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By electronic filing

September 25, 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 Electricity Distribution Rate Change
Board File No.: EB-2012-0136
Our File No.: 339583-000143

Please find attached the Interrogatories of Canadian Manufacturers & Exporters ("CME") in this proceeding.

Yours very truly,

A handwritten signature in blue ink, appearing to read "Vincent J. DeRose", with a long horizontal flourish extending to the right.

Vincent J. DeRose

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c. Pasquale Catalano (Hydro One)
D.H. Rogers (Rogers Partners LLP)
Intervenors EB-2012-0136
Paul Clipsham
Peter Thompson and Kim Dullet (BLG)

OTT01: 5286675: v1

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 just and reasonable rates and other charges for electricity distribution effective January 1, 2013.

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

GENERAL

13) Is Hydro One's proposal for the implementation of the density study findings appropriate?

13.0-CME-1

Ref: Exhibit D, Tab 1, Schedule 1, page 10 of 10, Table 8

Table 8 provides a Comparison of Proposed 2013 Density Study Adjusted IRM Total Bill Impacts. The percentage change of the total bill impacts ranges between -4.97% to 4.45%. CME wishes to understand the potential "worse case" impact which the proposed rate schedules based on the density study adjusted IRM rates will have on individual customers. To this end:

- (a) Is Hydro One able to estimate the largest percentage change that the proposed rate schedules based on the density study adjusted IRM rates will have on any single customer in each rate class? If so, please set out that percentage change for each rate class.
- (b) If Hydro One is not able to estimate the largest percentage change that the proposed rate schedules based on the density study adjusted IRM rates will have on any single customer, please confirm whether any individual customers will experience a percentage change of 10% or greater as a result of those proposed rate schedules. If any customers will experience a 10% or greater percentage change, please identify the rate classes where this will occur.
- (c) If any individual customers will experience a 10% or greater change as a result of the proposed rate schedules based on the density study adjusted IRM rates, please confirm whether Hydro One Distribution has considered the issue of potential rate shock and/or whether any mitigation measures are necessary. If Hydro One Distribution has considered potential rate shock and/or mitigation measures, please provide details of such considerations. If Hydro One Distribution has not considered rate shock and potential mitigation measures, please explain why not.

17) Is the proposed Tariff of Rates and Charges for 2013 appropriate?**17.0 CME-2****Preamble**

In prior proceedings, 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%20SUB%20Ontario%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 Distribution monitors the prospective year-over-year total electricity bill increases that consumers will likely be facing over 2013 and over a multi-year planning cycle.

Questions

Having regard to the foregoing and in the context of the total bill impacts, and the customer impacts set out at Exhibit E1, Tab 3, Schedule 1, 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 2013 and beyond. 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 IRM application including the written and slide presentations that provide Hydro One's Business Plans for 2013 and beyond.
- (d) Having regard to the communications that Hydro One has with its customers 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.