

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Hydro One Networks Inc. for an order or orders approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2009.

Power Workers' Union's Interrogatories

Sustaining Capital

PWU Interrogatory 1

Reference: Exhibit B1/Tab 3/Schedule 3/Page 6/Lines 5-10

Due to the importance of these system elements to customer reliability and since lead times for purchasing new transformers or regulators have been increasing and are in the order of 75 to 80 weeks, Hydro One Distribution maintains a spares inventory of transformers and regulators that is based on the number and type of transformers and regulators in-service, reliability of equipment in use and the available mobile substation.

Questions:

- a.) What is the reason for the increasing lead times required for purchasing new transformers and regulators?
- b.) Is there an expectation that the lead times will continue to increase in the near term i.e. in 2009 - 2010?
- c.) If there is an expectation that lead times will continue to increase in the near term i.e. in 2009-2010, have such increased lead times been factored into the capital module.

PWU Interrogatory 2

Reference: Exhibit B1/Tab 3/Schedule 7/Page 8/ Lines 12-15

Costs:

- *The costs for forestry and premium time incurred as part of storm damage restoration are captured as part of OM&A Trouble Calls.*
- *Includes \$2.5M that is recovered through claims.*

Question:

- a.) How is the forecast on the amount to be recovered through claims derived?

Development Capital

PWU Interrogatory 3

Reference: Exhibit B1/Schedule 7/Page 18/Lines 22-30

The volume of applications for distribution generation connections continues at a very high level. Hydro One has received 2300 applications for connection of generators to the distribution system as of 2008.

As more applicants for distribution generation connections are received, and more connection impact assessments are completed, it becomes more and more complex to assess and connect additional applications for distribution generation to the Hydro One Networks distribution system.

As a result, more investment may be needed to modify or upgrade the distribution and transmission systems to connect new generation facilities to Hydro One Networks distribution system.

Reference: Exhibit B1/Schedule 7/Page 18/Lines 37-39

- *additional renewable generation may be connected to the Hydro One Networks distribution system because most of the applications for the distribution generation connections are related to the OPA's Renewable Energy Standard Offer Program (RESOP).*

Preamble:

In a speech made at the Canadian Club of Toronto on February 3, 2009, Premier McGuinty stated the following:

(<http://www.premier.gov.on.ca/news/Product.asp?ProductID=2822>)

The truth is, the places that reduce carbon first will have a competitive advantage. And we need to get there first.

That's why, when the Legislature returns shortly, we will introduce a new Green Energy Act.

There are tremendous opportunities to be had in a green economy.

Our intention is to unleash an explosion of new, green energy — and create more than 50,000 jobs over the next three years.

At the same time, we will make it easier and simpler to get new wind turbines, solar panels and biofuel plants online and plugged into the grid.

Our province will be greener, and stronger, and in a much better position to compete and win against the rest of the world.

Question:

- a.) Does the forecast capital expenditure of \$5.9M for Distribution Generation Connection take into account the impact of the “explosion of new, green energy” that the new Green Energy Act is expected to bring about on the amount of investment needed to modify or upgrade the distribution system?
- b.) If the response to (a) is no, please describe how HO intends to account for the revenue shortage related to incremental capital expenses that result from the new Green Energy Act in 2009.