EB-2014-0244

Interrogatories from Linda J Rogers

RE: HOI is applying to the Board pursuant to section 86(2)(b) of the Act, for leave to acquire all the issued and outstanding shares of HCUI from the Vendor.

RE: HCHI is applying pursuant to section 86(1)(a) of the Act, for leave to transfer its distribution system to Hydro One.

RE: HCHI is applying pursuant to section 18 of the Act, for leave to transfer HCHI's distribution licence and rate order to Hydro One. The rate base value of HCHI's assets is approximately $52.3 million and will be transferred to Hydro One Distribution's rate base.

RE: HCHI is applying for approval to include a rate rider in the 2014 OEB-approved rate schedule of HCHI to give effect to reducing the approved 2014 base delivery distribution rates (EB-2013-0134) by one per cent. See **Exhibit A, Tab 2, Schedule 1, Section 1.2** for further information.

My Story:

The following commentary has nothing to do with the sale of Haldimand County Hydro Inc. to Hydro One Networks Inc. Its purpose is to provide a holistic framework in how the generation, transmission and distribution of electricity are part of the threads of decisions and impacts that lead to the reason for this hearing. Each part becomes factors in the end point of the price of electricity for the consumer.

I am a consumer, member of the public, and current service recipient of Haldimand County Hydro Inc. services, as such my questions will focus heavily on the "non- financial" factors of the proposed sale of Haldimand County Hydro Inc. to Hydro One Networks Inc. I am also a single mother on a reduced income with a child who has special needs.

Over the past few years my electricity bill has been going up and up. My cost of living of course has also risen. But my income has become reduced, and my real buying power has markedly decreased. Price and the cost of electricity is now a dominating part of my daily life and its challenges.

Electricity generation, transmission, and distribution have intruded on my life as dramatic changes are underway in my neighbourhood, with the rapid build out of renewable energy projects. Some of the projects have been installed under the micro FIT program and others such as the multiple industrial scale wind and solar projects installations are being fuelled with the generous FIT contracts granted by Ontario.

Haldimand County's renewable energy project installations have been the subject of several Ontario Energy Board hearings. It is the local circumstances and decisions of **EB- 2011-0027** and **EB- 2011-0063** that are well known and personal to me. Residents, even my local utility Haldimand County Hydro Inc. with other stake holders brought extensive concerns about harm to health, the environment, safety, reliability and costs, all of these issues are wrapped in the complexity of land claims and claims of

Canadian Charter Rights infringement. Haldimand residents were told it was the wrong jurisdiction for their concerns of harm and to take it to the Environmental Review Tribunal, and if remedy was not obtained there to carry on to the next level of the courts. We continue to do just that.

Governmental policy directions have been influenced by everything from a former senior Ontario government Minister's visit negotiating with the Korean Consortium which resulted in the creation of the Green Energy Act. In the background various other external pressures were in play at an international level. Haldimand County even saw its own local Municipal representatives go from being "non- willing" hosts to creating signed and binding contracts known as the Community Vibrancy Fund agreements. The agreements hold a clause that resulted in the withdrawal of their own utility (HCHI) from continued participation in **EB-2011-0027** as an intervener**.** That particular Ontario Energy Board hearing was in regards to a renewable energy project/s and it heard evidence of technical constraints, costs, the interference of existing and planned infrastructure which created risks of stray voltage for 21 farm properties, mitigation, concerns about petroleum operations interference and strikingly the arguments against installing 230kv transmission lines 19 km in length, located in the right of way on Regional Road 20. A high voltage 230 kv transmission line is now located in very close proximity to existing homes. HCHI pointed out when testifying that siting of transmission infrastructure and lines such as this, was not best practice for the industry and cited guidance documents from two other Provincial bodies to support their position. The Mayor of Haldimand is noteworthy for his on screen participation in a commercial endorsing the Samsung Grand Renewable energy projects which was released just prior to the 2011 provincial elections.

EB-2011-0063 heard about the Grand Renewable Wind and Solar project application for its leave to construct their projects, but left undecided in its decision to this date, ***whether renewable energy generations need a transmitter license or are to be considered exempt.*** This and much more is now part of my story.

My interest of course starts with me and the impacts of Ontario's energy policy on my ability to provide for my son. Selling HCHI electrical utility will impact me and my family. Starting with the question, "So how much is this going to cost". I sought out advice, direction and spoke with those that have expertise, in order to try to understand how my voice can be brought to the tribunal proceedings. Reading the No harm test to be used by the Ontario Energy Board as plain language I am struck at how what has brought me here to express my concerns must now be monetized to have any weight in the decision process. I have been told that the focus for the hearing is narrow. The Tribunal board is a creature of statues and is by that definition limited in its authorities. It is to be considered independent in its decision making from its "master". Decisions will be made through the lens of price and cost structures and that is how to ask your questions in regards to the sale the HCHI utility.

So I will endeavor to participate with these frustrating limitations and focus on the issue at hand and begin my questions over the request to approve the sale of Haldimand County Hydro Inc. (HCHI) to Hydro One Networks Inc.

Linda J Rogers

Wind Turbines adjacent to Cheapside Road, Haldimand, ON

No Harm Test

Board objectives, electricity

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:

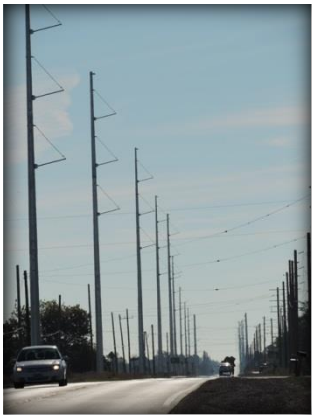
1. To protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service.
2. To promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry.
3. To promote electricity conservation and demand management in a manner consistent with the policies of the Government of Ontario, including having regard to the consumer's economic circumstances.
4. To facilitate the implementation of a smart grid in Ontario.
5. To promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Government of Ontario, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities. 2004, c. 23, Sched. B, s. 1; 2009, c. 12, Sched. D, s. 1.

Proposed Sale of Haldimand County Hydro Inc.

The sale of Haldimand County Hydro Inc. to Hydro One Networks Inc. generates the following question to be answered for consideration of the anticipated replies:

My starting point for the interrogatories begins where the decision will be rendered.

Does the sale of the electrical utility result in the best interests of the residents of Haldimand County, Ontario and for the ratepayers being served? Benefits may be gained or lost. Whether the sale occurs, or not, at the end of the day I and other ratepayers will be the ones who fund the actual costs.



View of Grand Renewable 230KV transmission lines for wind/solar being installed in the Haldimand County Right of way, along Regional Road 20. Location: outskirts of the town of Hagersville, ON.

The position has been taken and put forth by the applicant, Hydro One Networks Inc. as:

"The approval of the Application ***has no adverse impact on the price, adequacy, reliability and quality of electricity service*** *of HCHI or Hydro One. In addition, it promotes electricity conservation and demand management, the use and generation of electricity from renewable energy sources and facilitates the implementation of a smart grid in Ontario;*

• *The* ***customers*** *of both local distribution companies* ***will be held harmless****;…"*

(Exhibit A Tab 1 Schedule 1 page 5 of 6. Bolded for emphasis)

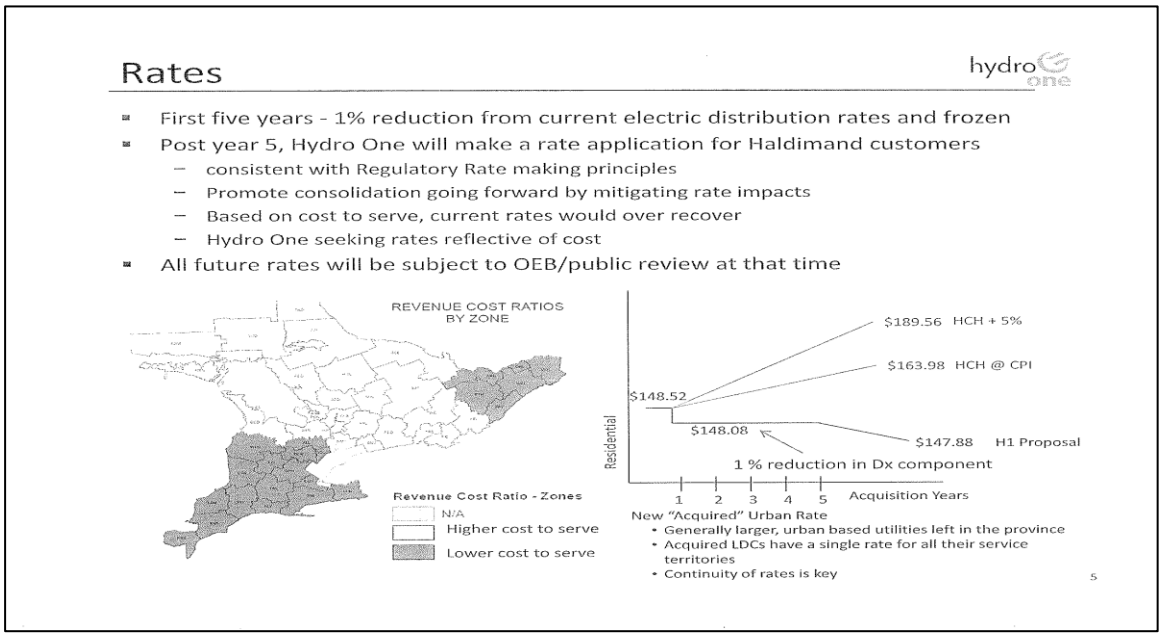
Impact on Price:

Hydro One asserts that it is their belief they can serve the customers at decreased electrical costs for the customers as opposed to Haldimand County Hydro Inc. and Haldimand County is identified as the willing seller.

The above statement has generated the following line of questions for a requested response.

1. **Question (Hydro One):**

In the presentation of the proposal to purchase HCHI made on December 10, 2013, for the benefit of Haldimand County council and public (see attachment Haldimand County Hydro One presentation- page 5 of 7) a graphic image was used to illustrate and highlight, one of the points to the claimed advantages of Hydro One's offer . This image gave a specific number that is presumed to be representative of an "average" bench mark Haldimand County Hydro electrical bill. It is as follows:



Residential= 148.52

Using the Ontario Energy Board website and the handy calculator app to calculate an average total cost representative for a residential electricity bill,
http://www.ontarioenergyboard.ca/oeb/Consumers/Electricity/Your%20Electricity%20Utility

and

Selecting Haldimand County Hydro Inc., as the utility for an average customer using 800 kW the predicted cost is:

Residential Total Cost is = **139.57**

http://www.ontarioenergyboard.ca/oeb/Consumers/Electricity/Your%20Electricity%20Utility

Now using the same calculator app and picking Hydro One (selecting a R1 medium density utility)

Residential Total Cost is = **157.09**

http://www.ontarioenergyboard.ca/oeb/Consumers/Electricity/Your%20Electricity%20Utility

Accepting that the rate of **148.52** from your proposal presentation to Haldimand County, was the more representative total bill cost for comparison purposes (NB: **148.52** being Hydro One's number, is *still* lower than the predicted total costs of **157.09** using the Ontario Energy Board calculator app on their website). Please provide an explanation as to why the higher total cost on the Ontario Energy Board web site should not be accepted as a reasonable estimated electrical bill cost for a member of the public.

2. **Question (Hydro One):**

Using the consolidated 2013 Scorecards for Electricity Distributors (Ontario) and exploring the section labelled "Operational Effectiveness" published numbers for comparison between HCHI and Hydro One;

http://www.ontarioenergyboard.ca/oeb/Industry/R4ules%20and%20Requirements/Electricity%20Distributor%20Scorecards

Scorecard - Haldimand County Hydro Inc. 9/24/2014

Performance Outcomes	Performance Categories	Measures	2009	2010	2011	2012	2013	Trend	Target Industry	Target Distributor
Customer Focus: Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	96.70%	99.20%	97.00%	99.00%	93.20%	down	90.00%	
		Scheduled Appointments Met On Time	98.70%	98.30%	98.90%	99.70%	100.00%	up	90.00%	
		Telephone Calls Answered On Time	80.40%	88.80%	83.40%	85.50%	81.10%	down	65.00%	
	Customer Satisfaction	First Contact Resolution								
		Billing Accuracy								
		Customer Satisfaction Survey Results								
Operational Effectiveness: Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Public Safety [measure to be determined]								
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted	4.01	2.77	8.34	2.22	9.69	up		at least within 2.22 - 8.34
		Average Number of Times that Power to a Customer is Interrupted	1.39	1.20	3.30	1.17	2.57	up		at least within 1.17 - 3.30
	Asset Management	Distribution System Plan Implementation Progress								
	Cost Control	Efficiency Assessment				2	2			
		Total Cost per Customer [1]	$621	$626	$665	$696	$681			
		Total Cost per Km of Line [1]	$7,469	$7,617	$8,078	$8,434	$8,310			
Public Policy Responsiveness: Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	Conservation & Demand Management	Net Annual Peak Demand Savings (Percent of target achieved) [2]			14.00%	13.00%	14.20%			2.85MW
		Net Cumulative Energy Savings (Percent of target achieved)			47.00%	69.00%	89.70%			13.30GWh
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time			0.00%	11.11%	100.00%			
		New Micro-embedded Generation Facilities Connected On Time					100.00%		90.00%	
Financial Performance: Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	0.85	1.48	1.79	1.78	1.66			
		Leverage: Total Debt (Includes short-term and long-term debt) to Equity Ratio	0.40	0.31	0.35	0.42	0.36			
		Profitability: Regulatory Return on Equity — Deemed (included in rates)			9.85%	9.85%	9.85%			
		Profitability: Regulatory Return on Equity — Achieved			10.39%	7.60%	11.02%			

Legend: up, down, flat, target met, target not met

Notes:
1. These figures were generated by the Board based on the total cost benchmarking analysis conducted by Pacific Economics Group Research, LLC and based on the distributor's annual reported information.
2. The Conservation & Demand Management net annual peak demand savings do not include any persisting peak demand savings from the previous years.

http://www.ontarioenergyboard.ca/documents/scorecard/2013/Scorecard%20-%20Haldimand%20County%20Hydro%20Inc..pdf

Scorecard - Hydro One Networks Inc. 9/24/2014

Performance Outcomes	Performance Categories	Measures	2009	2010	2011	2012	2013	Trend	Target Industry	Target Distributor
Customer Focus Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	90.50%	90.90%	92.00%	95.70%	97.40%	up	90.00%	
		Scheduled Appointments Met On Time	93.50%	92.70%	93.90%	98.60%	98.40%	up	90.00%	
		Telephone Calls Answered On Time	69.70%	69.70%	81.40%	83.40%	63.90%	down	65.00%	
	Customer Satisfaction	First Contact Resolution					78.30%			
		Billing Accuracy					4.40%			
		Customer Satisfaction Survey Results					87%			
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Public Safety [measure to be determined]								
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted	9.25	9.00	21.17	10.58	26.57	down		at least within 9.00 - 21.17
		Average Number of Times that Power to a Customer is Interrupted	3.08	2.91	3.93	3.15	4.23	down		at least within 2.91 - 3.93
	Asset Management	Distribution System Plan Implementation Progress					Under Review			
	Cost Control	Efficiency Assessment				5	5			
		Total Cost per Customer [1]	$989	$1,052	$1,072	$1,041	$1,046			
		Total Cost per Km of Line [1]	$9,775	$10,471	$11,064	$10,741	$10,682			
Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	Conservation & Demand Management	Net Annual Peak Demand Savings (Percent of target achieved) [2]			16.00%	20.00%	39.40%			213.66MW
		Net Cumulative Energy Savings (Percent of target achieved)			30.00%	45.00%	59.60%			1,130.21GWh
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time	100.00%	100.00%	95.79%	99.39%	100.00%			
		New Micro-embedded Generation Facilities Connected On Time					99.71%		90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	0.94	1.01	0.99	0.99	1.00			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.42	1.44	1.34	1.30	1.35			
		Profitability: Regulatory Return on Equity — Deemed (included in rates)			9.66%	9.66%	9.66%			
		Profitability: Regulatory Return on Equity — Achieved			8.80%	8.72%	8.00%			

Legend: up, down, flat, target met, target not met

Notes:
1. These figures were generated by the Board based on the total cost benchmarking analysis conducted by Pacific Economics Group Research, LLC and based on the distributor's annual reported information.
2. The Conservation & Demand Management net annual peak demand savings do not include any persisting peak demand savings from the previous years.

http://www.ontarioenergyboard.ca/documents/scorecard/2013/Scorecard%20-%20Haldimand%20County%20Hydro%20Inc..pdf

Bringing your attention to the reported Cost Control numbers and paying particular attention to the efficiency assessment ratings (Read as course as an inverse scale: i.e. lower the number a utility would be rated as being ***more*** efficient):

Haldimand County Hydro Inc. Scorecard 2013
Efficiency Assessment: 2
Total Cost per Customer: $681
Total Cost per Km of Line: $8 310

Cost Control	Efficiency Assessment					5	5
	Total Cost per Customer [1]	$989	$1,052	$1,072	$1,041	$1,046	
	Total Cost per Km of Line [1]	$9,775	$10,471	$11,064	$10,741	$10,682	

Compare with

Hydro One Networks Inc. Scorecard 2013
Efficiency Assessment: 5 (NB: only 4 other utilities out of 73, have scored this low)
Total Cost per Customer: $1 046
Total Cost per Km of Line: $10 882

Cost Control	Efficiency Assessment				2	2
	Total Cost per Customer [1]	$621	$626	$665	$696	$681
	Total Cost per Km of Line [1]	$7,469	$7,617	$8,078	$8,434	$8,310

Please provide an explanation as to how Hydro One has come to the conclusion that it is capable of bettering the performance markers and outcomes of HCHI, and why this publically published information should be disregarded by a customer.

3. Question (Hydro One)

"As per EB-2013-0134, HCHI has 13 customers per kilometre in its overall service territory, with a 2014 forecast OM&A cost of $385/customer/month. This is comparable to Hydro One's average 2015 forecast OM&A cost of $275/customer/month, which applies to R1 rate class customers in communities with a customer density of at least 15 customers per kilometre. As such, it is reasonable to believe that Hydro One's cost to serve HCHI's customers would be less than HCHI's current costs of serving its customers."

(Exhibit A Tab 2 Schedule 1, page 10 of 23)

a) Please confirm if Hydro One's billing costs are included in the given forecast OM & A costs.
b) If indeed they are not included in your billing costs, please recalculate the comparison between OM & A of the two utilities in question for a clearer comparison of benefit.

4. Question (Hydro One)

Concerns about smart meter created electrical bills, and Hydro One's complaint resolution process is currently being investigated by the Ontario Ombudsman. This is in response to 1000s of claims of inaccurate billing by your customers.

a) Please give an estimated cost impact to your operations now and potentially in the near future.
b) Please describe how customers can be assured as service recipients that they will not face the same issues and challenges if Hydro One were to take over ownership and operations of HCNI.

5. Question (Hydro One)

Please discuss how the existing smart meters systems of the two utilities would be merged. Reviewing Ontario energy board documents it is noted the cost of smart meter is said to be from 110.00- 560.00 each (according to an OEB "Report of the Board, January 29, 2007")

Hydro One had a cost allocation of $700.54 per meter in one of their rate applications before the OEB.

a) If replacement smart meters would be required to harmonize the systems between the utilities, what would be the projected costs for the existing Haldimand County Hydro smart meters needed to be replaced?
b) In light of the complaints being generated over billing errors associated with smart meters and associated supporting systems used by Hydro One, what will be done to protect and ensure privacy of the data collected and transmitted?

6. Question (Hydro One)

"In addition to the rate rider to reduce base distribution delivery rates, Hydro One requests approval to extend the existing HCHI funding adder for renewable energy generation to be in effect until the effective date of the next cost of service application."

a) What is the current HCHI funding adder rate for renewable energy generation that is currently in effect?
b) Has any consideration been given to alter this rate, if not why not?

7. Question (Hydro One)

Hydro One has no identified "Urban Clients" in its service territory of 650 000 hectares square. Caledonia a town, within the current HCHI service territory has a higher population density than the surrounding rural lands. HCHI has if I understand correctly 8 classes for billing rates and Hydro One about 200.

Looking forward what rate class does Hydro One project they would place this town and others of similar characteristics into for billing purposes?

Efficiencies:

Hydro One asserts it can demonstrate quality of service if it were to become the owner of the Haldimand County Hydro utility.

8. **Question (Hydro One)**

Using the 2013 Score cards and looking at the reported results labelled "customer focus", please explain how your utilities service based on these outcome measures, will be of a quality benefit for the customers in Haldimand.

Haldimand County Hydro Scorecard 2013:

Scheduled Appointments Met On Time	98.70%	98.30%	98.90%	99.70%	100.00%	↑	90.00%
Telephone Calls Answered On Time	80.40%	88.80%	83.40%	85.50%	81.10%	↓	65.00%

Hydro One Scorecard 2013:

Scheduled Appointments Met On Time	93.50%	92.70%	93.90%	98.60%	98.40%	↑	90.00%
Telephone Calls Answered On Time	69.70%	69.70%	81.40%	83.40%	63.90%	↓	65.00%

Reliability:

9. **Question (Hydro One)**

Reviewing the performance markers in the 2013 Score Cards and excluding the results for 2013 due to reported notable storm events, and looking at the multiple year trend, with these parameters, based on the numbers why would Hydro One's performance be considered a benefit ?

Hydro One Scorecard 2013:

System Reliability	Average Number of Hours that Power to a Customer is Interrupted	9.25	9.00	21.17	10.58	26.57	↓	at least within 9.00 - 21.17
	Average Number of Times that Power to a Customer is Interrupted	3.08	2.91	3.93	3.15	4.23	↓	at least within 2.91 - 3.93

System Reliability
In 2013, seven storm events met the definition of major events, i.e. with over 10% of our distribution customers interrupted. The impact of these storms is considered beyond the day to day operations capability of the company. These events had a major impact on system reliability. The detailed event descriptions can be found in the notes of Hydro One's RRR document submitted to the OEB. By separating out the impact of these major events, the system reliability results are:
- With Loss of Supply - Annual SAIDI of 7.3 hours, annual SAIFI of 2.8 interruptions.
- Without Loss of Supply - Annual SAIDI of 6.9 hours, annual SAIFI of 2.5 interruptions

HCHI Scorecard 2013:

System Reliability	Average Number of Hours that Power to a Customer is Interrupted	4.01	2.77	8.34	2.22	9.69	↓	at least within 2.22 - 8.34
	Average Number of Times that Power to a Customer is Interrupted	1.39	1.20	3.30	1.17	2.57	↓	at least within 1.17 - 3.30

System Reliability
In 2013, Haldimand Couty Hydro is recording a service level of 9.69 for the "Average Number of Hours that Power to a Customer is Interrupted ("SAIDI")", which represents Haldimand County Hydro's highest service level since 2009. The increase is attributed directly to major storm events. In 2013 two storm events impacted the majority of our customers and put our reliability standards to the test. First in July, severe weather, including high winds and lightning, caused an outage impacting 10,000 of our 21, 206 customers lasting more than 48 hours in some cases. Secondly, we won't forget anytime soon, the Ice Storm of 2013 which impacted 15,000 of our 21,296 customers in the order of 36 hours. These two storm events increased our five year rolling average of the number of hours that power to a customer is interrupted. Even though 9.69 marks the highest rating during the period 2009-2013, we are confident that this number was contained based on our response tactics which included utilizing our strong relationship with our contractors early in each event.

10. Question (Hydro One):

Hydro One make claims that the "local metrics" provide comparable conditions as the copied extract shows.

Filed: 2014-07-31
EB-2014-0244
Exhibit A
Tab 2
Schedule 1
Page 15 of 23

The existing reliability metrics for HCHI and the local metrics for Hydro One for comparable conditions are provided in **Table 4** below.

Table 4

	2011	2011	2012	2012	2013	2013
	Hydro One	Haldimand Hydro[2]	Hydro One	Haldimand Hydro	Hydro One	Haldimand Hydro
Excluding LOS[3]						
Duration (SAIDI)	6.43	8.34	3.28	2.22	6.93	9.69
Frequency (SAIFI)	2.59	3.30	1.24	1.17	2.44	2.57

Based on reliability statistics for 2011 through to 2013, Hydro One customers in the vicinity of Haldimand County experienced a comparable level of service in terms of duration and frequency of interruptions in comparison to HCHI customers. Hydro One anticipates that reliability will in fact improve through the combination of the satellite operating centre and broad staff resources being optimized in Haldimand County.

[2] Data-source is the OEB Yearbook
[3] Loss of Supply ("LOS") interruptions attributable to assets that are not part of the Hydro One Distribution System or the HCHI Distribution System

a) Please confirm what location was used for the above cited performance markers of Hydro One (Exhibit A, Tab 2, Schedule 1, page 15 of 23).
b) Please additionally confirm, if the cited results were achieved when Hydro One was actively managing the utility.

c) I see that you have used HCHI scorecard results from 2013 in Table 4 (Exhibit A, Tab2, Sched 1, page 15 of 23) One of the assertions made is that as a larger distributor, Hydro One is capable of delivering superior reliability. Putting the average results from the 2013 Score cards side by side illustrates a different conclusion. Please justify your position based on these performance markers and outcomes.

Revised modeling of Table 4:

	2011	2011	2012	2012	2013	2013
	Hydro One	HCHI	Hydro One	HCHI	Hydro One	HCHI
SAIDI	21.17	8.34	10.58	2.22	26.57	9.69
SAIFI	3.93	3.30	3.15	1.17	4.23	2.57

Financial Performance:

11. **Question (Hydro One):**

Hydro One: Total Debt (includes short-term and long term debt) to Equity ratio **= 1.35**

HCHI: Total Debt (includes short-term and long term debt) to Equity ratio **=0.36**

Hydro One Scorecard 2013:

Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)		0.94	1.01	0.99	0.99	1.00
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		1.42	1.44	1.34	1.30	1.35
		Profitability: Regulatory Return on Equity	Deemed (included in rates)			9.66%	9.66%	9.66%
			Achieved			8.80%	8.72%	8.00%

HCHI Scorecard 2013:

Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)		0.85	1.48	1.79	1.78	1.66
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		0.40	0.31	0.35	0.42	0.36
		Profitability: Regulatory Return on Equity	Deemed (included in rates)			9.85%	9.85%	9.85%
			Achieved			10.39%	7.60%	11.02%

a) How does the Debt load currently carried by Hydro One justify an above market value premium to purchase the HCHI utility?
b) Hydro One has acquired several local distribution companies, (LDC) and is in process of seeking approvals for others. How is increasing the debt burden for Hydro One a benefit for the ratepayers?
c) Comparing with the management of HCHI debt to asset ratio please explain the path forward for improving Hydro One's financial performance.

12. **Question (Hydro One):**

Overall Performance:

The scorecards for 2013 have 4 main sections being Customer Focus, Operational Effectiveness, Public Policy Responsiveness, Financial Performance, and subheadings of 9 Performance categories and 16 measures; Hydro One fails in direct comparison to HCHI in 13 of the 16 performance measures.

Please justify why Hydro One should be operating HCHI when based on these parameters it appears HCHI should be acquiring Hydro One?

13. **Question (Hydro One and Haldimand County):**

Reviewing the conditions of services it is noted that HCHI contract is **80 pages** of legalese and Hydro One's conditions of services is **134 pages**. This represents 54 extra pages. The fine print describes or imposes obvious different conditions of services.

a) Please detail the differences between the two services of condition documents in terms of reference suitable for the general public. What other conditions does Hydro On impose on their client base that would require so many extra pages? i.e.: What is in the fine print?
b) Have these conditions been fully disclosed to all parties and will they cause harm?
c) Are these changes in services conditions going to be of benefit to the customers?

14. **Question (Hydro One and Haldimand County):**
(Extract from Page 30 of Purchase Share Agreement signed June 10, 2014):

> 6.12 **Sentinel Lights.** Purchaser commits to provide sentinel light services for a minimum period of two (2) years following the Closing Date. Purchaser shall use commercially reasonable efforts to continue services at the similarly high level provided by HCUI prior to Closing. Should Purchaser contemplate changes to the service or contemplate discontinuing the service after two (2) years, Purchaser will consult with the Advisory Committee to ensure that their views have been considered in developing its plans.

Sentinel lighting is committed to be funded for 2 years, once this time period expires it would create a possible scenario where Haldimand County would be required to cover this expense at a future date. How would this be considered in the best interests of the residents of Haldimand?

15. **Question (Hydro One and Haldimand County)**

Reviewing the proposed merging of staffing between HCNI and Hydro One it appears it would create a minimum surplus of 28 positions for elimination. Aside from the assurances in your application that many could people could be considered for repositioning within Hydro One staffing positions, it is reasonable to assume that not all people would want to relocate and there is no further guarantee of employment given beyond the one year term for the current HCHI employees. It is also a reasonable assumption that senior management and/or highly trained

professionals have negotiated clauses in their employment contracts that grant financial remedies as compensation for dismissal without cause, or termination of employment due to changes in the corporation's operational needs. In would be fair to speculate that such clauses could be quite significant in monetary expense if evoked.

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Table 1

	HCHI Staffing and Salaries			Proposed Hydro One Haldimand Staffing and Salaries	
Staff Category	Direct	Indirect	Salary($)	Direct	Salary ($)
Management and Professional		16	1,401,605		
Inside Union		12	572,972		
Outside Union	16	8	1,604,990	16	1,661,267
Total	16	36	3,579,568	16	1,661,267
Projected Salary Savings					**$1,918,302**

Table 1 demonstrates that Hydro One anticipates overall salary savings of approximately $1.9 million annually, after accounting for differences between salary levels between HCHI and Hydro One.

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- Continued employment for all staff of acquired LDCs - Although duplicate functions performed by staff will be eliminated as part of the integration process leading to efficiency gains, Hydro One, due to its size and current staff retirement profile, is able to offer continued employment to staff of acquired LDCs. This is a benefit that smaller would-be acquirers may not be able to offer;

May I humbly suggest that due to the sensitive and confidential nature of such contract actual clauses and details that a report be made based on real numbers and be given for review to the Ontario Board members to truth the potential significance of the costs that could occur with the of termination of existing employment contracts?

16. **Question (Haldimand County)**
    a) Please confirm Hydro One's offer was unsolicited.
    b) The agreement was signed in June 2014, when did the actual communications commence for discussion of the potential for this transaction?

17. **Question (Haldimand County)**
    a) Please confirm the application to purchase HCHI was made as the result of a single offer to purchase.
    b) If the answer is yes, Please provide the rationale for not seeking other bids in a competitive sealed bid tender process.

18. **Question (Haldimand County)**

    Examination of the "Agreement"

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"Agreement"), under which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, all of the issued and outstanding shares of HCUI (the **"Purchased Shares"**). The purchase price is $75.0 million, comprised of a cash payment of approximately $65.2 million for the Purchased Shares and the assumption of HCUI's short and long-term debt of approximately $9.8 million. The Agreement contemplates the transaction closing after all conditions precedent are met and within the 90 days following the Parties' receipt of all required approvals, including Ontario Energy Board (**"the Board"** or **"OEB"**) approval of this Application under sections 86(2) and 86(1) of the Act.

Should Haldimand County council complete the sale of HCHI to Hydro One there is anticipated to be a one-time payment of significant revenue with various added "sweeteners" to compliment the proposal. Once it is done the asset of the electrical utility is unlikely to ever be recoverable, HCHI is an asset that has demonstrated consistent superior performance to Hydro One in comparison.

Doing my simple number based evaluation of the sale I contemplate the following:

HCHI dividends were reported as:

2011= 716 750.00*
2012= 611 329.00*

*It is important to recognize that this is a revenue stream that would be indefinite if the utility continued to be well run and profitable. Once it is sold it ***would not*** be able to be recoverable.

Haldimand County Hydro Inc. Base Rate Value	=	52.3 million
Haldimand County Hydro Inc. short & long term debt	=	9.8 million
Market Value		42.5
The Premium offer to purchase price from Hydro One	=	75 million
Premium:		**32.5 million**

The agreement is ***a one-time*** opportunity to receive a large amount of money, but it will come with the cost of losing a substantial ongoing revenue stream for Haldimand County. Once it is done it is final.

a) What are the plans for Haldimand County to replace the lost dividend revenue stream from HCHI if the sale is completed?

b) How does monetizing the utility asset and trading an annual revenue stream for a finite cash payment, provide benefit and long term control and protection for the electricity rates of the residents of Haldimand?

In anticipation of your responses to the above questions
Respectfully,

Linda J Rogers
Resident of Haldimand County, Ontario