



VIA COURIER AND EMAIL

February 23, 2009

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

Dear Ms. Walli:

Re: AMPCO Interrogatories
Hydro One Networks Inc. 2009 Electricity Distribution Rates
Board File Number EB-2008-0187

Attached please find AMPCO's interrogatories in the above proceeding.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Adam White", written over a horizontal line.

Adam White

Copies to:
Applicant and Intervenors

Association of Major Power Consumers in Ontario
www.ampco.org

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Hydro One Distribution Rate Application EB-2008-0187

AMPCO Interrogatories for Hydro One

AMPCO Interrogatory #1

Ref: Exhibit B1/Tab3/Schedule 2/Table 1

Please update this table with an additional column containing 2008 actual costs.

AMPCO Interrogatory #2

Reference: Ref: Appendix B (Amended Filing Guidelines) to the Supplemental Report of the OEB on 3rd Generation Incentive Regulation for Electricity Distributors (EB-2007-0673).

Preamble: The Board guidelines for an incremental capital module in 3rd Generation IRM appear to set a standard of need that is higher than that required of a traditional cost of service application, where the standard may be more in the nature of simply establishing that a proposed expenditure is cost beneficial and prudent.

Please describe how Hydro One's capital planning and prioritization process for 2009 changed from that used to support a traditional cost of service application.

AMPCO Interrogatory #3

Please describe how Hydro One's projected 2009 capital requirements reflect changes in drivers that have occurred with the economic downturn, such as reduced housing starts, plant closures, etc.

AMPCO Interrogatory #4

Ref: Exhibit B1/Tab 3/Schedule 3/page 6, line 23-25

Please provide the detailed rationale for the increased purchases of spare transformers in 2009 over 2008, including a discussion of additions and subtractions from this inventory in 2008.

AMPCO Interrogatory #5

Ref: Ex B1/Tab 3/Sch3 – Sect 1.1.3 and 1.1.4

Please identify the stations and schedules involved in these two programs.

Also, please indicate if any of the stations in the plan for PCB elimination have measured concentrations of PCB in oil below 500ppm.

AMPCO Interrogatory #6

Ref: Ex B1/Tab 3/Sch3/Table 1 & P 17 – Line Projects

- a) Please provide information on the number of distribution submarine cable failures by year, since 2005.
- b) Please identify the expenditures by year for submarine cable replacement since 2005.
- c) Please provide age demographics for Hydro One's existing submarine cable population.
- d) Please identify the expected 2009 accomplishments for submarine cable replacements.

AMPCO Interrogatory #7

Ref: Ex B1/Tab3/Sch3/Page 18, lines 7-14.

The wording of this paragraph is a little unclear. Does the \$1.0M cost of this program for 2009 encompass replacing only the 100 distribution padmount transformers with PCB concentrations above 500ppm, or all 650 transformers noted with concentrations above 50ppm, or some other quantity?

AMPCO Interrogatory #8

Ref: Exhibit B1/Tab 3/Sch 4/Table 1

- a) Please provide either an estimate of the volume of new connections and upgrades in 2009 versus 2008, with reference to Hydro One's projections of the underlying activity drivers that generate the need for these increased expenditures in 2009 (e.g., housing starts, home renovation activity, business investment).
- b) Please provide information on the underlying customer activity drivers that generate the need for system capability reinforcement, and how these are expected to increase or decrease in 2009 over 2008.
- c) Please provide the actual quantities of generation connections in total at year end 2008, added in 2008 and the number of expected additions in 2009.

AMPCO Interrogatory #9

Ref: B1/Tab 3/Sch 4/Page 5, Section 1.4 (Smart Grid)

Ref: Appendix B (Amended Filing Guidelines) to the Supplemental Report of the OEB on 3rd Generation Incentive Regulation for Electricity Distributors (EB-2007-0673), Table 5 (Incremental Capital Investment Eligibility Criteria)

Preamble: The smart grid development appears to be a long term program that, if approved in this application, will require significant additional funding in later years. It should therefore be seen as important that it be justified up front as a long term program or project.

- d) Please provide the detailed business case and long term program plan for the smart grid program, including a schedule of benefit achievement as well as costs.
- e) Please discuss how Hydro One is planning to "provide communications technology", with respect to whether this is a service capability Hydro One is planning to develop internally or source from outside service providers.
- f) Please explain how this investment meets the criteria established in the Board's filing guidelines.

AMPCO Interrogatory #10

Ref: Ex B1/Tab 3/ Sch 5. Sections 3.4,2.5, 3.6

Ref: Appendix B (Amended Filing Guidelines) to the Supplemental Report of the OEB on 3rd Generation Incentive Regulation for Electricity Distributors (EB-2007-0673), Table 5 (Incremental Capital Investment Eligibility Criteria)

- a) Please explain how these investments meet the criteria in Table 5 of the Board's filing guidelines.

AMPCO Interrogatory #11

Ref: Exhibit B1/Tab3/Sch 6

Ref: Appendix B (Amended Filing Guidelines) to the Supplemental Report of the OEB on 3rd Generation Incentive Regulation for Electricity Distributors (EB-2007-0673), Table 5 (Incremental Capital Investment Eligibility Criteria)

- a) Please identify those costs in the Software Refresh and Maintenance budget that are for new software or initiatives, or for software that does not absolutely need to be replaced (i.e., replacement is discretionary in 2009).
- b) Please identify the portion of the development program budget that it being driven by the ORMS Mobile IT Integration program described in Ex B1/Tab3/Sch5/Sect3.5
- c) Please describe how Cornerstone Phase 3 meets the Board criteria in Table 5 of Appendix B, particularly with respect to explaining why this capital project is “non-discretionary.
- d) Please provide the schedule of benefits realization for the Cornerstone projects.