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September 3, 2010

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

Dear Ms. Walli,

RE: EB-2010-0002 - Interrogatories to Association of Major Power Consumers in Ontario from the Building Owners and Managers Association of the Greater Toronto Area and the London Property Management Association

Please find attached the interrogatories of the Building Owners and Managers Association of the Greater Toronto Area ("BOMA") and the London Property Management Association ("LPMA") in the above noted proceeding for the Association of Major Power Consumers in Ontario ("AMPCO").

Yours very truly,

Randy Aiken

Randy Aiken
Aiken & Associates

c.c. Anne-Marie Reilly (Hydro One) (e-mail only)
Donald Rogers, Q.C. (Rogers Partners LLP) (e-mail only)
Intervenors (e-mail only)

IN THE MATTER OF the *Ontario Energy Board Act*,
1998, S.O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF a review of an application
filed by Hydro One Networks Inc. for an order or orders
approving a transmission revenue requirement and rates
and other charges for the transmission of electricity for
2011 and 2012.

INTERROGATORIES OF THE BUILDING OWNERS AND MANAGERS
ASSOCIATION OF THE GREATER TORONTO AREA ("BOMA")
AND
THE LONDON PROPERTY MANAGEMENT ASSOCIATION ("LPMA")
TO
ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO

The following interrogatories are in reference to the AMPCO evidence titled
"Potential efficiencies from improving transmission rate design in Ontario"

Interrogatory # 1

At page 2 of the evidence, the 85% non-coincident peak is described as a "ratchet" that obscures efficient price signals to customers. If this ratchet were removed and the network charge determinant based only on the customer's monthly coincident peak, would this, in the view of AMPCO, provide more clear and efficient price signals to customers? Please explain.

Interrogatory # 2

a) Please clarify the meaning of "*five highest hours of the five highest days in a year*". Does this mean the five highest hours for each of the five highest days, resulting in a total of 25 hours per year? Or does this mean the highest hour in each of the five highest days?

b) How would the AMPCO proposal deal with a situation where two or more of the highest hours in the five highest days in a year occur in the same day?

c) How has a "highest day" been defined in the AMPCO proposal?

d) Please explain why five highest hours of the five highest days was chosen rather than a lower number or a higher number.

Interrogatory # 3

- a) Does AMPCO believe that network costs should be allocated to customers purely on the basis of peak demand contribution?
- b) If a customer has no demand at the time of peak demand, should that customer pay for any of the network costs?
- c) If possible, would AMPCO agree that network costs should be broken down into costs associated with meeting peak demand and costs associated with base demand and those costs allocated to customers using different methodologies? If not, why not?
- d) If the Board were to determine that network costs should be divided in to base costs and addition costs related to peak demand and allocated using different methodologies, please comment on the following:
- i) Would it be appropriate to allocate peak demand costs based on the proposed AMPCO methodology?
 - ii) What other methodology may be appropriate for allocating the peak demand costs to customers?
 - iii) Would it be appropriate to allocate the base costs based on non-coincident peak demand?
 - iv) What other methodology may be appropriate for allocating the base demand costs to customers?

Interrogatory # 4

- a) The implementation of the formula shown in Equation 1 on page 5 would seem to imply that a revenue requirement for a July through June period would be required. Does AMPCO believe that Hydro One should change its rate and/or fiscal years to begin on July 1 rather than January 1? How does AMPCO believe this issue should be addressed?
- b) If the billing determinants were to be fixed based on historical data rather than forecasted in determining the recovery of the revenue requirement, does AMPCO believe that this reduction in forecast risk for Hydro One Transmission be reflected in a lower return on equity? Please explain.
- c) Please explain why the risk and cost associated with a January through December period for determining the billing determinants would be higher than the July through June period. For example, if January rates are based on peak demand in the previous January through December period why is this riskier than July 1 rates

based on peak demand in the previous July through June period if the peak demands are expected to occur in July and/or August?

Interrogatory # 5

Please provide an example to support the statement on page 6 that the efficiencies will be enjoyed by all customers, through lower prices and reduced costs. In particular, please show the reduced costs to a residential customer assuming no change in their coincident peak demand.

Interrogatory # 6

The evidence at page 6 states that *"A proper evaluation of the likely efficiency impacts of any change, include the change we propose to the design of the network charge determinant, requires a review of the costs and potential benefits that would result from such a change."* Does AMPCO also believe that a proper evaluation also requires a determination of the likely impacts on different classes of customers? If not, why not?

Interrogatory # 7

At pages 6 and 7 AMPCO states that the Power Advisory LLC report is not a comprehensive analysis of the impacts of the rate design proposal and that AMPCO does not have the capabilities related to resources and data to undertake such a comprehensive study that would assist the Board and other parties in determining whether such a change to the charge determinant is appropriate.

a) Does AMPCO agree that its charge determinant proposal may negatively impact some customer classes?

b) How Does AMPCO suggest that the Board obtain the evidence it requires to accept or reject the AMPCO proposal or to accept some other proposal?

Interrogatory # 8

At footnote 9, AMPCO states that *"Reforming network charge determinants for LDC customers so that they (a) conform to the design of the network transmission charge determinant approved by the Board for transmission customers, and (b) promote efficiency and efficient demand management, would, however, require investments and expenditures by LDCs to modernize settlement systems, and might also require expenditures by some customers to update meters and acquire or develop appropriate*

energy management tools. These issues are important, but beyond the scope of the current proceeding."

Does AMPCO agree that the Board should consider the High Five Proposal, or any other proposal for changing the network cost bill determinant as part of a larger cost allocation and rate design process that would investigate, among other things, the estimate of network costs into base demand and peak demand costs, the allocation of these two types of network costs to customers, and the design of the recovery of these rates from transmission customers and distribution end use customers? If not, why not?

Interrogatory # 9

Has AMPCO done any analysis or calculations to show the impact on its members and other transmission customers, including each of the distributors on the annual transmission costs if the AMPCO methodology had been in place for 2009 and the charge determinants had been based on the 2008 data to set the billing determinants and recovered the approved 2009 revenue requirement? Is AMPCO aware of whether or not any party to the current rates proceeding has undertaken such an analysis?

Interrogatory # 10

Based on the response provided by Hydro One Transmission in Exhibit I, Tab 6, Schedule 36, part (a) that shows that 3 of the 5 highest peak days occurred in January, does AMPCO still believe that a July through June 12 month period is appropriate? Please explain.