

Hydro One Networks Inc.

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Susan Frank

Vice President and Chief Regulatory Officer
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BY COURIER

September 2, 2014

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

Dear Ms. Walli:

EB-2013-0130 – Fort Frances Power Corporation 2014 Cost of Service Application – Hydro One Networks Inc. Notice of Motion

Please find attached Hydro One Networks' Notice of Motion, returnable on a date to be fixed by the Board, served and filed in accordance with the Board Rules of Practice and Procedure.

An electronic copy of this Motion has been filed using the Board's Regulatory Electronic Submission System (RESS) and the proof of successful submission slip is attached.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

cc. Fort Frances Power Corporation

Encls.

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 Fort Frances Power Corporation for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2014.

NOTICE OF MOTION

Hydro One Networks Inc. (“Hydro One”) will make a motion to the Ontario Energy Board (“the Board”) at its offices at 2300 Yonge Street, Toronto, on a date and time to be fixed by the Board.

THE MOTION IS FOR:

1. Leave, pursuant to Rule 40.02 of the Board’s Rules of Practice and Procedure, to bring a motion pursuant to Rule 40.01 requesting the Board to: (a) review part of the Decision and Order of the Board in EB-2013-0130; and (b) cancel or, in the alternative, to suspend part of the said Decision.
2. If leave is granted to Hydro One pursuant to Rule 40.02 (as requested in paragraph #1 above), a review and cancellation, or in the alternative a review and suspension, of that portion of the Board’s Decision and Order dated August 14, 2014, under s. 78 of the *Ontario Energy Board Act, 1998* (“the Act”) that ordered that 14 customers of Hydro One be transferred to Fort Frances Power Corporation (“FFPC”). This relief is being requested pursuant to Rules 40.01 and 40.04.

THE GROUNDS FOR THE MOTION ARE:

1. Hydro One was provided with no notice that FFPC was attempting to use a section 78 rates application to acquire Hydro One's existing customers, and Hydro One therefore did not become aware of the transfer of customers until some time after the Board's Decision and Order. It would therefore result in administrative and procedural unfairness if that portion of the Decision and Order were allowed to stand.
2. The 14 customers are Hydro One existing customers who are billed by Hydro One and served by Hydro One assets, all of which was acknowledged during the proceeding EB-2013-0130.
3. Hydro One's information as of the date of this Notice of Motion is that contrary to the information provided to the Board in EB-2013-0130, the 14 customers are within Hydro One's licensed service territory, not within FFPC's licensed service territory.
4. The Board-prescribed procedure for an LDC to acquire existing customers of another LDC is by means of a Service Area Amendment ("SAA") application, not by means of an application for new rates under s. 78.
5. Considerations by the Board under an SAA application include an analysis of costs of the acquiring LDC to serve the incumbent LDC's customers and a resulting comparison to the incumbent LDC's incremental costs to serve the customers, an analysis that did not take place in EB-2013-0130.
6. In EB-2013-0130, FFPC asked for approval of costs of approximately \$400,000, plus applicable OM&A costs, to "build out" to serve Hydro One's 14 existing customers, yet there was no comparison made to the incremental costs needed by Hydro One to serve the 14 long-standing customers. Hydro One's incremental costs to serve its 14 customers are zero dollars.

7. The said \$400,000 amount is more than 50% of all the proposed 2014 capital expenditures of FFPC in its rates application.
8. In EB-2013-0130, the Board referred to FFPC's proposal in this regard as an "LTLT proposal," when, in fact, there is no existing LTLT arrangement and no LTLT proposal.
9. The Board wrote the following at the top of page 12 of the Decision and Order:

“FFPC agreed with the proposal of Board staff that 2014 capital expenditures be reduced from \$820,316 to \$402,929 and proposed to bring forward the issue of its LTLT project in a future application, once the board has completed its policy review on the topic. FFPC suggested that the costs of this project could be dealt with in a future incremental Capital Module submission as part of FFPC’s annual IRM submission.”

(boldfacing and italics added)
10. The transfer of Hydro One's 14 customers to FFPC would not only be extremely uneconomic for FFPC's ratepayers because of the \$400,000 capital cost but would also harm Hydro One's ratepayers and would strand the Hydro One assets used to serve these customers. A SAA review would address the issue of stranded assets.
11. Even if it transpires that the 14 customers are within FFPC's service territory, building \$400,000 worth of assets at ratepayers' expense to enable the 14 customers to be transferred to, and served by, FFPC at a time when they are already being served by another LDC would be contrary to s. 1(1)1 and 2 of the Act, which read as follows:
 - 1(1) The Board, in carrying out its responsibilities under this or any other Act in relation to electricity, shall be guided by the following objectives:
 1. To protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service.
 2. To promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of

electricity and to facilitate the maintenance of a financially viable electricity industry.

THE DOCUMENTARY SUPPORT FOR THIS MOTION IS:

1. The Board's Decision and Order dated August 14, 2014, in EB-2013-0130.
2. The evidence and submissions filed in EB-2013-0130.

September 2, 2014

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