

Hydro One Networks Inc.

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BY EMAIL AND RESS

September 9, 2022

Ms. Nancy Marconi Registrar Ontario Energy Board Suite 2700, 2300 Yonge Street P.O. Box 2319 Toronto, ON M4P 1E4

Dear Ms. Marconi,

EB-2022-0234 - Service Area Amendment Application for Hydro One Networks Inc. to Connect One Industrial Customer located at 626 Principale St. in Casselman – Contested Hearing

Please find attached correspondence from Hydro One Networks Inc. ("Hydro One") pertaining to the above-referenced Service Area Amendment ("SAA") Application and in response to the September 2, 2022 Contested SAA Application filed by Hydro Ottawa to serve the same property at 626 Principale Street in Casselman, Ontario. The Customer to be served by these SAAs supports only Hydro One's SAA.

Hydro One's correspondence is specific to details that Hydro One considers pertinent to the OEB's assessment of whether a hearing is necessary for the review and consideration of both SAA Applications. Hydro One continues to submit that the Ontario Energy Board ("OEB") should approve Hydro One's SAA as expeditiously as possible and preferably before the Customer's long-requested October 2022 connection timeline. Accordingly, Hydro One request that the OEB dispose of the Hydro One SAA without a hearing pursuant to s.21(4)(b) of the OEB Act.

An electronic copy of the submission has been submitted using the Board's Regulatory Electronic Submission System.

Sincerely,

Joanne Richardson

cc: Claudio Bertone

April Barrie (Hydro Ottawa Ltd.)

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Hydro One Submissions on Disposing of the Service Area Amendment with No Hearing

Hydro One acknowledges receipt of the Hydro Ottawa Limited ("Hydro Ottawa") Service Area Amendment ("SAA") Application filed in response to the Hydro One Networks Inc. ("Hydro One") SAA to service 626 Principale Street in Casselman, Ontario (also referred to as the "Subject Area"). The Developer of the Subject Area is Highway 417 Casselman LP (referred to as the "Developer" and/or "Customer"). Hydro One's SAA is currently being reviewed by the OEB under docket EB-2022-0234.

After reviewing the information contained within Hydro Ottawa's SAA, the intent of this correspondence is to re-affirm Hydro One's position that the Hydro One SAA Application should be approved and disposed of without a hearing. Given the information on the record thus far, Hydro One believes there is no merit in frustrating the connection timelines and business operations of the Customer and urges the OEB to approve the Hydro One SAA as expeditiously as possible such that the Customer timelines can be maintained and, in so doing, dismiss the Hydro Ottawa SAA. Hydro One's submissions on this matter are predicated on the following information:

 Hydro One is ready, willing, and able to connect the Customer by the Customer's requested connection date of October 2022. Conversely, Hydro Ottawa, by their own admission, cannot provide service to the Customer by October 2022. In fact, Hydro Ottawa provides no timeline of when they can physically connect the Customer in their SAA.

2. Hydro Ottawa's proposed SAA contravenes the Distribution System Code ("DSC") by proposing and relying on the establishment of a Long-Term Load Transfer ("LTLT") for an undefined period.

3. Hydro One's proposed SAA is fundamentally based on the principles established in the Combined Distribution Service Area Amendments Proceeding¹. It is clear, based on Hydro Ottawa's proposed SAA, that the Hydro Ottawa connection fails to meet these principles as exemplified below:

¹ RP-2003-0044, Decision with Reasons, February 27, 2004

- a. Lowest Connection Cost The incremental Hydro Ottawa capital cost of \$807,500² to connect the Subject Area, inclusive taxes, is more than 100 times more expensive than the Hydro One lies along solution that costs \$7,878³. The Hydro One SAA indisputably provides the lowest incremental capital cost to connect the Customer. Furthermore, the capital cost of the connection is markedly below the materiality threshold of either distributor and should therefore have no material adverse effect on customers of either distributor.
- b. <u>Smooth Contiguous Well-Defined Boundaries</u> Hydro One provides service to customers immediately west, east, and south of the Subject Area. The north end of the Subject Area is limited by Highway 417. Hydro Ottawa has no distribution plant south of Highway 417, hence the required expansion sought by Hydro Ottawa. Approval of the Hydro One SAA increases the smooth, contiguous, well-defined boundaries between distributors that exists in the area, i.e., north of Highway 417 is Hydro Ottawa territory and south of Highway 417 is Hydro One territory. For ease of reference, please see the map below.



² Hydro Ottawa Contested SAA – September 2, 2022 - Attachment F – Section 6

³ Hydro One SAA – August 18, 2022 – Section 7.2.1 (b)

c. Avoiding Duplication of Distribution Assets and Facilities - Hydro One's proposed connection is to a lies-along 8.32kV overhead distribution feeder. Hydro One's proposed connection does not result in any unnecessary duplication or investment in distribution lines and other distribution assets and facilities. On the other hand, Hydro Ottawa's proposed connection will require upgrading numerous existing Hydro One poles such that Hydro Ottawa can then expand the Casselman F1 feeder 850m south, across Highway 417 and to the customer's point of connection to provide a similar 8.32kV connection.

d. Optimization of Existing Distribution Infrastructure - Hydro Ottawa's SAA does not optimize the use of existing distribution infrastructure and is predicated on expanding Hydro Ottawa's distribution system to maintain artificial electrical boundaries that align with municipal boundaries. This approach to SAAs has been considered and dismissed by the OEB.

4. Reliability and quality of service is negatively impacted by the Hydro Ottawa proposed connection because it opines that the Customer should continue to be served by a Hydro One temporary construction-purpose only connection for an undefined period to address permanent business operation needs. For clarity, Hydro One's current temporary connection is 300kVA and as such it cannot address the Customer's requested peak load of 1.3MW. The Hydro Ottawa proposal therefore limits the Customer's ability to ramp up operations. In addition, prolonging the use of Hydro One's current temporary connection prohibits the Customer from utilizing their transformer and switching facility that will be established for the permanent operation of the facility and may necessitate additional installations and/or arrangements to supply the Customer's permanent operation. In brief, the Hydro One temporary construction connection cannot provide safe and reliable supply for the Customer's permanent operational needs and proceeding with a temporary supply results in underutilization of the Customer's assets which may mandate additional work at the Customer site.

5. Though Hydro One accepts that it is not an overriding consideration when assessing an SAA, Customer support has been given for the Hydro One proposed connection. Conversely, Hydro Ottawa has not received Customer support for their SAA and only just recently provided an Offer to Connect ("OTC") to the Customer on August 26, 2022, for the Customer's consideration.

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As necessary, Hydro One will briefly elaborate on these points in the remainder of this correspondence to clarify why it is in the public interest for the OEB to proceed with approving Hydro One's SAA and disposing of the Hydro One SAA Application without a hearing. The evidence is clear that the Hydro One connection is superior to the Hydro Ottawa connection with respect to all components of the OEB's assessment of economic efficiency. There is an exorbitant cost difference in incremental connection costs between the two distributors, the Hydro One SAA does not unnecessarily duplicate distribution facilities, optimizes the use of existing infrastructure and the Hydro One SAA enhances the well-defined smooth north-south boundary between distributors that is already established by Highway 417.

In light of the delays from Hydro Ottawa over the course of the last year and a half, Hydro One requests that the OEB expeditiously consider the evidence provided to date by both Hydro One and Hydro Ottawa, to determine if the minimal probative value of a hearing is merited. A prolonged hearing will have a detrimental impact on the Customer. The continuation of the temporary construction connection, Hydro One argues, establishes an LTLT which contravenes the DSC and once the Customer is operational, creates reliability concerns for the Customer. Additionally, irrespective of which distributor serves the Subject Area, there will be no material adverse impact on any other customers of either distributor. For all these reasons, it is in the public interest to dismiss the Hydro Ottawa SAA and proceed with approving Hydro One's SAA and disposing of the Hydro One SAA Application without a hearing.

1.0 HYDRO OTTAWA CANNOT PROVIDE SERVICE BY OCTOBER 2022

Hydro One is the only distributor that can serve the Customer by the Customer's requested connection date of October 2022, i.e., when the business is expected to begin operations.

By Hydro Ottawa's own admission, they cannot provide service to the Customer by October 2022.

"...Hydro Ottawa confirmed to Hydro One on April 29, 2022 that it could not provide a connection to the customer by October, 2022..."⁴

In fact, there is no date specified as to when Hydro Ottawa can ultimately provide a permanent connection. Hydro One opines that this is because Hydro Ottawa doesn't know when they can physically serve the Customer. Hydro One believes that most of the significant Hydro Ottawa expansion design work has not been adequately designed and major scheduling milestones have not been adequately considered to date. For example, to cross Highway 417, a Ministry of Transportation Encroachment Permit will be required and will need to be secured before any work can commence on connecting the Customer.

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⁴ Hydro Ottawa Contested SAA – September 2, 2022 - Attachment 1 p. 3

Hydro One's view is supported by the fact that Hydro Ottawa only requested a preliminary high-level estimate for upgrading existing Hydro One distribution poles in late June 2022, as requested by Hydro Ottawa, to expand the new Hydro Ottawa circuit.

"Hydro Ottawa has received the site's drawings from the developer and currently, is in the process of reaching out to HONI Dx to get the estimated cost of pole line upgrade to bring the feeder line (from Leflech Blvd and Principale St) to the Developer site. Kevin [Hydro Ottawa employee] is trying to reach out to Mike B[Hydro One employee] (? Kevin[Hydro Ottawa employee] can you please confirm the name of the Hydro One person) from Hydro One to get the high-level estimate. Action Item: Chris / Kevin [Hydro Ottawa employees] to confirm if they need Jayde / Dhaval [Hydro One employees] to help expedite the discussion with Mike B [Hydro One employee]. Chris [Hydro Ottawa employee] confirmed that Hydro Ottawa is looking for high level estimate numbers and not detail estimate in order to avoid cost and resource timing spent on both sides (emphasis added)". 5

As outlined in the Hydro Ottawa SAA, the primary driver of the connection is to ensure there is a service connection to the Customer by October 2022.

"The first need was to ensure there is a service connection at the facility by October, 2022, when the business is expected to begin operations." 6

Hydro Ottawa's connection relies on Hydro One providing service to the Customer as of October 2022 because Hydro Ottawa cannot service the Customer until a future unidentified date. It is unclear based on Hydro Ottawa's SAA which utility will bill the Customer while Hydro One is physically serving the Customer. It is unclear how Hydro One's assets will be utilized and/or transferred to Hydro Ottawa at a future unidentified date. It is unclear whether Hydro One's new assets will be stranded because of Hydro Ottawa taking over the service. Hydro One submits that the only reasonable conclusion is that what Hydro Ottawa provides to be a continuation of the *temporary connection* is a LTLT contrary to the DSC.

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⁵ Hydro One SAA – August 18, 2022 - Attachment 10

⁶ Hydro Ottawa Contested SAA – September 2, 2022 - Attachment 1 p. 3

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2.0 HYDRO OTTAWA'S PROPOSED SAA CONTRAVENES THE DISTRIBUTION SYSTEM CODE

Hydro Ottawa's SAA purports that the Hydro Ottawa proposed connection does not create any new LTLTs, and that any service provided by Hydro One subsequent October 1, 2022, is only a temporary connection. Additionally, Hydro Ottawa submits that Hydro Ottawa's ability to service the Customer in less than 12 months of the temporary connection satisfies the OEB's requirement and that therefore, the temporary Hydro One connection is independent of Hydro One's SAA.

"There will be no new load transfers or retail points of supply created as a result of the Application."

The details specific to this matter are contradictory, as outlined below. Hydro One respectfully disagrees with Hydro Ottawa's position and the documentation in their SAA.

Firstly, Hydro Ottawa's evidence with respect to temporary connections begins by outlining the following:

"With reference to EB-2015-0006 amending the distribution system code, the OEB confirmed that "temporary arrangements (under 12 months) that were necessary to accommodate construction projects. would not be considered as load transfers under the DSC. However, the arrangements must be temporary in nature (less than 12 months) and necessary only to ensure continuity of service to customers during construction projects."

Temporary connections used for construction purposes have a finite connection period. The "temporary arrangement" to accommodate the construction project at the Subject Area has been provided by Hydro One, i.e., less than 12 months prior to the required connection date of the Customer.

This is verified by Hydro Ottawa's own evidence.

"November 2, 2021 Hydro One confirmed a temporary service had been provided to the customer."9

⁷ Hydro Ottawa Contested SAA – September 2, 2022 - s.7.3.9

⁸ Hydro Ottawa Contested SAA – September 2, 2022 - Attachment 1 p. 3

⁹ Hydro Ottawa Contested SAA – September 2, 2022 – s.7.0 -p.3

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Hydro Ottawa's perspective on temporary connections continues by further referencing the OEB's Notice of Amendments to the DSC¹⁰. Specifically, Hydro Ottawa cites OEB language that articulates the following:

"(Temporary connections) cannot be long-term or permanent and they cannot be used by a geographic distributor in order to expand its system to connect customers" (emphasis added).

Hydro Ottawa's proposal is precisely what the Hydro Ottawa extract from the Notice of Amendments to the DSC explicitly opposes, namely that a physical distributor (Hydro One) provide service to a customer for an extended period such that the geographic distributor (Hydro Ottawa) expands its system to the Customer.

Notably, while Hydro One has facilities readily available at the door step of the Subject Area at Principale Street and Concession Road 7 that can cost-effectively and reliably provide 8.32kV services to the Customer, Hydro Ottawa opines that the Hydro One connection should only be "temporary" and the "temporary period" should be for the undefined duration of time it would require Hydro Ottawa to expand their distribution system 850m south and across Highway 417 to serve the Customer with a similar 8.32kV connection.

"There are no existing facilities permanently supplying the subject property. Hydro One has 8.32kV overhead distribution feeders along Principale Street and Concession Road 7. Hydro Ottawa has 8.32kV overhead distribution feeders at Principale Street and LaFleche Boulevard. Hydro Ottawa would extend this system approximately 850m south to support the applicant." 12

Hydro One does not support the Hydro Ottawa proposal and Hydro One would be profoundly remiss if Hydro One did not highlight that any approval of the Hydro Ottawa proposed connection would result in an inconsistent application of the DSC and infringes on the spirit of the long-standing principles for SAAs established in the Combined Distribution SAA Proceeding

"A distributor shall not enter into any new load transfer arrangements". 13

¹⁰ OEB Notice of Final Amendments to a Code – December 21, 2015

¹¹ Hydro Ottawa Contested SAA – September 2, 2022 - Attachment 1 p. 3

¹² Hydro Ottawa Contested SAA – September 2, 2022 – s.7.1.4

¹³ Distribution System Code – July 1, 2022 – Section 6.5.6

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"... the Board discourages the creation of new points of supply to facilitate the distribution of electricity to an existing or new customer by an incumbent distributor, when a bordering and contiguous distributor can provide the same distribution service more efficiently. A service area amendment could facilitate the more efficient use of existing infrastructure, and avoid passing on to the customer the metering costs associated with the new retail point of supply"¹⁴.

Hydro Ottawa's proposal is predicated on the establishment of an LTLT for the sole purpose of supporting the uneconomic distribution system expansion of the geographic distributor (Hydro Ottawa). Hydro Ottawa's requested "temporary" Hydro One connection of the Customer until Hydro Ottawa completes their expansion is an LTLT. Consequently, the Hydro Ottawa proposal contradicts section 6.5.6 of the DSC and Hydro One will not facilitate that type of connection.

3.0 HYDRO OTTAWA'S PROPOSED SAA FAILS TO SATISFY THE PRINCIPLES OF THE COMBINED DISTRIBUTION SAA PROCEEDING

Further to the fact that the Hydro Ottawa proposed SAA is inconsistent with the DSC, the Hydro Ottawa proposed SAA also fails to satisfy the principles of the Combined Distribution SAA Proceeding.

In that proceeding the OEB provided the following findings:

"The promotion of economic efficiency in the distribution sector is one of the Board's guiding objectives in the regulation of the electricity sector. The Board is persuaded that economic efficiency should be a primary principle in assessing the merits of a service area amendment application. Economic efficiency would include ensuring the maintenance or enhancement of economies of contiguity, density and scale in the distribution network; the development of smooth, contiguous, well-defined boundaries between distributors; the lowest incremental cost connection of a specific customer or group of customers; optimization of use of the existing system configuration; and ensuring that the amendment does not result in any unnecessary duplication or investment in distribution lines and other distribution assets and facilities. The Board recognizes that there may be applications where all these components of economic efficiency do not apply." 15

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¹⁴ RP-2003-0044, Decision with Reasons, February 27, 2004 – Paragraph 200

¹⁵ RP-2003-0044, Decision with Reasons, February 27, 2004 - Paragraph 84

With respect to the criteria established for assessing economic efficiency and relative to the Hydro One lies along connection proposed in the Hydro One SAA, the Hydro Ottawa proposed connection (i) is not providing the lowest incremental connection costs, (ii) reduces the smooth, contiguous, well-defined border between distributors, (iii) does not optimize the use of the existing system configuration and (iv) results in the unnecessary duplication of distribution facilities. On all components of how the OEB assesses an SAA, the Hydro One SAA is superior.

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3.1 INCREMENTAL CONNECTION COSTS

The difference in incremental connection costs is exorbitant, which is unsurprising given that the costs being compared are a Hydro One 8.32kV lies along connection and a Hydro Ottawa expansion that requires upgrading distribution poles, crossing a provincial highway, and extending Hydro Ottawa's 8.32kV feeder 850m south to the Customer.

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Hydro One's incremental capital cost inclusive tax is \$7,878¹⁶. Relatively, Hydro Ottawa's incremental capital cost inclusive tax is more than 100 times more expensive and is currently estimated to cost \$807,500¹⁷.

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The connection costs are currently estimated to be \$700,000 for system expansion and \$15,000 for connection assets. The customer will only be responsible for the \$15,000 in connection costs as the future revenue is forecast to more than offset the expansion costs.¹⁸

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This incremental cost difference also does not give any due consideration to the incremental annual levies that would be incurred by Hydro Ottawa to operate as a joint use tenant on Hydro One poles as aforementioned in Hydro One's SAA.¹⁹

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Additionally, Hydro One would like to address that Hydro Ottawa has opined on residual value benefits in their SAA. Specifically, in section 7.3.3 of the Hydro Ottawa SAA, Hydro Ottawa articulates the following:

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"Hydro One customers may benefit from the expansion work. This assumption is based on the fact that no residual value appears to be provided to Hydro Ottawa in the Hydro One quote related to the pole line upgrade. As such, it is assumed the poles have reached the end of their financial useful life and Hydro Ottawa will be taking on the replacement costs, which is offset by the customers future revenue, to replace them." 20

¹⁶ Hydro One SAA – August 18, 2022 - Attachment 6 – Section 6

¹⁷ Hydro Ottawa Contested SAA – September 2, 2022 - Attachment F – Section 6.1 - \$791,000+\$16,950

¹⁸ Hydro Ottawa Contested SAA – September 2, 2022 - section 7.2.1 (c)

¹⁹ Hydro One SAA – August 18, 2022 - section 7.5.4

²⁰ Hydro Ottawa Contested SAA – September 2, 2022 - section 7.3.3

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If the Hydro Ottawa SAA were approved then, as Hydro Ottawa states, this line, would be in its service territory. Hydro Ottawa customers will directly benefit from its replacement, and it is, therefore, entirely reasonable that Hydro Ottawa make this investment in these assets.

In short, the assessment of incremental capital cost is simple. The incremental capital cost to serve the Customer between the two distributors is significant with Hydro One's connection providing the least incremental cost to connect the Customer.

3.2 SMOOTH, CONTIGUOUS, WELL-DEFINED BOUNDARIES BETWEEN DISTRIBUTORS

Hydro Ottawa's evidence on this matter begins by outlining the following:

"Maintaining Hydro Ottawa's service territory will assist in preserving the alignment of Hydro Ottawa's service territory with the municipality of Casselman and provide a contiguous extension of Hydro Ottawa's service territory to the North of the property, resulting in a more perceivable boundary".²¹

Hydro One would like to clarify the evidence provided by Hydro Ottawa. Immediately north of the Subject Area is not Hydro Ottawa's service territory but rather Highway 417 as identified in all the mapping provided by both distributors to date.

Hydro Ottawa has no distribution plant south of Highway 417 in this area. Any current service territory geographically attributed to Hydro Ottawa south of Highway 417 is based on historical municipal boundaries, but those swathes of land currently sit vacant, i.e., Hydro Ottawa has no customers nor any distribution plant south of Highway 417. Conversely, Hydro One physically serves and bills a multitude of customers south of Highway 417 including customers located immediately adjacent the Subject Area. A list of nearby customers served by Hydro One is provided as Attachment 1. A map depicting that same information is provided as Attachment 2 of this correspondence and inserted below for ease of reference.

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²¹ Hydro Ottawa Contested SAA – September 2, 2022 - section 7.2



Hydro One submits that Highway 417 represents a smooth, well-defined boundary between distributors that is real instead of *perceived*. Furthermore, approving the Hydro One SAA enhances Hydro One's contiguous distribution service boundary south of Highway 417 such that customers immediately adjacent to one-another are served by the same local distribution company. *Hydro One notes, again for the record, that these immediately adjacent customers include customers that were most recently transferred to Hydro One to serve and bill through the LTLT elimination process because it was most economical and technically efficient for Hydro One to serve them given that Hydro One had been physically serving them for years.*

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Conversely, approving the Hydro Ottawa SAA would reduce the contiguous homogenous boundary of a single distributor (Hydro One) south of Highway 417 in this area and proliferate the swiss-cheese effect that hampers the electricity distribution system in Ontario both administratively and operationally. Tellingly, Hydro Ottawa documents that it has no current expansion plans for lands adjacent to the Subject Area²² meaning the adjacent properties are intended to remain Hydro One customers. Hydro One anticipates that neighbours served by different utilities would create customer confusion and frustration.

Additionally, on the matter of boundaries, Hydro Ottawa's evidence is that the Municipality of Casselman has announced a new Community Improvement Plan for the area south of Highway 417 and the upgrades proposed in the Hydro Ottawa SAA will provide Hydro Ottawa the opportunity to continue providing service to future customers within its service territory.

"The Municipality of Casselman has announced that it is in the process of proposing a Community Improvement Plan for the area south of highway 417, as a result the pole upgrades are likely to support this initiative and will provide Hydro One an opportunity to size the pole for a third circuit should it be needed to support future growth. Additionally, the pole line upgrade will provide Hydro Ottawa the opportunity to continue providing service to future customers within its service territory."²³

Hydro Ottawa further opines that the proposed expansion as part of this SAA will assist Hydro Ottawa in securing future growth.

"While not currently forecasted, the expanded system will enable Hydro Ottawa to achieve more economic service growth in adjacent areas, as compared to the infrastructure Hydro Ottawa currently has."²⁴

Hydro One responds by pointing out that the Notice for the Draft Community Improvement Plan in Casselman, provided as Attachment 3 of this correspondence for completeness purposes only, is not solely for the area south of Highway 417 as the Hydro Ottawa evidence implies. More importantly, it is a draft community improvement plan which should not be germane to the assessment of either the Hydro One or Hydro Ottawa SAA because there are no actual customer connections that emanate from this information yet; nor is there any concrete evidence that further distribution expansion will be necessary based on this information alone.

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²² Hydro Ottawa Contested SAA – September 2, 2022 - Section 7.1.6

²³ Hydro Ottawa Contested SAA – September 2, 2022 - Section 7.2

²⁴ Hydro Ottawa Contested SAA – September 2, 2022 - Section 7.2.1 (g)

Again, in addressing this matter, Hydro One believes that sufficient guidance is provided in the OEB's Combined Distribution SAA Proceeding Decision with Reasons, most notably at Paragraph 241:

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"...proposals to align service areas with municipal boundaries are illconsidered unless the proponent can provide concrete evidence that the extended area is needed to provide service to actual customers in the area using assets and capacity in a manner that optimizes existing distribution assets, and does not prejudice existing customers of the utility. Amendments need to be anchored by real customers, with an economic case for the extension that is convincing (emphasis added). Some parties argued that aligning the service areas with municipal boundaries advances distribution system planning. The Board does not regard such alignment to be inherently beneficial. It is apparent that the decoupling of the electrical utilities from municipal government, which is one of the signal reforms in the recent development of the electricity market, will continue to evolve. It is not unlikely that the pursuit of efficiencies will lead to the continuing consolidation of the distribution industry in Ontario, and any alignment of service areas to specific municipalities will be increasingly irrelevant (emphasis added)."25

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Hydro One opines that this approach has been established for multiple reasons: (a) to avoid premature OEB approvals on SAAs; (b) ensure that SAAs are primarily assessed based on economic efficiency instead of aligning electrical and municipal boundaries; and (c) safeguard against hastily expanding distribution infrastructure unnecessarily to avoid imprudently overbuilt infrastructure.

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Given all this information, it is abundantly clear that the Hydro One SAA enhances the smooth, well-defined, contiguous boundary between distributors along Highway 417 while the Hydro Ottawa SAA hampers it.

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²⁵ RP-2003-0044, Decision with Reasons, February 27, 2004 - Paragraph 241

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3.3 OPTIMIZING THE USE OF THE EXISTING SYSTEM CONFIGURATION AND AVOIDING THE UNNECESSARY DUPLICATION OF DISTRIBUTION FACILITIES

Hydro One has combined the latter two components of the economic efficiency assessment in this section, not to belittle their relevance and/or importance, but rather because the information necessary to highlight in the Hydro Ottawa SAA that is inconsistent with the OEB's established principles from the Combined Distribution SAA Proceeding has predominantly already been documented in other parts of this correspondence. Most notably is the point that Hydro Ottawa is requesting leave of the OEB to, through a joint use arrangement with Hydro One, upgrade numerous Hydro One distribution poles, cross a provincial highway, and extend Hydro Ottawa's 8.32kV feeder 850m south such that it can provide an 8.32kV connection to a customer that already has an 8.32kV feeder available at its doorstep without all the delay and incremental capital cost. This information is explicitly captured in Hydro Ottawa's SAA:

"This customer will be served by Hydro Ottawa's Casselman F1 (CASF1) 8.32kV distribution feeder. The point of connection is planned to be at the southwest corner of the property with an overhead to underground riser feeding customer owned equipment."²⁶

"Hydro Ottawa will require expanding the CASF1 feeder to the customer's point of connection. Currently at this location there exists a Hydro One 8.32kV feeder".²⁷

Hydro One believes it is irrefutable that the Hydro One SAA optimizes the use of the existing system configuration to connect the Customer and avoids the unnecessary duplication of distribution facilities that would otherwise be required if the Hydro Ottawa SAA were approved.

4.0 HYDRO OTTAWA'S PROPOSED SAA NEGATIVELY IMPACTS RELIABILITY AND QUALITY OF SERVICE RELATIVE TO THE HYDRO ONE PROPOSED SAA

Reliability and quality of service is negatively impacted by the Hydro Ottawa proposed connection.

The Hydro One proposed SAA provides the 8.32 kV connection by October 2022 as sought and requested by the Customer from both distributors since at least April 2022. Conversely, the Hydro Ottawa SAA opines that the Customer should continue to be served by a Hydro One temporary construction-purpose only connection for an undefined period to address permanent business operation needs of the Customer.

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²⁶ Hydro Ottawa Contested SAA – September 2, 2022 - 7.2.1 (a)

²⁷ Hydro Ottawa Contested SAA – September 2, 2022 - 7.2.1 (b)

"In terms of the temporary connection, Hydro Ottawa confirmed to Hydro One on April 29, 2022 that it could not provide a connection to the customer by October, 2022 and, so, it was agreed that Hydro One would proceed to service the facility by October, 2022 on a temporary basis, as noted in the meeting minutes attended by Hydro Ottawa, Hydro One and the customer."²⁸

At this time, Hydro One would like to clarify that no agreement to serve the Customer on a temporary basis was ever made at the April 29, 2022, meeting. The referenced meeting minutes in the above extract are found in Attachment 8 of the Hydro One SAA, and the section specifically reads:

"Chris (Hydro Ottawa employee) mentioned that there shouldn't be any impact on the Customer in-service and the SAA process can continue between two LDCs. Chris confirmed that Hydro One can provide the supply to the Customer in order to meet the in-service timeline and Hydro Ottawa and Hydro One can continue work on SAA post connection."²⁹

The referenced meeting minutes do not indicate concurrence on the connection approach or the process to reach that end and has been grossly misconstrued as an agreement to provide a temporary connection to the Customer to facilitate the Hydro Ottawa SAA.

Hydro One's position on this connection has not changed since August 2021 and has been steadfast in attempting to secure Hydro Ottawa's consent for an SAA. Hydro One's position on this matter was reiterated to Hydro Ottawa in subsequent meetings, notably, that Hydro One would pursue an SAA to serve the Customer. This was taken back by Hydro Ottawa for them to discuss internally as documented in the June 27, 2022, minutes of meetings, i.e., after the one referenced by Hydro Ottawa. Please refer to Attachment 10 of the Hydro One SAA for the full meeting minutes, however for convenience the relevant documentation is extracted below:

"Action Item: Chris and Kevin (both employees of Hydro Ottawa) to get the cost of the pole line upgrade from Hydro One and to complete the high-level estimate by July 8th. Also, Chris and Kevin to discuss the SAA internally and if require, to initiate the dialogue between Laurie and Pasquale (with cc to other team members)." 30

²⁸ Hydro Ottawa Contested SAA - September 2, 2022 - Attachment 1 p. 3

²⁹ Hydro One SAA – August 18, 2022 - Attachment 8

³⁰ Hydro One SAA – August 18, 2022 - Attachment 10

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No further dialogue on this matter was initiated with Hydro One.

It is true that both connection options will provide the Customer with an 8.32kV connection. However, when that connection will be provided and the sufficiency of each option for the Customer's planned load requirements comprise the difference between these proposals with respect to reliability.

To clarify, the current temporary construction-purpose connection installed at the construction site cannot satisfy the permanent business operation needs of the Customer. Hydro One's current temporary connection is 300kVA and as such the current temporary construction connection cannot accommodate an estimated load of 1,300 KW and 255,500 kWh, which is required by the Customer in October. This is the Customer's expected operations load - it is *not* the load currently served by Hydro One's temporary construction connection. Continuing to provide service to the Customer in this fashion considerably increases the reliability risk of the connection.

Hydro One believes it is noteworthy to document that the Hydro Ottawa proposal limits the Customer's ability to ramp up their operations at their discretion hampering the customer's service quality. The Hydro Ottawa proposal would limit the Customer to the operating limitations of the current temporary construction connection which is 300kVA until the Customer could be connected by Hydro Ottawa. The commercial interests of the Customer should not be impeded to benefit the commercial interests of Hydro Ottawa, it is unjust and unreasonable.

The SAIDI and SAIFI results provided by each distributor for their respective feeder appear to be demonstrably comparable. However, Hydro One highlights for the OEB's consideration that once the results of both feeders are adjusted to exclude interruptions during force majeure events, Hydro One's 3.5-year average results between 2019 and July 2022 are considerably better than Hydro Ottawa's as extracted from the evidence and documented below.

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Hydro Ottawa Casselman F1 Results ³¹	2019	2020	2021	2022(Jan -Jul)	Average
Frequency of Interruptions	1	2	1.03	0	1.12
Duration of Interruptions (Hours)	1.35	1.78	0.68	0	1.06
Hydro One Casselman F1 Results ³²	2019	2020	2021	2022(Jan -Jul)	Average
Frequency of Interruptions	1	0	1	0	0.56
Duration of Interruptions (Hours)	1.5	0	0.1	0	0.45

2 Given all this information, it is reasonable to conclude that Hydro One's proposed

connection results in better reliability and quality of service to the Customer.

³¹ Average based on data provided in Hydro Ottawa Contested SAA – September 2, 2022 - Section 7.5.6 to exclude interruptions during force majeure events

³² Average based on data provided in Hydro One SAA – August 18, 2022 - Section 7.5.6 to exclude interruptions during force majeure events

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5.0 CUSTOMER PREFERENCE – THE CUSTOMER EXPLICITLY SUPPORTS HYDRO ONE'S SAA

The Hydro One SAA is supported by the Customer³³. The Customer explicitly documents that their connection date (October 2022) is quickly approaching and that missing this date will cause irreparable damage to their company and the Project.

Throughout the Hydro Ottawa SAA, Hydro Ottawa raises concerns and/or questions:

 whether the Customer would have elected to be served by Hydro One if they had known about the Hydro Ottawa estimated \$18K/month savings.

 whether the Customer understood Hydro Ottawa's position that the Customer could be served via a temporary Hydro One connection: and

 whether the final customer, not the developer also supports the Hydro One SAA.

To these concerns Hydro One's response is three-fold.

First, and foremost, as already discussed, with respect to economic efficiency, system planning and reliability, the significant differences between the Hydro One connection and the Hydro Ottawa proposed connection are indisputable. The Hydro One proposed SAA is far superior to that proposed by Hydro Ottawa. In these circumstances the OEB is clear on the weight given to customer preference in the assessment of an SAA in their Decision with Reasons in the Combined Distribution SAA Proceeding.

"In summary, the Board finds that customer preference is an important, but not overriding consideration when assessing the merits of an application for a service area amendment. Customer choice may become a determining factor where competing offers to the customer(s) are comparable in terms of economic efficiency, system planning and safety and reliability, demonstrably neutral in terms of price impacts on customers of the incumbent and applicant distributor, and where stranding issues are addressed."³⁴

Secondly, Hydro One submits that Hydro Ottawa's estimates of the monthly cost difference is irrelevant as the OEB has also been clear that assessments of distribution rates skew the assessment of an SAA.

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³³ Hydro One SAA – August 18, 2022 - Attachment 1

³⁴ RP-2003-0044, Decision with Reasons, February 27, 2004 - Paragraph 233

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"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. As Dr. Yatchew indicated, an applicant demonstrating that its rates are lower than the rate of the incumbent utility would not be a satisfactory demonstration that its costs to serve the amendment area will be lower on a sustainable basis" 35

Thirdly, in the event the OEB did indeed want to consider customer preference, the record is clear.

The Customer supports the Hydro One SAA. The Customer has articulated that missing the October 2022 connection date will result in *irreparable damage to the Project and their company*. The value of that irreparable damage is not quantified and undefined in the Hydro One SAA. Hydro One submits that the quantification of that information is not germane to the assessment of this Application, i.e., the assessment of the Customer's individual/personal commercial operations is not of interest in this Application.

Hydro One respectfully acknowledges that an assessment of the irreparable damages relative to the potential monthly electricity cost is an assessment the Customer would explore and anticipates it is an assessment the Customer has prudently undertaken. Hydro One also accepts and acknowledges that the Customer understood the Hydro One OTC and has willingly provided its consent for a Hydro One connection to expedite the Hydro One SAA approval with the OEB, accordingly.

To date, Hydro One has done everything reasonably possible to initiate and solidify an open and transparent working relationship with the Customer. Notably, Hydro One provided an OTC to the Customer on June 6, 2022, almost 2 months prior to the Customer's letter of consent for the Hydro One SAA and more than 2 months before Hydro One filed its SAA. Hydro One believes this time provided the Customer, an educated and experienced developer in the province, adequate time to consider the details of the OTC, including the details of the rate class the Customer would be billed against which is explicitly documented in the OTC³⁶.

Hydro One initiated three-party meetings with the Customer and Hydro Ottawa to find a path forward in meeting the Customer's October 2022 connection date. Hydro One has had several meetings with Hydro Ottawa to finalize this connection over the course of the last year and exchanged multiple emails with Hydro Ottawa on this connection, some of which have gone unanswered by Hydro Ottawa for months.

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Hydro One has been transparent and factual with the Customer. For Hydro Ottawa to even imply anything different is preposterous. Any limited information the Customer has about the Hydro Ottawa proposed connections was not because of any action undertaken by Hydro One but rather Hydro Ottawa's own inaction. For example, Hydro Ottawa requested a high-level cost estimate for a pole line upgrade from Hydro One for a joint use arrangement only on June 27th this year.

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Hydro Ottawa provided the Customer with an OTC on August 26, 2022; two days after OEB Staff served Hydro Ottawa questions on Hydro One's SAA, 8 days after Hydro One filed its SAA, and most importantly, more than 3 months after the Customer gave Hydro Ottawa all the info necessary to provide an OTC.

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"On May 20, 2022 the customer submitted their documents to Hydro Ottawa in order for Hydro Ottawa to prepare a connection offer. This same date, Hydro Ottawa contacted the customer to confirm receipt of the documents and discuss the information provided to incorporate into Hydro Ottawa's connection offer." 37

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6.0 CONCLUSION

The evidence is telling; Hydro One submits that the OEB should proceed by dismissing the Hydro Ottawa SAA on the basis that it, among other things:

- contravenes the DSC s. 6.5.6 prohibition on new long term load transfers,
- relies on a temporary connection which has higher reliability risk for the Customer's projected load through the Fall, into 2023 and beyond,
- would involve additional expense and asset replacement because of the above limitations, and
- leaves Hydro One in a highly ambiguous situation with the Customer over an unknown period.

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There will be no material adverse impact resulting from the Hydro One proposed service area amendment and the only materially impacted customer is the Customer. The amendment will maintain the existing real and well-defined boundary between distributors, and, most importantly, Hydro One is clearly the more cost efficient and technically effective distributor to provide service to the Customer not only in the immediate timeframe required, but also, through the longer-term.

³⁵ RP-2003-0044, Decision with Reasons, February 27, 2004 - Paragraph 86

³⁶ Hydro One SAA – August 18, 2022 - Attachment 6, p. 3

³⁷ Hydro Ottawa Contested SAA – September 2, 2022 - section 7

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- Hydro One submits that this response clarifies the situation in response to Hydro Ottawa's
- SAA Application and given the clear superiority of Hydro One's SAA Application, that the
- OEB should approve the Hydro One SAA Application with no hearing.

Attachment 1:

List of Hydro One Customers

List of Some Nearby Hydro One Customers

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1	625 Principale St
2	760 Aurele Rd
3	766 Aurele Rd
4	770 Aurele Rd
5	776 Aurele Rd
6	782 Aurele Rd
7	788 Aurele Rd
8	794 Aurele Rd
9	800 Aurele Rd
10	621 St. Albert Rd East
11	636 St. Albert Rd East
12	582 Route 700

Attachment 2:

Map



Attachment 3:

Notice of Public Hearing



751 rue St. Jean Street, C.P./P.O. Box 710, Casselman ON KOA 1M0 • www.casselman.ca

AVIS DE RENCONTRE PUBLIQUE

SOYEZ AVISÉS que, conformément à l'article 28 de la *Loi sur l'aménagement du territoire, L.R.O.* 1990, tel que modifié, la municipalité de Casselman tiendra une réunion publique dans le but de discuter et d'obtenir des commentaires sur l'ébauche du Plan d'amélioration communautaire et sur les mesures incitatives proposées dans ce plan.

RÉUNION PUBLIQUE

DATE: le jeudi 11 août 2022 HEURE: à partir de 14h30

ENDROIT: Salle communautaire, complexe JR Brisson, 758 Brébeuf St, Casselman, ON K0A1M0

Si vous désirez faire des commentaires lors de la rencontre publique, ayez

l'obligeance d'envoyer un courriel à la municipalité :

Pascal Doucet: pdoucet@casselman.ca

LES BUTS ET EFFETS du Plan d'amélioration communautaire proposé sont de soutenir et de promouvoir la croissance et les investissements dans la municipalité de Casselman. Le Plan d'amélioration communautaire proposé fournira un ensemble de programmes d'incitation financière pour soutenir le développement, le redéveloppement et l'amélioration des industries et des commerces dans la municipalité de Casselman.

TOUTE PERSONNE peut assister à la réunion publique et/ ou faire une représentation orale ou écrite pour appuyer ou s'opposer au plan proposé ci-haut. Dans l'éventualité où vous ne pouvez pas assister à la réunion et que vous souhaitez soumettre vos commentaires par écrit, veuillez vous assurer que ceux-ci soient livrés au bureau du greffier à l'adresse ici-bas avant la date de la réunion

SI UNE PERSONNE OU CORPS PUBLIC aurait autrement la capacité de faire appel de la décision de la municipalité de Casselman auprès du Tribunal d'appel de l'Ontario, mais que la personne ou le corps public ne présente pas de soumissions orales lors d'une réunion publique ou ne soumet pas de soumissions écrites à la municipalité de Casselman avant l'adoption du Plan d'amélioration communautaire proposé, la personne ou le corps public n'a pas le droit de faire appel de la décision.

SI UNE PERSONNE OU CORPS PUBLIC ne présente pas de soumission orale à une rencontre publique ou ne fait pas de commentaire écrit à la municipalité de Casselman avant l'adoption du Plan d'amélioration communautaire proposé, la personne ou le corps public ne peut pas être ajouté comme partie à l'audience d'un appel devant le Tribunal de l'Ontario, à moins que, de l'avis du Tribunal, il existe des motifs raisonnables pour ajouter la personne ou le corps public comme partie.

SI VOUS DÉSIREZ ÊTRE AVISÉ de la décision de la municipalité de Casselman concernant le Plan d'amélioration communautaire proposé, vous devez en faire la demande écrite à la municipalité.

CACHE

SAUVE-TERRASSE

SAUVE-TERRASSE

AND SUBJECT

AREA

RECURE TO SUBJECT

AREA

KEY MAP: Subject Lands

NOTICE OF PUBLIC MEETING

TAKE NOTICE that in accordance with Section 28 of the *Planning Act, R.S.O. 1990*, as amended, the Municipality of Casselman will hold a Public Meeting for the purpose of discussing and obtaining feedback on the draft Community Improvement Plan (CIP) and the incentives it proposes therein.

PUBLIC MEETING

DATE: Thursday, August 11th starting at 2:30 pm

PLACE: Community Hall, JR Brisson Complex, 758 Brébeuf St, Casselman, ON KOA 1M0

If you wish to provide comments for the Public Meeting,

please email the Municipality at: **Pascal Doucet** pdoucet@casselman.ca

THE PURPOSE AND EFFECT of the proposed Community Improvement Plan is to support and promote employment growth and investment in the Municipality of Casselman. The proposed Community Improvement Plan will provide a set of financial incentive programs to support development of industries and businesses in Casselman.

ANY PERSON may attend the Public Meeting and/or make written or verbal representation either in support of or in opposition to the proposed Community Improvement Project Area(s) and Community Improvement Plan.

IF A PERSON OR PUBLIC BODY does not make oral submissions at a public meeting or make written submissions to the Municipality of Casselman before the by-laws are passed, the person or public body may not be added as a party to the hearing of an appeal before the Ontario Land Tribunal unless, in the opinion of the Tribunal, there are reasonable grounds to do so.

IF A PERSON OR PUBLIC BODY does not make oral submissions at a public meeting or make written submissions to the Municipality of Casselman before the proposed Community Improvement Plan is adopted, the person or public body may not be added as a party to the hearing of an appeal before the Ontario Tribunal unless, in the opinion of the Tribunal, there are reasonable grounds to add the person or public body as a party.

IF YOU WISH TO BE NOTIFIED of the decision of the Municipality of Casselman on the proposed Community Improvement Plan, you must make a written request to the Municipality of Casselman, 751 rue St. Jean Street, C.P. /P.O. Box 710, Casselman, ON KOA 1MO.

ADDITIONAL INFORMATION and copies of the draft Community Improvement Plan are available at the Municipality of Casselman, 751 rue St. Jean Street, Casselman, ON KOA 1M0 or by contacting **Pascal Doucet** pdoucet@casselman.ca

DATED at the Municipality of Casselman this 19th day of July, 2022.

Sébastien Dion, Clerk Municipality of Casselman 751 rue St. Jean Street Casselman ON KOA 1M0

DES INFORMATIONS SUPPLÉMENTAIRES et des copies de l'ébauche du Plan d'amélioration communautaire sont disponibles au bureau municipal de Casselman 751 St Jean St, Casselman, ON K0A 1M0 ou auprès de **Pascal Doucet** <u>pdoucet@casselman.ca</u>

FAIT en ce jour, à la Municipalité de Casselman le 19 juillet, 2022.

Sébastien Dion, greffier Municipalité de Casselman 751 rue St. Jean Street Casselman ON KOA 1M0