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VIA COURIER and RESS FILING

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

Dear Ms. Walli,

Re: EB-2018-0270 Hydro One Inc. application for approval to purchase Orillia Power Distribution Corporation

Attached please find the Interrogatories of the Power Workers' Union in connection with the above-noted proceedings. An electronic copy has been filed through the Board's RESS filing system, and two paper copies will follow by courier delivery.

Yours very truly,
PALIARE ROLAND ROSENBERG ROTHSTEIN LLP

Richard P. Stephenson
RS:pb

Encl.

Doc 2903599 v1

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- Ian J. Roland
- Ken Rosenberg
- Linda R. Rothstein
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- Nick Coleman
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(1934 - 2006)

Hydro One Networks Inc.

Orillia Power Distribution Corporation

Application for approval to purchase all issued and outstanding shares of Orillia Power Distribution Corporation

Power Workers' Union (PWU) Interrogatories

PWU 1

Ref 1: Exhibit A, Tab 1, Schedule 1, Page 3 of 11(#b):

b) The Purchaser or its affiliates shall offer all active employees of OPDC continued employment in the City of Orillia for a period of at least one year;

Ref 2: Exhibit A, Tab 2, Schedule 1, Page 13 of 25:

Table 5: Current OPDC Staff

	Direct	Indirect
Management	-	8
Back Office	-	7
Trades & Technical	15	4
Total	15	19

The 15 direct OPDC positions, currently focused solely on servicing the OPDC service area, will be eliminated. However, as a result of this transaction, new local Hydro One positions will be required and are anticipated to be sourced from the existing 15 OPDC staff complement. Therefore, the result is a net reduction of 6 local trades and technical positions to serve the same territory. In addition, Hydro One will eliminate all 19 indirect positions solely focused on the OPDC territory in the management, back office, and indirect trades and technical areas. The remaining 25 personnel will be absorbed into vacancies within Hydro One Networks.

- a) The evidence indicates that Table 5 shows the 2017 actual OPDC labour split between staff occupying direct and indirect positions. What is the most recent actual, total number of OPDC staff and labour split?
- b) What is the most recent number of unionized OPDC staff?
- c) Please confirm if the statement in Ref #1(b)- that all active employees would be offered continued employment- applies to all direct and indirect staff. If not, please explain.
- d) Please clarify whether or not the statement: "The remaining 25 personnel will be absorbed into vacancies within Hydro One Networks." is referring to the sum of the 6 direct and the 19 indirect positions that will be eliminated as a result the proposed acquisition.

PWU 2

Ref 1: Updated Exhibit A, Tab 1, Schedule 1, Page 5 of 11:

The proposed Transaction will both benefit and protect ratepayers:

Ratepayers will receive the benefit of: (i) a reduction of 1% in their Base Distribution Delivery Rates in Years 1 to 5; (ii) a rate increase of less than inflation in years 6 to 10 (inflation less productivity stretch factor); and (iii) a further guaranteed ESM amount of \$3.2 million. In addition, customers will benefit in the longer term from the lower ongoing cost structures.

- a) Please explain how the proposed ESM mechanism better protects customers of OPDC than the ESM mechanism as set out in the Board's 2015 Report wherein ESM would have been calculated on the basis of ROE over-earnings by Hydro One.

PWU 3

Ref 1: Updated Exhibit A, Tab 2, Schedule 1, Page 2 of 25:

Table 1: Projected Cost Savings - \$M

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
OM&A										
Status Quo Forecast	5.5	5.7	5.8	5.9	6.0	6.1	6.2	6.4	6.5	6.6
Hydro One Forecast	4.1	2.0	2.1	1.7	1.7	1.7	1.8	1.8	1.8	1.9
Projected Savings	1.4	3.7	3.7	4.2	4.3	4.4	4.4	4.6	4.7	4.7
Capital										
Status Quo Forecast	3.2	4.3	1.5	1.8	2.8	2.8	2.9	3.0	11.1	3.2
Hydro One Forecast	3.4	2.4	2.4	2.5	2.6	2.8	2.8	2.9	2.9	3.0
Projected Savings	(0.2)	1.9	(0.9)	(0.7)	0.2	0.0	0.1	0.1	8.2	0.2

- a) Please confirm if Year 1 of the deferral period is assumed to be 2020.
- b) Please explain why Hydro One capital forecasts for Year 1, 3, 4 are higher than the Status Quo capital forecasts resulting in negative savings for those years.

PWU 4

Ref 1: Updated Exhibit A, Tab 4, Schedule 1, Page 10 of 13:

As of December 2017, \$20.7M capital expenditures have been added to OPDC's rate base since their last rate rebasing in 2010, a period of seven years (2011 to 2017).

- a) What is the capital expenditure added to OPDC's rate base in 2018?
- b) Please provide OPDC's 2018 consolidated Financial Statements if available.