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BY EMAIL AND RESS

May 4, 2023

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

Dear Ms. Marconi:

**Re: EB-2022-0178 - Entegrus Application for a Service Area Amendment
("Application") - HONI letter - Scope of Supplementary Applicant Evidence**

Hydro One Networks Inc. (Hydro One) is in receipt of the correspondence submitted by Entegrus Powerlines Inc. (Entegrus) on April 28, 2023. The Entegrus letter is in response to the Ontario Energy Board's (OEB) request as set out in its letter dated April 26, 2023, that Entegrus provide a detailed description of the nature of the supplementary evidence that it wishes to file, and the reasons for seeking to file this information at this time as opposed to being part of its application. Hydro One submits that based on the descriptions provided, Entegrus should not be afforded the opportunity to file additional evidence as described, except as outlined in this letter, for the reasons that follow.

Procedural Fairness – Filing at This Time as Opposed to Being Part of Its Application¹

The OEB is the master of its own process and Hydro One recognizes this fact. However, Hydro One highlights for the OEB's consideration that there are many procedural

¹ This section is in response to submissions made at page 1, i., page 2, ii., page 3, iii., of the April 28, 2023 Entegrus letter.

irregularities and an overall procedural unfairness that results from the Entegrus request to update this Application.

Formet Industries Inc. (Formet or the Customer) is a Hydro One customer and has been since originally connected to the Ontario Hydro distribution system in 1997. Hydro One did not disclose any customer information to Entegrus because as a condition of its distribution licence, Hydro One is not permitted to do so². Moreover, Hydro One's response was reasonable given the commercial agreement between Hydro One and Entegrus and the fact that Entegrus had agreed to transfer ownership of the assets until it changed its position which preceded the filing of the Application. Given the aforementioned facts, Entegrus requested that the OEB confirm that it may discuss the Application with the Customer since Hydro One declined to provide its consent prior to the filing of the Application.

In Procedural Order 1, the OEB determined that it was appropriate for Entegrus to discuss the Application with the Customer. That meeting was held on March 22, 2023 (Entegrus and Customer Meeting). Entegrus waited more than four weeks after the Entegrus and Customer Meeting to inform the OEB of the need to update the Application for reasons that flowed from the Entegrus and Customer Meeting.

Entegrus' request to update the Application arose after receiving the intervenor evidence of both Formet and Hydro One. Both intervenor evidence documents highlighted the limitations and flaws of the Entegrus proposal including reliability detriments, increased costs to the Customer, and increased costs to other ratepayers.

Entegrus has failed to provide reasons why the Application could not have been updated prior to the filing of intervenor evidence and/or why, at a minimum, Entegrus did not inform the OEB prior to the filing of intervenor evidence that it intended to update its application to reflect any information learned through the Entegrus and Customer Meeting. This minimum action, which Entegrus ultimately did on April 20, 2023, would have afforded the OEB the opportunity to amend the schedule of this proceeding prior to the filing of intervenor evidence and to maintain a fair process.

Hydro One assumes that part of the reason for the Entegrus and Customer Meeting was to provide Entegrus an opportunity to discuss the Application with the Customer and to consider the information learned to address any of the filing requirements for this application, as the applicant has the burden of proof on this application. Hydro One

² Section 15.1 of the Distribution Licence: The Licensee shall not use information regarding a consumer, retailer, wholesaler, or generator obtained for one purpose for any other purpose without the written consent of the consumer, retailer, wholesaler, or generator.

submits that Entegrus had an opportunity to update its evidence, if needed, prior to the filing of intervenor evidence and did not do so and should not be given a do over.

Detailed Description of the Nature of the Supplementary Evidence – Capacity of the Facilities Currently Serving the Customer³

Entegrus' position is that the historical agreements filed by the Customer have now allowed Entegrus to understand 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 and it should therefore be permitted to file brief supplementary evidence indicating its interpretation of the available evidence about available capacity, and the implications on the Application.

Hydro One disagrees with the request's basis and submits it should be denied. With respect to the originally contracted capacity, the Application advanced by Entegrus is predicated on the "actual" consumption of the Customer that was borne out of Entegrus' metering data⁴; whether the loading is contracted or not, and the amount that is contracted, is irrelevant to the evidence advanced by the Applicant to date.

Given (1) the evidentiary record before the OEB already, (2) the fact that the parties to the original agreement (being the predecessors of Hydro One and Formet) have already provided evidence on the originally contracted capacity, and (3) the non-descript justifications provided by Entegrus, Hydro One submits that there is no need for further evidence on the originally contracted capacity of the facilities.

Similarly, the design criteria, or maximum design capacity, is no larger than what Entegrus had originally understood. As already described, the maximum design capacity of the facilities is established by each individual distributor. As can be deduced from Figure 5-2 of the Application, Entegrus' max design capacity is 14MW per feeder, or 56MW for the total St. Thomas area that is served by 4 feeders. Conversely, Hydro One's is 17MW per feeder. If the facilities remain with Entegrus as sought by the Application, Hydro One would expect that the maximum design capacity of the feeders would remain consistent with the levels placed on all other feeders for design purposes, i.e., 14MW as established by Entegrus. Consequently, there is no larger maximum design capacity for these feeders contrary to Entegrus' submissions and therefore, any requests to file additional evidence on the design capacity of the feeders, should also be denied.

³ This section is in response to submissions made at page 2-3, i. of the April 28, 2023 Entegrus letter.

⁴ Entegrus Application, p. 10 of 32.

Detailed Description of the Nature of the Supplementary Evidence – Relative Costs to the Customer from Each Distributor⁵

In Entegrus' response, Entegrus indicates that it 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 (ST) rate class based on Entegrus' understanding that the rate class requires that a customer be connected to Hydro One-owned assets. Entegrus also asserts that there are material errors in Hydro One's billing analysis of Entegrus' monthly bill. Thus, 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 intent of Hydro One's billing attachment⁶ was to depict what the impact to Formet would be using the exact same services as the status quo Hydro One connection, i.e., the assumptions were held constant across billing scenarios⁷. Though it is unclear to Hydro One what the error may be based on the non-descript reasoning provided by Entegrus, Hydro One accepts that if there are indeed material errors in Hydro One's billing analysis of Entegrus' monthly bill, then Entegrus should be given the opportunity to provide their own billing analysis to address the alleged errors. Hydro One does not oppose Entegrus' request to revise the billing impacts for Entegrus current rates. However, Hydro One requests that the OEB direct Entegrus to identify and document where any revisions are made to the assumptions used in the Hydro One intervenor evidence and quantify what impacts would be felt by the Customer, e.g., one less service charge, one less meter charge, reliability impacts, etc.

With respect to the balance of Entegrus' supplementary evidence in this section, Hydro One submits that the request should be denied. Firstly, with respect to the ST rate classification, Entegrus could and should have known that the Customer was an ST rate class customer. Entegrus could and should have led a sensitivity analysis of the rate impacts to the Customer on the two most probable Hydro One rate classes the Customer could qualify, including the ST rate class. Entegrus elected not to do that and proceeded under an incorrect assumption in its analysis.

⁵ This section is in response to submissions made at page 3, ii. of the April 28, 2023 Entegrus letter.

⁶ Attachment 6 of the Hydro One Intervenor Evidence

⁷ As described in the Hydro One intervenor evidence at Footnote 11, the assumptions used included that there would continue to be two supplies, two meters and two service charges for the Customer. The spot price for electricity is based on the weighted spotted price between March 1, 2022, and March 1, 2023. The global adjustment and capacity-based demand response is the last 12-month average for these items. All rates used are based on rates effective January 1, 2023, for each distributor/rate zone excluding rate riders.

Entegrus seeks in their April 28, 2023, correspondence to rectify this material error and change course by now relying on the OEB Combined Service Area Amendment Decision principles that current rates, contrary to their original evidence, may change and should no longer be a determinative factor in this Application. To illustrate that, Entegrus requests to update the billing impacts to the Customer not only for current rates, but also anticipated forecast rates after rebasing as a consolidated entity in 2026. This evidence should be restricted as Entegrus is seeking to utilize information that has never been substantiated or approved by the OEB. Forecast 2026 rates, the first rebasing post amalgamation, have never been tested, have never received OEB approval and have had no assessment of cost structures and allocation of costs that would underpin the necessary prudence review of any forecast rates post amalgamation and should therefore not become part of the record of this proceeding.

In summary, Hydro One states that Entegrus should be limited to revising the billing impacts to the Customer found at Attachment 6 of Hydro One's Intervenor Evidence. Those revisions should be based strictly on Entegrus current rates. In so doing, Entegrus should be required to identify and document where any revisions are made to the assumptions used in the Hydro One intervenor evidence and quantify what impacts would be felt by the Customer, e.g., one less service charge, one less meter charge, reliability impacts, etc.

Lastly, with respect to this section of Entegrus' correspondence, Hydro One states that it is clear that a preliminary issue and question in this proceeding is which utility is entitled to own the existing assets that serve the Customer. Hydro One submits that it may be in the best interest of all parties, Formet and all customers included, for the OEB to render a decision on this preliminary matter in advance of proceeding with any further deliberations on the Application.

Long-Term Load Transfer⁸

Entegrus submits that the OEB's consideration of whether this connection is a Long-Term Load Transfer (LTLT) is a key item in the OEB's consideration of the Application. This is unsurprising given Entegrus' evidence is that the 1997 Supply Facilities is frustrated by the issuance of the 2015 Distribution System Code (DSC) Amendments which Hydro One opposes. Entegrus submits that Hydro One included information (most notably a 2004 OEB decision between Hydro One and Entegrus' predecessor, St. Thomas Energy Inc.) that was somehow not known to Entegrus at the time of filing. As a result, 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 and will include references to several OEB

⁸ This section is in response to submissions made at page 4,iv. of the April 28, 2023 Entegrus letter.

decisions and directions and to a position previously taken by Hydro One in relation to the elimination of LTLTs. Hydro One states that this supplementary material (jurisprudence) described by Entegrus is best left to written argument.

Implications of the MAAD Decision⁹

Entegrus' correspondence opines that Hydro One's evidence asserts 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. Under this premise, Entegrus outlines that this is not a topic addressed at all in the Entegrus evidence and that accordingly, Entegrus should be able to provide brief supplementary evidence addressing the MAADs process.

In response, Hydro One notes that the premise of Entegrus' position on this matter is not correct. The distinction is important as Hydro One has worked amicably with Entegrus' predecessor, St. Thomas Energy Inc. (St. Thomas), to eliminate all existing LTLTs as documented via multiple joint LTLT elimination applications that the OEB has approved and have been placed on the record of this proceeding, already. Contrary to Entegrus' misrepresentation, Hydro One's evidence is that had it been clear that Entegrus did not intend to uphold St. Thomas' contractual commitments, Hydro One would have intervened in the MAAD application.

“Hydro One's evidence is that approving the Entegrus SAA would undermine the integrity of the three previous OEB decisions discussed in sections 2.1.1 through 2.1.3 above. It would cause undue harm to multiple ratepayers, most notably the directly impacted Customer that was not given notice of Entegrus' intent to not uphold St. Thomas' contractual commitments as part of the Entegrus and St. Thomas MAAD Application, as well as to Hydro One who would have applied to intervene in the MAAD Application”¹⁰.

The reference to the Entegrus and St. Thomas MAAD Application in Hydro One's Intervenor Evidence is directly attributable to Entegrus' actions to renege on the commercial commitments made by St. Thomas. Entegrus' own evidence is that it invoiced Hydro One for the sale of the assets and then refunded that invoice. Entegrus was aware of the commercial commitment made by St. Thomas at the time of filing its application and chose not to lead evidence on why the DSC LTLT Amendments frustrated the 1997 Supply Facilities Agreement, which position Hydro One opposes. Hydro One submits that

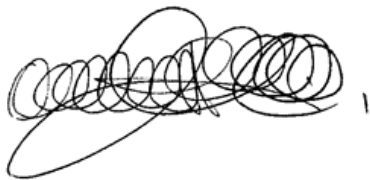
⁹ This section is in response to submissions made at page 4, v. of the April 28, 2023 Entegrus letter.

¹⁰ Hydro One Intervenor Evidence, p. 11 of 28

this supplementary material should also be denied at this stage of the proceeding and left to written argument.

Should the OEB grant Entegrus' request to file supplementary evidence, Hydro One renews its request to the OEB that it also grant Hydro One the opportunity to file additional evidence, if necessary, to address Entegrus' evidence, and afford our customer, Formet, the same opportunity.

Yours truly,
HYDRO ONE NETWORKS INC.

A handwritten signature in black ink, appearing to read 'Monica E. Caceres', with a large, sweeping flourish underneath.

Monica E. Caceres

Encls.

cc.: OEB counsel, James Sidlofsky

Entegrus Powerlines, Mr. David C. Ferguson (Chief Regulatory Officer & VP of Human Resources)

Applicant counsel, Mr. David Stevens

Formet Industries, Ms. Christine Gallo, Associate General Counsel;
Mike Richmond & Adam Chisholm, McMillan LLP