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BY COURIER

June 11, 2012

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

Dear Ms. Walli:

**EB-2012-0181 – Orangeville Hydro Limited Application for Service Area Amendment –
Hydro One Networks Inc. Interrogatory Questions**

I am attaching two (2) copies of Hydro One Networks (“Hydro One”) interrogatory questions on Orangeville Hydro Limited evidence for the above-mentioned proceeding.

A copy of this cover letter and the attached interrogatory questions have been filed in text-searchable electronic form through the Ontario Energy Board's Regulatory Electronic Submission System and the confirmation slip is also enclosed.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK ON BEHALF OF ANDREW SKALSKI

Andrew Skalski

c. Orangeville Hydro Limited

**Orangeville Hydro Limited (“OHL”) Service Area Amendment
EB-2012-0181**

Interrogatories Submitted by Hydro One Networks Inc. (“HONI”)

Interrogatory #1

On page 2 of its Application, the Applicant states that the Development Lands include Part of Lot 8, Block 6, Registered Plan 33A in the former Village of Grand Valley (“Lot 8”). The Applicant also states that Lot 8 is part of OHL’s service territory.

- A. Regarding the anticipated housing lots of the new subdivision referred to in the Application, are any of the said housing lots proposed to be built within the boundaries of Lot 8?
- B. Does OHL’s Application propose the installation of electrical services within the boundaries of Lot 8?

Interrogatory #2

HONI’s Offer to Connect is for 115 lots, whereas OHL’s Offer to Connect is based on 154 lots.

- A. Please contact the developer to confirm whether it is 115, or 154, lots that are to be energized in the current phase of the Development.
- B. If the developer’s response to OHL is that the developer proposes 115 lots to be energized in the current phase please provide more details than are included in Schedule K regarding what OHL’s costing would be to connect the 115 lots, and also provide a revised Economic Evaluation including all inputs and assumptions.
- C. What detailed design information did OHL use in estimating the cost to connect the 39 condominium units?

Interrogatory #3

On page 8, section 7.1.5 of its Application, the Applicant states the peak load is 600 kW, but it appears that 299.4kW was used in the financial analysis. Which number is correct?

Interrogatory #4

As noted on page 11, section 7.2.5, there are relocation and removal costs that would be chargeable to the developer to relocate the existing HONI assets on the subject property that are servicing existing HONI customers, but it appears that OHL has not included these costs in its Offer to Connect. HONI estimates these costs to be \$175,853.⁸⁰. If the OEB determines that

these costs should be included in the total costs to service the subdivision, what would be the impact on OHL's Application?

Interrogatory #5

On page 6 point 8 of the Application, the Applicant states that it is providing water billing for Grand Valley customers and implies that granting the Application will avoid customer confusion. Given that s. 71(1) of the *OEB Act, 1998*, prohibits a distributor from carrying on business activity other than distribution of electricity except through an affiliated corporation, on what authority does the Applicant rely to enable it to provide water billing for water customers in Grand Valley?

Interrogatory #6

On page 5, item #4 of the Application, the Applicant states that adding the proposed Development to OHL's system will provide OHL with the opportunity to provide an additional internal loop feed.

- A. Does the current OHL design for this phase of the subdivision as provided to the developer with the Offer to Connect include an internal loop feed?
- B. Have the costs of the internal loop feed been included in OHL's costs for this phase?

Interrogatory #7

On page 15 and 16, section 7.5.4 of the Application, the Applicant has stated that Schedule K attempts to provide an apples-to-apples comparison between HONI's and OHL's costs for 115 houses.

- A. How have the costs in Schedule K been calculated for the comparison for 115 houses?
- B. What components are included in each of the categories for each utility, specifically the contestable (developer costs) and the non-contestable costs above?
- C. How did the contestable developer cost of \$399,080 for 154 houses get reduced to \$158,898 for 115 houses, given that the 39 houses removed were condominium townhomes?

Interrogatory #8

On the second page of OHL's Economic Evaluation, under Upstream Cost Calculation, \$0 is shown. The table shows loads for 2012 of 60.28 kW growing each year by that amount (based on adding 31 customers per year) and in 2016 it grows at 58.33 kW. OHL's Application states that OHL will supply this load from the F2 feeder out of Grand Valley DS. For supply out of Grand Valley DS, OHL is charged \$0.668 per kW per month, which is HONI's Facility Charge for connection to Common ST Lines, and \$1.944 per kW per month, which is HONI's Facility Charge for connection to Low Voltage Distribution Station.

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It is HONI's understanding that, if these costs were to be included in OHL's Economic Evaluation, the charges would be based on the calculations below:

Facility Charge for connection to Common ST Lines (44kV to 13.8 kV)	\$0.668	per kW per month
Facility Charge for connection to low voltage Distribution Station	\$1.944	per kW per month
Total	\$2.612	per kW per month
	\$31.344	per kW per year

From page 2 of OHL's Economic Evaluation

	2012	2013	2014	2015	2016
Monthly kW Load per Customer	1.94	1.94	1.94	1.94	1.94
Number of Connections Residential	31	31	31	31	30
Annual kW of New Customer Load	60.28	60.28	60.28	60.28	58.33

Using this information produces the following charges:

New cumulative load	60.28	120.56	180.84	241.12	299.45
Total ST Charges from above	\$31.344	\$31.344	\$31.344	\$31.344	\$31.344
Applied to New Load	\$1,889.42	\$3,778.83	\$5,668.25	\$7,557.67	\$9,385.96

After 2016 the \$9,385.96 charge remains constant until 2036.

If the OEB determines that these charges should be included in the economic evaluation, it is HONI's understanding that these charges would have a material impact on OHL's Economic Evaluation. Please provide an updated Economic Evaluation with the above charges included.

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Please also revise Schedule K (115 lot comparison) to include the charges above, adjusted for 115 lots.

Interrogatory #9

Schedule I of the Application, which is OHL's Offer to Connect, states: "DRAFT FOR REFERENCE ONLY".

- A. Is there a finalized Offer to Connect?
- B. If there is a finalized Offer, does it differ from the draft Offer, and if so, how?
- C. If there is no finalized Offer to Connect, what is the margin of error in OHL's draft Offer?

Interrogatory #10

Section 3.2.9 of the Distribution System Code states that the Offer to Connect should include the cost of overheads and administration.

- A. What is the amount of overhead and administration costs, for both contestable and non-contestable work, that has been included in OHL's Offer to Connect, and in what line item do they appear in the Economic Evaluation?
- B. If no costs have been included, please state why not and what the impact of including these charges would be.

Interrogatory #11

- A. Please confirm that substantially the same property and developer that are the subject of the current application were also the subject of OHL's previous SAA application (EB-2011-0213) that was withdrawn.
- B. Please state when OHL informed the developer that the developer was required to request that HONI provide an Offer to Connect, either as part of the previous SAA application or the current one. In responding, please confirm whether OHL received a letter from the OEB dated July 22, 2011, informing OHL that its previous application was incomplete and that additional information, including an Offer to Connect from HONI, was required.