



November 21, 2008

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

**Re: Hydro One Networks Inc. Transmission Rate Application Issues List
Board File No. EB-2008-0272**

Pursuant to Procedural Order No. 1 dated November 14, 2008, AMPCO has reviewed the proposed issues list. Our additions and comments have been inserted into the Board staff text, appended to this letter.

Generally, AMPCO is in agreement with Board staff's approach to keeping the number of stated issues relatively short. However, this does run the risk that one or more parties may have a different understanding of the actual scope of a particular issue as stated. Where we have specific concerns, we have stated specific sub-issues that AMPCO would like to review in this proceeding and which would appear to be within the scope of the issue proposed by staff. Should Hydro One or other intervenors disagree with AMPCO's assumptions of scope on the issues, we would request that new sub-issues be added to include these items.

Aside from our scope commentary, AMPCO has proposed additional issues with respect to rate design and charge determinants. These cover the issue of the appropriate forecast and calculations of charge determinants, the design of the network connection charge determinant and the level of the export tariff. While these issues were discussed in the EB-2006-0501 hearing, AMPCO submits that the EB-2006-0501 decision did not preclude an intervenor from returning with a new proposal and evidence. AMPCO is also aware that this may be the last opportunity in the next few years to examine rate design, as Hydro One's next application could be under an incentive regime, when rate design would be out of scope.

More generally, AMPCO has a concern that this hearing will be proceeding on the basis of dated information. This is always a concern, but is especially important at this time, since much of Hydro One's application has likely been based on conditions preceding the economic downturn.

Association of Major Power Consumers in Ontario

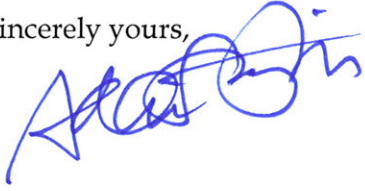
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In preparing this submission, AMPCO has also conferred with VECC and is familiar with its concerns. AMPCO generally supports VECC's submissions.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'Adam White', with a stylized flourish at the end.

Adam White
President

Copies to: Glen MacDonald, Hydro One Networks Inc.
Intervenors

**HYDRO ONE NETWORKS INC TRANSMISSION RATE HEARING
EB-2008-0272
PROPOSED ISSUES LIST**

1. GENERAL

1.1 Has Hydro One responded appropriately to all relevant Board directions from previous proceedings?

2. LOAD FORECAST and REVENUE FORECAST

2.1 Is the load forecast and methodology appropriate and have the impacts of Conservation and Demand Management initiatives been suitably reflected?

2.2 Are other revenue forecasts appropriate?

AMPCO: We understand that the scope of this issue allows for an examination of Hydro One's activities on behalf of other organizations, for which it may not be receiving revenue (e.g., pre-development work in support of the OPA)

3. OM&A

3.1 Are the proposed spending levels for Sustaining and Development OM&A in 2009 and 2010 appropriate, including consideration of factors such as of system reliability and asset condition?

AMPCO: We understand that the scope of 3.1 will include consideration of whether the cost input assumptions (e.g., materials price escalation) are appropriate.

3.2 Are the proposed spending levels for Shared Services and Other O&M in 2009 and 2010 appropriate?

3.3 Are the compensation levels proposed for 2009 and 2010 appropriate?

4. CAPITAL EXPENDITURES and RATE BASE

4.1 Are the proposed 2009 and 2010 Sustaining and Development and Operations capital expenditures appropriate, including consideration of factors such as system reliability and asset condition?

AMPCO: We understand that the scope of 4.1 will include consideration of whether the cost input assumptions (e.g., materials price escalation) are appropriate.

4.2 Are the proposed 2009 and 2010 levels of Shared Services and Other Capital expenditures appropriate?

5. DEFERRAL/VARIANCE ACCOUNTS

5.1 Are the proposed amounts and disposition for each of the deferral and variance accounts appropriate?

5.2 Is the proposed continuation of the deferral/variance accounts appropriate?

5.3 Are the proposed new Deferral/Variance Accounts appropriate?

6. COST ALLOCATION

6.1. Would it be appropriate to make changes to cost allocation in response to the study submitted on line connection costs for customers directly connected to networks stations?

AMPCO: Please add the following issues:

7. RATE DESIGN and CHARGE DETERMINANTS (Exhibit H)

7.1 Have the proposed charge determinants been forecast appropriately for each of the transmission revenue pools?

Rationale: The recent changes in Ontario's economic outlook may be altering the distribution of electricity demand among transmission customers.

7.2 Is the proposal to continue with the status quo charge determinants for Network and Connection service appropriate and consistent with the objectives of the OEB to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity?

Rationale: The 85% "ratchet" in the network connection charge determinant appears to operate to disincent demand response and efficient use of the transmission system. AMPCO raised this issue in EB-2006-0501. The Board stated explicitly in its decision that it was not opposed to considering changes in the future. AMPCO intends to produce evidence and a new proposal on this issue.

7.3 Is the current level of the Export Transmission Service Tariff appropriate?

Rationale: Hydro One proposed in EB-2006-0501 to revisit this issue after receiving analysis and input from the IESO. In 2008, exports from Ontario rose dramatically for several months, increasing the risk that other users of the transmission system may be subsidising export activity if the tariff is insufficient to recover cost. Since the current level has always been a "placeholder" tariff without a sound foundation in cost allocation or competitive price assessment, AMPCO believes the tariff level is relevant in this proceeding.