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August 24, 2010

BY EMAIL & COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

**Board File No. EB-2010-0228 – Hydro One Networks Inc.
Miscellaneous Charges
Energy Probe Interrogatories**

Pursuant to Procedural Order No. 1 issued by the Board on August 18, 2010, please find attached the Interrogatories of Energy Probe Research Foundation (Energy Probe) in the EB-2010-0228 proceeding. An electronic version of this communication will be forwarded in PDF format.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

cc: Anne-Marie Reilly, Hydro One Networks Inc. (By email)
Michael Engelberg, Hydro One Networks Inc. (By email)
Lawrence Schwartz, Economist Consultant to Energy Probe (By email)
Olena Loskutova, Consultant to Energy Probe (By email)
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Ontario Energy Board

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 approving joint use rates for
generator use of distribution poles and fees for Connection
Impact Assessments.

**INTERROGATORIES OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

August 24, 2010

HYDRO ONE NETWORKS INC.

**APPLICATION FOR NEW RATES AND MISCELLANEOUS FEES RELATED
TO DISTRIBUTION GENERATION PROJECTS**

EB-2010-0228

**ENERGY PROBE RESEARCH FOUNDATION
INTERROGATORIES**

Ref: Exhibit B, Tab 1, Schedule 1, p. 1

Interrogatory # 1

Does Hydro One propose that it will erect all of the poles that approved generators request and are willing to pay the charge for?

Interrogatory #2

Is it the case that only one new generator will connect to a given pole, or is it possible that more than one generator will seek access to the same pole? If the latter, what further arrangements if any are proposed?

Ref: Exhibit B, Tab 1, Schedule 1, p. 4

Interrogatory #3

Please explain the term “Net Embedded Cost per pole”.

Interrogatory #4

Please explain:

- (i) how the pre-tax weighted average cost of capital of 11.42% was derived, including the specific numbers used and**
- (ii) what conditions justify the continued use of this weighted average cost of capital.**

Interrogatory #5

Is Hydro One taxable in respect of the income it derives from sharing the use of its poles? If so, please provide a brief overview of the tax situation.

Ref: Exhibit B, Tab 1, Schedule 1, p. 7

Interrogatory #6

Hydro One suggests that the proposed charges may be unregulated because the joint use of the poles is a competitive service.

Does Hydro One provide other joint-use services on an unregulated basis?

Interrogatory #7

Please clarify why the joint use of poles is a competitive service. Has Hydro One considered a regime in which generators bid for pole space?

Ref: Exhibit B, Tab 1, Schedule 1, p. 8

Interrogatory #8

Please explain why a “tenancy joint use agreement for use of a generator’s poles” could be necessary if each generator constructs, installs, and maintains its own utility poles.

Interrogatory #9

Does Hydro One consider that it would be realistic as an alternative to joint use and economically efficient for generators to construct, install and maintain their own poles?

Interrogatory #10

If, as Hydro One indicates, the joint use costs are typically less than the sum of the stand-alone costs, does Hydro One maintain that the charge for joint use should equal the costs that a generator would save compared with stand-alone costs?

Ref: Exhibit B, Tab 2, Schedule 1, p. 2

Interrogatory #11

What is the “asset base value” referred to? Is it the same as Net Embedded Cost?