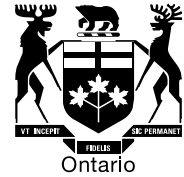


Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416-481-1967
Facsimile: 416-440-7656
Toll free: 1-888-632-6273

**Commission de l'énergie
de l'Ontario**
C.P. 2319
27^e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416-481-1967
Télécopieur: 416-440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

December 23, 2014

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

Dear Ms. Walli:

RE: Board staff submissions on the Hydro One Transmission Draft Rate Order, EB-2014-0140

In its oral hearing on December 2, 2014, the Ontario Energy Board accepted and approved the EB-2014-0140 Settlement Agreement as filed by Hydro One Networks Inc. ("Hydro One") with the Board. Hydro One was directed to submit by December 9th, 2014, a Draft Rate Order (DRO) which will be used to determine the 2015 uniform transmission rates (UTR). Board staff and intervenors were directed to file comments on Hydro One's DRO by December 15, 2014.

Consistent with the Board's instruction, Hydro One's DRO also included information regarding other Ontario transmitters. For the first time, the DRO reflected amounts for B2M LP, which applied on October 23, 2014 for interim transmission rates effective January 1, 2015 in respect of the Bruce to Milton transmission line. Hydro One's DRO included an amended allocation formula in the UTR to reflect the fact that the B2M LP assets are entirely in the network pool.

On December 11, 2014 the Board issued an interim rate order for B2M LP effective January 1, 2015. On the same day, the Independent Electricity System Operator (IESO) filed a letter requesting an extension for filing comments on the DRO until December 19, 2014 in order to complete its analysis of the implementation of the newly proposed allocation factor in relation to B2M LP. The Board granted this request and amended the comment date for all other parties to December 23, 2014. On December 19, 2014 the IESO filed a submission with the Board, indicating that it can implement the newly proposed allocation factors set out in Exhibit 6 of the Draft Order which is expected to be effective January 1, 2015.

Board staff has reviewed Hydro One's DRO and the December 19, 2014 letter from the IESO and submits that the DRO accurately reflects the Settlement Agreement and the B2M LP interim revenue requirement. Board staff submits that the allocation method for recovering B2M LP's revenue requirement is appropriate since the pool assignment of B2M LP's assets reflects their function and since the associated costs of the assets will continue to be recovered from the same pool into which they were assigned when the transmission facility initially went into service. Board staff further submits that the schedules filed by Hydro One appropriately derive the UTR and related allocation factors.

Hydro One's DRO was filed under the EB-2014-0140 file number, as well as EB-2014-0357. The Board will employ this latter file number to incorporate the findings of the relevant rates cases of all the Ontario transmitters in the UTR pool and to set the UTR for 2015. To this end, Board staff will include the final revenue requirements and charge determinants for Great Lakes Power Transmission Inc. as approved in EB-2014-0238 Decision and Order on December 18, 2014, and the interim revenue requirement for Canadian Niagara Power Inc., as determined in the EB-2014-0204 Decision and Order of December 18, 2014.

Yours truly,

Original signed by

Harold Thiessen
Ontario Energy Board Staff
Case Manager, EB-2014-0140

cc. All Parties, EB-2014-0140