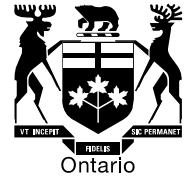


**Ontario Energy
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BY E-MAIL ONLY

November 10, 2009

Board Secretary
Ontario Energy Board
2300 Yonge Street, Ste. 2701
Toronto ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Hydro One Networks Inc.
Distribution Rates Application, 2010/2011
Board File Number EB-2009-0096
Board staff Interrogatories on SEC evidence**

Please see attached the Board staff interrogatories for the EB-2009-0096 proceeding dealing with the evidence filed by the School Energy Coalition on October 29, 2009.

Please forward to SEC, Hydro One Networks Inc. and all other parties in this proceeding.

Yours truly,

Original Signed By

Harold Thiessen
Case Manager – EB-2009-0096
Ontario Energy Board Staff

Att.

BOARD STAFF INTERROGATORIES
HYDRO ONE NETWORKS INC.
2010/2011 ELECTRICITY DISTRIBUTION RATES APPLICATION
INTERROGATORIES ON SCHOOL ENERGY COALITION EVIDENCE
by Dr. C.K. Woo
November 9, 2009

Section 3.1 'Process'

1. Would the process described on p. 15 be based on an analysis of Hydro One data alone? Alternatively, would the process be based on data from the larger number of distributors, including those that are clearly urban and perhaps others whose service area includes significant proportions of agricultural land, forestry, and undeveloped land?
2. Is the process described in section 3.1 limited by its mathematical specification to two density zones, or could it be generalized to more than two zones (say, four zones as currently found in the Hydro One residential tariff)?
3. At p. 16 it is stated that Steps 1 – 3 split the data into urban and rural values. OM&A costs do not appear to be included in any of those steps.
 - i. If the data is for Hydro One only, does the completion of step 4 and step 5 require that Hydro One would divide its OM&A data into two parts, urban and rural, before applying the econometric model?
 - ii. If so, would the cost data divided in this way include administrative and general expenses or only costs that could be identified with particular operating zones within the organization?
4. At p. 17, it appears that Step 7 may avoid the need to divide OM&A into urban and rural components, by estimating an Urban allocation R_U and a Rural allocation R_R . If step 7 avoids a division of operating cost accounts, please provide a more complete explanation of how this is accomplished.

Section 3.2 'Alternatives'

5. At p. 20, engineering analysis is identified as an alternative means of establishing a density-related cost differential, which could replace steps 4 – 6 in the process described in section 3.1.
 - i. Please confirm that engineering analysis would not be limited to two density zones.
 - ii. Does Dr. Woo have a recommendation on how many density categories could usefully be analyzed by this method in order to recommend a number and definition of density criteria?

6. At p. 21, empirical comparison is identified as an alternative means of analyzing costs. Would the analysis in the referenced research paper¹ provide the basis for this comparison, or would new analysis of distributors other than Hydro One be necessary to make such a comparison?
7. Further analysis based on sections 3.1 and 3.2:
 - i. Does Dr. Woo recommend that analysis described in section 3.1 and/or section 3.2 be completed in the time frame of the present proceeding?
 - ii. Does Dr. Woo have an estimate of the amount of time it would take to complete such a cost allocation?
8. Would it be useful to augment the process described by Dr. Woo in section 3.1 to include an analysis of the bill impacts that might arise from implementing the results of such a study, and how would Dr. Woo recommend the study and results might be integrated or layered on the current harmonization plan (now in its second of four years)?

-end-

¹ Lowry, M.N., L Getachew and S. Fenrick “Benchmarking the Costs of Ontario Power Distributors”, Pacific Economics Group, 2008.