

**Ontario Energy
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**Commission de l'énergie
de l'Ontario**

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BY EMAIL

January 10, 2019

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

Dear Ms. Walli:

**Re: Hydro One Sault Ste. Marie LP
2019 Electricity Transmission Rate Application
OEB Staff Letter Regarding Topics for Technical Conference
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 below a list of topic areas, together with some of the relevant interrogatory responses, in respect of which OEB staff intends to seek clarification at the Technical Conference, scheduled for January 14, 2019 and, if needed, January 15, 2019. The topics have been organized according to the issues list approved by the OEB on January 10, 2019.

A. GENERAL

1. Has Hydro One SSM responded appropriately to all relevant OEB directions from previous proceedings?
 - Topic – Compliance with relevant OEB directions
 - OEB staff IR # 4

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?
 - Topic – Incremental Capital Funding
 - OEB staff IR # 3b)
 - Topic – Incremental Capital Module
 - OEB staff IR # 7
 - AMPCO IR # 1
 - Topic – ESM
 - OEB staff IR # 56

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?
 - Topic – Inflation
 - OEB staff IR # 58
 - SEC IR # 37
 - Topic – Revenue Cap IR Mechanism and Components
 - OEB staff IR # 59
 - OEB staff IR # 60
 - OEB staff IR # 65
 - OEB staff IR # 69
 - OEB staff IR # 71
 - OEB staff IR # 72

C. TRANSMISSION SYSTEM PLAN

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?

- Topic – Funding Envelope
 - OEB staff IR # 5
 - OEB staff IR # 9
 - OEB staff IR # 40

 - AMPCO # 22

 - SEC IR # 8

- Topic – Sault #3 Line Replacement
 - OEB staff IR # 14
 - OEB staff IR # 26

- Topic – Support Structures Replacement
 - OEB staff IR # 27
 - OEB staff IR # 29

- Topic – Greenfield TS Land Purchase
 - OEB staff IR # 32
 - OEB staff IR # 36

- Topic – Transformers Replacement
 - OEB staff IR # 23
 - OEB staff IR # 24

- Topic – Relays Replacement
 - OEB staff IR # 25

10. Do the proposed expenditures include the consideration of factors such as customer preferences, system reliability and asset condition?

- Topic – Reliability
 - OEB staff IR # 31

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?

- Topic – Integration
 - OEB staff IR # 8
 - OEB staff IR # 39
- Topic – Continuous Improvement
 - OEB staff IR # 45
 - OEB staff IR # 48
- Topic – Synergies
 - OEB staff IR # 34
 - OEB staff IR # 41
 - OEB staff IR # 48

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?

- Topic – Customer Engagement
 - OEB staff IR # 38
 - OEB staff IR # 42

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?

- Topic – Scorecard
 - OEB staff IR # 42
 - OEB staff IR # 44
 - OEB staff IR # 49

 - AMPCO IR # 29
 - AMPCO IR # 31

- Topic – Key Performance Indicators
 - OEB staff IR # 43

- Topic – Standards
 - OEB staff IR # 46

E. ACCOUNTING

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?

- Topic – Clearance of Account 1595
 - OEB Staff IR # 79

F. COST ALLOCATION

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

- Topic – Cost Allocation
 - OEB Staff IR # 73

G. EFFECTIVE DATE

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

- Topic – Effective Date
 - SEC # 2

Yours truly,

Original signed by

Fiona O'Connell
Project Advisor, Major Applications

cc: Hydro One Sault Ste. Marie LP
All registered parties to EB-2018-0218