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VIA RESS FILING and EMAIL

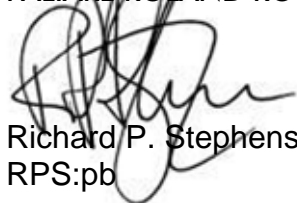
Ms. Christine E. Long
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor,
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Long,

Re: EB-2021-0169 - Affiliate Transmission Projects Account

Attached please find the Submissions of the Power Workers' Union in connection with the above-noted proceedings. An electronic copy has been filed through the Board's RESS filing system.

Yours very truly,
PALIARE ROLAND ROSENBERG ROTHSTEIN LLP



Richard P. Stephenson
RPS:pb

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Hydro One Networks Inc.
Request for an Accounting Order to Establish a
Regulatory Account for Affiliate Transmission Projects
Submissions of the Power Workers' Union (PWU)

Background

On May 28, Hydro One Networks Inc. ("Hydro One") applied to the Ontario Energy Board (OEB or the Board) for an accounting order authorizing Hydro One Transmission to establish a new regulatory account referred to as the Affiliate Transmission Projects Account ("ATP Account").

Hydro One states¹ that the ATP Account will apply where:

- i. Hydro One has or will receive a letter from the Independent Electricity System Operator ("IESO") identifying transmission system needs, and/or an Order in Council or direction of the Minister of Energy, Northern Development and Mines (the "Ministry") in respect of Hydro One or its OEB Transmission Licence for the development or construction of a transmission project; and;
- ii. all or part of the project is expected to be owned by and included in the rate base of a New Partnership, as a licenced transmitter, and will not form part of Hydro One's rate base.

The ATP Account is proposed to apply to future projects that meet these criteria as well as three projects currently under development for which Hydro One has received a letter from the IESO and/or Ministry directive and will not form part of Hydro One's transmission rate base, including:

- i. Waasigan Transmission Line
- ii. Chatham to Lakeshore Transmission Line; and

¹ Updated Evidence: ATP Account, Page 1 of 19

- iii. Lambton to Chatham Transmission Line.

Submissions of the PWU

Hydro One's evidence indicates that it is currently tracking costs for the aforementioned three projects that are currently under development applying a methodology that captures costs in each Project's respective project code.² The PWU submits that the Board should approve Hydro One's request for an accounting order authorizing Hydro One to establish a new regulatory account (the ATP Account) because it would have the following advantages over the current practice:

1. Transparency

The first advantage or benefit of recording costs in an ATP Account for these projects as well as future ones compared to the current practice is that it would improve transparency. The Projects are expected to ultimately be part of a rate base of a licensed transmitter other than Hydro One Transmission and as Hydro One explains, without the ATP Account, there would not be transparency as to the identification of the costs that ultimately will not form part of Hydro One Transmission's revenue requirement.³ The approval of the ATP Account will allow for the proper tracking of costs and will also help the Board and intervenors properly understand the costs when the projects are transferred to the new licensed transmitter and when cost recovery or account disposal is sought by the concerned Applicant.

2. Regulatory Efficiency

The ATP Account will allow the direct recording and tracking of actual costs that will be recovered from ratepayers at a future hearing either by the New Partnership or Hydro One through disposition of the deferral account balance, or recovery of the tracked capital costs in rate base. The ATP Account would improve regulatory efficiency over the current practice because, as Hydro One submitted:

² Exhibit I, Tab 1, Schedule 1, Page 1 of 3 IR response (a)

³ Exhibit I, Tab 1, Schedule 1, Page 2 of 3

It does not contribute to regulatory efficiency to include in Hydro One Transmission's revenue requirement application development and capital expenditures that are unrelated to a future rate request that Hydro One will make⁴.

3. More Efficient Execution of Projects

The transmission projects in question are non-discretionary, often large and complex, high cost, that require significant lead time and impact many stakeholders including landowners, Indigenous communities, and environmental authorities. The ATP account would allow Hydro One to proceed with the projects in a cost-efficient manner, minimizing schedule and cost related risks. The PWU agrees with Hydro One that, without the ATP Account, its ability to execute projects and meet in-service dates requested by the IESO or the Minister of Energy would be compromised:

Without the ATP Account, Hydro One would either need to defer commencement of the projects until they receive capital expenditure approval that includes these projects (potentially impacting the requested in-service date), or re-prioritize projects included in an approved revenue requirement application, potentially impacting safety, reliability and quality of electricity services to ratepayers. The ATP account will enable Hydro One and the New Partnership to manage these projects without impacting its capital portfolio and will provide transparency of the rate base costs that are expected to be held by a new partnership⁵.

In addition to the above-cited benefits of the proposed ATP Account, the PWU submits that Hydro One's Application should be approved because Hydro One has satisfactorily responded to information requests from the Board and intervenors.

All of which is submitted respectfully

⁴ Ibid.

⁵ Exhibit I, Tab 1, Schedule 1, Page 3 of 3