



ONTARIO ENERGY BOARD

FILE NO.: EB-2011-0118

VOLUME: 1

DATE: August 11, 2011

BEFORE:	Cynthia Chaplin	Presiding Member
	Marika Hare	Member

THE 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 pursuant
to section 74 of the *Ontario Energy Board Act*,
1998 by Hydro One Networks Inc. seeking an
exemption to sections of the Distribution
System Code relating to the connection of
micro-embedded generators to its distribution
system.

Hearing held at 2300 Yonge Street,
25th Floor, Toronto, Ontario,
on Thursday, August 11, 2011,
commencing at 9:31 a.m.

VOLUME 1

BEFORE:

CYNTHIA CHAPLIN

Presiding Member

MARIKA HARE

Member

A P P E A R A N C E S

KRISTI SEBALJ	Board Counsel
VINCE COONEY	Board Staff
MICHAEL ENGELBERG	Hydro One Networks Inc.
JACK HUGHES	Canadian Manufacturers & Exporters
JONATHAN MYERS	Canadian Solar Industries Association (CanSIA)
WAYNE McLELLAN JUDY McLELLAN	Independent Participant
ROGER QUENNEVILLE ROBERT ABROZABARDI	Independent Participant
CHERIE BRANT JOANNA VINCE MARION FRASER	Ontario Sustainable Energy Association
RICHARD STEPHENSON	Power Workers' Union
MICHAEL CARTEN	Sustainable Energy Technologies

ALSO PRESENT:

WESLEY JOHNSTON MILFRED HAMMERBACHER STEPHEN RAY ETHAN DESOTA	Canadian Solar Industries Association (CanSIA)
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1 Thursday, August 11, 2011

2 --- On commencing at 9:31 a.m.

3 MS. CHAPLIN: Good morning, everyone.

4 The Board is sitting today in the matter of
5 application EB-2011-0118 submitted by Hydro One Networks on
6 April 19th, 2011. Through this application Hydro One is
7 seeking a six-month exemption from the requirements of
8 sections 6.2.6 and 6.2.7 of the Distribution System Code.
9 These sections stipulate the timelines for processing
10 applications for connected micro-embedded generation
11 facilities.

12 Hydro One proposes that for the exemption period, the
13 timelines contained in 6.2.6 be replaced by an obligation
14 to employ reasonable commercial efforts and that the
15 timelines in section 6.2.7 be replaced with the timelines
16 in sections 7.2.1 and 7.2.3, which relate to the connection
17 of new load customers.

18 Hydro One operates under a licence which has a number
19 of requirements. One of these requirements is that it
20 comply with the Distribution System Code. In order to be
21 released from those obligations, Hydro One must apply for
22 and receive permission from us, the Ontario Energy Board.

23 This hearing is being conducted to review that
24 application. The Ontario Energy Board is governed by
25 legislation which sets out our objectives and the
26 procedures we are to use when considering applications from
27 licensed utilities such as Hydro One.

28 The notice for this application was issued on June

1 17th, 2011, and Procedural Order 1, which established this
2 hearing schedule, was issued on July 20th, 2011. My name
3 is Cynthia Chaplin, and I will be the presiding member in
4 this proceeding, and joining me is Board member Marika
5 Hare.

6 May I have appearances, please?

7 **APPEARANCES:**

8 MR. ENGELBERG: Good morning, Madam Chair and Ms.
9 Hare. I am Michael Engelberg. I am counsel to Hydro One
10 Networks Inc.

11 MS. CHAPLIN: Thank you, Mr. Engelberg. Who would
12 like to go next?

13 MR. MCLELLAN: Thank you. I am Wayne McLellan. I am
14 an independent solar panel owner that is not hooked up.

15 MS. CHAPLIN: Thank you, Mr. McLellan.

16 MS. BRANT: Good morning, Madam Chair and the Board.
17 My name is Cherie Brant. I am the solicitor for the
18 Ontario Sustainable Energy Association, and with me is
19 Joanna Vince.

20 MS. CHAPLIN: Thank you, Ms. Brant.

21 MS. BRANT: And my apologies. Marion Fraser, as well.

22 MS. CHAPLIN: Thank you.

23 MR. CARTEN: Good morning. My name is Michael Carten.
24 I am president and chief executive officer of Sustainable
25 Energy Technologies.

26 MS. CHAPLIN: Good morning, Mr. Carten.

27 MR. HUGHES: Good morning, Madam Chair. Jack Hughes
28 on behalf of Canadian Manufacturers & Exporters.

1 MS. CHAPLIN: Good morning, Mr. Hughes.

2 MR. MYERS: Good morning. Jonathan Myers on behalf of
3 the Canadian Solar Industries Association or CanSIA, and
4 with me today is Wesley Johnston from CanSIA, and over at
5 the back of the room is Mr. Milfred Hammerbacher from
6 Canadian Solar Solutions Inc., Mr. Steven Ray from Essex
7 Energy, and Mr. Ethan Desota from Ethosolar.

8 MS. CHAPLIN: Thank you, Mr. Myers.

9 MR. QUENNEVILLE: Roger Quenneville, president of
10 Yellow Creek Farms, and my assistant here, Robert
11 Abrozabardi.

12 MS. CHAPLIN: Good morning, Mr. Quenneville.

13 MR. STEPHENSON: Good morning, Madam Chair. Richard
14 Stephenson. I'm counsel for the Power Workers' Union.

15 MS. CHAPLIN: Good morning, Mr. Stephenson. Anyone
16 else?

17 MS. SEBALJ: Kristi Sebalj, Board counsel, and I am
18 accompanied by the case manager, Vincent Cooney.

19 MS. CHAPLIN: Thank you, Ms. Sebalj.

20 **PRELIMINARY MATTERS:**

21 MS. CHAPLIN: Just a couple of preliminary matters.
22 The Board has scheduled today and tomorrow for the hearing.
23 It's our intention to hear the evidence first from Hydro
24 One, and then from the intervenors who have filed
25 statements, and then proceed to hear oral argument.

26 If we don't have sufficient time, we will make
27 provision for written argument, because the Board isn't
28 available to sit next week.

1 Before Hydro One calls its witness panels, are there
2 any preliminary matters? No.

3 The Board has one preliminary matter. Mr. Engelberg,
4 we are going to ask you to speak to it, or perhaps ask
5 others to speak to it. And I note the letter from Ms.
6 Frank of August 5th, 2011, which contained the CVs for your
7 witness panel, and I note that on the second page of that
8 letter it's -- and I will just read it:

9 "Hydro One is prepared to discuss how technical
10 screening fits into the process of assessing
11 applications and how screening affects process
12 timelines. However, Hydro One's view is that the
13 technical screening criteria themselves, their
14 appropriateness and the levels set for the
15 various thresholds applied in the screening
16 process are all outside the scope of this
17 application. Hydro One will therefore not be
18 addressing those matters at the hearing."

19 And I gather that that remains Hydro One's position on
20 that question?

21 MR. ENGELBERG: That's correct, Madam Chair.

22 MS. CHAPLIN: Okay. Perhaps we will -- the Board
23 would like to have the views of the intervenors on that
24 question, with a view possibly to resolving that matter
25 sooner rather than when we are in the midst of cross-
26 examination.

27 Is there anybody who would like to go first on that
28 question? Mr. Carten do you have --

1 MR. CARTEN: Madam Chair, I am happy to go first.
2 Hydro One is essentially arguing that it's inconvenient for
3 them to process these applications in a more expeditious
4 fashion. The technical review processes that they go
5 through is at the core of why there is any inconvenience or
6 convenience of it.

7 I don't know how you can distinguish between the two
8 of them. Without that kind of evidence, you have no
9 ability to understand whether they have a bona fide case or
10 not.

11 MS. CHAPLIN: Okay. Ms. Brant do you have a view?

12 MS. BRANT: Thank you, Madam Chair. It's understood
13 that the rationale for seeking to not discuss this at this
14 hearing is that perhaps it would take us off course from
15 the question at hand. From our perspective, though, that
16 puts us in a difficult position. In order to fairly look
17 for a solution to this issue, I think inevitably questions
18 will come up about the technical screening and about its
19 appropriateness and the necessity for it.

20 MS. CHAPLIN: Any other parties? Mr. Myers.

21 MR. MYERS: Yes. Well, it's CanSIA's view that the
22 technical issues are likely -- are outside the scope of
23 this hearing. However, those issues are very significant
24 to CanSIA and its members, and continue to be. And we will
25 have further proposals on how those technical issues
26 should, in our view, be dealt with later in the process.

27 MS. CHAPLIN: Okay. Yes, Mr. McLellan.

28 MR. McLELLAN: Excuse me, Madam Chair. I don't

1 understand why I have been sitting since November and these
2 technical questions, as the experts are alluding to,
3 couldn't have been dealt with months ago. It's beyond my
4 comprehension that they would let it linger.

5 MS. CHAPLIN: Well, yes, Mr. McLellan. That's partly
6 why we are here today, is for Hydro One to speak to some of
7 those questions. So they will be presenting their
8 witnesses, and a number of the other parties will have an
9 opportunity to ask questions to Hydro One. Right now --

10 MR. McLELLAN: But we are not dealing with the
11 technical aspect of it. You said that's going to be
12 another time.

13 MS. CHAPLIN: No. What I am asking for is the views
14 of the participants as to whether or not that should be
15 within the scope of what we are talking about now, and I
16 take your view to be that it should be.

17 MR. McLELLAN: Yes. Thank you.

18 MS. CHAPLIN: Thank you, Mr. McLellan.

19 MS. SEBALJ: Madam Chair, Board Staff has a position,
20 if there are no other intervenors, or has some thoughts
21 rather than a position.

22 MS. CHAPLIN: Go ahead.

23 MS. SEBALJ: I don't think you need to pull it up, but
24 in the prefiled evidence on page 9, Hydro One speaks to the
25 technical screening, and there is one sentence in there
26 that I would draw to your attention to. It says:

27 "Such technical screening for micro-embedded
28 generation was not originally contemplated and,

1 as such, the timelines in section 6.2.6 do not
2 allow for the necessary assessments. The
3 development of criteria, a tool and an assessment
4 process was identified by Hydro One as a means of
5 approaching but not achieving compliance."

6 They then go on to reference the FERC and the I-
7 triple-E standards. I guess just to put it in contrast for
8 Board Staff's purposes, there are two ways of looking at
9 the technical standards, and one is the technical standards
10 insofar as they affect timelines, and then there is the
11 technical standard in and of itself, which is whether or
12 not the threshold, the cap - whatever we want to call it -
13 is appropriate and is the right threshold or cap.

14 And for Board Staff's purposes, there is a problem
15 from a procedural, administrative law point of view of
16 looking at that second question. So we have no trouble
17 whatsoever looking at the question of how technical
18 standards have affected timelines, and I think there is
19 some question in Hydro One's evidence and we will certainly
20 be asking questions about that.

21 But in our view, this isn't the forum to have a
22 discussion about whether it's 15 percent or seven percent
23 or 30 percent, and what the calculation is and whether the
24 math was done properly or not. And the reason for that
25 from a legal perspective is that I don't think the notice
26 that was filed in this proceeding is appropriate to that
27 effect.

28 In other words, we may have had a different or a

1 larger group of people in the room today if there was
2 advance notice that we were going to have that in-depth
3 discussion. I am not saying that the Board is not the
4 appropriate place to hear it; I am not saying it is,
5 either, but I think that is for a panel on a future date to
6 determine, and once they have determined that -- if they
7 choose to hear it -- then to hear it with proper notice so
8 that the proper people can be in the room.

9 And I am not saying that these people aren't; I am
10 just saying that it might be a larger group and there might
11 be a level of expertise required, certainly from Board
12 Staff's perspective, to start arguing about I-triple-E
13 standards and what is appropriate and what isn't.

14 MS. CHAPLIN: Thank you, Ms. Sebalj.

15 Mr. Engelberg, do you anything to add?

16 MR. ENGELBERG: Hydro One agrees with what counsel for
17 Board Staff has submitted, that it is tangentially relevant
18 to discuss technical standards, insofar as they affect
19 timelines. And that was clear from the prefiled evidence,
20 and the Hydro One witness panel is prepared to do that.

21 But to go into an analysis of technical standards and
22 submissions on technical standards would be for -- if there
23 is to be a hearing on that at all, as Ms. Sebalj referred
24 to, it would be for another panel at another hearing on
25 another day, with different witnesses and different
26 attendees. It would be quite a different audience for
27 that. And in Hydro One's submission, it's unfair to put
28 it, as Mr. Carten attempted to do, that it's inconvenient

1 for Hydro One to do this; inconvenience is not -- does not
2 have anything to do with that at all.

3 Hydro One is prepared to discuss the timelines which
4 are relevant to the requests for the exemption and the
5 technical screening, insofar as it affects those timelines.

6 MS. CHAPLIN: So, Mr. Engelberg, this might be a
7 question for your witnesses, but I am going to ask you
8 initially: Is it Hydro One's view that, in essence,
9 regardless of what the technical criteria were, whether it
10 was the seven percent or some other percent, that that
11 would have no impact on the timelines?

12 MR. ENGELBERG: That's correct.

13 MS. CHAPLIN: All right. Give us a moment, please.

14 MR. CARTEN: Could I have an opportunity to respond to
15 that, just very quickly?

16 MS. CHAPLIN: All right.

17 MR. CARTEN: I think there are two points.

18 One is that Hydro One is leaving the impression that's
19 in compliance with international standards, and it's not.
20 So it could go to the bona fides of their case and what
21 they are doing and why they are doing it.

22 Secondly, I think if the Board were to listen to the
23 opportunities, there is a real opportunity to diffuse this
24 issue simply by having Hydro One follow the international
25 standards.

26 MS. CHAPLIN: Thank you, Mr. Carten.

27 We will take five minutes. We will just step out.

28 --- Recess taken at 9:46 a.m.

1 --- On resuming at 9:49 a.m.

2 MS. CHAPLIN: Thank you. The Panel has decided that
3 for purposes of today's proceeding, we will accept the
4 scope as it's been described by Hydro One, in the sense
5 that we will allow and expect an exploration of indeed
6 whether or not the technical cap does affect the timing and
7 to the extent it affects the timing, but the actual -- the
8 basis and appropriateness of the particular technical
9 standard they are using will not be within scope for
10 purposes of today's proceeding.

11 If subsequently, at the conclusion of this hearing, it
12 becomes apparent or the Panel concludes that the nature of
13 that technical standard has some bearing on the issues,
14 then we will make provision to deal with that in due
15 course.

16 So with that -- oh, and also for those who are not as
17 familiar with the Board's processes, I would just encourage
18 you if you have any questions about how we are operating,
19 the things we are doing, the processes, Ms. Sebalj, as
20 Board Staff counsel, is available to you to provide you
21 with information and guidance with that.

22 Mr. Engelberg, are you ready to have your witnesses
23 sworn?

24 MR. ENGELBERG: Yes. Thank you, Madam Chair.

25 **HYDRO ONE NETWORKS INC. - PANEL 1**

26 **Oded Hubert, Affirmed.**

27 **Miles D'Arcey, Sworn.**

28 **Kelly Kingsley, Sworn.**

1 MS. CHAPLIN: Please go ahead.

2 **EXAMINATION-IN-CHIEF BY MR. ENGELBERG:**

3 MR. ENGELBERG: Thank you, Madam Chair.

4 Before introducing the members of the Hydro One
5 witness panel, I would just like to make a brief statement
6 about the application and try not to be repetitive about
7 what you had said.

8 This is an application by Hydro One Networks Inc. for
9 an order providing Hydro One with an exception from the
10 timeline requirements in two sections of the Distribution
11 System Code for a period of six months from the date of the
12 Board's decision in this matter.

13 The two sections, as you pointed out, are 6.2.6 and
14 6.2.7, and a brief summary of the salient portions of the
15 two sections is as follows.

16 The first one, 6.2.6, says that where the proposed
17 generation facility is at an existing customer connection,
18 the LDC has 15 days after receiving the application to make
19 an offer to connect or to provide reasons for refusing to
20 do so.

21 It goes on to say that where the proposed facility is
22 not at an existing customer connection, the 15-day period
23 increases to 60 days.

24 Finally, it says that the LDC must then give the
25 applicant at least 30 days to accept the offer.

26 6.2.7 says that the LDC must connect the proposed
27 generation facility to the LDC's distribution system within
28 five days of the applicant informing the LDC that it has

1 received all necessary approvals.

2 I stated that summary of the two sections to show that
3 Hydro One's submission is that what this hearing is about
4 and what the exemption request is about are timelines, the
5 short, simple, distinct timelines specified in those two
6 sections of the Distribution System Code.

7 Hydro One has one witness panel for this hearing made
8 up of three witnesses, and if I could introduce them, in
9 the middle we have Mr. Miles D'Arcey. To his left we have
10 Ms. Kelly Kingsley, and to the right we have Mr. Oded
11 Hubert.

12 If I could start with you, Mr. D'Arcey, could you tell
13 us when you began with Hydro One or its predecessor,
14 Ontario Hydro?

15 MR. D'ARCEY: I started with Ontario Hydro in 1978, so
16 I have been with the company for -- and Hydro One for now
17 33 years.

18 MR. ENGELBERG: And I see from your CV you have a
19 lengthy list of positions with the utility. Could you tell
20 us perhaps about your last two or three positions?

21 MR. D'ARCEY: Over my career -- currently, I am the
22 senior vice president of customer operations. I have also
23 led the station services side of it, and for a period of
24 time also looked after construction services.

25 MR. ENGELBERG: What is your involvement with the
26 matters that are the subject matter of this hearing, and
27 what are your responsibilities in that regard?

28 MR. D'ARCEY: Within my organization, I have the

1 majority of the field forces and the call centre. So with
2 regards to the process where customers contact, and then
3 ultimately get connected, the majority of the resources are
4 under my watch.

5 MR. ENGELBERG: Thank you very much.

6 Mr. Hubert, I would like to ask you the same
7 questions. How long have you been with Hydro One or its
8 predecessor, Ontario Hydro?

9 MR. HUBERT: I have been employed with Ontario Hydro
10 since 1981, and I have had 30 years with Ontario Hydro and
11 Hydro One in total.

12 MR. ENGELBERG: Could you tell us what your last two
13 or three positions have been?

14 MR. HUBERT: I am currently the director of regulatory
15 compliance with Hydro One, which I -- in that role I am
16 managing the company's compliance with market rules, our
17 OEB licences and the Distribution System Code.

18 I also in my previous role was in the asset management
19 group where I looked after call centre operations, billing,
20 collections and asset strategies.

21 MR. ENGELBERG: And I understand you are a
22 professional engineer in Ontario?

23 MR. HUBERT: I am.

24 MR. ENGELBERG: And what is your connection to the
25 subject matter of this hearing? What are your
26 responsibilities in that regard?

27 MR. HUBERT: A large part of my role involves ensuring
28 that Hydro One remains compliant with our obligations, and

1 many of those obligations nowadays relate to connection of
2 distributed generation in Ontario.

3 MR. ENGELBERG: Thank you.

4 Ms. Kingsley, how long have you been with Hydro One or
5 its predecessor?

6 MS. KINGSLEY: Since 1994.

7 MR. ENGELBERG: And can you tell us what your last
8 couple of positions with the company have been?

9 MS. KINGSLEY: My current position, I am manager of
10 distributed generation and customer care. Previously I was
11 the manager of billing and meter reading.

12 MR. ENGELBERG: What do your present responsibilities
13 entail, and what's their connection to the subject matter
14 of this hearing?

15 MS. KINGSLEY: From an operations and a customer
16 services perspective, I am accountable for the end-to-end
17 process for both FIT and microFIT.

18 MR. ENGELBERG: Would you say that you deal with a lot
19 of the on-the-ground daily concerns of the customers and
20 their counterparts in the company?

21 MS. KINGSLEY: Yes.

22 MR. ENGELBERG: In what way do you get involved in
23 those?

24 MS. KINGSLEY: Any and all escalations would come
25 through to myself.

26 MS. CHAPLIN: You actually share microphones, so, Mr.
27 D'Arcey, if you could turn it back on?

28 MS. KINGSLEY: Any specific escalations would come

1 through to myself, as well as I would be a key stakeholder
2 and liaison for any of our internal stakeholders, as well,
3 regarding any process gaps, issues and escalations.

4 MR. ENGELBERG: All right. Thank you very much.

5 MS. CHAPLIN: Thank you, Mr. Engelberg.

6 Mr. Stephenson, are you ready to go?

7 **CROSS-EXAMINATION BY MR. STEPHENSON:**

8 MR. STEPHENSON: I am, thank you. Panel, my name is
9 Richard Stephenson. I am counsel for the Power Workers'
10 Union.

11 Let me just start by confirming that I understand
12 properly the nature of the problem that Hydro One faces
13 that gives rise to this application.

14 Am I correct -- as I read your materials, I
15 identified, I thought, two distinct bases for the
16 difficulties in complying with the timelines. One was
17 simply a volume-related issue; that is, there are so many
18 applications, it's difficult to manage that volume of
19 applications and process them in a timely fashion. Am I
20 right about that?

21 MR. D'ARCEY: Yes, that's correct.

22 MR. STEPHENSON: And there was a second and distinct
23 issue I thought I identified, and that is, with at least
24 with respect to at least some of the applications, the
25 actual process of considering the application,
26 investigating the application, handling the application and
27 making a decision, and then implementing it, makes it
28 difficult, if not impossible, to achieve the deadline

1 regardless of the volume issue; am I right about that?

2 MR. D'ARCEY: I would say yes. There is a number of
3 variables that are with each and every one of them that
4 contribute to the timelines associated with connection.
5 Yes.

6 MR. STEPHENSON: Okay. I am going to try to deal with
7 those two types of situations separately for the purposes
8 of this. And let me deal with the volume issue first.

9 As I understand it, the Bill 150, which gave rise to
10 at least many aspects of the microFIT program, that
11 happened in or around May of 2009; is that right? Can
12 somebody help me on that, or...

13 MR. HUBERT: I will take that. I don't have the
14 timeline in front of me.

15 MR. STEPHENSON: Okay. I guess the question I have --
16 at what stage, at what time, did Hydro One commence its
17 planning for the implementation of the processing of these
18 applications? When did you get -- start working that
19 program?

20 MS. KINGSLEY: We actually implemented a project team
21 in the fall of 2008 in order to prepare for both FIT and
22 microFIT.

23 MR. STEPHENSON: Okay. And at the time that the
24 microFIT program was launched, did Hydro One have any
25 expectation with respect to the volume of applications that
26 it would -- anticipated receiving over the first year or
27 over whatever time period? I assume you must have had some
28 forecast?

1 MR. D'ARCEY: I would say that initially, the numbers
2 that were being related to us was that there could be in
3 the neighbourhood of 125,000 microFIT connections in the
4 province over some period of time, of which a fifth of
5 those would likely end up in Hydro One service territory.

6 MR. STEPHENSON: Sorry, did you say a fifth?

7 MR. D'ARCEY: A fifth, so about 25,000 of those. The
8 timelines and how those would come to us and the take-up
9 was still unknown, because we have had no history
10 associated with that.

11 MR. STEPHENSON: Right. Now, in terms of putting
12 resources on the ground, I take it that one of the steps
13 you took in terms of planning to deal with these
14 applications was you had to identify some resources that
15 you would have to deploy in order to manage those
16 applications; is that fair?

17 MR. D'ARCEY: That's correct.

18 MR. STEPHENSON: Okay. And I guess the question I
19 have for you is when you were in the process of determining
20 the nature of the resources and the volume of resources in
21 terms of budgets and in terms of personnel, what was the
22 expectation that you were looking to manage in terms of
23 numbers of applications, for example, in the first 12-month
24 period? Did you -- I assume you budgeted towards some
25 expectation of volume?

26 MR. D'ARCEY: Yes, we did. We did look at the
27 numbers. I would say that the initial volumes in the first
28 12 months were -- expectations were higher than what was

1 actually -- came to fruition.

2 MR. STEPHENSON: Okay. And when did things go awry,
3 so to speak, in the sense of a mismatch between the volume
4 of the applications, on the one hand, and the resources you
5 had at hand in order to manage that volume?

6 MR. D'ARCEY: I'd say probably into the third quarter
7 of 2010, when the volumes that were coming to us from the
8 OPA were significantly higher than what we had seen
9 previously, and recognized that in order to meet the
10 requirements that had been set out, we had to look to
11 automate and increase our resource capacities to meet those
12 requirements.

13 MR. STEPHENSON: Okay. And can you give us some
14 flavour of the change in volume? In other words, what was
15 your monthly -- pick whatever time period is convenient for
16 you, whether it's monthly or quarterly or whatever. So
17 prior to this sort of spike in activity, what were your
18 managing on, say, a monthly basis? And then into the
19 spike, what's the change?

20 MS. KINGSLEY: On average, from the beginning of 2010,
21 the weekly volumes were around 100 applications per week,
22 and then beginning in September after the OPA released
23 thousands of conditional offers, we began to receive
24 approximately 400 applications per week. Then that began
25 to rise again in 2011, up to 500 per week. It has settled
26 down to 400 per week, again. However, last week we had
27 another spike of 668 applications in one week.

28 MR. STEPHENSON: Okay. I am going to deal with future

1 in a minute.

2 So the resources you had on the ground before the
3 spike in the applications, what was your status vis-à-vis
4 the timelines and compliance during that time period?

5 MR. D'ARCEY: The status of our resources at the time?

6 MR. STEPHENSON: No. Well -- okay. You described --
7 you know, you had in place a certain amount of resources,
8 you had a certain number of applications coming in, and
9 then there is a spike. I am now looking before the spike.
10 Okay?

11 MR. D'ARCEY: All right.

12 MR. STEPHENSON: During that time period before the
13 spike, you had a time period that you had to comply with;
14 correct?

15 MR. D'ARCEY: Mm-hmm.

16 MR. STEPHENSON: Okay. And my question was: How were
17 you doing relative to those time periods in that pre-spike
18 period?

19 MR. D'ARCEY: I would say we were doing reasonably
20 well.

21 MR. STEPHENSON: Okay. I take it not 100 percent
22 compliance, but --

23 MR. D'ARCEY: Not 100 percent, but reasonably well,
24 and working through the process and looking for
25 opportunities for improvement.

26 MR. STEPHENSON: Okay. Then, as you have indicated,
27 there is a significant increase in the number of
28 applications, and I just want to understand how, from a

1 resource perspective, you adapted.

2 Can you give us a sense, in terms of dollars or
3 personnel or whatever other metric you want to use, some
4 flavour of what additional resources you deployed in order
5 to manage the situation when the increased volumes arose?

6 MR. D'ARCEY: I would categorize it this way. I mean,
7 we looked at it from both resources and from a process
8 standpoint, so we looked at opportunities from the end-to-
9 end process to look for ways in which we could streamline
10 that. We looked at the tools in -- which we had available
11 to us, and looked to augment those. For example of that is
12 the pre-screening tool; prior to implementing that, it was
13 a manual process for us, and we had to handle each and
14 every one of these applications manually to do that
15 determination. So the tool allows us to be able to
16 automate that process.

17 We added resources for -- at the -- what is our
18 business centre, the call centre, to be able to meet the
19 increased loading requirements, as well as looking at what
20 the resource requirements would be for the end-point
21 connection requirements, of which we have a little more
22 flexibility with contractor and hiring hall facilities on
23 that final connection.

24 MR. STEPHENSON: Okay. So more dollars have been
25 dedicated to this project; am I correct?

26 MR. D'ARCEY: Related back to the resources and the
27 automation, absolutely. Yes.

28 MR. STEPHENSON: Okay. And there have been more

1 dedicated personnel employed?

2 MR. D'ARCEY: Yes.

3 MR. STEPHENSON: Let me just get a flavour of the kind
4 of personnel that we are talking about. And I don't know
5 if there is such a thing as a typical application, and I am
6 sure there are many variances, but the first thing I want
7 to get a sense of is how many different hands an
8 application will go through from the point in time that it
9 is received by Hydro One to the point in time it is -- the
10 connection is made. And I don't necessarily need to know,
11 you know, literally one by one, but I want to know the
12 categories of kinds of employees that touch an application,
13 so -- in the various stages of the process.

14 MR. D'ARCEY: The initial contact would be through the
15 BCC, so our call centre, call centre agents then would take
16 the application out and ensure its completeness, follow up
17 on any missing requirements.

18 The next stage of that would be to run the requirement
19 through our pre-screening tool to ensure that the capacity
20 is there within the system to allow the connection.

21 The next part of that is to look at the assets
22 themselves to see whether or not we have the capability to
23 do that, and we can utilize some of our systems to glean
24 some of the data from that. So that could be more of a
25 clerical-type role.

26 Once that, then it's into the field, where you need a
27 technician, area distribution engineering technician, in
28 some cases to go out and do a site visit to assess the

1 assets and what may need to be changed.

2 Within that process there is another -- a number of
3 other touch points with other utilities, Bell, gas,
4 whatnot, as far as locates, road authorities, and so forth,
5 to seek approvals for any changes that may be required.

6 Ultimately, that comes back to consent from the
7 customer that needs to be done. The Electrical Safety
8 Association has to then authorize the connection of the
9 project, and then, finally, once all of the prerequisites
10 are met, that will result in the line maintainers going out
11 to the location and physically connecting it to that
12 location, coming back in through our systems, back in
13 through -- because there is metering and metering data,
14 logging that information into it, and then finally into the
15 settlement process associated with where we ensure that the
16 customer is actually being paid on a monthly basis for the
17 energy that is being produced.

18 MR. STEPHENSON: Okay. Let me move for a moment to
19 the issue of, I call it, non-volume-related timeline
20 issues.

21 I think I saw this at page 7 of your evidence, that
22 there are certain cases where, regardless of volume, if
23 your volume disappeared, you'd still have timing problems
24 with it by virtue of some of the technical assessments that
25 you have to do.

26 Can you assist me? What is the nature of the problem
27 here, and what does it mean from a timeline perspective?

28 MR. D'ARCEY: There is a number of things that -- once

1 we have processed the application through the BCC, screened
2 it to make sure that it's -- that capacity is there, there
3 are a number of issues tied back into the assets that are
4 supplying that particular location.

5 So it's necessary for us to go out and do a
6 determination to ensure that it has the transformer
7 capacity that's required to meet it, that the configuration
8 of the assets are such that they meet the current standards
9 and don't require updating, to name but a few of those.

10 MR. STEPHENSON: And so what does all that mean from a
11 timing perspective?

12 MR. D'ARCEY: So from a timing perspective, the
13 challenge is that these sometimes are not just a five-day
14 turnaround. There is a number of other items and times --
15 time frames associated with getting the necessary approvals
16 that are often beyond our control.

17 If we require road authority -- if we require a change
18 in the assets and we require road authority approval, if we
19 require locates from underground utilities, if there is now
20 incremental expenditures that have to be validated with the
21 customer and agreed to, there is a number of other things
22 that now start to come into play.

23 MR. STEPHENSON: Cases that fall into these types of
24 categories, what are we talking about in terms of the total
25 number of applications? Is this a small subset? What --
26 can you express it in percentage terms, or otherwise, as to
27 when these kinds of situations arise?

28 MS. KINGSLEY: Certainly. So for a typical parallel

1 connection that's, again, meter-based connection, we say on
2 average that's 70 percent of the total volume, and we do
3 still check to see whether or not the connection assets,
4 the existing connection assets, do meet the standards. And
5 if they do not meet the standards, then they still are
6 required to go out for a site assessment.

7 So on average, 30 percent of all applications that go
8 forward would have a site assessment, whether or not they
9 are a parallel or a standalone connection.

10 MR. STEPHENSON: And am I right that when -- you just
11 used the term "site assessment". Is it whenever you have a
12 site assessment need you are running into problems on the
13 15-day timeline? Is that what I am to take from what you
14 just said?

15 MS. KINGSLEY: Correct.

16 MR. D'ARCEY: That's correct.

17 MR. STEPHENSON: Okay. And is there -- from a process
18 perspective or from a resource perspective, is there
19 anything you can do with those 30 percent of cases to get
20 you within the 15-day time period on a consistent basis, or
21 are we simply running into logistical issues that cannot be
22 managed within that timeline?

23 MR. D'ARCEY: I would agree with you and say it's more
24 logistical issues that can't be managed within that time
25 frame. I would also add to that, too, in many cases it's
26 the customers, too, as well, that request additional time,
27 too, which isn't factored in.

28 MS. CHAPLIN: Pardon me, just so I am clear what we

1 are talking about, Mr. D'Arcey and Ms. Kingsley, my
2 understanding is the timelines you talking about are that
3 five-day window in which the connection needs to happen,
4 and that's when the activities you are describing need to
5 take place, the locates and the -- because I just want to
6 make sure.

7 Are we talking about 6.2.7, or we are talking about
8 6.2.6?

9 MR. D'ARCEY: We are talking about both. I think we
10 are focussing on the front end of the process, because the
11 front end of the process really goes as -- it's very
12 simplistic. As Kelly mentioned, it's a gang-operated meter
13 base, a very simple connection. The majority of those, not
14 an issue for us.

15 As soon as we get into issues where it's something
16 different, there are increased complexities associated with
17 that connection and increased requirements. So, therefore,
18 it does impact on the five-day and it does also impact upon
19 the 15-day, too, as well.

20 MS. CHAPLIN: Okay, thank you.

21 MR. STEPHENSON: One of the items that I understand
22 have been encountered from time to time is the adequacy of
23 the onsite infrastructure that the connection be made to,
24 whether it be poles or whether it be pole-based
25 transformers, or what have you.

26 Number one, can you confirm for me that that is in
27 fact, from time to time, an issue?

28 MR. D'ARCEY: Yes, it is.

1 MR. STEPHENSON: And what do you do about it when you
2 encounter those issues?

3 MR. D'ARCEY: So if in the initial assessment -- and,
4 again, there is many things, but we will stay with maybe
5 the initial component, and that is: Is the transformation
6 at the location sufficient enough to meet the requirements?

7 And so, therefore, we do -- we check our database. We
8 look to see whether it is or isn't. If it is, the
9 connection order is moved forward to the -- for processing.

10 If it's not, then we need to then change out the
11 transformer. Once we start to change or alter anything on
12 that asset, it now comes into question whether or not the
13 pole and the framing for the pole meets today's standards.
14 And that may require -- when we do the site assessment,
15 that may require also the pole then to be brought up to
16 standard, too, as well.

17 And that's driven by ESA Regulation 22.04, that we
18 ensure that any time that we alter any of our assets, that
19 they are being built to today's standard.

20 MR. STEPHENSON: So there is potential knock-on
21 effects. If you change a transformer, that creates a
22 further need?

23 MR. D'ARCEY: You may indeed need to change the pole
24 to comply with our current standards, yes.

25 MR. STEPHENSON: Am I right that whenever you need to
26 change equipment of that nature, whether it's transformers
27 or poles, then both the 15-day and the five-day go out the
28 window? Is that fair?

1 MR. D'ARCEY: In a number of cases, yes.

2 MR. STEPHENSON: Virtually every case?

3 MR. D'ARCEY: I wouldn't say every case, but a large
4 number of them, yes.

5 MR. STEPHENSON: I just want to go back to the volume
6 issue for a moment and go from the past and the present to
7 forecasts of the future. What I would like to find out
8 from you is whether or not you can provide the Board with
9 any assistance in terms of reasonably reliable forecasts.

10 What I am getting at here is this. You know, we
11 understand that there was a significant bulge of these
12 applications that came through the system, and the question
13 I want to find out your answer to, to the extent you have
14 it, is: Is it truly a bulge, in the sense that -- is this
15 going to taper back down again after a period of time, or
16 are we into this high level of volume for the foreseeable
17 future, the next one, two, three, four, five years down the
18 road? Do you have any information? Can you provide any
19 assistance to the Board with respect to that question?

20 MR. D'ARCEY: I would have to categorize it this way:
21 These are driven by DG proponents, customers. Customers
22 ultimately decide whether or not there is something that
23 they want to pursue.

24 Based on what we have seen today and the take-up
25 associated with the program, I would expect that this would
26 continue and be sustained going forward. Subscription to
27 the program has been quite high. We have processed some
28 17,187 applications for connection to August the 5th. We

1 have connected to date, to August the 5th, 5,651 microFIT
2 installations. So we have seen that ramp up and continue
3 to grow, and then there is nothing that would demonstrate
4 to us that there is going to -- at this juncture, any
5 change from a driver from customers to reduce that volume.

6 MR. STEPHENSON: All right. Can I just take you for a
7 moment to page 8 of the application? And you will see on
8 page 8, there is a chart there; have you got that?

9 MR. D'ARCEY: Mm-hmm. Yes.

10 MR. STEPHENSON: And I gather you have just provided
11 us with some updated information. This chart was as of
12 April of 2011; you see that?

13 MR. D'ARCEY: Yes.

14 MR. STEPHENSON: And it records roughly 12,250 as
15 being the total projects applied for; you see that?

16 MR. D'ARCEY: Yes, I do.

17 MR. STEPHENSON: Okay. And you have indicated now
18 that as of August the 5th, the number is 17,000 and
19 something?

20 MR. D'ARCEY: 187. Yes.

21 MR. STEPHENSON: 187? Okay. Thank you.

22 The way I read this chart was -- so you had 12,251
23 applications as of that date, and there were 442 that
24 hadn't been resolved, either by way of a connection or
25 refusal. They were still in the pipeline, so to speak; is
26 that right?

27 MS. KINGSLEY: Yes.

28 MR. STEPHENSON: Okay. So in terms of percentage

1 compliance, if I were to do that, am I right, the way I
2 would do the math is what percentage of -- is 442 of
3 12,215, right? That's the percentage compliance, right --
4 non-compliance, rather; correct?

5 MR. D'ARCEY: That's reasonable, yes.

6 MR. STEPHENSON: Yes, and I did the math and it's
7 about 3.6 percent; fair?

8 MR. D'ARCEY: Yes. I will trust your math.

9 MR. STEPHENSON: Okay. And on your 17,187 number, if
10 we were to translate that back into the format of this
11 chart, what would your 442 number be, as of August?

12 MR. HUBERT: The current number as of July 29th is 502
13 applications that were sitting outside the timeline.
14 That's comparable to the 442 number.

15 MR. STEPHENSON: Okay.

16 MR. HUBERT: And just for a consistent data set, we
17 could compare the 12,251, your denominator --

18 MR. STEPHENSON: Yes.

19 MR. HUBERT: -- to 15,630. And the reason that it's
20 smaller than the number that Mr. D'Arcey spoke of earlier,
21 the 17,000, is because I have removed from that the numbers
22 of withdrawn and expired applications.

23 MR. STEPHENSON: And new ones, presumably, as well?

24 MR. HUBERT: It is completely up to date. Yes.
25 Correct.

26 MR. STEPHENSON: Right. Okay. So again, yeah, I
27 would -- the non-compliance would be 502 into 15,630?

28 MR. HUBERT: Correct.

1 MS. CHAPLIN: Does Hydro One have an updated version
2 of the entire table available?

3 MR. HUBERT: We could make one available, I believe.

4 MS. CHAPLIN: Would that be convenient over the break?
5 Or can you give us the numbers now?

6 MR. HUBERT: I would prefer to provide it in writing
7 after the break, just to make sure my math is up to speed.

8 MS. CHAPLIN: Okay. Thank you.

9 MS. HARE: Just for clarification, you said the 15,630
10 doesn't take into account expired applications. So are
11 those applications that they have indicated that the
12 applicants are no longer interested, or just because it's
13 taken too long, might they still be interested?

14 MR. D'ARCEY: It's either withdrawn or expired, so...

15 MS. HARE: But my question really is: Do you have any
16 sense for whether they are still interested in pursuing
17 this?

18 MS. KINGSLEY: So "withdrawn" is that they are no
19 longer interested; they have advised us that they are
20 withdrawing.

21 "Expired" means that they had an offer to connect and
22 they have allowed it to expire, and they may still be
23 interested.

24 MS. HARE: Thank you.

25 MR. STEPHENSON: I want to turn to the issue of the
26 consequences of the application being allowed on the one
27 hand, and the consequences of the application being denied
28 on the other hand. And let me deal with first with the

1 latter of those two.

2 As I understand it, there -- on the face of it, today,
3 as of today, until the Board grants you some relief, you
4 are out of compliance with certain provisions of the code;
5 correct?

6 MR. D'ARCEY: That's correct, yes.

7 MR. STEPHENSON: Okay. And by virtue of the
8 provisions of the act and the code and your own licence,
9 your non-compliance with the code puts you in -- on the
10 face of it, in breach of your licence conditions; do I
11 understand that correctly?

12 MR. HUBERT: Yes, that's correct.

13 MR. STEPHENSON: Okay. And as I understand it, that
14 has certain implications for Hydro One.

15 The first thing is that you are potentially liable for
16 some administrative penalties under the act and the
17 regulations; correct?

18 MR. HUBERT: Potentially, yes.

19 MR. STEPHENSON: And that's -- just for everybody's
20 reference, it's Ontario Regulation 331/03, which prescribes
21 the amount of those potential administrative penalties,
22 right?

23 MR. HUBERT: Correct.

24 MR. STEPHENSON: Okay. And as I understand it,
25 depending upon the assessment of the Board regarding the
26 severity of non-compliance, those penalties can range from
27 \$1,000 a day up to \$20,000 a day for every day of non-
28 compliance; correct?

1 MR. HUBERT: Without having those numbers in front of
2 me, I will take those as correct.

3 MR. STEPHENSON: Secondly, as I understand it, you
4 are, at least in theory, subject to an application by the
5 Board to revoke or suspend your licence by virtue of being
6 in breach of the licence condition; fair?

7 MR. HUBERT: In the extreme, that would be correct.
8 We hope that would not be the outcome, but yes.

9 MR. STEPHENSON: One would hope that that's not the
10 first step that would be taken.

11 So those are the -- as I read it, the regulatory
12 consequences that you potentially face in the event that
13 the application is not granted.

14 From a practical perspective, in terms of Ontario
15 Hydro's interaction with the market and with its finances
16 and so forth, what impact, if any, would those -- do those
17 prospects have for Hydro One?

18 MR. HUBERT: From a practical perspective, I guess,
19 the main consideration for Hydro One here is to remain
20 compliant with our obligations. And we operate under a
21 compliance culture throughout the company. So the last
22 thing we want to do is to be in breach of any of our
23 obligations that I mentioned earlier when I introduced
24 myself.

25 And to that end, our first objective is if we are
26 aware of a non-compliance issue, we try to remedy it. If
27 we cannot do it, then we disclose it to the regulator, and
28 then seek appropriate mitigation, as we are today.

1 From a practical consideration, I think it's equally
2 important to ensure that our customers are aware of what
3 they can expect from Hydro One in terms of our performance.
4 And if our performance is assumed to be according to our
5 licence conditions and we cannot meet those for some
6 reasons, I think it's important for our customers to become
7 aware of that, because we are operating under transparency.
8 We would like all customers to know what they can expect
9 from us.

10 MR. STEPHENSON: All right. I don't know whether
11 anybody on this panel can assist me with this question, but
12 I know that in certain cases -- well, we know that Hydro
13 One has got a lot of debt financing out in the market.

14 I take it that you guys know that much; correct?

15 MR. D'ARCEY: Yes.

16 MR. HUBERT: Correct.

17 MR. STEPHENSON: And that debt financing has got
18 certain covenants on it --

19 MR. HUBERT: Right.

20 MR. STEPHENSON: -- that you are required to maintain;
21 correct?

22 MR. D'ARCEY: Correct.

23 MR. STEPHENSON: I don't know the specifics of any of
24 the Hydro One debt covenants, but I assume -- I wouldn't be
25 surprised if maintaining your licence would be one of the
26 debt covenants. Can anybody assist me on that?

27 MR. ENGELBERG: Madam Chair, I am going to ask this
28 witness panel not to speculate on what non-compliance with

1 the licence might or might not do to Hydro One's ability to
2 finance on the bond market. I don't think it would be
3 helpful, and I would suggest that these witnesses don't
4 have the knowledge.

5 MR. STEPHENSON: I don't know whether they have the
6 knowledge or not, and I certainly -- if they don't have the
7 knowledge, I am content with that. I don't want them to
8 speculate. If they know, that's fine. If they don't know,
9 that's fine, too.

10 MS. CHAPLIN: Do any of the witnesses have any direct
11 knowledge of those covenants?

12 MR. D'ARCEY: No.

13 MS. CHAPLIN: I think you have got your answer, Mr.
14 Stephenson.

15 MR. STEPHENSON: Thank you. Let me turn to the other
16 side of the coin, which is: What are the consequences if
17 the application is allowed? The concern, as I intuited
18 from reading the intervenor evidence, essentially is that
19 if the application is allowed, it will have the effect of,
20 in effect, removing Hydro One's feet from the fire in terms
21 of doing its utmost to achieve compliance.

22 Whether or not you can actually get to compliance on a
23 daily basis going forward, the concern is that if the
24 application is allowed, the pressure will be off, and Hydro
25 One will slack off or not use a maximum effort to do its
26 best to achieve compliance.

27 Do you understand what I am getting at? Do you
28 understand that concern?

1 MR. D'ARCEY: Yes, I do. Yes.

2 MR. STEPHENSON: What can you say to this Board about
3 that concern, to address that concern?

4 MR. D'ARCEY: Unequivocally, no, we would not slack
5 off. We recognize our commitment to customers. We
6 recognize our commitment to do our best and to achieve and
7 comply with regulations and to meet the expectations
8 associated with that.

9 We connect -- and I am looking at load connections.
10 We connect thousands of load-connected customers each and
11 every year, and we do that within the OEB requirements that
12 have been laid out.

13 These are -- while it's a connection to our
14 distribution system, there are new requirements that have
15 been asked of us. We have done and continue to try to
16 strive to do our best to meet those additional
17 requirements. It has not been without its challenges, and
18 we would continue, irregardless of that, to try and improve
19 our ability to get to compliance.

20 But at the end of the day, we recognize that it is the
21 customer that is ultimately impacted, and we strive to
22 ensure that we can meet those expectations to the best of
23 our ability.

24 MR. STEPHENSON: Let me ask you this question, and I
25 am just trying to explore whether or not there is a way
26 that everybody's concerns can be addressed. Have you --
27 has Hydro One thought about whether or not there are any
28 kinds of conditions that may be placed upon the approval it

1 seeks in order to give people comfort that it's going to
2 continue to make a maximum effort to achieve compliance
3 during the exempted period, so to speak?

4 Have you thought about that issue?

5 MR. HUBERT: Yes, we have. And I guess the first step
6 is, by limiting the period of this exception to six months,
7 our commitment is to try to remedy our non-compliance
8 within that period. So this is not a request for an
9 indefinite period of exemption.

10 During that period, we hope to do two things. One of
11 them is to obviously try to come into compliance, and if
12 there are any reasons why we would not be able to be in
13 compliance at the end of that six-month period, we would
14 seek to identify specifically what those reasons are, and
15 then seek another means of addressing specific items.

16 So while this may be seen as perhaps a blanket
17 exemption from certain aspects to the code, this is an
18 opportunity over the six months to identify any specific
19 areas that could be problematic, for example, field
20 activities, as we discussed earlier.

21 MR. STEPHENSON: If the Board were so inclined, would
22 Hydro One have any problem with -- as a condition of the
23 order, that Hydro One file with the Board, on a periodic
24 basis, a form of the chart that appears on page 8 of your
25 evidence, sort of a monthly basis you give them an update
26 on how you are doing, so the Board can assess whether you
27 are improving or falling behind or whatever, that kind of
28 thing?

1 Is that something that would be achievable and
2 acceptable from Hydro One's perspective?

3 MR. HUBERT: To the extent that that would be useful
4 to the Board, we would absolutely be willing to do that. I
5 think is a reasonable request, considering we are seeking
6 an exemption.

7 MR. STEPHENSON: Oh, there was one other item that I -
8 - sorry, I skipped over, and I do want to address it.

9 There was -- you specifically address in your
10 evidence, and it's at page 8, another scenario, which is --
11 you have under the heading "Exploring Options". Do you see
12 that?

13 I think this is for you, Mr. D'Arcey. The question I
14 had for you is this. As I understand it, what you are
15 talking about here is a situation where an application is -
16 - for whatever reason, is not -- cannot be accepted in its
17 current form; correct?

18 MR. D'ARCEY: Correct.

19 MR. STEPHENSON: And the point you are making here is
20 that what Hydro One does is not simply try to reject them
21 out of hand, but to determine whether or not the
22 application can proceed on some modified basis?

23 MR. D'ARCEY: We do our best to ensure that all
24 applications that are sent to us, provided to us, do get
25 the proper attention, and, to the degree possible, if we
26 can, try to connect them. There has been several instances
27 where, through initial screening, a customer may not have
28 been able to connect.

1 One of the proponents -- we talked about proponents
2 withdrawing or expiring. Capacity is freed up. We want to
3 ensure that any of those customers have the ability, then,
4 to avail themselves of that capacity when it becomes
5 available.

6 MR. STEPHENSON: Just a practical question. For an
7 application that falls into this category of "Exploring
8 Options", if I look back down to your chart that is
9 immediately below that, again, on page 8 of your
10 application, under what category would an application like
11 this fall?

12 Would it be -- would it remain in sort of the open
13 category on the right-hand side, the column on the right-
14 hand side, or is it an application which has otherwise been
15 dealt with?

16 MS. KINGSLEY: The application would be refused, so we
17 could comply with 6.2.6. However, then we would continue
18 to explore options, re-screen the project when other
19 projects have expired.

20 MR. STEPHENSON: Okay. So this issue relates not so
21 much to the timelines, but rather to the resources issue
22 that Hydro One faces, because I take it when you are going
23 to do a further look at these projects, that's obviously
24 going to take some resources on your part?

25 MR. D'ARCEY: Yes.

26 MS. KINGSLEY: Yes.

27 MR. STEPHENSON: Okay. Fair enough. Those are my
28 questions. Thank you very much, panel.

1 Thank you, Board.

2 MS. CHAPLIN: Thank you, Mr. Stephenson.

3 Ms. Sebalj, are you ready to go?

4 MS. SEBALJ: We are.

5 MS. CHAPLIN: I think we will plan to take a morning
6 break at about 11:00 o'clock, so I don't know how long you
7 intend to be, but if you find an appropriate spot...

8 MS. SEBALJ: Sure. I will let you know.

9 **CROSS-EXAMINATION BY MS. SEBALJ:**

10 Good morning, panel. My name is Kristi Sebalj and I
11 am legal counsel for the Board.

12 I would like to just start with some follow-up
13 questions, which may or may not allow me to knock off some
14 questions that I had prepared.

15 The first, sort of starting with the end, Ms.
16 Kingsley, you just said you re-screen the project when
17 other projects have expired. I just wanted to understand
18 that sentence. In other words, when other projects have
19 expired, meaning projects that were given an offer to
20 connect and the 12-month, which is now a shorter period of
21 time, has expired -- is that -- is that what I take from
22 that?

23 MS. KINGSLEY: Correct. So every offer to connect is
24 valid for six months or 180 days, so within our system it
25 will automatically expire, and we have it set up so that we
26 are notified of that. And then we can re-screen for other
27 capacity constraint projects at those same stations and
28 feeders, to see if we can enable those projects to go

1 forward.

2 MS. SEBALJ: I see.

3 And Mr. Stephenson asked you this, but just to
4 clarify, are the resources that you are employing to do
5 that re-screening taking away from the resources that you
6 are using to process new applications? Are they the same
7 resources?

8 MS. KINGSLEY: Yes, they would be the same resources.

9 MR. D'ARCEY: If I could add, perhaps, they are the
10 same resources, but the tool that we have deployed allows
11 us to streamline and move that through very quickly.

12 MS. SEBALJ: So just going back, now, to -- initially
13 Mr. Stephenson was asking you about the average number of
14 applications you were receiving through the period of time
15 beginning pre-September 2010.

16 Can I just ask you -- can you remind me what the date
17 of launch was of microFIT?

18 MS. KINGSLEY: October 1st, 2009.

19 MS. SEBALJ: And so you said that you were receiving
20 about 100 applications a week pre-September 2010. So
21 that's on average. And you said that you were doing
22 reasonably well, but not 100 percent compliant.

23 So do I take that to mean that between October 1st,
24 2009 to September 1st, 2010 that you had not achieved 100
25 percent compliance?

26 MS. KINGSLEY: Yes. Initially there was some
27 confusion. When customers began to apply, some of them did
28 not have the conditional offer from the OPA, so we had

1 discussions to determine what the best approach was there,
2 and then proceeded to move forward to issue offer to
3 connect to comply with 6.2.6. As well, initially we did
4 receive quite a few applications which were incomplete, and
5 so at that point we were deeming the clock, the application
6 date, to be, I guess, ticking away. And we wouldn't have
7 had all of the information at that time from the customer.

8 MS. SEBALJ: And so have you changed the way that you
9 -- so does an application that is incomplete still start
10 the clock ticking, for Hydro One's purposes?

11 MS. KINGSLEY: Within the numbers that we provided in
12 the evidence, some of the -- what was the first number?
13 The 502 as of -- that Mr. Hubert's talked to does include
14 approximately, I think, 230 applications where we have not
15 received all of the information from the customer. We do
16 notify them that we do not have all of the information.

17 If we were to be 100 percent compliant, we would have
18 to refuse them within the 15 days. However, from the
19 customer's perspective it's easier for them just to submit
20 the information that's missing, as opposed to re-apply.

21 MS. SEBALJ: And is there a reason that you couldn't
22 just change your process so that the clock starts ticking
23 once you receive all the information, so that your stats
24 are sort of more reflective of true non-compliance, I
25 suppose?

26 MS. KINGSLEY: Maybe Mr. Hubert can talk to that.

27 MR. HUBERT: Certainly we could modify it to be more
28 precise. As Ms. Kingsley said, the only objective here was

1 to try to give the customers the opportunity.

2 But yes, if you want to look at strict non-compliance,
3 we would have to remove all incomplete applications and deem
4 them as not having applied yet.

5 MS. SEBALJ: Right. So for that period between
6 October 1st and September -- October 1st, 2009 and
7 September 2010, can you give me a ballpark or do you have a
8 hard number of what the true non-compliance was? In other
9 words, a percentage of incomplete -- I get that there were
10 probably growing pains for everyone involved in the
11 process, including applicants. And so is there a way to
12 distinguish between applications that were complete and
13 that Hydro One wasn't able to process on time, versus
14 applications that weren't complete, or for some other
15 reason on either side there wasn't enough information to
16 process?

17 MR. HUBERT: I do not have the precise numbers of all
18 the incomplete applications, but I would venture to assume
19 that it was fairly steady level of around the 200 mark.

20 And Ms. Kingsley, would you confirm that?

21 MS. KINGSLEY: Correct.

22 MS. SEBALJ: Okay. But there was still some level of
23 non-compliance?

24 MR. HUBERT: Absolutely, yes.

25 MS. SEBALJ: And then -- I believe it was Ms.
26 Kingsley. You spoke of the -- when it reached the 500-per-
27 week level, you said the OPA released a number of
28 conditional offers. And was that just sort of pent-up

1 demand -- for lack of a better word -- the OPA had been
2 trying to process, and then all of a sudden you got a bunch
3 of them? Is that what happened?

4 MS. KINGSLEY: The program rules for the OPA for
5 microFIT pre-December 2010, the process was the customer
6 would apply to the OPA and they would receive a conditional
7 offer, and then they were to go to their LDC.

8 In May of 2009 the OPA had put the program on hold,
9 and so conditional offers were not being released, and then
10 they began in August and September to release thousands of
11 conditional offers, which created the influx of customers
12 then coming to us to apply.

13 MS. SEBALJ: Okay. Thanks.

14 And that -- sorry, you just said the date, but when
15 did that happen? August of...

16 MS. KINGSLEY: August of 2010.

17 MS. SEBALJ: And my first question was actually going
18 to be for you to take us through process, but Mr. D'Arcey,
19 you have done that quite well.

20 I wanted to ask -- and I suppose it's intuitive -- at
21 what point in the process -- and you named 11 steps,
22 starting from the call centre to the -- the eleventh, in my
23 drafting, was the settlement process and making sure they
24 got paid for their electricity.

25 I assume that it's after -- you had said ESA
26 approvals, then all prerequisites, then the offer is made
27 to connect?

28 MR. D'ARCEY: Once the customer has met all the

1 requirements, yes, the offer is made to connect and then
2 processed.

3 MS. KINGSLEY: Can I just add to that?

4 So in 6.2.6 is when we give the customer the offer to
5 connect, and then they receive that -- there are certain
6 obligations when they have to pay. They have to sign the
7 contract, and have ESA, per the existing code requirements
8 of 6.2.7. And then we once we have ESA, we proceed
9 forward. However, there are certain service conditions
10 that should also be met.

11 MS. SEBALJ: I gleaned from your answers to Mr.
12 Stephenson that a large percentage of the non-compliance
13 arises out of applications that require a site visit. And
14 I think you said that 30 percent of all applications would
15 have a site assessment.

16 Is it the case that -- can you give me numbers on how
17 many applications that require a site assessment go into
18 non-compliance, can't meet the timelines versus
19 applications that don't require a site assessment? Like,
20 is the site assessment really the crux of this problem?

21 MS. KINGSLEY: I would say it would be one of the
22 contributing factors. And as far as volumes and that
23 breakdown, I do not have that with me at this time.

24 MS. SEBALJ: Would you be able to provide it just so
25 that the Board can have a better idea of applications that
26 require site assessments in non-compliance versus
27 applications that don't?

28 MS. KINGSLEY: Yes.

1 MS. SEBALJ: So we can get an idea of where solutions
2 may lie. Okay, I am going to mark it as Undertaking J1.1.

3 **UNDERTAKING NO. J1.1: TO PROVIDE NUMBERS OF NON-**
4 **COMPLIANT APPLICATIONS REQUIRING AND NOT REQUIRING**
5 **SITE ASSESSMENTS**

6 MS. SEBALJ: Mr. D'Arcey - I believe it was you - in
7 the discussion about the potential for the Board to attach
8 conditions if it were inclined to grant exemption, you
9 indicated that limiting the period of exemption to six
10 months - or it may have been you, Mr. Hubert, I am not
11 sure - this gives you some time to come into compliance,
12 and, if you cannot, you would come back to address specific
13 issues.

14 I am wondering why we wouldn't address the specific
15 issues now.

16 MR. HUBERT: The main reason for that is we are still
17 continuing to learn at this point. So while we have
18 addressed a few issues, such as requirement for a site
19 visit, that would extend the timelines, I think we are
20 still in a volatile period for two reasons.

21 One of them is the number of applications, as Ms.
22 Kingsley indicated, still continues to fluctuate, and the
23 other one is we are finding more cases in the field where
24 there are additional steps that are just beginning to be
25 introduced now.

26 One example is customers are selecting different --
27 customers and their contractors are selecting different
28 means of connecting to the system that require different

1 types of assessments in the field and require more time.

2 So it may be premature to have a good handle on all
3 the unique circumstances that should be subject to this
4 exemption.

5 MS. SEBALJ: But isn't it possible that, over time,
6 customers are going to choose new technologies and there is
7 going to be an adaptation process going on over time
8 regardless?

9 MR. HUBERT: I think it is; that's correct. But when
10 we liken this -- we frequently compare this to the more
11 stable world of load connections, which we have been at for
12 quite a while. I think the difference between load
13 connections and generation connections is remarkable, first
14 of all, because we do not have anything near the volatility
15 for load connections.

16 And, interestingly, there are actually I think fewer
17 timeline requirements in the code related to our ability to
18 assess customer needs for load connections.

19 So I think it's indicative that perhaps some of these
20 timelines were a little premature as Hydro One continues to
21 learn, and we do not have a really good grasp on what it
22 would require to comply with them, and yet we do not at
23 this time either have a full grasp of that.

24 MS. SEBALJ: I was going to ask you initially to walk
25 us through the process, as I indicated, and Mr. D'Arcey has
26 done that. Can you -- can someone explain to me? There
27 was an OPA -- at page 5 of your evidence, you describe a
28 rule change that was made by the OPA that applies to all

1 microFIT applications and requires the proponents to come
2 to Hydro One first.

3 So I am wondering is that -- if and how it has
4 impacted your process. I will ask that first, and then I
5 will ask whether it has impacted non-compliance levels.

6 MS. KINGSLEY: The change that happened on December
7 8th, 2010 is that the OPA now requires the customer to
8 receive an offer to connect from the LDC prior to the OPA
9 providing the customer with a conditional offer.

10 So the change in process for us is that once we
11 provide the customer with an offer to connect or the reason
12 for refusal, we must notify the OPA of that decision so
13 that they, then, may either reject the application or
14 provide the customer with a conditional offer.

15 So it does add some time to that process, but it
16 wouldn't be significant to impact the timeline.

17 MS. SEBALJ: And so how -- what steps are involved in
18 that for Hydro One and how long does it take?

19 MS. KINGSLEY: In order to notify the OPA?

20 MS. SEBALJ: Yes.

21 MS. KINGSLEY: We have access, as all LDCs, to the OPA
22 portal, which has all the microFIT projects. So it's a
23 matter of going into the portal searching for that
24 particular project and updating a one-page -- I guess it's
25 a web-based software program.

26 MS. SEBALJ: Mr. Stephenson took you to some of the
27 issues around volumes, and I am going to talk about that
28 for a few minutes. At page 12 of your evidence you --

1 Hydro One states that it hoped to gain further process
2 efficiencies, and went on to say that:

3 "...as volumes subside, Hydro One expects to come
4 into compliance within six months."

5 And I guess what we heard this morning is that it may
6 be that there isn't an expectation that volumes will
7 subside; is that correct?

8 MR. D'ARCEY: At this juncture, there would be nothing
9 to indicate that the volumes would subside in the near
10 future.

11 MS. SEBALJ: Would you be able to provide us -- I am
12 not sure that you can do it as you sit there, but maybe you
13 can. We were hoping to get staffing counts for processing
14 microFIT applications and the technical screening of
15 projects as at certain dates.

16 If I provided those dates, would you be able to
17 provide that by way of undertaking?

18 MR. D'ARCEY: Yes. I believe we could do that for
19 you, yes.

20 MS. SEBALJ: Okay. So we will mark it as J1.2, and I
21 will describe it as Hydro One to provide staffing counts to
22 process microFIT applications as at May 2010, September
23 2010, November 2010, February 2011 and April 11th, 2011,
24 and I suppose I should add the present, whatever date
25 closest to today that you can provide. It may be the date
26 that Mr. Hubert provided.

27 MS. KINGSLEY: Can I just clarify? It was May 2010,
28 September 2010, and I think I missed a date in there, and

1 then I have February 2011?

2 MS. SEBALJ: It was November 2010, then February 2011,
3 and then April 11th, which is the date of your application,
4 and then a date as close to today, perhaps the end of July.

5 UNDERTAKING NO. J1.2: TO PROVIDE STAFFING COUNTS TO
6 PROCESS MICROFIT APPLICATIONS AS AT MAY 2010,
7 SEPTEMBER 2010, NOVEMBER 2010, FEBRUARY 2011 AND AS
8 CLOSE TO TODAY'S DATE AS POSSIBLE; AND PROVIDE A
9 DESCRIPTION, WITHIN THE TIMELINE WHEN AUTOMATION WAS
10 ADDED, AND WHAT IMPACT HYDRO ONE PERCEIVES IT TO HAVE
11 HAD ON REQUIREMENTS FOR INCREASED STAFFING COUNTS.

12 MS. SEBALJ: And can you just tell me, sort of more
13 descriptively, have staffing counts changed over time?

14 MR. D'ARCEY: Yes, they have. I would also note that
15 you have to factor in also automation, too, as well, so
16 where we had manual processes and people doing work, we
17 also automated processes, as well, which reduced that.

18 So we have to be careful. When you look at the
19 numbers, you have to factor in timelines associated with
20 providing automation of certain functionality, too, as
21 well.

22 MS. SEBALJ: Could you then add that to the
23 undertaking? Could you provide either a description, or
24 within the timeline when automation was added, and what
25 impact Hydro One perceives it to have had on requirements
26 for increased staffing counts?

27 MR. D'ARCEY: Yes, we can.

28 MS. SEBALJ: So at page 4 of your evidence, you talk

1 about the high volumes of applications naturally involving
2 staffing and other resourcing actions, the use of overtime,
3 hiring, redeployment of staff, training, shifting work
4 among groups and other measures.

5 So I am wondering if you can provide a summary and
6 progression over the last 12 months of -- we call it over-
7 allocation, but essentially it's overtime for staff
8 assigned?

9 MR. D'ARCEY: As it relates to processing the
10 applications?

11 MS. SEBALJ: Sorry, definitely as it relates to
12 processing microFIT applications.

13 MS. KINGSLEY: Just generally over the last 12 months?

14 MS. SEBALJ: Over the last 12 months. I am assuming
15 you have overtime banks that you can just tap into and
16 provide us with a look at whether overtime has increased or
17 decreased over the last 12 months. Sorry, you are asking
18 me how many data points we want. Say monthly?

19 MS. KINGSLEY: I can speak generally to it, and if
20 that's not specific enough --

21 MS. SEBALJ: Sure.

22 MS. KINGSLEY: So when we began to receive the influx
23 of applications in the fall of 2010, we immediately began
24 to offer overtime to the business customer centre in order
25 to process the applications in a timely manner. That was
26 nights, weekends, and that continued on probably until the
27 spring of 2011, when we began to look to hire some
28 additional permanent resources within the business customer

1 centre, in order to reduce overtime and have the
2 flexibility to have some part-time and full-time staff and
3 flex staff up and down at that time.

4 Since then, I believe maybe there has been one
5 occurrence that we have had to actually employ overtime
6 within the business customer centre, because we have had
7 that flexibility now with the part-time staff to flex up to
8 full-time staff, if required.

9 MS. SEBALJ: Might it be helpful to add to the ever-
10 growing Undertaking J1.2? Because it seems that both
11 automation and overtime will change with new hires, so I
12 assume that overtime increases, and then there are new
13 hires and overtime probably decreases, so there is some
14 correlation between those two. So might it be useful to
15 provide also notes or numbers with respect to overtime,
16 along with staffing full-time equivalent increases, part-
17 time, and the automation that Mr. D'Arcey spoke of, all in
18 one chart or description?

19 MS. KINGSLEY: Regarding the overtime component within
20 the business customer centre, that function is performed by
21 our third-party contractor, Vertex, so I would have to be
22 able to determine whether -- how specific I can get with
23 the details that I would be able to provide.

24 MS. SEBALJ: Okay. So subject to that -- I mean, I am
25 assuming they will at least be able to give you ballpark
26 numbers. I am not asking for a breakdown by individual; I
27 am just asking, in general, basically a chart or graph or
28 something showing overtime hours going up or down.

1 And then similarly, I am also going to ask you --
2 because you referred to redeployments and relocation of
3 staff -- can you give me an idea of, over the past 12
4 months, how much relocation and redeployment has been used
5 in order to mitigate timelines?

6 MR. D'ARCEY: From a workforce perspective in the
7 field, we deploy both contract and hiring hall resources to
8 augment our -- so it may not necessarily be overtime; it
9 may be related back into the increase of resource
10 capability.

11 So I am struggling to try to answer your questions,
12 but we will provide you with information.

13 Can we demonstrate that we have increased our resource
14 capability across the organization from a field delivery
15 perspective? Yes, I can, but it may be a combination of
16 hiring hall capability, some contract in addition to that,
17 some overtime too, as well.

18 And again, you wanted specific -- but to get that
19 specific to microFIT connections may be a bit more
20 challenging.

21 MS. SEBALJ: I see what you are saying. I guess we
22 are just interested to know what overtime, since, you know,
23 the initial non-compliance has been done. So to the best
24 of your ability -- I understand that the hiring may not be
25 exclusively for microFIT, but to the best of your ability,
26 if you can tell us each of these things, the hiring, the
27 overtime, the redeployment.

28 MR. D'ARCEY: I think we can tell you a story of what

1 we have done with our resources to build capacity, which --

2 MS. SEBALJ: And to the extent you can attach numbers
3 to that story, that would be helpful.

4 MR. D'ARCEY: We will do that to the best of our
5 ability, yes.

6 MS. SEBALJ: Thanks.

7 Sorry, I just noticed that it's 11:05. This might be
8 a good time to take a break.

9 MS. CHAPLIN: All right. We will take the morning
10 break now, for 15 minutes.

11 --- Recess taken at 11:04 a.m.

12 --- On resuming at 11:31 a.m.

13 MS. CHAPLIN: Ms. Sebalj, are you ready to continue?

14 MS. SEBALJ: I think so. I don't know, Mr. Engelberg,
15 if you wanted to introduce this, but we have -- over the
16 break, a new version, a revised, updated version, of
17 table -- of the table on page 8 of the evidence was
18 provided. I don't know if you had anything further, or
19 should I just mark it?

20 MR. ENGELBERG: I don't have anything further. It can
21 be marked. I assume everybody here who wants one has one.

22 MS. SEBALJ: Yes, and if you don't, there are a few
23 copies here. And we will mark it as Exhibit K1.1.

24 MS. CHAPLIN: Thank you.

25 **EXHIBIT NO. K1.1: UPDATED VERSION OF TABLE FROM PAGE**
26 **8 OF HONI EVIDENCE.**

27 MS. SEBALJ: I also had some questions about the
28 process, and I do not think that I was clear in my

1 questions with respect to process. Mr. D'Arcey, you did
2 take us through what I had broken down into 11 steps, but
3 we haven't broken the process down into 6.2.6 versus 6.2.7;
4 so, in other words, before an offer is made, and then the
5 steps with respect to actually connecting.

6 I am wondering if someone from Hydro One could walk us
7 through those two separate processes and the steps that are
8 involved from Hydro One's perspective?

9 MS. KINGSLEY: For 6.2.6, the offer to connect, and
10 tell me if I am getting too detailed, but the customer
11 applies to Hydro One. We review their application for
12 completeness. If it is complete, then we would proceed to
13 review it for capacity.

14 If it was a parallel connection or if there is an
15 existing load connection at the premise, then we have
16 access to information such as their existing account
17 number, and we can run their application through the
18 screening tool, the capacity tool, rather quickly.

19 If it is a standalone and it's not quite clear, then
20 we do have to send it over to a different team to actually
21 map out where that project is and determine which station
22 or feeder they are connecting to prior to doing that
23 capacity process.

24 Once that is complete, if there is capacity, then we
25 then do an assessment on whether or not the existing
26 assets, such as the transformer, are appropriately rated to
27 accept the generation at that time. If they are
28 appropriately rated, then we would proceed forward to give

1 the customer an offer to connect.

2 If they are not appropriately rated, then we would
3 need to proceed to issue a package out to the field
4 business centre in order for the ADET, the area
5 distribution engineering technician, to actually assess the
6 project and perform the site assessment, and then that
7 would be sent back to the business customer centre to put
8 that package again together and provide the offer to
9 connect for the customer.

10 MS. SEBALJ: Okay.

11 MS. KINGSLEY: Now, for 6.2.7, that's triggered when
12 the customer actually has -- after they have received the
13 offer to connect. They then send it back into the business
14 customer centre, along with their payment and various other
15 pieces of information, like the EFT form, so that we know
16 where to pay them when they start the settlement, sign the
17 contract.

18 The BCC would then package that together, ensure that
19 it is complete and send it out to the field business
20 centre. The field business centre would then wait for the
21 ESA authorization before they would proceed forward to
22 connect the customer.

23 As stated in our evidence, at the beginning there was
24 some confusion in the field regarding this process. They
25 were following the load connection process, which require -
26 - when they were reporting compliance, which requires all
27 service conditions to be met, which would include a layout
28 to ensure the safety of the worker, trenching on behalf of

1 the -- on the customer's side, any other obligations, if a
2 line expansion is required, if a transformer or pole needs
3 to be upgraded prior to scheduling work and actually
4 connecting the customer.

5 MS. SEBALJ: And so Hydro One is applying for
6 exemptions to both of those sections, so I assume, then,
7 there is non-compliance associated with both 6.2.6 and
8 6.2.7.

9 And is there a -- do you have a breakdown or is there
10 more non-compliance with 6.2.6 versus 6.2.7? Is one
11 causing more problems than the other?

12 MS. KINGSLEY: I wouldn't say that one is causing more
13 problems than the other. There is probably some different
14 contributing factors on either side. There are a couple
15 items we are seeing that are similar.

16 In the site assessment, we may be ready to perform
17 that site assessment and contact the customer, but they are
18 not ready and they in fact want to bundle the work. Quite
19 a few of the contractors and aggregators want us to bundle
20 that work.

21 So in an effort to meet customers' expectations, we
22 will do that, which puts us outside the timeline in order
23 to meet their expectations. As well, that does occur in
24 6.2.7, is that we are ready to do that connection within
25 the five days, but, again, a contractor/aggregator may have
26 a couple different sites within the same area and they want
27 to be able to bundle that work, as well. That puts us
28 outside that five days.

1 Within the load connection requirements, it allows you
2 to negotiate a mutually-agreeable date with the customer.
3 We don't have that flexibility, so we are seeing that a
4 certain percentage of our non-compliance is a result of us
5 meeting customer expectations and having to bundle work.

6 MS. SEBALJ: And are you able to break that out in the
7 same way I asked previously about incomplete applications?
8 Are you able to break out non-compliance associated with
9 customer-driven issues versus non-compliance, strictly
10 speaking, from Hydro One's perspective?

11 MS. KINGSLEY: For the 6.2.7, the five-day, we do have
12 that data beginning in May of 2011. For 6.2.6, I don't
13 believe that we would have that specific data.

14 MS. SEBALJ: Can you provide it for 6.2.7?

15 MS. KINGSLEY: Yes.

16 MS. SEBALJ: And I will mark it as J1.3, and that is
17 to provide a break-out of non-compliance associated with
18 customer-driven issues versus non-compliance strictly on
19 the Hydro One side for 6.2.7 since May of 2011.

20 **UNDERTAKING NO. J1.3: TO PROVIDE A BREAK-OUT OF NON-**
21 **COMPLIANCE ASSOCIATED WITH CUSTOMER-DRIVEN ISSUES**
22 **VERSUS NON-COMPLIANCE STRICTLY ON THE HYDRO ONE SIDE**
23 **FOR 6.2.7 SINCE MAY OF 2011.**

24 MS. SEBALJ: Thank you. I also wondered if
25 Undertaking J1.2, which is the fairly large undertaking
26 with respect to staffing and relocation and overtime, is it
27 possible for you -- are there distinct teams working on
28 6.2.6- and 6.2.7-type activities?

1 MR. D'ARCEY: The simple answer to that is no.

2 MS. SEBALJ: So it's better to keep it bundled as an
3 answer than it is to break it out?

4 MR. D'ARCEY: Right. Because of the way the work
5 flows to the field and because they provide a number of
6 duties associated with it, it's more efficient for us to
7 take the work, and then dispatch it to meet those various
8 requirements.

9 MS. SEBALJ: Okay. So we will leave it as is, then.

10 And just a few more sort of follow-up questions before
11 I get to my main questions. There seems to be a bit of
12 confusion about the date upon which the OPA changed the
13 rules with respect to applicants having to come to the
14 distributor first.

15 I believe you said December --

16 MS. KINGSLEY: It's December 8th, 2010.

17 MS. SEBALJ: December 8th, 2010. And that's the date
18 that the rule changed?

19 MS. KINGSLEY: Right.

20 MS. SEBALJ: At what point did Hydro One know that
21 this rule was -- this rule change was about to happen?

22 MS. KINGSLEY: The OPA gave notice to all LDCs on
23 December 8th, 2010, and then they had a -- I don't know
24 what the -- a time period in which you could comment. I
25 don't know the exact date that they implemented the rule
26 change, but it was retroactive to December 8th.

27 MS. SEBALJ: I see. So that explains what we are
28 seeing on the website about February of 2011. So February

1 2011 is when the comment period ended, or whatever
2 happened, and it was still retroactive to December 8th?

3 MS. KINGSLEY: I believe so. It was the beginning of
4 February, but I don't have the exact date.

5 MS. SEBALJ: And we also talked about offers expiring
6 and the things that HONI does -- that Hydro One does when
7 an offer is expired. I just want to ask: Is it possible
8 for proponents extend an OPA conditional offer beyond the
9 expiry date?

10 MS. KINGSLEY: From my understanding, they can, and it
11 is open, I know, for those that applied to the OPA pre
12 December 8th. I am not certain of whether or not that is
13 available to post December 8th applications at the OPA.

14 MS. SEBALJ: And for those that you know it applies
15 to, you mentioned that your system basically just sort of
16 kicks them out upon the expiry date. Does Hydro One
17 provide them with any sort of information with respect to
18 being able to extend their offers?

19 MS. KINGSLEY: So there is two different offers; there
20 is the offers that we provide to the customer, and then the
21 conditional offer from the OPA. We generally don't advise
22 the customer about the different steps that they need to
23 take with the OPA.

24 However, I know that in some of our communications
25 when we advise the customer that they are capacity
26 constrained and we refuse their connection at this time, we
27 do indicate that if you had applied to the OPA pre-December
28 8th, that they do have the opportunity to contact the OPA

1 and extend their conditional offer.

2 MS. SEBALJ: Okay. Thanks.

3 Are you able to provide details and an update on the
4 average time involved in processing an application for a
5 connection? I understand that it seems that there are at
6 least some categories of application, certainly ones that
7 require a site visit and ones that don't. I don't know if
8 there are other categories that Hydro One uses, but is
9 there a way to provide us with some information about
10 average processing time?

11 MS. KINGSLEY: I just have to find it in my binder.
12 Just a second.

13 So we do have some timelines, some averages. So for
14 the time period from December 2010 to March 2011, the
15 average handle time for us to process an offer to connect
16 for a standard, typical parallel connection that did not
17 require a site assessment was 12 days at that time.

18 If it was a standard, typical parallel connection but
19 it still required a site assessment -- for example, if the
20 connection asset, the transformer required upgrading and it
21 required the site assessment -- it was approximately 34
22 days.

23 And then also for an offer to connect for a project
24 that was a standalone and required a site assessment, it
25 was approximately 46 days.

26 These are averages.

27 We have done that snapshot again from April until the
28 end of July 2011. For the first set of projects, which is

1 the typical parallel connection and no estimate is
2 required, we have been able to improve our handle time to
3 four days from the 12 days.

4 For the estimate that is still a parallel and requires
5 a site assessment, that really has remained unchanged; it
6 has gone down to 32 days.

7 And for a standalone project, it has reduced to 41
8 days.

9 MS. SEBALJ: Thanks.

10 And similarly, I am wondering if you have any updates
11 with respect to compliance by region, which is on page 14
12 of your evidence, where you have provided a map and there
13 is a table attached, which provides the processing for the
14 various zones.

15 MS. KINGSLEY: The table that's attached on page 14 is
16 just an indication of the volumes in every -- in the
17 different zones; it's not identifying compliance.

18 MS. SEBALJ: And are you aware if that's changed
19 materially since the filing?

20 MS. KINGSLEY: The volumes, regionally?

21 MS. SEBALJ: Yes.

22 MS. KINGSLEY: No. Zone 1 is still the area that is
23 receiving the majority of applications and connections.

24 MS. SEBALJ: And sorry, just so that I am clear, on
25 the average processing times you have provided, I assume
26 that's from time of application to time of connection; is
27 that...

28 MS. KINGSLEY: No, that is the for 6.2.6, for the

1 offer to connect.

2 MS. SEBALJ: Thank you.

3 At page 6 of your evidence, you talk about the
4 announcement of the CFIT program for commercial
5 aggregators, which I understand has not been launched; is
6 that correct?

7 MS. KINGSLEY: Correct.

8 MS. SEBALJ: Do you have any indication of whether or
9 when it will be?

10 MS. KINGSLEY: No.

11 MS. SEBALJ: And if it was to be announced, do you
12 have -- have you done assessment of what impact that would
13 have on the number of applications that you would be
14 receiving?

15 MS. KINGSLEY: We did back when CFIT was to be
16 launched at the end of March, but we have not done any
17 update.

18 MS. SEBALJ: Okay. And at the end of March, do you
19 recall what your assessment was?

20 MS. KINGSLEY: I don't recall.

21 MS. SEBALJ: Would you mind providing that information
22 by way of undertaking?

23 MS. KINGSLEY: We could.

24 MS. SEBALJ: Okay. So we will mark that as J1.4,
25 which is to provide Hydro One's assessment of the impact of
26 an announcement for CFIT launch on processing -- or, sorry,
27 on the number of applications it anticipates it would
28 receive.

1 **UNDERTAKING NO. J1.4: TO PROVIDE ASSESSMENT OF THE**
2 **IMPACT OF AN ANNOUNCEMENT FOR CFIT LAUNCH ON THE**
3 **NUMBER OF APPLICATIONS ANTICIPATED TO BE RECEIVED.**

4 MS. SEBALJ: I am just checking Exhibit K1.1 to see
5 whether the answer is there, but that's not sort of broken
6 down in a fine-tuned manner.

7 Do you know whether there was a spike in applications
8 in June, July and August? I suppose -- August is not over.
9 In June and July?

10 MS. KINGSLEY: Of 2011?

11 MS. SEBALJ: Yes.

12 MS. KINGSLEY: In June and July, we received between
13 1,400 and 1,600 applications in each month. So 1,600 in
14 June and 1,400 in July. That was still within, you know,
15 the average that we have been seeing, the 4- to 500. It
16 was just last week that we received another spike in
17 applications to the 668.

18 MS. SEBALJ: Okay. That was last week?

19 MS. KINGSLEY: Yes.

20 MS. SEBALJ: Do you know -- do you have any idea why
21 the spike?

22 MS. KINGSLEY: No. I have inquired within our
23 business customer centre. There was one aggregator that
24 sent in a bundle but it wasn't out of the ordinary, and we
25 don't have any appreciation for why there would be a spike.

26 It just goes to -- we do see this every once in a
27 while. We have seen it -- generally when we do see a
28 spike, there is an external reason for it, such as when the

1 OPA contacted customers back in February to advise them
2 that they should contact Hydro One and other utilities to
3 apply, to ensure that whether they're capacity-constrained
4 or not -- we did receive a spike then, but this seems to be
5 an anomaly at this time.

6 MS. SEBALJ: Your evidence spoke to the anticipated
7 subsiding of volumes of applications, and we have heard
8 today that you no longer think that the number of
9 applications will subside.

10 And I believe that the number of applications
11 subsiding was related to your ability to clear out the
12 backlog. I am wondering if you can give us an idea of what
13 your plan is for dealing with the backlog. I guess, first,
14 how big is the backlog? Is this the 502 we are seeing at
15 the bottom of this table? And what is the plan for dealing
16 with the backlog while continuing to process new
17 applications, which appear to be -- the volume of which
18 appear to be spiking?

19 MS. KINGSLEY: I mean, the plan is always to offer
20 overtime in order to process the applications, but at this
21 point those applications would be probably waiting for site
22 assessments. Also, that volume, the 502, also includes a
23 percentage where customers have not provided us with
24 complete information. There is a lot of dependencies on
25 getting through that backlog, that are not just Hydro One-
26 related.

27 MS. SEBALJ: I guess to the extent that they are Hydro
28 One -- for instance, if some of them are waiting for site

1 visits, can you explain what that means? Is that a Hydro
2 One dependency or a customer dependency?

3 MS. KINGSLEY: It could be both. We would try and
4 schedule the site assessment within five days of the field
5 receiving the request. There is other priority work, such
6 as power restoration, that could potentially impact our
7 ability to do that site assessment, as we would prioritize
8 power restoration over performing that site assessment.

9 As I mentioned, there are instances where the customer
10 prefers for us to wait to perform the site assessment so
11 that they can bundle the work.

12 MS. SEBALJ: Can someone explain how it's anticipated
13 that the alternate timelines in 7.2.1 and 7.2.3 of the
14 Distribution System Code, which is what's proposed by Hydro
15 One, will help with the backlog and still allow Hydro One
16 to remain in compliance?

17 MR. D'ARCEY: I would say that the differences are
18 that if you look at 7.2.1, basically that is the process in
19 which we use today for load connections. It puts
20 everything on a parallel with load connections.

21 We negotiate, then, with the customer a mutually-
22 agreeable date, and, therefore, all of the logistical
23 things that we have been talking about here today, which
24 seem to complicate our ability to meet the customers'
25 expectations, would then be aligned.

26 So I think it gives us -- it's a process of which we
27 are deeply familiar with. It gives us an opportunity to
28 work with the customer to meet a date and a time frame that

1 aligns with their needs and requirements and address all of
2 the logistical requirements that are required.

3 And as you note on through, we are 95 percent plus
4 compliant with that requirement over the years.

5 MS. SEBALJ: But I understand from what I heard
6 earlier that the intention is to become compliant with
7 6.2.6 and 6.2.7 over time?

8 MR. D'ARCEY: We have heard what the OEB has asked of
9 us. We continue to try to refine our processes to try to
10 meet those requirements. As we have mentioned, we have
11 automated certain components of it. We have added
12 resources where required.

13 But as Ms. Kingsley has pointed out in through that,
14 some of these do relate back to customers' expectations
15 that are beyond our control. I would think it would be
16 agreed that meeting metrics or meeting a customer's
17 expectations, that the customer expectation should be the
18 one that sets precedent.

19 But, again, we are doing our best to try to understand
20 what was really expected of us and look to see if we can
21 advance that going forward. It's significantly
22 challenging, but I think at the same time the benefits to
23 this is improving overall processes, which also advantage
24 our load customers, too, as well.

25 The interesting thing is you have a difference if you
26 want to prioritize, is the generation customers would have
27 a priority over a load customer because of the way that the
28 metrics have been configured, and I don't necessarily think

1 that that's always the intent, but that is what is created.

2 MS. SEBALJ: Right. But I guess what I am trying to
3 ascertain is whether the intention is to use 7.2.1 and
4 7.2.3 to get into compliance with 6.2.6 and 6.2.7 or
5 whether there is an intention to do something different in
6 the long-term, because what I heard this morning is that
7 the intention is to come into compliance with the sections
8 that apply to these applications?

9 But what I think I am hearing is that you have done
10 what -- you have staffed up and you have done a whole bunch
11 of things, and you still are not compliant. And so I am
12 interested to hear what is going to happen over the next
13 six months if the Board was inclined to grant the exemption
14 that would allow things to go smoothly from that point on.

15 MR. HUBERT: It is correct that it is our intent to
16 come into compliance within six months with both
17 requirements, 6.2.6 and 6.2.7. I think you have identified
18 an issue that is related to 6.2.7, in particular, and that
19 is the structure of the metric is a little more problematic
20 for us. And it's not just a matter of resourcing.

21 The reason we have asked for the six-month period is,
22 as we indicated earlier, there was some confusion in our
23 field forces about how to apply the correct metric to
24 generation connections. So because of the fact that the
25 load connection metric was well entrenched in the company,
26 a lot of the field processes were centred around meeting
27 that requirement.

28 So before we go any further, I think Hydro One would

1 like to communicate to the field more clearly what the
2 requirement is in the code, which we have done, and see how
3 close we can come to compliance with the existing metric.

4 Now, I think there is unfortunately the possibility
5 that the circumstances will never allow us to achieve
6 100 percent compliance, but it's premature at this time to
7 make that decision. I hope that helped you a little.

8 MS. SEBALJ: That is helpful. Thank you.

9 Hydro One's letter to the Board of August 5th
10 indicates that it is seeking that the six-month exemption
11 begin on the date of the Board's decision in this matter;
12 is that correct?

13 MR. HUBERT: Yes, it is.

14 MS. SEBALJ: Is this not effectively a 10-month
15 exemption if we are looking at the time from the time of
16 application to -- if we estimate a decision time of end of
17 August, or something along those lines?

18 MR. HUBERT: It does add an additional period. I
19 guess we do not have an official exemption in our hands
20 right now, but it does extend the non-compliance. That's
21 correct.

22 MS. SEBALJ: And what has been done, from the date of
23 filing of the application to today's date, which gives this
24 Board the confidence that a further six months is going to
25 be beneficial and result in a greater level of compliance?

26 MR. HUBERT: Many of the processes that my colleagues
27 spoke to earlier continue to be refined over the period and
28 have been refined since April. In particular, 6.2.7, that

1 area of non-compliance has been addressed very rigorously,
2 because it was discovered a little more recently.

3 So we can give -- perhaps one of my colleagues can
4 elaborate, but we have continued to press on towards non-
5 compliance since applying for the application for the
6 exemption.

7 And the six-month period was really contemplated when
8 we looked at the Board processing timelines for a typical
9 application. We expected that we would be into late 2011,
10 early 2012 before we can say we have achieved compliance or
11 made our best efforts to do so.

12 MS. SEBALJ: When I look at Exhibit K1.1, which is the
13 revision to the table in the evidence, and I see that it's
14 502 non-compliant applications over 15,630 total, would --
15 by my math, which is fairly -- this is fairly rudimentary
16 math. I think the table in the evidence was a 3.6 percent
17 non-compliance and this amounts to about a 3.2 percent non-
18 compliance.

19 If the Board were inclined to grant an exemption, I am
20 just trying to determine, along the lines of what Mr.
21 Stephenson was asking you, what sort of conditions would
22 apply to that, and would Hydro One be amenable to the
23 setting of targets, monthly or otherwise, with respect to
24 reduced numbers of non-compliant applications over time, or
25 you can offer something else up, but some way of making
26 sure that we don't get to the end of six months and realize
27 we are in exactly the same position or worse?

28 MR. HUBERT: I am concerned with the setting of

1 targets, because I think that does get us back into the
2 very root of the question that puts us before the Board
3 today.

4 So I think targets, Hydro One intentionally said we
5 would make our commercially reasonable efforts during the
6 six-month period. But for 6.2.6, I think perhaps
7 monitoring, reporting, trying to assure the Board and
8 customers of the efforts and the progress we are making
9 would certainly be appropriate.

10 Short of that, the setting of targets when we have a
11 volatile incoming volume, an unknown incoming volume, of
12 applications and customer demands that really are not in
13 Hydro One's control is going to be a challenge, in my
14 opinion.

15 MS. CHAPLIN: Sorry, I am just going to interrupt for
16 a minute. I have a question of clarification, and I will
17 use K1.1. That's the table.

18 We have been speaking about the 502 which are
19 outstanding. Of the 14,612 offers to connect or reasons
20 for refusal that have been issued, do you have the data
21 with you as to -- I mean, were all of those done within the
22 timelines stipulated in 6.2.6, or some of those were done
23 outside the timeline, but they have now been done?

24 MR. HUBERT: That is correct. These are snapshots in
25 time, so the 502 is a snapshot of non-compliance at this
26 time. But you are correct there has been -- a portion of
27 that total has been non-compliant in its issuing of the
28 offer to connect or refusal.

1 MS. CHAPLIN: Do you have a number or an estimate or a
2 ballpark percentage example of that 14,000?

3 MR. HUBERT: I believe I have an estimate, if you
4 would indulge me for a moment.

5 MS. CHAPLIN: Certainly.

6 MR. HUBERT: It appears that to -- again, looking at
7 our July 29th data set, the number of applications not
8 issued within the prescribed timeline in total would have
9 been 4,767.

10 MS. CHAPLIN: And does that include the 502, or you
11 are saying of the --

12 MR. HUBERT: Pardon me. I misspoke.

13 Issued late applications, 4,265, and the ones that
14 were not issued and are still outside a timeline are the
15 additional 502 at this moment.

16 MS. CHAPLIN: Okay. So just so I am clear, the 4,265,
17 that's a subset of the 14,612?

18 MR. HUBERT: I'm sorry? Pardon me?

19 MS. CHAPLIN: The 4,265, those are ones that have been
20 issued, or refusal reasons that have been issued that were
21 outside the timeline. So I am correct that the 4,265 is,
22 in a sense, sort of a subset of the 14,612? Is that the
23 column that you are referring to?

24 MS. KINGSLEY: Yes.

25 MS. CHAPLIN: Okay. Thanks.

26 MS. HARE: Can I just ask, since we are on that table,
27 do you have any sense for -- because you have spoken at
28 length about delay because of customer choice to delay. Do

1 you have any sense for how many of those 4,265 are because
2 they were late, because of either incomplete applications
3 or customer choice to delay?

4 MR. HUBERT: I do not, and I don't know if one of my
5 colleagues may or may not.

6 MS. KINGSLEY: I am not certain. We have an
7 approximate for the snapshot, the 502, but I am not certain
8 that we have the details of the 4,265, how many at that
9 time, at any one time, would have been a result of
10 incomplete application.

11 MS. HARE: Or a customer choice to delay?

12 MS. KINGSLEY: Right.

13 MS. SEBALJ: All right. I am going to move off a
14 little bit to remediation plans or mitigation measures or -
15 - there are a couple of different terms used in the
16 evidence. And specifically I am referring to pages 9 to 11
17 in the evidence, which describe specific measures taken by
18 Hydro One regarding their obligations in section 6.2.6.
19 And then at page 17, there is a statement about:

20 "Hydro One has recently implemented remediation
21 plans, which involve process changes and a
22 screening tool to more expeditiously assess those
23 connections that can be accommodated at this
24 time."

25 The first question is just one of clarification. So
26 there are these different places in the evidence where you
27 have referred to mediation plans and mitigation measures.
28 They seem to largely overlap, but I want to make sure that

1 we are aware of all of the measures that have been taken.
2 So if you can just help me to understand.

3 On pages 9 through 11, you talk about implementation
4 of screening in an effort to connect generation, you talk
5 about approach to failed projects, finding a solution,
6 customer communications and work program management. But
7 there also is a section earlier in the evidence at page 4,
8 which is called "Mitigating Measures," which talks about
9 resourcing. Again, you talk about screening, executive
10 management oversight and customer communications.

11 So can you just give us a comprehensive list of the
12 categories of activities that Hydro One has undertaken to
13 address non-compliance with timelines, and if they are
14 specific to either 6.2.6 or 6.2.7, indicate that?

15 MR. HUBERT: I can begin at a high level.

16 The mitigation measures that are listed on page 4 of
17 our application are intended to represent the common
18 measures that apply to both sections of the code.

19 So just for the completion of the record, resourcing,
20 the screening tool, the executive and management oversight
21 and customer communication efforts both contributed -- all
22 those contributed to both 6.2.6 and 6.2.7.

23 Now, the screening tool is explicitly mentioned here
24 because it has an indirect impact on 6.2.7, but again, when
25 we go to the next section of evidence, when we discuss the
26 two individual sections of the code and our compliance
27 measures, for 6.2.6 we elaborate on the implementation of
28 the screening. And the mitigation measure that was taken

1 here really was to try to automate the process so that we
2 would be able to identify any capacity constraints
3 automatically and much more quickly than using a manual
4 technique.

5 The approach to failed projects, finding a solution,
6 that is really an attempt during the application processing
7 period to take the additional time to automate any
8 identification of asset requirements that need to be
9 mitigated and addressed to enable a connection. So rather
10 than sending a note to a customer to meet the deadline, our
11 approach was we would like to find a way to get to "yes"
12 but do it more quickly. So the -- finding a solution notes
13 here some of the measures we have taken.

14 Customer communication, including informing customers
15 who are waiting for either an offer or -- of course not
16 waiting for a refusal, but who may receive one, at least
17 enabling those customers to know that Hydro One is working
18 on their application and therefore communicating to the
19 customers that the application is still being processed.
20 We have done that both through letter-writing and
21 responding to customer inquiries.

22 And work program management is some of the measures
23 that Ms. Kingsley mentioned in -- particularly in the
24 business customer centre.

25 And finally in 6.2.7, on page 15 of our evidence, we
26 mention work program management and priorities, and this is
27 related to the obligation to connect the customer within
28 five days. And here, our efforts are almost entirely

1 centred on the field forces, which Mr. D'Arcey explained
2 earlier, and this entails explaining to our field forces
3 what exactly is required by the code for us to be
4 compliant, and prioritizing generation connections in a
5 manner that is consistent with what the Board intended in
6 this metric, which in some cases does drive us to put
7 generation connections right after load restoration as a
8 very high priority.

9 MS. SEBALJ: That's helpful. Thank you.

10 Do you have -- can you provide me with when each of
11 these measures was implemented?

12 MR. HUBERT: My first response would be that these
13 would have been continual and still ongoing efforts, so I
14 don't know if we have actually a threshold date when
15 anything was initiated.

16 MS. SEBALJ: Are there any that are more recent than
17 others? I know you mentioned, Mr. Hubert, the
18 communication with field -- the work program management and
19 priorities. Is that not relatively recent as compared to
20 the other measures?

21 MR. HUBERT: I believe we could probably at least
22 estimate the time when communication to the field went out
23 on 6.2.7, clarifying what the code requires. So it may not
24 be a specific day, but certainly it would be a specific
25 period.

26 The screening tool was definitely implemented over a
27 precise period of time, so we could provide the actual date
28 of the screening tool development.

1 And the third one I could think of is letters to
2 customers. There were obviously specific dates when
3 letters explaining the delay were sent to customers.

4 MS. SEBALJ: I guess I am not interested in when the
5 letters were sent, but just when Hydro One took the
6 initiative to change its process to send letters.
7 Obviously a decision was taken at some point for each of
8 these, to say: Okay. We need this in place. And whenever
9 that decision was taken and it was implemented.

10 Are you able to --

11 MR. HUBERT: I believe we could have that.

12 MR. D'ARCEY: I believe we have already addressed your
13 requirements around the resourcing, which we have said we
14 would provide you those dates.

15 MS. SEBALJ: Yes, thank you. So that will be
16 Undertaking J1.5.

17 **UNDERTAKING NO. J1.5: TO PROVIDE DATES THAT EACH OF**
18 **THE FOLLOWING MITIGATION MEASURES WERE IMPLEMENTED:**
19 **SCREENING TOOL, CUSTOMER COMMUNICATION, WORK PROGRAM**
20 **MANAGEMENT AND PRIORITIES**

21 MR. HUBERT: Sorry, just to clarify, those were the
22 three instances that I had mentioned earlier.

23 MS. SEBALJ: Screening, customer communications, and
24 work program management and priorities.

25 Are you measuring whether or not these processes are
26 working?

27 MR. D'ARCEY: Yes.

28 MS. SEBALJ: And do you have any evidence of how they

1 are working or whether they are effective?

2 MR. D'ARCEY: It would go back to the measures that
3 Ms. Kingsley just quoted before. We are seeing some
4 incremental benefits associated within a number of these
5 areas.

6 MS. SEBALJ: Okay. So you are measuring it as average
7 number of days to process an application?

8 MR. D'ARCEY: Yes. Absolutely.

9 MR. HUBERT: Sorry, Ms. Sebalj. If I may add, in
10 addition to the handle times, we are also, of course,
11 monitoring our compliance, so some of the numbers we
12 presented earlier as evidence in terms of the compliance
13 levels for 6.27 and 6.2.6.

14 MS. SEBALJ: Right. Thank you.

15 I just want to talk about the screening tool. Did
16 Hydro One intend that the screening tool would shorten
17 timelines and, therefore, increase compliance with 6.2.6 of
18 the DSC?

19 MR. D'ARCEY: Yes.

20 MS. SEBALJ: And has that proven to be the case?

21 MR. D'ARCEY: Yes, it has.

22 MS. KINGSLEY: I think you can see that the average
23 handle time I quoted for a parallel connection that does
24 not require a site assessment has gone from 12 to four
25 days. That's attributed to both automating the screening
26 tool, as well as the additional resources within the
27 business customer centre.

28 MS. SEBALJ: And have the number of refusals increased

1 as a result of the implementation of the screening tool?

2 MS. KINGSLEY: Refusals have remained the same whether
3 the intervening tool was manual or automated.

4 MS. SEBALJ: And does the screening tool provide Hydro
5 One with the ability to tell connection -- potential
6 connection customers when they may ultimately connect, if
7 there is no ability to connect immediately?

8 MS. KINGSLEY: No.

9 MS. SEBALJ: And when Hydro One, as a result of the
10 implementation of the screening tool, identifies that a
11 project is -- will not be given an offer to connect, it
12 goes into -- I assume it goes into the 'failed projects
13 trying to find a solution' bucket. And is the customer
14 made aware of that, that they have now been put into a
15 different bucket, or are they just given a refusal?

16 MR. HUBERT: The customer is given a refusal with an
17 explanation that there is a tool that they can use on the
18 internet to actually assess what the ability to reconnect
19 is, and we do re-screen, but officially the code does not
20 actually hold a queue. So there is no allowance for a
21 queue to reassess, and the customer is told to reapply.

22 MS. SEBALJ: Fair enough. That's fair. Has Hydro One
23 considered any other mitigation measures and either
24 considered and dismissed them, or considered and you are
25 thinking about implementing?

26 MR. D'ARCEY: I think we are constantly looking at the
27 overall process and looking at opportunities to improve. I
28 would say even as a result of this hearing, we have heard

1 there is opportunity for us to lighten up our dates
2 associated with how we then stamp the timeline for
3 incomplete applications, and that's one opportunity for
4 improvement right there.

5 MS. SEBALJ: I wouldn't take Board Staff as gospel as
6 to what you can and can't do, but -- our power is limited.

7 So there are no other strategies that have been on the
8 table and, for some reason, a decision was taken not to
9 implement?

10 MS. KINGSLEY: I personally can't think of any. We do
11 have other strategies on the table at this time to improve
12 the process and streamline and automate. They haven't been
13 fully developed. So they could potentially be options that
14 we may not proceed with, depending on whether or not there
15 was a cost benefit, for example.

16 MS. SEBALJ: In terms of customer communications, some
17 intervenors have indicated that they have had more positive
18 experiences with other utilities, even when those other
19 utilities weren't able to meet the Distribution System Code
20 timelines.

21 Can you just be a bit more specific about what the
22 change either has been or will be with respect to
23 customer -- I understand that the timing of the customer
24 communications seems to be changed, but can you just give
25 me more detail about that?

26 MS. KINGSLEY: I am not quite sure what you are
27 asking. Can you clarify?

28 MS. SEBALJ: I guess it seems - and I am only gleaning

1 from the other evidence that I read, other affidavits -
2 that other utilities seems to be in more constant
3 communications with their customers, and their customers
4 seem to have a better idea of where their application is
5 going, even if the application is ultimately refused.

6 And I am wondering if there is any effort on Hydro
7 One's part to change how it manages customer communications
8 in light of that.

9 MS. KINGSLEY: Well, we are continually trying to
10 improve our communications with our customer. As Mr.
11 Hubert mentioned, with have implemented a process where we
12 do notify the customer if there is delays in processing
13 their application. So that has been one change.

14 As far as status of their application, we do receive
15 e-mails and calls from customers and provide them with
16 status updates on where their application is within that
17 timeline. I don't have any -- unless you have something
18 specific, I am not aware of really any issues with the
19 calls that have come into the business customer centre and
20 not being able to provide the customer with updates on the
21 status as to whether it was in progress or it's with the
22 field site assessments being completed.

23 MS. SEBALJ: No, I have nothing more specific. Others
24 might.

25 We have spoken about the potential of having
26 conditions with respect to reporting, and we have spoken
27 about the potential for conditions with respect to targets.

28 I am wondering now -- the panel agreed that monthly

1 reports would make sense. Is it possible, if the Board
2 were inclined to grant the exemption, to have a specific
3 plan in place with respect to alleviating non-compliance
4 with both 6.2.6 and 6.2.7 as a condition?

5 MR. HUBERT: For my experience with managing
6 compliance in general, I don't think it's unreasonable to
7 request an applicant for a compliance plan. I would hope
8 that the Board would see fit to recognize some of the
9 volatility and unpredictability that we have mentioned, and
10 the fact that the industry is still in learning mode, when
11 looking at such a plan. But I think a request for a
12 compliance plan is not unreasonable.

13 MS. SEBALJ: Hydro One states at page 13 that:

14 "...for efficient management of work programs
15 during times of high work volumes, a 100%
16 compliance target is too onerous."

17 And you also state at page 16 that:

18 "A 90% target, for example, would also allow
19 flexibility in cases of unforeseen or emergent
20 circumstances, such as diversion of crews to
21 storm restoration."

22 It was mentioned earlier a storm restoration. I am
23 wondering what the overlap is between employees involved in
24 microFIT connection requests and employees involved in
25 storm restoration.

26 MR. D'ARCEY: From a field perspective -- well, I will
27 take it right from a call centre perspective. Basically,
28 if you are in a major storm situation, your phone lines

1 will be swamped with outage requests associated with it.
2 So our ability to handle calls can sometimes be
3 overwhelmed, it all hands on deck, from a call perspective,
4 to handle all those calls.

5 Then as that work then migrates out into the field,
6 again, in a major storm, the area distribution engineering
7 techs we talked about, they would be doing the bird dogging
8 associated with determining what the damage was, what the
9 requirements were. Our line maintainers are then out doing
10 the restoration efforts through that to restore the power
11 to individuals.

12 So from that perspective, our job, our priority number
13 one, is the safety and restoration of those assets, and
14 sometimes that can take four, five and six days to restore
15 a major storm.

16 MS. SEBALJ: And is the overlap virtually 100 percent
17 all hands on deck?

18 MR. D'ARCEY: We will deploy resources from across the
19 province, and in extreme cases we actually pull in
20 resources from any LDC that may be available to provide
21 assistance or contract staff, too, as well, yes.

22 MS. SEBALJ: Are there other examples of unforeseen or
23 emergent circumstances, other than storm events, that would
24 take microFIT -- employees working on microFIT applications
25 away from their work?

26 MR. D'ARCEY: I would say that that would be -- the
27 storms would be the major contributor to that. I can't
28 think of anything offhand. We would have other situations

1 perhaps with equipment failure which may divert resources
2 to restoration that may not be storm related, but that
3 would be the other example.

4 MS. SEBALJ: And this may be an impossible question to
5 answer, but how often does this happen? Is it a weekly,
6 monthly -- does it happen very often since the microFIT
7 program was launched?

8 MR. D'ARCEY: The problem is there is no
9 predictability with storms. I can tell you that in through
10 the 2011 season, based on what our projections were, we
11 have far exceeded our budgeted amount for storms in 2011,
12 by about -- I would say about 50 percent from where we had
13 projected earlier.

14 So this has been -- compared to previous years, we
15 have seen more intense storms in 2011, and fires.

16 MS. SEBALJ: And is -- I assume, then, that if there
17 is -- there could be a significant impact on your ability
18 to meet Distribution System Code timelines. You may be on
19 track, and then for four days no one can work on these
20 things?

21 MR. D'ARCEY: That would be true, yes.

22 MS. SEBALJ: So all of those applications go into non-
23 compliance that were on the verge of being --

24 MR. D'ARCEY: As well as other demand work, too, as
25 well. So we also have other load connection requirements
26 too, and so we go back out and we have to also work the
27 necessary overtime to recover from the absence in providing
28 resources to those projects.

1 MS. SEBALJ: Can you explain why a hundred percent
2 compliance target is too onerous, and specifically how that
3 meshes with the earlier statement that Hydro One was going
4 to attempt to come into compliance within the exemption
5 period, if it is granted, with the sections of the code?

6 MR. HUBERT: The 100 percent compliance target, we
7 believe, is too onerous because it is exclusive in
8 basically directing the customer to put all hands on deck
9 on distributed generation, and microFIT connections, in
10 this case. And it is -- ultimately it competes with some
11 of the events Mr. D'Arcey responded to.

12 So in the extreme, we would make effort to -- and
13 would really, truly, be a best effort to connect microFIT
14 generation to the exclusion of any other activities.

15 So we believe that it's not unachievable, but it's
16 probably not pragmatically achievable.

17 In terms of -- I think we keep returning to the same
18 issue, is if it is so difficult, how does Hydro One intend
19 to manage through the six months. And I think ultimately
20 we may very well find out that this is something that is
21 unsustainable, that the measure is, in fact, incompatible
22 with running other distribution activities, and we may need
23 to -- one thing that was mentioned in our application was a
24 possibility of code amendment should the Board see fit to
25 explore such an amendment.

26 That would be one possibility, but of course that is
27 not for us to speculate on.

28 MS. SEBALJ: On -- Hydro One provides a list of

1 service conditions; it starts at the bottom of page 15 of
2 your evidence and continues on page 16.

3 The way Board Staff reads it, most of these service
4 conditions are the micro-embedded generators'
5 responsibility; is that correct?

6 MR. HUBERT: I believe that there is a mixed
7 obligation there. Some of it is customer's obligation;
8 some of them are Hydro One obligations.

9 So we attempted to identify which ones fall into which
10 category.

11 MS. SEBALJ: So if the Board were to make these
12 service conditions a requirement, would Hydro One amend its
13 internal processes to ensure that the generator proponents
14 are aware early in the process of their requirements in
15 this respect?

16 MR. D'ARCEY: Yes, we would.

17 MR. HUBERT: Just to be clear, I believe in most cases
18 customers are aware of their obligations. So it's not that
19 they are not aware of the work that has to be done to make
20 a connection. They are, however, still expecting the
21 company to be able to connect within five days, not
22 recognizing those obligations have not been met in some
23 cases.

24 And I don't think it's fair to expect customers
25 necessarily to know how the performance metric meshes with
26 the actual field work that has to be done, and that's an
27 opportunity for us to communicate that to customers.

28 MS. SEBALJ: I am wondering if, in the same way that

1 you have described at pages 1 and 2 of your evidence the
2 existing process for the processing of applications, how
3 you see -- if the Board were to agree to Hydro One using
4 section 7.2.1 and 7.2.3, what you see the process would be
5 for the processing of microFIT applications -- sorry, for
6 the connection of microFIT applications, both.

7 MR. HUBERT: So just to clarify your question, you are
8 asking what specific steps would be needed to be met in
9 order to connect within five days of those service
10 conditions met?

11 MS. SEBALJ: Yes.

12 MR. D'ARCEY: The process, I think, is always -- is
13 already well established with our load connection process,
14 so I don't think there is any additional steps for us to
15 take in order to get --

16 MS. SEBALJ: So if I am a microFIT applicant, how am I
17 treated differently than I am treated now, if 7.2.1 and
18 7.2.3 are in place?

19 MR. D'ARCEY: We would then negotiate with the
20 customer a mutually agreeable date for that connection.

21 MS. SEBALJ: And so is this Hydro One saying: We are
22 not going to be able to do it in "X" date, therefore we
23 think this date? Or is this a customer saying: I am okay
24 with any time? Or how does that interaction happen?

25 MR. D'ARCEY: The interaction goes back into when,
26 once you have completed the site assessment in through
27 that, both parties are then made aware of what are the
28 requirements associated that need to be met to accomplish

1 that, and then setting up with the customer what an
2 mutually agreeable date for connection is, related to those
3 specific requirements.

4 MS. SEBALJ: And how does a customer, particularly a
5 microFIT customer, know what's reasonable? I mean, what I
6 am getting at is this is a bit of an imbalanced
7 relationship, and so how does a customer know that 30 days
8 versus 45 days versus 60 days is a reasonable amount of
9 time to wait? And are you considering a maximum upper
10 limit on how long it will take for -- or a maximum limit on
11 an agreed-upon date?

12 MS. KINGSLEY: Just to clarify, when the customer has
13 paid and we issued the package out to the field, in order
14 to perform the connection, upon receipt of ESA, then we do
15 contact the customer and we would confirm whether all the
16 obligations have been met, and if not, then advise them of
17 the remaining obligation that are outstanding.

18 If all obligations have been met, then our target is
19 always to connect within the five days.

20 Now, we have seen instances where the customer is not
21 prepared, that they do want to bundle work and they want us
22 to connect outside those five days because they have more
23 than one connection that is occurring in the area, and so
24 we are waiting for the remaining packages of work to be
25 submitted in order to bundle that work.

26 MR. HUBERT: If I may add, from a code perspective,
27 the wording in section 7.2.1 is that it has to -- the
28 connection has to be completed within five days of all

1 those conditions being met, or at a later date as agreed to
2 by the customer.

3 So if the company is unable to -- in your question --
4 reach an agreement with the customer, I suppose we have no
5 option but to go for the five-day requirement.

6 But we believe that there are many cases where the
7 customer would actually maybe even prefer and certainly be
8 willing to accommodate a date other than the five days,
9 that is longer. And I think we have seen some examples of
10 that.

11 MS. CHAPLIN: If we look at the list of the service
12 conditions on page -- the bottom of page 15 and page 16, am
13 I understanding correctly that the gist of it is that all
14 of these activities, in the case of load connections, have
15 to be done before the five-day clock starts, but that in
16 the case of the micro-embedded generation connections, they
17 are -- the five days are starting before these are done?

18 MR. D'ARCEY: That is correct, yes.

19 MR. HUBERT: That is correct.

20 MS. CHAPLIN: Thank you.

21 MS. SEBALJ: Moving on to a different topic, you had
22 indicated previously that there weren't other possible
23 remedies that you would consider to address the DSC
24 timelines. I am wondering if you are aware that Hydro
25 Ottawa currently collects the connection fee upfront from
26 the generator proponent in accordance with its conditions
27 of service?

28 MS. KINGSLEY: No.

1 MS. SEBALJ: No. Has Hydro One ever considered
2 collecting a refundable collection fee or charge from the
3 proponents upfront in the process?

4 MS. KINGSLEY: No, we haven't. But I think part of
5 the challenge with doing that is, right now, the code
6 stipulates that we give the customer an offer to connect,
7 and it's a free offer to connect.

8 But we are not seeing a one-to-one ratio of customers
9 that request an offer to connect and determine whether or
10 not there is available capacity with those that actually
11 proceed forward to connect.

12 So we do have a certain percentage of customers that
13 we provide an offer that do not move forward. So to
14 implement that process would mean that we would be applying
15 a standard fee, a refundable, I guess, amount when they
16 applied. We would then have to provide them with the
17 estimate and I guess do a true-up at some point, and they
18 may not be proceeding forward.

19 MS. SEBALJ: I would assume that that's sort of the
20 mischief that Hydro One is trying to avoid, is to have
21 time-consuming applications that don't proceed forward
22 potentially be dissuaded from applying upfront.

23 In other words, does Hydro One have any information
24 with respect to how many applications that it does give an
25 offer to connect that don't go forward and, therefore, are
26 taking up time for people who are legitimately wanting to
27 connect and going forward -- sorry, not to suggest that the
28 other ones are not legitimate, but, for whatever reason,

1 they don't go forward, and whether a deterrent, for lack of
2 a better word, of an upfront refundable payment would
3 assist with taking up that time?

4 MS. KINGSLEY: It can range anywhere from ten to as
5 high as 30 percent, we have seen, that projects do not move
6 forward. Also, in section 6.2.6, the last sentence, it
7 says a distributor shall not charge for the preparation of
8 the offer to connect, and that is the process that we are
9 following.

10 MS. SEBALJ: Yes. I mean, I don't want to get into
11 the compliance issues associated with the potential, but
12 the idea, I suppose, was that it would be -- not a charge
13 for the time, not an actual charge, but, rather, a
14 refundable fee for the costs that you would otherwise be
15 charging associated with the connection.

16 MR. HUBERT: If I may add, strategically, I think
17 because of Hydro One's commitment to encourage distributed
18 generation connections, we see those as disincentives.

19 So I think in the evidence, you have seen several
20 examples of where Hydro One actually does the opposite to
21 encourage generation connections.

22 So, for example, our offer, according to the code,
23 only needs to remain valid for 30 days. We leave it open
24 for 180 days. We do keep incomplete applications and work
25 with them on our desk until we can get the information we
26 need.

27 And, furthermore, I think the idea of pursuing this
28 payment upfront may actually add timelines, because it

1 would entail a refund administration, in many cases, where
2 generators do not connect. So I am not even sure it would
3 be a time saver. We may be into double jeopardy here.

4 MS. SEBALJ: Sorry, I am just eliminating a number of
5 questions here. I believe those are my questions with
6 respect to Hydro One's prefiled evidence.

7 I do have a couple of questions that I am wondering if
8 Hydro One could speak to with respect to some of the
9 intervenor evidence that Board Staff would like clarified.

10 The first is with respect to the affidavit of Wayne
11 McLellan, and I am wondering -- I assume you are generally
12 familiar with the affidavit, but you are most welcome to
13 pull it up.

14 I am wondering if you are able to explain what appears
15 to be somewhere in the range of 10 weeks to three months
16 between the time that Hydro One received the application of
17 Mr. McLellan until the time he received correspondence
18 indicating that there were, his words, "constraints".

19 Is that -- it may be application specific, and I have
20 no idea whether it's a standard typical parallel or a
21 standalone or some of the other technicalities that I have
22 heard today, but that does seem like a fairly lengthy
23 period of time.

24 Is there -- in preparation for this, were you able to
25 look into that individual case?

26 MS. KINGSLEY: During that time period, we had
27 received large influx of applications. I mentioned that it
28 was in the fall of 2010. That was also around the same

1 time that we changed our process and were in the process of
2 developing the capacity constraint or screening tool, and
3 we were manually calculating and determining whether or not
4 there was capacity at that time.

5 As well, for some of the projects where we knew the
6 answer would be a refusal, we did take our time to double
7 check, rescreen prior to issuing either the refusal letter
8 or an offer to connect to ensure that we had looked at
9 every opportunity in order to allow a project to go
10 forward.

11 MS. SEBALJ: And I gleaned from his affidavit that he
12 is continuing to wait. Has he been given an indication
13 from Hydro One that he should be continuing to wait, and is
14 this essentially the projects that have been refused, but
15 may at some point in the future be given an opportunity to
16 connect?

17 MS. KINGSLEY: I think one of us have mentioned
18 previously that we have implemented a process where when
19 projects do expire, we do rescreen existing capacity
20 constraint projects.

21 That is not within the code. The code specifies the
22 customer reapply, but in an effort to continue to enable as
23 much generation as possible, we have implemented that
24 process. And we do communicate that out to customers if
25 they are asking for a status update, as well.

26 MS. SEBALJ: I just have a few more questions with
27 respect to intervenor evidence.

28 In Mr. Ray's affidavit - and he is one of the

1 witnesses for Canadian Solar Industries Association - he
2 speaks to the fact that Hydro One is the only distributor
3 that employs a technical screening tool to review
4 connection requests for micro-embedded generation
5 facilities.

6 I am wondering if Hydro One can just provide an
7 explanation for why it is the only utility that employs
8 that tool. Is it simply a question of volume?

9 MR. D'ARCEY: I can't speak for the other LDCs. I do
10 know that we have an obligation to ensure our system is
11 operated safely and efficiently. As a result of that, and
12 with the influx of alternative generation being added to
13 the system - and this is not only microFITs, but other
14 projects, FIT projects, too, as well - we have an
15 obligation to determine that the system is being --
16 continues to operate in a safe and efficient manner.

17 Therefore, in order to assure ourselves that is being
18 done, and understanding there are safety implications
19 associated with not being able to properly manage that, we
20 have implemented a screening tool to ensure that we stay
21 within the capacity of what we think the system limitations
22 are.

23 MS. SEBALJ: Those are all Board Staff's questions.
24 Thank you very much.

25 MR. HUGHES: Madam Chair, I appreciate the timing. I
26 am in your hands. Given the very thorough cross done by
27 Board Staff counsel, I could be completed in about 10
28 minutes, if that was useful to the Board.

1 MS. CHAPLIN: I am sure that would suit you, Mr.
2 Hughes.

3 MR. HUGHES: It would, selfishly.

4 MS. CHAPLIN: That's fine, unless there is someone
5 else who -- I think that's fine. You go ahead, Mr. Hughes.

6 **CROSS-EXAMINATION BY MR. HUGHES:**

7 MR. HUGHES: Thank you very much. Thank you, Panel.

8 I represent the Canadian Manufacturers & Exporters,
9 and, as you may have noted from our request for intervenor
10 status, our primary concern was financial implications for
11 ratepayers of the application.

12 I did have two quick follow-up questions, just for
13 clarification, on some of the matters raised by Board Staff
14 counsel.

15 First, when you -- as I understood your answers, when
16 you filed your application in April of this year, you
17 anticipated that there would be obviously a time for the
18 Board to consider the application, and then you were asking
19 for an additional six-month period following the Board's
20 decision; is that correct?

21 MR. HUBERT: That is correct.

22 MR. HUGHES: And my understanding was that you had
23 anticipated it such that the timeline would be that the
24 exemption would last until early 2012; is that correct?

25 MR. HUBERT: Late 2011, early 2012; that's correct.

26 MR. HUGHES: As I understand it, if the Board were to
27 make its decision -- obviously the Board may take longer,
28 but if it were to issue a decision, for example, on

1 September 1st, you would be asking for six months, so
2 basically to March 1st, 2012; is that fair to say?

3 MR. HUBERT: That is correct.

4 MR. HUGHES: As I understand your application, you
5 would expect to come into compliance with 6.2.6 by March
6 1st, 2012.

7 MR. HUBERT: We would make efforts to come into
8 compliance. Absolutely, yes.

9 MR. HUGHES: I might, then, turn you to page 12 of
10 your application, if you have it handy.

11 MR. HUBERT: I do.

12 MR. HUGHES: The final paragraph, the last line, it
13 says:

14 "This time covered by the requested exemption
15 would also permit Hydro One to gain further
16 process efficiencies, and as volume subsides,
17 Hydro One expects to come into compliance within
18 six months."

19 Is that still true?

20 MR. HUBERT: It is generally true. I think the
21 expectation is based on our known mitigation.

22 So yes, I think we have raised already in Ms. Sebalj's
23 questions some elements of uncertainty regarding our
24 ability to come into compliance, and I do not want to
25 downplay them.

26 MR. HUGHES: No. And one of those would be, I think,
27 the assumption that volumes would subside, and I think Mr.
28 D'Arcey indicated that there may now, with the four months

1 between April and today, be some indication that there may
2 not be a significant decline in volumes; is that a fair
3 understanding?

4 MR. D'ARCEY: I think that's a fair assessment. I
5 think when we initially looked at it, we were talking
6 about, you know, the volume flowing to us from the OPA, and
7 we could see what that was. That seems to continue to
8 grow, and we still see peaks well into July and August here
9 now.

10 So that's our rationale for saying it doesn't look
11 like it's going to subside any time soon.

12 MR. HUGHES: Okay. Fair enough.

13 And then just back to the cost responsibility and
14 financial impact of the application, my understanding is
15 that although the application refers to some measures
16 including overtime, hiring of new staff, et cetera, that
17 all the costs that are discussed, in effect, in the
18 application still fall within the budgetary envelope that
19 you had set for this project; is that correct?

20 MR. D'ARCEY: That's correct, yes.

21 MR. HUGHES: And so would it be correct to say that if
22 the Board agrees to allow this application, that there
23 would be no downstream cost consequences for ratepayers?
24 Is that correct?

25 MR. D'ARCEY: I would say based on the volumes that
26 are being forecasted to end of year, yes, that would be
27 correct.

28 MR. HUGHES: Conversely, if the Board did not -- if it

1 denied the application or did not allow the application,
2 would it be correct to say that there would be no
3 foreseeable downstream cost or rate consequences -- cost
4 consequences, rather, for ratepayers?

5 MR. HUBERT: I think one clarification I would like to
6 make is how far out are we looking. So if we are looking
7 within the current rate structure that Hydro One has, I
8 think that statement is correct, but obviously if there
9 are -- metrics are either changed or confirmed through this
10 application, that may affect our future rate applications,
11 depending on what the effort required is to comply.

12 MR. HUGHES: So if -- I guess, then, if the Board does
13 not allow the application or imposes conditions in allowing
14 the application that significantly change the measures you
15 are anticipating to take, that could result in consequences
16 for ratepayers, financial consequences for ratepayers?

17 MR. HUBERT: It's hard to speculate. It depends on
18 what the decision would be, but obviously if there are
19 additional costs that are mandated indirectly by a Board
20 decision, we would try to reflect those in our future
21 budgets and in our rate application, and as a result,
22 consequently, it could result in a rate impact, positive or
23 negative, for customers.

24 MR. HUGHES: Thank you very much.

25 Madam Chair, those are my questions.

26 MS. CHAPLIN: Thank you, Mr. Hughes.

27 The Board -- we can take our lunch right now, but if
28 there is anybody that believes their cross-examination

1 would be sort of 15 minutes or less, we could do that now.

2 No? I don't see anybody leaping at that.

3 So we will break now for lunch for an hour.

4 --- Luncheon recess taken at 12:45 p.m.

5 --- On resuming at 1:57 p.m.

6 MS. CHAPLIN: Do we have an agreed order of cross-
7 examination for the remaining parties? Who is going next?

8 MS. SEBALJ: I believe in my discussions it was agreed
9 that Mr. Myers would be next.

10 MR. ENGELBERG: Madam Chair, before we begin, I just
11 wanted to mention that during the break Hydro One handed
12 out Exhibit J1.1 and J1.3, two of the undertakings that
13 were given during the morning.

14 MS. CHAPLIN: Thank you. Mr. Myers, are your sight
15 lines with the witnesses'?

16 MR. MYERS: When I tilt my chair like this.

17 MS. CHAPLIN: The monitor that's in front of you, you
18 can actually push it down.

19 **CROSS-EXAMINATION BY MR. MYERS:**

20 MR. MYERS: Not this one, actually. I tried, but I
21 don't want to break it.

22 My name is Jonathan Myers, and I'm counsel for the
23 Canadian Solar Industries Association. I just want to
24 start off with a few questions to follow up on some of the
25 questions from earlier today.

26 The FIT and microFIT project team that you set up in
27 the fall of 2008, I understand the Green Energy and Green
28 Economy Act was only really announced in early 2009. So it

1 seems that you had some advance knowledge that that was
2 coming.

3 When did Hydro One first know that microFIT was on its
4 way?

5 MS. KINGSLEY: The team that we developed in the fall
6 of 2008 was in preparation, as well as we were trying to
7 streamline the processes and improve our processes from the
8 learnings from the RESOP at that time.

9 I don't have the exact date that we became aware of
10 the microFIT program. I was asked to participate on a
11 working group with the EDA and other LDCs, and that was
12 probably somewhere in April, May of 2009.

13 MR. MYERS: Initially, at the time of microFIT launch,
14 you indicated earlier that it was related to Hydro One that
15 there might be about 125,000 applications coming. Who was
16 that related to you by?

17 MR. D'ARCEY: I believe I made that comment. I
18 believe it was when the OPA and the MEI were looking at the
19 overall program and the introduction of the program, those
20 were some high-level speculative numbers that were being
21 put forth.

22 MR. MYERS: You also indicated that the estimate was
23 that one-fifth of those would likely be within Hydro One's
24 service territory?

25 MR. D'ARCEY: That is correct.

26 MR. MYERS: Did Hydro One agree at that time that one-
27 fifth was a reasonable estimate of the portion that would
28 be Hydro One?

1 MR. D'ARCEY: There was no requirement for agreement
2 or disagreement. It was just this was the program that was
3 being developed and rolled out, and this was an assumption
4 based on what the likelihood of take-up would be and where
5 that would likely be.

6 MS. KINGSLEY: If I can just add to that, on that
7 125,000, my recollection was that the forecast was 125,000
8 over a five-year period. So our assumption was 25,000 over
9 a five-year period.

10 MR. MYERS: Regarding the five-day turnaround period
11 for connecting a project, when did Hydro One first realize
12 the timing under the code might pose a difficulty regarding
13 the need to do locates and get road approvals, et cetera?

14 MR. HUBERT: We became aware of that, it was early in
15 2011, early this year.

16 MR. MYERS: And does Hydro One normally do the
17 locates, or would the developer normally do those?

18 MR. HUBERT: I believe locates can be done by a number
19 of parties.

20 MR. MYERS: What about typically? Is it more common
21 that a developer do the locates or Hydro One?

22 MR. D'ARCEY: It would depend on what was being
23 required. If it was Hydro One assets and we were changing
24 those, we would probably do the locates. If the customer
25 was doing some underground trenching or digging, it would
26 be their requirement to look at doing the locates.

27 MR. MYERS: So in your experience the majority of the
28 time, would the locates be done by the customer or by Hydro

1 One?

2 MR. D'ARCEY: For Hydro One assets, it would be Hydro
3 One.

4 MR. MYERS: So in your experience, has it more often
5 than not been by Hydro One or not?

6 MR. D'ARCEY: It is, on Hydro One assets, Hydro One
7 that requests locates. And, again, I am distinguishing a
8 customer may require to build or may be building some
9 component of the plant to themselves and which they would
10 own, and that may be an underground service to tie into our
11 assets. And they would be accountable for the locates.

12 MR. MYERS: Is there any opportunity for Hydro One to
13 complete some of the service conditions that are defined in
14 section 7.2 of the code sometime in between issuing the
15 offer to connect, but before we get to that five days under
16 6.2.7?

17 Say if the applicant made their payment at an earlier
18 date, could you then go ahead and move forward with a
19 number of those service conditions so that there is not a
20 waiting until later in the process?

21 MS. KINGSLEY: So when the customer has made their
22 payment and submitted the connection agreement and we send
23 the work package order out to the field, we do start our
24 work and start the obligations that are on our side.

25 What we have seen is that the timing does not always
26 coincide with when the customer has made their payment when
27 we receive ESA, because sometimes we see that that can be
28 the same day; that the customer submits their payment along

1 with their contract to the business customer centre, and
2 they have arranged for their ESA.

3 So the timing for actually that package to get out to
4 the field, the field already has ESA and they haven't
5 received the work order yet, so there isn't that allowance
6 to begin any work.

7 MR. MYERS: So does the customer provide you with the
8 ESA authorization that they have obtained, or do you apply
9 for that?

10 MS. KINGSLEY: Generally we get it directly from ESA.

11 MR. MYERS: And you indicated earlier that your view
12 is that the non-compliance level for Hydro One is 3.6
13 percent, and then we heard later on that there were in fact
14 a much higher number of non-compliances out of the total of
15 15,000 or so applications.

16 So if I understand the numbers correct, is the actual
17 percentage of non-compliance the 4,767 divided by 15,630?
18 Would that get you that non-compliance percentage?

19 MR. HUBERT: I guess it's a question of how you want
20 to define non-compliance. So our snapshot of non-
21 compliance at any given time is equivalent to the 502
22 number that we spoke of earlier, but that's as of July
23 29th.

24 If you wanted to look at which projects were subject
25 to non-compliance at any point in history, then it is a
26 cumulative number.

27 MR. MYERS: And would you agree that it's a fair
28 definition of non-compliance to look at the total number of

1 applications that you have not been compliant with?

2 MR. HUBERT: If you want to look over time,
3 absolutely.

4 MR. MYERS: And you indicated that if after six months
5 -- if after the six-month period of exemption you are still
6 out of compliance, that Hydro One would then try to
7 determine what the specific issues are.

8 It seems from your evidence this morning that you have
9 been out of compliance essentially since microFIT launched;
10 is that right?

11 MR. HUBERT: Not quite since microFIT launched, but
12 for some period of time. We have different periods for the
13 6.2.6 and 6.2.7 non-compliances.

14 MR. MYERS: Okay. So perhaps a year and a half, close
15 to two?

16 MR. HUBERT: I don't think I would go quite that far,
17 no.

18 MR. MYERS: Okay. Well, we know it's a number of
19 months.

20 Why is it that you don't know what the issues are at
21 this point in time? After being aware that microFIT was
22 coming for so long, and then actually experiencing non-
23 compliance for so many months, why do you still not know
24 what the issues are?

25 MR. HUBERT: I believe that there is still -- we know
26 a lot more than we did initially, but there is still -- the
27 landscape is still shifting. And as we mentioned in
28 earlier testimony, the volumes continue to be volatile.

1 Customer choice, in terms of the means by which they are
2 connecting their generators, continues to change, and the
3 industry overall is still continuing to mature. The OPA
4 releases their applications to us in certain batches.

5 So there are many moving targets here, so I believe we
6 are still in learning mode. I don't think we know
7 everything.

8 MR. MYERS: Does Hydro One have a lot of experience
9 working in an environment with changing landscapes and
10 volatile conditions?

11 MR. HUBERT: Hydro One has experience, but a lot of
12 experience? I guess I would argue this is -- in many ways,
13 the Green Energy Act is to some extent an unprecedented
14 period of change, but that's I think a matter of opinion.
15 It's entirely personal opinion.

16 MR. MYERS: Board counsel asked earlier about Hydro
17 One's evidence that you expect to come into compliance six
18 months as your applications subside, and then you indicated
19 that Hydro One has no indication -- there is no indication
20 that application numbers will subside.

21 So is it Hydro One's evidence that you really don't
22 have no idea as to when you will be able to come into
23 compliance?

24 MR. HUBERT: We cannot state definitively when we will
25 be in full compliance. That is correct. I think I cannot
26 venture a guess as to full compliance targets.

27 I can tell you what our efforts will be to come into
28 compliance, and we can also state categorically that we

1 will make those efforts.

2 MR. MYERS: And you also indicated earlier that
3 normally before there is a spike in applications, there is
4 some sort of an external factor that you have observed; is
5 that right?

6 MR. HUBERT: That was Ms. Kingsley's evidence, and
7 that is this normal case.

8 MR. MYERS: I understand there was an exception, for
9 example, last week, but when there isn't an external factor
10 that Hydro One has observed, what steps do you take to
11 anticipate or prepare for that eventual spike that you know
12 is coming?

13 MS. KINGSLEY: We would ensure that we have staff on
14 standby to work overtime, in order to process the
15 applications as quickly as possible.

16 MR. MYERS: And you haven't had anybody work
17 overtime -- I think maybe one person since the spring; is
18 that right?

19 MS. KINGSLEY: No, sorry, I didn't mean to say one
20 person. We have had potentially one instance where people
21 have had to work overtime after we hired additional staff
22 that were employed after being fully trained in May.

23 That will be part of one of the undertakings that we
24 have, that will have that detailed out.

25 MR. MYERS: Is that the only measure that you
26 undertake when you know a spike is on its way?

27 MS. KINGSLEY: That's all I can think of right now.

28 MR. MYERS: Your proposal regarding section 7.2,

1 that -- you indicated that one of the main purposes of
2 that, or -- if not the only purpose -- is to deal with
3 confusion in the field about the timelines for connecting
4 projects; is that right?

5 MR. D'ARCEY: That's correct.

6 MR. MYERS: So is this primarily a problem of internal
7 communications within Hydro One, the result of which is
8 that your field staff aren't aware of what those timelines
9 should be for micro-generation connections?

10 MR. D'ARCEY: I wouldn't categorize it as being
11 unaware. I think you have got five-day connection
12 requirements for microFIT and five-day connection
13 requirements for load connections, and I think it's in the
14 interpretation in the application of that and consistency
15 across all of the various field operation centres to report
16 that back accurately.

17 And so we have assessed their ability to do that and
18 seen some indications where there has been some problems.
19 We have educated, raised awareness, and we are continuing
20 to monitor that, to ensure that we are getting the correct
21 numbers back.

22 MR. HUBERT: If I may clarify, the question regarding
23 confusion in the field, the reason for our requests to use
24 7.2.1 as the replacement for the current requirement is not
25 confusion in the field.

26 We believe that that is a more appropriate metric for
27 the use of anybody to monitor and time yourself for
28 customer connections, be it be generator or load.

1 Mr. D'Arcey explained earlier some of the reasons for
2 that.

3 One of them is it allows all service conditions to be
4 met. Another one is it allows some variability in the
5 90 percent target, and it allows to negotiate the time with
6 the customer.

7 So the confusion in the field, that aspect related to
8 why we were non-compliant for a certain period until now,
9 and we need additional time to communicate the requirements
10 clearly to the field.

11 MR. MYERS: So is it your view that applying the
12 timelines under section 7.2 for a temporary period of six
13 month will help alleviate this confusion?

14 MR. HUBERT: I think it will give us the reprieve we
15 need to address our field processes and ensure that
16 customers have some certainty about what obligations the
17 distributor will be meeting.

18 MR. MYERS: In your application, you indicate that you
19 first disclosed your non-compliance with the code in a
20 letter to the Board dated November 25th, 2010; is that
21 right?

22 MR. HUBERT: That's correct.

23 MR. MYERS: Can Hydro One undertake to provide a copy
24 of this letter?

25 MR. HUBERT: Yes, we can.

26 MS. SEBALJ: That's Undertaking J1.6.

27 **UNDERTAKING NO. J1.6: TO PROVIDE COPY OF NOVEMBER 25,**
28 **2010 LETTER TO THE OEB, DISCLOSING NON-COMPLIANCE.**

1 MR. MYERS: You filed your application April 19th, and
2 so is it right that Hydro One was out of compliance
3 throughout the whole period from November 25th, 2010 until
4 April 19th, 2011?

5 MR. HUBERT: We believe that that's correct, yes.
6 Certainly with 6.2.6, and as we stated earlier for 6.2.7,
7 there was some uncertainty to the exact level of non-
8 compliance.

9 Our disclosure in the letter November of last year was
10 related to 6.2.6 in particular.

11 MR. MYERS: At what point did you notify the Board
12 that you were out of compliance with 6.2.7?

13 MR. HUBERT: We did not do a separate notification.
14 By that time, our exemption application was at the point of
15 being prepared, and we simply talked to Board Staff and
16 informed them the exemption application would include
17 6.2.7.

18 So there was no need for separate disclosure.

19 MR. MYERS: In considering whether and when to file
20 the application, was Hydro One aware that a provincial
21 election was scheduled for early October of this year?

22 MR. HUBERT: I believe that -- I don't know when the
23 election was announced, but I am sure we were aware of when
24 the election was.

25 MR. MYERS: In your application, Hydro One states in
26 several places that during the six-month period of the
27 requested exemptions, that Hydro One will apply reasonable
28 commercial efforts in responding to applications during

1 that period.

2 By "reasonable commercial efforts" does Hydro One mean
3 the same level of effort that it has employed since the
4 microFIT project was launched? Program, sorry.

5 MR. HUBERT: Well, I would define the -- reasonable
6 commercial efforts would be making all reasonable efforts
7 that a reasonable individual would make in order to come
8 into compliance with code requirements.

9 And it has been our strategy all along to comply with
10 the code. So I guess by -- that follows, yes, but the
11 level of actual effort would obviously continue to escalate
12 during this period.

13 MR. MYERS: So would Hydro One agree with me that
14 reasonable commercial efforts in the present circumstances
15 should refer to the level of effort that a reasonable
16 regulated utility of the size and sophistication of the
17 applicant would be expected to make in circumstances where
18 it's striving to achieve compliance with regulatory
19 requirements that it has been in breach of for a protracted
20 period, and where the impacts of that non-compliance are
21 significant and far-reaching?

22 MR. ENGELBERG: Madam Chair, with respect, I think
23 that the questioner is really getting into legal
24 definition. What is reasonable commercial efforts has been
25 the subject of many court decisions, and we can perhaps
26 address that in final argument, but I can say now that we
27 would agree with what Mr. Hubert just stated, that that
28 will depend on what the circumstances are at any given

1 time.

2 What it would also depend on, which my friend is not
3 addressing, is other obligations that the party fulfilling
4 those reasonable commercial efforts has under the
5 Distribution System Code, and pursuant to its licence from
6 the Ontario Energy Board.

7 So reasonable commercial efforts may include
8 addressing not only the matter of compliance, but also the
9 other obligations of the utility.

10 MS. CHAPLIN: Mr. Myers, is that adequate?

11 MR. MYERS: Yes. I think I will just put it to the
12 witness whether he agrees that a higher level than average
13 level of effort, at least, would be a reasonably commercial
14 effort at this point in time.

15 MR. HUBERT: I must admit I find it difficult to
16 speculate what an average level of effort is, so I -- I
17 don't think I can answer that question.

18 MR. MYERS: I will move on.

19 My next few questions seek to clarify Hydro One's
20 proposal about applying the provisions from 7.2, which, as
21 we know, normally apply just to load connections.

22 On page 17 of your application, Hydro One proposes
23 that the service qualify requirement must be met at least
24 90 percent of the time on a yearly basis; is that correct?

25 MR. HUBERT: That is correct.

26 MR. MYERS: Could you please clarify whether it's
27 Hydro One's understanding that if that proposal is
28 accepted, could Hydro One achieve this compliance target by

1 attaining 80 percent compliance during the six months, on
2 the assumption that it would be 100 percent compliant the
3 remaining six months of the year?

4 MR. HUBERT: I think we stated earlier it would be
5 very difficult to commit to 100 percent compliance in this
6 measure.

7 MR. MYERS: So should this proposed target be at least
8 90 percent of the time on a six-month basis, rather than on
9 a yearly basis?

10 MR. D'ARCEY: I think given where we are at right now
11 and given the improvements that we have driven, I think
12 from a going-forward basis, it would be fair, then, to look
13 at that as a comparison of 90 percent.

14 MR. MYERS: Could you clarify your answer?

15 MR. D'ARCEY: Given where we are today, I would say
16 going forward as opposed to looking back at what's been
17 achieved -- going forward, achieving a 90 percent
18 compliance.

19 MR. MYERS: So I think my question might be more
20 simple. It's really just a simple mathematical question.
21 You are proposing a 90 percent compliance target on an
22 annual basis, but we are talking about a six-month
23 exception period?

24 MR. HUBERT: I think it's fair to say that during the
25 six months, we would strive to meet 90 percent compliance,
26 sure.

27 MR. MYERS: So the proposal is for 90 percent on a
28 six-month basis?

1 MR. HUBERT: Right.

2 MR. MYERS: And Hydro One also proposes that you
3 should have the ability to mutually agree to a connection
4 date with a customer as an alternative to the requirement
5 to connect within five days; is that correct?

6 MR. HUBERT: That is correct.

7 MR. MYERS: Is it Hydro One's intention that if this
8 proposal is accepted, that before negotiating such a
9 mutually-agreeable connection date, that Hydro One would
10 clearly notify a connecting customer of their right under
11 the code to have their facility connected within five days?

12 MR. HUBERT: I would defer on the load connection what
13 the customers know -- excuse me for a moment.

14 MR. D'ARCEY: To date, do customers know that there is
15 a five-day obligation? I wouldn't say that every customer
16 would, but if they wanted to research that and look within
17 the DSC code, it is there for them to see.

18 If the request is, Could we make that available to
19 customers, yes, we could.

20 MR. MYERS: Would you commit to a condition that would
21 require you to notify a customer of their right to connect
22 within five days before negotiating a mutually-agreeable
23 alternative date?

24 MR. D'ARCEY: Yes.

25 MR. MYERS: And so you indicate in your application
26 that a period of six months should be sufficient for the
27 exemptions; is that right?

28 MR. HUBERT: Yes.

1 MR. MYERS: And on August 5th, Hydro One filed a
2 letter indicating its panel of witnesses, and in that
3 letter it indicated that as of August 5th, Hydro One is
4 still in non-compliance with the requirements of the code?

5 MR. HUBERT: Correct.

6 MR. MYERS: And in that letter, you also state that
7 Hydro One still requires an exemption for a minimum period
8 of six months from the date of the Board's decision in this
9 matter; is that right?

10 MR. HUBERT: That's correct.

11 MR. MYERS: So could you please clarify? Is it still
12 Hydro One's evidence that six months will be sufficient, or
13 is it now a minimum of six months?

14 MR. HUBERT: Our request is for a six-month exemption.
15 Whether we require more or less is hard to speculate, given
16 the environment we are operating in right now. But I think
17 to be fair to the Board, we wanted to have a specific
18 request and we formulated it as a six-month request.

19 MR. MYERS: How did Hydro One conclude in its
20 application that six months would be sufficient for it to
21 achieve compliance, if the six months is not to commence
22 until such time as the Board makes its final decision in
23 this proceeding, but Hydro One would have had no way of
24 knowing the timing for such final decision?

25 MR. HUBERT: Hydro One does have access to the Board-
26 published turnaround times for decisions and for
27 applications. So we based it on those published timelines,
28 which took us to about the end of 2011, early 2012, based

1 on the timelines for a decision.

2 And we felt that in addition to that, a six-month
3 period is a reasonable request. So we did not want to come
4 forward with an indefinite application, which would have
5 been extremely unfair, and we thought we would take six
6 months as a reasonable period for us to assess where we can
7 get to.

8 MR. MYERS: So you expected the six months would start
9 at what point?

10 MR. HUBERT: At the time of Board decision, and we
11 asked for an interim stay leading up to that period.

12 MR. MYERS: Yes. Sorry, what was the approximate date
13 you expected the Board decision to occur?

14 MR. HUBERT: I do not have that date, but I can tell
15 you I believe the turnaround times on the Board website are
16 130 days, if I recall correctly, and that would have taken
17 us, based on the timeline, to the end of the year.

18 MR. MYERS: So the six-month exemption would have
19 ended at the end of 2011?

20 MR. HUBERT: I believe that's about right. This is
21 not an exact scientific number, obviously, but it would
22 have taken us to around then.

23 MR. MYERS: I understand. If the exemptions are
24 granted, is it Hydro One's expectation that the number of
25 connection applications that it will be able to process
26 over the next six months would be greater or less than the
27 number of applications it would be able to process without
28 the exemptions?

1 MR. D'ARCEY: The expectation would be that we would
2 be able to improve our processes, and, where we can, drive
3 the numbers up. And I think we have indicated that there
4 has been -- given some of the process improvements we have
5 already implemented, there has been some improvement in
6 those to date.

7 MR. MYERS: So your expectation is that if you are
8 granted the exemptions, that more micro-generation
9 connection applications would be able to be processed over
10 the next six months?

11 MR. HUBERT: To be clear, the exemption request is
12 really a regulatory request to ensure that we remain
13 compliant with our licence obligations. Hydro One intends
14 to meet its regulatory obligations regardless. So there is
15 no intent to take the foot off the gas at all in any of
16 these exemption periods, and it is not impactive on our
17 effort.

18 MR. MYERS: And what are Hydro One's plans for dealing
19 with the compliance issue if the exemptions are denied?

20 MR. HUBERT: That poses a very difficult question,
21 actually, because, for example, for the request for the
22 exemption from section 6.2.6, if Hydro One were to strictly
23 comply with the requirement of the code, I think we would
24 have no option but on day 14, for example, for an indirect
25 connection, to refuse the customer's request in order to
26 meet the 15-day timeline, in the event that we were unable
27 to make an offer to connect.

28 I think that is contrary to what Hydro One is trying

1 to achieve here by encouraging microFIT connections. So
2 our only other option would be, then, to continue to try to
3 respond to the customer's application. If it requires a
4 field visit to go through that process, it would take
5 longer than 15 days and, therefore, remain non-compliant.

6 MR. MYERS: So you have no plans to increase your
7 resources if the exemptions are denied?

8 MR. HUBERT: Our plans to increase resources -- and
9 it's not just resources. As we pointed out earlier, there
10 are other factors that are affecting our inability to
11 comply, such as the timelines to actually execute the
12 processing of the application.

13 So all our plans are really irrespective of the
14 exemption application. We intend to meet the timelines in
15 the code.

16 MR. MYERS: I just want to go over the updated numbers
17 that you provided from July 29th, because I think there are
18 some categories of information that might be missing from
19 that table. As of that date, can you just clarify, what's
20 the total number of applications that were received by
21 Hydro One?

22 MR. HUBERT: So I believe the number, the total number
23 we are talking about here, is 15,630. This, as I said
24 earlier, may exclude some withdrawn and expired
25 applications.

26 MR. MYERS: There were about 2,000 or so --

27 MR. HUBERT: Correct.

28 MR. MYERS: -- of those. And of this 15,630, how many

1 require 15-day turnarounds and how many require 60-day
2 turnarounds?

3 MR. HUBERT: So the indirect connection is the one
4 with the 15-day turnaround, and the direct connection is
5 the 60-day turnaround. So it follows, then, the 11,677 are
6 related to the 15-day turnaround and 3,953 to the 60-day
7 turnaround.

8 MR. MYERS: And of the total 15,630, how many offers
9 to connect has Hydro One made?

10 MR. HUBERT: The total number of offers to connect, do
11 you have that?

12 MS. KINGSLEY: It would be approximately 6,500.

13 MR. MYERS: And of that 6,500, approximately how many
14 relate to 15-day turnarounds and how many relate to 60-day
15 turnaround-type applications?

16 MS. KINGSLEY: I don't have that detail with me.

17 MR. MYERS: Could you provide that?

18 MR. HUBERT: We could check to see what we have during
19 the break.

20 MR. MYERS: Do we need an undertaking for that?

21 MS. CHAPLIN: Let's give it a number and that way we
22 can just keep track.

23 MR. HUBERT: We can report back in any case.

24 MS. SEBALJ: We will call it J1.7.

25 **UNDERTAKING NO. J1.7: TO PROVIDE ANSWER AS TO, OF THE**
26 **6,500 OFFERS TO CONNECT, HOW MANY WERE INDIRECT AND**
27 **HOW MANY WERE DIRECT.**

28 MS. SEBALJ: So it's clear for the record, we are

1 talking, of the 15,630, there are 6,500 offers to connect,
2 and of those, the question is: How many are indirect and
3 how many are direct?

4 MR. MYERS: That's correct.

5 And of the total applications received -- so, again,
6 of the total 15,630 -- how many reasons for refusal has
7 Hydro One issued?

8 MS. KINGSLEY: Approximately 4,200 as of August the
9 5th.

10 MR. MYERS: And do you know the breakdown between the
11 direct and indirect?

12 MS. KINGSLEY: No, I do not.

13 MR. MYERS: Could you add that to the undertaking,
14 J1.7, please?

15 MS. KINGSLEY: Certainly.

16 MS. HARE: Could I just ask Hydro One at the break to
17 confirm those numbers, because they don't add up?

18 MR. HUBERT: Yes. That is why I asked for an
19 undertaking. I agree. We will check that.

20 MS. HARE: Yes. Thank you.

21 MR. MYERS: And of the total applications received --
22 again, out of the 15,630, and this might explain what's
23 missing -- how many applications are still pending?

24 MR. HUBERT: I believe there are about 1,000
25 applications that are still pending; in other words, still
26 within processing.

27 MR. MYERS: Right. And again, do you know the
28 breakdown approximately between the direct and indirect?

1 MR. HUBERT: Yes, of those, I do, and I can include
2 them in the response or give them to you orally now, as you
3 choose.

4 MR. MYERS: You can include those in the response.
5 That's fine.

6 And then with respect to the applications for which
7 Hydro One has already given an offer to connect or issued
8 reasons for refusal -- so that's the 6,500 plus the 4,200 -
9 - how many of those applications were processed within the
10 required timelines under the code?

11 MS. KINGSLEY: I think we have an undertaking for that
12 already, actually.

13 MR. MYERS: Perhaps Board counsel can confirm whether
14 the undertaking -- I believe it might have been J1.3 --
15 already includes a requirement to provide information on
16 the total number of offers to connect or reasons for
17 refusal that were processed within required timelines.

18 MS. CHAPLIN: Well, you have already, I believe,
19 testified that 4,265 were late of the 14,612.

20 MR. MYERS: We don't have the breakdown of which of
21 the 4,265 are offers to connect and which are reasons for
22 refusal.

23 MS. CHAPLIN: Can you provide that breakdown as part
24 of the undertaking?

25 MS. KINGSLEY: Yes.

26 MS. SEBALJ: So that's still J1.7.

27 MR. MYERS: Thank you.

28 And then if you could also include the breakdown, if

1 you have it, on direct versus indirect, as well?

2 MR. HUBERT: Okay.

3 MR. MYERS: With respect to applications that are
4 still pending, how many of those applications are already
5 outside of the required timelines?

6 MR. HUBERT: I believe that is the 502 that we have
7 mentioned earlier this morning.

8 MR. MYERS: Okay. So then the 516 is --

9 MR. HUBERT: Still in progress and still within the
10 timeline.

11 MR. MYERS: Okay. And I don't need the breakdown on
12 those, because you have provided them.

13 For the applications that are still pending and that
14 are still within the required time frames, do you have an
15 estimate on how many of those will ultimately be able to be
16 processed within the required time frames?

17 MR. HUBERT: No, we do not right now.

18 MR. MYERS: Is that something you can provide?

19 MR. HUBERT: I am not sure we can, because some of
20 those may actually depend on the customer, as well. As we
21 mentioned, some of these are incomplete applications, as
22 well.

23 MR. MYERS: I understand.

24 So there is obviously a lot of moving pieces,
25 different categories of applications coming in and going
26 out, so when Hydro One says it is going to achieve
27 compliance within the six-month period of the exemptions,
28 what exactly does Hydro One believe it can achieve in that

1 period? What does compliance mean to Hydro One in these
2 circumstances?

3 MR. HUBERT: Compliance means meeting the obligations
4 of section 6.2.6 for both the 15- and 60-day timelines.

5 MR. MYERS: Is that only -- in Hydro One's
6 understanding, is that only going to apply to new
7 applications that are coming in?

8 MR. HUBERT: I think that's probably reasonable,
9 because obviously we cannot do anything on the ones we
10 discussed earlier. There are several thousands that have
11 been issued late.

12 MR. MYERS: So is Hydro One planning to maintain
13 measurements that can indicate -- if the application is
14 accepted or the exemptions are granted, does Hydro One
15 intend to maintain metrics that will be able to demonstrate
16 from the date of that decision the numbers of applications
17 that are coming in and their compliance rates?

18 MR. HUBERT: I think we discussed -- it was Mr.
19 Stephenson's questions about reporting, and we have said we
20 are willing to make any reports that the Board deems
21 appropriate.

22 MR. MYERS: Prior to the launch of the microFIT
23 program, did Hydro One have a strategy or plan in place for
24 handling the expected influx of connection applications
25 under microFIT?

26 MS. KINGSLEY: We would have had a plan to deal with
27 the volumes, and then our normal strategy is when we do
28 receive influxes, just the same as if there is a storm, in

1 the call centre then overtime is offered.

2 MR. MYERS: That's the plan?

3 MS. KINGSLEY: We always strive to also look for
4 process improvements, automation.

5 MR. MYERS: So in this plan, did your plan contemplate
6 the possibility of sort of low-, medium- and high-level
7 scenarios of connection applications coming in?

8 MR. D'ARCEY: I think we have -- Ms. Kingsley
9 commented earlier, I mean, I think we struck a group to
10 look at the overall processes. That group continues to
11 look at and analyze, you know, where we are at, what our
12 opportunities are for improvement.

13 So this is an ongoing assessment. We learn from each
14 and every one of the projects that we connect. We apply
15 those lessons learned into that, and look for opportunities
16 in which to drive further improvement.

17 MR. MYERS: Right. No, I am asking specifically about
18 prior to microFIT launch.

19 MR. D'ARCEY: Well, and I think we commented back is
20 that there was a team which was struck to deal with what
21 were the lessons learned from RESOP.

22 So yes, indeed, we did strike that up in preparation,
23 to say: What were the lessons learned and what were the
24 things that we might be able to do better?

25 And that team continued on through microFIT and FIT
26 projects too, as well, and continues to -- under Kelly's
27 direction continues to review the process and look for
28 continuous improvement.

1 MR. MYERS: So at the first sign of potential non-
2 compliance -- so this would have been probably close to the
3 time of microFIT launch -- did Hydro One apply to the Board
4 or seek any guidance or direction from the Board concerning
5 this issue?

6 MR. HUBERT: Regarding our non-compliance?

7 MR. MYERS: Yes, or anticipated non-compliance.

8 MR. HUBERT: No, we did not. We focussed on internal
9 efforts to come into compliance and to meet customer
10 requests.

11 MR. MYERS: At any time either prior to or since Hydro
12 One first became aware of the potential compliance issue --
13 you might have answered this earlier, but I don't think I
14 caught it -- did Hydro One ever retain any outside
15 employees, contract employees, to provide additional
16 resources in order to meet code requirements?

17 MR. D'ARCEY: I believe we addressed that earlier.

18 The BCC, the call centre, is an external resource.
19 Those are contracted employees who do provide services for
20 us.

21 MR. MYERS: But that BCC was already in place before
22 microFIT, right?

23 MR. D'ARCEY: The BCC was already in place, yes, and
24 additional resources have been added to that.

25 MR. MYERS: And what about other areas of your
26 business? Were there any contract employees that were
27 hired to provide additional resources that might speed up
28 the timelines for achieving connections or for processing

1 applications?

2 MR. D'ARCEY: We brought in a combination of both
3 temporaries and contract employees.

4 MR. MYERS: And are those temporary and contract
5 employees continuing to work under those circumstances with
6 Hydro One today?

7 MR. D'ARCEY: They are.

8 MR. MYERS: Since Hydro One first became aware of its
9 non-compliance, or I should say since it first notified the
10 Board of its non-compliance in November of 2010, did Hydro
11 One ever apply to the Board for a deferral account in which
12 to record any incremental costs that it might incur to
13 acquire any additional resources that might be needed?

14 MR. HUBERT: No, we did not.

15 MR. MYERS: And since the date of your application,
16 what new or additional measures other than those that are
17 set out in your application has Hydro One employed in order
18 to try to move towards compliance?

19 MR. HUBERT: I think we have elucidated on our
20 measures, categorized them in our application, and we have
21 given a few examples of them.

22 MR. MYERS: So there has been nothing new since mid
23 April?

24 MR. HUBERT: They have continued since mid April.

25 MR. MYERS: But no new measures have been --

26 MR. HUBERT: No new categories of measures I can think
27 of.

28 MR. D'ARCEY: I agree with Mr. Hubert. We have

1 continued to look at the processes, and through that, as I
2 mentioned before, as far as resourcing requirements, I
3 think Kelly has mentioned if we see a spike through that,
4 we provide -- ensure that overtime is being provide to
5 manage the volumes.

6 If you are looking at the end resources, we have
7 already taken an undertaking to demonstrate we have grown
8 our resource capacities to actually connect the customers
9 at the end. So these, we continue to monitor and react to
10 the requirements as they evolve, and then develop.

11 MR. MYERS: Has Hydro One ever been charged with or
12 convicted of an offence under the Ontario Energy Board Act
13 for failing to comply with a condition of its licence?

14 MR. HUBERT: Not to my knowledge.

15 MR. MYERS: Has Hydro One ever received an
16 administrative penalty from the Board for contravention of
17 an enforceable provision, such as a condition of its
18 licence?

19 MR. HUBERT: Again, not to my knowledge.

20 MR. MYERS: Has Hydro One ever been out of compliance
21 with code provisions in the past?

22 MR. HUBERT: Hydro One has approached the Board for
23 exemptions from other requirements due to non-compliance,
24 yes.

25 MR. MYERS: Has Hydro One ever been advised by the
26 Board of the possibility of being charged or receiving an
27 administrative penalty in connection with the circumstances
28 dealt with in this application?

1 MR. ENGELBERG: Madam Chair, with respect, I think
2 these questions are going a bit far afield and I object to
3 that question.

4 MS. CHAPLIN: Mr. Myers, what do you hope to elicit
5 from that?

6 MR. MYERS: Hydro One has indicated that the main
7 purpose for its application is to deal with the compliance
8 issue because it is stuck in a position where, in the end,
9 they might face administrative penalties. That's what Mr.
10 Stephenson talked about earlier.

11 So I want to understand how real a threat that is to
12 Hydro One and whether they have a reasonable basis for
13 believing that's coming down the pipe.

14 MR. HUBERT: If I may clarify, I do not recall stating
15 that the threat of an administrative penalty, or any
16 sanctions by the Board, were considerations by Hydro One.

17 Hydro One is committed to maintaining its compliance
18 with all licence conditions, codes, market rules, and, as
19 such, actually the level or probability of a sanction does
20 not enter our considerations.

21 So where we cannot achieve compliance, and reasonably
22 so, we approach the Board for an exemption, and that
23 exemption was preceded by a disclosure in November.

24 MR. MYERS: And perhaps Board counsel can provide some
25 guidance, but is there any reason, from the Board's
26 perspective, why this information would not be something
27 that Hydro One can provide to us?

28 MS. CHAPLIN: If the Board intended to take

1 enforcement action, there would have been a public notice
2 to that effect.

3 MR. MYERS: Okay, thank you.

4 Prior to filing the application, did Hydro One have
5 any communications with the OPA or with other stakeholders
6 concerning its plans to file the application?

7 MR. HUBERT: Can you repeat the question? The parties
8 were the OPA or?

9 MR. MYERS: Or other stakeholders.

10 MR. HUBERT: Other stakeholders? I cannot state which
11 stakeholders, but I think, in general, there was no secret
12 made of the fact that Hydro One intends to file
13 application.

14 So whether the OPA knew, in particular, or not, I do
15 know. Other parties in Hydro One would surely have shared
16 that information if it came out.

17 MR. MYERS: Are you aware of which other stakeholders
18 you might have consulted with?

19 MR. HUBERT: I am not.

20 MR. MYERS: Is anybody on the panel aware?

21 MR. D'ARCEY: I am not.

22 MR. MYERS: When did Hydro One first consider
23 developing the technical screening tool?

24 MS. KINGSLEY: We began the development of it in
25 October of 2010.

26 MR. MYERS: When did you first begin to think about
27 the need to develop it?

28 MS. KINGSLEY: We have always assessed every

1 application to determine whether or not there is the
2 ability to provide an offer to connect.

3 MR. MYERS: And without getting into the technical
4 merits or the technical details of those assessments, when
5 you said you have always assessed the applications, just
6 not with a screening tool, were the criteria that you used
7 previously the same as the criteria that you use under the
8 screening tool?

9 MR. D'ARCEY: I believe it is, yes.

10 MR. MYERS: And so when Hydro One -- sorry, let me
11 just get back to that. So if you assessed them previously
12 on the basis of the same criteria, what difference did the
13 screening tool make?

14 MR. D'ARCEY: It automated the process.

15 MR. MYERS: What do you mean by that?

16 MR. D'ARCEY: It sets the parameters associated with
17 what the constraints are, does the evaluation based on the
18 feeder capacity, and then gives us a result back on from
19 that, as opposed to doing that manually.

20 MR. MYERS: So you still applied those same criteria,
21 those same parameters beforehand?

22 MR. D'ARCEY: That's correct.

23 MR. MYERS: And when did Hydro One actually introduce
24 its screening tool?

25 MS. KINGSLEY: It was in October -- I think I said
26 October 2009. I meant October 2010.

27 MR. MYERS: That's when you started to develop it. So
28 when did you introduce it?

1 MS. KINGSLEY: The rudimentary tool was implemented
2 the end of October 2010.

3 MR. MYERS: So the development was just during those
4 weeks during October 2010?

5 MS. KINGSLEY: Yes. I am not certain if potentially
6 our engineering team was developing it prior to then, but I
7 became involved at the beginning of October.

8 MR. MYERS: And so was that the point at which you
9 started to implement the use of the tool?

10 MS. KINGSLEY: Yes, at the end of October.

11 MR. MYERS: And did Hydro One seek or obtain prior
12 Board approval before implementing the technical screening
13 tool?

14 MR. HUBERT: I don't believe we obtained any formal
15 Board approval. We may have discussed it with Board Staff.

16 MR. MYERS: Did Hydro One carry out any stakeholder
17 consultations before implementing the use of the screening
18 tool?

19 MR. HUBERT: Could you repeat the question again?

20 MR. MYERS: Did Hydro One carry out any stakeholder
21 consultations before implementing the use of the technical
22 screening tool?

23 MR. HUBERT: I don't think any of us are able to
24 answer that question. I guess a lot of the questions
25 regarding stakeholder consultation, Hydro One has been very
26 open with the overall community regarding our development
27 of the response to the microFIT program. So many of the
28 items that you have mentioned we have discussed with many

1 parties. We have held the webinars with LDCs.

2 MR. MYERS: I am just talking about the screening tool
3 now.

4 MR. HUBERT: Yes.

5 MR. MYERS: Is that something perhaps you can
6 undertake to find out, whether any consultation was carried
7 out with stakeholders, aside from you indicated a
8 conversation or perhaps more with Board Staff -- were there
9 any other consultations with any stakeholders concerning
10 the planned use of the technical screening tool?

11 MR. HUBERT: Yes, we will check with developers of the
12 tool over the break and get back.

13 MS. SEBALJ: That's J1.8, and just so that the record
14 is clear, we are talking about the automation of the tool,
15 not the -- you are talking about the manual implementation
16 or the automated implementation?

17 MR. MYERS: It seems that something different was
18 implemented at the end of October 2010, so that is what we
19 are referring to.

20 MR. HUBERT: I am going to assume that this is -- that
21 is the automation of the screening tool; that is correct.
22 That is the actual tool as opposed to the previous
23 methodology, which was mostly manual.

24 MR. MYERS: Just to clarify one point on there, the
25 criteria we are all familiar with about the 7 percent, did
26 that exist under the manual screening tool, as well, that
27 was applied?

28 MR. D'ARCEY: To the best of my knowledge, yes.

1 MR. MYERS: Sorry, as part of undertaking J1.8, could
2 you also undertake to indicate which stakeholders Hydro One
3 consulted with, if you did carry out such consultations?

4 MR. HUBERT: We will.

5 **UNDERTAKING NO. J1.8: TO PROVIDE DATE OF AUTOMATED**
6 **IMPLEMENTATION OF SCREENING TOOL, AND INDICATE WHICH**
7 **STAKEHOLDERS WERE CONSULTED BY HYDRO ONE.**

8 MR. MYERS: Thank you. Did Hydro One provide any
9 prior notice to potentially affected stakeholders that it
10 would begin implementing the technical screening tool?

11 MR. HUBERT: I think that's very similar to the
12 stakeholdering questions, so, if I may, I will endeavour to
13 answer that in the stakeholder -- in the undertaking. So
14 it is notice and...

15 MR. MYERS: Notice and consultations.

16 MR. HUBERT: And consultations.

17 MR. MYERS: So in my view, consultation would happen
18 beforehand, talking about what it's going to include, and
19 the notice would be, you know, as of a certain date it's
20 going to be implemented.

21 Prior to implementing the screening tool, did Hydro
22 One have any communications with the OPA or the government
23 of Ontario about its proposed use of this screening tool?

24 MR. HUBERT: I believe -- I am not sure, but I believe
25 so.

26 MR. MYERS: What was the nature of those
27 communications?

28 MR. HUBERT: I was not involved in any of those

1 communications.

2 MR. MYERS: Was anyone on the panel?

3 MR. D'ARCEY: No.

4 MR. MYERS: Can anyone speak to that?

5 Since you have implemented the tool, has Hydro One had
6 any further communications with the OPA or the government
7 of Ontario concerning the use of the tool or the impacts of
8 using the tool?

9 MR. HUBERT: Again, I have no direct knowledge of
10 that.

11 MR. MYERS: Does anyone on the panel?

12 MR. D'ARCEY: No.

13 MS. KINGSLEY: No.

14 MR. MYERS: And you indicated earlier that Hydro One
15 is not aware of any other distributors in Ontario that are
16 using a technical screening tool to process micro-
17 generation connection applications; is that right?

18 MS. KINGSLEY: We are not aware that -- whether other
19 utilities are using a tool. We are aware that there are
20 other utilities that are doing screening.

21 MR. MYERS: Do you know if any other of those
22 utilities that you are referring to are doing screening --
23 who are doing screening have adopted or effectively adopted
24 Hydro One's screening tool?

25 MS. KINGSLEY: No.

26 MR. MYERS: And has the use of the screening tool
27 expedited Hydro One's timelines for processing connection
28 applications?

1 MS. KINGSLEY: Over time it has, because we have
2 further developed it and automated it further. So I
3 believe I mentioned earlier how the average handle time for
4 parallel connections that do not require an estimate had
5 decreased from 12 days to four days. Part of that is the
6 result of further automation of the tool.

7 MR. MYERS: Do you think another reason might be
8 because of the higher number of refusals that result from
9 the use of the tool?

10 MS. KINGSLEY: No.

11 MR. MYERS: Has Hydro One's use of the screening tool
12 increased or decreased the number or the portion of
13 connection applications that have received offers to
14 connect, as opposed to reasons for refusal?

15 MS. KINGSLEY: Yes.

16 MR. MYERS: Yes in terms of number, and yes in terms
17 of the proportion?

18 MR. D'ARCEY: I think you have to look at it from the
19 perspective that you are starting off and you are seeing a
20 number of applicants that are being connected. So in the
21 earlier stages there are no constraints, because the
22 volumes haven't gotten to the point where there is an
23 issue.

24 So to be clear, in the early stages of connection,
25 many customers would have been able to connect until such a
26 time as the capacity was eaten up, and then not until later
27 in through that do you then start to get into restrictions.

28 So through the course of it, early, many of those who

1 initially applied would have been connected. Not until the
2 capacity is eaten up would you then start to have more
3 constraint capacities.

4 So it wouldn't be related to the tool, per se.

5 MR. MYERS: But since you applied the tool and
6 implemented the tool, you have had a higher number and a
7 higher percentage of the connection applications end up in
8 refusals to connect; is that right?

9 MR. D'ARCEY: But it's not related to the tool.

10 MR. MYERS: Is that right?

11 MR. D'ARCEY: It's not related to the tool.

12 MS. CHAPLIN: But is it a fact? I understand your
13 position is it's not related to the tool, but as a fact of
14 the numbers?

15 MR. D'ARCEY: Yes, it is. It is, yes.

16 MS. CHAPLIN: Thank you.

17 MR. MYERS: Thank you.

18 And what percentage of applications to Hydro One have
19 been refused connections since the screening tool was first
20 implemented?

21 [Witness panel confers]

22 MR. D'ARCEY: We don't have that information
23 available.

24 MR. MYERS: Is that something you would be able to
25 provide?

26 MR. D'ARCEY: I am not sure, but we can attempt to.

27 MS. SEBALJ: That's Undertaking J1.9, which is make
28 attempts to provide -- Mr. Myers, can you summarize?

1 MR. MYERS: Yes, to provide the percentage of
2 applications to Hydro One that have been refused connection
3 since the screening tool was first implemented, which I
4 think is the end of October 2010.

5 **UNDERTAKING NO. J1.9: TO PROVIDE PERCENTAGE OF**
6 **APPLICATIONS TO HYDRO ONE THAT HAVE BEEN REFUSED**
7 **CONNECTION SINCE SCREENING TOOL WAS FIRST IMPLEMENTED.**

8 MR. MYERS: Is Hydro One aware that the screening tool
9 has been a source of considerable aggravation within the
10 solar industry in Ontario?

11 MR. D'ARCEY: We are not aware that the tool per se
12 has been a source of aggravation. I think there are -- the
13 issue of aggravation is related back to the fact that there
14 are constraint projects as a result of capacity.

15 MR. MYERS: Is Hydro One aware that a great deal of
16 Hydro One's aggravation -- sorry, is Hydro One aware that
17 much of this solar industry's aggravation is centred
18 specifically around the restrictions which provide that
19 total generation to be interconnected to a circuit line
20 section on Hydro One's distribution system, including the
21 proposed generator, shall not exceed 7 percent of the
22 annual line section peak load?

23 MR. HUBERT: I think Hydro One is aware that refusals
24 in general are obviously disappointing to proponents, and
25 we have already reviewed some of the evidence. We have
26 read the evidence of some intervenors who have addressed
27 that issue and put that testimony forward.

28 MR. MYERS: In developing the screening tool and the

1 criteria under that tool, did Hydro One consider the
2 potential impact that it might have on the number of offers
3 to connect that it would be able to issue?

4 MR. D'ARCEY: Our primary driver associated with the
5 screening tool was to ensure that the safe reliable of the
6 system was maintained. We do not look at the impacts
7 associated with the constraints to the individual projects.

8 MR. MYERS: So you didn't consider the impacts from
9 the microFIT program either?

10 MR. D'ARCEY: Again, I think the primary objective is
11 to ensure that the safe reliability operation of the system
12 was a primary objective.

13 MR. MYERS: And since the screening tool has been
14 implemented, has Hydro One carried out any analysis or
15 otherwise considered the impacts of the tool on the
16 microFIT program or on the solar industry in Ontario?

17 MR. HUBERT: I don't think any of us have direct
18 involvement in that, but we are aware of working with the
19 industry proactively and in response to industry requests
20 to examine the ability to connect and how we can further
21 enable generation connections.

22 And I believe some of that work is ongoing with
23 CanSIA, as well.

24 MR. MYERS: Has Hydro One undertaken any analysis
25 outside of that forum?

26 MR. HUBERT: I have no direct involvement with that.

27 MR. MYERS: Is that something you could find out
28 about?

1 MR. ENGELBERG: I am going to object to that, Madam
2 Chair. I think this line of questioning has gone as far as
3 it can, to be helpful with the issues in this proceeding.

4 MS. CHAPLIN: Mr. Myers, can you explain how this
5 would help us in terms of determining whether or not
6 exemptions from the timelines would be appropriate?

7 MR. MYERS: As I indicated this morning, one of the
8 things that we intend to raise is some suggestions around
9 how to deal with the technical issues in a separate forum,
10 so we just wanted to understand where Hydro One is at in
11 considering those technical issues.

12 MS. CHAPLIN: Mr. Engelberg, that sounds reasonable.
13 Do you have any further...

14 MR. ENGELBERG: I would submit that the answers that
15 have been given already have answered the question as to
16 Hydro One's awareness of the concerns that have been
17 expressed by the solar industry on the use of the tool.
18 And analyzing it any further here for purposes of deciding
19 where to go in some other proceeding are best addressed in
20 that other proceeding, if there is to be one.

21 MR. MYERS: I think that was the subject of a prior
22 question. The question that I had most recently asked was
23 about whether Hydro One has considered -- since the tool
24 has been implemented, whether Hydro One has performed any
25 analysis to look at what the impacts of the use of the tool
26 have been.

27 MS. CHAPLIN: One moment, please.

28 I think it's fine to continue to ask these questions

1 to the extent that they are related to what steps Hydro One
2 is taking with a view to bringing itself into compliance,
3 and I take from your question you are trying to explore the
4 different avenues they might be taking.

5 So I think that is a fair question and perhaps you can
6 proceed on that basis.

7 MR. MYERS: Okay. So maybe I will just ask the
8 question again, then, and see if we get a response.

9 So since the technical screening tool was implemented,
10 has Hydro One carried out any analysis or otherwise
11 considered the impacts of the tool on microFIT or the solar
12 industry in Ontario?

13 MR. HUBERT: If I understand your question to refer to
14 again to the timelines, I do not believe we have looked at
15 further -- any further at the tool itself as a method of
16 getting us further closer to compliance.

17 I think the automation of the tool that happened
18 earlier achieved all it could for the compliance with
19 timelines. So I am not aware of any further work on the
20 tool for compliance purposes.

21 MR. MYERS: I have no further questions.

22 MS. CHAPLIN: Thank you, Mr. Myers. Ms. Brant, are
23 you next? Just before you start, is the sun starting to
24 shine on you there?

25 MR. HUBERT: It is a little warm, yes.

26 MR. McLELLAN: Madam Chair, with consultation, it has
27 been decided maybe I will go first, because I will be
28 considerably more brief.

1 MS. CHAPLIN: Okay, just one minute. I am going to
2 see if I can lower the shades for these folks.

3 MS. CHAPLIN: Okay, Mr. McLellan, if you would like to
4 go.

5 **CROSS-EXAMINATION BY MR. MCLELLAN:**

6 MR. MCLELLAN: Thank you, Madam Chair, Panel member.

7 I am the little guy that has been hung out to dry by
8 the use of the tool that has been talked about so much
9 recently. We did all the right steps. We got our approval
10 in September and we built the unit. We laid out 100 grand,
11 and then we phoned weekly from November the 10th to
12 February the 10th.

13 We were not offered any advice as to we weren't going
14 to be hooked up. Oh, yeah, just give us time, give us
15 time.

16 Ms. Kingsley said that you implemented the tool in
17 October manually, or whatever. Why could we have not been
18 told in October, before I built my unit, that you were
19 going to reject me because of constraints?

20 I presume this 502 that keeps being mentioned, I do
21 not fit in there, I presume. I am one of the ones that
22 have been refused now because of constraints; is that
23 correct? This 502 does not include people like myself?

24 MR. D'ARCEY: Yes, it would; that's correct.

25 MR. MCLELLAN: Okay. So there are considerably more
26 that you are out of compliance with than the 502?

27 MR. HUBERT: The 502 is a snapshot of how many people
28 are still not notified within the timelines as of today.

1 If you, Mr. McLellan, were not informed within the
2 timeline when you applied, you would be in the larger
3 number of non-compliant applications. So if you had to
4 wait --

5 MR. McLELLAN: That 502 is just a select...

6 MR. HUBERT: It is to this point in time; correct. I
7 think we mentioned earlier a larger number.

8 MR. McLELLAN: Yes.

9 MR. HUBERT: If you had to wait longer than the 50 or
10 60 days, as is required for your application, then you
11 would have been -- your project would have been counted as
12 one of the historically non-compliant projects.

13 MR. McLELLAN: Okay. And since you are in non-
14 compliance and you have admitted that you are in non-
15 compliance, that doesn't help me at all. You haven't been
16 fined. The Board hasn't collected any money for you to
17 help me and the thousands of others that are out there.

18 Again, I go back to the lack of notification. You
19 said you implemented in October. We have never received
20 anything except the "Dear John" letter on February the 11th
21 when you sent out thousands of them.

22 How did me and many others slip through that crack,
23 then? Why couldn't I have been told earlier that, oh, my
24 line can't handle it?

25 MS. KINGSLEY: So I believe I mentioned earlier that
26 when we did receive the applications, the influx of
27 applications in the fall of 2010, we did have a backlog
28 that we were trying to get through.

1 We also combined with implementing the tool at that
2 time. It did create some delays. As well, we wanted to
3 make sure that if we were going to advise a customer that
4 they were capacity constrained, that the answer was no. So
5 for those projects that we were assessing and the answer
6 was no, we continually rescreened and performed studies on
7 them to ensure that when we started to advise customers,
8 that the answer was no.

9 In regards to communication, we did begin to
10 communicate with customers, I believe it was in December
11 2010, advising them that we were delayed in processing
12 applications, and also inferring to them, as well, that
13 they should not be making any investment, that they should
14 be waiting for an offer to connect.

15 MR. McLELLAN: Okay. That's after the fact in my
16 case, because we had it built. We had no reason to not
17 build it. Everything was fine.

18 Why couldn't somebody have told us -- why couldn't
19 somebody have said -- oh, yes, I know what. You said
20 rather than give a "no" answer, you wanted to be sure. You
21 just made that statement.

22 I would have rather taken the "no" than lay out 100
23 grand that I can't afford to have it this beautiful lawn
24 ornament. Why couldn't you have said "no", and then
25 revamped your answer instead of leading me on?

26 MR. D'ARCEY: I don't believe it was ever our intent
27 to lead you on. I think that in the documentation, you
28 would have had to fill out a form to apply to Hydro One.

1 In that form, it clearly states, Do not make any
2 investments until the authorization.

3 MR. McLELLAN: No, not before the date she said.

4 MS. KINGSLEY: Actually, the form is the application.
5 The micro-embedded generation form has always indicated on
6 there not to make any investments until you receive an
7 offer to connect.

8 MR. McLELLAN: I just would like to point out a couple
9 of other things that this fiasco has brought upon us
10 individuals.

11 As I said, I built my unit, trenched it in, got ESA
12 approval, the whole bit, and left the trench open, because
13 nobody said they weren't coming. I left the trench open
14 immediately at the transformer base. I have a pad mount.

15 My two-year-old grandson fell into it. I mean, that's
16 just some of the things that are irritating that we could
17 have been told, Oh, fill it in, you are not going to get
18 hooked up for a while.

19 I think there has been a bad communication to us
20 little guys that did everything right, and I don't -- I
21 don't agree with the lack of communication. And you have
22 said you have been transparent and communicating. I don't
23 think that's exactly true in my case.

24 This tool --

25 MS. McLELLAN: Form C doesn't have anything there.
26 There it is just an application form.

27 MR. McLELLAN: Do you want to read this to check your
28 answer? Like, there is nothing in here that says to get

1 local distribution approval.

2 MR. ENGELBERG: Perhaps I could take a look at it.

3 MR. McLELLAN: Sure. What else was I going to...

4 The fact that you are using this tool and this magic 7
5 percent number, how do we as individuals verify that?
6 Like, maybe, maybe it's only 6.5 percent and you are using
7 the 7 percent to get people like me off this 502 number
8 that makes it look -- well, you are trying, whereas you
9 dumped a whole bunch of us into another pot.

10 Now, this is the other issue, and this is personal. I
11 am on a dead end road; I am the first house on the road. I
12 put the first application in for a solar panel. The ones
13 further down the dead-end road has been hooked up, and I
14 wasn't. And I am glad for the party that got hooked up.

15 How was that criteria selected? Because our
16 application went in first, and he copied off ours later,
17 and he is hooked up and running, and as I said, I am really
18 glad he is. How does that happen?

19 MR. D'ARCEY: I am sorry. I can't comment on the
20 specifics. I would have to look at the individual that was
21 hooked up, and dig into that to find out what the -- when
22 they applied, what the conditions or the capacities were at
23 the time.

24 So I don't dispute your testimony. I just am not in a
25 position to comment on it at this time. I would have to
26 have the detail behind it to investigate it.

27 MR. McLELLAN: So how are they queued up, by date
28 or...

1 MS. KINGSLEY: It is queued up based on date of
2 application, but it is based on the completed application.
3 We have had many instances where customers have applied and
4 others have applied after them, but the original, the first
5 party applying, the application was not complete.

6 I am not saying that that was your circumstances. I
7 don't know for sure if that was the case, but we have had
8 instances where that has occurred and there is a
9 misconception that because it's in the order that we
10 receive, it's the order it is processed.

11 It is in the order that it's received based on the
12 completed application.

13 MR. McLELLAN: Okay. I just want to get across my
14 feelings as the individual who hung up \$100,000 and paying
15 the payments on it and not getting a thing. And if I had
16 done something wrong, I accept it, but it's -- I don't
17 think I did anything wrong.

18 Do you want to respond, now, sir? Have you read it?

19 MR. ENGELBERG: Thank you, Mr. McLellan.

20 This is Hydro One's form C that was given to all
21 applicants for microFIT connections to Hydro One, and as
22 Ms. Kingsley stated, on the first page, in boldfaced type,
23 it says in capital letters "NOTE" and then in upper- and
24 lowercase:

25 "Applicants are cautioned not to incur major
26 expenses until Hydro One approves to connect the
27 proposed generation facility."

28 MR. McLELLAN: Okay. I stand corrected. Okay. I

1 didn't see it.

2 Thank you, panel, and thank you, Madam Chair.

3 MS. CHAPLIN: Thank you, Mr. McLellan.

4 Ms. Kingsley, I would like to follow-up for a moment
5 on Mr. McLellan's questions.

6 And you explained how, rather than sending out a
7 refusal to connect, you make a variety of efforts to re-
8 verify and see if perhaps there are alternative
9 arrangements, so therefore it could be an acceptance.

10 Do you have any statistics to hand -- and I am loathe
11 to ask for another undertaking -- but how many instances
12 where something which was a "no" on sort of the first
13 examination subsequently became a "yes"? And the reason I
14 am asking that is to kind of balance that off Mr.
15 McLellan's point, which is if you are eventually going to
16 say "no" there may be proponents that actually would prefer
17 to know that sooner rather than wait for a potential "yes".

18 MS. KINGSLEY: So I think -- and the answer to that is
19 when I was talking about re-screening -- I used the word
20 "re-screening".

21 It probably was maybe appropriate during that time
22 period. During that time period, what we were really doing
23 was undertaking impact assessments and performing studies
24 of microFIT projects in certain areas, to better -- or to
25 confirm that a "no" would be a "no".

26 Once we started to communicate to customers that their
27 projects were constrained, we did implement what we call an
28 attrition process. So when projects begin to expire and

1 fall off, then we re-screen applicants to -- that are
2 capacity constrained, to see if we can now connect them.

3 So for those re-screens, I could take an undertaking
4 to get you an appreciation of how many projects we have re-
5 screened since implementing the process.

6 MS. CHAPLIN: Okay. Yes, please. We will take that
7 undertaking.

8 MR. McLELLAN: Can I have one more question?

9 MS. CHAPLIN: One moment, Mr. McLellan.

10 MR. McLELLAN: Certainly.

11 MS. CHAPLIN: That's J1.10?

12 MS. SEBALJ: J1.10, yes.

13 **UNDERTAKING NO. J1.10: TO PROVIDE NUMBER OF PROJECTS**
14 **RE-SCREENED SINCE THE PROCESS WAS IMPLEMENTED.**

15 MS. McLELLAN: Our weekly calls from -- what was it?
16 I called weekly from the first part of December on until
17 February, but they never responded negatively towards us.

18 Why was there -- I e-mailed. Nobody ever e-mailed me
19 back. Nobody said anything on the phone. Every time I
20 phoned I would talk to someone and they never said
21 anything. And I remember one time they did tell me -- they
22 said: Well, you now, you shouldn't have built anything. I
23 said: Well, you know, from November the 10th to December
24 the 10th -- when you say that's when they started telling
25 people -- I said in that month's time frame, that's when we
26 started building, because we were figuring that it was no
27 problem. It's -- you know, everything is going to go.

28 But we never really heard back officially from anybody

1 until February the 11th, three months.

2 MR. McLELLAN: And one more question.

3 The upgrading to the distribution system, is that
4 being handled by microFIT installers? You know what I mean?
5 Obviously you are trying to upgrade the lines to accept my
6 solar panel; that's correct? That's how it's has to work,
7 right?

8 MR. D'ARCEY: There would have to be an upgrade to the
9 line to be -- or the system in general to be able to
10 accommodate additional capacity. That's right, yes.

11 MR. McLELLAN: Correct. So the people that install
12 these microFITs, where there is compliance or where
13 everything is okay, are they the same ones that would
14 upgrade the lines? Like, do you have enough manpower to do
15 the lines, to upgrade and install the microFITs?

16 MR. D'ARCEY: So the connection requirements that are
17 done and the line expansion components, there is -- it's
18 the same resource pool, to answer your question. We
19 augment that resource pool through a hiring hall, and
20 through temporary workers, so we have the ability to grow
21 our workforce as the work volumes increase, so it gives us
22 that flexibility.

23 So yes, it's the same pool, but that pool is a
24 flexible pool in which we draw upon and reduce as the work
25 volumes go up and down.

26 With regards to any asset increase or development, I
27 think we are working on a couple of projects right now, but
28 again, those have to go through the appropriate approval

1 processes associated with the expenditures.

2 MR. McLELLAN: Thank you.

3 MS. McLELLAN: I asked the question why nobody got
4 back.

5 MS. CHAPLIN: Mr. and Ms. McLellan, maybe what I would
6 suggest -- my understanding is that these particular
7 witnesses don't have the information in front of them
8 regarding your specific circumstances, but what I would
9 like to encourage Hydro One is perhaps to speak to you
10 outside of the formality of this hearing process today, to
11 see if they can get you the specific answers for your case.

12 MS. McLELLAN: Thank you.

13 MS. CHAPLIN: Would that be satisfactory?

14 MS. McLELLAN: Oh, yes.

15 MS. CHAPLIN: Mr. Engelberg, is that...

16 MR. ENGELBERG: That's fine, Madam Chair.

17 MS. CHAPLIN: Thank you.

18 So next -- Mr. Quenneville, would you...

19 MR. QUENNEVILLE: Yeah, I'm a small producer. I'll
20 probably only take 15 or 20 minutes here. Can I go
21 through --

22 MS. CHAPLIN: Would you mind perhaps coming down to
23 one of these chairs here? Because I don't think the
24 witnesses can see you behind that pillar. If that would be
25 -- if you could do that without too much trouble, please?

26 MR. QUENNEVILLE: I thought I would hide behind a
27 pole. I would be less nervous.

28 MS. CHAPLIN: That's all right. We'll try to make you

1 feel as comfortable as possible.

2 MR. QUENNEVILLE: Me and my son, we -- and I have a
3 grandson coming into the farm operation. We thought we
4 would get a better living off the farms with this extra --
5 with these microFIT programs.

6 We applied for 16 microFIT programs, and we got form
7 Cs on 14 of them and we paid our dues. They came and
8 inspected. Some of them were up 7, \$7,800. Some of them
9 were \$1,200, what have you.

10 Now, when we make a cheque to Hydro One, I believe,
11 for these connections, does it go to Hydro One?

12 MR. D'ARCEY: If the cheque is written to us, yes, it
13 goes to us?

14 MR. QUENNEVILLE: I wrote cheques in December 28th and
15 none of have been cashed yet. In July, they informed me
16 some of those cheques were no longer current because of the
17 over six months. They want me to reissue cheques.

18 Financially, you guys need money. How come you are
19 not cashing my cheques?

20 MS. KINGSLEY: Part of our process is that we would
21 not cash your cheque until you are actually connected. Are
22 all your projects connected?

23 MR. QUENNEVILLE: No. Some of those projects, those
24 particular projects, were connected January 25th.

25 MS. KINGSLEY: I would have to investigate why that
26 has occurred. It's an anomaly. That's not the normal
27 process.

28 MR. QUENNEVILLE: I've got several questions, Another

1 thing, too, I've still got four connections that's not
2 connected. There are -- some of them are up to five months
3 now.

4 They came over last week and looked at one of the
5 projects. I had paid for a 35-foot pole, a transformer and
6 what have you, and this is in Kent County, and they are
7 getting behind on their work. So they had a crew from
8 Essex County come over, and their standards are different.

9 Essex County, they recommend a 40-foot pole. They
10 walked away. This week, the guy come down and looked at it
11 and he said, What's wrong with the project? I said, I
12 don't know. You tell me. There is nothing wrong with it.
13 I still have to wait.

14 Another project, they came down this week, too, or
15 last week to connect it. We were told to go to -- there is
16 a transformer in place, a pole in place and everything, and
17 we paid \$1,360 for the thing. We have been waiting there I
18 think another four or five months.

19 They come down this week. They said, You can't
20 connect to that pole. That pole is not big enough. You
21 didn't pay enough.

22 Well, that's not my problem. You should have
23 corrected the problem right off the bat and paid whatever
24 it costs. I want to get connected. Let them get
25 connected.

26 And there is all kinds of problems out there. One
27 particular farm -- two particular farms are side by side.
28 I got one on one side of the ditch, one on the other side

1 of the ditch. They gave me a form C for one, and the other
2 one, they gave me line restriction.

3 You go down the road, there is not a microFIT on
4 there. A whole bunch of houses down there and what have
5 you. And they gave me a form C for standalone. There is
6 no pole there -- there is a pole there, but no transformer,
7 nothing.

8 I tried to get that through your head for four months.
9 They finally admitted, Well, you need a pole and you need a
10 transformer. Good, I want it, give me the price. I waited
11 four months for that right off the bat.

12 Other problems --

13 MS. CHAPLIN: Mr. Quenneville, at this stage we have
14 your affidavit or your son's affidavit explaining some of
15 your particular circumstances.

16 What we are trying to do here is get information from
17 Hydro One. So if you have some specific questions for
18 Hydro One, that is what I would encourage you to do now,
19 rather than to review your particular circumstances.

20 And as with Mr. and Mrs. McLellan, if the questions --
21 if they are questions with respect to your specific
22 circumstances that the witnesses can't answer today, I will
23 again encourage Hydro One to attempt to provide you with
24 the answers that you require on an informal basis outside
25 of this formal testimony.

26 MR. QUENNEVILLE: Okay. Kent County, I think is
27 approximately probably 50 to 60 square miles. I don't
28 know. Maybe you guys would know better. And you have

1 several hundred thousand customers.

2 I have been talking to one of the guys, and he says
3 they have 12 linemen taking care of this particular area,
4 and they do have storms. They have to go there. That's a
5 priority. They do have new houses hook-ups, and they have
6 that.

7 He said you are lucky if you've got two, three guys
8 working on the microFIT programs. Is that correct?

9 MR. D'ARCEY: I wouldn't be able to comment on the
10 specifics on that location.

11 MR. QUENNEVILLE: Does Hydro One contract outside
12 work? Do they bid on outside contracts?

13 MR. D'ARCEY: Do we bid on outside contracts?

14 MR. QUENNEVILLE: Yes.

15 MR. D'ARCEY: Not within the lines side of the
16 business. We do provide customers with estimates on
17 greenfield work of which the customer has a choice of
18 either taking our bid or an external party's bid.

19 MR. QUENNEVILLE: Why wouldn't Hydro One bypass these
20 bids and do their own work and let the private sector do
21 this so you could catch up on doing this work on the
22 microFIT programs?

23 MR. HUBERT: I just wanted to clarify the work that
24 Mr. D'Arcey spoke of is Hydro One's assets, and it's our
25 obligation to provide the customer with an estimate. Those
26 are for line expansions. So it's not private work; am I
27 correct?

28 MR. D'ARCEY: That's correct, yes.

1 MR. HUBERT: So it is not us bidding on the
2 competitive market and doing other work instead of our own
3 distribution system. That is work on our distribution
4 system where the customer has a chance also to go to a
5 private contractor instead of us, but we have an obligation
6 to give a bid.

7 MR. QUENNEVILLE: But you do accept the -- I guess you
8 put a bid in and you have to accept it, eh?

9 MR. HUBERT: We have to, yes, if the customer selects
10 us.

11 MR. QUENNEVILLE: The building process, some of the
12 microFIT invoice that I get through the internet, they send
13 an invoice and you don't know what microFIT program is. It
14 doesn't get a FIT number on there or 911 number, or
15 whatever.

16 Could that be corrected in the future?

17 MS. KINGSLEY: I am not quite sure what you are
18 referring to.

19 MR. QUENNEVILLE: They send me an invoice how much I
20 produce for the month.

21 MS. KINGSLEY: Okay, so the settlement invoice.

22 MR. QUENNEVILLE: And I don't know which microFIT
23 program it comes from, which project it comes from.

24 MS. KINGSLEY: Which project it is?

25 MR. QUENNEVILLE: Yes. It's guessing game. Like,
26 everything else they want a FIT number. Why couldn't they
27 put a FIT number on the invoices?

28 MS. KINGSLEY: We can certainly take that away and can

1 look into it.

2 We are looking at making modifications to that
3 statement currently, so I can certainly take that back.

4 MR. QUENNEVILLE: Okay, good. Your inspectors, too,
5 ESA inspector, do you control them? That's out of your
6 territory?

7 MR. D'ARCEY: No, they are not --

8 MR. QUENNEVILLE: Okay, good, very good.

9 Days of connections, maybe Robert wants to go and
10 specify this?

11 **CROSS-EXAMINATION BY MR. ABROZABARDI:**

12 MR. ABROZABARDI: I am representing Green & Clean. We
13 worked on 12 of the Quenneville projects, and I heard
14 earlier that the non-compliance was somewhere around
15 3 percent. I just want to give you an average of how the
16 Quenneville's have done.

17 MS. CHAPLIN: Sorry. I am sorry --

18 MR. ABROZABARDI: Robert Abrozabardi.

19 MS. CHAPLIN: You have provided also an affidavit.
20 The purpose of this section of the proceeding is not for
21 you to provide evidence or testimony. It's to ask
22 questions of Hydro One. There will be an opportunity for
23 you to provide additional information.

24 MR. ABROZABARDI: I will put it in the form of a
25 question, then.

26 MS. CHAPLIN: Excellent.

27 MR. ABROZABARDI: When you suggest you are only non-
28 compliant at 3 percent, how is it that out of 11 projects

1 that we have worked with with the Quennevilles, you have
2 only been able to reach compliance with only two?

3 MS. KINGSLEY: I guess I am not sure what you are
4 defining as compliance. Is that --

5 MR. ABROZABARDI: Within five days of ESA.

6 MS. KINGSLEY: Is that all service conditions being
7 met?

8 MR. ABROZABARDI: Absolutely, absolutely. We have met
9 two of them, and nine of them -- one of them is up to 200
10 days that you haven't connected yet, when all requirements
11 were met.

12 MS. KINGSLEY: That seems like rather an anomaly. I
13 could take that away.

14 MR. ABROZABARDI: It's big anomaly when it's nine out
15 of 11. I just don't believe the 3 percent non-compliance.
16 That's my point, Ms. Chair.

17 MS. CHAPLIN: As a matter of clarification, the
18 3 percent I believe was a percentage that was derived when
19 you were being questioned by Mr. Stephenson and related, I
20 think, to the 502 out of 15,000, and that was relating to
21 either offers to connect or refusals.

22 That wasn't in any way related to the time to connect
23 from the time of issuing the offer to connect.

24 MR. HUBERT: That is correct.

25 MS. CHAPLIN: And I believe Mr. Abrozabardi's question
26 is around compliance with -- the time period to connect
27 from the time the offer to connect has been issued.

28 MR. D'ARCEY: Right, which would be the larger number

1 which we have already articulated in the 4,000 range.

2 MR. ABROZABARDI: Thank you.

3 MR. QUINN: The other question here is why is one
4 county specifications are a 35-foot pole with a transformer
5 on, and the next county is 40-foot poles with a transformer
6 on? Isn't that Hydro One?

7 MR. D'ARCEY: To answer your question, we have one
8 standard and that standard is common for the entire
9 province. So if the requirement is that the -- and the
10 difference here happens if we -- if it's a gang-operated
11 meter base connection, where we don't have to alter
12 anything on the pole and the transformer is of a capacity
13 to meet the needs, then there is nothing that we have to
14 do.

15 If we have to go and make any changes on the pole or
16 to the pole, it then has to meet the current standard, and
17 that pole, then, would potentially would have to be
18 replaced and the transformer upgraded.

19 So therefore the standard is such that depending upon
20 what you -- it's like if you had -- if you lived in your
21 home for 40 years and if you don't change anything on your
22 electrical system, you are fine, but if you want to upgrade
23 it, then you have to upgrade it to the current standard,
24 and that's similar with our poles.

25 If we don't touch that pole, don't alter it, we are
26 fine, but if we have to alter it, to change it, we have to
27 bring it up to our current standard, and that is tied back
28 into the ESA Reg 22.04, which is our regulatory requirement

1 to meet that standard.

2 MR. QUENNEVILLE: On this particular instance, I had
3 paid for a new pole. I had paid for a transformer.

4 But one guy -- one county says 35 and the other says
5 no, it's 40. That's the way it is. I questioned them.

6 He says: Well, if the other county comes and
7 installs, it's 35. We are 40. He walked away.

8 MR. D'ARCEY: All I can do is -- if that was indeed
9 the case that you were told that, you were told that in
10 error.

11 We have one standard for the province associated with
12 it. I will definitely review that.

13 MR. QUINN: In the meantime, I am not connected.
14 Another month goes by before somebody else comes over and
15 they reassess the problem, look it all over. By the time
16 they schedule the program to come back in, I am the one
17 losing money here. And I have been waiting over four
18 months on this particular project.

19 End of my questions.

20 MS. CHAPLIN: Thank you very much, Mr. Quenneville.

21 We will take the afternoon break now.

22 If possible, we would like to try and complete the
23 Hydro One witness panel today. The Board is prepared to
24 sit -- I believe we can sit until 5:30.

25 So I believe we still have Ms. Brant and Mr. Carten;
26 there is nobody else. And the panel may have some
27 questions.

28 So we will take a 15-minute break now.

1 MS. SEBALJ: Can I just interrupt and ask -- I don't
2 know whether -- and I am putting you on the spot, but
3 whether the McLellans and the Quennevilles are intending to
4 stay, but I wondered if we could do a quick round of
5 whether anyone has questions of either Mr. Quenneville or
6 Mr. McLellan so that we can assess whether they have to
7 stay.

8 You are welcome to stay, obviously, if you have
9 argument or you want to make a submission at the end, but I
10 just wanted to make sure that we canvass people.

11 So Hydro One, do you have questions of either the
12 McLellans or the Quennevilles?

13 MR. ENGELBERG: No, we do not.

14 MS. SEBALJ: And I think mine have largely been
15 answered as well, so I just wanted to have that on the
16 record so that we can make sure you have your options open
17 to you, whether you are going to stay for tomorrow or not.

18 Thank you.

19 MS. CHAPLIN: Just so it is clear, what that means is
20 because there is nobody that wants to cross-examination
21 you, the Board does have the affidavits that you filed and
22 the information you have put before us, and so we will
23 certainly take that into consideration.

24 It means you will not need to take the stand and be
25 sworn. However, if you wish to be put in oral arguments
26 when everybody is sort of summing up their position and
27 giving their final say that they want to do, we are going
28 to be attempting to do that tomorrow, so if you would like

1 to be part of that tomorrow. If you are content with what
2 you have contributed so far, then there is no need for you
3 to come tomorrow, so it's in your hands. Okay?

4 We will break now for 15 minutes.

5 --- Recess taken at 3:32 p.m.

6 --- On resuming at 3:53 p.m.

7 MS. CHAPLIN: Are there any preliminary matters before
8 we proceed with Ms. Brant's cross-examination?

9 MS. SEBALJ: I just wanted to mention that three
10 undertakings were just provided to me by Hydro One, J1.6,
11 J1.4, and -- there were three, weren't there? For some
12 reason, I only have copies of J1.3 and J1.4. J1.7, thank
13 you.

14 MS. CHAPLIN: Thank you, Ms. Brant.

15 **CROSS-EXAMINATION BY MS. BRANT:**

16 MS. BRANT: Thank you, Madam Chair. Good afternoon to
17 the Panel. Good afternoon to everyone.

18 I am going to start -- I think what I would like to do
19 is go to the table that was provided earlier on. It's
20 Exhibit K1.1. We have talked about this at length, because
21 obviously it's important to understand the issues of non-
22 compliance that we are dealing with here today.

23 So from what's been said, what I take it to be is that
24 we have 15,630 applications that have been received, and
25 based on the information that you provided earlier on, you
26 have stated that 4,767 are out of non-compliance and that
27 would be the running total.

28 Doing the math, what I see is that 30 percent of your

1 applications are in non-compliance overall. Do you accept
2 that?

3 MR. D'ARCEY: Yes, your math is correct.

4 MS. BRANT: So now earlier, it was also discussed that
5 the number or the percentage of non-compliance was at
6 3 percent, and that was discussed earlier on this morning.

7 I just want it to be absolutely clear that, at that
8 point in time, we were talking about a snapshot and -- but
9 the analysis, if we are to talk about compliance, is really
10 to look at that true number and that that true number is
11 really upwards of 30 percent non-compliance; correct?

12 MR. D'ARCEY: I think it's important, too, to
13 acknowledge that the numbers that are being provided to you
14 are project to date. So from the initiation of microFIT to
15 date, those are the issues. Typically, when we look at it
16 from an OEB metrics component, we look at it annually,
17 so...

18 MS. BRANT: If I follow what you just said, I would
19 have thought that in your application you would have shown
20 us the running total number, but that's been brought into
21 the hearing today, so I think that's fine.

22 We are all clear that we are really talking about a
23 much larger non-compliance than what was alluded to earlier
24 this morning.

25 Now, the one other point I want to make on your table
26 that was put in the application, if you continue to work
27 from this table and continue to measure your non-compliance
28 on a snapshot basis and based on what's in your table in

1 your application, your percentages of non-compliance go
2 down; do you take that?

3 MR. HUBERT: That's correct.

4 MR. BRADBURY: Okay. So I think it's -- pardon?

5 MR. HUBERT: Yes, I agree if we reduce the
6 instantaneous non-compliance, then eventually the running
7 average would fall.

8 MS. BRANT: So do you agree that's not really an
9 appropriate way for us to look at this issue?

10 MR. HUBERT: I am not sure why, and I am not sure I
11 can agree to that. Could you elaborate, please?

12 MS. BRANT: Well, it's my question to you. Do you
13 think that it's an acceptable way to look at this issue?

14 MR. HUBERT: To present the instantaneous non-
15 compliance? I think in our application we wanted to tell
16 the Board and intervenors how much of our work was non-
17 compliant at that moment, because other customers who had
18 been processed earlier, some of them were not informed in a
19 compliant manner, but those responses have gone back to
20 them.

21 So it was really just -- the intent was to show what
22 was our momentary non-compliance at the time and to
23 continue to update that. So it's just -- in my mind, it's
24 just two ways of presenting the evidence.

25 MS. BRANT: But you also accept that most of the
26 questions that have come from the intervenors today have
27 related to the metrics that have been brought forward in
28 this application seeking to find out more information and

1 get to the real, true non-compliance? That's been the
2 purpose of a lot of the answers that have been brought out
3 in the undertakings?

4 MR. ENGELBERG: Madam Chair, I would object to calling
5 that number the real, true non-compliance. There is no
6 need to characterize it. Mr. Hubert said there are
7 different ways of doing it, and what Hydro One wanted to do
8 in its application was show the Board, at that time of the
9 application, how many non-compliant ones there were.

10 MS. BRANT: My reply would be simply that the reason
11 for raising it is that it's indicative of getting to the
12 solution. We need to know what the true non-compliance is
13 in order to hear from Hydro One to understand what their
14 plan is to alleviate this problem.

15 MR. ENGELBERG: Again, I object to calling it the true
16 non-compliance.

17 MS. CHAPLIN: We now have the data, both of the
18 cumulative levels of response and whether they were within
19 or without the timelines and the point in time. So I think
20 you have got the data you need, so let's proceed along the
21 lines you suggest.

22 MS. BRANT: Sure, thank you.

23 Now, I still have to stick on the data, though. We
24 have heard other submissions talk about connection delays
25 going over 30 days, 60 days. There was a statement just
26 made earlier about a connection perhaps taking up to 200
27 days.

28 What I would like to ask is that in the undertakings

1 that are to be provided, that we understand what the issue
2 of non-compliance is on a monthly basis originating from
3 September 2010.

4 MS. CHAPLIN: Sorry, are you asking about what their
5 statistics are in terms of meeting the five-day connection
6 time, the 6.2.7?

7 MS. BRANT: Actually, I would like to ask that we
8 receive the monthly breakdown of non-compliance for 6.2.6
9 and 6.2.7. We have asked -- Board Staff has asked for some
10 totals at different moments in time, and we would like that
11 broken down monthly.

12 MS. CHAPLIN: And why do you need that? I believe you
13 have asked for -- I think the current undertaking had six
14 data points.

15 MS. SEBALJ: Yes, but I am not sure if we are on the
16 same page, because I thought those data points had to do
17 with staffing.

18 MS. BRANT: You are right. Sorry, I apologize. I
19 don't think we have asked for an undertaking that will show
20 us the numbers on a monthly basis.

21 MS. CHAPLIN: So, sorry, before -- just to ensure that
22 I understand what it is you are requesting, are you
23 essentially requesting -- if I look at the table on K1.1,
24 are you looking for something like that on a month-by-month
25 basis, but then also including the information about 6.2.7?

26 MS. BRANT: That's right.

27 MS. CHAPLIN: And how will that assist the Board,
28 having that level of detail for what I am imagining is a

1 fairly significant -- I guess, first of all, could that
2 kind of data be provided by tomorrow?

3 MR. ENGELBERG: My understanding is that what can be
4 provided was provided by Hydro One in undertaking J1.3 with
5 respect to 6.2.7. I am not sure that Hydro One can go
6 further than that, and I don't really see how it would be
7 additionally helpful.

8 MS. CHAPLIN: So if I look at J1.3, we have data for
9 three months, the three most recent months, and you are
10 looking for -- Ms. Brant, you are looking for historical?

11 MS. BRANT: Well, I think would be helpful to
12 understand the evidence that's been led today or the cross-
13 examination that's been -- cross-examination replies have
14 said that the problems originated in the fall of 2010. So
15 I thought that that would be an adequate measure of
16 analysis, not just the most recent three months, if that's
17 what I see here.

18 MS. CHAPLIN: So you are looking to compare, for
19 example, what the figures were in October and November of
20 2010 with what the current levels are?

21 MS. BRANT: I actually would like to see the numbers
22 of -- I would like to understand the non-compliance since
23 the point of when you stated you have been undertaking or
24 have been experiencing problems. That's been explained to
25 have commenced in September 2010, was when you've
26 explained -- it's in the application -- that the problems
27 first started to arise.

28 I think that we need to understand the non-compliance

1 from that point onward, to understand whether or not the
2 metrics or the mitigation measures that are being applied
3 are actually helpful.

4 MS. CHAPLIN: So what can the witnesses provide?

5 MS. KINGSLEY: On 6.2.7, the exhibit that we provided,
6 J1.3, is what we can provide.

7 As we talked about previously, there was the confusion
8 in the field, and the data that we would have prior to this
9 time would not be a true indication of whether or not they
10 were meeting the code requirements, as they were probably
11 had a tendency more to report on connection of the five
12 days from the load connection perspective.

13 It was in May when we communicated out to our field
14 staff, clarified how they should be reporting and the
15 timelines that they should be achieving. As well, we
16 implemented some system changes to accurately track for
17 6.2.7.

18 For 6.2.6, it was what we filed originally as being
19 non-compliant last fall. Now, it would be difficult to
20 provide the data on a monthly basis, because what we really
21 have to do is pull a snapshot of data each month in order
22 to do that.

23 We do have a few months of recent data that we could
24 provide, but it does not go back to prior to December; the
25 first month is actually in -- the end of January.

26 MS. BRANT: January of this year?

27 MS. KINGSLEY: Yes.

28 MS. BRANT: I think that would be acceptable.

1 MS. CHAPLIN: Okay.

2 MR. HUBERT: Just to clarify, I believe we could
3 provide snapshots between January and July 29th. I don't
4 believe we have a snapshot for June, so I would have to
5 check that.

6 And they are not necessarily same day of the month
7 every time; they are snapshots when we took them.

8 MS. BRANT: I would also ask if that chart can include
9 and separate the numbers of the offers to connect from the
10 refusals. So right now that's batched together, and
11 earlier questions have been asked to clarify what is
12 really -- how did those two numbers -- how does that number
13 actually break down as between offers to connect and
14 refusals.

15 MS. KINGSLEY: If I can just clarify, I think we had
16 an Undertaking J1.7, and we were asked for the 4,265 number
17 that we were not compliant with, for a breakdown of direct
18 and indirect and, as well, capacity constrained and offered
19 to connect.

20 Would that provide that for you, for those snapshot
21 time periods that we have?

22 MS. BRANT: Does it include a column for refusals?

23 MS. KINGSLEY: Yeah. We can put that in there. It
24 would be either an offer or a refusal.

25 MS. BRANT: Now that I am on a roll, I am going ask
26 you the other one question.

27 You had talked about three different categories of
28 projects, microFIT projects, one being a parallel

1 connection that doesn't require a site visit, one that does
2 require a site visit, and then one which -- maybe that's
3 the direct, where it's a new connection; is that the --
4 okay.

5 Can you break that down between those that require a
6 site visit and those that do not?

7 MS. KINGSLEY: I am not certain that, when we did the
8 data pull for those dates, that we had that.

9 We didn't? Okay.

10 MS. BRANT: So in your data, you wouldn't know which
11 of the groups of projects -- of the applications, you
12 wouldn't know which ones require site visits and which ones
13 don't?

14 MR. HUBERT: The snapshots we took that I mentioned
15 earlier, no, we do not have that breakdown.

16 MS. CHAPLIN: Okay. So perhaps one of the witness
17 panel can just summarize what it is you are undertaking to
18 provide, and we can make sure this lines up with the
19 request.

20 MS. KINGSLEY: For 6.2.7, we have submitted the data
21 that we have.

22 For 6.2.6, we have snapshots of compliance from --
23 starting January 27th and various dates until the end of
24 July.

25 So really what we are looking for is a breakdown of
26 that 4,265 number by those dates, also broken into whether
27 it's parallel or a standalone. So that will give you an
28 indication of whether a site visit -- all standalone will

1 have had a site assessment. It will be some of the
2 parallel that will be missed, that could have had a site
3 assessment.

4 As well, we will also indicate, of those that were
5 non-compliant, how many received refusal and how many
6 received an offer to connect, broken down by parallel and
7 standalone.

8 MS. BRANT: That would be great.

9 MS. CHAPLIN: Okay. That number will be?

10 MS. SEBALJ: J1.11.

11 **UNDERTAKING NO. J1.11: TO PROVIDE A BREAKDOWN OF THE**
12 **4,265 NUMBER BY DATES, HOW MANY RECEIVED REFUSAL AND**
13 **HOW MANY RECEIVED AN OFFER TO CONNECT, BROKEN DOWN BY**
14 **PARALLEL AND STANDALONE**

15 MS. KINGSLEY: Just to clarify, part of this is under
16 J1.7, as well.

17 So did you want me just to add it to J1.7, that whole
18 breakdown that was asked for? Because we were asked for
19 the breakdown of the 4,265 under J1.7, and we will just add
20 to that.

21 MS. SEBALJ: So in other words, don't give it a new
22 undertaking number? You are going to put all of this
23 information into the undertaking that was provided, I
24 think, to Mr. Myers, right?

25 MS. CHAPLIN: Let's just keep with the new number,
26 because J1.7 has already been filed. Let's just leave that
27 unchanged, and any of the new data, you can add it to
28 J1.11.

1 MR. ENGELBERG: Perhaps we will put it on one sheet of
2 paper, entitled "J1.7 and J1.11."

3 MS. CHAPLIN: Certainly.

4 MS. BRANT: Okay. Thank you.

5 Ms. Kingsley, you also provided some numbers earlier
6 today which set out averages for processing times, and this
7 related to the 6.2.6 category.

8 Can you -- do you know what the high and low ends of
9 those numbers were? You provided an average; we would like
10 to understand what the high and the low...

11 MS. KINGSLEY: No, I do not.

12 MS. BRANT: Now, when you also talked about these
13 processing times, you broke out three different categories.
14 I have talked about this earlier. I would like to
15 understand about it a bit more, because to me it sounds
16 like a new category. This is the category of parallel
17 connections that require a site assessment.

18 MS. KINGSLEY: So in the code, it refers to them as
19 direct and indirect, and I always get it confused.

20 An indirect, we have to process within 15 days, and a
21 direct within 60.

22 We do have instances where there is a requirement to
23 perform a site assessment for those projects that have to
24 be processed within the 15 days. So when I did break it
25 out, I did talk about the parallel where no site assessment
26 is required, and then there is parallel where a site
27 assessment is required. And per the code, we would have to
28 process that within the 15 days.

1 MS. BRANT: Okay. So my question is -- we are talking
2 about microFIT applications here. We are talking about 10-
3 kilowatt applications, applications that, as a matter, came
4 before the Board back in 2008. The Board had initiated a
5 notice to amend the Distribution System Code to
6 specifically deal with these types of small connections.

7 We now call them microFIT connections, but they are
8 not new. At that time in 2008, there was a proceeding that
9 the Board had initiated, the 2008-0102 proceeding, and this
10 was the notice to amend the Distribution System Code. And
11 at that time, the Board was interested in coming up with an
12 expedited process for small connections, and 10 kilowatts
13 is definitely the small connections.

14 At that time, Hydro One also provided comments, and it
15 is referred to in your application. You do talk about
16 having responded to that proceeding, and you raise your
17 commentary -- it's actually quoted in your application.
18 You state that Hydro One was aware of this concern or had
19 raised a concern at that time.

20 In your comments, you don't make any mention of this
21 other type of category, this small connection or this
22 parallel connection that requires a site visit. You don't
23 talk about that. Why?

24 MR. HUBERT: Just to put the comments into context,
25 these were times when the code was being formulated -- code
26 amendments were being formulated, and our comments were
27 more generic in nature. They dealt with the idea of: How
28 appropriate is it to have performance metrics that are

1 absolute timelines, especially in an industry area that is
2 fairly new, immature, without a lot of field testing of
3 those new performance metrics?

4 So our comments did not go down to the actual specific
5 type of connection, and, in fact, I would venture to say
6 that at that point in time we did not have sufficient
7 experience to even know which type of applications would
8 require site assessment, an onsite estimate, standard
9 checks, and, if they do, how much time they would require.

10 So this was really a directional comment regarding the
11 direction of the code amendments.

12 MS. BRANT: Okay. So it concerns me when you say
13 that. This was 2008. The Board had issued a notice. This
14 was a very formal matter to very seriously look at the DSC
15 code.

16 I am wondering why you also didn't at that time, then,
17 state that, We don't really know. What you stated was, in
18 your January 2009 comment, when the Board finally decided
19 to amend and create the 6.2.6 provision which adds in the
20 60-day timeline for the parallels, you say that it's fine,
21 that you accept -- that you are generally in agreement.

22 MR. HUBERT: That is correct. So what we did when the
23 initial proposals came out to amend the code, we raised our
24 concerns, and I believe the tone of our concerns was
25 consistent with my current evidence.

26 This is a fairly new business area, untested. Hard
27 metrics could be problematic. Volumes are unknown. And I
28 think most of that is in our evidence, and that we put that

1 before the Board for the Board's consideration.

2 The Board subsequently proceeded to actually amend the
3 code, and the Board did decide to adopt the metrics
4 nonetheless. So at that point, you are correct we did
5 accept the Board's decision. And our focus moved away from
6 trying to persuade the Board to relax those metrics, and,
7 instead, our focus now moved to: How do we find a way to
8 align and to be compliant with those new metrics?

9 And that is why we accepted the direction of the
10 Board. We did not think it would be wise to challenge the
11 same question again when the Board has already made a
12 decision.

13 MS. BRANT: So now do you accept that perhaps the
14 reason why the Board did institute a timeline was because
15 they wanted to create some certainty for these types of
16 generators?

17 MR. HUBERT: I would be speculating, but I think
18 that's a very reasonable assumption.

19 MS. BRANT: If you will give me a moment, I have to
20 jump around a bit, because a lot of our questions were
21 answered by some of the earlier -- or were raised by some
22 of the earlier parties.

23 Now, Mr. Hubert, you have said earlier on that you
24 felt that DSC code amendments that created the timelines,
25 the 6.2.6 and the 6.2.7 -- you thought they were premature,
26 and the application talks about them being put together
27 with some urgency.

28 MR. HUBERT: I don't know if I said the amendments

1 were premature, but I thought the introduction of hard
2 metrics would be premature, yes.

3 MS. BRANT: Your application also states that the
4 amendments were put together following on the introduction
5 of the Green Energy Act, which was in May 2009.

6 MR. HUBERT: Yes. I think you may be referring here
7 to the actual timing, the sequential timing, of the code
8 amendments relative to the Green Energy Act. Is that your
9 question?

10 MS. BRANT: Well, just from your application, I get
11 the sense that what you are trying to communicate to the
12 Board and to the intervenors is that this was put together
13 with urgency. It was done post Green Energy Act. We
14 reacted, and here we have it, now 6.2.6 of the DSC, that
15 has an unreasonable timeline.

16 And my question to you is: Wasn't this really before
17 the Board and in everyone's mind earlier than that?

18 MR. HUBERT: Okay, I think you are correct. The
19 timing, the sequence of the timing here, was I think
20 Ontario had already embraced distributed generation and the
21 promotion of renewables through the RESOP program, and at
22 that time there was already speculation on the next
23 generation of programs.

24 So the code amendments, my understanding was that the
25 Board was looking to facilitate the adoption of renewable
26 energy connections to the distribution system, and that is
27 the reason for the amendments, to facilitate the oncoming
28 programs, the government's policy and the upcoming change

1 in the Board's objectives relate to renewables.

2 Now, it is correct that the actual Green Energy Act
3 was enacted after the code amendments, I believe, but the
4 industry direction and the policies that were driving the
5 Board I think were well in play already at that time, and
6 that drove the amendments to the code.

7 MS. BRANT: Can I take you to page 6 and 7 of -- we
8 filed OSEA cross-examination materials. I will give you a
9 chance to locate that. But on page 6 and 7, we put
10 together renewable energy timeline.

11 Just to take up on your point there, Mr. Hubert, we
12 refer to a June 2003 minister directive from the then
13 Minister of Energy, John Baird, regarding regulatory reform
14 to enable private sector investment in renewable energy.

15 Do you agree that that's when the policy objectives --
16 that that is an adequate signal of the policy objectives to
17 move towards renewable energy?

18 MR. HUBERT: I don't think I can comment on what an
19 adequate signal is. This was definitely one government
20 direction.

21 MS. BRANT: And you were working for Hydro One at the
22 time?

23 MR. HUBERT: I was.

24 MS. BRANT: And some of the other replies that have
25 come from the panel today have talked about -- Mr. D'Arcey,
26 you referred to putting together a team after the RESOP
27 program -- whether it was launched or whether after the
28 time that it was put on hold, I am not sure, but there was

1 some planning that sounds like was going on on your end; is
2 that correct?

3 MR. D'ARCEY: I believe my comment was is that post
4 RESOP, prior to the FIT programs, we did an analysis upon
5 RESOP and what some of the challenges and barriers were to
6 effectively processing those, and looking at the end-to-end
7 process for improvement. So that's the context associated
8 with it.

9 So we were not looking, per se, at microFIT or FIT,
10 but looking at where we may see some opportunities for
11 improvement.

12 MS. BRANT: So can we say you were getting ready? You
13 were planning for more renewable energy development to take
14 place?

15 MR. D'ARCEY: I think it's fair to say we were doing
16 analysis to see how we could improve our end-to-end
17 processes, yes.

18 MS. BRANT: So just for everyone's clarification or
19 just to put it on the record, the RESOP program was
20 introduced in November of 2006. We have set that out in
21 the timeline. Do you concur?

22 MR. HUBERT: I do not have the date, but I assume that
23 the evidence you filed is correct.

24 MS. BRANT: Okay. And then we have also noted in May
25 2008 it talks here about the OPA revising RESOP rules.
26 That's also the time when the program was essentially put
27 on hold. So this is 2006, 2008. This is going back quite
28 some time, and you have referred to some analysis.

1 Can you elaborate more on what analysis was done?
2 What sort of planning was done to get ready for these types
3 of projects?

4 MR. D'ARCEY: So as I earlier referred to, we went and
5 we looked at what some of the barriers and obstacles were.
6 If we looked back at the RESOP program, we recognized that
7 we weren't utilizing all of the capability within Hydro
8 One. That's when, if you want to look at it from the BCC
9 component, we looked to leverage that as -- and the upfront
10 processes associated with it. So from a communications --
11 web-based applications, a centralized group, then, that was
12 focussed on processing of those application, that was kind
13 of brought out from that. We then looked at the assessment
14 of those processes and the evaluation and the resources
15 that were required to do that at that assessment. We also
16 looked at how the information flowed from there to the
17 field for connections. We also looked at the accounts
18 payable processes, and all of these things.

19 So there was a multitude of things along that line,
20 but that gives you a sense of areas where we were focussed
21 on, where we identified that there were gaps that could
22 draw some improvements and streamline the end-to-end
23 process.

24 MS. BRANT: And you base that analysis on your
25 experience from the RESOP program, I take it?

26 MR. D'ARCEY: That's correct.

27 MS. BRANT: Mr. Hubert, when you talk about not having
28 experience, can we not say that looking back at the RESOP

1 program and those applications and the experience that
2 those -- that that was for Hydro One in terms of processing
3 is not some level of experience that you could have brought
4 to the table in 2008?

5 MR. HUBERT: Absolutely, and we did bring it to the
6 table. So what we were doing was, as Mr. D'Arcey said, we
7 looked at people, how do we utilize people, looking at our
8 processes, looking at systems and technology, how we can
9 align them to deliver.

10 And some of the intervenors may recall we had issues,
11 teething pains, with RESOP, as well, particularly
12 connection impact assessments that had to be done in a
13 timely manner. And that also brought us before the Board,
14 because we had volume-related issues, an inability to cope
15 with volatile volumes at that time.

16 So yes, we did learn a lot from that, and we geared up
17 and put people in place to deal with it. However, the
18 RESOP program was a very different program than the
19 microFIT program, and particularly in terms of the volumes
20 and size of generators that are involved.

21 So in total, I believe the RESOP program resulted in
22 some less than 400 actual projects materializing; we are
23 talking here about some -- I guess the latest number is
24 34,000 applications for microFIT in front of the OPA, to --
25 probably to last week.

26 This is a huge volume, less than 10 kilowatts, as you
27 stated. I think that under the RESOP program, in all, we
28 probably had less than 100 in total microFIT projects come

1 into place or microFIT-sized projects.

2 MS. BRANT: But now the price doubled. I mean, this
3 was a different program in the sense that it was very
4 attractive. It was obvious it was going to be very
5 popular.

6 MR. HUBERT: That is correct, and in fact when we
7 commented on the proposed code amendments, we said we
8 expect volumes to be high and volatile and unpredictable.

9 MS. BRANT: So going back to a statement that was made
10 earlier today, I believe, Ms. Kingsley, you referred to in
11 your experience Hydro One had started planning in September
12 2008 for renewable energy connections?

13 MS. KINGSLEY: It's the same team that Miles was
14 referring to -- sorry, Mr. D'Arcey.

15 MS. BRANT: Okay. So the RESOP program is put on --
16 the brakes are put on the RESOP program in May 2008, and
17 then in September the planning team was initiated to take a
18 look at what sort of analysis could facilitate and help
19 going forward?

20 MR. D'ARCEY: That's correct.

21 MS. BRANT: Okay. Now, this was also discussed
22 earlier but I think it bears repeating, or asking you a
23 further question on it.

24 The lawyer for CanSIA asked you about whether or not
25 you had applied for a deferral account. What we also know
26 was that Hydro One had filed its Green Energy plan in
27 September of 2009 as part of the 2010/2011 distribution
28 rate hearing or proceedings.

1 In that decision, the Board had laid out, I guess, a
2 process for coming back to the Board and requesting what
3 they called a rate rider. It might be the same as the
4 deferral account, but I think they both get at the same
5 thing, which is an opportunity for Hydro One to go and ask
6 for more resources.

7 Why do you not see what seems to be such an imminent
8 problem on microFIT projects which were supposed to be the
9 capacity allocation exempt? These were the ones we weren't
10 supposed to talk about; these were the ones that were just
11 supposed to work their way through the system.

12 How is it that this issue has not necessitated -- or
13 has it necessitated you to consider applying for a rate
14 rider?

15 MR. HUBERT: I think the issue here is not really
16 about funding. It's not about the revenue requirement, and
17 it is not even entirely solvable by resources. So a lot of
18 the discussion today has focussed on resource adequacy, but
19 many of the activities that have to be completed within the
20 timelines in the code are sequential activities of fixed
21 duration that are not necessarily resource-dependent.

22 So Hydro One did not really see a need to come forward
23 with a request for additional funding. We believe that we
24 had put forward a credible green energy plan, given the
25 information we had, and we had resourced it appropriately,
26 using those budget envelopes as approved by the Board, and
27 proceeded to implement.

28 So the green energy plan that we filed actually was

1 focussed around the assets required to connect renewables.
2 I think is the intent of the green energy plan, to address
3 system expansions and renewable enabling improvements, to
4 facilitate the connection of renewables.

5 MS. BRANT: I just mean it in terms of a process that
6 is available to Hydro One. Should it have the need to seek
7 additional resources, that ability is there to come to the
8 Board for a rate rider or a deferral.

9 MR. HUBERT: We do recognize that.

10 MS. BRANT: And what you are saying is you don't see
11 this issue as requiring you to expend any additional
12 resources beyond your budget?

13 MR. HUBERT: I do not see any reason to approach the
14 Board at this time with a revenue requirement or a rate
15 application, or even a green energy plan, to allow us to
16 meet our compliance obligations.

17 Hydro One believes that we have put in place the
18 necessary processes and we continue to take action to
19 achieve compliance. Now, we will, I expect, or at least we
20 plan to file a Green Energy plan next time we come before
21 the Board, as is required, but that will be subject to a
22 future application.

23 MS. BRANT: I am advised that you have just issued an
24 RFP to hire additional generation staff, that I am told it
25 closes tomorrow, that there is an RFP out to hire more
26 distributed generation staff; is that...

27 MS. KINGSLEY: I think that may be related to FIT
28 applications. I am not aware of an RFP related for staff

1 related for microFIT, an RFP.

2 MS. BRANT: I think it's a posting that's on the Hydro
3 One website for -- to hire.

4 MS. KINGSLEY: Is it RFP or is it a vacancy?

5 MS. BRANT: It's okay.

6 MR. D'ARCEY: If it was related to engineering
7 resources, then typically that would be for FIT-type
8 projects associated with it, and that -- through the
9 engineering department.

10 And we do have a number of contracts to date with
11 external firms to provide us with additional assistance,
12 and we do, as volumes increase and especially on our
13 engineering side of it, regularly go to market for
14 assistance on the engineering side of the business.

15 MS. BRANT: Okay. So the microFIT projects, then,
16 don't require you to hire additional people, is what you
17 are saying?

18 MR. D'ARCEY: No, no. What I said is that it didn't
19 -- is that these were engineers, and so specific to the
20 engineering requirement, microFIT wouldn't require
21 additional engineers.

22 We have a process by which we screen those to ensure
23 the system capacity, and then I think we have outlined the
24 resources that are there. There are clerical resources
25 that do the initial application. The tool then screens it
26 to ensure that they can meet the capacities there. It's
27 then sent out to the field, again. Clerical workers would
28 do that particular work.

1 It then goes to an area distribution tech to go out
2 there, not an engineer; a technician. So the tech then
3 goes out and does the work, and then once it's completed,
4 it's line maintainers that go out and complete the work
5 for...

6 So engineering is not a specific requirement to
7 microFIT, FIT. Complex engineering requirements tied back
8 into line protections, and the like, definitely has a large
9 engineering component.

10 MS. BRANT: So when you are talking about field
11 workers, then you are not talking about engineering, I take
12 it, then. It's people out in the field that are going to
13 facilitate the connection?

14 MR. D'ARCEY: Area distribution technicians, line
15 maintainers, clerical staff for the majority of the work
16 that's there.

17 MS. BRANT: You will give me just a moment, again. A
18 lot of my questions were asked already, so I would just
19 like a chance to go through this.

20 Now, in your application -- let me just see if I can
21 take you to the page. It's in page 4 of our cross-
22 examination materials. This is part A of your application.
23 There is two pieces of highlighted text there.

24 The first part was about the November 25th letter that
25 was initially sent to the Board disclosing the non-
26 compliance. We have an undertaking that's going to be
27 provided to the Board and to the intervenors.

28 I would like to move on to the second piece here,

1 which is you are taking here about the technical screening,
2 and it refers to -- or I will quote:

3 "Through experience, Hydro One has learned that,
4 although an individual micro-embedded project may
5 have little or imperceptible impact on the
6 performance of the distribution and transmission
7 systems, in aggregate, micro-embedded generation
8 connections can have a substantial effect."

9 So my question to you is: How do you propose to deal
10 with -- sorry, I will rephrase that.

11 As a large distributor and transmitter, I am wondering
12 if your analysis -- I get the sense from the application
13 that the analysis doesn't appear to concern itself with the
14 effect of aggregate projects, that this is only something
15 you are only now dealing with.

16 How could you not analyze aggregate effects back in
17 2008, when the original request came before, from the
18 Ontario Energy Board, to come up with an expedited system?

19 MR. D'ARCEY: I think I touched upon this a little
20 earlier. And we have always looked at the impacts
21 associated with connections to our assets.

22 In the initial stages, when there is not a -- very few
23 microFITs connected to the system, there is a lot of
24 capacity. So, therefore, in those initial stages, many of
25 those projects were able to connect.

26 As it grew and as more and more people came on to the
27 system, then you started to see the same application of the
28 parameters associated with capacity, now resulting in

1 individuals or projects that would not be able -- because
2 of capacity restraints.

3 And, thus, given the volumes, we instituted a tool so
4 that we could automate that process to be able to manage
5 through the numerous number of applications that were
6 coming through to us.

7 MR. HUBERT: If I may add one more thing, Mr. D'Arcey
8 spoke about the actual volumes and concentrations of these
9 microFIT applications. I believe that the microFIT program
10 was envisioned as being an urban program for urban take-up
11 or largely urban rooftop applications.

12 What we have seen is a very large component - and I
13 would estimate about three-quarters of the applications
14 before the OPA - are destined for Hydro One's rural service
15 area. And, in fact, we are seeing many ground-mounted
16 solar applications, as well.

17 So, again, not only volume, but also the nature and
18 geographic concentration of microFIT was something that I
19 think many people did not expect or anticipate.

20 MS. BRANT: I find that surprising. The FIT -- or the
21 microFIT had set out a whole set of different categories of
22 different types of projects. There would be some that
23 would obviously go on the rooftops. Those would be the one
24 that would have the higher prices.

25 These aren't the microFITs, but I just still find it
26 surprising that you would have thought the take-up was only
27 going to be in the urban areas.

28 MR. HUBERT: Not only, but I think we thought there

1 would be significant urban concentration. But, again, that
2 is hindsight, and I think a lot of this application is
3 about surprise. We are all still learning together.

4 MS. BRANT: There was earlier numbers provided. I
5 believe it was Mr. D'Arcey that referenced to the original
6 estimates, being the microFIT projects, that there would be
7 125,000 projects and that that was really only
8 representing -- one-fifth would be applications that would
9 come before Hydro One, and so the bulk would go toward --
10 to other parties?

11 MR. D'ARCEY: The context of that was that those
12 people that were developing microFIT and FIT projects were
13 relaying to us that this was their expectations associated
14 with it. I think Ms. Kingsley also commented on it, that
15 125,000 microFIT applications over a five-year period, the
16 thinking again was that of the 125,000, 25,000 of those
17 would likely come Hydro One's way.

18 And what we have seen is that at least initially in
19 through here, the bulk of the connections or the
20 applications have actually been in Hydro One's service
21 territory.

22 Again, it doesn't take away from the fact we still
23 have to look to see whether or not the system has capacity
24 and utilizing a tool to properly screen those to ensure
25 that we are safely and efficiently managing our system.

26 MS. BRANT: So has that number changed, then, in terms
27 of the balance? You said it was one-fifth. Are more
28 applications now being received by Hydro One than what you

1 thought?

2 MR. D'ARCEY: Well, I think it goes to the numbers
3 that have already been shown. Of the 34,000 applications
4 that have gone to the OPA, 22,377 have gone to Hydro One,
5 so, yes.

6 MS. BRANT: Now, the application before the Board is
7 to seek an exemption, and I wanted to go back to this
8 question of: What are the consequences if the exemption is
9 not allowed?

10 The Power Workers' Union had led some question this is
11 morning alluding to the potential notion that your licence
12 would be revoked and that it may have some consequences to
13 debt obligations of Hydro One.

14 I think there is more consequences than that that
15 really go to the public interest, that really go to the
16 applicants. Now, are you aware that the OPA contracts have
17 an expiry date?

18 MS. KINGSLEY: Yes. It's the conditional offer, I
19 understand, that has the expiry.

20 MS. BRANT: So as I understand it, initially the OPA
21 required the microFIT projects to be connected within a 12-
22 month period. Then when the December amendments came on to
23 reverse the ordering of the process requiring the applicant
24 to have a connection first before proceeding, that timeline
25 was shortened to six months.

26 Have you addressed or analyzed what the consequence is
27 going to be to those proponents?

28 MS. KINGSLEY: Just to clarify, the six-month timeline

1 is still from the day that they were given the conditional
2 offer. It's not after -- they are not required to be
3 physically connected first.

4 The requirement is that they have to have an offer to
5 connect from their LDC first, and then they will receive
6 the conditional offer from the OPA.

7 I understand that the idea that the OPA changed that
8 to six months was to align with the timeline for which we
9 give a customer an offer to connect, as well, to ensure
10 that those timelines were being met, that the offer to
11 connect is valid for six months, and the conditional offer
12 so that projects would move forward.

13 MS. BRANT: Okay. So do you, then, not perceive that
14 there is going to be any impact to parties if the exemption
15 is granted to parties that hold an OPA contract?

16 MS. KINGSLEY: From a 6.2.6 perspective, I don't see
17 how it would impact them, because they have to have the
18 offer to connect first before they get the conditional
19 offer.

20 For 6.2.7, they do have six months in which to be
21 physically connected.

22 MS. BRANT: Now, when we are saying six months, this
23 is the same period in time within which Hydro One is
24 actually supposed to connect within five days, if all
25 service conditions were met?

26 MS. KINGSLEY: Correct.

27 MS. BRANT: Okay.

28 MR. HUBERT: That is under our proposed metric, not

1 the current code metric.

2 All service conditions met is not in the code today.

3 MS. BRANT: Right, sorry. I guess I was just using
4 your language. What I meant was that within five days --

5 MR. HUBERT: Of ESA approval, of all approvals --

6 MS. BRANT: The other condition, and not --

7 MR. HUBERT: Right, and payment and contract.

8 Correct.

9 MS. BRANT: Okay. Okay. I believe I just have one or
10 two more questions. I just -- they were clarifications on
11 information that was previously led, so if you could just
12 give me a moment.

13 Now, have you done any research to understand why 30
14 percent of the applications are unable to be connected?
15 The refusals, the 30 percent refusal that we are dealing
16 with here?

17 MS. KINGSLEY: Sorry, have we done any?

18 MS. BRANT: Research or analysis to address why that's
19 happening.

20 MR. D'ARCEY: I think it's in the context of we do an
21 assessment of the system capacity, to see whether or not
22 there is capacity, and then if there is no capacity, then
23 they are viewed as being constrained.

24 And I think Kelly alluded to the fact that where we
25 may have a project that may expire or someone withdraws, we
26 do go back and re-screen those to see if that project that
27 was previously constrained may now be able to connect.

28 MS. BRANT: But now these are small projects. These

1 are the 10 megawatts -- 10 kilowatts, excuse me, and the
2 30 percent is connected to a capacity issue.

3 Again, this was not something that could have been
4 raised in 2008 when the matter was before the Board, to
5 come up with an expedited process?

6 MR. HUBERT: I don't believe we had enough knowledge
7 to know what the impact and distribution of the microFIT
8 applications would be at that time.

9 So a lot of the technical issues that have emerged I
10 think have emerged since then, but again, that's not my
11 area of specialty.

12 MS. BRANT: Now, turning to your -- what you propose
13 to do during the exemption period, which would be to comply
14 with or have a condition in your licence that would enable
15 you to have connections in a similar time format as load
16 connections, and sort of to mirror off that existing --
17 those existing provisions in the Distribution System Code,
18 I have heard the panel mention on more than one occasion
19 that the load connection process is understood, that
20 perhaps it's even favoured, is what I am getting the sense
21 that I am hearing. These are obviously different
22 provisions than what was put in place; what was put in
23 place was a specific cap on a timeline. What section
24 6.2.6, the amendments that followed from the 2008
25 amendments to the DSC code specifically put a cap, the 60-
26 day cap on these types of projects.

27 Why didn't you suggest at that time that these types
28 of connections could -- should follow the same as the load

1 connections?

2 MR. HUBERT: I do not have an answer for why we did
3 not foresee that in our comments to the Board at that time.

4 I guess we did not realize what the impact would be in
5 terms of the connections, and the reality of all service
6 conditions being met perhaps was not as obvious as it was
7 until we got in the field and realized that before you can
8 make a connection, you need to have all service conditions
9 met, which was wording that was absent from the code
10 requirement.

11 MS. BRANT: Now, at that time and at any time after
12 that, and probably before, if we can take some comfort that
13 renewable energy development has been in the policy mind of
14 Ontario since 2003, what sort of research did you do to
15 understand best practices from other jurisdictions? There
16 is other jurisdictions that have these types of projects
17 that have -- that would have experienced similar issues.

18 MR. D'ARCEY: We are aware of other jurisdictions. I
19 mean, we did consult. We assessed what was happening and
20 how they were applying it.

21 I think that led us to a number of things associated
22 with the development of the tools and of a standard
23 associated with it to establish criteria.

24 We wanted to go out and -- I think the I-triple-E
25 standard, which we've referenced, associated with
26 determining what the capacity is for the system is evident
27 of looking to where industry -- not ourselves, not created
28 in Ontario, but where the industry has set out some

1 parameters to allow us to provide some background.

2 So we have looked at and assessed what others are
3 doing. Ultimately at the end of the day, a lot of what we
4 are talking about is that physical connection to the line.
5 I think we have done a really good job of looking and
6 saying what is it that we need to do, to put in place
7 processes and evaluation tools to expedite the process, to
8 insure that we can effectively determine whether projects
9 can connect to the system.

10 Our challenge is more on the logistics associated with
11 trying to coordinate those connections with customers.

12 MS. BRANT: Now, going back to 7.2.3, the -- 7.2.1 and
13 7.2.3, specifically 7.2.3 states that you would propose to
14 meet the service quality requirement at least 90 percent of
15 the time on a yearly basis.

16 Right now, can we not say that you are meeting it 70
17 percent of the time?

18 MR. D'ARCEY: I think it would be fair. Without
19 looking at the math, I think it would be fair to say we are
20 not meeting that 90 percent today, yes.

21 MS. BRANT: So perhaps the application should be
22 different than what's been requested?

23 MR. HUBERT: To clarify, I believe that the compliance
24 statistics Mr. D'Arcey is referring to are the current code
25 requirements, not what we are proposing for the duration of
26 the exemption. So Hydro One's assessment is that we would
27 be able to meet the 90 percent metric if the metric were
28 revised as requested in our application.

1 MS. BRANT: During the exemption period?

2 MR. HUBERT: During the expense period, that is
3 correct.

4 MS. BRANT: Now, going back to 7.2.1, it says that --
5 or, rather, you stated, Mr. D'Arcey, that you would inform
6 all customers that they have the option of being connected
7 in five days, or that they have the option to come to a
8 mutually-agreeable alternative date.

9 What if everybody says they want to be connected in
10 five days?

11 MR. D'ARCEY: Again, I think if you look, 7.2.1
12 references the fact that within five business days from the
13 day in which the application service conditions are
14 satisfied, or such later date as agreed to by the customer.

15 And, again, many of our issues or logistical issues
16 are tied back into the fact that not all of the components
17 are satisfied by the customer. I equate this back to our
18 load connection requirements, which has the same metrics
19 associated with it, and, yes, we are able to meet that and
20 have been able to meet it 90 to 95 percent of the time,
21 historically.

22 So I am much more confident that given our history
23 with load connections, if we apply the same metrics, that
24 we should be able to meet that requirement.

25 MS. BRANT: So just so I understand, does that mean,
26 then, that there is going to be some additional connections
27 -- or additional conditions that will be add to the
28 connection process if we allow the exemption period to

1 follow the 7.2.1 provision?

2 MR. HUBERT: No, no, it does not. The connection in
3 the field, the physical connection cannot be made until all
4 those service conditions are met, and that is actually a
5 reality.

6 So what we are trying to do is align the performance
7 requirements in the code with that reality. So Hydro One
8 will not, and in most cases cannot, actually make the
9 physical connection unless those service conditions are
10 met.

11 Now, these are not terms and conditions. They are
12 actually physical conditions, such as trenching and locates
13 that we mentioned earlier. So we just want to ensure -- I
14 think that will bring the compliance problem into some
15 mitigation for us.

16 MS. BRANT: Okay. Now, I know what was also said
17 earlier on was that you would be amenable to some form of
18 monthly reporting to address transparency, I take it, to
19 your customers.

20 I would like to ask if we could have an understanding
21 of what would be contained in that monthly reporting. We
22 have sort of seen that the table that was presented in the
23 application today combined some numbers. There have been
24 questions from other intervenors trying to understand a
25 little bit more.

26 I would like to know in your monthly reporting how you
27 would propose to be transparent, what you would put in that
28 report. Is that something reasonable to ask?

1 MR. HUBERT: I find it a little difficult to
2 speculate, because we haven't yet reached the point of the
3 Board considering and granting us the exemption, nor the
4 actual terms, but I think you have seen in our evidence
5 some of the types of reports that we are able to generate.
6 And, in fact, some of them we were able to generate as
7 undertakings in relatively short duration.

8 So we would, I think, expect that we would be tracking
9 our compliance to whatever requirement we are supposed to
10 be meeting, and we, I guess with some reasonableness, could
11 provide breakdowns by categories if that would be helpful
12 to the Board.

13 MS. BRANT: I think it would be helpful to all
14 parties. I suspect that the transparency, even if the
15 Board doesn't order it, may be something that you will want
16 to do, anyway.

17 So I just would like to ask if we could get an
18 undertaking to understand what kind of communication you
19 would propose.

20 MR. ENGELBERG: I would like to suggest here that when
21 questions were asked earlier today of the witness panel as
22 to what reporting Hydro One could do, it was in response to
23 specific questions, and Hydro One said, Yes, we could do
24 that. We could do that on a monthly basis. In my
25 submission -- or on a periodic basis, whatever the Board
26 would order.

27 My recollection of the evidence is that Hydro One
28 agreed to specific requests regarding reporting, and

1 perhaps a review of the record would show that. I am
2 reluctant to have them come up with some generic ideas as
3 to additional reporting that the company might be able to
4 do over and above what they specifically said on the record
5 earlier today that they could do.

6 MS. BRANT: Well, my concern is only that this becomes
7 reporting that is privy to everybody that monitors the OEB
8 website. I am not sure that it's going to be reporting
9 that anybody else is going to look at.

10 MR. ENGELBERG: Well, that's an issue I think for the
11 Board to address. Hydro One didn't speak to, nor was it
12 asked, anything about whether the reports to the Board
13 would be in confidence or in camera or anything like that.

14 MS. BRANT: I will leave it at that, then. Those are
15 my questions. Thank you, panel.

16 MS. CHAPLIN: Thank you, Ms. Brant. Mr. Carten, are
17 you ready to go?

18 **CROSS-EXAMINATION BY MR. CARTEN:**

19 MR. CARTEN: I am ready to go, Madam Chair. I am sure
20 everybody is ready to go. I hope I can rely on that old:
21 First shall be last and last shall be first for tomorrow.

22 I have only got a couple of questions. Most
23 everything I would have wanted to bring to the attention of
24 the Board has been brought to the attention.

25 There is one disconnect that's troubling me, and it
26 may trouble the Panel, as well. There is a view that the
27 budgeting allocated for the approval process is adequate,
28 and yet there is a statement that seems to say, Well, we

1 don't know what's coming and we think it's going to be a
2 lot more, so we can't make any commitments in terms of what
3 we will do or won't do.

4 And perhaps what I am struggling with is how much of
5 the resistance to making a commitment to certain
6 deliverables is tied to the rigidity of the schedule, and
7 how much of it is tied to the inability to predict the
8 volumes that are coming for processing.

9 MR. D'ARCEY: I will try to position it this way, and
10 maybe -- what we have as far as costs are incremental costs
11 tied back into it. We have the business centre, which --
12 we believe that we have adequately staffed and funded in
13 through that. We have automated processes associated with
14 that.

15 We then have a requirement, then, for connections to
16 proceed to the field, then to be engineered, teched and
17 completed. Within the context of a simple gang meter
18 parallel connection, those costs are fairly well defined
19 associated with it. So I think that's well known.

20 Then if we get into any requests that involve
21 replacement or upgrading of assets, that is the
22 responsibility of the proponent to pay for. So these are
23 recoverable costs associated with it.

24 So I am not -- from a microFIT perspective, I am not
25 sensing a lot of incremental costs, per se, that we would
26 incur.

27 MR. CARTEN: So from a resource perspective, you
28 believe you have the resources to handle whatever volumes

1 come at you? I am thinking about 6.2.6, at a minimum. You
2 have the resources on hand to handle whatever volumes come
3 at you?

4 MR. D'ARCEY: I think I have tried to address that
5 numerous times through the day.

6 MR. CARTEN: You have. Is that the answer? Is the
7 answer, yes, you do have the resources?

8 MR. D'ARCEY: We have a flexible work force associated
9 with it, and then we bring both hiring -- on the line side
10 of it, we bring both hiring hall and contract staff in to
11 address our requirements. We also have the flexibility to
12 move staff around throughout the province, if required.

13 So, yes, we do. And I think Kelly addressed the BCC
14 and the clerical side of it. We have worked with them to
15 add incremental staff, as well as we direct them to work
16 overtime as required.

17 MR. CARTEN: So the real problem is the rigidity of
18 the timeline or the shortness of timeline?

19 MR. D'ARCEY: More along the logistics, absolutely.
20 Yes.

21 MR. CARTEN: You have been at this for a fair amount
22 of time now. I assume you have got some modelling that
23 will allow you to distribute the processing times, like 80
24 percent is within 15 days, 90 percent is within 40 days,
25 whatever.

26 Do you have that kind of data?

27 MS. KINGSLEY: I think that was the average handle
28 time that I provided, but it is just an average.

1 MR. CARTEN: Yeah. I am thinking more than just a
2 median, but more of a -- not standard deviation, but there
3 is a curve. You know, you would say: Okay. 50 percent
4 were done clearly within the timeline, 70 percent were done
5 within "X" number of days, and then we are so far behind in
6 the others, you know. It's a question of distribution; the
7 average is not going to give you -- what I guess I am
8 driving at is: Is there is a place here where you can say:
9 We can meet -- we can do this -- we need this number of
10 days more on the review process, to get over the rigidity,
11 and we can have compliance, 70 percent compliance, in this
12 time frame and 90 percent compliance in that time frame?

13 MR. D'ARCEY: Again, I think it -- the challenge is
14 that each job is unique, so unless it's a gang-metered
15 installation where we know it's a couple -- it's a meter
16 and the tech's time to connect it, I think we have that one
17 pretty well nailed down, and we have talked about that.

18 The next issue really goes back into when you get to
19 the location, is it a transformer that requires upgrade?
20 And that's a simple upgrade. Is it a transformer and a
21 pole now that's required? What are the implications? Does
22 that pole then require -- are there underground --
23 underground locates? Are there underground services?

24 And all those things are sequential, so when an ADET
25 goes out to do -- to assess the -- to do a site visit to
26 assess that, there is now a determination of what are those
27 logistics. In a very simple situation, if it's just a
28 transformer replacement, that's a very simple process.

1 MR. CARTEN: Every business is that way. Every
2 situation is unique. But that is why you do data analysis,
3 is to try and develop some trends and get some patterns.

4 And you have been at it for at least a year now, so
5 you should have some of those trends and be able to say:
6 Well, 80 percent of the projects are clearly going to be okay,
7 whatever the number is, and yeah, there is going to be one
8 or two cases that are offside, and yes, you may miss it one
9 month in terms of what your requirement is, but so what?
10 You are in non-compliance most of the time anyway, but I
11 mean, surely you must have that kind of data that can allow
12 you to say to the Board that: Yeah, we can do those
13 reviews in about 90 percent of them, or 80 percent of them
14 can be done in 15 days, and the other ones have to be done
15 in 25 days or whatever that time frame is.

16 MR. HUBERT: I would like to suggest that that is
17 actually the reason why Hydro One did not put forth an
18 alternative time frame for 6.2.6, because although it seems
19 like we have been at it for a long time, this has not
20 really been a long time. This is not a mature segment of
21 the industry similar to load connections, and we are still
22 learning more about the volatility of the incoming volumes
23 and also about the actual nature and configuration of
24 customer requests that we have to assess, as Mr. D'Arcey
25 pointed out.

26 So I would venture to say that we do not have that
27 type of information, and even if we were able to mine our
28 data and get some statistics and a distribution, as you

1 suggest, I am not sure it would be meaningful to forecast
2 what we could do in the next three months.

3 MR. CARTEN: Are you able to try? I mean, most
4 businesses have the same problem.

5 MR. HUBERT: I do not think -- you are asking to try
6 to mine the --

7 MR. CARTEN: To try to develop that data, yeah.

8 MR. HUBERT: I do not think I can offer to do that,
9 and I am a little concerned about the resourcing required
10 to do that, which is unfortunately the same resources that
11 actually process the applications.

12 MR. CARTEN: But you said you had lots of resources.
13 I mean, you would normally do that anyway, wouldn't you?

14 MR. HUBERT: I don't believe we said we had lots of
15 resources.

16 MR. CARTEN: Wouldn't you normally do that kind of
17 analysis anyway?

18 MR. HUBERT: I do not believe we have done any
19 distribution analysis and distribution of non-compliance,
20 80 percent and 20 percent.

21 MR. CARTEN: In fairness, part of your request here is
22 that we all take on it faith that you are going to be good
23 guys and work hard at it, but everybody, I think, would be
24 happier if there was some sort of boundaries laid out that
25 were -- that give you more flex, but at least allow you --
26 at least put you to some metrics.

27 MR. HUBERT: I do understand that. I guess for load
28 connections there is no requirement for the similar -- for

1 leading to an offer to connect, which is a connection
2 processing time.

3 So I do not suggest we have one for generation right
4 now.

5 MR. D'ARCEY: I think we have already agreed to the
6 fact that there were some proposals put forth that we would
7 look to enhance our reporting capability.

8 MR. CARTEN: I was thinking more of actual boundaries
9 as opposed to reporting. I mean, I have got a couple of
10 points on transparency, as well, that I would like to ask
11 you about, but I mean, it does seem to me that there is
12 room here to come up with a solution that will give you the
13 flex that you need, without being too -- but at the same
14 time leave the industry confident that there is going to be
15 some stability there.

16 I mean, I am in the same business of having to predict
17 demand all the time, and if it's -- given your track record
18 -- given the track record -- I shouldn't personalize it
19 that way, sorry -- given the track record of the demand has
20 been so unstable, I mean, it's really scary, and to simply
21 be saying: Well, we will use our best commercial efforts
22 when nobody has any reasonable understanding of what best
23 commercial efforts means to a utility, is tough for
24 companies like ourselves to do our own demand planning.

25 MR. D'ARCEY: I appreciate that, and I think we do
26 have some initial components. Kelly had talked about it,
27 our ability to actually process the initial applications.
28 They were doing that within 48 hours, so I think that's...

1 MS. KINGSLEY: If we -- the only data that I currently
2 have is if you look at when I broke out the different
3 categories of a typical parallel connection that does not
4 require an estimate, that currently represents 65 to 70
5 percent of all the applications, and we have had
6 significant improvement in being able to meet compliance,
7 because our average handle time is now down to four days.

8 Now, that doesn't mean that there is not any outliers
9 in there, and that the same -- so that would mean that 30
10 to 35 percent are requiring more of a -- requiring an
11 estimate, and that's the area where I had said that
12 anywhere from -- I think it was 32 to 45 days is the
13 average.

14 MR. CARTEN: Just speaking -- maybe I shouldn't be
15 speaking from my perspective, but you are in the same --
16 you are in the management process, as well, and nothing
17 works unless you have metrics that you have to line up to
18 -- and best efforts just never really works.

19 But it would be great -- it seems to me it would be
20 great value to the industry as a whole, and particularly
21 for the products companies that are trying to do their own
22 planning processes, for Hydro One to say: We can do these
23 kind of applications in this time frame, and then let the
24 industry respond by saying: Okay. We don't think they
25 will do this; here is what the numbers will be, because
26 it's an essential element of the business is what has
27 caused a lot of -- that's what's caused a lot of the
28 financial harm, is that there has been no transparency and

1 there has been no ability to do appropriate demand
2 planning.

3 MR. ENGELBERG: Madam Chair, I think the witnesses
4 understand the point that Mr. Carten is making, but I think
5 they have diligently given their best answer as to what
6 data they have and what they are able to provide.

7 And I think they can go no further than they already
8 have. I think one of the points that was made earlier
9 today -- I think Ms. Kingsley said last week, for example,
10 668 applications came in. If we round it down to 600 and
11 consider a day to be -- a work day to be eight hours, that
12 means Hydro One is receiving a microFIT application every
13 four minutes of the working day.

14 I hate to think of how many applications have been
15 received already today while we have been sitting here. I
16 just don't hear them say that they have any more data that
17 they are able to provide in these circumstances, any more
18 metrics that they could suggest.

19 MR. CARTEN: Let me just see if I can respond to that.

20 There is no doubt that the applications are
21 increasing, and they will for a while. The point is not
22 about whether they are busy; it's about whether an
23 organization on the scale of Hydro One, in fact, keeps
24 records of what's happening and is able to say: This is
25 what's happening and this is a reasonable standard to hold
26 us to.

27 Well, point made.

28 In terms of consultations with other jurisdictions,

1 you were asked that question, and I don't think you -- you
2 said you consulted, and then consulted with IEEE and
3 consulted with FERC and consulted with some other
4 jurisdictions.

5 Can you name some jurisdictions that you, in fact,
6 consulted with in terms of how to deal with your processing
7 issues and connection issues?

8 MR. HUBERT: I don't think I can mention -- or,
9 actually, I don't think I know of any jurisdictions we have
10 consulted with. I think we and other players in the
11 industry have looked at what's happening in other
12 jurisdictions, and I think the general conclusion that I
13 would venture to offer is that Ontario is actually quite
14 unique in the level to which it has embraced renewable
15 generation.

16 Hydro One, in particular, is quite unique in its
17 service territory, its rural service territory, the nature
18 of its radial and sparsely populated distribution system,
19 and I think the OPA programs, as they have been rolled out,
20 are also quite unique compared to other jurisdictions.

21 So it is difficult to make a comparison. And one
22 thing I would like to suggest is, in other jurisdictions,
23 there have been situations where the distribution companies
24 were actually afforded some control over where --
25 distributed generation locates, and this is not the case in
26 Ontario.

27 In fact, the Board's review of direct benefits, I do
28 not have the file number with me, but the framework for

1 determining direct benefits - and I will quote from that
2 report - says:

3 "In other jurisdictions, e.g., New Zealand, where
4 benefits have been estimated, the local
5 distribution companies were provided with more
6 control over where distributed generation is
7 connected and the type of generation."

8 So, again, Hydro One is receiving a lot of volume,
9 volatile volume, without much control over where these
10 applications are coming.

11 MR. CARTEN: Did you look at the situation in Germany?

12 MR. HUBERT: We are aware of what the situation is in
13 Germany. I believe in Germany the program was rolled out
14 in 1991, and from what I have heard, initially it was a
15 similar approach where there was a targeted program with
16 some -- again, the program was targeted to specific areas,
17 and only later, maybe around 2000, it was opened up to a
18 more widespread take-up.

19 MR. CARTEN: I will leave that question alone.

20 One of the issues that's clearly out here is
21 transparency. There is no idea where you are in terms of
22 penetration and whether you are at 2 percent or 5 percent
23 of the various feeder lines, which makes it very difficult
24 for planning purposes.

25 Are you amenable to committing to be more transparent
26 on what's happening and where you stand in terms of
27 penetration?

28 MR. D'ARCEY: So the context of it is will we provide

1 to the general population where we have DG connected? Is
2 that...

3 MR. CARTEN: Well, yes. The context would be that if
4 you have the problem that was alluded to today where I
5 applied, I wasn't approved, someone else applied and was
6 approved, if you are at your 7 percent, your 7 percent peak
7 limit or 10 percent peak limit, if the market knew that,
8 then you would presumably have a lot of applications fall
9 away and that would lighten your load. And it would also
10 be fair to them not to go down trying to put projects on a
11 line that's out of capacity.

12 So is there -- are you amenable to looking at more
13 transparency in terms of what the capacity is?

14 MS. KINGSLEY: So we have two things that we provide a
15 customer on our website. We have the list of stations and
16 available capacity, as well as a list of applications that
17 have already been received for those stations. That
18 includes both FIT and microFIT.

19 As well, we recently implemented the capacity
20 screening tool on the web so applicants can go in and put
21 in their type of technology, the size of their project, and
22 determine whether or not there is available capacity prior
23 to applying.

24 MR. CARTEN: Oh, okay. Sorry, I should have known
25 that, I guess.

26 I just have one or two more questions. The technical
27 screen, in particular the limitation tied to peak load, I
28 take it is it fair to say that lowering that or raising

1 that would not affect your processing time?

2 MR. D'ARCEY: I think that's a fair assumption, yes.

3 MR. CARTEN: Is there a reason -- maybe I am not
4 allowed to ask this question, but is there a reason why you
5 choose not to follow the IEEE standards?

6 MR. D'ARCEY: I don't believe we have not followed the
7 IEEE standards. I believe we have applied the standards to
8 our distribution system.

9 MR. CARTEN: IEEE says that anything below 15 percent
10 should pass.

11 MR. D'ARCEY: I believe that's FERC.

12 MR. CARTEN: No, that's IEEE. Do you want me to read
13 from IEEE, or are you going to trust me on that one?
14 1547.2 - and I will shorten it up - says it is generally
15 agreed that an undetected island cannot be created if the
16 aggregate generation, including proposed DR on the circuit
17 does not exceed 15 percent of the line section annual peak
18 load, and if the minimum line section of load is known,
19 50 percent of that value can be used.

20 And in your testimony, you said it was 33 percent was
21 what was being used. So it's 50 percent minimum, not
22 33 percent, and 15 percent of peak, not 7.

23 MR. D'ARCEY: You are scratching the veneer of my
24 professionalism on the engineering side of it, sorry, but I
25 do know that our engineering staff, who have looked at the
26 IEEE requirements, have applied those guidelines to our
27 assessment tools with regards to the assets which we would
28 provide.

1 MR. CARTEN: Would you be open to applying those
2 guidelines and committing to applying those guidelines?

3 MR. D'ARCEY: I believe my comment is we are applying
4 those guidelines.

5 MR. CARTEN: So there would no problem is it came back
6 and somebody said it's not 7 percent; it's 15 percent?

7 MR. D'ARCEY: I understand that that is a topic of
8 debate, yes.

9 MR. CARTEN: Okay. This is probably an unfair
10 question, too, but I feel I am going have to ask it.

11 One of the big issues here is the province went out
12 and solicited companies to come and invest in manufacturing
13 capacity against a promise of demand for their products.

14 The only market that was moving really was the
15 microFIT, and there was a perception, I think, on the part
16 of companies like ours, that that would move quickly,
17 partly because of the high prices, which we all agree are
18 probably too high, but because there was no ability for
19 LDCs to stop to say, I am not going to do it, which gave a
20 lot of confidence to that.

21 Now, here we have a situation where the government on
22 one hand is saying, Come on in, and you, another arm of the
23 government, are saying, We are not going to play by the
24 rules, and in fact saying, We are not going to put the
25 resources to do it.

26 Do you have a view on how that's going to impact the
27 perception of the province from the outside world?

28 MR. D'ARCEY: I don't believe we are saying we are not

1 playing by the rules. I think what we are saying is that
2 we have an accountability for the safe and reliable
3 operation of the system, and we have set out what we
4 believe is an -- based on international guidelines, what
5 those parameters will be.

6 So I believe we are -- to the degree possible, we are
7 complying with those requirements. I also note that, I
8 mean, from a perspective of doing what we can to move this
9 forward, I mean, as I mentioned earlier, we have processed
10 over 17,000 applications. We have connected 5,651 microFIT
11 connections to our system.

12 So I believe we are doing our part and doing what we
13 can to ensure that as many applications are connected to
14 our system as possible.

15 MR. CARTEN: I accept that. I am not challenging it.
16 I am just trying to find -- we are trying to find solutions
17 to make things work better and try and get engagement on
18 that process, and to get the program working --

19 MR. D'ARCEY: I agree with that. And I think, too, to
20 the point some of the initial -- as we talked about before,
21 initial thinking was that this would have a greater
22 proliferation in the urban marketplace where the loads are
23 today, too, as well, and I can't answer why that hasn't
24 seen any growth.

25 I do know that in our territory, rural Ontario has
26 seen a great deal of proliferation, and the numbers are
27 significantly higher in our territory.

28 MR. CARTEN: The history, typically that's where it

1 goes, rural first and urban second. And hindsight is
2 hindsight; that's fair enough. Sorry, that's all of my
3 questions. Thank you.

4 MS. CHAPLIN: Thank you, Mr. Carten. Mr. Engelberg,
5 do you have any re-examination?

6 MR. ENGELBERG: No, I do not, Madam Chair.

7 MS. CHAPLIN: The Panel has a few questions. Ms.
8 Hare?

9 **QUESTIONS BY THE BOARD:**

10 MS. HARE: Just a couple of short questions, I think.

11 Ms. Kingsley, you spoke about the call centre and
12 being able to offer overtime as the applications come in,
13 and so -- but then Mr. D'Arcey talked about a flexible
14 workforce, but my question is: Is the bottleneck at the
15 call centre stage, or is it throughout?

16 Is it at the field inspection stage, or is it --
17 because you did specifically talk about using overtime for
18 the call centre, so is that where the bottleneck is?

19 MS. KINGSLEY: I would say now that the bottleneck is
20 not at the business customer centre, that we have flexed up
21 on staff there, and if we have an influx of applications
22 and how we deal with that is to direct overtime. The --
23 it's when it gets out into the field at this time that we
24 run into some of the logistical issues with being able to
25 meet the time commitments.

26 MS. HARE: Thank you.

27 Having read the affidavits and also the letters of
28 comments, there were a number of comments made comparing

1 Hydro One's performance to some other distributors, and in
2 particular was mentioned comparison to Kingston, Bluewater,
3 Waterloo North, Kitchener-Wilmot, all saying that they are
4 able to hook up within the time frames and at a much lower
5 cost.

6 So I invite you to comment on that comment.

7 MR. D'ARCEY: Bluewater, Kingston all are very compact
8 utilities with high-density, large loads. The challenges
9 that they would face in a lot of cases are not similar to
10 what we would face at Hydro One.

11 Our travel times in some cases can be a large part of
12 the incremental costs. It may be a half hour to an hour to
13 get to a specific location from our work centre. Those
14 locations don't experience those same issues.

15 Our plant and our processed tie back into upgrading of
16 that. I can't comment on what they are doing specifically,
17 but I can tell you that we are ensuring that the safe,
18 reliable -- operation of the system is maintained by doing
19 our due diligence and making sure that we are updating the
20 assets where required.

21 MS. HARE: Thank you.

22 My last question may actually lead to an undertaking,
23 and if I understand the numbers with what you have given
24 us, as of July 29th you have indicated you have had 15,630
25 total projects, and I think you told us that 4,265 have
26 been late. And Mr. D'Arcey, you gave an explanation as to
27 why staff has to be deployed sometimes if there is a storm
28 or other emergency, and that would certainly account for

1 why a project would be late by a week or two or maybe
2 three, but what I heard from Mr. Quenneville and Mr. and
3 Mrs. McLellan sounded like some of these are months late,
4 not a few weeks late.

5 And so what I would be interested in seeing, out of
6 these 4,265 that are late, how late are they? Are they
7 late by a week or two? Three? You know, I don't need
8 precise numbers and I don't expect you to be able to answer
9 right away, but I think it would be of some interest to
10 know how late were these 4,265 applications.

11 MS. CHAPLIN: Maybe if I could just -- because I had a
12 question along the same lines. And my understanding is the
13 4,265, those are -- that is not with respect to the time to
14 connect; that is with respect to getting through the 6.2.6
15 process, if I may use that shorthand.

16 And my understanding actually of what Mr. Carten was
17 trying to get at was of that 4,265, can you give us a
18 breakdown, for example, how many were within 10 days over
19 the -- either the 15 or 60? How many were between 10 days
20 and 30 days late? And how many -- whatever kind of a
21 reasonable breakdown, but if you can put it into some
22 buckets.

23 And I think that that would give us a better sense of
24 are there a few that are tremendous outliers, but that
25 basically Hydro One is now in a position where -- as Mr.
26 Carten posited -- perhaps 80 percent of time you are going
27 to be able to do it within 30 days as opposed to 15 days.

28 Do you see what we are getting at?

1 MS. KINGSLEY: So for one of the undertakings you
2 wanted the snapshots over the time, I am not certain that
3 we would have the data to say how -- break it out like
4 that, because I think we have the data to say where we're
5 compliant or we're not compliant.

6 Probably for the latest update that we provided, the
7 data is recent. We would be probably be able to break it
8 down for that one, but I would have to confirm for the
9 other dates.

10 MS. CHAPLIN: Because the 4,265 is a cumulative
11 number; that's the total number of applicants for which you
12 have neither provided an offer nor provided the reasons for
13 refusal within either the 15-day or 60-day time line, but I
14 think what --

15 MS. KINGSLEY: I am talking of the 502 that right now
16 are --

17 MR. CHARNEY: You don't know how late you are going to
18 be for those, right?

19 MS. KINGSLEY: That's true.

20 MS. CHAPLIN: I am setting those aside, saying of the
21 ones that you know you are late.

22 So you must know when you got the application and you
23 must know when you either issue the offer to connect or the
24 refusal, so you must know how many days late each of those
25 were, so I guess I am trying to understand why it would be
26 a significant effort to group those somehow.

27 MS. KINGSLEY: I would have to take a look at it.

28 MS. CHAPLIN: Okay. Well, can I leave you - make a --

1 MS. HARE: That's the undertaking.

2 MS. CHAPLIN: Make efforts to do that? Thank you.

3 Let's give that a number.

4 MS. SEBALJ: It's J1.12.

5 **UNDERTAKING NO. J1.12: TO PROVIDE DATE GROUPINGS OF**
6 **LATE APPLICATIONS**

7 I just -- I guess it's left open. It's on a best-
8 efforts basis, and then the breakdown into the categories
9 is also left to Hydro One.

10 MS. CHAPLIN: I mean, I am working on the assumption
11 that you understand what it is we are trying to get at.

12 MS. KINGSLEY: I guess the breakdown of the time of
13 the days is what you want, like five, 10, 20 days overdue?
14 Like, what are the -- what's the breakdown? 30 days
15 overdue?

16 MS. CHAPLIN: I would leave that to your discretion,
17 to provide something that you think would be meaningful,
18 without providing it to such a level of detail that it's
19 more effort than it's worth.

20 MS. HARE: Those were my questions.

21 MS. CHAPLIN: I just have -- so that was certainly one
22 of my questions.

23 You have made a couple of references -- well, you have
24 made a number of references to the volatility, and my
25 understanding is that sometimes that volatility has been
26 sparked or triggered by actions by the OPA. They have
27 released a whole bunch all at once, or they have sent a
28 letter to people saying: Okay. Now our policy -- the

1 process has changed. You have got to do your -- you have
2 get your offer to connect first.

3 Am I correct that that has provided particular periods
4 of high volume that have provided additional challenges for
5 Hydro One?

6 MS. KINGSLEY: Definitely.

7 MS. CHAPLIN: What sort of discussions have you had
8 with OPA, or have you had any, around whether there are any
9 reasonable procedures or steps that they could take to try
10 to do their pacing in a way that would line up and assist
11 you, assist Hydro One in terms of in turn being able to
12 process the incoming applications on a timely basis?

13 MS. KINGSLEY: We have had conversations with the OPA
14 and they have given us indication when they are going to
15 send out such notices that could potentially cause spikes.

16 I think the challenge is that it's unknown what that
17 volume will be when that spike comes, and whether or not it
18 will be smoothed out or a spike.

19 So we have worked with them. We have been given a
20 heads-up on some occasions, as well, in order to prepare.
21 I think sometimes the struggle is that we can direct
22 overtime, but for some of the influxes we had, like for
23 example this spring and February 2011, when I think we
24 received -- it's in our evidence, the -- I think it was
25 1,500 or 1,800 applications in 22 days. That was a little
26 hard to recover from, and although there was overtime, it
27 does -- in order to hire additional staff, we need a six-
28 week lead time within the BCC.

1 So as I noted earlier, it was shortly after that that
2 we moved forward to hire additional staff, and they were
3 trained and in place by May, in order to be able to
4 continue to handle these influxes that continued to happen.

5 MS. CHAPLIN: Okay. Looking finally at K1.1 again,
6 the 502 as being the snapshot of the number of either
7 offers or refusals that are outstanding and are beyond the
8 time lines. And if I compare that to the snapshot that
9 accompanied the application in April, am I correct in
10 concluding there is not a big difference in terms of your
11 sort of rate of success? You know, you are kind of holding
12 steady in terms of your time lines. Is my conclusion
13 correct?

14 MR. HUBERT: Yes, I believe it is. You are correct.
15 The snapshot of non-compliant applications at that time had
16 become a little worse, actually, by July.

17 MS. CHAPLIN: But you also are now dealing with the
18 total number is larger, as well?

19 MR. HUBERT: Correct.

20 MS. CHAPLIN: So you are sort of steady. And what you
21 have explained today is, in many cases, it's not a matter
22 of spending more money. There are physical activities that
23 have to take place. They have to take place in a certain
24 order. They aren't always physical activities that Hydro
25 One has complete control over -- oh, no.

26 Well, I guess I am going to limit this to 6.2.6.
27 These are activities that Hydro One does. So I guess what
28 I am trying to understand is why in April you were at a

1 certain level; you are basically at the same level now
2 having more months of experience of, as you say, rolling
3 out these enhanced processes and the screening tool; and I
4 don't get the impression from the testimony you have given
5 today that there are any new -- although you continue to
6 make efforts and continue to look for other types of
7 processes, there is not like there is some new process out
8 there that you are going to be unrolling in the next month
9 or so that's going to change the way you do it.

10 So I am struggling at understanding how giving you
11 another six months, in six months from now, you would be
12 able to present a table which basically says, where is
13 there is 502, now it will be zero.

14 What is it you think is going to happen that will --
15 anyway, can you help me with that, because I don't see how
16 it all hangs together?

17 MR. HUBERT: Ms. Kingsley may be able to elaborate,
18 but we -- in looking at the next six months, we are, for
19 one thing, assuming relatively stable volumes based on the
20 last few months, and we are looking at the ability of our
21 BCC, in particular, their ability to turn around
22 applications using all hands on deck.

23 And over time and all the other leverage we talked
24 about earlier, we believe that, for the most part, we will
25 be able to get there in early 2012. And that is barring
26 any unforeseen circumstances, but we did look at --

27 MS. CHAPLIN: But you were unrolling those things,
28 were you not, in the time between April and the end of

1 July?

2 MR. HUBERT: Ramping them up, yes, and I believe we
3 have been ramping them up. Although we said we have no new
4 inventive categories, I think we still are looking at
5 additional use of the existing resources. So within each
6 of the various categories, mitigating measures we talked
7 about, I think we can still do more.

8 MS. CHAPLIN: Your expectation is although the
9 snapshot as of the end of July is the 502, you are not yet
10 reaping the full benefits of all of the various
11 enhancements and improvements and efforts you have been
12 making to date?

13 MR. HUBERT: That is correct. And that subject, of
14 course, to one caveat, and that is the nature of the work
15 required in the field, which, as you pointed out, is not so
16 much resource dependent, but, rather, duration dependent.

17 So we are hoping that that is not going to change
18 significantly in its nature either.

19 MS. KINGSLEY: I would just like to add that on the
20 6.2.6. I know the presumption that in the majority of the
21 time, it's 6.2.7 where the customer would like to make
22 arrangements to be on site for the connection, but we are
23 seeing that in 6.2.6, as well, that the customer would like
24 to bundle work when we are performing the estimates.

25 And so in order for us to be compliant, we would have
26 to then not meet customers' expectations.

27 MS. CHAPLIN: Okay, thank you. Those are all of our
28 questions. So the panel is excused with the Board's

1 thanks. We will now adjourn for today and start at 9:30
2 tomorrow morning.

3 Is there anything anybody -- no? We are all good?

4 Okay, we will see everybody tomorrow morning at 9:30.

5 Thank you very much.

6 --- Whereupon the hearing adjourned at 5:38 p.m.

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