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September 17, 2018

VIA RESS Electronic Filing and Regular Mail

Attention: Kirsten Walli, Board Secretary

Ontario Energy Board

P.O. Box 2319

2300 Yonge Street, Suite 2700

Toronto, ON M4P 1E4

Dear Madam Secretary:

**RE: EB-2016-0003 – Notice of Revised Proposal to Amend a Code
Proposed Amendments to the Distribution System Code
Comments of Saxonville Estates Ltd.
Our File No. 21063**

We are counsel to Saxonville Estates Ltd., a residential subdivision developer in southwestern Ontario and customer of Hydro One Networks Inc. (“HONI”). We are writing to provide our comments concerning the amendments proposed to be made to Sections 3.2.23, 3.2.24, and 3.2.27 of the Distribution System Code. We also provide comments concerning the alternative proposal made by HONI for distribution expansion deposit refunds.

DSC Customer Connection Horizon Changes

According to the Board’s September 21, 2017 Notice of Proposal to Amend a Code, the references in Sections 3.2.23 and 3.2.24 to the customer connection horizon “as defined in Appendix B” would be changed to “– 15 years (if the customer’s non-coincident peak demand meets or exceeds 3 MW) or five years (if the customer’s demand is lower than 3 MW)”. The reference in Section 3.2.27 to the customer connection horizon “as defined in Appendix B” would be changed to “15 years for a large load customer (i.e. a customer whose non-coincident peak demand meets or exceeds 3 MW) and five years for a customer whose non-coincident peak demand is below 3 MW)”. In the new Notice of Revised Proposal to Amend a Code dated August 23, 2018, the possible 15-year period has been removed. The customer connection horizon in amended Sections 3.2.23, 3.2.24, and 3.2.27 is stated simply to be a five-year period, without reference to Appendix B.

Saxonville Estates Ltd. is concerned that the proposed removal of reference to Appendix B in Sections 3.2.23, 3.2.24, and 3.2.27 of the Distribution System Code appears to eliminate the flexibility afforded to Distributors in Appendix B to extend the customer connection horizon beyond 5 years where appropriate (and, therefore, to extend the time during which an expansion deposit can be refunded to the customer and before the deposit is forfeited to the Distributor). The Distributor's ability to extend the connection horizon is subject to Board oversight, as an explanation of any extension must be provided to the Board.

As the Board does not propose to amend the relevant portion of Appendix B (see Footnote 1, on page 4 of Appendix B), and has not to our knowledge discussed the impact of the Section 3.2.23, 3.2.24, and 3.2.27 amendments on Appendix B in either of its Notices, any removal of the Distributor's ability to extend the customer connection horizon beyond 5 years in extenuating circumstances would appear to be an unintended consequence of the proposed amendments. We submit that it is a consequence that will have a negative impact on customers and should be avoided. Our proposal is that the references in Section 3.2.23, 3.2.24, and 3.2.27 to the customer connection horizon being "as defined in Appendix B" be left in place.

HONI Alternative Proposal for Distribution Expansion Deposit Refunds

Saxonville Estates Ltd. was also interested to see the alternative proposal for distribution expansion deposit refunds put forward by HONI in its November 6, 2017 submission to the Board in this consultation process. HONI submitted that the Board should consider changing the expansion deposit refund methodology to enable refunds in proportion to the load necessary to bring the present value of an expansion to zero such that Distributors would no longer hold deposits once the pool has been held harmless. According to HONI, this approach "is both fairer to the customer who made the deposit and appropriately protects ratepayers."

For a subdivision developer like Saxonville Estates Ltd., HONI's submission raised the question of whether the current expansion deposit refund methodology is unfair to customers. Does the current refund methodology create the possibility that customers are forfeiting deposits in situations where, although a subdivision development has not been fully completed within the 5-year customer connection horizon, the completed load is sufficient to protect ratepayers?

While Saxonville Estates Ltd. is requesting that the Board maintain flexibility in the current refund methodology as submitted above, Saxonville Estates Ltd. would support consideration by the Board of an alternative methodology like that proposed by HONI if it can ensure that customers like residential subdivision developers do not automatically forfeit expansion deposits where they are unable to complete a development within a fixed 5-year timeframe, especially if the loss of the deposit is not truly required to protect ratepayers.

Thank you for the opportunity to provide input into the proposed Distribution System Code amendments.

Yours truly,

SCOTT PETRIE LLP
LAW FIRM

A handwritten signature in black ink that reads "John D. Goudy". The signature is written in a cursive style with a large, stylized initial "J".

John D. Goudy

c.c.: Saxonville Estates Ltd.