

Board Staff Interrogatories
On Evidence Filed by Hydro One Networks Inc. (“Hydro One”)

Application for Service Area Amendment

**Orangeville Hydro Limited
(OHL)**

EB-2012-0181

September 4, 2012

1. Reference: Hydro One's Evidence, Page 5

Hydro One states "*HONI's design and cost to connect includes an internal loop feed. As per OHL's response to Board Staff's IR 2a, OHL's cost to connect does not include an internal loop feed.*"

- a. Please explain whether inclusion of internal loop feed in Hydro One's design and cost to connect has been triggered by the requirements to service the proposed amendment area.
 - i. If yes, please provide a detailed explanation addressing the requirements to include the internal loop feed.
 - ii. If not, please provide reasons for inclusion of the internal loop feed in Hydro One's cost to connect the development.
- b. Does Hydro One believe that regardless of which distributor service the proposed development the internal loop feed is necessary to service the area? Please provide reasons.

2. Please describe the density of Hydro One's distribution system in the area adjacent to the proposed amendment area, from which Hydro One could supply the proposed development (i.e. low, medium, or high) and how does it compare with OHL's system, from which OHL proposes to supply the proposed development.

3. Reference: Hydro One's Evidence, Page 8, Table - Comparison of connection costs between HONI and OHL

Board staff had difficulty reconciling the amounts provided by Hydro One in the table on page 8 of its evidence to the amounts included in Hydro One's offer to connect filed by OHL with its revised application dated May 10, 2012. Also there appears to be inconsistency with assumptions for customer connection schedules as well as average monthly consumption used by Hydro One and OHL in their respective calculations of capital contribution required from the customer.

- a. Please provide Hydro One's economic evaluation based on methodology and inputs described in Appendix B of the Distribution System Code for 114 units. Please provide a detailed description of all capital costs

included in economic evaluation. Please provide the capital contribution amount resulting from the economic evaluation, which will be required from the customer.

- b. Please prepare the economic evaluation based on average consumption of 700 kWh in order to make projection of incremental revenue and O&M expenses comparable with OHL's.
- c. In OHL's economic evaluation it is assumed that customer connections are staggered over five years, while in Hydro One's offer to connect it is assumed that all customers are connected in one year.

Please prepare your economic evaluation based on five year connection schedule so that Hydro One's economic evaluation is comparable with OHL's.

- d. In its interrogatory 4, Hydro One stated that it estimates relocation and removal costs of existing line to be \$175,853.80.

Please explain why costs for relocation of existing line included in Hydro One's comparison table amount to \$98,834 for Hydro One and \$175,854 for OHL.

4. Reference: Hydro One's Evidence, Page 9, Developer Capital Contribution

Hydro One states that "...*there are additional costs included in HONI's assessment of the developer's capital contribution that are not included in OHL's. These OM&A costs for upstream system reinforcement are incurred by HONI ratepayers regardless of which LDC services the subdivision, given that both utilities will utilize HONI's existing distribution station in the area to supply the new development. These costs amount to \$244,273.*"

- a. Please describe when this upstream system reinforcement took place and explain whether it occurred specifically to accommodate the subject development.
- b. If \$244,273 is only OM&A cost for upstream system reinforcement, please explain what are capital costs incurred for upstream system

reinforcement and whether these capital costs were included in Hydro One's economic evaluation. If yes, please provide calculations. If not, explain why not.

- c. Please describe what methodology Hydro One used to estimate incremental OM&A amounts for system reinforcement required to accommodate connection of the subject development and provide calculations.

5. Reference: Hydro One's Evidence, Page 9, Rate impacts on existing HONI customers.

Hydro One states that if "...OHL were granted the SAA being sought, existing **HONI customers would continue** [emphasis added] to be held responsible for \$224K in upstream reinforcement costs associated with this phase of the development, without benefit of offsetting future customer revenue or developer contribution".

- a. Please describe how these OM&A costs for system reinforcement are presently recovered from existing Hydro One customers.
- b. Please quantify revenues from Hydro One customers attributable to recovery of these costs.
- c. Please confirm that in case OHL will service the development Hydro One will be collecting LV charges for additional load based on LV rates approved by the Board. If yes, please provide the amount. If not, explain why not.
- d. Please explain whether LV revenues have been forecasted and accounted for in calculating the amount Hydro One believes OHL has to include in its economic evaluation. If yes, please provide calculations of the amounts. If not, explain why not.