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Vice President and Chief Regulatory Officer
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BY COURIER

April 19, 2010

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

Dear Ms. Walli:

Hydro One Networks Inc. Application for Exemption from Certain Electricity Reporting and Record Keeping Requirements

In anticipation of the coming into force on May 1, 2010, of the revised Electricity Reporting and Record Keeping Requirements, Hydro One Networks Inc. ("Hydro One" or "the Company") hereby requests exemptions from Section 14 of its Electricity Distribution Licence, ED-2003-0043 ("Licence"), pertaining to the following specific Electricity Reporting and Record Keeping Requirements ("RRR"):

- Sections 2.1.4.2.3, 2.1.4.2.4, 2.1.4.2.5 and 2.1.4.2.6, pertaining to the reporting of the "SAIFI" and "CAIDI" measures;
- Section 2.1.4.2.7, pertaining to the "MAIFI" measure;
- Section 2.1.5.5 b), pertaining to reporting of the population within the distributor's service area; and
- Sections 2.1.5.5 f) and 2.1.5.5 g), pertaining to reporting of route kilometres.

The specific constraints and the needed exemptions were discussed with Board Staff during a conference call meeting on February 26, 2010, and it is the Company's view and understanding based on these discussions that the proposed exemptions are reasonable and will not detract from the value of the information filed by Hydro One in respect of the new RRR.

Hydro One's specific requests for exemptions and the grounds for these individual exemptions are provided under specific headings pertaining to the area of concern and are referenced to the sections in the revised RRR.

Section 2.1.4 - Reporting on Performance Measurements

Subsections 2.1.4.2.3, 2.1.4.2.4 (SAIFI) and 2.1.4.2.5 and 2.1.4.2.6 (CAIDI)

Hydro One understands from discussions with Board Staff that the revised definition of “Interruption for all Customers” in the SAIFI and CAIDI equations means “Customer Interruptions”. This interpretation would be consistent with our own understanding of the intent of the reporting of these metrics. This interpretation would also be consistent with industry convention, with Hydro One’s current reporting practice, and with reporting by distributors in other Canadian regulatory jurisdictions, as defined by the Canadian Electricity Association. However, a literal reading of the RRR does not necessarily lead to the same definition. Hydro One’s view is that the revised definitions in the new RRR could lead to misinterpretation that could significantly affect the reported metrics.

Hydro One understands that it is not possible to change these definitions at this time and will therefore continue to report SAIFI and CAIDI metrics as it has done in the past, that is to say using the definitions as per the OEB 2006 Electricity Distribution Rate Handbook. Our assessment is that doing so would not be in compliance with the new RRR, and hence Hydro One requests an **exemption** from Sections 2.1.4.2.3, 2.1.4.2.4, 2.1.4.2.5 and 2.1.4.2.6 of the new RRR.

Subsection 2.1.4.2.7 - Momentary Average Interruption Frequency Index (MAIFI)

Hydro One does not have the capability to collect the information to report on this metric. It should also be noted that this metric is no longer supported by the Canadian Electricity Association, whose Service Continuity Committee reported that it was impractical to implement this metric due to the difficulty in collecting the required information. Therefore, Hydro One requests an **exemption** from this requirement in the new RRR.

Section 2.1.5 - Reporting on Performance Based Regulation

Sub Section 2.1.5.5 - Utility Characteristics

Hydro One is a rural distributor and will continue to report its Licensed Service Area as such. The characteristics of Hydro One’s distribution system do not support a classification other than that, given that the overall customer density is less than 10 customers per km of distribution feeder. This is considerably less than the average for the other distributors in Ontario that are deemed to be urban utilities and where the average customer density is 46 customers per kilometre as reported in the OEB 2008 Yearbook of Electricity Distributors. Hydro One notes this item for the Board’s information but does not believe it requires any exemptions.

Furthermore, in section 2.1.5.5 b) the revised RRR requires distributors to report the total population within Licensed Service Area by municipal population and seasonal occupancy population. Hydro One does not have a record of total population or the populations in the municipalities that it serves and therefore cannot report this statistic. Hydro One requests an **exemption** from this requirement.

While the RRR refers to both “circuit kilometres” and “route kilometres”, these terms are not synonymous in Hydro One’s reporting. Hydro One understands that sections 2.1.5.5 f) and 2.1.5.5 g) in

the revised RRR require distributors to report the Route Kilometres for its distribution feeders (i.e. the length of a feeder irrespective of the number of wires or circuits carried on the poles, underground or submarine cable that constitute the feeder) and not the Circuit Kilometres (i.e. the total length that is obtained by summing the individual lengths of all the circuits carried on the poles, underground or submarine cable that constitute the feeder). In prior RRR submissions Hydro One reported the Circuit Kilometres statistics and will report Route Kilometres in future reporting (2.1.5.5 f total). Hydro One does not presently have the capability to report Route Kilometres broken down by overhead and underground (2.1.5.5 f), nor by 3-phase, 2-phase and single phase categories (2.1.5.5 g). The Company therefore requests an **exemption** from these sections of the requirements.

Finally, Hydro One understands that the revised RRR requires distributors to report the number of transformers in total and broken down by transmission (station), sub-transmission (station) and distribution (station) as noted in 2.1.5.5 h). In this respect Hydro One is able to provide the information on the understanding that categorization by reference to voltage “greater than or equal to 50 kV and less than 50 kV” is for reference to the supply (high) side of the station (2.1.5.5 i). This comment is provided for the Board’s information and for clarification only.

Hydro One remains committed to providing the Board with meaningful and helpful information in an efficient and effective manner. With the requested exemptions Hydro One will be maintaining compliance with its licence requirements as a licensed distributor.

For more information please contact Anne-Marie Reilly at 416-345-6482.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank