Hydro One Networks Inc.
7th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-5393
Fax: (416) 345-5866
Joanne.Richardson@HydroOne.com

Joanne Richardson
Director – Major Projects and Partnerships
Regulatory Affairs

BY COURIER

October 20, 2016

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

Dear Ms. Walli:

EB-2016-0155 – E.L.K. Energy Inc. Service Area Amendment Application – Hydro One Networks Inc. Interrogatory Responses

Please find attached Hydro One Networks Inc.'s responses to interrogatory questions from the Ontario Energy Board and E.L.K Energy Inc.

An electronic copy of this cover letter and the attached interrogatory responses has been filed through the Ontario Energy Board's Regulatory Electronic Submission System (RESS).

Sincerely,

ORIGINAL SIGNED BY JOANNE RICHARDSON

Joanne Richardson

Attach

Ontario Energy Board (Board Staff) INTERROGATORY #01

Reference:

Hydro One Evidence, Page 4

Interrogatory:

Hydro One states that its costs to connect the customer are lower than the applicant's and has provided a table for comparison purposes. However, only non-contestable costs were included in the table. The proper application of the economic evaluation model relies on factoring in the total capital costs of the project, including the costs of the contestable work. The economic evaluation model considers capital tax and depreciation costs, etc., so by excluding the capital costs of the contestable work, the model would not be providing an accurate picture. Therefore:

a) Provide a table including a breakdown of all the non-contestable and contestable costs to connect the customer.

b) Provide Hydro One's **detailed** economic evaluation based on the methodology and **inputs** described in Appendix B of the Distribution System code. Provide a detailed description of all capital costs included in the economic evaluation. Provide the capital contribution amount resulting from the economic evaluation, which will be required from the customer, if applicable.

Response:

a) All assets being constructed by the Customer will remain owned by the Customer. As a result there are no contestable costs associated with the Hydro One connection. Therefore, the costs provided in the Hydro One Offer To Connect ("OTC") are indicative of the total costs to connect the Customer as all costs are non-contestable. Hydro One has not investigated whether or not there are any contestable costs in ELK's latest revised OTC.

The non-contestable costs are broken down in the OTC as Connection Work costs, specifically outlined in Section 2.0 of the Hydro One OTC, and Expansion costs,

outlined in Section 5.0 of the OTC. For ease of reference, the one page extract from Hydro One's OTC is provided as Attachment 1 of this interrogatory response.

The Connection Work costs, captured in Section 2.0 of the OTC under Other Related Work, includes items such as installing the meter, installing the Bell tangent pole and connecting the expansion work to the system. Connection Work costs account for $2,527.03, inclusive of labour dollars associated with this specific work.

The Expansion Work, outlined in Section 5.0 of the OTC, is broken down into material, labour, equipment and administrative activities. This work includes supplying and installing the overhead primary conductor. Together, these Expansion Work costs account for $13,576.14.

The total of all Hydro One related costs, $16,103.17 are broken down and provided below in Table 1.

Table 1: Breakdown of Hydro One Total Costs

Type of Cost	Total Dollars ($)
Connection Costs (Not Eligible for Alternative Bid)	
Other Related Work	$2,527.03
Expansion Costs (Not Eligible for Alternative Bid)	
Labour	$5,720.17
Material	$3,540.76
Equipment	$3,211.32
Administrative Activities	$1,103.89
Total	**$16,103.17**

Regardless of which ELK OTC the Applicant ultimately decides to proceed with, Hydro One continues to submit that the costs to connect the Customer to Hydro One are significantly less than the alternative provided by the Applicant. ELK's connection costs would include an increase in their embedded LDC bill from Hydro One. Hydro One has updated the comparison provided at the reference of this interrogatory question to account for this additional cost and has provided it as Table 2. The disparity between Hydro One and ELK's connection alternatives could result in as much as $125,000 annual increase in costs if the ELK application is approved.

Table 2: Comparison of Costs

Item	Hydro One Costs	ELK Costs
Non-Contestable Costs – Line Expansion	N/A	N/A
Non-Contestable Costs – (other than line expansion) - Secondary	N/A	$8,432.49
Non-Contestable Costs – (other than line expansion) - Primary	$16,103.17	$8,702.67
Costs to be recovered from all other ELK ratepayers via LV Service Charge - Annually	N/A	$31,141.16 to $124,564.66
Total	$16,103.17	$48,276.32 to $141,699.82

b) Provided as Attachment 2 is the summary of Hydro One's detailed economic evaluation including the necessary inputs prescribed in Appendix B of the Distribution System Code. There is no capital contribution required by the customer and the capital costs incurred by Hydro One to connect the customer have been outlined in Table 1 of sub-question a) of this interrogatory.

ATTACHMENT 1

Hydro One Networks, Inc. ("Hydro One")
Hydro One, 56 Embro Street Box 130, Beachville ON, N0J 1A0
Phone: 800-957-7756

CUSTOMER SERVICE CONTRACT

NEW CONNECTIONS, SERVICE UPGRADES & EMBEDDED GENERATION (OTHER THAN MICRO-EMBEDDED GENERATION FACILITIES)

ECRA/ESA Lic 7002572 **Date Prepared: 21/Sep/2016**

SECTION 1.0 CUSTOMER INFORMATION

Name: SELLICK EQUIPMENT LIMITED
Address: 358 ERIE ST N
HARROW, ON, N0R1G0
Phone: 5197382255
Alt Phone:
Fax:

Service Location: LE301010343
Lot 4 Con 2 RP# Sublot#
Twp Colchester
2131 ROSEBOROUGH RD, COLCHESTER SOUTH, ON,

CUSTOMER: Please complete all shaded areas

SECTION 2.0 CONNECTION WORK – NOT ELIGIBLE FOR ALTERNATIVE BID (Must be Performed by Hydro One)

Net Revenue Credit Applied To This Section	$	-2527.03
Other Related Work	$	2527.03
Cost of Service Wire	$	0.00
Credit for up to 30m of Overhead Service Wire	$	0.00
Easement and Associated Costs	$	0.00
Standard Service Charges (ex. Additional Layout Fee)*	$	0.00
Misc Charges (ex. 400 Amp Self Contained rebate)*	$	0.00
Incremental Cost for Transformer*	$	0.00
Deposit Paid	$	0.00
SUB TOTAL	$	0.00

Description of Other Related Work:

PLEASE SIGN & RETURN

* Items Excluded from Receiving Revenue Support

SECTION 3.0 CONNECTION WORK – ELIGIBLE FOR ALTERNATIVE BID (May be Performed by Customer's Contractor or Hydro One)

	HYDRO ONE		CONTRACTOR	
Other Related Work	$	0.00	$	
Net Revenue Credit Applied To This Section	$	0.00	$	0.00
Incremental Cost for Pad-Mounted Transformer*	$	0.00	$	0.00
SUB TOTAL	$	0.00	$	0.00

Description of Other Related Work:

* Items Excluded from Receiving Revenue Support

SECTION 4.0 WORK ON CUSTOMER-OWNED EQUIPMENT (May be Performed by Customer's Contractor or Hydro One)

Cost of Work Described*	$	0.00
Electrical Safety Authority Permit*	$	0.00
SUB TOTAL	$	0.00

Description of Work

* Items Excluded from Receiving Revenue Support

SECTION 5.0 EXPANSION WORK

	5.0A Work Not Eligible for Alternative Bid (Must be Performed by Hydro One)		5.0B Work Eligible for Alternative Bid (May be Performed by Hydro One or Customer's Contractor)	
5.1 Engineering Design	$	0.00	N/A	
5.2 Material	$	3540.76	$	0.00
5.3 Labour	$	5720.17	$	0.00
5.4 Equipment	$	3211.32	$	0.00
5.5 Administrative Activities	$	1103.89	$	0.00
5.6 Easement and associated Costs	$	0.00	N/A	
5.7 Unforecasted Connection Costs (From Earlier Expansion)	$	0.00	N/A	
5.8 Engineering Design (paid)	$	0.00	N/A	
5.9 Net Revenue Credit or Cost	$	-13576.14	$	0.00
SUB TOTAL	$	0.00	$	0.00

5.0A Description of Work:

Supply and install Bell tangent pole, supply and install O/H primary conductor, pull up customer conductor and connect.

5.0B Description of Work:

Basic Discounted Cash Flow Calculation

Capital Costs and Charges			Hydro One does all the work (Option A)	Alternative Bid Option (Option B)
Connection Cost			$ 2317.35	$ 2317.35
Expansion Cost	Total Length 20 metres		$ 11965.62	$ 11965.62
		Subtotal	$ 14282.97	$ 14282.97
		Overheads and Interest during construction	$ 1820.20	$ 1820.20
		Total Capital Cost	$ 16103.17	$ 16103.17

Operating and Maintenance (O&M) Costs over 10 year revenue horizon						
Estimated Connection O&M per year	$	6214.21				
Estimated Expansion O&M per year						
Based on 0 m O/H Distribution	$	0.00				
Based on 20 m O/H Sub Trans.	$	34.26				
Based on 0 m Underground	$	0.00				
Estimated Yearly O&M	$	6248.47				
Estimated Total O&M Over 10 Years	$	62484.70	PV	$ 47780.25	$	47780.25
		Total Cost of Connection		$ 63883.42	$	63883.42

Revenues over 10 year revenue horizon						
Kilowatt (kW) (Your Usage for ST Rate Class.)		1025	Demand Billed at a Rate of $0.574 per kW per Month for Delivery Charges.			
Monthly Revenue	$	588.35				
Service Charge	$	1222.62				
Total	$	1810.97				
Yearly Revenue	$	21731.64				
Total Revenue Over 10 Years	$	217316.40	PV	$ 196606.13	$	196606.13

		Taxes, Tax Credits and Other	PV	$ 20136.48	$	20136.48
		PV Income Taxes	$	39438.86		
		CCA Tax Shield and Municipal Tax	$	-2435.57		
		PV Working Capital	$	161.65		
		Capital Contribution Adjustment	$	-17028.46		
		Revenue After Tax		$ 176469.65	$	176469.65
Customer Pays This Amount* plus Excluded Items and HST				$ 0.00	$	0.00

*Difference between the Total Cost of Connection and Revenue After Tax (note negative number indicates Capital Contribution is required)
PV = Present Value
Rev Feb. 2016

Basic Discounted Cash Flow Calculation

This is how the calculation relates to Sections 2.0, 3.0, 5.0A and 5.0B of your contract.

	Hydro One does all the work (Option A)	Alternative Bid Option (Option B)
Customer Contribution Required For The Connection (from above)	$ 0.00	$ 0.00
Less Pre Paid Amounts		
Section 2.0 Deposit Paid	$ 0.00	$ 0.00
Section 5.0A Line 5.9 Engineering Design Paid	$ 0.00	$ 0.00
Plus Items Excluded From Receiving Support		
Section 2.0 Standard Service Charges	$ 0.00	$ 0.00
Section 2.0 Misc Charges	$ 0.00	$ 0.00
Section 2.0 Incremental Cost For Pad-Mounted Transformer	$ 0.00	$ 0.00
Section 3.0 Incremental Cost For Pad-Mounted Transformer	$ 0.00	$ 0.00
Section 6.0 Line Commissioning Charge	$ 0.00	$ 0.00
Sub Total	$ 0.00	$ 0.00
HST	$ 0.00	$ 0.00
Amount Due*	$ 0.00	$ 0.00

* Note: Section 4.0 charges are in addition to these amounts.

Ontario Energy Board (Board Staff) INTERROGATORY #02

Reference:

Hydro One Evidence, Page 6 and 7

Interrogatory:

Hydro One states that ELK has relocated its existing infrastructure into Hydro One's service territory in order to serve the customer. Hydro One also states that had ELK consulted with Hydro One, a more economical and technically feasible solution could be found.

a) Please provide an example of an alternative solution that Hydro One could have proposed to ELK.

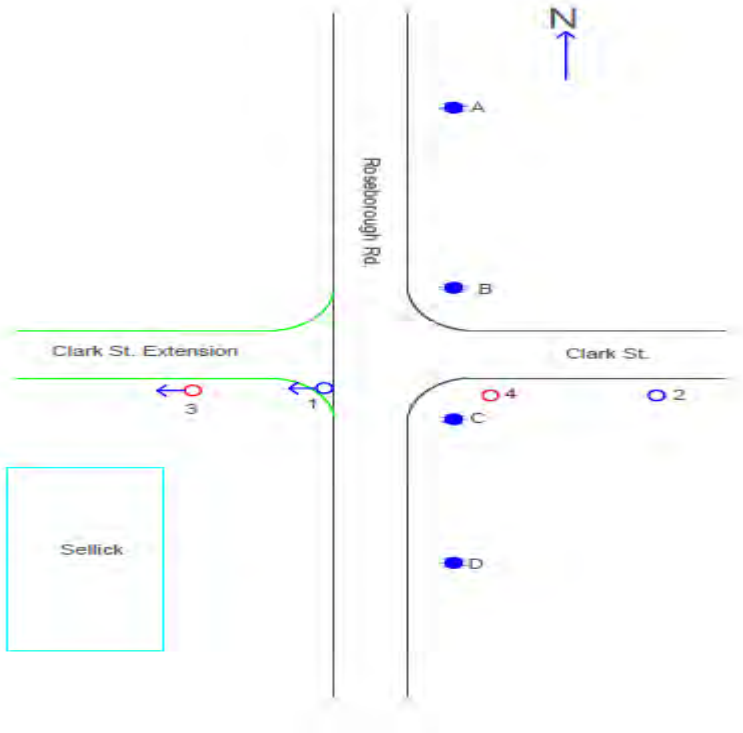
b) If ELK's application is approved, would there be any Hydro One stranded assets resulting from ELK's poles relocation? If yes, describe these assets and provide the costs.

c) If ELK's application is not approved, considering that these assets have been relocated into Hydro One's service territory, would ELK be able to use these relocated assets to serve other ELK customers or would these assets become stranded?

Response:

a) ELK and Hydro One could have pursued various alternatives to connect the Customer. The diagram below, Diagram 1, is provided for ease of reference purposes and is intended to assist in identifying the three proposals that could have been pursued by ELK. The diagram also illustrates the relocation work that has already been undertaken by ELK.

Diagram 1 – Existing & Relocated Poles at Clarks Street and Roseborough Road



Legend

- Hydro One's M7 Feeder runs north to south from before pole A to after pole D
- ELK's pre July 28, 2016 configuration of the lines and poles on Clark St consist of the conductor running from Pole 1 to 2 and continuing east, with flying taps to the HONI M7 where the lines cross north-south from poles B-C and east-west from Poles 1-2 at the south east intersection of Clark and Roseborough to service the customer east from there.
- July 28, 2016 line openers were installed west of the flying taps to Pole 1, the flying taps were replaced to new; and, conductors that ran from Poles 1-2 were extended to Pole 3 and the line was relocated onto newly installed Pole 4.

Examples of alternative solutions:

1. ELK could have installed Pole 4 in a location appropriate to dead-end and take the tension of the conductor from the east on Clark and connect to HONI Pole C with a short slack span. This solution would result in the removal of Pole 1 and Pole 3 as they would not be required.

2. ELK could have installed Pole 4 in a location appropriate to dead-end and take the tension of the conductor from the east on Clark and connect to HONI Pole C with a short run of primary UG conductor again removing Pole 1 and Pole 3 as they would not be required.
3. ELK could have approached Hydro One to:
    a. Install a set of demarcation switches on the west side of Pole 4
    b. Update the LDC agreement to reflect this change
    c. Purchase the existing conductor and flying taps from ELK
    d. Install Pole 3 into HONI service territory and extend the conductors from existing Pole 1
    e. Remove Pole 1

Hydro One's intent in providing this non-exhaustive list is to illustrate to the Board that contrary to the Applicant's position, there are alternatives that could have been explored that would have maintained ELK's ability to continue to serve customers on the east of the utility corridior that runs along Roseborough Rd. These alternatives would have, at a minimum, maintained the existing well-defined boundary between the two distributors.

b) No, approval of this application will not result in any Hydro One stranded assets..

c) Hydro One is of the view that imprudently expanding the existing distribution system of an LDC is not something the OEB should promote. Hydro One suggests that the OEB should order the transfer these assets at $0 cost to Hydro One to inform LDCs that this behavior is not acceptable. This cost should not be recovered from rate payers but rather the shareholders of ELK. Alternatively, if the Board is concerned that this approach is too harsh, Hydro One suggests that it would be willing to purchase the assets at NBV.

Once the transfer of assets to Hydro One is complete, the ELK customers currently being served by these assets can continue to be served by ELK in one of the ways indicated by Hydro One's three alternatives described above. Hydro One proposes that these matters can be addressed between the distributors once the Board determines which distributor will serve the lands subject to this service area amendment.

Ontario Energy Board (Board Staff) INTERROGATORY #03

Reference:

Hydro One Evidence, Page 7

Interrogatory:

Hydro One states that "…had ELK thoroughly investigated the needs of the Customer, in concert with the incumbent distributor, this prematurely-filed SAA could have been avoided. This would have improved the customer experience, mitigated costs to the system, and, in so doing, improved the overall quality of service provided to the Customer".

a) Please quantify this statement, specifically the costs to the system. Also describe how the overall quality of service provided to the customer could have been improved.

Response:

If this Application had been avoided and the Customer connected to Hydro One, Hydro One submits that there are, at a minimum, three quantifiable savings to the system:

1. The lower incremental cost to connect the Customer, Hydro One's cost to connect the customer is $16,103.17 while ELK's costs are $17,135.16 – a savings of over $1,000[1].
2. Due to the fact that ELK is an embedded LDC, the connection of this Customer will likely lead to an incremental impact to the aggregate ELK peak demand. This, in turn, will increase ELK's cost as an ST customer. The sensitivity analysis provided by Hydro One estimates these costs to range anywhere between $31,000 and approximately $125,000 annually[2].
3. Costs associated with review of this proceeding could have also been avoided, estimated to be anywhere between $500 - 1,000.

[1] Table 2 of Hydro One's Intervenor Evidence

[2] Attachment 1 through 4 of Hydro One's Intervenor Evidence

With respect to the overall quality of service, Hydro One is referring to the overall quality of service, including customer service received by the Customer. An unfortunate consequence of proceeding through a service area amendment application is a delay to connecting a customer. Further delays result when the Applicant fails to adequately communicate with the current distributor and continuously revises its OTC. The Customer has been provided a variety of OTCs from ELK of significant cost variability – ELK has now provided the customer four different OTCs since originally applying for this service area amendment on April 12, 2016. This, Hydro One submits, is a result of the Applicant's prematurely filed SAA that failed to adequately investigate and address the needs of the customer. For instance, the original ELK application, which included supplying and installing a 750 KVA transformer, would have grossly under-supplied the Customer's peak demand of 1.2MW. If not addressed by Hydro One's consultation with the Customer, this oversight could have caused significant reliability issues for the Customer and, likely increased costs to address the deficiency after the fact.

For these reasons, Hydro One believes that service to the Customer could have been improved and overall system costs could have been mitigated if the pre-maturely filed service area amendment application had been avoided.

E.L.K. Energy Inc. (E.L.K.) INTERROGATORY #01

Reference:

HONI Intervenor Evidence at pgs. 1 and 2 of 7 states:

The current record developed by the Applicant states that E.L.K. provides a more economically efficient connection through a rates analysis[2] and reiterates this position in response to interrogatories[3] posed by Board Staff, highlighting that the Customer will save $10,581.50/year[4] if it connects to E.L.K. While any customer would welcome lower rates, the Board has stated that rates should not be a deciding factor in granting SAA applications.

> "The Board does not believe that significant weight should be put on differences in current distribution rates even though current rates may be a significant factor in determining customer preference. In fact current rates, insofar as they are not a predictor of future rates, may misinform customer preference"[5].

E.L.K. is completely embedded within the Hydro One distribution system[6]. As such, E.L.K., the distributor, is a Sub-Transmission ("ST") customer of Hydro One. E.L.K., like any other Hydro One ST customer, receives a monthly bill from Hydro One for these services.

Interrogatory:

1) Please describe, for the benefit of the Board and the other parties to this proceeding, the existing billing arrangement between Hydro One and E.L.K. as it relates to other customers located on the specific Hydro One line that is the subject of this application.

2) Please confirm that Hydro One would be connecting the new customer to its system downstream of the E.L.K.'s wholesale metering point and upstream of the Hydro One's retail settlement point.

3) Is Hydro One planning on adding a new metering point to facilitate the connection of the customer in question?

4) Please describe the billing arrangement that is being proposed by Hydro One, should it service this customer? Specifically, what, if any, incremental costs will E.L.K. bear at its wholesale metering point? If possible, please provide specific numbers, with reference to the 4 scenarios contemplated in Attachments 1-4 of the Hydro One intervenor evidence. How does Hydro One envision settling these incremental costs as between Hydro One, E.L.K. and the customer?

Response:

1) ELK is a Wholesale Market Participant Embedded LDC. ELK has a Summary Billed account with Hydro One made up of services from three separate stations. Each station is billed on Hydro One's Sub Transmission Rate, based on the aggregated ELK demand, taken from the metering points along the different feeders from each station.

Specific for this Application, Kingsville TS has four feeders within the ELK service territory, that Hydro One invoices for: M1, M5, M7 & M10. The M7 is the feeder that will be utilized to serve the Customer.

Kingsville TS bills on the aggregated peak from the four feeders, measured by several meters (some added and some deducted) including: Distribution Volumetric, applicable Volumetric Rate Riders and Retail Transmission charges

The M7 is totalized for:

- Load from Harrow North PME (minus possible generation)
- Load from HONI Generator (deducted), and
- Generation from HONI Generator (Added)

The Hydro One distribution-connected generator (capacity 422 kW) is located behind ELK's meter point Harrow North PME. Kingsville TS is billed kWh/consumption-based charges for the generation from this generator on the M7: electricity, global adjustment and regulatory charges.

Hydro One understands that ELK then recovers the total of all these charges from all their distribution customers through a Low-Voltage Service charge.

2) The customer will be connecting to the Hydro One system, namely, Hydro One's M7 feeder. This makes Hydro One both the existing geographic distributor and, more importantly, the physical distributor regardless of the PME points. As documented in Hydro One's intervenor evidence, "Hydro One owns the main Kingsville M7 feeder, through HARROW NORTH PME to GREM1-M7 and out through HARROW WEST PME. Any ELK ownership is limited to ***all taps and equipment serving ELK Energy customers*** between HARROW NORTH PME, switch GREM1-M7 and HARROW WEST PME"[1].

3) No new metering point will be required to connect the customer. The customer will only require a Hydro One retail meter as the customer will be located outside of the ELK service territory, downstream of Harrow North PME.

4) Hydro One will bill the Customer using its OEB-approved ST Rate. The method of billing ELK will not change and the additional customer metering point will be deducted from the ELK load in a manner that is analogous to the generator load described in sub-section 1) of this interrogatory. As a result, there will be no new incremental costs to ELK if the Customer is serviced by Hydro One.

[1] Hydro One Intervenor Evidence, Page 4-5

E.L.K. Energy Inc. (E.L.K.) INTERROGATORY #02

Reference:

HONI Intervenor Evidence at pg. 2 of 7 states:

Any incremental impact to the aggregate E.L.K. peak demand caused by this Customer connection will impact the total monthly fees charged to E.L.K. as a Hydro One ST customer. The current rates analysis completed by the Applicant fails to capture incremental impact on E.L.K.'s monthly bill in its assessment of economic efficiency.

Interrogatory:

1) If the customer is connected by Hydro One downstream of E.L.K.'s wholesale metering point would E.L.K.'s aggregate peak demand not still be impacted therefore impacting the total monthly fees charged to E.L.K. as a Hydro One ST customer?

2) Please prepare a chart comparing for the Board and the other parties the ST charges and other transmission charges that would be charged to E.L.K. at its wholesale metering point under both scenarios (e.g. (1) connected as a Hydro One customer; and (2) connected as an E.L.K. customer).

3) Are there any additional charges which Hydro One would expect E.L.K. to charge to Hydro One if the customer is connected as a Hydro One customer? If yes, please explain. If no, why not?

Response:

1) Since the Customer would be connected downstream of ELK's Harrow North PME, there would be an update to the Totalization Table to deduct the Customer's load when the Customer is serviced by Hydro One. The Totalization Table is already part of the regular billing practice and set up for ELK. This would not impact ELK's settlement or load, therefore there would be no change to ELKs existing billing situation.

2) Accurately defining how much of the customer's load will contribute to the aggregate peak demand of ELK is contingent on when ELK's system peaks and how much the Customer is using at that point in time. To account for this variability, Hydro One completed a sensitivity analysis that estimated the potential contribution of the customers load to the ELK aggregate peak demand to be anywhere between 25% and 100% of the customers load profile. As a result, if the customer were connected to ELK, the charge to ELK is estimated to increase by a value between $34,000 to approximately $125,000, annually. These costs, Hydro One understands, will be recovered from all ELK customers.

However, as outlined in subsection 1) above, if the Customer is connected to Hydro One, there will be no incremental charge to ELK as an embedded LDC.

3) No, there is no regulated charge that Hydro One is aware of that would allow an embedded LDC to charge Hydro One for utilizing Hydro One's own physical plant.

E.L.K. Energy Inc. (E.L.K.) INTERROGATORY #03

Reference:

HONI Intervenor Evidence at pg. 3 of 7 states:

As convenient as this new estimate may be for E.L.K., it continues to inaccurately represent a true cost comparison of the alternatives. It excludes costs such as, but not limited to, the Low Voltage Service charges that have already been discussed. Including such expenditures is the only accurate way to reflect E.L.K.'s true cost to serve the Customer.

Interrogatory:

1) Is Hydro One proposing that E.L.K. should include Low Voltage Service charges within its OTC cost estimates?

2) E.L.K. is of the view that its OTC cost estimates must comply with the methodology prescribed in the Distribution System Code. Does Hydro One believe that a departure from the DSC methodology is merited in this case? Please explain in detail.

Response:

1) No, Hydro One is not suggesting that the E.L.K should include Low Voltage Service charges within its OTC cost estimate. However, what Hydro One is suggesting, in alignment with the Filing Requirements for Service Area Amendments[1], is that a distributor must provide its fully allocated connection costs for supplying the customer. As the Board has noted through previous decisions, this includes both direct and indirect costs, not merely the price of the connection quoted to the Customer[2]. Therefore, though the Low Voltage Service charges may not appear in the OTC, that does not preclude them from the Board's review of economic efficiency. These costs will ultimately be recovered from all of ELK's customers,

[1] Chapter 7 of the Filing Requirements for Transmission and Distribution Applications: Filing Requirements for Service Area Amendment Applications, Section 7.2.1 (c)

[2] EB-2012-0047 – OEB Decision and Order - March 15, 2013 – Page 5

therefore all ELK's customers will be affected by this application contrary to ELK's evidence[3]. ELK's customers have not been made aware of these potential impacts in any notice of proceeding. This further enhances the Board's duty to include these costs in its review in order to protect the interest of all consumers and not just the Customer subject to this SAA.

Similarly, the cost of the pole relocation, which has finally been removed from ELK's OTC on the 4th version of the ELK OTC since April 12th, does not mean the cost should be excluded from the indirect costs to complete the connection. This is especially true if, as ELK proposes, the entire subdivision should be transferred to ELK via this Application since the roadwork which lead to the relocation of the pole would be charges incurred by the Developer (the owner of the currently vacant SAA lands requested in this Application)

2) Hydro One agrees that OTC cost estimates must comply with the methodology prescribed in the DSC. However, as described in sub-question 1, in assessing a service area amendment when there are two competing OTCs, Hydro One is of the view that all fully allocated costs should be reviewed and assessed by the OEB in order to ensure the most technically and economically efficient connection solution is pursued.

[3] ELK's Application 7.1.1c

E.L.K. Energy Inc. (E.L.K.) INTERROGATORY #04

Reference:

HONI Intervenor Evidence at pgs. 3 and 4 of 7 states:

Therefore, a direct comparison of the OTCs filed by both LDCs, and any amendments thereto, prove that Hydro One still remains the more economically efficient distributor, as documented in Table 2 below. Inclusion of the indirect cost of E.L.K.'s forecast Low Voltage Service charge increase would magnify the disparity between the two connection costs.

Item	**Hydro One Costs**	**E.L.K. Costs**
Non-Contestable Costs – Line Expansion	N/A	N/A
Non-Contestable Costs – (other than line expansion) - Secondary	N/A	$8,432.49
Non-Contestable Costs – (other than line expansion) - Primary	$16,103.17	$8,702.67
Total	$16,103.17	$17,135.16

Interrogatory:

1) Please update the comparison provided in Table 2 to reflect E.L.K.'s revised OTC, filed on October 6, 2016.

2) What, if any, existing assets of E.L.K. would Hydro One have to duplicate in order to provide servicing to the customer and the subject lands of this SAA? Please explain, with specific details.

Response:

1) As noted in response to ELK Interrogatory 3, Hydro One submits that these costs should continue to be reflected in this manner as they depict the direct and indirect non-contestable costs of connecting this customer.

   Hydro One adds, that the only addition to these costs would be to include the ST charge increases that will be charged to ELK if the Customer connects to ELK that will then be recovered from all ELK customers through a Low Voltage Service

charge. As a result, Hydro One submits the following updated table at ELK's request. The disparity between the results could be as significant as $125,000, annually.

Item	**Hydro One Costs**	**E.L.K. Costs**
Non-Contestable Costs – Line Expansion	N/A	N/A
Non-Contestable Costs – (other than line expansion) - Secondary	N/A	$8,432.49
Non-Contestable Costs – (other than line expansion) - Primary	$16,103.17	$8,702.67
Costs to recovered from all other ELK ratepayers via LV Service Charge – Annual Charge	N/A	$31,141.16 to $124,564.66
Total	$16,103.17	$48,276.32 to $141,699.82

2) ELK's interpretation of the term "existing" asset is likely more accurately described as what "relocated" assets would Hydro One have to duplicate. Hydro One would not have to duplicate any of the relocated assets as Hydro One suggests that any relocated assets be transferred to Hydro One, if necessary to serve the customer. Please refer to Hydro One's response to OEB Staff Interrogatory 3 for further information.

E.L.K. Energy Inc. (E.L.K.) INTERROGATORY #05

Reference:

HONI Intervenor Evidence at pg. 5 of 7 states:

Promotion of Economic Efficiency – Vacant Lands Currently Owned by 1710690 Ontario Inc. and Adjacent Lands

"Amendments need to be anchored by real customers, with an economic case for the extension that is convincing"12.

E.L.K. has documented that it has not developed an OTC for the entire industrial subdivision nor does E.L.K. have any load profiles required to develop an OTC, and the only [real] customer is the new customer subject to this SAA. Therefore, the SAA scope must be limited to the single customer connection of Sellick Equipment Ltd., the only Customer. This is consistent with previous OEB SAA decisions and with Chapter 7 of the Filing Requirements for Electricity Transmission and Distribution Applications, which require an economic assessment comparison to be completed. Any request to transfer lands where no economic efficiency test can be conducted should be denied.

Interrogatory:

1) Please estimate the total costs incurred by Hydro One to-date in connection with this SAA application to-date. Please provide a total estimate of the cost Hydro One expects to spend on this SAA by the time a decision is made.

2) Please identify on a map the location of Sellick Equipment Ltd. with respect to the SAA lands.

3) Please confirm that Sellick Equipment Ltd. is the first customer requesting a connection within the SAA lands.

4) Given that Sellick Equipment Ltd. is located within the SAA lands, please explain how requiring additional future SAA applications would promote the interests of regulatory efficiency.

5) Under what circumstances would it be more economically efficient to have two different distributors serving the same SAA lands? Please provide the specific facts and assumptions Hydro One is making to arrive at its conclusion.

Response:

1) There will be no incremental costs to Hydro One as a result of the review of this SAA.

2) Please refer to the map provided as Attachment 1 to this interrogatory response.

3) Yes, Sellick is the first and only customer that has requested an OTC. There are currently no other customers requesting an OTC at the lands that ELK has included in this SAA.

4) In accordance with Section 7.2 of the Filing Requirements, the evaluation of an SAA will be undertaken from the perspective of economic (cost) efficiency as well as engineering (technical) efficiency. Hydro One's view is that there is ample information missing for the currently vacant lands that inhibits the Board from assessing these efficiencies.

   From a technical perspective, there are no electrical details provided for the site (Hydro One understands that whether the subdivision site will be served overhead or underground remains undetermined) which restricts either distributor from providing an electronic layout for the Customer. Hydro One has not provided the Developer with an electronic layout for its property, nor has Hydro One seen any evidence provided by the Applicant that would indicate that the Applicant has done so. Consequently, there would be no possible way for the Board to assess technical efficiency between the two connections.

   From a cost perspective, due to the lack of information on how the facilities will actually be connected, providing accurate costs of connection would seem highly unlikely. Moreover, since no load profiles are provided for any of these future potential customers, i.e., not real customers currently, then there is no way to calculate what the revenue stream would be for these fictitious customers

The Board has highlighted in previous applications[1], including the Board's Decision on the Combined Service Area Amendments proceeding[2], that SAAs need to be based on real customers for exactly these reasons. As of right now, there are no real customers on these lots as is illustrated by the fact that there has never been an OTC requested for these lands.

5) LDC service territories are well defined and documented in the distribution licence of each LDC. Hydro One is not aware of any circumstance where it would be more economically efficient to have two distributors serving the same parcel.

[1] EB-2012-0047 – OEB Decision and Order – March 15, 2013 – Page 18

[2] RP-2003-0044 – Paragraph 241

ATTACHMENT 1

N

Hydro One Networks Service Area

hydro one

CONCESSION RD 3

Comet DS F2

Kingsville TS M7

PME

104 - S

99 - 50

91SC25
450KVAR

6 - 40

PME
ELL-1

PME
Harrow
North

8586-1

8586-L

8586-ILS
- S

HONI Existing
Residential Customers

X

X

Proposed
SAA

Sellick
Equipment

CLARK ST

ROSEBOROUGH ROAD

E.L.K. Energy Inc. Service Area

Town Of Essex

COUNTY RD 20

PME
HARROW
WEST

GREM1-M7

ERI-2 ERI-1

PME
011490

108 - S

PME
HARROWTAPPME

SW NOT
ON DOM

1285 - S

Hydro One Networks
Service Area

Hydro One Networks
Service Area

Oxley DS F3

Legend

- E.L.K. Energy Inc.
- PME — PME
- Fuse
- Disconnect Switch
- Air Break Switch
- Overhead Load Break Switch = OPEN

Primary Overhead Conductor

- 3 Phase, Hydro One
- 2 Phase, Hydro One
- Single Phase, Hydro One
- 27.6 kV Primary O/H

Transformers

- Single Phase Overhead
- Three Phase Overhead
- Single Phase Underground
- Three Phase Underground

EB-2016-0155

0 0.25 0.5 1 Kilometers

Map produced from Hydro One Networks GIS data as of October 20th, 2016

E.L.K. Energy Inc. (E.L.K.) INTERROGATORY #06

Reference:

HONI Intervenor Evidence at pg. 4 and 5 of 7 states:

Ownership of the Kingsville M7 Feeder and Long Term Load Transfers

As noted throughout the Application, Hydro One and E.L.K. will be providing service to the Customer using the same physical Hydro One asset, namely, the Kingsville M7 feeder. Therefore, the determination of this SAA application should be predicated on economic efficiency, since there would be no impact on reliability or quality of service as a result of the feeder regardless of which utility ultimately services the Customer. There is, however, some ambiguity on the record regarding asset ownership and whether a Hydro One connection would result in a retail point of supply or LTLT. Hydro One would like to take this opportunity to clarify the record.

To assist the Board in understanding ownership demarcations along the Kingsville M7 feeder between the parties, Hydro One states that Hydro One owns the main Kingsville M7 feeder through HARROW NORTH PME to GREM1-M7 and out through HARROW WEST PME. Any E.L.K. ownership is limited to all taps and equipment serving ELK Energy customers between HARROW NORTH PME, switch GREM1-M7 and HARROW WEST PME. A map illustrating these PME and switch points along the M7 feeder is provided in Attachment 6.

Interrogatory:

1) Please provide a single line diagram illustrating the M7 feeder clearly identifying the above referenced PMEs and identifying location of the proposed Sellick connection.

2) Please confirm who owns the Harrow North PME and the Harrow West PME.

3) Please provide, under normal operating conditions, the direction of load flow between the Harrow North and the Harrow West PMEs.

4) Please explain how these facts relate to the response provided to E.L.K. 1 above.

5) Under what circumstances would it be more economically efficient to have two different distributors serving the same SAA lands? Please provide the specific facts and assumptions Hydro One is making to arrive at its conclusion.

Response:

1) Please refer to HONI Intervenor Evidence Attachment 6.

2) ELK owns the Harrow North PME and Hydro One owns the Harrow West PME. More importantly, as documented in the reference to the question, Hydro One owns the physical asset that will be used to service the prospective Hydro One customer – the M7 feeder.

3) Under normal operating conditions, the direction of flow is from the Harrow North PME to the Harrow West PME.

4) The Customer is located between the two PMEs which Hydro One believes has led ELK to incorrectly understand that this means the customer is physically served by ELK. This is not the case. The Customer will be physically served by Hydro One's M7 feeder. The PME is in place to reduce the cost to the system as a whole and is a result of historical consequence. Hydro One remains the owner of the M7 feeder regardless of PMEs.

E.L.K. Energy Inc. (E.L.K.) INTERROGATORY #07

Reference:

HONI Intervenor Evidence at pg. 5 of 7 states:

Contrary to E.L.K.'s suggestion, there will be no LTLT or retail point of supply created if Hydro One services the Customer. Hydro One will be using Hydro One's M7 feeder to serve the Customer. In a practical sense, if power were to fail on the main M7 feeder, Hydro One will be responsible for restoring power, not E.L.K.

It is the main M7 feeder that will be used to service this Customer, not any of the taps or related equipment currently serving E.L.K. customers that E.L.K. owns. Consequently, there will absolutely not be any retail point of supply or LTLTs created if Hydro One services the Customer.

Interrogatory:

1) Please explain how Hydro One currently settles all relevant charges with E.L.K. for the Hydro One current customers connected to the M7 feeder between the Harrow North PME, GREM1-M7 and the Harrow West PME.

2) Please explain how Hydro One proposes to settle all relevant charges with E.L.K. should Hydro One connect the new customer (Sellick) to the M7 feeder between the Harrow North PME, GREM1-M7 and the Harrow West PME.

Response:

1) Customers in this area within Hydro One's service territory, served by Hydro One's physical assets and currently being billed by Hydro One are settled with ELK using the PME points referenced earlier. This is all part of the current, and normal, settlement process between ELK and Hydro One. Physically between the PMEs there is currently 1 Hydro One distribution-connected generator customer and charges for ELK are totalized to include that set-up. This is noted in the ELK billing map, called the Totalization Table, and referred to in ELK Interrogatory #1, subsection #1.

2) See 1 above.

E.L.K. Energy Inc. (E.L.K.) INTERROGATORY #08

Reference:

HONI Intervenor Evidence at pg. 5 and 6 of 7 states:

An image of the Clark Street and Roseborough Road intersection in June of 2014 from Google Maps is provided as Diagram 1 below.

Diagram 1

In the face of this contested SAA Application, E.L.K. has unilaterally met with city officials to assess the relocation of existing E.L.K. infrastructure into Hydro One service territory, and E.L.K. unilaterally decided on the location of assets required to service this Customer. Hydro One was not privy to the conversations between the municipality and E.L.K.

Interrogatory:

1) It appears that Diagram 1 was presented in a way so as to obfuscate the existence of E.L.K. assets in Hydro One's service territory. Please confirm this was an unintentional oversight.

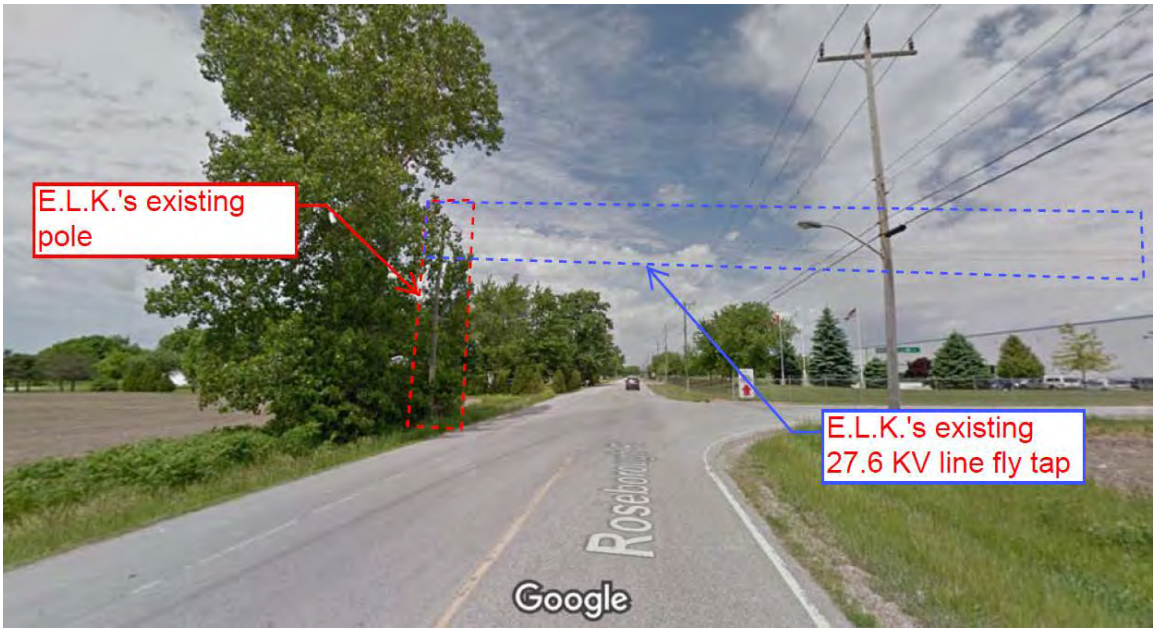
2) Please confirm that Roseborough Road, shown in this image, is the current dividing line between E.L.K.'s and Hydro One's licensed service areas. With the incumbents

service area on the left or West and the applicants service area on the right or East in Diagram 1.

3) Please confirm that the pole line running North & South on the East side of the road is the Hydro One M7 feeder and is constructed within E.L.K.'s service area.

4) For clarity, a closer view of the image included in Diagram 1 is provided below with comments added by E.L.K. Please confirm that E.L.K. has correctly identified its existing pole and existing 27.6 KV circuit dead ended on it in Hydro One's service area. Please confirm whether or not these assets are also shown in Diagram 1 (albeit less clearly).

5) Please confirm that this existing pole and circuit existed only to serve E.L.K.'s existing customers to the East inclusive of the customer subject of this SAA.



Response:

1) There is an ELK pole in Hydro One's service territory at the time of the Diagram 1 photo.

2) The existing public utility corridor that runs along Roseborough Rd. is the dividing line between the service areas of the two distributors. This is the well-defined boundary between the two distributors in this specific area.

   The map provided as Attachment 1 to ELK Interrogatory 5 shows the Hydro One supply feeder to ELK's service territory, the Kingsville M7, in the Roseborough Rd public utility corridor. ELK's service territory is to the right or East of Roseborough Rd and Hydro One's service area is on the left or West in the diagram. ELK is licensed to serve the town of Harrow, Essex on the right of the map.

3) Yes, the M7 feeder is currently placed within the public utility corridor that runs along Roseborough Rd.

4) Yes, these assets are also shown in Diagram 1.

5) Confirmed that these assets are utilized to only serve E.L.K.'s existing customers to the east of the utility corridor. However, to clarify, at no time, were these assets ever intended to serve the lands subject to this service area amendment.

E.L.K. Energy Inc. (E.L.K.) INTERROGATORY #09

Reference:

HONI Intervenor Evidence at pg. 7 of 7 states:

Instead of incurring the $8K relocation expense, E.L.K. could have, and should have, consulted with Hydro One in an effort to achieve a resolution that was fair and reasonable, as outlined in Section 3.4 of the DSC. Good utility practice would be for the two companies to explore the feasibility of various alternatives and come up with the most economical and technically feasible solution. This in turn would mitigate costs to connect the Customer.

Interrogatory:

1) Was Hydro One informed by E.L.K. of the intention to relocate the existing pole that was located in Hydro One's service area?

2) Did Hydro One raise any objections to E.L.K.'s intention to relocate the existing pole prior to E.L.K. undertaking the work? If yes, please provide written evidence of such objections together with the rationale underlying any concerns.

3) Please clarify if it is Hydro One's belief that E.L.K. should confer with Hydro One for requests made to E.L.K. to relocate E.L.K.'s existing assets serving their existing customers? Please clarify if the same principle should apply in respect of Hydro One's M7 feeder, located in E.L.K.'s service area?

Response:

1) Hydro One was informed of ELK's intention to relocate the existing pole that was located in Hydro One's service territory upon receipt and review of the original SAA application that was filed on April 12, 2016.

2) By way of not consenting to the SAA, Hydro One expressed its concerns regarding the proposed SAA, including any planned asset relocations necessary to connect the Customer. If Hydro One believed that this solution was the most economical and

technically efficient solution, Hydro One would have consented to the SAA. That was not done. This is why this contested service area amendment Application is before the OEB

3) If the relocation would result in ELK potentially acquiring Hydro One service territory and Hydro One customers, then yes, Hydro One submits that it would be prudent for ELK to consult with Hydro One prior to incurring any costs to relocate assets into the territory of Hydro One. Doing so would allow the utilities to assess the most technically and economically efficient way of connecting the Customer in accordance with Section 3.4 of the DSC[1]. Hydro One submits that ELK's lack of consultation effort on this case has resulted in this contested SAA.

[1] HONI Intervenor Evidence, Page 7

E.L.K. Energy Inc. (E.L.K.) INTERROGATORY #10

Reference:

HONI Intervenor Evidence at pg. 7 of 7 states:

Much has been suggested by the Applicant that Hydro One was non-responsive to the Customer request for an OTC. Hydro One was not in a position to provide the Customer with an OTC as Hydro One was still waiting for information that was required to provide an accurate estimate. Consequently, Hydro One did not provide the Customer an OTC, consistent with Section 6.1.1 of the DSC. Hydro One did not receive a complete New Customer Connection Information ("NCCI") package from the customer until May 10, 2016. Hydro One, at that time, consulted further with the Customer to ensure that the Customer understood the charges and that the information provided was accurate. During this consultation it was discovered that there would need to be a loading revision to that NCCI package – increasing the Customer peak load to 1.2MW. This revised NCCI was provided to Hydro One on July 25, 2016, and is provided as Attachment 2 of Hydro One's response to Board Staff Interrogatory 9. An OTC was then provided to the Customer on August 5, 2016, based on this load20. Subsequently, due to a further Customer requirement change on September 15, 2016, a revised OTC was provided to the Customer on September 21, 2016.

Instead of expeditiously advancing plans to increase rate base and circumvent well-defined SAA practices, had E.L.K. thoroughly investigated the needs of the Customer, in concert with the incumbent distributor, this prematurely-filed SAA could have been avoided. This would have improved the customer experience, mitigated costs to the system, and, in so doing, improved the overall quality of service provided to the Customer.

Interrogatory:

1) The customer (Sellick) advised E.L.K. that they began communications with Hydro One on February 1, 2016 (this is also noted in the SAA Section 7.5.1 and attachment 3.3). According to Hydro One's evidence cited above, Hydro One awaited the receipt of a completed NCCI prior to consulting further with the customer. Please confirm the date Hydro One provided the NCCI package to the Customer to complete. E.L.K.

has been informed by the customer they did not receive the NCCI until April 26, 2016, after the SAA was filed with the OEB. Is Hydro One's evidence that the customer is deceitful?

2) How many new customer connection inquiries or requests does Hydro One have to manage in a given month? Is it possible that the Sellick request may have been overlooked? If yes, what are the likely reasons why this occurred?

Response:

1) No, the Customer has not been deceitful in this process. Sellick has been in contact with Hydro One regarding this connection since July 27, 2015 as outlined in the communication log provided as Attachment 1 to this interrogatory response. This communication log was provided to the OEB Consumer Relations Department that investigated Sellick's inquiry around OTC timelines. Contrary to ELK's misrepresentation in the question, the Customer was provided an NCCI package on February 1, 2016. Hydro One did not receive a complete NCCI package back from the customer until after the SAA was filed, specifically, on May 10, 2016.

   Hydro One has not been informed that it has in any way contravened any licence requirements as a result of the OEB Consumer Relations Department investigation.

2) This question is irrelevant to the Application before the Board. Nonetheless, as noted in response to 1 above, Hydro One did not miss the request from the customer. The OTC was not provided because there wasn't adequate information provided by the customer in order to supply an OTC in accordance with the DSC. Hydro One prudently awaited receipt of the necessary information instead of rushing out an OTC, that could misrepresent the true costs.

Hydro One Communication Log – Sellick Service Connection and E.L.K Service Area Amendment

- **July 27, 2015:** Sellick requested a site meeting with Hydro One; the meeting was scheduled to occur on July 30th, 2015.
- **July 30, 2015**: Hydro One and Sellick met to discuss the new Sellick service connection on Roseborough Rd. Discussions included:
    - Sellick, a current E.L.K. customer, had been in contact with E.L.K and believed they would be the service provider. E.L.K redirected the customer to approach Hydro One knowing the new site was Hydro One service territory.
    - Hydro One's Conditions of Service and possible timelines for the connection.
    - The contemplated service at the time was analogous to the current service Sellick has in the E.L.K service territory with a small increase.
- **January 27, 2016**: Hydro One received a call from Sellick. Proposed connection now being proposed to be 1200A; a significant increase from prior discussion in July. The parties also clarified existing property ownership details.
- **January 28, 2016**: Sellick notified Hydro One that they would like to meet on February 1, 2016.
- **January 29, 2016:** Hydro One discussed subdivision with the property owner and received an email of the proposed design.
- **February 1, 2016:** Sellick representative, Ken Thoman, met with Hydro One at the Hydro One Essex office to discuss the potential connection. A copy of the Hydro One New Customer Connection Information form was provided to the customer.
- **February 5, 2016:** Hydro One received the property owner contact information from Sellick. **February 9, 2016:** Hydro One received information on the industrial subdivision: Loris Collavino Business Park. A meeting was scheduled with the developer on February 10, 2016.
- **February 10, 2016:** Developer met with Hydro One to discuss the subdivision.
    - Discussion entailed matters regarding overhead versus underground connection and a general description of expected costs associated with each option.
    - The developer stated that they would get back to Hydro One on the preferred connection (overhead or underground).
- **February 24, 2016:** Hydro One followed up with Ken Thoman to advise that Hydro One was waiting for a decision on overhead versus underground connection requirements from the developer.
- **February 25, 2016:** Hydro One received a voicemail from Ken Thoman.

- **March 1, 2016:** Hydro One received an email from Ken Thoman asking for billing information and an Offer to Connect.
- **March 4, 2016:** Hydro One received an email from Ken Thoman regarding the specific address of the new connection.
- **March 8, 2016:** At a scheduled E.L.K and Hydro One meeting, E.L.K discussed the upcoming Sellick connection and that ELK intends to service the load. Hydro One indicated that it was aware of the proposed connection and had met the customer previously. However, the customer had still not supplied the New Connection Information needed to begin the process of developing an OTC. E.L.K then informed Hydro One that the loading was now going to be 600-650kw.
- **March 11, 2016:** Sellick emailed site drawings to Hydro One.
- **March 22, 2016:** Developer informed Hydro One that they would like to place lights on the overhead pole line. This led Hydro One to believe an overhead design had been chosen by the Developer.
- **March 30, 2016:** Ken Thoman, left voicemail with Hydro One representative who was unavailable.
- **April 6 2016:** Ken Thoman followed up with an email to Hydro One requesting an OTC and stated that Sellick would be looking for temporary power.
- **April 12, 2016:** E.L.K files SAA.
- **April 26, 2016:** Hydro One emailed Sellick requesting NCCI again, this time to complete the OTC for the SAA.
- **May 10, 2016:** Hydro One received the requested load information from Sellick and began design evaluation based on an overhead connection.
- **May 27, 2016:** Hydro One required further information to thoroughly complete the OTC and discussed the OTC with E.L.K. Hydro One learned from E.L.K. that the subdivision was to be underground and that the Hydro One OTC would need revision so as to be comparable to the E.L.K. OTC. Hydro One began revision of OTC to mimic the E.L.K OTC.
- **May 30, 2016:** Hydro One received the requested transformer size from Sellick.
- **May 31, 2016:** Hydro One met with ELK, and Sellick to discuss the Sellick connection and obtain CADD design for subdivision
- **June 2, 2016:** Sellick emailed a complaint to the OEB requesting an expedited SAA decision.
- **June 3, 2016:** OEB responded outlining SAA requirements and citing that the existing LDC is Hydro One. Sellick filed complaint with the OEB consumer relations department.
- **June 8, 2016:** Sellick provided Hydro One an updated NCCI to address missing information.
- **June 10, 2016:** Hydro One provided Sellick with information pertaining to a temporary connection as well as an OTC.

E.L.K. Energy Inc. (E.L.K.) INTERROGATORY #11

Reference:

HONI Intervenor Evidence at pg. 7 of 7 states:

Instead of expeditiously advancing plans to increase rate base and circumvent well-defined SAA practices, had E.L.K. thoroughly investigated the needs of the Customer, in concert with the incumbent distributor, this prematurely-filed SAA could have been avoided. This would have improved the customer experience, mitigated costs to the system, and, in so doing, improved the overall quality of service provided to the Customer.

Interrogatory:

1) E.L.K. has proceeded with this SAA application at the request of the customer, who was not getting a response from Hydro One. Please provide evidence to support the assertion that E.L.K. brought this SAA to "increase rate base" or "circumvent well-defined SAA practices", in light of the evidence on record that any rate base increase is de minimis.

2) Please provide evidence to support the assertion that E.L.K. did not thoroughly investigate the needs of the customer.

Response:

1) To clarify ELK's misrepresentation, please review Hydro One's response to ELK Interrogatory 10, that outlines that Hydro One and the Customer have had ongoing conversations pertaining to this connection for over 1 year.

   There was no effort by ELK to obtain information that is fundamentally required for SAA approval - namely, Hydro One's costs to connect the customer and technical specifications. These are clearly articulated principles in the Board's Filing Requirements which resulted in the Board informing ELK that this SAA was incomplete as originally filed[1].

[1] OEB Letter Notifying ELK of Incomplete Application, April 22, 2016

ELK did not have the right loading for the customer in its own OTC which has delayed this proceeding further. Other than the opportunity to acquire further service territory, it is not apparent to Hydro One why ELK would attempt to circumvent these well established principles.

2) Please refer to Hydro One's response to Board Staff Interrogatory 3 which speaks to some of the ways that ELK had failed to investigate the needs of the customer thoroughly.

E.L.K. Energy Inc. (E.L.K.) INTERROGATORY #12

Reference:

HONI Intervenor Evidence at Attachment 1-5:

Interrogatory:

1) Attachments 1-4 inclusive reference Primary Metering. Schedule A, page 4 of Attachment 5, it is not clear as to whether the Customer would be metered at a secondary or primary level. Please confirm Hydro One's intentions for metering the customer should they be connected by Hydro One.

Response:

1) Secondary metering.