

HYDRO ONE NETWORKS INC.

**APPLICATION FOR PROPOSED JOINT USE RATES
FOR GENERATOR USE OF DISTRIBUTION POLES
AND FEES FOR CONNECTION IMPACT ASSESSMENTS
EB-2010-0228**

Technical Conference Clarification Questions

**Submitted by APPrO, the Association of Power Producers of Ontario
October 8, 2010**

QUESTION #1

Reference: Exhibit I, Tab 1, Schedule 4

Preamble: Board Staff asks Hydro One to confirm that the methodology used to set the proposed fees was the same as found in Appendix 2 of the RP-2003-0249 Decision and that only the values for the Capital Carrying Cost and Allocation Factor were changed. Hydro One responded that it used the same methodology which was used to establish the Local Distribution Company (LDC) Joint Use rate and which the OEB had approved in proceeding RP-2005-0020/EB-2005-0378.

- a) APPrO believes it would be helpful if Hydro One could confirm whether or not it used the same methodology as in Appendix 2 of the RP-2003-0249 Decision to determine the proposed base rate for a 50 foot pole and that the only changes were related to the inputs used in the methodology.
- b) If the RP-2003-0249 methodology was used, please provide the input values and/or assumptions that were used to develop the LDC rate and demonstrate mathematically how the LDC rate was calculated and differed from the telecom rate approved in RP-2003-0249.
- c) If the RP-2003-0249 methodology was modified, please describe the changes that were made and the inputs that were used to develop the LDC rate. Please provide the complete mathematical calculation showing how the distribution rate was derived from the telecom rate and include any changes in the cost components associated with each rate.

QUESTION #2

Reference: Exhibit I, Tab 1, Schedule 4

Preamble: In its response to this interrogatory, Hydro One explains how the power space allocations were determined and how these allocations and the associated costs would change for generators requiring additional pole heights.

- a) Please clarify what amount of space is available for attachment on 50 foot poles and that this attachment space is what Hydro One refers to as the power space.
- b) Please clarify that amounts shown as Total Generator Costs in the second table in this response are extrapolations of the negotiated LDC rate; that the amounts shown are not based on estimated costs; and, that Hydro One intends to use actual costs to reset the proposed rates every 5 years.
- c) Please demonstrate mathematically how the Total Generator Costs were determined for the various pole heights. Part of the objective would be to allow third parties to replicate HONI's calculations.

QUESTION #3

Reference: Exhibit I, Tab 1, Schedule 6

Preamble: In its response to this interrogatory, Hydro One explains that there are approximately 14 poles per circuit km for smaller distribution connected projects but that 18 to 22 poles may be required per km for larger transmission connected projects.

- a) Where Hydro One must install 18 to 22 poles per km to accommodate larger transmission conductors, would a new pole line be built in most cases or would additional poles be installed mid-span on the existing line?
- b) When a new pole line or additional poles are required, would the resulting shorter distance between poles allow Hydro One to install shorter poles?

QUESTION #4

Reference: Exhibit I, Tab 1, Schedule 2

Preamble: In its response to this interrogatory, Hydro One states that it may need to enter into a tenancy agreement with a generator where the generator has installed its own distribution pole.

- a) Where a tenancy agreement is required from a generator, would Hydro One pay the same fees and costs to attach to the generator's pole that it has proposed for generator attachments to its poles?
- b) If the answer to 4(a) is no, please explain why since the same service and cost efficiencies would apply for the shared use by Hydro One as are available to a generator under the proposed rates?

QUESTION #5

Reference: Exhibit I, Tab 1, Schedule 4

Preamble: In response to Board Staff's question regarding connection delays, Hydro One states its belief that joint use negotiations will not impair the timely expansion or reinforcement of transmission and distribution systems, but it does not indicate what measures would be put in place to ensure this outcome as requested by Board Staff.

- a) Would the fees and attachment requirements be standardized or does Hydro One plan to negotiate separate arrangements with each generator?
- b) How would standard fees and conditions be determined?
- c) Would Hydro One consider negotiating a fixed fee with generator associations similar to the one it negotiated with the EDA?
- d) What recourse would be available to a generator or its association if it did not agree with the fees or the attachment conditions proposed by Hydro One?

QUESTION #6

Reference: Exhibit I, Tab 2, Schedule 2

Preamble: In section (a) of IR#2, VECC asks why the power space on a 50 foot pole cannot be shared with a generator rather than with an LDC. Hydro One replies that where joint use agreements have established with the local distributor the general configuration of the joint use poles is that each party has one circuit on a 50' pole.

- a) Does Hydro One install 50 foot poles as a standard pole height where it has joint use agreements with an LDC? Are 50 foot poles installed on the expectation that joint use is a possibility? Under what conditions or circumstances does Hydro One install 50 foot poles?
- b) What is the standard pole height installed by Hydro One in areas where there are no joint use agreements in place and how many attachments can this standard pole accommodate in addition to Hydro One's distribution plant?
- c) Where 50 foot poles have been used and there is sufficient power space to accommodate a generator attachment will a generator be allowed to attach to those poles or is the unused space reserved for the LDC as part of a reciprocal commitment in the joint use agreement?
- d) Where there are no reciprocal agreements, what fees would be charged to a generator and a distributor if the generator attaches first and requires 10 feet of space on a 50 foot pole and the distributor attaches and requires 10 feet of space above the generator? What would the respective fees be for the generator and the distributor if the attachment location and timing were reversed?

- e) Has Hydro One considered using 50 foot poles in areas where joint use is expected from renewable generators to meet its obligations to develop a distribution system that will facilitate the connection of renewable generation?

QUESTION #7

Reference: Exhibit I, Tab 1, Schedule 7

Preamble: In justifying the use of a CPI adjustment, Hydro One explains that the CPI is the adjustment mechanism negotiated and executed in 77 LDC joint use agreements.

- a) Were the CPI increases in the LDC rates approved by the Board or did the Board's approval apply only to the base LDC rate?
- b) Do the LDC joint use agreements also include periodic cost rebasing similar to what is proposed for generators every 5 years?
- c) Are inflation or cost adjustments applied to the telecom and street lighting attachment fees? Were these adjustments approved by the Board?

QUESTION #8

References: Exhibit I, Tab 1, Schedule 6; Exhibit I, Tab 1, Schedule

Preamble: In the first referenced interrogatory, Hydro One explains that it has limited the height of a joint use pole at 80 feet, which provides space for up to 5 circuits (total Hydro One and generator circuits) and indicated that requirements for poles above 80 feet must be examined on a case by case basis to ensure the joint use arrangement is financially and operationally viable. In the second referenced response, Hydro One confirms that while it is possible that more than one generator will connect to a given pole, this would be very rare. Clarification is required to explain these statements.

- a) If multiple circuit connections are very rare, please describe the conditions under which a 70 or 80 foot pole would be required to attach a single generator line?
- b) If rates for attachments on poles above 80 feet will be determined on a case by case basis, does Hydro One intend to seek separate approval to charge a different rate than the one it has asked the Board to approve in this proceeding?
- c) To what degree would Hydro One be able to accommodate multiple generator attachments on its distribution lines if its standard pole height is 40 or 50 feet?

QUESTION #9

Reference: Exhibit I, Tab 4, Schedule 1

Preamble: In response to Energy Probe's question, Hydro One confirms that where required it will make the necessary changes to its distribution line to connect generators but notes that the generator would be obligated to pay the incremental cost associated with any changes. Further clarification is required to determine the cost implications for generators attaching to lines that must be reconfigured.

- a) Please explain how the proposed attachment fees would be applied and describe any other costs that a generator would be required to pay if Hydro One had to install a higher new pole to accommodate the generator's attachment.
- b) Why would a generator be required to pay the capital cost to install the new pole, plus an annual attachment fee that includes capital costs?

QUESTION #10

Reference: Exhibit I, Tab 4, Schedule 7

Preamble: In this response, Hydro One confirms that pole attachment is viewed as a competitive service but that it is not considering a regime in which generators bid for pole space.

- a) How does Hydro One plan to allocate limited pole space when there are competing attachments?
- b) In a situation where two generators request attachment to the same pole, how would Hydro One apply the proposed fees and, where there is insufficient attachment space, allocate the incremental cost requirements, amongst competing attachments, i.e. who pays the higher rate for the higher attachment point and who pays the reconfiguration or pole replacement costs when the power space is insufficient?

QUESTION #11

References: Ex. I, Tab 1, Sch. 4; Ex. I, Tab 4, Sch. 2; Ex. I, Tab 4, Sch. 10;

Preamble: In the first referenced interrogatory, Hydro One explains the how the costs were derived for two distributors based on the power space allocated to each distributor regardless of their attachment height on the pole with the costs being allocated equally when the space requirements are the same. In second response, Hydro One states that generators will pay rates based on the pole height and the associated power space they require. In the third response, Hydro One confirms that the charge for joint use is based solely on pole power space required by the generator. Clarification is required on how the proposed rates will be applied.

- a) How does Hydro One intend to apply the proposed fees? Is it on the basis of pole height, space allocation or the number of attachments, or all three?

- b) Please explain the rationale and justification for the proposed fee application method that Hydro One intends to use for generators and compare the proposed method to the current approach used to apply the LDC and telecom fees.
- c) Which fee(s) would Hydro One apply to a 60 foot pole with one generator attachment using 20 feet of space allocation and how would those charges compare to the fee(s) that it would charge for a 60 pole with two generator attachments, each requiring 10 feet of pole space?