



ONTARIO ENERGY BOARD

BOARD STAFF INTERROGATORIES

HYDRO OTTAWA LIMITED

APPLICATION FOR LICENCE AMENDMENT

(EXEMPTION FROM SECTION 6.5.4 OF THE DISTRIBUTION SYSTEM CODE)

EB-2013-0072

May 31, 2013

1. Reference: Hydro Ottawa Limited's (Hydro Ottawa) Amended Application (the "Application"), page, 3, section 1, paragraph 1:

Hydro Ottawa states that it seeks an exemption from the application of section 6.5.4 of the Distribution System Code so that it may cease activities related to elimination of 40 long term load transfer arrangements.

Questions:

- 1.1. Please confirm that Hydro Ottawa is seeking an exemption from section 6.5.4 of the Distribution System Code in order to maintain its long term load transfer ("LTLT") arrangements with Hydro One Networks Inc. ("HONI") in relation to 40 customers of Hydro Ottawa that are physically connected to HONI's distribution facilities.
- 1.2. Please confirm whether HONI unconditionally supports Hydro Ottawa's Application. If this cannot be confirmed, please provide a full explanation.
- 1.3. Please provide a clear and detailed description of the location of the subject LTLTs and provide maps clearly showing the route, facility sites and the LTLT customers identified by their rate class (e.g. residential, small commercial...etc.).
- 1.4. Please provide the date Hydro Ottawa and HONI entered into the subject LTLT arrangements.
- 1.5. Please provide growth rate in and around the area where the 40 LTLT customers are located. Please provide evidence to support your response.
- 1.6. Please confirm whether HONI's distribution assets that are currently serving the LTLT customers can accommodate future growth in the area. Please include full particulars.

2. Reference: Application, page, 4, section 2.2, paragraph 5b):

"Transferring Hydro Ottawa's LTLT customers to HONI via a service area amendment is not an option due to expected rate impacts to Hydro Ottawa's LTLT customers"

Questions:

- 2.1. Please provide the rate classification for each of the 40 LTLT customers.
- 2.2. Please provide the distribution rates for both Hydro Ottawa and HONI, as applicable, to the 40 LTLT customers.
- 2.3. Please provide the impact on (a) the distribution portion of the bill (i.e. all charges except the commodity); and (b) the total bill that would be incurred by the subject customers if they were transferred to HONI based on the rates provided in item 2.2 above and based on each individual customer's previous 12 months' consumption.

3. Reference: Application, page 6, figure 1:

Figure 1 is a map that “provides an illustration of LTLT arrangements of both Hydro Ottawa and HONI in and outside of Hydro Ottawa’s distribution service area.”

Questions:

3.1. The map shows a number of HONI’s customers that appear to be served by Hydro Ottawa through LTLT arrangements.

(a) Please confirm whether this understanding is correct; and if so,

(b) Please confirm whether HONI has engaged in any discussions with Hydro Ottawa in relation to the elimination of the subject HONI LTLT customers and please provide full particulars of such discussions including whether Hydro Ottawa’s action/decision in relation to its 40 LTLT customers will affect HONI’s decision on how to deal with its LTLT customers currently served by Hydro Ottawa.

4. Reference: Application, page 9, section 4, paragraph 17:

In its November 30, 2012 updated implementation plan, Hydro Ottawa reported to the OEB that as of September 30, 2012, Hydro Ottawa had successfully eliminated 72% or 211 of its **293** [emphasis added by Board staff] LTLT arrangements within its service area of the City of Ottawa and Village of Cassleman leaving 82 LTLT arrangements to eliminate. Of the remaining 82 LTLT arrangements, Hydro Ottawa has 38 LTLT arrangements in various stages of completion with some nearing completion and others having third party material and resource commitments being made. This leaves 40 LTLT arrangements that, pursuant to section 6.5.4 of the DSC, are to be eliminated by June 30, 2014.

Questions:

4.1. Please confirm that based on the numbers provided in the paragraph referenced above, the total number of Hydro Ottawa’s LTLT arrangements should be 289 (i.e. not 293). If this is not correct, please explain how the 293 total was arrived at.

5. Reference: Application, page 10, section 5, paragraph 21:

....the average cost to eliminate the first 249 LTLT arrangements was approximately \$21K per customer. The average per LTLT customer investment Hydro Ottawa would need incur to eliminate its remaining 40 LTLT customers is approximately \$52.5K per LTLT customer, nearly three times the average amount incurred or committed to the 249 LTLT arrangements to date.

Questions:

- 5.1. Please provide detailed evidence supporting the cost of connecting the 40 LTLT customers to Hydro Ottawa's distribution system.
- 5.2. Please provide a detailed explanation as to why the cost of connecting the 40 LTLT customers is so high relative to connecting the other LTLT customers of Hydro Ottawa.

6. Reference: Application, page 11, section 5, paragraph 23:

....To Hydro Ottawa, spending an average of \$52.5K to supply electricity service to a customer who is already receiving electricity service is not a prudently incurred cost. This is especially true when compared to the status quo option, whose costs are approximately \$21K a year.

Questions:

- 6.1. Please confirm whether the annual \$21K costs referenced above represents only the annual difference between HONI's rates and Hydro Ottawa's rates in relation to all 40 LTLT customers.
- 6.2. If 6.1 is confirmed, please indicate whether there are any other costs associated with maintaining the subject LTLT arrangements (e.g. administration, settlement...etc) and provide full particulars of such costs including the nature or category of cost, the associated annual amount and any supporting data/calculations.

7. Reference: Application, page 20, section 8.2, paragraph 51: “Hydro Ottawa submits that any issues of customer confusion have been largely addressed.”

Questions:

- 7.1. Please confirm whether Hydro Ottawa has mechanisms in place to track customer issues, complaints or incidents relating to/resulting from LTLT arrangements.
- 7.2. Please provide the number and the nature of the issues, if any, recorded in relation to the subject 40 LTLT arrangements along with the efforts made/required to resolve such issues, complaints or incidents.

8. References:

Application, page 25, section, 10.0, paragraph 70:

Requiring electricity distributors to continue to invest in building facilities to serve customers who already have service within a distribution service area whose boundaries have the potential to change in the next five years is inefficient and will waste the time and resources of Hydro Ottawa and the Board. The recommendations of the Distribution Sector Review Panel clearly compliment Hydro Ottawa arguments in favour of an exemption from the continued application of section 6.5.4 of the DSC.

Application, pages 22-24, paragraphs 61- 67: Referencing various sections of the Board’s renewed regulatory framework, Hydro Ottawa concludes that:

.....it is clear that the cost efficient development of Ontario’s electricity network infrastructure must necessarily examine projects whose fundamental outcome results in the duplication of network assets.

Questions:

- 8.1. Please confirm that building facilities to serve LTLT customers is only one of the options available to geographic distributors (i.e. it is not a requirement).
- 8.2. Please confirm that transferring the subject customers to HONI will eliminate the LTLTs without asset duplication.
- 8.3. In the statement referenced above, Hydro Ottawa speaks to a potential service area boundary change in the next five years. Please confirm whether Hydro Ottawa will be in a better position to assess its subject LTLT arrangements with HONI in the next five years. If so, please provide full particulars.