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BY EMAIL

November 21, 2019

Ms. Christine E. Long
Registrar and Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Long:

**Re: Peterborough Distribution Inc., Peterborough Utility Services Inc., Hydro One Networks Inc., and 1937680 Ontario Inc.
Application for approval to amalgamate Peterborough Distribution Inc. and Peterborough Utilities Services Inc. and sell the amalgamated electricity distribution system to Hydro One Networks Inc.**

OEB Staff Letter Regarding Topics for Oral Proceeding

Ontario Energy Board File Number: EB-2018-0242

In accordance with Procedural Order No. 6, please find below the lines of questioning OEB staff intends to pursue during the oral hearing scheduled for December 2, 3, and 4, 2019.

Yours truly,

Original Signed By

Andrew Bishop
Project Advisor, Generation and Transmission

Encl.

1 TOPIC AREAS OF QUESTIONING

During the oral hearing, OEB staff intends to pose questions to Hydro One Networks Inc. and Peterborough Distribution Inc. (Applicants) on the below listed five topic areas. In addition, OEB staff may request that the Applicants respond to questions related to potential conditions that could be placed on the post-merger entity.

1.1 Topic Area #1: Operational, Maintenance & Administrative (OM&A) and Capital costs

- OEB staff will pursue a line of questioning related to the Applicants' historical and forecast OM&A and capital costs to serve their respective rate classes. As part of this exploration, OEB staff will question the Applicants on their capital plans for the current Peterborough Distribution Inc. service territory and the potential impact on quality of service and reliability.

Included will be the Applicants' individually developed estimates of status quo and amalgamated scenario costs to serve current Peterborough Distribution Inc. customers (e.g., goal posts identified in the application).

1.2 Topic Area #2: Acquired Rate Classes

- OEB staff will pursue a line of questioning on the need for and the implications of the Applicants' proposal to create acquired rate classes for current Peterborough Distribution Inc. customers post rebasing deferral period.

1.3 Topic Area #3: Responsiveness to Previous OEB Decisions

- OEB staff will seek clarification from the Applicants on how the proposed transaction is responsive to the concerns the OEB expressed in its decision on Hydro One Networks Inc.'s distribution rates¹ application.

1.4 Topic Area #4: Cost Allocation and Rate Design

- OEB staff will pursue a line of questioning related to the Applicants' proposed approach to post rebasing deferral period cost allocation. This line of questioning will also explore shared costs.

¹ EB-2017-0049

1.5 Topic Area #5: Accounting Matters

- OEB staff will pursue a line of questioning related to the impact of adopting US GAAP for regulatory reporting purposes.