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*By Email and RESS*

June 13, 2014

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

**Re: Hydro One Distribution Rates 2015-2019 (EB-2013-0416)  
- SIA Interrogatories**

Dear Ms. Walli,

Please find attached the interrogatories of the Sustainable Infrastructure Alliance of Ontario (the "SIA") in the above noted proceeding.

Sincerely,

*[original signed by]*

Dionisio Rivera

## **EB-2013-0416**

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

**AND IN THE MATTER OF** an application by Hydro One  
Networks Inc. for an order approving just and reasonable  
rates and other charges for electricity distribution to be  
effective January 1, 2015, each year to December 31, 2019.

### **Interrogatories on behalf of the Sustainable Infrastructure Alliance of Ontario**

#### 1.0 CUSTOM APPLICATION

*1.1 To what extent does the application reflect the objectives and approaches described in the RRFE Report?*

##### **1.1 – SIA – 1**

[Ref: Exhibit A, Tab 9, Schedule 1, Page 1 of 1]

HONI states that “Intervenors have previously requested that the format of Hydro One Distribution’s Application not change to simplify their ability to compare it with previous applications.”

- a) Please specify what particular elements of the application were requested to remain unchanged in this iteration.
- b) Please provide any publically available copies or references to these intervenor requests.

##### **1.1 – SIA - 2**

[Ref: Exhibit A, Tab 9, Schedule 1, Page 1 of 1]

HONI states that its “Application generally follows the format used in its previous distribution rate application proceeding”.

- a) Given the new format outlined by the OEB in the RRFE Report and required by the updated Filing Requirements for Electricity Transmission and Distribution Applications, when does HONI intend to convert to reporting under the new approach?
- b) Is HONI concerned that by not adopting to the new filing format, intervenors and the OEB are denied the benefits that the new filing framework is intended to produce?

*1.2 Has Hydro One Distribution responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?*

*1.3 What actions should the Board require Hydro One Distribution take at or near the end of the 5-year rate term (e.g. rebasing, plan assessment, measurement of customer satisfaction)?*

### **1.3 – SIA - 3**

[Ref: Capital Spending Monitoring]

The Board's RRFE Report (page 20) states that under CIR, "Once rates have been approved, the Board will monitor capital spending against the approved plan by requiring distributors to report annually on actual amounts spent."

a) Does HONI have a proposal for how the execution of its capital plan should be monitored on an annual basis?

b) In the event that HONI under-spends on its capital plan, does HONI anticipate a true-up mechanism at the end of the 5 year period such that any under-spent amounts are properly refunded to customers?

*1.4 Is the proposed rate-smoothing mechanism appropriate? Given Hydro One's rate smoothing proposal, should the application include any other ratepayer protection measures such as an earnings sharing mechanism?*

## **2.0 OUTCOMES AND INCENTIVES**

*2.1 Does Hydro One Distribution's Custom Application adequately consider customer feedback and preferences? Have customer feedback and preferences been adequately reflected in the OM&A and capital spending plans?*

### **2.1 – SIA - 4**

[Ref: Exhibit A, Tab 5, Schedule 1, Page 5 of 21]

HONI notes that "The increase in the 2013 survey regarding 'reliability mentions' is most likely related to a major storm occurrence at the time of the survey." Does HONI interpret this as an indicator that mitigation of and response to major outages (as contrasted with more ongoing "reliability issues") is a particularly important concern of customers?

### **2.1 – SIA - 5**

[Ref: Exhibit A-5-1, Attachment 2]

In developing its investment plan, how has HONI addressed the conflicting preferences of different customer groups, specifically the primary concern of commercial and industrial customers for reliability and power quality (with price a secondary consideration) with the primary concern of residential customers for lower rates (who reported reliability as a secondary consideration).

*2.2 Does Hydro One Distribution's Custom Application promote and incent acceptable outcomes for existing and future customers (including, for example, cost control, system reliability, service quality, bill impacts)?*

## **2.2 – SIA - 6**

[Ref: Exhibit A, Tab18, Schedule 1, Page 9]

Please provide the outage information contained in Table 2 broken down by cause code (e.g. loss of supply, animal contact, etc).

## **2.2 – SIA - 7**

[Ref: Exhibit A, Tab18, Schedule 1, Page 9]

a) Other than the rolling three year average OEB targets noted in the table, does HONI have an internal long term target for SAIFI and SAIDI?

b) Has HONI commissioned any studies or prepared any internal memos or reports as to SAIFI and SAIDI targets? If so, please provide copies. If not, please explain why HONI feels this would not be helpful to its reliability and capital investment planning.

## **2.2 – SIA - 8**

[Ref: Exhibit A, Tab 18, Schedule 1, Page 14]

a) What was the total impact of the December 2013 Ice Storm on Hydro One's customers (e.g. CMO and CI)?

b) Please provide a breakout of the length of time customers were without power in 12 hour intervals. (i.e. # of customers without power 0-12 hours, 12-24 hours, etc)

c) Did the experiences of the ice storm lead HONI to identify the need for changes in maintenance policies and/or capital standards? If not, why not?

d) Did HONI prepare any internal reports, memos, or other analysis of the impact of the ice storm on its distribution system? If so, please provide copies.

## **2.2 – SIA - 9**

[Ref: Exhibit A, Tab 18, Schedule 1, Page 11-14]

With the assumption that all investments will to some limited extent incrementally improve system reliability and restoration time, are any of HONI's investments planned for the 2015 to 2019 specifically designed to mitigate against major outages? If so, please identify those most relevant and briefly state their intended benefits. If not, please explain why HONI believes a specific major outage mitigation effort is not a priority and/or is not possible.

## **2.2 – SIA - 10**

[Ref: Exhibit A-18-1, Appendix A, Page 1 of 6]

a) Other than utility size, please identify why HONI would be unique among utilities in seeking an exemption from the Rescheduling Appointments service requirement?

b) Given the issues identified by HONI in meeting this requirement 100% of the time, would this not best be considered as a generic issue by the OEB in reviewing service quality standards?

## **2.2 – SIA - 11**

[Ref: Exhibit D1, Tab 3, Schedule 2, Page 1 & 5 of 36]

Please explain what HONI considers to be "an acceptable level of reliability". Please provide any supporting studies or analysis that was used in making this determination.

## **2.2 – SIA - 12**

[Ref: Exhibit F1-1-3, Attachment 1, Page 4 of 6, Lines 1-5]

Other than the benefits listed in this section, have smart meters allowed HONI to detect and prevent energy theft? If so, is HONI able to provide numbers of instances detected/prevented per year from 2011-2013?

*2.3 Does the Custom Application adequately incorporate and reflect the four outcomes identified in the RRFE Report: customer focus, operational effectiveness, public policy responsiveness and financial performance?*

## **2.3 – SIA - 13**

[Ref: Estimated Meter Reads]

Given the recent issues discussed in the media (and on its website under the “Working to Get Better” section FAQ) concerning estimated meter reads over extended periods of time, please confirm that HONI has and continues to remain compliant with all billing and collection rules as outlined in the Distribution System Code and Retail Settlement Code (repayment timelines, notifications, etc).

*2.4 Is the monitoring and reporting of performance proposed by Hydro One Distribution adequate to demonstrate whether the planned outcomes are achieved?*

## **2.4 – SIA - 14**

[Ref: Exhibit A, Tab 4, Schedule 4, Page 4 of 17]

HONI states that “The metrics had to be targeted to areas where Hydro One intends to increase investment, as opposed to broad measures affected by many factors, such as reliability measures applicable to Hydro One’s entire system.” Given that the reliability of the whole system is important to customers, and given that a large portion of the HONI system is undergoing some form of investment, please explain why such a metric would not be a relatively useful indicator of overall utility performance.

## **2.4 – SIA - 15**

[Ref: Exhibit A, Tab 4, Schedule 4, Page 8]

- a) Are the pole replacement targets proposed in Table 2 fully planned and budgeted for, or do they assume that some level of efficiency gains need to be achieved over 2015-2019 in order for the targets to be met?
- b) If any expected operational efficiencies are already built into the estimates, would the metric as proposed by HONI not simply be a function of the available resources directed to it? (i.e could HONI simply not spend more to ultimately achieve whatever replacement target it sets?)
- c) Would HONI be opposed to tracking pole replacements on an “average cost/pole replaced” basis?

## **2.4 – SIA - 16**

[Ref: Exhibit A, Tab 4, Schedule 4, Page 6 of 17]

- a) Why does HONI’s target for vegetation related outages start at a value higher than experienced in any year other than 2009 and 2012, and higher than the rolling 5 year average

between 2009 and 2013?

b) Why does HONI expect no improvements in this metric until 2017-2019?

#### **2.4 – SIA - 17**

[Ref: Exhibit A, Tab 4, Schedule 4, Page 10 of 17]

a) Why is HONI's 2015 target for Substation Caused Interruptions higher than both the 2012 and 2013 historical value?

b) HONI states that its "goal is to reduce the number of substation interruptions during the 5 year plan", but the target of 155 interruptions over 2015-2019 appears to match the rolling five year historical average. Is it HONI's intention to improve or simply maintain the reliability of substations?

#### **2.4 – SIA - 18**

[Ref: Exhibit A, Tab 4, Schedule 4, Page 11 of 17]

a) Please explain why the 2015 and 2017-2019 targets for line equipment caused outages are higher than the rolling 5-year average?

b) Please explain why the 2016 target is a full 1000 instances higher than both the 2015, 2017-2019 values and the 5 year rolling average?

c) Does HONI plan to improve line equipment outages, or simply maintain the current standard?

#### **2.4 – SIA - 19**

[Ref: Exhibit A, Tab 4, Schedule 4]

Please provide a breakdown of the historical accuracy of HONI's bill estimates? (e.g. % of estimated bills within a certain percentage of the customers' actual monthly average consumption or % of estimated bills within a certain \$ threshold of the actual monthly average)

*2.5 Are Hydro One Distributions' proposed off-ramps, annual adjustments and annual adjustments outside the normal course of business appropriate?*

#### **2.5 – SIA - 20**

[Ref: Exhibit A, Tab 4, Schedule 3, Page 1]

Other than materiality (\$1M vs. 0.5% of Revenue Requirement), to what extent does HONI view its adjustment mechanism as any different than the Z-Factor outlined in the OEB's RRFE Report? If materiality is the only difference, would HONI object to a Z-Factor with an adjusted materiality threshold?

*2.6 Are Hydro One's forecasts (revenue, costs, inflation and productivity) reasonable? Should Hydro One be expected to provide benchmarking evidence as an indicator of reasonableness?*

#### **2.6 – SIA - 21**

[Ref: Exhibit E1, Tab 1, Schedule 2]

Please explain why revenue from Account Set Up charges is expected to drop nearly in half over the test year period (from \$3.7M to \$1.9M), given that volumes are expected to be relatively stable over the same period (~125,000 per year) and the rate being charged is proposed to remain unchanged.

*2.7 Is Hydro One's proposed annual reporting and stakeholder engagement process appropriate?*

*2.8 Should the application provide appropriate incentives for line loss reduction?*

### **3.0 PROGRAM AND PROJECT EXPENDITURES**

*3.1 Are the levels of planned operation, maintenance and administration expenditures for 2015-2019 appropriate, and is the rationale for the planning choices appropriate and adequately explained?*

#### **3.1 – SIA - 22**

[Ref: Exhibit C1, Tab 2, Schedule 5, Page 11 of 19]

a) How has the \$1.2 million designated for LEAP been calculated? Please confirm that this represents 0.12% of HONI's Service Revenue Requirement, as required by the OEB's LEAP directives.

b) Given that HONI's service revenue requirement is forecast to rise over the 2015 to 2019 period, does HONI intend to proportionally increase its annual LEAP contribution over this same period? If not, why not?

#### **3.1 – SIA - 23**

[Ref: Exhibit C1, Tab 2, Schedule 5, Page 11 of 19]

Besides LEAP, please provide some other examples of past and/or expected future projects that would be included under the Regulatory Compliance category of spending.

#### **3.1 – SIA - 24**

[Ref: Exhibit F1-1-3, Attachment 1, Page 4 of 6, Lines 1-5]

Please quantify the reductions to manual meter reading costs as a result of smart meter installations over the 2011 through 2013 period.

#### **3.1 – SIA - 25**

[Ref: Exhibit C1, Tab 2, Schedule 5, Page 15 of 20]

Does the OPA provide funding for any pilot projects or other similar activities under the budgets it provides to distributors?

#### **3.1 – SIA - 26**

[Ref: Exhibit C1, Tab 2, Schedule 5, Page 15 of 20]

Please identify the regulatory authority under which HONI is requesting this specific CDM funding, and how it aligns with the guidance provided by the OEB in the CDM Code and CDM Guidelines.

#### **3.1 – SIA - 27**

[Ref: Exhibit C1, Tab 2, Schedule 5, Page 15 of 20]

HONI states that part of this budget is used to "...support programs in the market". Would

funding for in-market OPA programs not be the sole responsibility of the OPA?

### **3.1 – SIA - 28**

[Ref: Exhibit C1, Tab 2, Schedule 2, Page 12 of 42]

HONI states that it “applied for an extension, requesting that the 2014 deadline be extended to 2025”. It further states that “On April 23, 2014 the regulations were amended and passed through legislation, allowing the extension of oil filled equipment with PCB contamination levels above 500 ppm to be eliminated by 2025.”

- a) Was the requested extension filed as specific to HONI’s circumstances, or was it filed in the context of a general review of regulations?
- b) Please confirm that the legislation mentioned above applies to all utilities.
- c) Please provide a copy of the extension application filed by HONI.
- d) Please provide a copy of any note/memo outlining the amended legislation, or otherwise provide a reference to the specific legislation being referenced.

### **3.1 – SIA - 29**

[Ref: Exhibit C1, Tab 2, Schedule 2]

How much of the PCB Equipment and Waste Management Budget between 2015 and 2019 is specifically related to work required as a result of new environmental regulations?

### **3.1 – SIA - 30**

[Ref: Exhibit C1, Tab 2, Schedule 2, Page 20 of 42]

Please identify the primary reason for the nearly ~50% decrease in the Line Patrol Budget (from \$10.3M in 2013 to between \$5-\$6M over 2014-2019).

### **3.1 – SIA - 31**

[Ref: Exhibit C1, Tab 2, Schedule 2, Page 21 of 42]

Is HONI able to estimate to what extent “minor defective components” contribute to decreased reliability? (e.g. of all outages caused by defective equipment, what rough percentage would be categorized as caused by “minor defective components”)

### **3.1 – SIA - 32**

[Ref: Exhibit C1, Tab 2, Schedule 2, Page 34 of 42]

HONI identifies vegetation (tree contact?) as “the largest contributor to system outages”. Please identify the percentage of outages caused by vegetation over 2011 through 2013.

### **3.1 – SIA - 33**

[Ref: Exhibit C1, Tab 2, Schedule 2, Page 34 of 42]

In HONI’s analysis, to what extent was vegetation a contributing factor in the ice storm related outages experienced in December 2013?

### **3.1 – SIA - 34**

[Ref: Exhibit C1, Tab 2, Schedule 3, Page 11/13 of 13]

HONI identifies a number of industry partners with which it is cooperating on various Smart Grid initiatives, but does not include any distribution utilities on this list. However, HONI goes on to note that EV challenges are similar to those faced by other distributors. To what extent is



HONI coordinating its efforts with other such distribution utilities to jointly address any potential challenges related to EV expansion?

*3.2 Is the level of planned capital expenditures appropriate for the period 2015-2019 and is the rationale for the planning and pacing choices appropriate and adequately explained?*

**3.2 – SIA - 35**

[Ref: Exhibit: D2-2-3, Reference #: C-01]

Please provide a breakdown of the proposed \$13.1 million facilities investment into its major components.

**3.2 – SIA - 36**

[Ref: Exhibit D1, Tab 3, Schedule 2, Page 3 of 36, Lines 23-28]

Does HONI have an overarching long term plan for capital refurbishment with a targeted sustainable end state (an average asset age that it would deem acceptable, for example), or are its Sustainable Investments driven more by short term requirements predominantly triggered by immediate asset failure risks?

**3.2 – SIA - 37**

[Ref: Exhibit F1, Tab 1, Schedule 1, Page 12 of 23]

HONI states that it “...was granted an exemption until December 31, 2014 from the requirement to apply TOU pricing by a mandatory date under the Standard Supply Service Code for Electricity Distributors in respect of approximately 122,000 Regulated Price Plan (RPP) customers.”

- a) Given that HONI does not expect to be able to complete the conversion until “...there is improved telecommunications infrastructure or when there are advancements in telecommunications infrastructure”, is HONI planning to request an extension to this exemption?
- b) Please confirm that HONI does not plan to undertake any activity to convert these outstanding customers during the 2015-2019 period.

**3.2 – SIA - 38**

[Ref: Exhibit F1, Tab 1, Schedule 1, Page 14 of 23]

Please define/explain the term “Head End” on line 24.

**3.2 – SIA - 39**

[Ref : Exhibit C1, Tab 2, Schedule 5, Page 10 and Exhibit F1, Tab 1, Schedule 1, Page 12]

Exhibit C1 states that “approximately 70,000 meters still require a visit by field staff to the customer premise due to limits in reach of the Smart Meter Network infrastructure”. Exhibit F1 notes that “...approximately 122,000 Regulated Price Plan (RPP) customers...” remain to be converted to TOU rates. Please reconcile these numbers.

**3.2 – SIA - 40**

[Ref: Exhibit: D2-2-3, Reference #: S-10, Page 2 of 3]

- a) Please clarify whether poles are replaced by small geographical groupings or on a single case by case basis? (i.e. would a crew ever be sent to replace a single pole on a planned basis?)
- b) Does this program consider the replacement of average condition poles along with poor

condition poles in the same area in order to achieve future efficiency savings? (i.e. of not having to revisit the same area within the near to medium term)

### 3.2 – SIA - 41

[Ref: Exhibit D1, Tab 3, Schedule 2, Page 20 of 36]

- a) What percentage of HONI's lines are underground?
- b) Are HONI's underground cables direct buried or placed in conduits? If both, please provide an approximate percentage breakdown.
- c) Does HONI have a preferred standard, or are both methods (direct buried/conduit) employed depending on circumstances?

### 3.2 – SIA - 42

[Ref: Exhibit D]

In developing the spending plan for 2015-2019, please identify any capital programs that were considered but ultimately rejected. Please provide the program name, a brief description, and anticipated cost.

### 3.2 – SIA - 43

[Ref: Exhibit D]

Please produce a summary table (following the sample format provided below) listing all proposed capital programs along with the associated drivers of each program (safety, reliability, etc). If a program is a result of more than one driver, please indicate the primary driver.

	Cost 2015	Driver 1	Driver 2	Etc...
Program 1	\$	x	P	
Program 2	\$	P		
Etc...	\$	x	x	P

### 3.2 – SIA - 44

[Ref: Exhibit D]

Has HONI undertaken any external reviews of any of its capital programs (in terms of their need, urgency, and/or manner of implementation)? If not, why not?

### 3.2 – SIA - 45

[Ref: Exhibit D]

Please map HONI's capital investments into the 4 categories specified in the OEB's Filing Requirements for Electricity Transmission and Distribution Applications (Chapter 5, page 6). Please include the forecast cost of each investment, and provide total costs for each investment category (i.e. General Plant, System Access, System Renewal, and System Service). Using best efforts, please map historical spending over 2011-2014 using the same methodology.

### **3.2 – SIA - 46**

[Ref: Exhibit D]

Has HONI performed a resource planning analysis to ensure that it has the needed labour resources (whether internal or contractor) to complete its proposed capital plan as filed?

### **3.2 – SIA - 47**

[Ref: Capital Planning]

- a) Given the significantly increased budgets in 2015-2019 over prior years and the apparent urgent nature of some of the proposed capital programs, did HONI consider making any of the investments proposed in this application prior to 2015? If not, why not?
- b) Did HONI consider filing an ICM application for 2014? Please explain why HONI ultimately did not feel such an application would have been appropriate or required.
- c) Did the absence of an ICM application in 2014 result in certain planned 2014 projects to be delayed into 2015? If so, please identify any affected projects.

*3.3 Has Hydro One proposed sufficient, sustainable productivity improvements for the 2015-2019 period, and have those proposals been adequately supported, for example, by benchmarking?*

### **3.3 – SIA - 48**

[Ref: Exhibit A-14-01, Attachment 4, Page 1 of 11]

HONI's April 10, 2014 DBRS rating report states that "DBRS views the parameters of the Custom Incentive Rate-setting option under the Renewed Regulatory Framework as modestly positive for Hydro One's distribution business (35% of EBIT) as it provides greater clarity for recovery and pass through of capital costs to ratepayers, and it reduces pressure on utilities to meet operating efficiency targets." (Emphasis added)

- a) Does HONI agree with DBRS that the pressure on it to meet operating efficiency targets is reduced under CIR?
- b) Please explain how efficiency incentives will continue to be present throughout the 5 year term without benchmarking or an IRM-like limitation on costs.

*3.4 Is the company's effort to reduce line losses appropriate?*

## **4.0 COMMON COSTS AND PROCESSES SHARED BY HYDRO ONE NETWORKS' TRANSMISSION AND DISTRIBUTION BUSINESSES**

*4.1 Are the business planning processes, assumptions and policies used by Hydro One Networks to develop and allocate its distribution and transmission revenue requirements appropriate?*

*4.2 Is the proposed level of 2015-2019 common corporate costs spending appropriate with an adequate demonstration of efficiencies over the 5-year period?*

### **4.2 – SIA - 49**

[Ref: Exhibit D1, Tab 3, Schedule 8, Page 2 of 8]

HONI states that the primary driver for the increase in its Facilities budget is "the need to

provide suitable space and to accommodate the staff resources and equipment required to handle the substantial growth in core sustaining, development and operations work programs”.

a) Please provide the utilization rate for HONI office space (e.g. employees/sq ft).

b) Has HONI analyzed this metric and compared it to industry averages? If so, please provide the summarized results. If not, why not?

#### **4.2 – SIA - 50**

[Ref: Exhibit C1, Tab 2, Schedule 8]

Please provide a breakdown of the Regulatory Affairs Budget from 2015 through 2019 into its major subcategories.

#### **4.2 – SIA - 51**

[Ref: Exhibit C1, Tab 2, Schedule 8]

a) Are any pre-2015 costs of this application included in any of the 2015-2019 forecast budget amounts?

b) Please provide the total cost of preparing and filing this application, broken into its major subcategories.

*4.3 Are the methodologies used to allocate common corporate costs to the distribution and transmission businesses and to determine the overhead capitalization rate for 2015-2019 appropriate?*

*4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?*

### **5.0 DEFERRAL AND VARIANCE ACCOUNTS**

*5.1 Are the proposed amounts, disposition, discontinuance and continuance of Hydro One Distribution’s existing deferral and variance accounts, as set out in the Custom Application, appropriate?*

*5.2 Is it appropriate to include in rate base, effective January 1, 2015, the following in-service assets which are presently recorded as regulatory assets:*

*a) smart meter assets as of December 31, 2013, the costs for which are recorded in variance accounts 1555 and 1556;*

*b) smart grid assets as of December 31, 2013, the costs for which are recorded in account 1536; and*

*c) assets to facilitate distributed generation as of December 31, 2013, the costs for which are recorded in account 1533.*

#### **5.2 – SIA - 52**

[Ref: Exhibit F1-1-3, Attachment 2, Page 1 of 13]

HONI states that its Smart Meter model “...meets the intent of the OEB Smart Meter Model...”. (Emphasis added). Is the HONI model in any mathematical way different from the OEB model?

If so, please identify these differences. (Alternatively, please confirm that the inconsistencies identified in Board Staff interrogatory 5.2-Staff-86 constitute a complete list of all differences)

## **6.0 REVENUE REQUIREMENT**

*6.1 Is the rate base component of the revenue requirement for 2015 as set out in the Custom Application appropriate?*

*6.2 Is the capital structure and cost of capital component of the revenue requirement for 2015 as set out in the Custom Application appropriate?*

*6.3 Is the depreciation component of the revenue requirement for 2015 as set out in the Custom Application appropriate?*

*6.4 Is the taxes / PILs component of the revenue requirement for 2015 as set out in the Custom Application appropriate?*

*6.5 Is the OM&A component of the revenue requirement for 2015 as set out in the Custom Application appropriate?*

*6.6 Is the load forecast a reasonable reflection of the energy and demand requirements of the applicant? Is the forecast of other rates and charges appropriate? Is the forecast of other revenues appropriate?*

### **6.6 – SIA - 53**

[Ref: Exhibit G2, Tab 5, Schedule 1, Page 1]

HONI states that “The rates for any service not covered in Schedule 11-1, but included in the Schedule 11-1 that is part of the 2006 Electricity Distribution Rate Handbook (the Handbook) issued in May 2005 have been reviewed and are acceptable to Hydro One Distribution.”

How did HONI determine that these rates “are acceptable”? What type of analysis did HONI perform (and what factors were considered) in making this determination?

### **6.6 – SIA - 54**

[Ref: Exhibit G2, Tab 5, Schedule 1, Page 2]

a) For each of the charges that are based on the 2006 Rate Handbook, please provide HONI's estimated actual cost of performing each service on a per unit basis. For clarity, please use the calculation methodology included in Schedule 11-2 of the Rate Handbook updating for HONI's current actual vehicle and labour rates.

b) By how much would HONI's total revenue offsets increase or decrease if its revenue offset forecast amount reflected the actual cost-based charges as calculated in a) above?