



Ontario
Energy
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de l'énergie
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BY EMAIL

August 20, 2019

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

Dear Ms. Walli:

Re: EB-2019-0082 Hydro One Networks Inc. 2020-2022 Transmission Custom Incentive Rate-Setting Application Proposed Issues List

Procedural Order No.1, issued on May 30, 2019, established that Ontario Energy Board (OEB) staff was to file a proposed issues list, or, alternatively, advise the OEB in writing that the parties and OEB staff have been unable to reach an agreement on a draft issues list by August 20, 2019.

OEB staff advises that parties have been unable to reach a complete agreement on a proposed issues list. There is one disputed issue, which is shown on the attached as Issue 8.

Original Signed By

Martin Davies
Project Advisor, Rates
Major Applications

Attachment

cc: Parties to EB-2019-0082 proceeding

Hydro One Networks Inc.
2020 to 2022 Transmission Rates Application
Ontario Energy Board File Number EB-2019-0082
Proposed Issues List

A: GENERAL

1. Has Hydro One responded appropriately to all relevant Ontario Energy Board (“OEB”) directions from previous proceedings?
2. Are the bill impacts resulting from Hydro One’s proposed revenue requirement reasonable?
3. Were Hydro One’s customer engagement activities sufficient to enable customer needs and preferences to be considered in the formulation of its proposed spending?
4. Is the proposed effective date of January 1, 2020 appropriate?

B: CUSTOM APPLICATION

5. Are all elements of Hydro One’s proposed Custom Incentive Rate framework for the determination of revenue requirement appropriate?

C: PRODUCTIVITY IMPROVEMENT AND PERFORMANCE SCORECARD

6. Has Hydro One taken appropriate steps to identify and quantify productivity improvements in all areas of its transmission operations?
7. Are the metrics in the proposed scorecard appropriate and do they adequately reflect appropriate outcomes? Do the outcomes adequately reflect customer expectations?
8. What is the status of Hydro One’s joint work with the IESO to explore cost effective line loss reduction opportunities and to report on those initiatives? (*Disputed issue proposed by Environmental Defense and opposed by Hydro One*)

D: TRANSMISSION SYSTEM PLAN

9. Are the proposed forecast capital expenditures and in-service additions arising from the transmission system plan appropriate, and is the rationale for planning and pacing choices (including consideration of customer preferences, planning criteria, system reliability, asset condition and benchmarking appropriate and adequately explained?
10. Are the methodologies used to allocate Common Corporate capital expenditures to the transmission business and to determine the transmission Overhead Capitalization Rate appropriate?
11. Does Hydro One's Transmission System Plan sufficiently address the unique rights and concerns of Indigenous customers and rights-holders?

E: OPERATIONS MAINTENANCE & ADMINISTRATION COSTS

12. Are the proposed 2020 OM&A expenditures appropriate and is the rationale for planning choices appropriate and adequately explained?
13. Are the methodologies used to allocate Common Corporate Costs and Other OM&A costs to the transmission business appropriate?
14. Are the amounts proposed to be included in the revenue requirement for income taxes appropriate?
15. Is Hydro One's proposed depreciation expense appropriate?

F: COMPENSATION COSTS

16. Are the compensation related costs appropriate?

G: RATE BASE & COST OF CAPITAL

17. Are the amounts proposed for rate base (including the working capital allowance amounts) reasonable?
18. Is the proposed cost of capital (interest on debt, return on equity) and capital structure reasonable?

H: LOAD & REVENUE FORECAST

19. Is the load forecast methodology (including consideration of CDM impacts) and the resulting load forecast appropriate?
20. Are Other Revenue (including export revenue) forecasts appropriate?

I: DEFERRAL/VARIANCE ACCOUNTS

21. Are the proposed amounts, disposition and continuance of Hydro One's existing deferral and variance accounts appropriate?
22. Are the proposed new deferral and variance accounts appropriate?

J: COST ALLOCATION

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

K: EXPORT TRANSMISSION SERVICE RATES

24. Is the Export Transmission Rate of \$1.85 and the resulting ETS revenues appropriate?