May 29, 2019

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

Dear Ms. Walli:

Re: EB-2018-0270 - Application by Hydro One Inc. and Orillia Power Distribution Inc. – MADDS

Please find, attached, the interrogatories from the Consumers Council of Canada in the above-referenced proceeding.

Yours truly,

Julie E. Girvan

Julie E. Girvan

CC: All parties

INTERROGATORIES FOR HYDRO ONE INC. AND ORILLIA POWER DISTRIBUTION CORPORATION

EB-2018-0270

FROM THE CONSUMERS COUNCIL OF CANADA

CCC-1
Ex. A/T1/S1/p. 5
Please explain how Hydro One will fund the 1% reduction in rates for OPDC customers. Please explain how Hydro One will fund the $3.2 million "guaranteed ESM amount". Please explain how Hydro determined that $3.2 million was an appropriate amount to "guarantee" OPDC customers.

CCC-2
Ex. A/T1/S1/p. 8
Please explain, in detail, how the transaction will, "ultimately create downward pressure on cost structures for both Hydro One and OPDC service areas." How will Hydro One demonstrate this to the OEB?

CCC-3
Ex. A/T5/S1/p. 1
In Year 11, when Hydro One plans to rebase how will it demonstrate to the OEB the following:

1. That the rates that collect costs from OPDC customers are less than what those customers would have paid in the absence of the proposed transaction;

2. That the Hydro One legacy customers are left unharmed, or slightly better off than they would have been in the absence of the proposed transaction.

CCC-4
Ex. A/T5/S1/p. 1
Please explain how "consolidation of the distribution sector has and will continue to result in beneficial outcomes for all customers – both for the customers of the acquired utilities and Hydro One's legacy customers". Specifically, how have Hydro One's legacy customers benefitted from consolidation?

CCC-5
Ex. A/T4/S1/p.2
Hydro One has calculated OPDC "Status Quo" revenue requirement for year 11. Please specifically outline all of the assumptions used to derive these numbers. The evidence states that the OPDC rate base is forecast to increase from the 2010 OEB approved amount of $20.8 million to $53.7 million by 2030. Please explain how these numbers were derived.

CCC-6
Ex. A/T4/S1/p. 2
Please provide the most current Distribution System Plan for OPDC. If the transaction is completed how does Hydro One incorporate that plan into its overall DSP? How will the OPDC customers be assured that the capital needs in their service territory are appropriately prioritized?

CCC-7
Ex. A/T4/S1/p. 8
Is Hydro One prepared, at this time, to commit to setting rates for the OPDC rate zone based on the "Total Residual Cost to Serve" upon rebasing?

CCC-8
Ex. A/T4/S1/p. 11
Please explain how Hydro One and OPDC estimated that if the sale is not approved distribution rates will increase by an annual average rate of 2-4% over the 10-year deferral period. Please include all assumptions.

CCC-9
Ex. A/T4/S1/p. 9
Please explain, in detail, how Hydro One will track and report on the actual incremental OM&A and capital costs to serve OPDC customers. Please specifically define what is meant by "incremental' OM&A and capital costs. Please describe, in detail, the format in which these costs will be reported to the OEB.

CCC-10
Ex. A/T5/S1/p. 3
Is it Hydro One's current proposal that all acquired customers will have their own rate classes? Does this mean that the rates will never be harmonized with the other Hydro One rate classes?

CCC-11
Ex. A/T5/S1
How will rates for the Seasonal Rate Customers in the OPDC rate zone be determined going forward, if they are now Hydro One customers, and subject to Hydro One's Seasonal Rate Customer definitions?

CCC-12
Ex. A/T5/S1/p. 4, 7
The evidence states that Hydro One proposes to allocate shared costs to OPDC's rate classes by applying the same cost allocation principles and allocators normally used in the OEB's cost allocation model to allocate such costs. When shared costs are allocated to OPDC's rate classes upon rebasing, how will Hydro One ensure, that rates payable by both OPDC customers and Hydro One legacy customers are lower (or at least not greater) than they would be otherwise.

CCC-13
How will the implementation of Bill 87, *Fixing the Hydro Mess Act, 2019* potentially impact Hydro One's proposals for setting rates for the OPDC rate zone during the deferred rebasing year.

CCC-14
Ex. A/T5/S1/p. 9
Please provide the Terms of Reference for the Navigant Consulting Ltd. Engagement. What was the cost of the study and how was it funded?

CCC-15
Please provide copies of all correspondence between Hydro One and OPDC regarding the Supplemental Evidence. Please provide copies of all correspondence between Hydro One and the Corporation of the City of Orillia regarding the Supplemental Evidence. When did the Corporation of the City of Orillia approve the transaction as it is currently structured? Did the City explicitly approve Hydro One's current proposals to maintain separate rate classes for OPDC's customers? If not, why not? When did Hydro One's Board of Directors last review and approve the transaction?

CCC-16
Please indicate whether the Share Purchase Agreement between the City, OPC and Hydro One Inc., dated August 15, 2019, is still in place. If no, please file the most updated Agreement.

CCC-17
Please provide a schedule setting out OPDC's proposed rates for the each year of the deferral period, given Hydro One's proposal to reduce Base Delivery Rates by 1% and the apply a price cap for years 6-10.

CCC-18
If significant capital requirements arise in the OPDC rate zone during the deferral period, how will those investments be funded?