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March 14, 2019

Ms Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
Toronto, ON  
M4P 1E4

Dear Ms. Walli,

**RE: EB-2018-0130 Hydro One Transmission – Submission of Energy Probe**

The following is the submission of Energy Probe on the three questions posed by the OEB in Procedural Order No.1 and on other matters.

**1. Is it appropriate to use the rate setting parameters proposed for Hydro One SSM on a preliminary basis, or should another approach be adopted?**

There are similarities and differences between EB-2018-0130 Hydro One Transmission and EB-2018-0218 Hydro One SSM. Considering that there was limited discovery and no testing of evidence in the EB-2018-0130 proceeding, and that the EB-2018-0218 proceeding has not been completed, the rate setting parameters proposed for Hydro One SSM are essentially a place setter for Hydro One Transmission until an appropriate Hydro One Custom IR is approved by the OEB. To that extent it is appropriate to use them

**2. What should be the nature of the proposed variance account? Should it true up to the approved parameters for Hydro One SSM, true up to parameters determined in Hydro One's Custom IR proceeding or some other option?**

The proposed variance account should record the variance between the revenue requirement determined in the EB-2018-0130 proceeding and the revenue requirement to be determined in the

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Hydro One Custom IR proceeding. Energy Probe expects that intervenors will have the opportunity to comment on the disposition of the balance in the variance account.

**3. What additional evidence should Hydro One be required to file in its next Custom IR application with respect to the RCI parameters?**

Energy Probe believes that in addition to the evidence required to support its Custom IR proposal, Hydro One should file a Transmission System Plan that covers the Custom IR term and identifies significant capital expenditure needs. It should also file evidence on how its Total Costs and Reliability benchmark against other transmitters.

**Other Matters**

As the OEB has decided to proceed by means of a written hearing in the EB-2018-0218 Hydro One SSM proceeding, Energy probe believes that Inflation Factor and Productivity Factor evidence, that may have a significant impact on transmission rates in the EB-2018-0130 Hydro One Transmission proceeding, may not be adequately tested.

Energy Probe has concerns regarding the expert reports filed by PSE and PEG in the EB-2018-0218 Hydro One SSM proceeding. Neither expert has presented a long-term historical trend for industry productivity growth that the Board seeks, and the very low estimate that each has produced (0% or near 0%) reflects the prolonged cyclical economic downturn during the time period studied by each expert and is not representative of the long-term historical trend. Energy Probe expects to deal with this matter in its submission in the EB-2018-0218 proceeding.

Energy Probe requests that it be allowed to recover all of its reasonably incurred costs.

Respectfully submitted on behalf of Energy Probe.

*Original signed by*

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Tom Ladanyi  
Consultant to Energy Probe