

Entegrus Powerlines Inc.
Application to Amend Schedule 1 of an Electricity Distributor Licence
Formet Industries Responses to Interrogatories
Ontario Energy Board (OEB)
File Number: EB-2022-0178

June 22, 2023

Entegrus Interrogatory #1

Reference:

Customer's Supplementary Evidence 2023-05-19, Attachment 2-A.

Preamble:

In the Customer's 2023-05-19 Supplementary Evidence, the Customer filed a copy of a May 17, 2023, Capacity Allocation Commitment with Hydro One as Attachment 2-A.

Question(s):

- (a) Please advise what led to the referenced letter? What changed that made the letter agreement necessary?

Answer:

The purpose of the Capacity Allocation Commitment was to provide written confirmation of Formet's updated peak load forecast, which Formet asserted and Hydro One agreed should not be based on the depressed load levels during the COVID period, but instead be based on Formet's forecast of activity levels going forward.

The Capacity Allocation Commitment was entered into against the background of the redundancy arrangements originally between Formet and Ontario Hydro in writing 25 years ago that were grandfathered when transferred to Hydro One pursuant to Part X of *Electricity Act, 1998*, and continue to bind Hydro One today.

In terms of what changed, this Application was brought to challenge a long-standing arrangement between Formet and Hydro One. The Capacity Allocation Commitment reflects that, 25 years later, Hydro One continues to be bound as Ontario Hydro's successor. Formet considered the Capacity Allocation Commitment to be necessary in light of this Application which seeks to undermine Hydro One and Formet's long-standing agreement.

- (b) When did negotiations for the referenced letter commence and which party made the suggestion?

Answer:

Formet suggested the Capacity Allocation Commitment on or around April 13, 2023.

(c) Please provide all drafts of the letter.

Answer:

There was only one draft of the Capacity Allocation Commitment, dated May 10, 2023 prior to the final Capacity Allocation Commitment dated May 17, 2023. [REDACTED]

(d) Please confirm that the letter would provide an Edgeware TS station capacity allocation to the Customer of [REDACTED]

Answer:

The Capacity Allocation Commitment confirms Edgeware TS station's capacity allocation to the Customer of [REDACTED]

(e) Please confirm that the letter would provide redundant feeder capacity on the M7 and M8 of [REDACTED]

Answer:

The Capacity Allocation Commitment confirms redundant feeder capacity on the M7 and M8 of [REDACTED]

(f) Please describe any discussions Formet and Hydro One have had about the installation of power factor correction improvement equipment. What was the conclusion of these discussions?

Answer:

Formet is not able to recall any recent discussions with Hydro One regarding power factor correction improvement equipment.

(g) Please provide all communication regarding the May 17, 2023 agreement between Hydro One and Formet.

Answer:

Communications regarding the May 17, 2023 Capacity Allocation Commitment between Hydro One and Formet involved counsel and constitute, contain, record or reflect confidential communications passing between a client and the client's solicitors, where the communications were made in the course of the obtaining or providing of legal advice, and the solicitors were acting in a professional capacity as solicitors and that were created or came into existence for the dominant purpose of assisting a party or its solicitors in the conduct of this proceeding and were shared between the parties on a common interest basis. Those communications are not being produced.

However, we can advise that:

- Formet suggested the Capacity Allocation Commitment on or around April 13, 2023;
- Hydro One requested completion and submission of its standard Information Form on April 25, 2023;

- the requested form was completed and submitted by Formet on May 8, 2023;
- Hydro One provided a draft of the Capacity Allocation Commitment on May 10, 2023;
- Formet requested on May 16, 2023 that the draft be adjusted to clarify that the assigned capacity applies to each feeder; and
- Hydro One delivered the final signed letter on May 17, 2023.

(h) What commitments in the letter are new? If none, then why is the letter necessary?

Answer:

See answer to 1(a) above.

(i) Please quantify the bill impacts of the letter agreement for Formet.

Answer:

Formet does not know of any bill impacts from the Capacity Allocation Commitment.

Entegrus Interrogatory #2

Reference:

Entegrus Application 2022-10-17, Section 3.

Preamble:

In the Application, Entegrus explained that Hydro One had not permitted Entegrus to speak with the Customer, and requested permission from the OEB, which was granted on March 17, 2023.

Question(s):

- (a) Please provide all communications exchanged between Formet and Hydro One from the time that Entegrus requested permission to speak with the Customer in relation to the SAA (May 31, 2022) until the date when the OEB granted permission on March 17, 2023.

Answer:

Formet did not have any communication with Hydro One regarding the SAA between May 31, 2022 and March 17, 2023.

- (b) Please provide all communications exchanged between Formet and Hydro One following Entegrus' meeting with Formet.

Answer:

Following Entegrus' meeting with Formet, no written communications were exchanged between Formet and Hydro One with respect to the meeting.

If Formet or Hydro One claims privilege over any such communications, please advise of the basis for such privilege claim and the dates and personnel included in each such communication.

Entegrus Interrogatory #3

Reference:

Customer Evidence 2023-04-17, paragraph 26.

Preamble:

At paragraph 26 Formet states: “*The dedicated feeders were purpose-built for the Plant. Formet has satisfied its obligation to pay off the full contracted amount for capital costs of the dedicated feeders. Entegrus has received payment in full for them and has recorded such payment as revenue in its OEB filings. This Application therefore seeks to give the feeders over to Entegrus and its customers after (i) Entegrus’ original shareholder (the City of St. Thomas) has profited from the Plant, and its associated jobs and economic development; (ii) Formet and Hydro One have each paid in full the contracted amounts for the construction, operation and maintenance of the two dedicated feeders, and (iii) Entegrus and its predecessors have been paid in full for the cost of the feeders and booked such payments as revenue.*”

Question(s):

- (a) What credit will Formet receive from Hydro One from having paid rates for service using the M7/M8 feeders over many years?

Answer:

The consideration that Formet receives from Hydro One for having fulfilled its contractual obligations is not in the form of a payment “credit”. Rather, the primary consideration that Formet has received from Hydro One is Hydro One maintaining the feeders as redundant feeders able to satisfy Formet’s entire expected peak load on either feeder at any time (barring a concurrent outage of M7 and M8), as originally agreed with Ontario Hydro and as reconfirmed and reflected in the May 17, 2023 Capacity Allocation Commitment letter.

- (b) Will Hydro One treat these assets as having been paid for by Formet and therefore collect less in rates than it would from other customers in the same rate class?

Answer:

Formet is not in a position to advise what accounting treatment Hydro One applies to its assets. However, in terms of comparing what Formet pays for the use of these assets to what other customers might pay for the use of these assets, Formet notes that there are no other customers using these assets – not in the same rate class, nor in any other rate class. That grandfathered treatment is precisely what Formet and Ontario Hydro bargained for.

Entegrus Interrogatory #4

Reference:

Customer Evidence 2023-04-17, Exhibit H.

Preamble:

At Exhibit H of the Customer 2023-04-17 evidence, the Customer provides a copy of the EB-2007-0969 Decision, wherein, under OEB Act Section 86(1)(b), Hydro One is granted leave to sell various assets to the Customer, including [REDACTED] transformers with a nameplate capacity of [REDACTED]

Question(s):

- (a) Please confirm that the Customer facility continues to have eight operational [REDACTED] transformers with a nameplate capacity of [REDACTED] onsite.

Answer:

Incorrect.

- (b) If the Customer facility no longer has eight operational [REDACTED] transformers with a nameplate capacity of [REDACTED] onsite, please provide the number and type of operational transformers, along with the individual nameplate capacity and total nameplate capacity.

Answer:

The Customer facility has [REDACTED] transformers, each with a nameplate capacity of [REDACTED]