



PUBLIC INTEREST ADVOCACY CENTRE

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September 15, 2017

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

VIA E-MAIL

Dear Ms. Walli,

**Re: OEB File No. EB-2017-0049
Hydro One Networks Inc. application for electricity distribution rates
beginning January 1, 2018 until December 31, 2022
VECC submission on draft issues list**

1. In accordance with the procedure set out in Procedural Order No. 1 of the above-noted proceeding, the Vulnerable Energy Consumers Coalition (VECC) is pleased to provide its submission on the draft issues list issued by OEB staff on September 8, 2017. Specifically, VECC provides three main comments.

1) Treatment of the Acquired Utilities in determining the revenue requirements

2. In Hydro One's Application, the definition of the "distribution business" (for which rates are being set) changes over the test period, *i.e.* prior to 2021 it excludes the Acquired Utilities, whereas for 2021 to 2022 it includes the Acquired Utilities. As a result, an issue in this Application is whether, for the years 2018-2020, Hydro One has appropriately excluded the costs attributable to the Acquired Utilities, and whether, for the year 2021-2022, these costs have been appropriately determined and included.
3. This issue is not explicitly set out in the draft issues list. However, it could be deemed to be included if proposed issues such as Issues #29, #30, #32, #37, #41, #42, #43

and #44 of the OEB staff list are examined and determined with respect to the “distribution business”, as defined by Hydro One, in each of the test years.

4. VECC therefore asks that the Board either:
 - i) Confirm that the Issues List does implicitly cover the issue of the treatment of the Acquired Utilities in determining the test years’ revenue requirements; or
 - ii) Create a separate issue under Section G (Revenue Requirement) that explicitly addresses this point. In this case, VECC would suggest the following wording: ***“Do the proposed revenue requirements for 2018-2022 appropriately account for Hydro One’s planned integration of the Acquired Utilities in 2021?”***

2) Cost allocation treatment of the Acquired Utilities

5. With respect to Issue #48, VECC asks the Board to confirm that the determination of whether or not the costs have been allocated appropriately includes not only whether the Board’s cost allocation methodology has been applied appropriately, but also, in the case of the Acquired Utilities, whether the costs allocated appropriately reflect the Board’s decisions in the related MAAD proceedings. In those proceedings, the Board stated that it expected the rates for the related service areas to be reflective of the costs to serve them (e.g. see EB-2014-0244, Decision, Section 3.2).
6. In the alternative, if the Board deems this should be examined as a separate issue, VECC would suggest the following wording: ***“Are the costs allocated to the Acquired Utilities’ customer classes reflective of the cost to serve them?”***

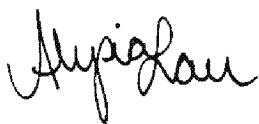
3) Rate impact mitigation

7. Issue #5 of OEB staff’s list asks whether the proposed rates (which already include various mitigation measures as set out in the Application Exhibit H1, Tab 4, Schedule 1) require smoothing or mitigation. A related issue is whether the mitigation measures already included in the proposed rates are appropriate.
8. VECC asks that the Board either:
 - i) Confirm that the issue regarding the appropriateness of Hydro One’s proposed rate mitigation measures is already incorporated into Issue #5, as currently worded; or
 - ii) Create a separate issue under Section I (Cost Allocation and Rate Design) which addresses the question explicitly. In this case, VECC would suggest

the following wording: ***“Are Hydro One’s proposed rate impact mitigation measures appropriate?”***

All of which is respectfully submitted.

Yours truly,

A handwritten signature in black ink, appearing to read 'Alysia Lau', with a stylized, cursive script.

Alysia Lau
Barrister & Solicitor | Counsel to VECC
c/o Public Interest Advocacy Centre

cc: Hydro One Networks Inc., Distribution List of Intervenors
Cynthia Khoo, Mark Garner, Bill Harper

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