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Vice President and Chief Regulatory Officer
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BY COURIER

November 29, 2011

Ms. Kirsten Walli
Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON.
M4P 1E4

Dear Ms. Walli:

EB-2011-0118 – Hydro One Networks Inc. Application for Exemption from Sections 6.2.6 & 6.2.7 of Distribution System Code – Response to Comments from Intervenors and Board Staff

Hydro One Networks Inc. (“Hydro One”) filed its draft form of compliance report on November 15, 2011 and received comments from Board Staff, the Canadian Solar Industries Association (“CanSIA”), and the Ontario Sustainable Energy Association (“OSEA”). Pursuant to the Ontario Energy Board’s (“the Board”) Decision and Order, Hydro One is permitted to file a response to the comments received from Intervenors and Board Staff by November 29, 2011. Hydro One has reviewed the comments and provides the following response.

Hydro One notes agreement from Intervenors and Board Staff with respect to avoiding duplication of information and providing each report seven business days after month-end, based on information as of month-end.

In response to comments, Hydro One proposes to make certain changes, by implementing the following:

- A report covering all applications from the date of the Decision and Order to November 30, 2011, as requested by Board Staff.
- A description of any outages or power restoration efforts or any other assumptions and risks identified in the Compliance Plan that affect our compliance efforts. It was Hydro One’s intent for these items to be included in the narrative Monthly Highlights Update section of the Report.
- A new table showing the number of applications received each week.
- Information denoting the month ending reported for Graphs 1 to 3.

- At the end of the exemption period, all open applications would be subject to the provisions of the Distribution System Code (“the Code”).

Hydro One offers the following clarification regarding the types of connection shown in Table 1 of the proposed report. Both Board Staff and CanSIA raised concerns over the proposed dual reporting for Indirect Applications requiring a site visit (“Group B”). Hydro One proposed dual reporting so that the Board may separately track compliance with the Code and the exemption. It is Hydro One's view that this will assist the Board in determining whether Hydro One is progressing towards compliance with the Code over the six-month exemption period.

Further, for Table 4, which tracks compliance with section 6.2.7 of the Code, Hydro One has designed the table such that Intervenor and Board Staff can easily determine Hydro One's compliance with the Code or the exemption through division of the Compliant Connections (for the exemption period Mutually Deferred is a subset of Compliant) by the Total Connections. This will provide the reader with the percentage of compliance achieved in that month. However, since the 90 percent compliance threshold applies to the overall exemption period, achievement of that level cannot be determined until the end of the exemption period.

Hydro One disagrees with the suggestions that cumulative data be explicitly included in the reports. Both CanSIA and OSEA have requested that Hydro One should provide cumulative data for compliance reporting. As well, the original exhibit K2.1 also requested cumulative data. In reviewing the compliance reporting proposals, Hydro One determined that progress towards compliance is not readily evident when presented in cumulative format and it is therefore not an appropriate or meaningful measure to present to the Board. Furthermore, once a project is deemed non-compliant, there is no opportunity for Hydro One to turn that project into a compliant one. This means that cumulative non-compliance can be easily determined through the summation of the non-compliant columns in Table 1 each month. Similarly, cumulative compliance can be determined through the summation of the compliant columns each month. As such, Hydro One is of the opinion that cumulative reporting does not assist the Board in assessing the Company's progress towards compliance, and would only distract from the main purpose of the report. Nonetheless, should a reader wish to view cumulative data, it can be easily determined from the information provided.

Hydro One disagrees with addition of a column to record the “Total Projects Processed Out of Compliance.” Similar to the request for cumulative data; this can be calculated through the simple summation of the three non-compliant columns in Table 1 each month. Furthermore, the “Total Projects Processed Out of Compliance” is not meaningful in assessing Hydro One's progress towards compliance. In the interest of focused and streamlined reporting, Hydro One is not recommending this change.

CanSIA has recommended that the label in Table 1 “Under Review – Compliant (C)” be renamed to “Under Review – Potentially Compliant.” The proposed label in the Draft Compliance Report based on the format of Exhibit K2.1. During the hearing, Hydro One had labeled that information as, “Under Review Within Required Timeline.” For consistency Hydro One proposes to continue labeling this as “Under Review Within Required Timeline”.

CanSIA has also recommended that Hydro One define the Types of Connections in a footnote or otherwise, in a manner consistent with the definitions used the Board's Decision and Order. Hydro One had no intension of changing the previously established definitions in Table 2 of the Board's Decision and Order on this matter:

- Group A – Indirect, no site assessment required
- Group B – Indirect, site assessment required
- Group C – Direct

Refer to the Board's Decision and Order footnotes #6 and #7, for a further description of Indirect and Direct.

Lastly, OSEA submitted comments on Hydro One's Compliance Plan. Hydro One notes that the Compliance Plan was not subject to comment by Intervenors and Board Staff. As such, Hydro One is not offering any comments in response.

A revised version of the reporting template, based on the comments that Hydro One is willing to agree to, is attached.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

EB-2011-0118 Monthly Compliance Report

For the Month Ending:

The following tables provide the information requested in the compliance report. Tables 1 to 3 are related to compliance with section 6.2.6 of the Code and Table 4 reports on compliance with 6.2.7 of the Code.

Monthly Highlights Update

In this section Hydro One will provide a narrative on the data and any key updates that explain trends, and variations in the monthly data, and any deviations from the Plan (especially as these may relate to outages or power restoration efforts, or any other the assumptions and risks that were previously identified by Hydro One).

Table 1 – Volume of Applications and Compliance Status

Type of Connection	Total Projects	Offers to Connect		Refusals		Under Review	
		C	N/C	C	N/C	w/in time	N/C
15 days Indirect							
15 days, Indirect & site visit							
30 days, Indirect & site visit							
60 days, Direct							

“C” indicates compliant; “N/C” indicates non-compliant

Table 2 – Application Handle Times

Type of Connection	Average	Maximum	Minimum
Indirect			
Indirect & site visit			
Direct			
Total			

Table 3 – Applications No Longer Being Processed

Type of Connection	Incomplete	Withdrawn	Expired
Indirect			
Indirect & site visit			
Direct			
Total			

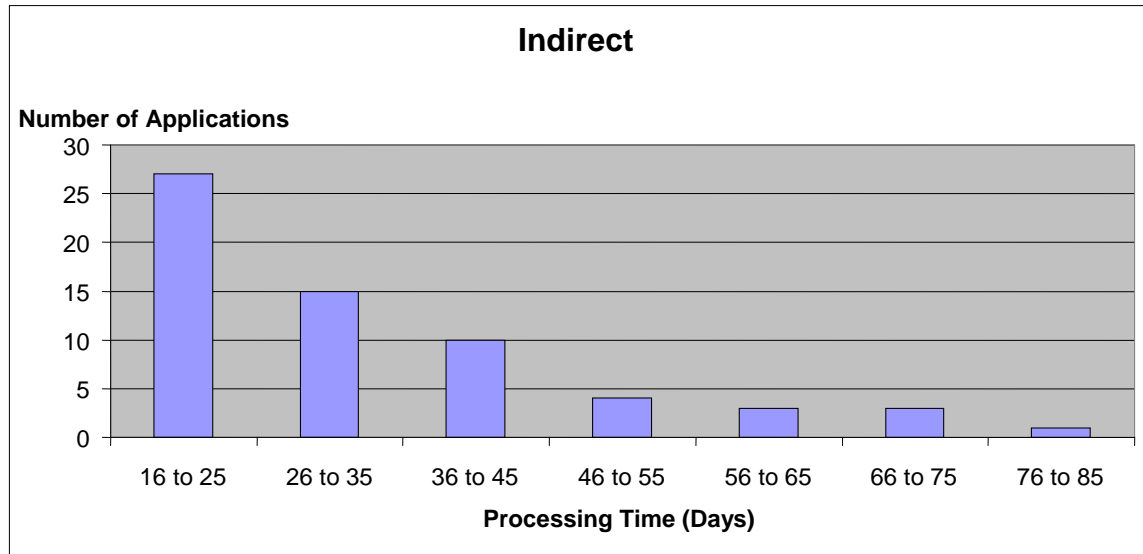
Table 4 – Connection Compliance Status

Total Projects	Connections Made		
	C	N/C	Mutual Deferral

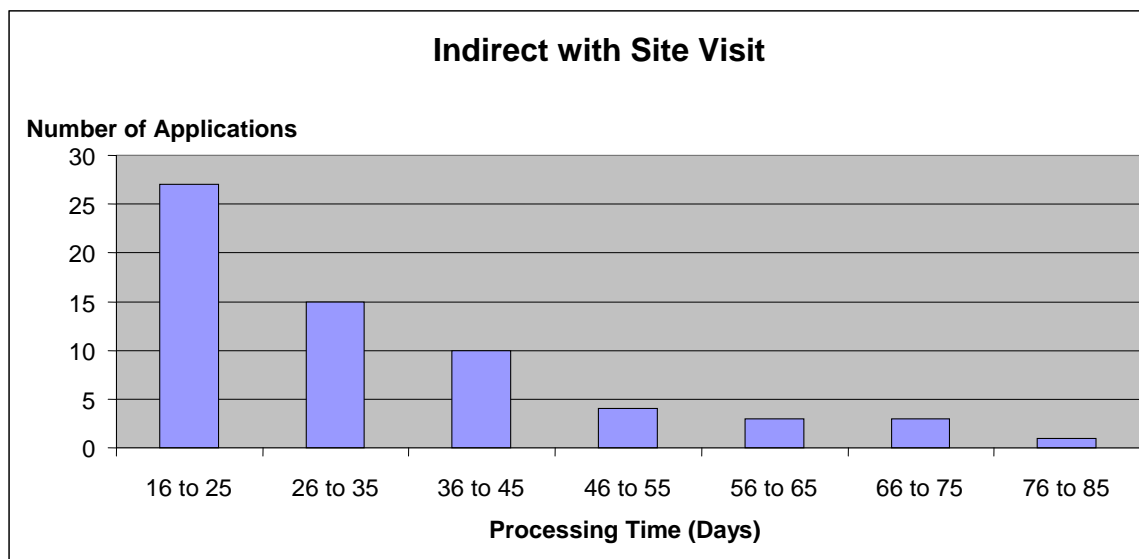
Table 5 – Volume of Applications Received by Week

Week Ending	Applications Received

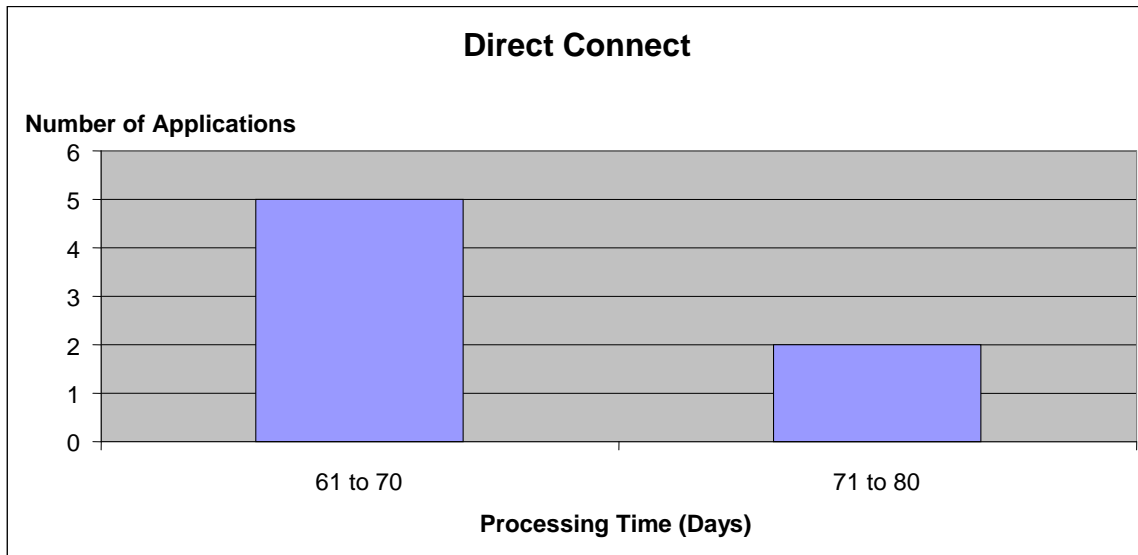
Graph 1 – Date Groupings of Late Applications of Indirect Customers for the Month Ending



Graph 2 – Date Groupings of Late Applications of Indirect Customers that require a site visit for the Month Ending



Graph 3 – Date Groupings of Late Applications of Direct Customers for the Month Ending



Additional Notes

This section will be used, if and when necessary, to highlight any approximations, assumptions and specific data anomalies in the interest of complete disclosure and to prevent misinterpretation of the results.