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November 26, 2009

BY COURIER

Ms. Kirsten Walli
Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2700,
Toronto, ON.
M4P 1E4

Dear Ms. Walli:

EB-2009-0326 – OEB Consultation on Recovery of Costs Associated with the MicroFIT Program – Hydro One Networks' Responses to Interrogatory Questions

Please find attached two (2) hard copies and an electronic copy of responses provided by Hydro One Networks to Interrogatory questions from Ontario Energy Board, Vulnerable Energy Consumers Coalition, London Property Management Association, ALASI Inc. and School Energy Coalition.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

Attach.

c. EB-2009-0326 Participants

Ontario Energy Board (Board Staff) INTERROGATORY #1 List 1
for Hydro One Networks Inc.

Interrogatory

References

i. Evidence, Page 1
ii. EB-2009-0096, Exhibit G1, Tab 4, Schedule 5, Page 2
iii. EB-2009-0096, Exhibit G2-1-1, Attachment, Page 48

- The 1st reference provides a reference to EB-2009-0096.
- The 2nd reference provides the metering credit for the Unmetered Scattered Load (USL) class.
- The 3rd reference provides details of the metering credit calculation methodology.

Question

In the 1st reference, Hydro One Distribution (HOD) has proposed using a fixed charge for micro-generators equivalent to the fixed charge credit provided to the USL class for meter related costs and stated that this is the same evidence as filed in EB-2009-0096. In the 2nd reference, this credit for the USL class is shown as $6.15/month, based on the calculation methodology and data for the General Service Energy (GSe) class provided in the 3rd reference.

Please confirm if HOD proposes a fixed charge of $6.15 based on the calculation for the GSe class.

a. If yes, please explain the rationale for using data relevant to the GSe class to calculate the fixed charge for micro-generators rather than using equivalent data for residential classes as the majority of micro-generators are expected to be installed by residential customers, and
b. If no, please provide the dollar value of the proposed fixed charge for micro-generators.

Response

a. Yes, Hydro One Distribution proposed fixed charge of $6.15 is based on the calculation for GSe class. The rationale behind this proposal was to maintain a simplified approach that could be applied in a timely manner as the proposed fixed charge credit to USL customers was an approved mechanism available for use.

b. Not Applicable

Ontario Energy Board (Board Staff) INTERROGATORY #2 List 1 for Hydro One Networks Inc.

Interrogatory

References

i. Evidence, Page 1
ii. EB-2009-0096, Exhibit G1, Tab 4, Schedule 5, Page 2
iii. EB-2009-0096, Exhibit G2-1-1, Attachment, Page 48

- The 1st reference provides a reference to EB-2009-0096.
- The 2nd reference provides the metering credit for the Unmetered Scattered Load (USL) class.
- The 3rd reference provides details of the metering credit calculation methodology.

Question

In the 1st reference, Hydro One Distribution (HOD) has proposed using a fixed charge for micro-generators equivalent to the fixed charge credit provided to the USL class for meter related costs and stated that this is the same evidence as filed in EB-2009-0096. In the 2nd reference, this credit for the USL class is shown as $6.15/month, based on the calculation methodology and data for the General Service Energy (GSe) class provided in the 3rd reference.

Please provide a calculation similar to the one provided for the GSe class in the 3rd reference for HOD's four residential classes:

a. Residential Urban (UR)
b. Residential Medium Density (R1)
c. Residential Low Density (R2)
d. Seasonal Residential

Response

As requested, the table below shows USL metering credit calculations for the four Hydro One Distribution's residential classes.

Description	UR	R1	R2	Seasonal
Depreciation on Acct 1860 Metering	$1,655,712	$4,859,157	$4,324,916	$1,848,454
Depreciation on General Plant Assigned to Metering	$264,146	$767,051	$677,312	$291,278
Acct 5065 - Meter expense	$407,509	$1,195,951	$1,064,462	$454,937
Acct 5070 & 5075 - Customer Premises	$2,986,127	$8,763,634	$7,800,115	$3,333,748
Acct 5175 - Meter Maintenance	$226,465	$664,627	$591,554	$252,828

Acct 5310 - Meter Reading	$1,942,520	$6,840,163	$9,918,738	$1,322,305
Description	**UR**	**R1**	**R2**	**Seasonal**
Admin and General Assigned to Metering	$1,257,266	$3,966,847	$4,406,610	$1,224,864
PILs on Metering	$61,718	$181,130	$161,216	$68,903
Debt Return on Metering	$586,885	$1,722,381	$1,533,014	$655,205
Equity Return on Metering	$585,967	$1,719,685	$1,530,614	$654,179
Total	$9,974,316	$30,680,626	$32,008,550	$10,106,701
Number of Customers	140,540	412,455	367,107	156,901
Metering Unit Cost ($/Customer/Month)	**$5.91**	**$6.20**	**$7.27**	**$5.37**
General Plant - Gross Assets	$41,124,155	$199,178,817	$321,226,114	$62,577,021
General Plant - Accumulated Depreciation	($22,302,803)	($108,020,357)	($174,210,089)	($33,937,304)
General Plant - Net Fixed Assets	$18,821,352	$91,158,460	$147,016,025	$28,639,717
General Plant – Depreciation	$3,195,452	$15,476,703	$24,960,089	$4,862,394
Total Net Fixed Assets Excluding General Plant	$185,571,867	$908,352,737	$1,476,638,828	$285,884,746
Total Administration and General Expense	$6,025,681	$27,241,706	$43,319,142	$7,944,571
Total O&M	$26,659,901	$119,933,869	$190,464,497	$34,790,177
Metering Rate Base				
Acct 1860 - Metering - Gross Assets	$19,974,793	$58,621,684	$52,176,514	$22,300,064
Metering - Accumulated Depreciation	($4,634,828)	($13,602,214)	($12,106,716)	($5,174,369)
Metering - Net Fixed Assets	$15,339,965	$45,019,470	$40,069,797	$17,125,695
General Plant Assigned to Metering - NFA	$1,555,833	$4,517,965	$3,989,400	$1,715,639
Metering Net Fixed Assets Including General Plant	$16,895,799	$49,537,435	$44,059,197	$18,841,334

Ontario Energy Board (Board Staff) INTERROGATORY #3 List 1
for Hydro One Networks Inc.

Interrogatory

References

i. Evidence, Page 1
ii. EB-2009-0096, Exhibit G1, Tab 4, Schedule 5, Page 2
iii. EB-2009-0096, Exhibit G2-1-1, Attachment, Page 48

- The 1st reference provides a reference to EB-2009-0096.
- The 2nd reference provides the metering credit for the Unmetered Scattered Load (USL) class.
- The 3rd reference provides details of the metering credit calculation methodology.

Question

In the 1st reference, Hydro One Distribution (HOD) has proposed using a fixed charge for micro-generators equivalent to the fixed charge credit provided to the USL class for meter related costs and stated that this is the same evidence as filed in EB-2009-0096. In the 2nd reference, this credit for the USL class is shown as $6.15/month, based on the calculation methodology and data for the General Service Energy (GSe) class provided in the 3rd reference.

Over and above the cost items provided in the 3rd reference, please explain if the following cost items were considered in the calculation of the fixed charge for micro-generators. If these items were considered, please explain the rationale for their exclusion in the determination of the microFIT rate. If these items were not considered, does HOD agree that they should be included in the determination of the microFIT rate?

a. Operation Supervision and Engineering – Account 5005
b. Load Dispatching – Account 5010
c. Customer Billing – Account 5315

Response

Accounts 5005, 5010 and 5315 were not included in the calculation of the fixed charge for micro-generators. The rationale behind this was to maintain a simplified approach that could be applied in a timely manner as the proposed fixed charge credit to USL customers was an approved mechanism available for use.

Hydro One agrees that these accounts could be included in the determination of a fixed charge for MicroFIT generators, however Hydro One suggests that this is done when more information becomes available on the experience with connection and operation of microFIT facilities.

ALASI Inc. (ALASI) INTERROGATORY #2 List 1
to Hydro One Networks Inc.(HONI)

Interrogatory

Reference: HONI_EVD_20091104

As recently as October 2009, Hydro one has been charging microFIT EG customers in excess of $1000.00 for metering and connection of EG facilities; is Hydro One now contemplating that past excessive connection and metering charges for EG customers will be credited back to those Associated Load / EG customers?

Response

No, Hydro One is not contemplating crediting back past charges. The past charges were based on the Distribution System Code guidelines which state that a utility can recover the actual costs incurred in connecting a generator. Hydro One followed the stated guidelines and will continue to comply with the DSC requirements with respect to connection costs for generators.

ALASI Inc. (ALASI) INTERROGATORY #1 List 1
to Hydro One Networks Inc.(HONI)

Interrogatory

Reference: HONI_EVD_20091104

What is the estimated or actual fixed charge cost that Hydro One proposes for the incremental facility of only one meter for MicroFIT EG customers?

Response

Hydro One proposes a fixed charge of $6.15/month for the incremental facility for MicroFIT generator customers. Please note, the charge stated above is in addition to the connection cost the generator is required to pay.

ALASI Inc. (ALASI) INTERROGATORY #3 List 1
to Hydro One Networks Inc.(HONI)

Interrogatory

Reference: HONI_EVD_20091104

If a settlement facility and mechanism is provided by the OEB that ensures that Hydro One remains whole in recovering any and all actual costs incurred in relation to microFIT EG facilities, would Hydro One have any objections or concerns regarding the facility or mechanism selected by the OEB?

Response

Hydro One will follow the Boards decision in this matter. Hydro One does support the principle of cost causality in determining rates and specific charges that has been adopted by the OEB.

London Property Management Association (LPMA) INTERROGATORY #3 List 1 for Hydro One Networks Inc.

Interrogatory

a) Please provide a general description of the costs that are excluded in the fixed charge credit provided to Unmetered Scattered Load (USL) customers.

b) Are the costs related to meter reading, billing and/or payment to MicroFit generators recovered in the fixed charge proposed by Hydro One? If not, why not?

Response

a) Please refer to Table 3 in Hydro One's response to SEC Interrogatory # 3, which lists the costs allocated to USL monthly credit. All other costs are excluded in the fixed charge credit provided to USL customers.

b) The fixed charge proposed by Hydro One is expected to recover the meter reading, billing and/or payment costs incurred to provide a service to MicroFIT generators. As more experience and better information is gained, the fixed charge can be revised in the future to better reflect these costs.

London Property Management Association (LPMA) INTERROGATORY #1 List 1 for Hydro One Networks Inc.

Interrogatory

Does Hydro One agree with the EDA proposal of a two-phase approach to the question of whether there should be a uniform rate for all LDCs or should LDCs have LDC-specific rates? In particular, does Hydro One support the Board initially setting a single provincial MicroFit generator customer charge followed at some point in the future with individual LDCs applying for LDC specific charges after they and the Board gain some experience with the generators? Please explain fully.

Response

Hydro One prefers that each LDC have LDC specific rates that reflect its own costs in the same manner as rates are set for other customers.

However, Hydro One does not have any concerns if the Board initially sets a single provincial MicroFit generator customer charge followed by LDC specific charges at some time in the future.

London Property Management Association (LPMA) INTERROGATORY #2 List 1 for Hydro One Networks Inc.

Interrogatory

If the Board were to accept the two-phase approach recommended by the EDA, does Hydro One have any concerns with the approach suggested by the EDA to set the initial provincial wide rate? If so, please explain what these concerns are.

Response

Hydro One prefers that each LDC have LDC specific rates as per its response to LPMA interrogatory # 1.

However, Hydro One does not have any concerns if the Board accepted the two- phase approach recommended by the EDA.

London Property Management Association (LPMA) INTERROGATORY #4 List 1 for Hydro One Networks Inc.

Interrogatory

The Hydro One proposal indicates that the only incremental facility required is a meter.

a) Would this meter be owned by the LDC or the generator customer?

b) Would the generator be required to pay an aid to construction for the meter? Please explain.

c) Is the meter the only incremental facility required by a MicroFit customer regardless of whether they are directly or indirectly connected? Please explain.

d) If the connection of a micro-generator does not use the same facilities as the main account of the customer, should there be a different rate class for those customers? Please explain.

Response

a) The meter would be owned by the LDC.

b) The generator is required to pay the cost of connection and the cost of the meter.

c) The facilities required by a MicroFit customer will depend on each individual connection. Typically, small generators under the RESOP program only had to pay the meter costs. However, there could be cases where in addition to the meter costs, additional costs may occur if the transformer also needs to be upgraded or if a separate transformer is required such that other load customers are not connected to the same transformer. For example if the generator exceeds the 3.6 kW threshold or is not inverter based generator.

d) A different rate class may be developed over time if there are numerous cases where the connection of a micro-generator did not use the same facility as the main account of the customer. However, this scenario is not likely to arise as it would be uneconomical for the customer to pay the cost to connect and maintain a separate facility for a micro-generator. In this circumstance, the connection cost for the generator would include all incremental facilities such as cable, pole, transformer, switch, etc.

London Property Management Association (LPMA) INTERROGATORY #5 List 1 for Hydro One Networks Inc.

Interrogatory

a) When does Hydro One propose that any new rate approved by the Board should become effective?

b) How does Hydro One propose that the Board deal with revenues and costs associated with the MicroFit rate under the incentive regulation framework?

c) Does Hydro One propose that the rates approved by the Board in this proceeding (and/or the methodology to determine them) remain in place until the Board and LDCs gain experience with this class of customers and they are dealt with as part of the next generic review of cost allocation methodologies? If not, why not?

Response

a) Hydro One proposes that new rates should be effective at the same time as the 2010 distribution rates for Hydro One are implemented.

b) Hydro One proposes the same adjustment mechanism should be applied to the MicroFit rate as is applied to the other basic distribution rates under the incentive regulation framework.

c) Yes, Hydro One proposes the rates approved by the Board in this proceeding remain in place until the next generic review of the cost allocation methodologies.

London Property Management Association (LPMA) INTERROGATORY #6 List 1 for Hydro One Networks Inc.

Interrogatory

a) Does Hydro One believe that "smart" meters are required for all MicroFit generator customers, regardless of whether they are connected directly or indirectly and regardless of the type of generation being proved? Please explain.

b) Would the information provided by "smart" meters related to the amount and timing of generation be useful to Hydro One for distribution planning, cost allocation, or some other function? If yes, please explain.

c) Would the information provided by "smart" meters be useful for determining any benefits resulting from distributed generation associated with MicroFit generators such as losses and reduced capacity constraints? If not, why not?

Response

a) Smart meters are the Hydro One standard for all distribution customers related metering installation. This fulfills the requirement of collecting hourly data from the IESO for settlement purposes and at the same time maximizes the use of the infrastructure for remote metering.

b) Information on the amount and timing of generation, such as MicroFIT generators, has not historically been used for distribution planning or other functions as the quantities related to such generation was very small. However, as the number of generators connected increases in the future and more information becomes available, the applicability of the new information for planning, cost allocation and other functions will be examined to determine its validity and usefulness.

c) Smart Meters by their nature will provide more detailed information on customer usage patterns and consequently power flows on distribution systems, information which will likely be helpful for assessing distribution losses, equipment loading and distribution system planning and operation.

School Energy Coalition (SEC) INTERROGATORY #1 List 1
to Hydro One Networks Inc.(HONI)

Interrogatory

Service Classification – Issue #1

Please advise whether the Hydro One proposal is intended to apply only to renewable generators that qualify under the MicroFIT rules, or can include other small renewable generators.

Response

Hydro One's proposal is intended to apply only to generators that qualify under the MicroFit rules. Other small renewable generators who do not qualify under the MicroFIT rules will be treated in accordance with the DSC rules for connection of microgenerators.

School Energy Coalition (SEC) INTERROGATORY #2 List 1
to Hydro One Networks Inc.(HONI)

Interrogatory

Service Classification – Issue #1

Please advise whether, in the opinion of Hydro One, the costs caused on the distribution system from an under 10 KW renewable generator that does not qualify for microFIT would be different from costs caused by a similar renewable generator that does qualify for microFIT, for example because of Ontario content qualification.

Response

Yes, there could be small differences in the costs imposed depending on whether the generator is or is not a MicroFIT generator. For example, if the generator qualifies for the MicroFIT program there may be incremental costs due to some administration resulting from the required procedure between Hydro One and the OPA in connection with the FIT process. In order to manage the contract and relationship with MicroFIT customers Hydro One will monitor OPA 'portal' to gather information including the date when contract is awarded. Hydro One will also monitor annual generation output of each customer to confirm that output aligns to the terms of the contract. The above mentioned incremental costs are not likely to be incurred with non-MicroFIT generators.

School Energy Coalition (SEC) INTERROGATORY #3 List 1
to Hydro One Networks Inc.(HONI)

Interrogatory

Cost Elements to be Covered – Issue #2

Please advise how the costs embedded in the fixed monthly charge for Unmetered Scattered Load, a rate class that does not have metering, compare to the costs caused on the distribution system from an embedded renewable microgenerator. Please advise why a monthly charge equal to the Board's interim rate – i.e. the residential monthly charge – does not track generator costs more closely. Please provide a table listing the costs allocated to each of the USL and residential monthly charges in the most recent Hydro One cost allocation model, including both type of cost and amount allocated per customer.

Response

a) The costs caused on the distribution system from connecting a microgenerator are meter related costs, except the meter which the generator pays upfront. As the fixed monthly credit of $6.15 for USL customers also represents meter related costs, it seems like an appropriate proxy for the remaining meter related costs caused on the distribution system from an embedded renewable microgenerator.

b) Most of the microFIT generators require only a new meter with respect to incremental facilities. The Board's interim rate includes all costs of distribution assets serving customers, and the use of a residential customer monthly charge would cause a microFIT generator to pay for the costs associated with the main account.

c) The Board recommends that the fixed monthly charge be set at a range as determined by the Avoided Costs and Minimum System with PLCC Adjustment methodology from the Cost Allocation Model. Hydro One Distribution's proposed residential fixed charges are the service charges of the predominant class in the customer groups or the fixed charge determined by the avoided costs method. These charges are consistent within the Board recommended range with the exception for the gross fixed charge for R2 Residential customers because these customers receive Rural or Remote Electricity Rate Protection. The net fixed charge for R2 customers is within the recommended range.

Table 1 below lists the costs and amount allocated to three different residential customers groups (UR, R1, and R2) under the Avoided Cost methodology. Table 2 shows a similar breakdown of allocated costs under the Minimum System with PLCC Adjustment methodology. Table 3 lists the costs allocated to the USL monthly charges. The data is from the Cost Allocation Model in Proceeding EB-2009-0096.

Table 1 - Accounts included in Avoided Costs
Plus General Administration Allocation

USoA Account #	Accounts	UR	R1	R2
	Misc Revenue			
4225	Late Payment Charges	($1,185,899)	($3,884,222)	($4,539,689)
	Operation			
5065	Meter Expense	$407,509	$1,195,951	$1,064,462
5070	Customer Premises - Operation Labour	$2,603,966	$7,642,074	$6,801,865
5075	Customer Premises - Materials and Expenses	$382,161	$1,121,560	$998,250
	Maintenance			
5175	Maintenance of Meters	$226,465	$664,627	$591,554
	Billing and Collection			
5310	Meter Reading Expense	$1,942,520	$6,840,163	$9,918,738
5315	Customer Billing	$4,867,957	$13,713,163	$12,428,182
5320	Collecting	$1,340,438	$3,776,048	$3,422,216
5325	Collecting- Cash Over and Short	$0	$0	$0
5330	Collection Charges	$98,847	$278,454	$252,362
	Amortization Expense - Meters	$1,655,712	$4,859,157	$4,324,916
	Allocated PILs	$56,035	$164,610	$146,618
	Allocated Debt Return	$532,843	$1,565,295	$1,394,205
	Allocated Equity Return	$532,008	$1,562,844	$1,392,022
	Total	$13,460,562	$39,499,724	$38,195,700
	Number of customers	140,540	412,455	367,107
	Costs allocated per customer	$9.63	$9.63	$10.32

Table 2
Minimum System Customer Costs Adjusted for PLCC - High Limit Fixed Customer Charge

USoA Account #	Accounts	UR	R1	R2
	Misc Revenue			
4225	Late Payment Charges	($1,185,899)	($3,884,222)	($4,539,689)
4235	Miscellaneous Service Revenues	($1,426,264)	($9,321,822)	($17,888,624)
	Operating and Maintenance			
5005	Operation Supervision and Engineering	$91,254	$430,988	$661,762
5010	Load Dispatching	$35,028	$165,438	$254,023
5020	Overhead Distribution Lines and Feeders - Operation Labour	$153,862	$1,005,620	$1,929,789
5025	Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	$23,964	$156,627	$300,567
5065	Meter Expense	$407,509	$1,195,951	$1,064,462
5070	Customer Premises - Operation Labour	$2,603,966	$7,642,074	$6,801,865
5075	Customer Premises - Materials and Expenses	$382,161	$1,121,560	$998,250
5085	Miscellaneous Distribution Expense	$370,147	$1,748,193	$2,684,269
5095	Overhead Distribution Lines and Feeders - Rental Paid	$2,070	$13,526	$25,957
5105	Maintenance Supervision and Engineering	$433,801	$2,048,829	$3,145,882
5120	Maintenance of Poles, Towers and Fixtures	$474,486	$3,101,161	$5,951,143
5125	Maintenance of Overhead Conductors and Devices	$1,381,156	$9,027,004	$17,322,867
5135	Overhead Distribution Lines and Feeders - Right of Way	$3,772,845	$24,658,687	$47,320,143
5145	Maintenance of Underground Conduit	$20,394	$59,853	$53,273
5150	Maintenance of Underground Conductors and Devices	$98,898	$290,243	$258,332
5160	Maintenance of Line Transformers	$169,013	$780,731	$1,082,055
5175	Maintenance of Meters	$226,465	$664,627	$591,554
	Billing and Collection			
5310	Meter Reading Expense	$1,942,520	$6,840,163	$9,918,738
5315	Customer Billing	$4,867,957	$13,713,163	$12,428,182
5320	Collecting	$1,340,438	$3,776,048	$3,422,216
5325	Collecting- Cash Over and Short	$0	$0	$0
5330	Collection Charges	$98,847	$278,454	$252,362
5335	Bad Debt Expense	$1,864,805	$5,426,491	$5,156,814
5340	Miscellaneous Customer Accounts Expenses	$0	$0	$0
	Amortization Expense - Customer Related	$6,102,451	$25,205,317	$34,823,628
	Amortization Expense - General Plant assigned to Meters	$1,909,829	$8,668,399	$12,869,133
	Admin and General	$4,692,541	$19,112,742	$27,662,211
	Allocated PILs	$446,236	$2,046,940	$3,063,146
	Allocated Debt Return	$4,243,295	$19,464,527	$29,127,710
	Allocated Equity Return	$4,236,652	$19,434,053	$29,082,107
	PLCC Adjustment for Line Transformer	$0	$0	$0
	PLCC Adjustment for Primary Costs	($1,054,346)	($10,380,787)	($20,669,747)
	PLCC Adjustment for Secondary Costs	($3,552,202)	($10,803,770)	($9,667,741)
	Total	$35,173,879	$143,686,808	$205,486,638
	Number of customers	140,540	412,455	367,107
	Costs allocated per customer	$22.51	$30.68	$48.30

Table 3

USoA Account #	Description	GSe / USL metering credit
1860	Depreciation on Metering	$1,162,978
	Depreciation on General Plant Assigned to Metering	$182,526
5065	Meter expense	$283,555
5070 and 5075	Customer Premises	$2,098,740
5175	Meter Maintenance	$159,070
5310	Meter Reading	$1,592,711
	Admin and General Assigned to Metering	$944,491
	PILs on Metering	$43,351
	Debt Return on Metering	$412,230
	Equity Return on Metering	$411,585
	Total	$7,291,237
	Number of Customers	98,776
	Metering Unit Cost ($/Customer/Month)	$6.15

School Energy Coalition (SEC) INTERROGATORY #4 List 1
to Hydro One Networks Inc.(HONI)

Interrogatory

Cost Elements to be Covered – Issue #2

With reference to the cost categories referred to in the EDA submission at page 2, please advise which of those costs Hydro One believes should not be included in the charge to embedded renewable microgenerators, and which should, with reasons for each. Please advise any additional costs, not included in the EDA cost categories, that Hydro One believes should be included in the charge to embedded renewable microgenerators.

Response

Hydro One agrees with the EDA submission on cost categories.

School Energy Coalition (SEC) INTERROGATORY #5 List 1
to Hydro One Networks Inc.(HONI)

Interrogatory

Cost Elements to be Covered – Issue #2

Please advise whether, in Hydro One's view, the ownership of the generation (relative to the ownership of the associated load) affects the costs caused on the distribution system, with reasons.

Response

If the owner of the generator is different from the owner of the load, there will likely be other incremental costs that need to be considered. For example, we expect additional costs in contact handling and account management will be required when there are multiple customer contact points.

School Energy Coalition (SEC) INTERROGATORY #6 List 1
to Hydro One Networks Inc.(HONI)

Interrogatory

Rate Design – Issues #3 and #4

Please provide any information available to Hydro One estimating the percentage of microFIT projects that will be in the Hydro One distribution area, as compared to the distribution areas of other distributors

Response

Hydro One does not have this information. The OPA is collecting applicant data and would be in a better position to provide the information on the location of MicroFIT projects.

School Energy Coalition (SEC) INTERROGATORY #7 List 1
to Hydro One Networks Inc.(HONI)

Interrogatory

Implementation – Issue #5

Please advise on what basis, and in what amounts, embedded renewable microgenerators are currently (i.e. prior to the Board's interim rate for this class) charged by Hydro One, if at all, and estimate the change in monthly cost if the Hydro One proposal is adopted, and if the Board's interim rate is maintained.

Response

Embedded renewable micro generators are either net metered generators or micro-RESOP generators. Hydro One has 158 net metered micro-generators and 55 micro-RESOP generators. Net metered generators are not billed separately but receive a credit on the corresponding load account per Ontario government regulations. There is no change in monthly cost to net metered accounts if either Hydro One's proposal or the Board's interim rate is implemented. Micro-RESOP generators are currently being billed as per the RESOP program guidelines developed by OPA. Hydro One does not propose to modify the treatment for these generators as a result of the MicroFIT program.

School Energy Coalition (SEC) INTERROGATORY #8 List 1
to Hydro One Networks Inc.(HONI)

Interrogatory

Implementation – Issue #5

Please estimate the implementation costs that would arise, and the timing of any changes required, for Hydro One if the proposal of ALASI Inc. were adopted and a separate line item on the bill were implemented.

Response

Hydro One does not have detailed information available at this time to provide the requested estimate.

School Energy Coalition (SEC) INTERROGATORY #9 List 1
to Hydro One Networks Inc.(HONI)

Interrogatory

Implementation – Issue #5

Please provide estimates of the expected timing of the first microFIT projects to come in service in the Hydro One service area, if known.

Response

The microFIT program was launched October 1st, 2009 and the first project has already been connected.

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #3 List 1 to Hydro One Networks Inc.(HONI)

Interrogatory

Preamble: Hydro One Networks has calculated its proposed 2010 microFIT charge (i.e, the USL credit) based on 2010 forecast costs and a 2010 Cost Allocation run (EB-2009-0096, Exhibit G1, Tab 4, Schedule 5).

a) Not all LDCs have completed or will complete (prior to May 1, 2010) a Cost Allocation run using forecast 2010 costs. What is HON's view as to how the 2010 microFIT charge should be set for these distributors?

Response

In the case where the LDC has not completed a Cost Allocation run using 2010 costs, the microFIT charge should be a default value as determined by the OEB.

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #2 List 1 to Hydro One Networks Inc.(HONI)

Interrogatory

Preamble: HON's proposal is to set the charge for microFIT generators equal to the fixed charge credit provided to USL customers.

a) Please confirm that HON's USL credit consists of the following costs components:
- Depreciation, PILs, Debt Return and ROE on Meters (acct 1860)
- Metering Expense (acct 5065)
- Customer Premise Expense (acct 5070 &5075)
- Meter Maintenance (acct 5175)
- Meter Reading (acct 5310)
- A&G costs assigned to meters
- Depreciation, PILs, Debt Return and ROE on General Plant assigned to Meters

b) Is it HON's understanding that the capital cost of the meter required by the microFIT generator will be paid for by the distributor through rates (as opposed to by the generator or through the Global Adjustment)? Please explain what this understanding is based on. If answer is no, why are capital-related costs associated with the meter included in the microFIT charge.

c) Given the microFIT generator is a separate account, why are there no billing and collecting costs included in the proposed microFIT charge?

d) If a microFIT generator is owned by a load customer, does Hydro One Networks intend to bill microFIT generator separately or aggregate the two accounts' billings into one bill? Will the treatment depend upon whether or not the two are at the same location?

e) Please confirm that, under the Board's Cost Allocation Methodology, General Plant is allocated using asset values prior the exclusion of contributed capital. If this is the case, should the allocation base for General Plant cost should include assets funded by generators or through the Global Adjustment? If not, why not?

Response

a) Yes, Hydro One's USL credit does include all the cost components listed.

b) No, the capital cost of the meter required by the microFIT generator will not be paid for by the distributor through rates. Capital-related costs associated with the meter are included in the microFIT charge as Hydro One has to maintain and replace the meter.

c) Please refer to Hydro One's response to LPMA Interrogatory #3b.

d)

- If a microFIT generator is owned by a load customer, the generator will be billed separately, as per the Distribution System Code.
- No, the billing treatment will not depend on whether or not the two are in the same location.

e) Yes, under the Board's Cost Allocation Methodology, General Plant is allocated using asset values prior to the exclusion of capital contribution. No, to be consistent with the Board's Cost Allocation Methodology, the allocation base for General Plant cost should not include assets funded by generators or through Global Adjustment.

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #1 List 1 to Hydro One Networks Inc.(HONI)

Interrogatory

Preamble: HON states (page 2) that the connection of micro-generators uses the same facilities as the main account for the customer and that the only incremental facility is a meter.

a) If a microFIT generator connects indirectly to a distributor's system (i.e, shares the connection service with the load customer as contemplated by HON) does HON expect there will be additional capital costs incurred for:
   - The service connection
   - The local transformer

   If yes, please explain why and under what circumstances. Also, what is the HON's understanding as to how these facilities will be funded (i.e., through rates, through generator contributions or through the Global Adjustment per Ontario Regulation 330/09)?

b) In those cases where the microFIT generator connects indirectly (i.e. shares the connection service with the load customer) will the existence of the microFit generator impact on the maintenance costs associated with the service connection and local line transformer?

c) If a microFIT generator connects directly to the distributor's system, please confirm that there will be also be capital costs incurred for the service connection, switch and, in all likelihood, for a line transformer. If not, please explain why.

d) With respect to part (c), what is the HON's understanding as to who is responsible for the associated capital and O&M costs for these additional facilities (i.e., the Generator, the Distributor's Rate Payers or Province-wide consumers via the Global Adjustment) and why?

Response

a)
- Please refer to Hydro One's response to LPMA Interrogatory #4c.
- The funding of the facilities will be determined by the OEB guideline.

b) Currently, there is insufficient available information to assess the impact on the maintenance costs associated with the service connection and local line transformers. There have been too few cases to determine whether such an impact exists.

c) The facilities required by a MicroFit customer will depend on each individual connection. In most cases, it is unlikely that the micro-generator will connect directly to the distributor system and would not use the same facility as the main account of

the customers as this is not economical. In this case no additional costs would be incurred.

There may be some exceptions where additional capital costs will be incurred. Please refer to Hydro One's response to LPMA Interrogatory #4c for further details.

d) The associated capital and O&M costs for the additional facilities are part of the connection costs and are therefore the responsibility of the generator.