

Hydro One Networks Inc.

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Susan Frank

Vice President and Chief Regulatory Officer
Regulatory Affairs



BY COURIER

May 28, 2012

Ms. Kirsten Walli
Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON.
M4P 1E4

Dear Ms. Walli:

EB-2012-0031 – Hydro One Networks' 2013 and 2014 Transmission Revenue Requirement Application – Application and Evidence Filing

The Hydro One Networks' Application and Prefiled Evidence in support of a proposed transmission revenue requirement to be implemented on January 1, 2013 and January 1, 2014, has been submitted using the Ontario Energy Board's Regulatory Electronic Submission System. The confirmation of successful submission slip is provided with this letter. It is also our intention to post electronic copies of the Application and supporting evidence on the Hydro One Networks website for public access. In addition, one copy of each four-volume set is being provided for public access at each of the following Hydro One Networks' offices -

Hydro One Networks Head Office, 8thFloor, South Tower, 483 Bay Street, Toronto, Ontario

Hydro One Networks Barrie Field Business Centre, 45 Sarjeant Drive, Barrie, Ontario

Hydro One Networks Peterborough Field Business Centre, 913 Crawford Drive, Peterborough, Ontario

Hydro One Networks Sudbury Field Business Centre, 957 Falconbridge Road, Sudbury, Ontario

Hydro One Networks Merivale Service Centre, 31 Woodfield Drive, Ottawa, Ontario

Hydro One Networks Dundas Field Business Centre, 40 Olympic Drive, Dundas, Ontario

Hydro One Networks Beachville Field Business Centre, 56 Embro Street, Beachville, Ontario

Hydro One Networks Thunder Bay Field Business Centre, 255 Burwood Road, Thunder Bay, Ontario

A text-searchable Acrobat electronic version and ten (10) paper copies of the application will be sent shortly.

Hydro One Networks' points of contact for service of documents associated with this Application are listed in Exhibit A, Tab 2, Schedule 1.

Also attached is a list of newspapers in which the Board's Notice of Application for the EB-2010-0002 proceeding was published. Hydro One would like to discuss with Board staff the potential to reduce the number of newspapers in which the Notice for this Application must be published in, possibly by use of other social media outlets in order to reduce costs and provide a more efficient means of communication.

Similarly a draft Issues List is also attached for consideration of the Board. Hydro One would be happy to discuss this list with Board staff prior to its formal issue for stakeholder agreement.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

Attach.

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ONTARIO ENERGY BOARD

IN THE MATTER OF *the Ontario Energy Board Act, 1998*;

AND IN THE MATTER OF an Application by Hydro One Networks Inc.

For an Order or Orders approving rates for the transmission of electricity.

APPLICATION

1. The Applicant is Hydro One Networks Inc. (“Hydro One Networks”), a subsidiary of Hydro One Inc. Hydro One Networks is an Ontario corporation with its head office in Toronto. The Applicant carries on the business, among other things, of owning and operating transmission facilities in Ontario. The transmission business of Hydro One Networks will be referred to as “Hydro One Transmission”.
2. Hydro One Networks hereby applies to the Ontario Energy Board (the “Board”), pursuant to section 78 of the *Ontario Energy Board Act, 1998*, for an Order or Orders approving the revenue requirement and customer rates for the transmission of electricity, to be implemented on January 1, 2013.
3. Hydro One Networks seeks approval of a revenue requirement of \$1,464 million and \$1,557 million for the test years 2013 and 2014, respectively. The resulting increase in Hydro One Transmission’s Rates Revenue Requirement is 0.6% and 9.0%, respectively, reflecting an estimated increase on the average customer’s total bill of 0.0% in 2013 and 0.7% in 2014. The estimate of the impact on a customer’s total bill assumes commodity costs of 7.2¢/kWh and that transmission represents 7.9% of an average distribution connected customer’s total bill.

- 1 4. Hydro One Networks seeks approval of regulatory assets totaling (\$30.3) million as at
2 December 31, 2012. Hydro One seeks approval to refund this balance over a two year
3 period and to reduce the annual revenue requirement accordingly.
4
- 5 5. Hydro One Networks also requests that the Board amend the Uniform Transmission
6 Rates to allow for recovery of the proposed revenue requirements for 2013 and 2014,
7 effective January 1st of each year.
8
- 9 6. Hydro One Networks also requests approval of the Company's Transmission Green
10 Energy Plan filed as part of this Application in accordance with Section 70, (2.1), 2 of the
11 *OEB Act, 1998*.
12
- 13 7. Hydro One Networks seeks approval to continue the following deferral accounts
14 including, the Excess Export Service Revenue Account, the External Secondary Land
15 Use Revenue Variance Account, the External Station Maintenance and E&CS Revenue
16 Variance Account, the Tax Rate Changes Account, the Rights Payments Variance
17 Account, the Pension Cost Differential Account, the Impact for Changes in US GAAP
18 Account and the US GAAP Incremental Transition Costs Account.
19
- 20 8. For 2013 and 2014, Hydro One Transmission is requesting that the Board approve the
21 establishment of two new deferral accounts, the External Revenue – Partnership
22 Transmission Projects Account and the Long-Term Transmission Future Corridor
23 Acquisition and Development Account. The intent of the External Revenue – Partnership
24 Transmission Projects Account is to record costs for services provided by Hydro One
25 employees for work they are performing for partnership companies. The establishment of
26 the Long-Term Transmission Future Corridor Acquisition and Development Account is
27 to allow Hydro One Transmission to record transmission planning and study costs

1 associated with preliminary corridor routing considerations for new transmission
2 infrastructure.

3
4 9. Hydro One Transmission has also applied to the Board to establish the East West Tie
5 Deferral Account. The application was filed before the Board on March 22, 2012 under
6 EB-2012-0180 for an Accounting Order authorizing Hydro One Transmission to record
7 expenditures relating to the East West Tie Line proceeding in the requested deferral
8 account.

9
10 10. Hydro One Transmission is also requesting the discontinuance effective January 1, 2013
11 of the Deferred Export Service Credit Revenue Account and the Long Term Project
12 Development Costs Account.

13
14 11. The evidence to be filed with the Board will include a full description of all costs
15 common to the Applicant's distribution and transmission activities, but the proposed rates
16 are based only upon those costs appropriately allocated to the transmission business.

17
18 12. Hydro One Networks also requests the Board approve several proposed modifications to
19 the current Transmission Connection Procedures, which were approved by the Board in
20 EB-2006-0189 to reflect the current electricity market conditions with respect to the
21 connection of renewable generation. The proposed changes relate to a number of sections
22 in Hydro One Transmission's Connection Procedures including: 1) the Customer
23 Connection Process, 2) Security Deposit Procedure, 3) Customer Impact Assessment
24 Procedure, 4) Schedule of Charges and Fees, and 5) Connection Process Timelines.

25
26 13. The written evidence filed with the Board may be amended from time to time prior to the
27 Board's final decision on the Application. Further, the Applicant may seek meetings

1 with Board staff and intervenors in an attempt to identify and reach agreements to settle
2 issues arising out of this Application.

3
4 14. The persons affected by this Application are the ratepayers of Hydro One's transmission
5 business. It is impractical to set out their names and addresses because they are too
6 numerous.

7
8 15. Hydro One Networks requests that a copy of all documents filed with the Board by each
9 party to this Application be served on the Applicant and the Applicant's counsel as
10 follows:

11
12
13 a) The Applicant:

14 Mr. Pasquale Catalano
15 Regulatory Coordinator – Regulatory Affairs
16 Hydro One Networks Inc.

17
18 Address for personal service: 8th Floor, South Tower
19 483 Bay Street
20 Toronto, ON M5G 2P5

21
22 Mailing Address: 8th Floor, South Tower
23 483 Bay Street
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25
26 Telephone: (416) 345-5405
27 Fax: (416) 345-5866
28 Electronic access: Regulatory@HydroOne.com

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30
31 b) The Applicant's counsel:

32 Mr. D.H. Rogers, Q.C.
33 Rogers Partners LLP

34
35 Address for personal service: 100 Wellington Street West
36

1 Suite 500, P.O. Box 255
2 Toronto, ON M5K 1J5

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4 Mailing Address: 100 Wellington Street West
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8 Telephone: (416) 594-4500
9 Fax: (416) 594-9100
10 Electronic access: don.rogers@rogerspartners.com
11

12 Ms. Anita Varjadic
13 Rogers Partners LLP

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15 Address for personal service: 100 Wellington Street West
16 Suite 500, P.O. Box 255
17 Toronto, ON M5K 1J5

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19 Mailing Address: 100 Wellington Street West
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23 Telephone: (416) 594-4522
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25 Electronic access: anita.varjadic@rogerspartners.com
26

27 DATED at Toronto, Ontario, this 28th day of May, 2012.

28
29 HYDRO ONE NETWORKS INC.

30 By its counsel,

31
32 _____
33 D.H. Rogers, Q.C.