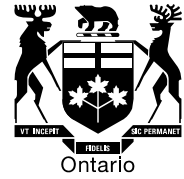


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**BY E-MAIL**

**November 18, 2013**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto ON M4P 1E4

Dear Ms. Walli:

**RE: BOARD STAFF SUBMISSION ON NEED FOR A FURTHER ROUND OF  
INTERROGATORIES**

**Application by Hydro One Inc. for leave to purchase all of the issued and  
outstanding shares of Norfolk Power Inc. - EB-2013-0196**

**Application by Norfolk Power Distribution Inc. for leave to dispose of its  
distribution system to Hydro One Networks Inc. - EB-2013-0187**

**Application by Hydro One Networks Inc. to include a rate rider in the 2013  
Ontario Energy Board-approved rate schedule of Norfolk Power  
Distribution Inc. to give Effect to a 1% Reduction Relative to 2012 Base  
Electricity Delivery Rates - EB-2013-0198**

In accordance with Procedural Order No. 6, please find attached Board staff's  
submission respecting the above referenced matter.

Yours truly,

*Original Signed by*

Gona Jaff  
Project Advisor, Applications and Regulatory Audit

Attachment

cc: All Parties to the Proceeding



## **Board Staff Submission on Need for a Further Round of Interrogatories**

**APPLICATION BY HYDRO ONE INC. FOR LEAVE TO PURCHASE ALL OF THE ISSUED  
AND OUTSTANDING SHARES OF NORFOLK POWER INC. - EB-2013-0196**

**APPLICATION BY NORFOLK POWER DISTRIBUTION INC. FOR LEAVE TO DISPOSE OF  
ITS DISTRIBUTION SYSTEM TO HYDRO ONE NETWORKS INC. - EB-2013-0187**

**APPLICATION BY NORFOLK POWER DISTRIBUTION INC. TO INCLUDE A RATE RIDER  
IN THE 2013 APPROVED RATE SCHEDULE OF NORFOLK POWER DISTRIBUTION INC.  
TO GIVE EFFECT TO A 1% REDUCTION RELATIVE TO 2012 BASE ELECTRICITY  
DELIVERY RATES (EXCLUSIVE OF RATE RIDERS) - EB-2013-0198**

**November 18, 2013**

## Background

Hydro One Inc., Hydro One Networks Inc. (“HONI”) and Norfolk Power Distribution Inc. (“NPDI”) (collectively the “Applicants”), filed three related applications dated April 26, 2013 with the Ontario Energy Board (the “Board”). Specifically:

1. Hydro One Inc. applied for leave to purchase all of the issued and outstanding shares of Norfolk Power Inc. under section 86(2)(b) of the *Ontario Energy Board Act, 1998* (the “Act”);
2. NPDI applied for leave to dispose of its distribution system to HONI under section 86(1)(a) of the Act; and
3. HONI applied for inclusion of a rate rider in the 2013 Board approved rate schedule of NPDI to give effect to a 1% reduction relative to 2012 base electricity delivery rates (exclusive of rate riders) under section 78 of the Act.

The Board issued its Decision on Confidentiality Request and Procedural Order No. 5 (“PO No.5”) on September 27, 2013. PO No. 5 set out a schedule for the procedural steps in this proceeding. In accordance with PO NO.5, a number of intervenors and Board staff filed interrogatories (“IRs”). On October 25, 2013, the Applicants filed their responses to the IRs. In response to Board staff IR. No.7.1, the Applicants amended the relief sought in their April 26<sup>th</sup> applications. On October 30, 2013, School Energy Coalition (“SEC”), an intervenor in this proceeding, filed a Notice of Motion (the “Motion”) with the Board. The Motion requested an order of the Board requiring HONI and/or NPDI to provide information sought in IRs by SEC and other parties to the proceeding, and an extension of the time periods set out in PO No. 5.

By way of Procedural Order No. 6 (“PO No.6”), the Board ordered the Applicants to file amended applications with the Board and invited Board staff and intervenors to file submissions with the Board on whether, as a result of the amended applications, provision for a further round of IRs is necessary. Board staff is filing this submission in accordance with PO No. 6.

## Submission

Board staff notes that the Applicants have generally reverted back to the relief originally sought in their April 26<sup>th</sup> applications. In light of this, Board staff does not have substantial IRs as a result of the amended applications. Nevertheless, if the Board decides to make provision for a further round of IRs, Board staff will file a few IRs to clarify the relief sought by the Applicants

and the amended evidence relating to HONI's proposed plan to deal with NPDI's rates following the proposed five-year rate freeze. Alternatively, if the Board does not make provision for a further round of IRs, Board staff respectfully requests that the Board permit Board staff to ask those clarifying questions (attached to this submission as Appendix A), at the outset of the hearing of SEC's Motion, provided that SEC's Motion will be heard orally.

All of which is respectfully submitted.

## Appendix A

### 1. Requested Relief

**Reference:** Exhibit A, Tab 1, Schedule 1, Page1, Lines 4-27 and Page 2, lines 1-3

**IN THE MATTER OF** an application made by Hydro One Inc. for leave to purchase all of the issued and outstanding shares of Norfolk Power Inc. made pursuant to section 86(2)(b) of the *Ontario Energy Board Act, 1998*.

**AND IN THE MATTER OF** an application made by Norfolk Power Distribution Inc. seeking to include a rate rider in the 2013 OEB-approved rate schedule of Norfolk Power Distribution Inc. to give effect to a 1% reduction relative to 2012 base electricity delivery rates (exclusive of rate riders), made pursuant to section 78 of the *Ontario Energy Board Act, 1998*.

If the Board grants approval to section 86(2)(b) as stated above, upon filing notice to the Board of completion of integration of Norfolk Power Distribution Inc. operations into Hydro One Networks Inc., Hydro One further requests:

**AND IN THE MATTER OF** an application made by Norfolk Power Distribution Inc. for leave to transfer its distribution system to Hydro One Networks Inc. made pursuant to section 86(1)(a) of the *Ontario Energy Board Act, 1998*.

**AND IN THE MATTER OF** an application made by Norfolk Power Distribution Inc. seeking cancellation of its distribution licence made pursuant to section 77(5) of the *Ontario Energy Board Act, 1998*.

**AND IN THE MATTER OF** an application made by Hydro One Networks Inc. seeking an order to amend its distribution licence made pursuant to section 74 of the *Ontario Energy Board Act, 1998* to serve the customers of the former Norfolk Power Distribution Inc., or alternatively;

**AND IN THE MATTER OF** an application made by Hydro One Networks Inc. seeking an order to issue a separate distribution licence made pursuant to section 60 of the *Ontario Energy Board Act, 1998* to serve the customers of the former Norfolk Power Distribution Inc.

**Reference:** Exhibit I, Tab 1, Schedule 7, Page 1, Lines 26-31:

Following the transfer of NPDI's distribution business, rates will be administered by a new HONI business unit. To achieve this objective, leave to transfer NPDI's rate order to HONI under section 18 of the *Ontario Energy Board Act, 1998* is now sought. The rate order transferred to HONI, post NPDI distribution business transfer would be that rate order which is now sought in this application made by NPDI that seeks the rate rider to allow a five year rate freeze and rate reduction.

**Reference:** Supplemental Evidence, Page 3, Lines 9-13:

In order to accommodate this change, HONI is requesting that the Board either amend its existing distribution licence to reflect the fact that the NPDI service territory will be administered separately from HONI's other distribution service areas, or alternatively, that the NPDI distribution licence is cancelled and a new licence is issued to HONI and limited to the NPDI service area.

**Preamble:** The following questions are intended to clarify the relief sought by the Applicants.

**Questions:**

- 1.1. Please confirm that the amended applications seek the following orders of the Board:
  - (a) an order granting Hydro One Inc. leave to purchase all of the issued and outstanding shares of Norfolk Power Inc. under section 86(2)(b) of the Ontario *Energy Board Act, 1998 (the "Act")*;
  - (b) an order allowing Norfolk Power Distribution Inc. ("NPDI") to include a rate rider in its 2013 OEB-approved rate schedule to give effect to a 1% reduction relative to 2012 base electricity delivery rates (exclusive of rate riders), under section 78 of the Act;
  - (c) an order granting NPDI leave to transfer its distribution system to Hydro One Networks Inc. ("HONI") under section 86(1)(a) of the Act within 18 months of the date of the order;
  - (d) an order granting NPDI leave to transfer its rate order to HONI upon receipt by the Board of notification of completion of the transaction referred to in paragraph (c);
  - (e) an order cancelling NPDI's electricity distribution licence under section 77 (5) of the Act upon receipt by the Board of notification of completion of the transaction referred to in paragraph (c); and
  - (f) an order amending HONI's electricity distribution licence under section 74 of the Act to include the area formerly served by NPDI, or alternatively, an order issuing a separate electricity distribution licence to HONI under section 60 of the Act to serve the customers of the former NPDI upon receipt by the Board of notification of completion of the transaction referred to in paragraph (c).
- 1.2. If item 1.1 cannot be confirmed, please provide a clear list of orders now sought.
- 1.3. Please confirm that, assuming the Board approves the proposed transactions, an order under section 18 of the Act granting NPDI leave to transfer/assign its electricity distribution licence to HONI upon receipt by the Board of notification of completion of the transaction referred to in paragraph (c) above addresses all of the relief sought in paragraphs (e) and (f) above. If this cannot be confirmed, please provide a detailed explanation.

1.4. If item 1.3 is confirmed, please confirm whether the Applicants wish to replace all of the relief sought in paragraphs (e) and (f) above with the following request:

“an order granting NPDI leave to transfer/assign its distribution licence to HONI under section 18 of the Act upon receipt by the Board of notification of completion of the transfer of NPDI’s distribution system to HONI”

1.5. If item 1.4 cannot be confirmed, please provide reasons.

## 2. HONI NP’s Rates

**Reference:** Exhibit A, Tab 2, Schedule 1, Page 7, Lines 13-15:

At the end of the five-year rate freeze period in 2019, HONI expects to apply the Board’s Incentive Regulation Mechanism to adjust HONI NP rates until the earliest opportunity to rebase their rates, currently expected in 2020.

**Reference:** Exhibit I, Tab 1, Schedule 7, Page 1, Lines 33-39:

Following the requested five-year rate freeze of NPDI’s rates, Hydro One will file a rate application for NPDI rates for 2019. At the present time, HONI expects to file an application that may propose moving NPDI customers to an existing HONI rate class or classes, creating a new customer rate class or some other potential option. Any future proposed rate applications will satisfy the Board’s “Filing Requirements for Electricity Distribution Rate Applications” and will require OEB approval.

**Preamble:** The following questions are intended to clarify HONI’s proposed plan to deal with HONI NP’s rates following the proposed five-year rate freeze.

### Questions:

- 2.1. Please confirm that HONI intends to apply under the Board’s Incentive Regulation Mechanism to adjust HONI NP’s rates in 2019. If this cannot be confirmed, please provide a detailed explanation.
- 2.2. Please confirm that HONI expects to rebase the consolidated entity’s (i.e. HONI and NPDI) rates in 2020. If this cannot be confirmed, please provide a detailed explanation.