

April 28, 2023

BY EMAIL AND FILED VIA RESS

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, ON M4P 1E4

Dear Ms. Marconi:

**Re: Entegrus Powerlines Inc. (“Entegrus”)
EB-2022-0178 – SAA Application
Description of Proposed Supplementary Evidence**

We represent Entegrus in its Application to amend its service territory to include the property and industrial customer located at 1 Cosma Court, St. Thomas, Ontario (SAA Application).

In our letter dated April 20, 2023, we requested that Entegrus be permitted to file brief supplemental evidence in support of the SAA Application. After receiving submissions from the other parties in the case (Hydro One and Formet/the Customer), the OEB issued a letter on April 26, 2023, directing Entegrus to file a detailed description of the nature of the supplementary evidence to be filed, and the reasons why this was not included in the originally filed Application.

Before addressing the supplementary evidence that Entegrus proposes to file, we believe that several points of context are important.

- i. Entegrus filed its Application on October 17, 2022. Prior to filing the Application, Entegrus met with Hydro One and then engaged in multiple discussions to try to reach resolution. When that was not forthcoming, Entegrus indicated that it would file an SAA Application, and provided a list of questions to Hydro One to allow Entegrus to complete evidence and requested permission to speak with the Customer (see Attachment 1). The requested information was based on the Filing Requirements for Service Area Amendment Applications (SAA Filing Requirements), including Section 7.2 (Efficient Rationalization of the Distribution System) and Section 7.3 (Impacts Arising from the Proposed Amendment). In response, Hydro One declined to provide most of the requested information, citing its intention to contest the Application, and declined to allow Entegrus to communicate with the Customer (see Attachment 2). This meant that Entegrus did not have the benefit of information from Hydro One (for example about the rate class treatment for the Customer, the Customer’s load, the Customer’s connection agreement and other commitments, and the current usage of the breakers used to serve the customer). It also meant that Entegrus did not have the benefit of any information from the Customer before filing the Application. Entegrus did not further pursue its requests, since it was clear that Hydro One was not prepared to be cooperative.

- ii. Only after the Application as filed was Entegrus permitted to meet with the Customer – this was confirmed by the OEB in Procedural Order No. 1, dated March 17, 2023. The meeting occurred March 22, 2023. At that meeting, Entegrus became aware of additional relevant facts that could have been helpful to include in the Application.
- iii. When Hydro One filed its evidence, it opted to file a mix of facts and argument. Hydro One took the opportunity to provide what are in effect submissions in support of its position that the SAA Application should not be approved. That is significant in this case because there is no provision for the filing of Argument in Chief by the applicant. That means that if Entegrus cannot respond to important (and new) points of argument from Hydro One at this time, then the Customer and OEB staff will not have balanced information to consider when they provide their submissions.
- iv. As noted in the Customer’s evidence, it has recently been announced that a new and very large Volkswagen battery manufacturing plant will be located in St. Thomas. Entegrus expects that this will prompt further growth and need for distribution (and feeder) capacity in its St. Thomas service territory.
- v. Entegrus has observed and been made aware of recent activity by Hydro One installing new poles and breaker positions in and around its Edgware Transmission Station in St. Thomas. This indicates that the future capacity available to Entegrus without expansion may be reducing, which is impactful to the scenarios set out in the Entegrus Application.

With that context, below is a detailed description of each area where Entegrus seeks to file supplementary evidence, along with an explanation of why such evidence was not included in the original Application.

i. Excess capacity of the facilities currently serving the Customer

In May of 2022, Entegrus requested the Customer connection agreement from Hydro One (see Attachment 1, Question 1), consistent with Section 7.5.3 of the Filing Requirements, in order to understand capacity and other operational considerations involved in the customer relationship. In requesting this, Entegrus recognized that it was required under Section 7.2 of the SAA Filing Requirements. Entegrus sought to confirm that excess capacity existed in order to service Entegrus customers. Hydro One denied this request.

Hydro One did not include the Customer connection agreement in its evidence. However, the Customer has included a number of historical agreements between Ontario Hydro and the Customer (including those filed by the Customer as Exhibits C, D, E and F). The Customer also included information that is new to Entegrus in paragraphs 26, 27 and 36 of its evidence.

Based on a review of these documents and information, which were not available to Entegrus previously, Entegrus understands that the originally contracted capacity and design criteria of the facilities are larger than understood by Entegrus at the time the Entegrus evidence was filed in October 2022.

Entegrus proposes to file brief supplementary evidence indicating its interpretation of the available evidence about available capacity, and the implications on the SAA request. It is appropriate that this information be provided to all parties before they prepare and file

their argument – Entegrus would be accused of splitting its case if it waited until Reply Argument to include such submissions.

ii. Relative costs to the Customer from each distributor

In May of 2022, Entegrus requested Customer rate class information and bills from Hydro One to understand relative costs and prepare evidence (see Attachment 1, Question 2), consistent with Section 7.3.2 of the SAA Filing Requirements. Hydro One denied these requests. Without Customer volume and load information, Entegrus could not forecast the monthly bill and associated rate impacts to the Customer from each distributor with the degree of accuracy necessary to include in evidence. For example, at the time of filing the Entegrus evidence in October 2022, Entegrus could not confirm which Hydro One rate class the Customer resided in and did not anticipate that the Customer would reside in the Hydro One Sub-Transmission rate class based on Entegrus' understanding that the rate class requires that a customer be connected to Hydro One-owned assets.

Entegrus has reviewed the billing analysis presented in the Hydro One evidence as Attachment 6 and notes material errors in Hydro One's calculation of Entegrus' monthly bill. In addition, other considerations exist which were not taken into account in Hydro One's relative costs evidence.

Entegrus proposes to file brief supplementary evidence setting out its own calculation of its distribution costs to serve the Customer, under current rates and under Entegrus' anticipated rates post-rebasing (2026). The latter analysis is relevant given Hydro One's comment that the Entegrus large customer rate is not currently available in the St. Thomas service territory, and given the OEB's recognition in the Combined Proceeding on SAAs (RP-2003-0044) that current rates may change and are not a determinative factor. Entegrus cannot put its own analysis of rate/customer impact information on the record through interrogatories to other parties. Also, Entegrus cannot wait until Reply Argument to file such analysis, since then other parties would have no opportunity to ask questions and test the evidence.

iii. Customer Reliability Impacts

In May of 2022, Entegrus requested consent from Hydro One to speak with the Customer (see Attachment 1, Question 6), consistent with Section 7.2, particularly Section 7.2 (f), of the SAA Filing Requirements. Hydro One denied this request.

In response to the request set out in the Entegrus Application and cover letter, the OEB provided consent for Entegrus to meet with the Customer on March 17, 2023. That meeting occurred on March 22, 2023. At the meeting, the Customer walked Entegrus through a diagram of plant operations and further explained the nature of its operations and machinery and the sensitivity of power quality which suggested additional potential modifications to the reliability plan.

Based on the new information from the Customer meeting and the concerns indicated in the Customer evidence, Entegrus has further enhanced its reliability plan to involve tie-in to multiple additional feeders, utilizing reclosures, and wishes to place that information on the evidentiary record.

Entegrus believes that it is appropriate, and would be helpful to the OEB and the parties, to file brief supplementary evidence setting out its updated information about the reliability plan to serve the Customer. While this could be included as interrogatory requests to the Customer, that would not be considered evidence from Entegrus, and furthermore it would mean that the parties would not have the opportunity to ask questions to Entegrus about the updated reliability plan. It is not clear to Entegrus whether the Formet evidence was informed by the fact that Hydro One has offered capacity to Entegrus off the M7/M8 feeders, which would create similar dynamics to the outcome that the Customer resists in its evidence.

iv. This is a Long Term Load Transfer (LTLT)

Hydro One includes lengthy argument that there is no LTLT here, and as such section 6.5.3 of the Distribution System Code (DSC) does not apply. This is a key item in the OEB's consideration of the Application. As part of the evidence/argument on this topic, Hydro One includes some information (such as a 2004 decision) that was not known to Entegrus.

Entegrus seeks to provide brief evidence to explain why the subject situation is indeed a load transfer subject to the section 6.5.3 of the DSC (which directs the elimination of all LTLTs). This will include reference to several OEB decisions and directions and to a position previously taken by Hydro One in relation to the elimination of LTLTs.

As Entegrus does not have the opportunity to submit Argument in Chief, providing this evidence and explanation will ensure that the Customer and OEB staff have balanced information when determining their submissions.

v. Implications of the MAADs Decision

Hydro One's evidence makes a number of assertions that it would have intervened in the St. Thomas Energy/Entegrus MAADs application had it been clear that Entegrus would seek to eliminate the LTLT with the Customer. This is not a topic addressed at all in the Entegrus evidence.

Had Entegrus known that Hydro One was going to attack the MAADs approval by saying that Entegrus withheld information, then Entegrus would have included further evidence to explain its obligation as a distributor to act in the best interests of its customers. The obligation to act in the best interests of customers is confirmed in section 86(1)(b) of the *OEB Act*.

Entegrus proposes to provide brief supplementary evidence addressing the items noted above, and providing response to the Hydro One evidence/argument on the MAADs process. Again, as Entegrus does not have the opportunity to submit Argument in Chief, providing this evidence and explanation will ensure that the Customer and OEB staff have balanced information when determining their submissions.

Entegrus is prepared to limit its supplemental evidence to a total of 10 pages or less (not including necessary schedules). Entegrus can commit to providing the supplementary evidence within 7 days of the OEB's direction on this matter.

Finally, Entegrus reiterates its request for the OEB to schedule a one-day settlement conference, in order for the parties to explore whether a resolution can be reached without need for a hearing. Having considered the comments from Hydro One and Formet, Entegrus now believes that it would be helpful to complete the interrogatory process before the settlement conference.

Entegrus recognizes that the OEB and parties have a very busy regulatory schedule, and that everyone would benefit from a negotiated resolution without the need for written argument and the preparation of an OEB Decision with Reasons. Entegrus believes that a settlement conference could be productive even in the event that the OEB is not prepared to permit the requested supplementary evidence.

Please let us know if you have questions about this letter.

Yours truly,

AIRD & BERLIS LLP



David Stevens
DS/

c: Entegrus Powerlines, attn. David Ferguson
All parties registered in EB-2022-0178

Attachment 1

From: David Ferguson <David.Ferguson@entegrus.com>
Sent: Tuesday, May 31, 2022 4:32 PM
To: CHOUDHRY Musaab <Musaab.Choudhry@HydroOne.com>; CURRIE J. Brent <J.Brent.Currie@HydroOne.com>
Cc: Tomo Matesic <tomo.matesic@entegrus.com>; Mark Groendyk <mark.groendyk@entegrus.com>
Subject: Information and Consent Requests

Dear Musaab and Brent,

As Tomo has previously advised, Entegrus is in the process of finalizing a Service Area Amendment (“SAA”) Application, pursuant to Section 74(1) of the Ontario Energy Board Act, 1998. The purpose of the Application is to amend the licensed service area of Entegrus as described in Schedule 1 of its Distribution Licence ED-2002-0563 to include Formet Industries, located at 1 Cosma Court in St. Thomas, Ontario. This address is currently an exclusion to the Entegrus distribution licence.

Entegrus is preparing the Application in accordance with the principles articulated in the Board's Filing Requirements for Service Area Amendment Applications, dated March 12, 2007, and included as Chapter 7 of the Filing Requirements for Transmission and Distribution Applications, together with the Board's Decision with Reasons in the RP-2003-0044 combined service area amendments proceeding.

In order to finalize the Application and provide the OEB with the necessary information, Entegrus requires the following information and consent requests from Hydro One, by close of business on June 13, 2022, in order to facilitate the SAA Application:

1. Please confirm that Hydro One has wholesale and customer meters on-site at the Formet premises. Please describe Hydro One’s metering configuration for Formet.
2. Please confirm Formet’s current rate class within the Hydro One rate class structure and please provide Formet’s bills from Jan 2021 to current. Please advise if Formet’s rate class is expected to change in the next 5 years.
3. Please provide a copy of Hydro One’s connection agreement with Formet and details of any enhanced service requirements or commitments.
4. Hydro One has confirmed that 5 MW of capacity can be allocated from the M8 breaker position to Entegrus. Under this scenario and the assumption that the 5 MW is fully used by Entegrus, please confirm the magnitude of the annual LV charges to be levied by Hydro One to Entegrus.
5. Hydro One has informed Entegrus that if Entegrus requires additional capacity to serve St. Thomas, then new breaker positions will need to be added to the Edgeware TS at Entegrus’ cost. Please describe the status of the Edgeware TS M7 and M8 breakers. Are both breakers currently reserved for the exclusive use of Formet? Alternatively, is a portion of the M7 and M8 capacity reserved or utilized for other purposes?
6. Entegrus is seeking to talk to Formet management, in order to make them aware of the Application, discuss their preferences and answer any questions they may have for Entegrus. Please provide consent.
7. Please confirm the Hydro One contact for the Application and their contact info.

Entegrus intends to provide a copy of the ready-to-be-filed SAA Application to Hydro One, once Hydro One has responded to the above information and consent requests and the Application has been updated accordingly. Unless a resolution can be reached at that time, Entegrus intends to file the Application shortly thereafter.

Thank you in advance for your assistance in this matter.

Sincerely,
Dave

David Ferguson, CPA, CA, MBA
Chief Regulatory Officer & Vice President Human Resources
Entegrus Powerlines
519-352-6300 x 4558

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Attachment 2

From: CURRIE J. Brent <J.Brent.Currie@HydroOne.com>
Sent: Monday, June 13, 2022 9:09 AM
To: David Ferguson <David.Ferguson@entegrus.com>
Cc: Tomo Matesic <tomo.matesic@entegrus.com>; Mark Groendyk <mark.groendyk@entegrus.com>; CHOUDHRY Musaab <Musaab.Choudhry@HydroOne.com>
Subject: RE: Information and Consent Requests

EXTERNAL MESSAGE

Good morning David,

I hope this email finds you well. Hydro One Networks Inc.'s response to your requests in your e-mail sent on May 31, 2022 at 4:32 pm (below) is as follows:

Request Numbers 1-3 and 5-6:

Based on Hydro One's past experience with service area amendment (SAA) proceedings, which we have previously discussed with Entegrus, the information that you are requesting in the above-referenced items is not required by Entegrus in order to file a SAA Application with the OEB. Particularly, in situations, such as this one where your Application will be contested by Hydro One.

As you are aware, Hydro One is not providing its consent to this SAA and is maintaining its right to purchase the two (2) 27.6 kV dedicated feeders that it uses to serve Formet Industries from Edgeware TS (the "**Formet Feeders**") under Section 4 of the executed agreement made between St. Thomas PUC and Ontario Hydro with respect to the 27.6 kV supply to the Formet Industries Plant from Hydro One's Edgeware TS dated September 14, 1997 as amended by an addendum dated May 29, 1998 (the "**Former Feeder Agreement**"). By e-mail dated December 14, 2017, Hydro One exercised its right to purchase, as of January 1, 2018, the Formet Feeders under Section 4 of the Former Feeder Agreement. By e-mail dated December 20, 2017, Keith McAllister, VP Engineering and Operations, St. Thomas Energy Inc. (then owned by Entegrus) accepted Hydro One's notification and acknowledged St. Thomas Energy Inc.'s agreement that it would sell Hydro One the 2 feeders that currently connect to Formet Industries.

If there is some requirement of which we are not aware that means that Entegrus is missing data that the OEB requires in order for Entegrus to file its SAA Application, please provide further clarification on why this information is needed for Entegrus to file its SAA application.

Request Number 4:

Hydro One confirms that 5MW of capacity was allocated to Entegrus for the M8 breaker position following Entegrus' request on October 18, 2018. However, to date, Entegrus has not utilized any of the assigned capacity. Should Entegrus eventually transfer ownership of the M7/M8 feeders to Hydro One consistent with Hydro One's exercise of its rights under Section 4 of the Formet Feeder Agreement, based on Hydro One's current rates (2022), Entegrus would be subject to the follow

AIRD BERLIS

LV charges \$8104/kw/Month to the extent that it uses the 5 MW in allocated capacity. Please note that LV charges are subject to change.

Request Number 7:

Hydro One's contact for the Application is Pasquale Catalano and his contact information is as follows:

Pasquale Catalano
Sr. Regulatory Advisor
Email: Pasquale.Catalano@HydroOne.com
Phone: (647) 616-8310

Office: 483 Bay Street, 8th Floor South Tower
Toronto, ON M5G 2P5

Please feel free to contact me if you have any questions or concerns regarding the information above.

Regards,

J. Brent Currie

Hydro One Networks Inc.
Transmission Account Executive
Key Accounts Management
Cell: (226) 280-1030
Email: J.Brent.Currie@hydroone.com