



**PUBLIC INTEREST ADVOCACY CENTRE**  
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**VIA COURIER AND EMAIL**

Ms. Kirsten Walli  
Board Secretary  
P.O. Box 2319  
2300 Yonge St.  
Toronto, ON  
M4P 1E4

Dear Ms. Walli,

**Re: Vulnerable Energy Consumers Coalition (VECC)**  
**EB-2008-0272 Hydro One Networks Inc. – Electricity Transmission**  
**Revenue Requirement Change**  
**Submissions: Draft Issues List**

Further to the submissions that VECC has received, both last week and this morning, with respect to the issues list, VECC makes the following responding comments.

1. VECC has no objection to subsuming many of its detailed “additional” issues within the existing issues list as proposed by others, including Hydro One. For example, VECC’s proposed Issue 2.2 rewording is not necessary, but it is understood that “other revenues” includes export revenues.
2. With respect to Hydro One’s objection to “additional” issues 3.5 (Are the amounts proposed to be included in the 2009 and 2010 revenue requirements for income and other taxes appropriate?), 6.2 (Has Hydro One Networks’ cost allocation methodology been applied appropriately?) And “other issue” 7.2 (Is the proposed cost of capital consistent with the Board approved guidelines?) VECC points out that while part of Hydro One’s response to these issues is that it is using previously approved Board methodologies or guidelines, that the Board is not relieved from its obligation to examine the applicants’ evidence in that regard to confirm

that the methodology is appropriate and properly applied/calculated . In VECC's view, the reliance on existing Board approved methodologies or guidelines will in many cases ensure that an issue is not contentious, but that does not mean that the issue no longer exists, even if from only a due diligence perspective.

3. With respect to Hydro One's objection to inclusion of VECC's proposed issue 1.4 (Is the scope and timing of the study on Export Transmission Service Rates and the planned follow-up appropriate?), which was referred to by Hydro One in conjunction with a proposed AMPCO issue which VECC feels was distinct, we are content to subsume consideration of the issue under existing issue 1.1, as the study and the obligations flowing from its filing with the Board are embodied in the Hydro One settlement agreement in RP-2006-0501.

We note that in the last sentence of its submissions Hydro One suggests that "acceptance of a streamlined issues list negates the need for a settlement process."

With respect, VECC does not agree with this view of the application at this time.

First, assuming that the Board accepts an only slightly modified version of the so called "streamlined" issues list, VECC points out that the list has been acknowledged by almost every party as broad enough to include a number of implicit issues, including most of the issues VECC cited in its original submissions, along with a number of as yet unspecified issues. Within each broad issue lies the potential for numerous issues of contention which could be the subject matter of a settlement of the broader issue.

Second, Hydro One's position, VECC asserts, rests on the implicit assertion that a) there can be no settlement of any outstanding issues such that b) the only reason to go through a settlement process is to define the issues list. VECC submits that neither assertion is true, assuming that all the parties approach the settlement process in good faith.

Third, the degree to which either the explicit or subsumed issues are contentious such that would go to hearing is unknowable by the parties until the IR process has completed. Once the IR responses are provided the parties can review the state of the application and determine which issues are potentially resolvable through settlement or simple clarification, which issues are bound for a hearing process, and further which issues are appropriate for a written as opposed to oral hearing process.

Accordingly VECC submits that it would be premature for the Board to entertain changes to the hearing process at this time.

Yours truly,

Michael Buonaguro  
Counsel for VECC