its Transmission System Plan?
10. Do the proposed expenditures include the consideration of factors such as customer preferences, system reliability and asset condition?
11. Has Hydro One SSM adequately addressed operational synergies and savings in the Transmission System Plan, including with respect to its operational integration with Hydro One Networks Inc.? Is Hydro One SSM's continuous improvement adequate?
12. Were Hydro One SSM's customer engagement activities adequate to enable customer needs and preferences to be considered in the formulation of its proposed spending?

### **D. PERFORMANCE SCORECARD**

13. Are Hydro One SSM's proposed key performance indicators and scorecard complete, including adequate performance measure metrics, each with specific performance outcomes and implementation timelines? Do the outcomes adequately reflect customer expectations? Does Hydro One SSM's proposed scorecard reflect the OEB's requirements?

### **E. ACCOUNTING**

14. Have all impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified and recorded, and is the rate-making treatment of each of these impacts appropriate?

15. Are Hydro One SSM's proposals for deferral and variance accounts, including the balances in the existing accounts and their disposition, and the continuation of existing accounts appropriate?

16. Is the proposed new deferral account to capture revenue deficiencies appropriate?

#### **F. COST ALLOCATION**

17. Is the transmission cost allocation proposed by Hydro One SSM appropriate?

#### **G. EFFECTIVE DATE**

18. Is the proposed effective date of January 1, 2019 for Hydro One SSM's 2019 revenue requirement appropriate?