

### **Hydro One Networks Inc.**

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#### Joanne Richardson

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## BY EMAIL AND RESS

October 28, 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 – s.74 (SAA) – Application for Hydro One Networks Inc. to Connect One Industrial Customer located at 626 Principale St. in Casselman – Interrogatories

In accordance with Procedural Order 1, issued October 7, 2022, enclosed Hydro One Networks Inc. is submitting interrogatories on this Service Area Amendment application to Hydro Ottawa Limited.

A copy of this cover letter and the attached interrogatory questions has been filed in text-searchable electronic form through the Ontario Energy Board's Regulatory Electronic Submission System

Sincerely,

Joanne Richardson

cc: Claudio Bertone

Laurie Elliott (Hydro Ottawa Ltd.)

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# HYDRO ONE NETWORKS INC. Service Area Amendment Application

# Hydro One Networks Inc. Interrogatories October 28, 2022

## HONI-1:

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## 3 **Topic:**

4 Protecting the interests of the Customer

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## Reference:

 Hydro Ottawa Conditions of Service – https://hydroottawa.com/sites/default/files/2021-11/FINAL-HOL-COS-V8-EN-Nov-22-2021.pdf

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 "It is unclear if the developer (Claudio Bertone) and the final customer (Ford Motor Company of Canada, Limited) were aware that Hydro Ottawa could support the customer connection without risk, through a temporary connection from Hydro One. Further, it is not clear if the final customer, Ford Motor Company of Canada, Limited supports the SAA" – HOL Letter & Contested SAA, Attachment 1, p. 3 – September 2, 2022

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3. "It is also unclear, when the developer supported the SAA, if the final customer responsible for future electricity costs, was aware of the financial implication on their bills and the rate differential between the two distributors". – HOL Letter & Contested SAA, Attachment 1, p. 3 – September 2, 2022

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4. August 26, 2022 Hydro Ottawa Offer to Connect 626 Principale Street – HOL Letter & Contested SAA, Attachment F – September 2, 2022

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5. "The customer did not formally request a connection from Hydro Ottawa. Hydro Ottawa and Hydro One met with the customer on April 29, 2022 to explain the SAA process and subsequently Hydro Ottawa requested project documentation. In follow-up to this meeting, the customer submitted their documents to Hydro Ottawa on May 20, 2022 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" – HOL Letter & Contested SAA, Attachment 1, p. 2 – September 2, 2022

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6. Yes, the customer was provided an OTC on August 26, 2022. A copy is provided in the contested SAA document, Attachment F. – HOL Letter & Contested SAA, Attachment 1, p. 2 – September 2, 2022

## Interrogatory:

a) Please confirm that Reference 1 is the appropriate link to the current Hydro Ottawa Conditions of Service. If this is not the applicable version of the Hydro Ottawa Conditions of Service with respect to the issues raised in this proceeding, please place the applicable Hydro Ottawa Conditions of Service on the record of this proceeding.

b) Please confirm that the definition of Customer in the Hydro Ottawa Conditions of Service remains as follows:

"Customer" means a Person that has contracted for or intends to contract for Connection of a Load or a Distributed Energy Resource. This includes developers of residential or Commercial sub-divisions or Distributed Energy Resources.

c) With respect to Reference 1, 2, and 3, please provide documentation regarding Hydro Ottawa's process for connecting distribution customers, specifically, the Hydro Ottawa customer connection process that bypasses the Developer, the "Customer" as defined by Hydro Ottawa's Conditions of Service and contacts the final customer directly. In addressing this question, please articulate how often Hydro Ottawa has sought approval from the final customer for a connection process and where this approach is documented in the Hydro Ottawa Conditions of Service, specifically, that a Developer must have concurrence or approval of all subsequent final customers in order to define how the Developer will be connected.

d) With respect to Reference 4, please confirm that despite the evidence provided by Hydro Ottawa on the record of this proceeding, including the monthly bill differences between the two distributors, the Developer has not signed the HOL Offer to Connect nor has there been any concerns expressed by the final customer.

e) With respect to Reference 5, please confirm that "customer" refers to the Developer, and all instances whether customer is used in HOLs documentation it is referencing the Developer. If not, please indicate by reference to the statement, where "customer" has some other meaning than the Developer.

f) With respect to Reference 5 and 6, between April 2022 and August 26, 2022 did Hydro Ottawa communicate to the Developer that it could meet the Developer's connection date and if yes, provide a copy of the communication.

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g) With respect to Reference 2, please provide documentation supporting Hydro Ottawa's efforts to communicate to the Developer that Hydro Ottawa could support a customer connection by October 2022, through a temporary connection with Hydro One. If no such communication was provided to the Developer, provide specific details of what information Hydro Ottawa was missing to make this determination, what steps Hydro Ottawa took to obtain the information, and when the information was received (including dates and any documentation evidencing same) by Hydro Ottawa.

HONI-2:

## Topic:

Connection Schedule

## Reference:

- August 26, 2022 Hydro Ottawa Offer to Connect 626 Principale Street HOL Letter & Contested SAA, Attachment F – September 2, 2022
- 2. "The customer's response also suggests that obtaining a timely connection in October, 2022 may have been a factor in their decision to support Hydro One's SAA". HOL Letter & Contested SAA, Attachment 1, p. 3 September 2, 2022
- 3. "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. They cannot be long-term or permanent and they cannot be used by a geographic distributor in order to expand its system to connect customers.' Hydro Ottawa's ability to service this customer in less than 12 months of the temporary connection satisfies the OEB's requirement;" HOL Letter & Contested SAA, Attachment 1, p. 3 September 2, 2022
- 4. "November 2, 2021 Hydro One confirmed a temporary service had been provided to the customer". HOL Letter & Contested SAA, Section 7.0, p. 3 September 2, 2022
- 5. "June 28, 2022 Hydro Ottawa Email to Hydro One 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 is trying to reach out to Mike B (? Kevin can you please confirm the name of the Hydro One person) from Hydro One to get the high-level estimate. Action Item: Chris / Kevin to confirm if they need Jayde / Dhaval to help expedite the discussion with Mike B. Chris confirmed that

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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". – Hydro One Service Area Amendment Application, Attachment 10 – August 18, 2022

6. "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. – HOL Letter & Contested SAA, Section 7.2.1 (c)" – September 2, 2022

## **Interrogatory:**

a) Hydro Ottawa has not provided a physical connection date at Reference 1 nor is there any date identified on the record as to when Hydro Ottawa can physically serve the Customer. Given Hydro One's ability to meet the Customer's preference of an October connection date, as provided at Reference 2, please provide the date that Hydro Ottawa can physically serve 626 Principale Street. In so doing, please provide a detailed schedule that outlines all necessary milestones that must be accomplished for Hydro Ottawa to meet that date. Please include all anticipated dates of receiving permits and permitting applications, designs, constructions milestones, etc.

b) Contingent on Hydro Ottawa's response to part a), and in consideration of Hydro Ottawa's evidence provided at Reference 3 and 4, please explain how Hydro Ottawa's proposed connection is consistent with: i) the timelines defined in the referenced long-term load transfer elimination DSC amendments that a temporary construction connection should not exceed 12 months, and ii) the language in the DSC that outlines that temporary construction connection cannot be long-term or permanent and they cannot be used by a geographic distributor in order to expand its system to connect customers

c) At Reference 5, it is documented that Hydro Ottawa's design and estimate is underpinned by a high-level estimate and not detailed in order to avoid cost and resourcing in developing the estimate. Aside from contesting Hydro One's service area amendment application, please provide any update or steps Hydro Ottawa has taken with respect to the design and estimate for Hydro Ottawa's proposal to update the accuracy of the design/estimate and to advance the viability of an expedited connection for the Customer.

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## **HONI-3**:

**Topic:** 

Economic Efficiency

## Reference:

- 1. Hydro One Submissions on Contested Hearing, Attachment 2 September 9, 2022
- "Hydro Ottawa has no current expansion plans for lands adjacent to the area that is the subject of the SAA application". – HOL Letter & Contested SAA, Section 7.6 – September 2, 2022
- 3. "Similarly, proposals to align service areas with municipal boundaries are ill-considered 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." RP-2003-0044 Combined Proceeding Decision, Para. 241 February 27, 2004
- 4. "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" HOL Letter & Contested SAA, Section 7.2 September 2, 2022
- 5. "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". HOL Letter & Contested SAA, Section 7.2.1 (g) September 2, 2022
- 6. "Casselman F4 has being used as a comparable area" HOL Letter & Contested SAA, Section 7.5.7 September 2, 2022

## Interrogatory:

a) As identified in Reference 1, please confirm that Hydro Ottawa has no customers and/or facilities south of Highway 417. If this assumption is incorrect, please identify where these facilities and customers are and their relative distance to the Subject Area of this Application. Filed: 2022-04-07 EB-2021-0016 HONI Interrogatories Page 6 of 12

- b) Please confirm, as per Reference 2, that Hydro Ottawa has no intention of expanding into areas adjacent to the Subject Area and all customers identified in Reference 1 will remain Hydro One customers if the Subject Area is served by Hydro Ottawa.
  - c) In light of the Board's direction, provided at Reference 3, please elaborate on the relevance of Reference 4. In other words, are there any real or actual customers identified in the Community Improvement Plan? At what stage of the municipal approval urban planning process is the Community Improvement Plan and when will the Community Improvement Plan be finalized?
  - d) At Reference 4, Hydro Ottawa documents that the pole upgrades required for Hydro Ottawa to service 626 Principale Street will also *provide Hydro One an opportunity to size the pole for a third circuit should it be needed to support future growth.* In Hydro Ottawa's opinion, what type of circuit would Hydro One be adding to support "future growth" and explain what evidence is being relied on to inform the opinion?
  - e) With respect to Reference 5, please clarify what adjacent areas Hydro Ottawa is referring to and include any mapping of the adjacent areas? Please confirm that the service growth in Reference 5, is speculative, and has not been forecast? How would the adjacent areas which have not been forecast be served with the current infrastructure?
- f) How should the OEB consider the unforecast areas documented in Reference 5 in light of Hydro Ottawa's existing infrastructure south of Highway 417 documented in Reference 1?
- g) Please provide a map that identifies the relative proximity of the Casselman F4 to the Subject Area and the Casselman F1. Please provide the relative length of both feeders now, and after the proposed expansion of the Casselman F1.
- h) Please provide a copy of the most recent Hydro Ottawa Distribution System Plan and identify any planned investments associated with Casselman DS and the reason for those investments, if any.

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## HONI-4:

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## Topic:

4 Rates

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## Reference:

 "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." Combined Proceeding Decision, Para. 86 – February 27, 2004

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2. "Table 1, below provides Hydro Ottawa's estimate of a monthly bill from both utilities. As presented, it is estimated that if the customer is served by Hydro Ottawa they will save approximately \$18.6k per month (or \$223k per year). This translates to \$3.4M less in bill costs over the revenue horizon, of which \$3.2M relates to distribution alone". – HOL Letter & Contested SAA, Attachment 1, p. 3 – September 2, 2022

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3. "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". – HOL Letter & Contested SAA, Section 7.2 – September 2, 2022

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## **Interrogatory:**

a) Please clarify why HOL believes the OEB should give the estimated rate differences in this contested SAA more weight than established in the Combined Proceeding provided at Reference 1?

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b) Please provide all assumptions that underpin the estimates that are documented at Reference 2, e.g., will the Customer remain in their current Hydro Ottawa and Hydro One rate classes for the entire revenue horizon?

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c) Please recalculate the differences in rates based on all the same assumptions used in part b above except with the Customer being charged Hydro One's Sub-Transmission Rate Class.

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 d) Please clarify what would happen if the final customer's load does not materialize as contemplated in the assumptions put forward by Hydro Ottawa. Given the long break
 even point for Hydro Ottawa, please explain what happens if the final customer Filed: 2022-04-07 EB-2021-0016 HONI Interrogatories Page 8 of 12

ceases operations after a period of either i) 5 years or ii) 10 years. What are the implications to the Developer and Hydro Ottawa customers?

# HONI-5:

## Topic:

Need for a Service Area Amendment

## Reference:

1. "As noted above, Hydro Ottawa filed a 'Contested Service Area Amendment Application' in response to Hydro One's Application. The OEB considers that document to be Hydro Ottawa's dispute of the Hydro One Application. It would not be appropriate to treat it as an application in its own right, because the subject property is already in the Hydro Ottawa service area. Accordingly, the OEB has assigned a single file number to this proceeding." – Ontario Energy Board Interim Order, pp. 3-4, October 7, 2022

2. "This application for a contested service area amendment ("SAA") addresses mainly the preservation of Hydro Ottawa Ltd.'s ("Hydro Ottawa") service territory with an expansion of an adjacent smaller property into Hydro One Networks Inc. ("Hydro One") service territory. This application affects one (1) new General Service Customer. The customer is at 626 Principale Street and lies along the south border of Hydro Ottawa's service territory, which also aligns with the municipality of Casselman's south border. The border is defined by Concession Road 7. At Concession Road 7, Principale Street transitions to St Albert Road, which marks where Hydro Ottawa's service territory and the municipality of Casselman boundaries end to the south. The additional property is to the east of Hydro Ottawa service territory, prior to the train tracks along Concession Road 7." – HOL Letter & Contested SAA, Section 7.0 – September 2, 2022

 "On June 8, 2021 Hydro Ottawa approached the customer confirming that a connection could be made, requested a load summary and other documentation and notified the customer that the property included Hydro One service territory and that Hydro Ottawa would discuss the connection with Hydro One." – HOL Letter & Contested SAA, Section 7.0 – September 2, 2022

4. Description of Proposed Service Area – HOL Letter & Contested SAA, Section 7.1.3 – September 2, 2022

## Interrogatory:

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- a) Please confirm whether Hydro Ottawa agrees with the extract of the OEB's interim order, provided as Reference 1, that the subject property is already in the Hydro Ottawa service area. In providing this confirmation, please consider Reference 2 and 3 of Hydro Ottawa's evidence in this proceeding.
- b) Please confirm that the Subject Area provided in Reference 4 does not currently entirely fall within the service territory of Hydro Ottawa.

## HONI-6:

## Topic:

Comparison of OTC

## **Reference:**

- "An additional capital contribution in the amount of \$16,950 and a performance security per section 7 in the amount of \$791,000 for Hydro Ottawa's work as set out in section 1 and Appendix A." – HOL Letter & Contested SAA, Attachment F. Section 6.1 – September 2, 2022
- 2. "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". HOL Letter & Contested SAA, Section 7.2.1(c) September 2, 2022
- 3. "Once the facilities are energized and subject to sections 3.2.22 and 3.2.24, the distributor shall annually return the percentage of the expansion deposit in proportion to the actual connections (for residential developments) or actual demand (for commercial and industrial developments) that materialized in that year (i.e., if twenty percent of the forecasted connections or demand materialized in that year, then the distributor shall return to the customer twenty percent of the expansion deposit). This annual calculation shall only be done for the duration of the five-year customer connection horizon. If at the end of the customer connection horizon the forecasted connections (for developments) or forecasted demand (for commercial and industrial developments) have not materialized, the distributor shall be allowed to retain the remaining portion of the expansion deposit" (emphasis added). Distribution System Code, Section 3.2.23.

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## Interrogatory:

a) With respect to Reference 1, what does Hydro Ottawa mean by "An additional capital contribution"?

b) Please confirm that the Developer will need to pay the performance security of \$791,000 documented in Reference 2. Furthermore, please confirm that the Developer may be required to pay interest (at rates which are increasing) and any other banking costs associated with a letter of credit needed for this purpose until the load forecast is fulfilled. Please opine on why it is in the best interest of the Developer (the connecting Customer) to add this additional financial burden vis-à-vis Hydro One's comparative cost?

c) With respect to References 2 and 3, please provide Hydro Ottawa's policy on the return of any remaining portion of a customer's performance security deposit should their forecast load not fully materialize within five years of project energization.

d) With respect to References 2 and 3, please state Hydro Ottawa's intention in respect of any remaining portion of this connecting customer's performance security deposit and the implications for the connecting customer if their load does not fully materialize as contemplated within five years of project energization.

## HONI-7:

## Topic:

Timing of Hydro Ottawa's Offer to Connect

## Reference:

 1. "The customer did not formally request a connection from Hydro Ottawa. Hydro Ottawa and Hydro One met with the customer on April 29, 2022 to explain the SAA process and subsequently Hydro Ottawa requested project documentation. In follow-up to this meeting, the customer submitted their documents to Hydro Ottawa on May 20, 2022 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." – HOL Letter & Contested SAA, Attachment 1, p.2 – September 2, 2022

2. Chronology of events - HOL Letter & Contested SAA, Section 7.0, pp. 2-4 – September 2, 2022

3. HOL Letter & Contested SAA, Attachment E – September 2, 2022

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## Interrogatory:

- a) With respect to Reference 1 and 2, if Hydro Ottawa was determined to supply the customer, why did Hydro Ottawa not:
  - i. more vigorously pursue the required documentation from the Developer throughout the Fall of 2021 and into 2022, especially knowing after Dec. 17, 2021, that Hydro One wished to serve the Customer and also that there was some urgency to settle the issue well before October of this year?
  - ii. request Hydro One's estimate for upgrading existing Hydro One distribution poles (to enable Hydro Ottawa to develop their own estimate) earlier than late June. 2022?
- b) Reference 3 reads that Hydro One's understanding is "that Hydro Ottawa would be consenting to the SAA". Therefore, with respect to Reference 2 and Reference 3, why then, does Hydro Ottawa provide as evidence that this "email clearly indicated that Hydro One was aware that Hydro Ottawa would be contesting the SAA", when the referenced email does not indicate that therein?

## HONI-8:

## Topic:

Protecting the interest of the Customer

### Reference:

- 1. Chronology of events HOL Letter & Contested SAA, Section 7.0, pp. 2-4 September 2, 2022
- 2. "All communications on the future (permanent) serving of 626 Principale Street has been with the developer. Upon being advised by the municipality (May 31, 2021) that a new facility was going to be developed at 626 Principale Street, Hydro Ottawa reached out to the developer on June 8, 2021 and Hydro One on June 9, 2021. On June 11, 2021, Hydro Ottawa provided the customer with supply information. A meeting with the developer, Hydro One and Hydro Ottawa was held on April 29, 2022 to provide information on the SAA process and with the respective information requirements." HOL Letter & Contested SAA, Attachment 1, pp. 2-3 September 2, 2022
- 3. "Hydro Ottawa was first approached by the municipality of Casselman on May 31, 2021. Subsequently, Hydro Ottawa reached out to the developer, acting for the customer on June 8, 2021. Hydro Ottawa advised Hydro One about the development on June 9, 2021 to ensure both parties could supply an offer to connect should that be

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the result of further analysis. Hydro Ottawa was not initially provided the required servicing documents from the customer." – HOL Letter & Contested SAA, Attachment 1, p. 2 – September 2, 2022

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## Interrogatory:

a) With respect to Reference 1,2 and 3,what was Hydro Ottawa's understanding of the final customer's supply needs after reaching out to the Developer acting for the final customer on June 8, 2021?

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b) Was the supply information provided to the Developer on June 11, 2021 limited to the one-line description on p. 2 of the SAA, or was there other information respecting the requirements for a permanent connection? Please provide the information which was sent to the Developer.

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c) Did either the Developer or the final customer respond to Hydro Ottawa?

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d) What was the response to that information? Please provide.