

EB-2008-0272

2009-2010 Electricity Transmission Rates

Hydro One Networks Inc.

Power Workers' Union (PWU) Interrogatories to Hydro One

GENERAL

PWU Interrogatory 1

Reference: Exhibit A/Tab 12/Schedule 1/Page 1 (DBRS Rating Report)

Preamble: In the cited reference, included in the challenges of Hydro One considered by the rating agency (DBRS) are substantial capital expenditure programs, significant external financing requirements and the lack of access to equity capital market.

Question:

- a) Does Hydro One expect these challenges to increase in the context of the recent economic down turn and crunch in the credit market?
- b) If response to (a) is 'yes', is Hydro One taking any proactive actions and does it have plans that will help it deal with economic events outside of its control that could potentially result in significant variance from forecast revenue and planned work programs?
- c) Please provide recent updates on Hydro One's rating produced by any of the rating agencies.

OM&A

Issue 3.1

Are the proposed spending levels for Sustaining, Development and Operations OM&A in 2009 and 2010 appropriate, including consideration of factors such as of system reliability and asset condition?

PWU Interrogatory 2

Reference: a) Exhibit A/Tab 15/Schedule 1/ Figure 7
b) Exhibit A/Tab 15/Schedule 1/ Page 12

Preamble: Ref (a) indicates an increase in the System Unavailability measure in 2007 after a decline for the period between 2003 and 2006. Ref (b) indicates that this was due to an increase in planned line outage work compared to previous years.

Question:

- a) Please explain the drivers for the increase in planned line outage work in 2007 and why System Unavailability, which is also affected by unplanned work, was lower in 2006 despite the ice storm in that year?
- b) What is Hydro One's forecast for unsupplied energy due to planned work beyond 2007?
- c) Ref (b) indicates that the increase in System Unavailability was not detrimental to the delivery performance to load customers. How does Hydro One ensure

increases in System Unavailability do not adversely impact on delivery to load customers?

PWU Interrogatory 3

Reference: Exhibit A/Tab 15/Schedule 1/Page 13/Table 3

Preamble: The SGS 2008 Study in the cited reference indicates that for 230kV and above systems, Hydro One is in either first or second quartile depending on the metric used, and for systems in the 100-161kV range, Hydro One is in the third or fourth quartile. Hydro One states that the results for the 115 kV system are expected due to the rural nature of the system and the longer radial circuits than most of its comparator transmission companies.

Question:

Which specific work/investment programs in this application does Hydro One propose and expect to improve the reliability performance of the 115kV system?

Issue 3.3

Are the compensation levels proposed for 2009 and 2010 appropriate?

PWU Interrogatory 4

Reference: a) Exhibit C1/Tab 3/Schedule 2/Page 1
b) Board staff Question 41

Preamble: Board Staff has requested Hydro One to provide comparison of Hydro One's compensation, wages and benefits with other Ontario Hydro successor companies.

Question:

Please include compensation, wages and benefits at Bruce Power in your comparison.

PWU Interrogatory 5

Reference: a) Exhibit A/Tab 16/Schedule 2/Attachment 1/Pages 1-2
b) Exhibit A/Tab 16/Schedule 2/Attachment 1/Table 7

Preamble: Ref (a) states "On an overall weighted average basis for the positions we reviewed, Hydro One is approximately 17% above the market P50. This positioning appears to be driven by a combination of competitive base salaries, especially for the most highly skilled Power Workers' Union ("PWU") positions, and legacy collective agreement wages, pension and benefits programs."

Ref (b) presents benchmarking results for the PWU represented positions wherein market results are weighted by organization, i.e., for each participating company one average value per position is determined.

Question:

One major factor influencing the skill level of workers referenced in Ref (a) is progression, i.e., the duration and steps required to qualify for a position. Does the compensation cost benchmarking analysis consider Hydro One's progression for a position such as Regional Maintainer –Lines (Supervisor) with the progression required in the comparator organizations for the same position? For the purpose of your response, assume an illustrative scenario in which a Supervisor at Hydro One is paid a comparable base salary as another employee in one of the comparator organizations and compare the progression requirements.

PWU Interrogatory 6

Reference: Exhibit A/Tab 16/Schedule 2/Attachment 1

Question:

In the opinion of the consultants that conducted the Compensation Cost Benchmarking Study, what are the shortcomings of the study including data that was available for the study, the analytical methods/approaches used in the study, and the findings of the study?