

Hydro One Networks Inc.

8th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-5707
Fax: (416) 345-5866
Andrew.skalski@HydroOne.com

Andrew Skalski

Director – Major Projects and Partnerships
Regulatory Affairs



BY COURIER

September 10, 2012

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

Dear Ms. Walli:

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

Please find attached two (2) hard copies and an electronic copy of responses provided by Hydro One Networks Inc. to Interrogatory questions from Orangeville Hydro Limited.

Sincerely,

ORIGINAL SIGNED BY JOANNE RICHARDSON FOR ANDREW SKALSKI

for
Andrew Skalski

c – Orangeville Hydro Limited (Electronic Only)
Intervenors (Electronic Only)

Orangeville Hydro Limited (OHL) INTERROGATORY #1 List 1

Interrogatory

Reference: Page 1, 6th bullet

In this bullet and elsewhere in their submission, HONI submits that "OHL's subdivision design does not include a loop feed design, thereby making OHL's design technically inferior to HONI's". However, in its cost comparison table on page 8 of its submission, HONI includes \$40,000 in costs associated with a loop feed. Why does HONI state that OHL's offer does not include a loop feed when it includes costs for one in its cost comparison table?

Response

OHL's response to Board Staff IR #2 was that an internal loop feed would be constructed as part of its three-year capital plan and that the cost of the switching cubicle to provide this loop feed for the development is \$40,000. This cost was not included in OHL's Offer to Connect and therefore must be added to the total costs of the project to enable a fair comparison of costs between OHL and HONI. HONI's design does incorporate a loop feed.

Orangeville Hydro Limited (OHL) INTERROGATORY # 2 List 1

Interrogatory

Reference: Page 2, last para.

HONI states that the “entrance to the subdivision...are entirely within HONI’s service territory”. How did HONI come to the conclusion that the entrance to the subdivision is entirely within HONI’s when there are four entrances via four different streets, three of which are accessed from OHL’s service area?

Response

HONI was referring to the service entrances where HONI assets will be located for the purpose of feeding the subdivision electrically. Street access entrances that are not utilized for electrical connection were not being referenced.

Orangeville Hydro Limited (OHL) INTERROGATORY # 3 List 1

Interrogatory

Reference: Page 2, para. 2

HONI states that, because the "small partial lot...within OHL's service area (known as lot 8, block 6) does not have houses or electrical service, which in HONI's view means that OHL is clearly not an incumbent distributor."

- (a) What is the basis (i.e. legislation, Board code, etc.) for this view?
- (b) In section 7.0, pages 3-4 of the Board's *Filing Requirements for Service Area Amendments, Chapter 7 of the Filing Requirements for Transmission and Distribution Application*, the Board defines an incumbent distributor as a "distributor that currently has the region that is the subject of the SAA application in its service area". In HONI's view, does this definition imply that there must be houses or electrical service in the subject area for the definition of incumbent distributor to apply?

Response

- (a) OHL's Application and OHL's lawyer's letter to the Board dated May 16, 2012, incorrectly state that both OHL and HONI are incumbent distributors as defined in the Board's *Filing Requirements for Service Area Amendments*. That *Filing Requirements* document states in its seventh paragraph:

"For the purposes of these filing requirements, it is assumed that the applicant is a distributor who requires a service area amendment to its licence."

HONI therefore responds that there cannot be two incumbent distributors in an SAA application. If OHL were an incumbent distributor, OHL would not be applying for a service area amendment to add part of HONI's service territory to OHL's licensed service territory. OHL is not applying to serve Lot 8, Block 6, because that block is inside OHL's service territory. There is no relevance in labeling oneself an incumbent distributor for lots that are not the subject matter of a Service Area Amendment application by either of two LDCs.

- (b) Please refer to the interrogatory response to (a) above. In addition, HONI adds that it is the sole incumbent distributor because HONI is, in fact, the distributor that currently has the region that is the subject of the SAA application. If HONI did not have the region, OHL would not be applying for the region.

Orangeville Hydro Limited (OHL) INTERROGATORY # 4 List 1

Interrogatory

Reference: Page 4, para. 3

HONI states that "based on the extent of construction underway, it is possible that the service point into the development may have been changed from Mill Street (as shown in OHL's application) to a service point from Melody Lane, a change which would affect the costs included in OHL's application." This change and the related costing implications and amendments are reflected in the revised Offer to Connect filed by OHL with the Board on August 24, 2012. Has HONI reviewed OHL's revised Offer to Connect?

Response

HONI has reviewed OHL's revised Offer to Connect as it appears in OHL's Response to the Board's Decision on Motion and Procedural Order No. 3. There are no details related to the revised design included in this document. The details regarding the location of the service point into the development were included in OHL's Service Area Amendment Application which, to HONI's knowledge, has not been revised to reflect the change in design or costs.

Orangeville Hydro Limited (OHL) INTERROGATORY # 5 List 1

Interrogatory

Reference: Page 4, para. 4

HONI states that the local municipalities' standards for the burial of primary and secondary cable should not be taken into account by distributors or the Board "because it is the Electrical Safety Authority that has jurisdiction in this regard." This is HONI's basis for maintaining a direct burial standard for the proposed development when the municipal standard is that the plant be installed in duct.

- (a) Does the Electrical Safety Authority also approve a duct burial standard?
- (b) When connecting subdivisions in other jurisdictions, does HONI ever comply with the local municipalities' standards regarding the installation of electrical plant?

Response

- (a) Yes, the Electrical Safety Authority approves both direct bury and duct burial standards. LDCs therefore have the prerogative to follow whichever engineering standard their organization has approved.
- (b) HONI responds that it is unaware of any municipal standards that have been imposed in the jurisdictional area encompassed by O. Reg. 22/04 under the *Electricity Act, 1998*, or the *Ontario Electrical Safety Code*. As to location of distribution wires, s. 41 of the *Electricity Act, 1998*, states in part as follows:

“Subsection 1: A transmitter or distributor may, over, under or on any public street or highway, construct or install such structures, equipment and other facilities as it considers necessary for the purpose of its transmission or distribution system, including poles and lines.

Subsection 9: The location of any structures, equipment or facilities constructed or installed under subsection (1) shall be agreed on by the transmitter or distributor and the owner of the street or highway, and in case of disagreement shall be determined by the Board.”

HONI therefore responds that there may be disagreements between the distributor and a municipality as to location (underground or above ground, one side of the road or the other side of the road) of the wires, in which case the Board will make the determination, but that determination is only as to location and does not relate to any matter encompassed by O. Reg. 22/04 or by the *Ontario Electrical Safety Code*.

Orangeville Hydro Limited (OHL) INTERROGATORY # 6 List 1

Interrogatory

Reference: Page 4, para. 6

HONI states: "In urban areas, such as the development, HONI's reliability and response time will be significantly better than Provincial averages and will be basically the same as other LDCs in the same situation".

- (a) Please provide evidence of this forward looking statement.
- (b) In the statement above, HONI indicates that the development is in an urban area. Please confirm whether the customers in the current phase of the proposed development will be classified by HONI as rural or urban customers.

Response

- (a) HONI's Provincial average reliability and response times include locations across the Province, which in some cases are very rural and remote areas. The actual results for individual locations vary. In the more urban densely-populated locations, the actual results are much lower than Provincial averages. This is demonstrated by actual results for 2011 that would be appropriate for the proposed development, namely – no outages excluding Loss of Supply (relevant comparison to LDC reporting) and one outage of 71 minutes including loss of supply

Grand Valley DS F3 system SAIDI SAIFI (2011)

Distributor	Duration (Including LOS)	Frequency (Including LOS)	CAIDI (Including LOS)	Duration (excluding LOS)	Frequency (excluding LOS)	CAIDI (excluding LOS)
Hydro One	1.190833	1.000000	1.19	0.00	0.00	0.00

- (b) For the purposes of reliability and response time reporting, HONI does not classify customers as rural or urban but rather plans and invests in the distribution system based on customer numbers, load expectations, and density of customers.

HONI does have a number of rate classifications that are based on customer densities. Based on the phased development plans provided by the developer, at some point the customers in this development, along with existing HONI customers in the vicinity, will be classified as UR2 rate class (urban density). Until the customer density meets these criteria the customers will be classified as R1 rate class (medium density).

Orangeville Hydro Limited (OHL) INTERROGATORY # 7 List 1

Interrogatory

Reference: Page 4, para. 6

In this paragraph and elsewhere, HONI indicates that “90% of HONI interruptions in this area had an average response time of 63 minutes.”

- (a) Please provide response time specifics for the remaining 10%.
- (b) Please provide an average response time for the full 100%.

Response

- (a) The response time for the remaining 10% was one event requiring 200 minutes. This was equipment damage and fuse repair as a result of a lightning during a storm.
- (b) The total average response time was 85 minutes, which includes outages to individual customers only and outages caused by customer-owned equipment on private property.

Orangeville Hydro Limited (OHL) INTERROGATORY # 8 List 1

Interrogatory

Reference: Page 5, para. 5

HONI states that “there is more tree exposure on the line owned by OHL”. As reflected in OHL’s revised offer to connect (submitted in these proceedings on August 24, 2012), OHL will feed the proposed subdivision from the south via underground plant from Melody Lane. Given the above, how would there be more tree exposure under OHL’s proposal?

Response

HONI’s statement noted above regarding tree exposure was in response to a statement OHL made in the SAA application dated March 23, 2012, regarding tree exposure on HONI’s feeder that would impact reliability. Based on OHL’s design included in that SAA, use of a one-span expansion to the service point on Mill Street at the northern part of the development would result in many more trees being in proximity to OHL’s line downstream of the development, compared to HONI’s design. HONI has not seen the revised design OHL referenced above, which has the service point being at the southern portion of the development on Melody Lane with the underground plant.

Orangeville Hydro Limited (OHL) INTERROGATORY # 9 List 1

Interrogatory

Reference: Page 5, para. 6

HONI states it “intends to supply any future phases of the development in the Grand Valley area within HONI’s service territory.” Based on this submission, it appears that HONI’s position is independent of the Board deciding that OHL is the appropriate developer for the current phase of the development. Would HONI’s position change if OHL was successful in the current application?

Response

HONI’s position would not change if OHL is successful in the current Application. The future phases of the development are within HONI’s existing service territory. It is prudent and encouraged for every distributor to plan for the requirements of its existing and future customers within its territory. These subdivisions are part of the expected growth in HONI’s service territory and represent an opportunity to increase overall efficiency by serving more customers and to spread out the relatively fixed cost to serve the area over a greater number of customers, thus helping to keep customer rates lower.

Orangeville Hydro Limited (OHL) INTERROGATORY # 10 List 1

Interrogatory

Reference: Page 7, para. 3

HONI indicates that it is the “Orangeville M6 that feeds Grand Valley DS”. Given that *Orangeville TS NA22 – Overview Operating Diagram (Low Tension), DWG No. NA22-2LT, Revision 72.0 dated July 10, 2012* (as posted on HONI’s web portal) indicates that the M2 that feeds the Grand Valley DS, can HONI confirm whether the M2 or the M6 feeds the Grand Valley DS?

Response

HONI stands corrected: it is the M2 that feeds the Grand Valley DS. However, the correction does not change any other facts, given that HONI owns both the M2 and M6 feeders.

Orangeville Hydro Limited (OHL) INTERROGATORY # 11 List 1

Interrogatory

Reference: Page 7, para. 5

HONI submits that “the only way to provide a true economic comparison is for the Board to take into consideration all costs to connect the new development to the distribution system, regardless of who is paying those costs”. However, HONI has failed to provide a current offer to connect or economic evaluation or a detailed breakdown of the costs clearly sought by the Board (i.e. detailed description of all capital costs, both non-contestable and contestable; assumptions for project revenue calculation and the amount of the capital contribution the customer must pay). Please provide (i) a copy of HONI’s updated offer to connect, (ii) a copy of HONI’s updated economic evaluation with sufficient assumptions and details to support the numbers therein, and (iii) a breakdown of the costs related to the connection of the proposed development, including a detailed description of all capital costs, both non-contestable and contestable, assumptions for project revenue calculation and the amount of the capital contribution the customer must pay.

Response

- i. Included as Attachment 1, is a copy of HONI’s updated Offer To Connect.
- ii. Please refer to the interrogatory response i above.
- iii. Please refer to the interrogatory response i above.

MULTI-SERVICE CONNECTION COST AGREEMENT

Between

Thomasfield Homes Ltd.

And

Hydro One Networks Inc.



for

Mayberry Hill Subdivision Phase 1

THOMASFIELD HOMES LTD. (the “Developer”) has requested and **HYDRO ONE NETWORKS INC.** (“Hydro One”) has agreed to perform certain work pertaining to the connection of the project described below, on the terms and conditions set forth in this Multi-Service Connection Cost Agreement dated this **5th day of September 2012**, (the “Agreement”). The attached Standard Terms and Conditions for Multi-Service Connection Projects V1 06-2011 (the “Standard Terms and Conditions”) and the following schedules, as amended, supplemented or restated from time to time, are to be read with and form part of the Agreement:

- Schedule “A” (Description of the Non-Contestable Work and the Contestable Work);
- Schedule “B” (Description of Civil Work);
- Schedule “C” (Specifications);
- Schedule “D” (Hydro One Design - Drawing # **00333-12-002 R5**)
- Schedule “E” (Developer’s Load Forecast)”
- Schedule “F” (Economic Evaluation Results)
- Schedule “G” (Option A/Option B Chart)
- Schedule “H” (Form of Transfer of Ownership of Primary Distribution System, Secondary Distribution System, Line Expansion and Residential Service Cables)
- Schedule “I” – certified copy of the Band Council resolution where the Developer is a Band of Indians, authorizing the execution of this Agreement and the issuance of any permits required under Section 28(2) of the *Indian Act* (Canada).

Unless otherwise defined herein, all capitalized terms herein shall have the meaning ascribed to them in the Standard Terms and Conditions.

I. Project Summary

The Developer is planning to:

expand or develop a residential subdivision known as Mayberry Hill Subdivision Phase 1 at the property located at Lot 29 and 30, Concession 2 and 3, Township of East Luther Grand Valley in the County of Dufferin as more particularly described in PIN _____, and where a plan of subdivision has been registered as _____ at ____:____ a.m./p.m. on the _____ day of _____, _____ (the foregoing being hereinafter described as “**Project**”).

The Developer hereby agrees to proceed with one of the following options:

Option A: Hydro One performs the Non-Contestable Work and the Contestable Work; or

Option B: The Developer performs the Contestable Work and Hydro One performs the Non-Contestable Work,

by confirming its' selection of the appropriate option contained in below:

The Developer hereby elects Option A by checking the box below and initialling where specified below and agrees with and accepts all the figures contained in the Option A Chart set out in Schedule "C".

Option A ☐ _____ (Developer's Signatories' Initials)

The Developer hereby elects Option B by checking the box below and initialling where specified below and agrees with and accepts all the figures contained in the Option B Chart set out in Schedule "C".

Option B ☐ _____ (Developer's Signatories' Initials)

II. Term

Except as expressly set out in this Agreement; this Agreement shall be in full force and effect and binding on the parties upon execution by both parties and shall terminate on the 7th anniversary of the Energization Date. Termination of the Agreement for any reason shall not relieve either party of its liabilities and obligations existing under the Agreement at the time of termination. Termination of this Agreement for any reason shall be without prejudice to the right of either party, including the terminating party, to pursue all legal and equitable remedies that may be available to it including, but not limited to, injunctive relief.

III. Impact on Agreement if Developer Fails to Execute the Agreement by the Required Execution Date

All amounts quoted in the applicable Option A Chart or the Option B Chart (including, but not limited to, the Firm Offer and the estimate of Available Support and the estimate of the Capital Contributions will only be remain valid until the Required Execution Date (see Part IV below).

This Agreement shall be null and void and neither party shall have any further liability or obligation to the other if the Developer fails to do any of the following by the Required Execution Date:

- (i) execute and deliver this Agreement to Hydro One; or
- (ii) Deliver the Capital Contribution to Hydro One upon the execution of the Agreement by the Developer; or
- (iii) Deliver the Expansion Deposit to Hydro One upon the execution of the Agreement by the Developer; or
- (iv) Deliver proof of insurance as required under the terms of this Agreement upon the execution of the Agreement by the Developer; or
- (v) Deliver a certified copy of the Band Council resolution upon the execution of the Agreement by the Developer where the Developer is a Band of Indians with such Band Council Resolution authorizing the execution of this Agreement and the issuance of any permits required under Section 28(2) of the *Indian Act* (Canada).

IV. Miscellaneous:

Developer's HST Registration Number:¹

Expansion Deposit:²

\$915222.26

Easement Date:³

10th day of October 2012

Customer Connection Horizon:

5 years

Required Execution Date:

5th day of March 2013

Revenue Horizon:

25 years

Developer Notice Info:⁴

Thomasfield Homes Ltd.

P.O. Box 1112, 295 Southgate Drive, Guelph, N1G 3M5

Attention: Mr. Paul Heitshu

Fax: 519-836-2119

V. Entire Agreement

Subject to Section 2.4 of the Standard Terms and Conditions, this Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior oral or written representations and agreements concerning the subject matter of this Agreement.

[SIGNATURE PAGE FOLLOWS]

¹ See Subsection 1.1(e) of the Standard Terms and Conditions.

² See Sections 6.1 and 6.2 of the Standard Terms and Conditions.

³ See Subsections 5.2(l) of the Standard Terms and Conditions.

⁴ See Section 13.5 of the Standard Terms and Conditions.

VI. Amendments

It is recognised that from time to time during the currency of the Agreement the parties hereto may mutually, unless otherwise provided for in the Agreement, alter, amend, modify or vary the provisions of the Agreement and such alteration, amendment, modification, variation or substitution shall be effected in writing and attached hereto and shall be deemed to form part hereof and shall, from the date agreed upon, alter, amend, modify, vary or substitute the Agreement in the manner and to the extent set forth in writing by the parties. Subject to the foregoing, no amendment, modification or supplement to the Agreement shall be valid or binding unless set out in writing and executed by the parties with the same degree of formality as the execution of the Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement.

HYDRO ONE NETWORKS INC.

Name: Gordon Messervey
Title: Supervisor Planning and Design
Date:
I have the authority to bind the Corporation

Thomasfield Homes Ltd.

Name:
Title:
Date:

Name:
Title:
Date:
I/We have the authority to bind the corporation.
The corporation has the authority to bind the Limited Partnership.

Schedule “A” Description of the Contestable and Non-Contestable Work

See attached Drawing **00333-12-002 R5**

Description of Non-Contestable Work Hydro One MUST perform:

For Underground Lines (Including Submarine):

1. Perform make ready work on existing Hydro One facilities (dip pole or existing transformer or kiosk)
2. Termination of all primary and secondary cables within the Electrical Distribution System
3. Installation of transformers and kiosks including inserts, elbows, insulating caps, arrestors and feed through
4. Install kiosks including insulating caps
5. Install numbering, signs, locks and phase markings on transformers and kiosks
6. Connection of grounds to transformers and kiosks
7. Install switching/isolation of existing Hydro One facilities
8. Perform Inspection

For Overhead Lines:

1. Perform make ready work on existing Hydro One facilities
2. Termination of all primary cables at transformer and switch locations and secondary cables transitioning to underground within the Electrical Distribution System
3. Install transformers and transformer framing
4. Install switches

Description of Contestable Work Hydro One or Developer/Contractor can perform (Unless otherwise stated on Drawing):

For Underground Lines (Including Submarine):

1. Supply and install primary and secondary cables
2. Install secondary splices

For Overhead Lines:

1. Install new poles, primary and secondary conductor, guys and anchors
2. Install primary and secondary framing
3. Install grounding (Plates and Rods)

Schedule “B” – Description of Civil Work

The Developer shall perform the following Civil Work, at its own expense, in accordance with the terms of this Agreement, including, the applicable Hydro One Specifications and standards:

For Underground Lines:

- Excavate trenches;
- Install sand padding with masonry sand;
- Supply and install pre-cast concrete vaults and backfill;
- Install bollards if specified by Hydro One in the design of the Electrical Distribution System;
- Install grounding (Rods);
- Install a crushed stone base for transformers and kiosks;
- Install partial and complete duct banks as specified on drawing (Direct Buried and or Concrete Encased);
- Install road crossing ducts (Including Road Cuts and Bores) complete with pull rope and caps for spares; and
- Perform any other Civil Work referenced in the applicable Hydro One Specifications and standards.

For Sub-cable work (In addition to requirements for Underground Lines):

- Install poured pads (when specified on drawing) in accordance with Hydro One’s Standard DU-06-302;
- Supply and install pre-cast concrete vaults and or aluminum vaults;
- Install grounding (Rods or Plates);
- Install masonry sand padding and crushed stone; and
- Perform any other Civil Work referenced in the applicable Hydro One specifications and standards.

All Forestry work outside of operating clearances around existing lines

Schedule “C” - Specifications

The following will be provided to the Developer on a CD-ROM:

The Hydro One Overhead and Underground Distribution Standards – 2011 Editions

DRAFT

DRAFT

Schedule “E” –“Developer’s Load Forecast”

Residential Services

Rate Class	#of Lots	Sq. Ftge	Load Type	Service Size (Amps)
R1	114	2000 Sq Feet	Base + WH + AC	200 Amp

Commercial Services

Rate Class	#of Lots	Secondary Voltage	Service Size (Amps)	Usage	Business Type
------------	----------	-------------------	---------------------	-------	---------------

Submitted by the Developer on this 5th day of January 2012.

Thomasfield Homes Ltd.

Name:

Title:

Name:

Title:

I/We have the authority to bind the corporation.

The corporation has the authority to bind the Limited Partnership.

Schedule “F”: Economic Evaluation Results

<u>Capital Costs and Charges</u>		Hydro One does all the work (Option A)	Alternative Bid Option (Option B)
Subdivision Expansion Cost	Total Length 2400 metres	\$ 429379.39	\$ 211672.74
Line Expansion Cost	Total Length 0 metres	\$ 0.00	\$ 0.00
	Subtotal	\$ 429379.39	\$ 211672.74
	Overheads and Interest during construction	\$ 52294.84	\$ 26894.08
Total Capital Cost		\$ 481674.23	\$ 238566.82

<u>Operating and Maintenance Costs over 25 year revenue horizon</u>				
Estimated Connection O&M per year	\$ 14021.40			
Estimated Expansion O&M per year				
Line Expansion O/H Line Based on 0 m	\$ 0.00			
Line Expansion U/G Line Based on 0 m	\$ 0.00			
Subdivision O/H Line Based on 0 m	\$ 0.00			
Subdivision U/G Line Based on 2400 m	\$ 2479.20			
Estimated System Reinforcement O&M per year	\$ 30030.72			
Estimated Yearly O&M	\$ 46531.32			
Estimated Total O&M Over 25 Years	\$ 1163283.00	PV \$ 602380.33	\$ 602380.33	

<u>Total Cost of Connection</u>			
Total Capital Cost		481674.23	238566.82
Total PV of O&M		602380.33	602380.33
Total Cost of Connection	PV \$	1084054.56	\$ 840947.15

Revenues over 25 year revenue horizon

kWh (Combined averages for 114 R1 customers)	121957.73127	Energy Billed at a Rate of 3.317 Cents per kWh for Delivery Charges			
Monthly Combined Revenue	\$ 4045.34				
Service Charge Totaled for the Project	\$ 2248.08				
Total	\$ 6293.42				
Yearly Revenue	\$ 75521.04				
Total Revenue Over (25) Years	\$ 1888026.00	PV	\$	977672.44	\$ 977672.44

Taxes, Tax Credits and Other Adjustments

PV Income Taxes	\$ 106207.67				
CCA Tax Shield, and Municipal Taxes	\$ -74011.75				
PV Working Capital	\$ 4312.30				
Capital Contribution Adjustment	\$ 25941.96				
PV of Taxes, Tax Credits and Other Adjustments	62450.18	PV	\$	62450.18	\$ 62450.18
Revenue After Tax		PV	\$	915222.26	\$ 915222.26

Summary of Costs and Revenues

Total Cost of Connection		\$	1084054.56	\$	840947.15
Less Revenue After Tax		\$	915222.26	\$	915222.26
Customer Pays This Amount* plus Excluded Items and HST		\$	168832.30	\$	-74275.11

*Difference between the Total Cost of Connection and Revenue After Tax

** In the case of a credit, the maximum amount of this value is equal to the Contestable support of Option A

PV = Present Value

This is how the calculation relates to Option A and B of the Agreement.

	Hydro One does all the work (Option A)	Alternative Bid Option (Option B)
Customer Contribution Required For The Connection (from above)	\$ 168832.30	\$ -74275.11
Less Pre Paid Amounts		
Line 1.1 Design Fees Paid	\$ 8700.00	\$ 8700.00
Line 3.4 Miscellaneous Approvals	\$ 0.00	\$ 0.00
Plus Items Excluded From Receiving Support (As per Section 3.1.6 of the Distribution System Code)		
Pad-mount Transformer Incremental Cost (NonContestable)	\$ 12362.32	\$ 12362.32
Work Site Inspection	\$ 0.00	\$ 21606.20
Returned Material Charge	\$ 0.00	\$ 0.00
Sub Total	\$ 172494.62	\$ -49006.59
HST	\$ 22424.30	\$ -6370.86
Amount Due*	\$ 194918.92	\$ -55377.45

Average Support Per Service	
Option A	\$ 8028.27
Option B	\$ 7225.44
Note: Option B Amount includes 10% Warranty Holdback	

Schedule “G”: Option A/Option B Charts

Option A – Hydro One Networks Performs Non-Contestable Work and Contestable Work				
<u>Part 1 Non-Contestable Work Firm Offer</u>		TOTAL	PAID	DUE
1.0	Engineering & Design			
1.1	Design Costs	\$ 10705.00	\$ 8700.00	\$ 2005.00
	Total Cost Section 1.1	\$ 10705.00	\$ 8700.00	\$ 2005.00
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ 0.00	\$ 0.00	\$ 0.00
	Remaining Balance Section 1.1	\$ 10705.00	\$ 8700.00	\$ 2005.00
2.0	Cost of Non-Contestable Work Other Than Line Expansion			
		TOTAL	PAID	DUE
2.1	Non-Contestable Subdivision Secondary Costs			
	Material	\$ 40019.25		\$ 40019.25
	Labour	\$ 48525.69		\$ 48525.69
	Equipment	\$ 27467.37		\$ 27467.37
	Other Miscellaneous	\$ 6409.05		\$ 6409.05
	Administration & Overheads	\$ 9155.79		\$ 9155.79
	400A Meterbase Credit	\$ 0.00		\$ 0.00
	Total Cost Section 2.1	\$ 131577.15		\$ 131577.15
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ 131577.15		\$ 131577.15
	Remaining Balance Section 2.1	\$ 0.00		\$ 0.00
2.2	Non-Contestable Subdivision Primary Costs			
	Material	\$ 49681.82		\$ 49681.82
	Labour	\$ 24699.51		\$ 24699.51
	Equipment	\$ 13980.86		\$ 13980.86
	Other Miscellaneous	\$ 3262.20		\$ 3262.20
	Administration & Overheads	\$ 4660.28		\$ 4660.28
	Cost To Connect To An Existing Powerline	\$ 0.00		\$ 0.00
	Forestry Cost (If Applicable)	\$ 0.00		\$ 0.00
	Total Cost Section 2.2	\$ 96284.67		\$ 96284.67
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ 95333.67		\$ 95333.67
	Remaining Balance Section 2.2	\$ 951.00		\$ 951.00

Continued

Option A – Hydro One Networks Performs Non-Contestable Work and Contestable Work

3.0 Cost Of Non-Contestable Line Expansion (If Applicable)				
		TOTAL	PAID	DUE
3.1	Non-Contestable Line Expansion Costs			
	Material	\$ 0.00		\$ 0.00
	Labour	\$ 0.00		\$ 0.00
	Equipment	\$ 0.00		\$ 0.00
	Other Miscellaneous	\$ 0.00		\$ 0.00
	Administration & Overheads	\$ 0.00		\$ 0.00
3.2	Cost To Connect To An Existing Powerline	\$ 0.00		\$ 0.00
3.3	Forestry Cost (If Applicable)	\$ 0.00		\$ 0.00
3.4	Miscellaneous Approvals Such As Water Crossing, Railway Crossing, Pipeline Crossing, etc.	\$ 0.00	\$ 0.00	\$ 0.00
3.5	Easements, Permits and Approvals	\$ 0.00		\$ 0.00
	Total Cost Section 3.1 to 3.5	\$ 0.00		\$ 0.00
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ 0.00		\$ 0.00
	Remaining Balance Section 3.1 to 3.5	\$ 0.00	\$ 0.00	\$ 0.00
4.0 Cost of Contestable Work Other Than Line Expansion				
		TOTAL	PAID	DUE
4.1	Contestable Subdivision Secondary Costs			
	Material	\$ 39148.96		\$ 39148.96
	Labour	\$ 24794.54		\$ 24794.54
	Equipment	\$ 14034.64		\$ 14034.64
	Other Miscellaneous	\$ 3274.75		\$ 3274.75
	Administration & Overheads	\$ 4678.22		\$ 4678.22
	Total Cost Section 4.1	\$ 85931.11		\$ 85931.11
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ 85931.11		\$ 85931.11
	Remaining Balance Section 4.1	\$ 0.00		\$ 0.00
4.2	Contestable Subdivision Primary Costs			
	Material	\$ 108294.24		\$ 108294.24
	Labour	\$ 25907.49		\$ 25907.49
	Equipment	\$ 14664.62		\$ 14664.62
	Other Miscellaneous	\$ 3421.74		\$ 3421.74
	Administration & Overheads	\$ 4888.21		\$ 4888.21
	Total Cost Section 4.2	\$ 157176.30		\$ 157176.30
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ 0.00		\$ 0.00
	Remaining Balance Section 4.2	\$ 157176.30		\$ 157176.30

Continued

Option A – Hydro One Networks Performs Non-Contestable Work and Contestable Work

5.0	Contestable Cost Of Line Expansion (If Applicable)			
5.1	Contestable Cost of Line Expansion			
	Material	\$ 0.00		\$ 0.00
	Labour	\$ 0.00		\$ 0.00
	Equipment	\$ 0.00		\$ 0.00
	Other Miscellaneous	\$ 0.00		\$ 0.00
	Administration & Overheads	\$ 0.00		\$ 0.00
	Total Cost Section 5.1	\$ 0.00		\$ 0.00
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ 0.00		\$ 0.00
	Remaining Balance Section 5.1	\$ 0.00		\$ 0.00
	Remaining balance on Non-Contestable and Contestable Work (Sections 1.0 through 5.0)	\$ 168832.30	\$ 8700.00	\$ 160132.30

Part 3 Non-Contestable and Contestable Work Above Standard Connection

		TOTAL	PAID	DUE
6.0	Items Excluded From Receiving Support			
6.1	Pad-mount Transformer Incremental Cost (NonCont.)	\$ 12362.32		\$ 12362.32
6.2	Pad-mount Transformer Incremental Cost (Contestable)	\$ 0.00		\$ 0.00
6.3	Returned Material Charge	\$ 0.00		\$ 0.00
	Total Cost Section 6.1 to 6.2	\$ 12362.32		\$ 12362.32

Part 4 Totals

Revenue Shortfall (if applicable)	\$ 0.00		\$ 0.00
Sub-Total (without HST) for Option A	\$ 181194.62	\$ 8700.00	\$ 172494.62
HST for Option A	\$ 23555.30	\$ 1131.00	\$ 22424.30
Grand Total (with HST) for Option A	\$ 204749.92	\$ 9831.00	\$ 194918.92

GST/HST# 870865821RT0001

A-1	The Developer has paid the cost of Design and Staking, incurred by Hydro One Networks in the amount of =		\$ 9831.00	
A-2	The Developer shall pay 100% of the Remaining Cost to be incurred by Hydro One Networks at the time of signing of this Agreement, in the amount of =			\$ 194918.92
A-3	Refund After Hydro One Networks Support Applied			\$ 0.00

I elect to choose Option A

☐

← Signature

Option B – Hydro One Networks Performs Non-Contestable Work Only

<u>Part 1 Non-Contestable Work Firm Offer</u>		TOTAL	PAID	DUE
1.0	Engineering & Design			
1.1	Design Costs	\$ 10705.00	\$ 8700.00	\$ 2005.00
	Total Cost Section 1.0	\$ 10705.00	\$ 8700.00	\$ 2005.00
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ 0.00	\$ 0.00	\$ 0.00
	Remaining Balance Section 1.0	\$ 10705.00	\$ 8700.00	\$ 2005.00
2.0	Cost of Non-Contestable Work Other Than Line Expansion			
		TOTAL	PAID	DUE
2.1	Non-Contestable Subdivision Secondary Costs			
	Material	\$ 40019.25		\$ 40019.25
	Labour	\$ 48525.69		\$ 48525.69
	Equipment	\$ 27467.37		\$ 27467.37
	Other Miscellaneous	\$ 6409.05		\$ 6409.05
	Administration & Overheads	\$ 9155.79		\$ 9155.79
	400A Meterbase Credit	\$ 0.00		\$ 0.00
	Total Cost Section 2.1	\$ 131577.15		\$ 131577.15
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ 131577.15		\$ 131577.15
	Remaining Balance Section 2.1	\$ 0.00		\$ 0.00
2.2	Non-Contestable Subdivision Primary Costs			
	Material	\$ 49681.82		\$ 49681.82
	Labour	\$ 24699.51		\$ 24699.51
	Equipment	\$ 13980.86		\$ 13980.86
	Other Miscellaneous	\$ 3262.20		\$ 3262.20
	Administration & Overheads	\$ 4660.28		\$ 4660.28
	Cost To Connect To An Existing Powerline	\$ 0.00		\$ 0.00
	Forestry Cost (If Applicable)	\$ 0.00		\$ 0.00
	Total Cost Section 2.2	\$ 96284.67		\$ 96284.67
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ 95333.67		\$ 95333.67
	Remaining Balance Section 2.2	\$ 951.00		\$ 951.00

Continued

Option B – Hydro One Networks Performs Non-Contestable Work Only

3.0 Non-Contestable Cost Of Line Expansion (If Applicable)				
		TOTAL	PAID	DUE
3.1	Non-Contestable Line Expansion Costs			
	Material	\$ 0.00		\$ 0.00
	Labour	\$ 0.00		\$ 0.00
	Equipment	\$ 0.00		\$ 0.00
	Other Miscellaneous	\$ 0.00		\$ 0.00
	Administration & Overheads	\$ 0.00		\$ 0.00
3.2	Cost To Connect To An Existing Powerline	\$ 0.00		\$ 0.00
3.3	Forestry Cost (If Applicable)	\$ 0.00		\$ 0.00
3.4	Miscellaneous Approvals Such As Water Crossing, Railway Crossing, Pipeline Crossing, etc.	\$ 0.00	\$ 0.00	\$ 0.00
3.5	Easements, Permits and Approvals	\$ 0.00		\$ 0.00
	Total Cost Section 3.1 to 3.5	\$ 0.00		\$ 0.00
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ 0.00		\$ 0.00
	Remaining Balance Section 3.1 to 3.5	\$ 0.00	\$ 0.00	\$ 0.00
	Remaining balance on Non-Contestable and Contestable Work (Sections 1.0 through 3.0)	\$ 11656.00	\$ 8700.00	\$ 2956.00
	Total Unused Support Available For Contestable Work	\$ 85931.11		\$ 85931.11
	Total Remaining Balance	\$ -74275.11	\$ 8700.00	\$ -82975.11
Part 2 Non-Contestable Work Above Standard Connection				
4.0	Items Excluded From Receiving Support			
4.1	Pad-mount Transformer Incremental Cost	\$ 12362.32		\$ 12362.32
4.2	Work Site Inspection (If Applicable)	\$ 21606.20		\$ 21606.20
4.3	Returned Material Charge	\$ 0.00		\$ 0.00
	Total Cost Section 4.1 to 4.2	\$ 33968.52		\$ 33968.52
Part 3 Totals				
	Revenue Shortfall (if applicable)	\$ 0.00		\$ 0.00
	Sub-Total (without HST) for Option B	\$ -40306.59	\$ 8700.00	\$ -49006.59
	HST for Option B	\$ -5239.86	\$ 1131.00	\$ -6370.86
	Grand Total (with HST) for Option B	\$ -45546.45	\$ 9831.00	\$ -55377.45
GST/HST# 870865821RT0001				

Continued

Option B – Hydro One Networks Performs Non-Contestable Work Only

Part 3 Totals Unused Support Available For Contestable work

	TOTAL	PAID	DUE
B-1		\$ 9831.00	
B-2			\$ 0.00
B-3			\$ 55377.45

The Developer has paid the cost of Design and Staking, incurred by Hydro One Networks in the amount of =

The Developer shall pay 100% of the Remaining Cost to be incurred by Hydro One Networks at the time of signing of this Agreement, in the amount of =

Refund After Hydro One Networks Support Applied

I elect to choose Option B

☐

← Signature

Schedule “H” – Form of Transfer of Ownership of Primary Distribution System, Secondary Distribution System, Line Expansion and Residential Service Cables

**TRANSFER OF OWNERSHIP OF PRIMARY DISTRIBUTION SYSTEM, SECONDARY DISTRIBUTION SYSTEM, LINE EXPANSION AND RESIDENTIAL SERVICE CABLES
(CONSTRUCTED BY HYDRO ONE NETWORKS INC. OR DEVELOPER)**

Hydro One Networks Inc. Expansion/Connection #: 00333-12-002 R5

Mayberry Hill Subdivision Phase 1

In accordance with the Multi-Service Connection Cost Agreement made between the undersigned Developer (the “**Developer**”) and Hydro One Networks Inc. dated the 5th day of September 2012 (the “**Agreement**”), the Developer hereby irrevocably conveys all rights, title and interest, free and clear of all present and future mortgages, liens, demands, charges, pledges, adverse claims, rights, title, retention agreements, security interests, or other encumbrances of any nature and kind whatsoever in the:

- (a) Primary Distribution System and any Line Expansion as described in Schedule “D” of the Agreement and as referred to in the said Agreement; and
- (b) that part of the Secondary Distribution System as described in Schedule “D” of the Agreement and as referred to in the said Agreement that has been installed as of the Energization Date of the Primary Distribution System; and
- (c) any Residential Service cables connected to the Secondary Distribution System described in (b) above on the Energization Date of the Primary Distribution System,

to Hydro One Networks Inc. with effect as of the Energization Date of the Primary Distribution System;

AND:

- (1) any addition to the Secondary Distribution System as described in Schedule “E” of the Agreement and as referred to in the said Agreement that is installed following the Energization Date of the Primary Distribution System; and
- (2) any Residential Service cables connected to the Secondary Distribution System ,

to Hydro One Networks Inc. with effect as of the Energization Date of the addition to the Secondary Distribution System described in (1) above.

Thomasfield Homes Ltd.

Name:

Title:

Name:

Title:

I/We have the authority to bind the corporation.

The corporation has the authority to bind the Limited Partnership.

Hydro One Networks Inc. hereby agrees to assume ownership and responsibility for operation and maintenance of the Primary Distribution System, the Secondary Distribution System, the Line Expansion and the Residential Service cables (all as described above) and as referred to in the said Agreement above on the respective Energization Dates described above.

HYDRO ONE NETWORKS INC.

Name: Gordon Messervey

Title: Supervisor Planning and Design

Date:

I have the authority to bind the corporation

Orangeville Hydro Limited (OHL) INTERROGATORY # 12 List 1

Interrogatory

Reference: Page 7, para. 6

HONI suggests that OHL has “recognized” that the line relocation costs should be included “in its Motion Submission, paragraph 9.” OHL’s submission in question reads as follows: “*In the event that the Board determines that the Line Relocation Cost constitutes part of the total cost of connection*, the Line Relocation Cost simply needs to be added to the Developer’s total costs...” [emphasis added] Given that OHL’s submission above is clearly conditional upon the Board determining that the line relocation costs are relevant (which they have not), what is HONI’s rationale for suggesting that OHL has “recognized” that these costs should be included?

Response

HONI’s statement was referring to the fact that in its Motion Submission, OHL recognized the costs of the Line Relocation to be \$175,854.

Orangeville Hydro Limited (OHL) INTERROGATORY # 13 List 1

Interrogatory

Reference: Page 7, para. 5-6 and cost comparison table on Page 8

As rationale for including the line relocation costs in its cost comparison, HONI submits that “the only way to provide a true economic comparison is for the Board to take into consideration all costs *to connect* the new development to the distribution system, regardless of who is paying those costs.” [emphasis added] However, in its Decision on HONI’s Motion, the Board concluded that the line relocation activities are “occurring because of the developer’s need to register the subject development, rather than to energize it” and that the related relocation costs are “not relevant to the comparison of costs associated with servicing the subject development.”

- (a) Given the Board’s conclusion above, why does HONI continue characterize these costs as one of the costs to connect the new development?
- (b) On a related note, why are these costs included in the cost comparison table provided by HONI?

Response

(a) HONI respectfully submits that the Board misunderstood the reasoning for including the costs of the line relocation. The costs of relocation are not at all related to the easement or the need to register property. On the contrary, these costs are incurred as part of the requirements to connect and service the development- not at all due to the need for the developer to register the subject development. HONI has included the costs to relocate the line in its Offer To Connect as it is integrated with the design to service the development. The relocation costs must therefore be included in a comparison of costs to connect with OHL, as the line cannot remain in place and must be relocated regardless of which LDC services the development.

(b) Please refer to the interrogatory response to (a) above.

Orangeville Hydro Limited (OHL) INTERROGATORY # 14 List 1

Interrogatory

Reference: Cost Comparison Table on Page 8

HONI has provided a costing table in an attempt to compare the connection proposals of HONI and OHL. In presenting this table, HONI has made a number of incorrect assumptions regarding OHL's connection proposal and price and HONI has included a number of costs that are not supported by the Board's Decision on HONI's Motion or by HONI's submission itself.

- (a) What is the validity of the table HONI provided for "comparison purposes only" when it is not supported by evidence such as an economic evaluation, an offer to connect or other supporting data?
- (b) Although OHL considers the secondary splices as part of contestable work, how did HONI arrive at a cost of \$28,500 when OHL's calculations to do this work would be approximately \$8,680?
- (c) Under civil work, has HONI taken into account the additional cost of installing the plant in duct as required by the municipality? If not, what would be the additional amount of civil costs related to installing the plant in duct?
- (d) How did HONI arrive at a cost of \$40,000 for OHL's internal loop feed when OHL's calculations to do the additional work to complete an internal loop feed would be approximately \$12,500 (which represents the cost of a dip pole)?

Response

(a) HONI's costing table is based on the following support documents:

- The revised Offer to Connect presented by OHL in Response to the Board's Decision on Motion and Procedural Order No. 3;
- The breakdown of the contestable costs OHL also presented in OHL's response to the Board's Decision on Motion and Procedural Order No. 3.
- HONI's revised Offer to Connect, which awaits Township approval as to location, but which has been included in the interrogatory response to OHL IR #11 for reference;
- Dollar amounts noted in OHL's response to Interrogatories on June 25, 2012;
- Estimates provided by HONI to the developer for Line Relocation Costs.

The numbers in the table represent a fair comparison of the costs for each LDC to service the development.

1 (b) The calculations provided by HONI are based on the secondary splices and additional
2 secondary 3/0 conductor that will be needed from the lot line to the meter base. The
3 Contestable estimate provided in the OHL Offer does not make any mention of this
4 section of the required work to make the connections. The estimated length of
5 secondary conductor is clearly short and even makes reference to the fact that it stops
6 at the lot lines and makes no reference about completing secondary splices or the
7 additional conductor needed to make the connections after the initial install. OHL
8 also does not have anything in its Non-Contestable costs to cover this. The \$28,500
9 amount was driven from the estimated cost to install each splice being 250×114 lots
10 = \$28,500. Regardless of the dollar amount, this dollar figure would need to be
11 added to both HONI and OHL's costs; therefore, the actual number will not change
12 the overall cost comparison.

13
14 (c) HONI has not taken into account the cost of using ducts because HONI will not be
15 using ducts: HONI follows the other of the two Ontario-approved installation
16 methods. In any event, the interrogatory is a hypothetical question for two reasons:
17 (a) the Township has created only a "policy" (Township Policy Number 12-02), not
18 work "as required" (the phrase used in OHL's interrogatory); and (b) the Township
19 does not have the ability to create a "requirement."

20
21 (d) Please refer to the response to OHL's IR# 1.

Orangeville Hydro Limited (OHL) INTERROGATORY # 15 List 1

Interrogatory

Reference: Page 9, para. 1

HONI has not provided a total of the capital contribution expected from the developer (total customer costs) in connection with HONI's connection proposal. As stated in its decision in EB-2011-0085, the Board ruled that "considerable weight should be given to the costs of the assets necessary to effect the connection and the *capital contribution the customer must pay*". [emphasis added] Nonetheless, HONI did not include the cost to the customer in their discussion of the developer's capital contribution on page 9 or in the cost comparison table on page 8.

- (a) Please explain why these totals were excluded from HONI's submission.
- (b) Please provide the total of the capital contribution expected from the developer in connection with HONI's connection proposal.

Response

(a) This information is part of HONI's Offer to Connect ("OTC"). HONI had not provided a copy of the OTC to the developer because the approval of the location of the underground facilities had not been approved by the Township. HONI has now provided a copy of the OTC to the developer and has also attached a copy to the interrogatory response to OHL IR #11. The total costs to the developer should not be a deciding factor in this proceeding, consistent with the principles established in RP-2003-0044, the Board should undertake a comparison of the total overall costs to connect the new development to the distribution system, regardless of who is paying, in determining whether a neighbouring LDC should be awarded the territory.

(b) Please refer to Attachment 1 of the interrogatory response to OHL IR #11.

Orangeville Hydro Limited (OHL) INTERROGATORY # 16 List 1

Interrogatory

Reference: Page 9, para. 1-2

HONI submits that, if OHL serviced the development, HONI's customers would continue to be held responsible for \$224,273 in upstream reinforcement costs associated with this phase of the development". Please explain in detail what these costs represent and how they would not be covered by the increased low voltage charges paid to HONI.

Response

These costs represent the portion of upstream OM&A costs that will be incurred by Hydro One in relation to this subdivision. These costs will be recovered by HONI through Sub-Transmission rates that will be charged to OHL if OHL's SAA application is successful. Therefore, OHL must include these Sub-Transmission costs in its discounted cash flow calculation in determining the capital contribution for the developer so that the developer, rather than the balance of OHL's customers, is charged the cost of servicing the development. These costs do not impact the comparison of the capital cost to connect the subdivision and therefore should not be a deciding factor in the SAA.

Orangeville Hydro Limited (OHL) INTERROGATORY # 17 List 1

Interrogatory

Reference: Page 9, para. 3

HONI submits “OHL should have included an amount greater than \$0 in its economic evaluation consistent with the requirements of Appendix B of the Distribution System Code unless it can provide evidence that its five-year rolling average costs are \$0. HONI states that it is inappropriate for OHL’s economic evaluation to include \$0 for capacity enhancement costs.” OHL has included a five-year rolling average of \$0 because there have been no enhancement costs related specifically to system expansions within the subject area within the past five years. More specifically, there have been no system expansions (defined in the DSC as “a modification or addition to the main distribution system in response to one or more requests for one or more additional customer connections that otherwise could not be made, for example, by increasing the length of the main distribution system”) in Grand Valley in more than a decade. Given the above, and considering that HONI did not submit interrogatories to OHL on this point, what is the basis for HONI’s assertion that it is inappropriate for OHL’s economic evaluation to include \$0 for system enhancement costs?

Response

The definition in Appendix B of the Distribution System Code does not refer to “area-specific” expenditures. Rather, it refers to “five-year system rolling average expenditures”, which means that an overall measure of enhancement costs is meant to be used in establishing what amount should be included in OHL’s economic evaluation, not an area-specific measure. HONI would be surprised to learn that OHL has spent nothing to enhance its system over the past five years.

Orangeville Hydro Limited (OHL) INTERROGATORY # 18 List 1

Interrogatory

Reference: page 11, para.1

HONI has stated that the differences in the way that the distributors treat contestable and non-contestable costs “results in duplicated costs on the HONI calculation.” However, it appears that HONI has unilaterally attempted to address this duplication in the cost comparison table on page 8.

- (a) Please confirm whether the duplication of costs is addressed in HONI’s cost comparison table.
- (b) Please identify any duplicated costs not reflected in HONI’s cost comparison table.

Response

- (a) HONI confirms that the duplication of costs is addressed in HONI’s cost comparison table, which provides a clean comparison of apples-to-apples costs for each LDC to service the development. The statement HONI made regarding costs being duplicated was regarding OHL’s attempt to compare costs which did not take in to account the differences in scope for contestable and non-contestable work across the two LDCs.
- (b) There are no duplicated costs in HONI’s cost comparison table.