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By electronic filing

September 5, 2012

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th floor
Toronto, ON M4P 1E4

Dear Ms Walli,

**Hydro One Networks Inc. (“Hydro One”)
2013 and 2014 Transmission Revenue Requirement
Board File No.: EB-2012-0031
Our File No.: 339583-000142**

We enclose the Interrogatories submitted on behalf of Canadian Manufacturers & Exporters (“CME”).

We finalized these Interrogatories following our review of the Interrogatories submitted by Board Staff, Association of Power Producers of Ontario (“APPRO”), Consumers Council of Canada (“CCC”), Energy Probe Research Foundation, Goldcorp, HQ Energy Marketing Inc. (“HQM”), London Property Management Association (“LPMA”), Pollution Probe, Power Workers Union (“PWU”), School Energy Coalition (“SEC”), and Vulnerable Energy Consumers Coalition (“VECC”). We attempted to refrain from duplicating Interrogatories already posed by these parties.

We need to consider Hydro One’s responses to CME’s Interrogatories before it can be determined whether CME intends to file evidence in this proceeding.

Yours very truly,

A handwritten signature in blue ink, appearing to read 'Peter C.P. Thompson', is written over a faint, larger version of the same signature.

Peter C.P. Thompson, Q.C.

PCT\slc
enclosure

c. Pasquale Catalano (Hydro One)
Interested Parties EB-2012-0031
Paul Clipsham (CME)

OTT01\5255841\1

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, (Schedule B);

AND IN THE MATTER OF a review of an application filed by Hydro One Networks Inc. for an order or orders approving a transmission revenue requirement and rates and other charges for the transmission of electricity for 2013 and 2014.

**INTERROGATORIES OF
CANADIAN MANUFACTURERS & EXPORTERS (“CME”)
TO HYDRO ONE NETWORKS INC. (“HYDRO ONE”)**

GENERAL

2) **Is the overall increase in 2013 and 2014 revenue requirement reasonable?**

2.0 – CME-1

Preamble

In prior proceedings, the Board has indicated that its approval of electricity infrastructure planning should take place with the Total Bill Impacts on consumers in mind. In prior proceedings, and most recently in the Renewed Regulatory Framework for Electricity (“RRFE”) proceeding, CME and others sponsored and presented the year-over-year 5-year electricity price forecasts that electricity consumers are likely facing. The latest price increase forecast presented in the RRFE proceeding covers the period December 2011 to December 2016. The Report, dated March 21, 2012, was prepared by Bruce Sharp of Aegent Energy Advisors Inc. (“Aegent”). Its preparation was sponsored by CME, Consumers Council of Canada (“CCC”), Federation of Rental-housing Providers of Ontario (“FRPO”), School Energy Coalition (“SEC”) and Vulnerable Energy Consumers Coalition (“VECC”). The Report can be found by following the link below, or by clicking on the RRFE link found under “*OEB Initiatives*” under “*Quick Links*” on the Ontario Energy Board’s (“OEB”) Home Page (bottom left-hand corner):

[http://www.ontarioenergyboard.ca/OEB/Documents/EB-2010-0377/CME SUB Ontario%20Elec%20Price%20Increase%20Forecast%202012.pdf](http://www.ontarioenergyboard.ca/OEB/Documents/EB-2010-0377/CME_SUB_Ontario%20Elec%20Price%20Increase%20Forecast%202012.pdf)

Ontario manufacturers are particularly sensitive to large year-over-year increases in their total electricity bills. Significant year-over-year total bill increases have a demand destruction potential that CME regards as material.

CME wishes to ascertain the extent to which Hydro One monitors the prospective year-over-year total electricity bill increases that consumers will likely be facing over the course of Hydro One’s 5-year planning cycle, including the extent to which such price

increases influence Hydro One's infrastructure planning and spending for the 2013 and 2014 test periods.

Questions

Having regard to the foregoing and in the context of the total bill impacts referenced, *inter alia*, at Exhibit A, Tab 2, Schedule 1 and at page 57 of Exhibit A, Tab 13, Schedule 2, where they are described as the "realities of rate impacts on customers", CME seeks the following further information from Hydro One:

- (a) Please produce copies of any electricity price forecasts that Hydro One has in its possession that include the 2013 and 2014 test periods in the range of years covered by the forecast. CME seeks production of such price increase forecasts in Hydro One's possession that have been prepared by or on behalf of the OEB, the Minister of Energy, the Ontario Power Authority Inc. ("OPA"), Hydro One and/or Ontario Power Generation Inc. ("OPG").
- (b) Please advise whether Hydro One accepts as reasonable the 5-year price increase forecasts faced by different categories of electricity consumers between December 2011 and December 2016, as described by Mr. Sharp in his Report dated March 21, 2012, as follows:
 - (i) Large consumers who qualify for a demand-related allocation of the Global Adjustment ("GA") and served directly off transmission are facing increases over the next 5 years totalling between 36% and 46%;
 - (ii) Similar large consumers served by LDC's are facing year-over-year increases for the next 5 years of between 39% and 48%;
 - (iii) Consumers who neither qualify for the demand-related allocation of the GA, nor the Ontario Clean Energy Benefit ("OCEB") are facing increases over the next 5 years totalling between 41% and 49%; and
 - (iv) The remaining customers, consisting primarily of residential consumers, are facing price increases over the next 5 years ranging between 46% and 58% assuming the discontinuance of the OCEB by 2016.
- (c) As in prior cases, please produce, in confidence, unredacted copies of the presentations made to Hydro One's Board of Directors during the course of the planning process for this application referenced at Exhibit A, Tab 13, Schedule 1, page 2, including the written and slide presentations that provide Hydro One's Business Plans for the ensuing 5-years.
- (d) Please provide a schedule that shows the year-by-year actual and forecasted transmission revenue requirement and rate increases for the period 2009 to 2014 inclusive.
- (e) Having regard to the communications that Hydro One has with its customers referenced at Exhibit A, Tab 15, Schedule 2, pages 17 and 18, please provide

any information Hydro One has in its possession related to the level of total electricity bill increases to Ontario industrial consumers, including manufacturers, that are likely to trigger material demand destruction.

- (f) Please produce the report pertaining to the prices in neighbouring jurisdictions referenced at Exhibit H1, Tab 5, Schedule 2, Appendix B at page 48 and provide any other information that Hydro One has in its possession that relates to the sensitivity of electricity consumers to significant year-over-year electricity price increases.
- (g) What would be the impact on the proposed 2013 and 2014 spending plans, revenue requirements and transmission rate increases if the industrial production forecast at Exhibit A, Tab 15, Schedule 2 at page 6 for 2013 and 2014 was assumed to remain either flat or to decline for each of the two (2) years, rather than to grow by 4.2% in 2013 and 4.6% in 2014 respectively.
- (h) Having regard to the totality of its spending plans for the next five (5) years, including Green Energy Plan ("GEP") spending plans reflected in Exhibit A, Tab 14, Schedule 1, please provide a schedule that shows the mix of renewable and non-renewable generation available and used to satisfy actual electricity demand in 2009 and the year-over-year changes in that mix that have occurred to date, along with the supply mix that Hydro One expects to be available and used to satisfy total electricity demand in Ontario by 2016, being the end of its current 5-year planning cycle.
- (i) Making pricing assumptions that Hydro One considers to be reasonable, please provide a schedule that shows the approximate impact on the "all in" unit cost of electricity for General Service customers of the change in supply mix that will take place between 2009 and the end of Hydro One's current 5-year planning cycle in 2016. Use the General Service customers of Hydro One Distribution as the sample group for this particular calculation.
- (j) What proportion of the 89 end-use customers shown in the Tables at Exhibit H1, Tab 2, Schedule 1, page 3 are classified by Hydro One as manufacturers.