1 Table of Contents

2 PREAMBLE

On April 28, 2023, Entegrus filed a letter setting out the scope of supplementary evidence that it proposes to file in response to the evidence from Hydro One and the Customer. In Procedural Order No. 3, the Ontario Energy Board ("OEB") found that Entegrus is allowed to file supplementary evidence consistent with the scope of the April 28, 2023 letter. Entegrus has organized the evidence below to be consistent with the April 28, 2023 letter, though the related topics of reliability and capacity have been combined. A copy of Entegrus' April 28, 2023 letter is attached at Attachment 1.

3 EXCESS CAPACITY OF THE FACILITIES CURRENTLY SERVING THE CUSTOMER & RELIABILITY IMPACTS

3.1 TERMINOLOGY: DESIGN CAPACITY, PLANNING CAPACITY, AND SAFE OPERATING RATING

This terminology preface is to clarify terminology used in Entegrus' original evidence, which may have been misunderstood by Hydro One. This clarification is important to contextualize the evidence that follows.

For clarity, in Entegrus evidence Sections 5.5, 5.5.1, 5.5.2 and throughout the original evidence, Entegrus used the term "design capacity" synonymously with the term "planning capacity". For Entegrus, planning capacity represents 50% of the "safe operating rating" of the equipment as defined by the manufacturer. This definition of planning capacity has been adopted widely within the industry as a way to allow operational flexibility and to ensure adequate capacity (i.e. above 50% of the safe operating rating of the equipment) is available in adjacent feeders to quickly restore customers during unplanned outages. In the Hydro One evidence on page 16, starting at line 3, Hydro One conflates Entegrus exceeding the maximum design capacity in the chart, with exceeding the "max rating" (inferring safe operating rating) of a feeder. This is not the case as it is not Entegrus' practice to exceed equipment safe operating ratings[1].

In industry practice, equipment does periodically run above planning capacity. As noted by Hydro One, the only concern with operating above the planning capacity is the potential for reduction in operating flexibility under

[1] 2022-10-17 Application, page 14.

contingency during peak load hours. Operating the M7/M8 above the planning capacity does not affect degradation of equipment or cause a reduction in reliability for the Customer. If additional St. Thomas customers were connected, operational flexibility and ease of customer restoration would increase.

Further, safe operating ratings for equipment are often expressed in MVA, while power is expressed in MW. MVA is greater than MW, but for high power factors the two numbers converge, and are generally within 10%. In the interest of simplicity, units in this evidence are harmonized to MW, for consistency with the Application.

3.2 Excess Capacity

The evidence filed by the Customer on April 17, 2023 included construction standards and materials adoption information. This information establishes the capacity intent at the time of design and construction, as well as historical operational load balancing practices. In summary:

- The M7/M8 feeders were intended to be, and have historically been, operated to allow redundancy[2] (i.e. a single feeder has been able to hold the full load of the plant).
- The M7/M8 design capacity was established to be a redundant [redacted] supply.
- Under non-contingency situations, the Customer operates with its load balanced between the supplying M7/M8 feeders.
- [redacted]

The design intent of being able to supply the Customer [redacted] is supported by the documentation filed by the Customer and the Customer's claims[7]. As constructed, the feeders feature materials with a safe operating rating [redacted] without equipment degradation, which is significantly higher than Entegrus' initial assessment. This shows that the M7 and M8 feeders are currently lightly loaded and hold significant available capacity that is currently inaccessible to all St. Thomas customers.

[2] Formet Evidence 2023-04-17, paragraph 29, 36.
[3] Formet Evidence 2023-04-17, Exhibit E, Section B-1.
[4] Formet Evidence 2023-04-17, paragraph 27.
[5] *Ibid.*
[6] Hydro One Evidence 2023-04-17, Attachment 6.
[7] Formet Evidence 2023-04-17, paragraph 29, 36.

Hydro One assumes that Entegrus planning capacity is 14 MW[8]. This is too low in terms of how the M7 and M8 feeders were constructed. The use of 14 MW planning capacity in the Application was due to the limited information available to Entegrus at the time the Application was filed and was based on recent feeder construction practice. It is now known that the M7 and M8 feeders built by the St. Thomas PUC in 1997 each have a safe operating rating [redacted], and thus a higher planning capacity than the originally stated 14 MW.

In the following evidence, Entegrus will demonstrate that under this construction design, for each operating scenario presented, there is excess capacity. Entegrus will discuss these scenarios within the context of an update to the original Application connection topology, which enhances operational flexibility, restoration capability, and optimizes available capacity for all St. Thomas customers. This enhanced design conservatively utilizes a safe equipment rating [redacted]

For the purposes of this analysis, three operating scenarios are contemplated.

- **Scenario 1**: Two Feeders in Service. Customer load split evenly between M7 and M8 feeders as the Customer has described as their preferred configuration.
- **Scenario 2**: Two Feeders in Service. Customer Load concentrated on a single feeder.
- **Scenario 3**: One Feeder in Service. Customer Load concentrated on a single feeder.

The first two scenarios represent the boundaries of the potential operating scenarios. In Scenario 1, Customer load is perfectly balanced between supply feeders. In Scenario 2, Customer load is focused on a single feeder (i.e. due to Customer choice related to plant operations). The inverse of these scenarios applies equally. For example, under Scenario 2 having the Customer load concentrated on the M8 feeder (instead of the M7 feeder) does not change the outcome. The same is true if the M7 is out of service instead of the M8 in Scenario 3. Scenario 3 is a contingency situation, and demonstrates that even if an outage (i.e. planned or unplanned) were to occur, the proposed reliability plan is resilient.

3.3 Updated Results of Scenario Analysis

In the Application, a potential interconnection topology was presented as Figure 5-3. The diagram is reproduced herein at Attachment 2 as Figure A, with additional details added for clarity. This includes showing the connection to the tie switch / recloser which routes to the existing Entegrus distribution system.

[8] Hydro One Evidence 2023-04-17, page 17, Line 1.

As shown in Attachment 2, in this scenario, Entegrus deploys an intelligent system featuring reclosers on the M7 and M8 feeders, to feed a common line to tie in to the Entegrus system. The reclosers would be configured to dynamically select (with appropriate controls) the lower utilized feeder to supply additional St. Thomas customers. It is important to note that in the event of a contingency (where the M7 or M8 becomes unavailable), Entegrus could use the new connection between the M7 and M8 and Entegrus' existing distribution network to provide additional bidirectional supply for the Customer, reinforcing supply to the Customer's facility. At the Customer/Entegrus meeting, and in the Customer's evidence[9], the Customer expressed sensitivity to momentary outages. To clarify, the purpose of the intelligent system featuring reclosers on the M7 and M8 feeders is to mitigate reliability issues, including momentary outages, while allowing additional St. Thomas customers to access currently unutilized capacity.

Based on the scenarios outlined in Section 3.2 above, available capacity under peak load conditions is presented in Table 3-1 below. To be conservative, Entegrus has assumed a Customer peak load [redacted]. Further, after leaving a 10% contingency [redacted] in the remaining safe operating rating to cover load increases or an abnormally high peak, [redacted] remains, which Entegrus asserts is available capacity for all St. Thomas customers.

TABLE 3-1: ORIGINAL CONNECTION TOPOLOGY - CAPACITY BY OPERATING SCENARIO

	Customer Peak Load	Entegrus Peak Load	Combined Peak Load	Remaining Safe Operating Rating	Remaining Combined Available Equipment Capacity
Particulars (MW)	[redacted]				
Scenario					
Scenario 1					
Scenario 2					
Scenario 3					

*O/S = out of service

In all scenarios above, Entegrus can connect [redacted] (column c and d in Table 3-1) of additional distribution load while meeting current customer capacity requirements and remaining within safe operating rating of the feeders. At the current time, the excess capacity [redacted] shown above remains unavailable to St. Thomas customers and appears to be surplus to the supply needs of the Customer.

[9] Formet 2023-04-17 evidence, paragraphs 35-38 and Exhibit K.

[10] Formet 2023-04-17 evidence, paragraph 27.

3.4 Customer Reliability Impacts Including Alternate Connection Plan

On March 17, 2023, the OEB confirmed that Entegrus was permitted to meet with the Customer. The meeting occurred March 22, 2023, and the Customer walked Entegrus through a diagram of plant operations and explained the nature of its operations and machinery, and its sensitivity to reliability matters, including momentary outages. This discussion suggested the need for additional potential modifications to the reliability plan.

Based on the new information from the Customer meeting, as well as the reliability information in the Customer evidence, Entegrus has contemplated an alternative connection topology. In this scenario, an additional downstream recloser is added (total of four) to allow load to be connected to the M7 and M8 feeders independently. This results in enhanced utilization of existing Entegrus assets for the purposes of Customer supply resiliency by providing two additional alternate supplies (rather than one alternate supply in Attachment 2, Figure A). The updated connection alternative is presented at Attachment 2, Figure B. This allows Entegrus to backfeed the M7 and M8 simultaneously, providing two alternate feeds to the Customer and mitigating a double M7 and M8 failure, which accordingly increases the reliability. As noted in Section 3.3, the purpose of the intelligent system featuring reclosers on the M7 and M8 feeders is to mitigate reliability issues raised in the Customer's evidence[11], including momentary outages, while allowing Entegrus to access currently unutilized capacity.

Utilizing the same scenarios as outlined in Section 3.2, the available capacity is shown in Table 3-2.

Table 3-2: Alternative Connection Topology – Capacity by Operating Scenario

	Customer Peak Load	Entegrus Peak Load	Combined Peak Load	Remaining Safe Operating Rating	Remaining Combined Available Equipment Capacity
Particulars (MW)	[redacted]				
Scenario					
Scenario 1					
Scenario 2					
Scenario 3					
*O/S = out of service					

In all scenarios above, Entegrus can connect [redacted] (column c and d in Table 3-2) while meeting current customer capacity requirements and remaining within safe operating rating of the feeders. Note that this connection topology demonstrates three additional benefits. Firstly, it enables all St. Thomas customers

[11] Formet 2023-04-17 evidence, paragraphs 35-38.

to access additional capacity. Secondly, it allows Entegrus to balance load between the M7 and M8 as it develops. Thirdly, it enables a more dynamic distribution grid. At the current time, the excess capacity [redacted] shown above remains unavailable to Entegrus and appears to be surplus to the supply needs of the Customer.

3.5 FINDINGS

Under both connection topologies above, it is evident that significant unutilized capacity [redacted] is available for public use without constraining the Customer's ability to operate under peak conditions, even in a contingency situation, while simultaneously enhancing reliability for all St. Thomas customers, including the Customer. Prior to connecting any additional load to the M7 and M8 feeders, Entegrus would perform a full engineering assessment, ensure all elements are appropriately rated, and remediate any deficiencies detected.

4 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, consistent with Section 7.3.2 of the Service Area Amendments ("SAA") Filing Requirements. Hydro One denied these requests. Without the requested 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.

On April 17, 2023, Hydro One filed evidence which included relative costs to the Customer from each distributor. Specifically, in Attachment 6, Hydro One compared the cost of the Entegrus St. Thomas rate zone GS>50 - 4,999 kW rate class to the cost of the Hydro One Sub-Transmission rate class, using common billing determinants. Further, Hydro One states[12]:

> *"The difference in the relative total monthly bill is significant for the Customer.* [redacted]

The volume and load information put forth by Hydro One on April 17, 2023, in its evidence at Section 2.1.4.1 and Attachment 6, now permits Entegrus to prepare evidence regarding relative costs. This information was provided in confidence, thus Entegrus' calculated bill impacts shown at Attachment 3 are, by extension, provided in

[12] Hydro One 2023-04-17 evidence, page 12, line 10.

confidence. Entegrus has presented only Entegrus bill impacts in Attachment 3 and has refrained from re-calculation of Hydro One's calculations of its own bill impacts, nor has Entegrus further examined Hydro One's application of its Sub-Transmission rate class for the Customer.

In calculating the estimated monthly bill impacts for the Customer using the information now available, Entegrus noted the following material errors in Attachment 6 of the Hydro One evidence relating to Entegrus bill impacts:

- The loss factors assumed for both Entegrus rate classes were incorrect.
- The Global Adjustment and Capacity Demand response charges are based on the customer-specific Peak Demand Factor and would not change between distributors.
- The scenarios presented show two monthly service charges for Entegrus. Entegrus would have only one monthly service charge in this scenario.
- The scenarios presented fail to include Entegrus' transformer allowance.
- The kW used for Network Service and Line & Transformation Connection appear to be loss-adjusted. Entegrus charges such rates on non-loss-adjusted kW.

The impact of correcting for the above is that the monthly bill impact for the Customer under the Entegrus – St. Thomas GS>50 - 4,999 kW rate class is shown at Attachment 3, column c. It is [redacted] than the comparative Hydro One calculation of its bill impacts in its evidence at Attachment 6, rather than [redacted] as stated by Hydro One. This Entegrus calculation translates to an impact of [redacted]

Entegrus agrees that the Customer would currently map to the Entegrus - St. Thomas rate zone GS>50 - 4,999 kW rate class. Notably, this rate class mapping is anticipated to change upon rate harmonization with the Entegrus Main rate zone in the upcoming Entegrus 2026 Cost of Service application. It is expected that at such time, the Customer will map to the Entegrus Large Use rate class. This said, Entegrus recognizes that both Entegrus and Hydro One rates will change over time. The fact that current distribution rates will change over time and should therefore not be a determinative factor in SAAs was originally recognized by the OEB in the Combined Proceeding on SAAs (RP-2003-0044).

Entegrus believes that although non-determinative, the implications of the Entegrus plans for rate harmonization and the extension of Entegrus – Main Large Use rate class to St. Thomas would be relevant for the Customer. Accordingly, the estimated monthly bill impacts under the existing Entegrus – Main Large Use service class are also provided at Attachment 3, column f. This analysis may be more reflective for the Customer of long-term bill impacts in 2026 and beyond under Entegrus and is [redacted]

[redacted]

5 LONG-TERM LOAD TRANSFER ("LTLT")

Hydro One asserts that the facts show that the Customer is not served by an LTLT, and section 6.5.3 of the Distribution System Code ("DSC") does not apply.[13] Hydro One further states that the parties have not treated the arrangement as an LTLT, as evidenced by the fact that it was not included in the 2017 Joint LTLT elimination application from Hydro One and St. Thomas Energy ("STEI").[14] Load transfers were described in the Combined Proceeding on SAAs. In the Decision in that case, the OEB noted that "Load transfers are arrangements whereby an incumbent distributor permits an adjacent distributor to serve a load located in the incumbent's service territory."[15] That is exactly the case here. As set out in the 1997 Letter, Ontario Hydro and the St. Thomas PUC agreed that Ontario Hydro could supply the customer with power and that St. Thomas waived any rights to supply the customer for a period of time.[16]

Hydro One argues that the OEB's concerns about load transfers are premised on cross-subsidization, where ratepayers of the geographic distributor pay towards the service for the customer but do not receive the revenues because the customer is served by the physical distributor.[17] Hydro One says that this is not the case here. Entegrus disagrees.

First, cross-subsidization concerns are not the only basis for the OEB directing that all LTLTs be eliminated. The same February 2015 Notice from the OEB that Hydro One cites in its evidence is clear that "[t]here are a number of undesirable outcomes associated with load transfer arrangements that the Board has previously identified (e.g., cross-subsidizations). As such, the Board has sought to eliminate load transfer arrangements since the DSC was first issued."[18] Another undesirable outcome is public confusion and additional coordination resulting from such arrangements, as described in the Application.[19]

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[13] Hydro One 2023-04-17 evidence, page 7.
[14] *Ibid*.
[15] RP-2003-0044 Decision with Reasons, February 27, 2004, at para. 269.
[16] Application 2022-10-17, Attachment 3; also Hydro One 2023-04-17 evidence, Attachment 3.
[17] Hydro One 2023-04-17 evidence, page 9.
[18] OEB Notice of Proposed Amendments to DSC re LTLTs, February 20, 2015, page 2.
[19] Application 2022-10-17, pages 23-24.

Second, the fact is that the Customer is served by Entegrus assets – and as described above there is excess capacity on those feeders – that can be used to serve other Entegrus customers if the LTLT is eliminated. Because of the LTLT, Entegrus customers are being deprived of a benefit and will have to incur the consequences of additional costs for new capacity to serve St. Thomas. That capacity requirement is imminent, with the recent Volkswagen announcement[20]. For instance, Entegrus recently received a request from a St. Thomas customer for significant additional capacity. Effectively, the Entegrus assets are providing service for the Customer, yet the LTLT is preventing those assets from being fully utilized for all St. Thomas customers. At the same time, Hydro One is benefiting from the full revenues from the Customer (which go far beyond revenues related to the feeders). In these circumstances, Entegrus customers are effectively cross-subsidizing Hydro One, or at the very least being deprived of benefits.

Hydro One itself recognized and agreed that all load transfers should be eliminated. In its submissions in relation to the 2015 changes to the DSC under which LTLTs were to be eliminated, Hydro One said the following:

> *To be consistent with the Board Policy of avoiding cross-subsidization for all customers, the Board should take this opportunity to require the elimination of all cases where distribution customers are served by one LDC's assets but paying another LDC's rates, including interval-metered customers that are supplied through a retail point of supply.*[21]

Entegrus is not aware of why the Customer load transfer was not historically billed through STEI, nor why the parties did not include the LTLT in the 2017 Joint LTLT application. There are no management representatives of STEI still working with Entegrus to be able to provide such information. However, that does not change the fact that this is a load transfer, and under section 6.5.3 of the DSC the OEB has directed parties to eliminate load transfers. No requirement is included in the DSC that a load transfer must always be billed by the local distributor on behalf of the physical distributor.

Hydro One also points to a 2004 decision of OEB Market Operations, which held that the 1997 Letter is a lease agreement that was not impacted by section 26(3) of the *Electricity Act*.[22] The implication is that it is also unaffected by the LTLT elimination rules. While Entegrus had not been aware of this decision, its position is unchanged. The 1997 Letter is inextricably linked with the load transfer arrangement. As of 2015, distributors are required to eliminate load transfers – this means that the commitments in the 1997 Letter Agreement cannot be

[20] Formet 2023-04-17 evidence, Exhibit L.
[21] EB-2015-0006 – Proposal to Amend Distribution System Code (DSC) – Hydro One Comments On Proposed Amendments to the DSC Pertaining to LTLT Elimination, March 6, 2015, at page 2. Found at https://www.rds.oeb.ca/CMWebDrawer/Record/468944/File/document.
[22] Hydro One 2023-04-17 evidence, page 6.

completed. The direction to eliminate LTLTs came much later than the 2004 decision cited by Hydro One[23] and does not appear to have been a factor under consideration.

6 IMPLICATIONS OF THE MAADS DECISION

Hydro One's evidence makes a number of assertions that it would have intervened in the Entegrus/STEI MAADs application had it been clear that Entegrus would seek to eliminate the LTLT with the Customer.[24] That position is entirely speculative, and it ignores the fact that if the Hydro One service to the Customer is a LTLT, then it should have been eliminated before the merger, whether the geographic distributor was STEI or Entegrus. In any event, it's not clear how or why the MAADs process would have been different had Hydro One participated.

Here and throughout its evidence, Hydro One accuses Entegrus of "reneging" on its contractual obligations. That phase is used seven times in the evidence and again in Hydro One's recent letter. Entegrus takes offence. Between the time that the pre-Market Opening document (the 1997 Letter that Hydro One relies on) was formed and now, the OEB created new rules that told distributors to unwind and terminate LTLTs. That is what Entegrus seeks to do. The consequence is that the obligations in the 1997 Letter can no longer be completed. The contract is frustrated. This is not "reneging". It is Entegrus following the OEB's direction and acting in the best interest of its customers.

Moreover, as Entegrus has already stated and Hydro One is aware, Entegrus is obliged to act in the best interest of its customers when selling assets. If the asset is or could be useful in serving the public (which should be read to mean Entegrus' customers in this context), then the distributor cannot sell the asset without OEB approval.[25]

Ultimately, the Hydro One demand for Entegrus to transfer the underutilized M7/M8 assets at nominal cost to Hydro One is thus neither rational nor in the economic best interest of Entegrus customers, nor connected to the 2017 Entegrus/STEI MAADs Decision.

[23] Hydro One 2023-04-17 evidence, page 5.
[24] Hydro One 2023-04-17 evidence, pages 10-11 and Hydro One letter dated May 4, 2023, page 6.
[25] OEB Act, section 86(1)(b).

ATTACHMENT 1

Copy of Entegrus' April 28, 2023 Letter Describing Proposed Supplementary Evidence

AIRD BERLIS

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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 Edgeware 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. <u>Excess capacity of the facilities currently serving the Customer</u>

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

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

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

ATTACHMENT 2

Connection Topology Figures

FIGURE A: CONNECTION AS PROPOSED IN APPLICATION (WITH CLARIFICATION)

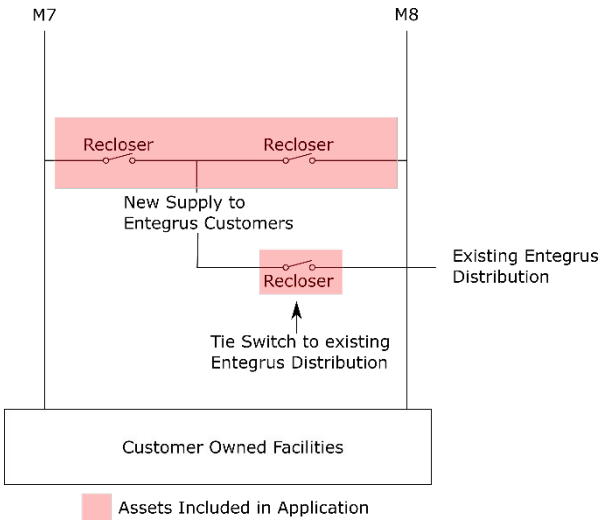
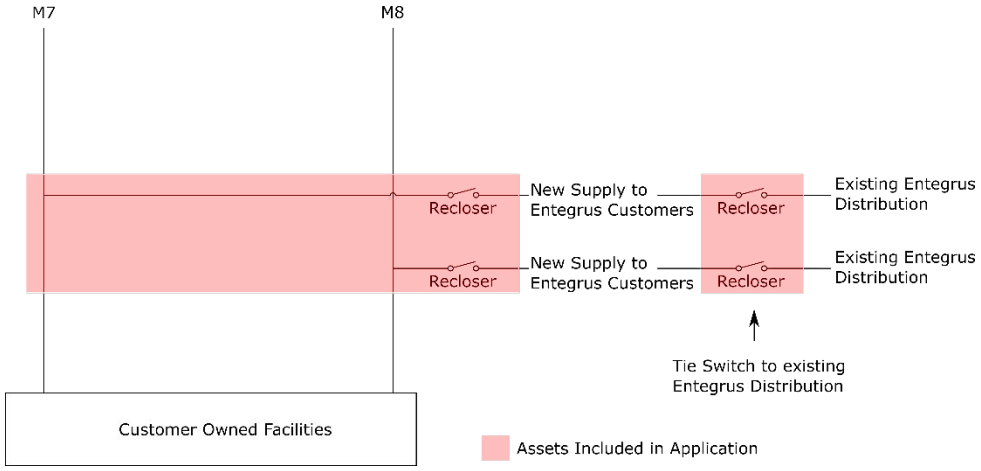


FIGURE B: UPDATED CONNECTION ALTERNATIVE



ATTACHMENT 3

Estimated Monthly Bill

This attachment has been filed separately in confidence.