

## **CHATHAM-KENT HYDRO RESPONSES TO WIREBURY CONNECTIONS INC. INTERROGATORIES**

### **Wirebury Connections Question 1:**

- 1) On the issue of customer preference:
    - a) What is your Company's position with respect to customer choice?
    - b) Should new (i.e. unattached or non-metered) customers be able to request service from a distributor of their choice?
    - c) If the answer to (b) is no, please reconcile your response with Objective 2 of the *Ontario Energy Board Act 1998* (the "OEB Act") and Section 28 of the *Electricity Act, 1998* (the "Electricity Act").
- 

### **Chatham-Kent Hydro Inc. Answer to Question 1:**

- a) Chatham-Kent Hydro believes customers should have choice in deciding their distributor.
- b) Yes
- c) N/A

## **CHATHAM-KENT HYDRO RESPONSES TO WIREBURY CONNECTIONS INC. INTERROGETORIES**

### **Wirebury Connections Question 2:**

What are the advantages and disadvantages, if any, of allowing new (i.e. unattached or non-metered) customers to choose their distributor?

---

### **Chatham-Kent Hydro Inc. Answer to Question 2:**

Advantages:

- Meets Objectives 2, 3 and 4 of the OEB Act.
- Creates competition in the distribution business that should result in lower prices and better services for customers.

Disadvantages:

- Potential stranding of assets.
- May create operational issues between the embedded and host distributors.

**CHATHAM-KENT HYDRO RESPONSES TO WIREBURY  
CONNECTIONS INC. INTERROGETORIES**

**Wirebury Connections Question 3:**

Does your Company agree that the obligation to connect is triggered by a written request from the customer as described in subsection 28(b) of the Electricity Act? Please explain your response?

---

**Chatham-Kent Hydro Inc. Answer to Question 3:**

Yes because it is a legal obligation.

## **CHATHAM-KENT HYDRO RESPONSES TO WIREBURY CONNECTIONS INC. INTERROGETORIES**

### **Wirebury Connections Question 4:**

Parties who made submissions to the jurisdictional question raised by Hydro One in this proceeding took the position that overlapping service areas were permitted by subsection 70(6) of the OEB Act.

- a) If your Company does not agree with this conclusion, please explain why.
  - b) Would allowing licences to overlap be a more efficient way for the Board to manage changes to service areas or should the current practice of amending the incumbent and applicant's licences be continued?
  - c) Please explain why your Company prefers the option it selected in (b).
  - d) Please describe any alternatives that your Company thinks it might be better than the options described in (b).
- 

### **Chatham-Kent Hydro Inc. Answer to Question 4:**

- a) Chatham-Kent Hydro agrees that overlapping service areas are permitted by subsection 70(6) of the OEB Act.
- b) Allowing licensed service territories to overlap would be a more efficient way for the Board to manage service area changes.
- c) Chatham-Kent Hydro believes that overlapping service areas may assist in eliminating load transfer customers between distributors. Applications to amend service territories are lengthy and costly processes. Provision of overlapping service areas may result in timely decision-making and lower costs for the end use customer.
- d) N/A

## **CHATHAM-KENT HYDRO RESPONSES TO WIREBURY CONNECTIONS INC. INTERROGETORIES**

### **Wirebury Connections Question 5:**

Should system expansion and customer growth for your Company be limited to its existing service area or should the Company be able to compete for attachments outside its authorized service area? Please explain your response.

---

### **Chatham-Kent Hydro Inc. Answer to Question 5:**

Chatham-Kent Hydro believes that it should be allowed to compete for customer connections outside its licensed service area. Competition for customers should result in efficient use of distribution assets, lower costs to distribution customers, improve service and provide customers with choice.

## **CHATHAM-KENT HYDRO RESPONSES TO WIREBURY CONNECTIONS INC. INTERROGETORIES**

### **Wirebury Connections Question 6:**

- a) Does your Company believe that it could connect to Hydro One's grid as an embedded distributor and serve customers in green-field developments just as or more efficiently than Hydro One?
- b) If the answer in (a) is no, please explain why and indicate whether you think your Company could compete effectively through contiguous expansion of its service area.
- c) If the answer to (a) is yes, please explain why you think your utility could do this and how your new (i.e. unattached or un-metered) customers would benefit without harming Hydro One's existing (i.e. connected or metered) customers.
- d) Does your Company believe that there other distributors that could effectively compete with Hydro One? If so, please explaining how these distributors could serve customers more efficiently than Hydro One either by expanding their systems or connecting to Hydro One's network as an embedded distributor?

---

### **Chatham-Kent Hydro Inc. Answer to Question 6:**

- a) Yes.
- b) N/A
- c) Chatham-Kent believes that, as an embedded distributor serving new customers in a green-field development, it would connect, meter and settle these new customers in the same manner as it does for its existing embedded customers. This is a common practice for embedded distributors. Any upstream costs incurred by Hydro One in order to serve the embedded load would be borne by the embedded distributor.

- d) Chatham-Kent Hydro believes that other qualified distributors could effectively compete with Hydro One to meet new loads resulting from system expansion or as an embedded distributor. Chatham-Kent Hydro believes that in most cases, the embedded distributor has greater local control, local knowledge and accountability resulting in greater benefits to embedded customers.

## **CHATHAM-KENT HYDRO RESPONSES TO WIREBURY CONNECTIONS INC. INTERROGETORIES**

### **Wirebury Connections Question 7:**

- (a) Should the ability of a LDC to provide customer benefits be limited to contiguous expansion or should it also be allowed to expand its customer base as an embedded distributor (i.e. connecting its distribution facilities to and downstream of the host distributor's system)?
  - (b) If the answer to (a) is contiguous expansion only, please explaining why there would be any difference between the customer benefits derived from contiguous expansion and those derived from embedded distribution.
  - (c) Please indicate how and to what degree customers might benefit from LDCs being allowed to expand their services outside their service areas?
- 

### **Chatham-Kent Hydro Inc. Answer to Question 7:**

- (a) An LDC should not be limited to contiguous expansion and should be allowed to expand as an embedded distributor.
- (b) N/A
- (c) Customers might benefit from LDCs being allowed to expand their services outside their service areas by having choice of supplier and this opportunity of choice should lead to competition among distributors, which in turn should lower customer costs and improve service.



## **CHATHAM-KENT HYDRO RESPONSES TO WIREBURY CONNECTIONS INC. INTERROGETORIES**

### **Wirebury Connections Question 8:**

If the Board decides to limit access to and competition for distribution services to new (i.e. unattached or non-metered) customers,

- a) What would happen to the benefits of open access and customer choice, and,
  - b) Would customers still benefit from competition, and if not, why not?
- 

### **Chatham-Kent Hydro Inc. Answer to Question 8:**

- (a) Customer choice and open access would be restricted to new customers only. As a result, the benefits of competition would be reduced because fewer customers would have the opportunity to choose their distributor.
- (b) Only new customers would benefit from competition. In addition, Chatham-Kent Hydro believes that the benefits of competition would not be as great because fewer customers, i.e. only new customers, would have the opportunity to choose their distributor.

## **CHATHAM-KENT HYDRO RESPONSES TO WIREBURY CONNECTIONS INC. INTERROGETORIES**

### **Wirebury Connections Question 9:**

Hydro One has suggested that network assets will be stranded if other distributors are allowed to serve new (i.e. unattached or non-metered) customers in Hydro One's current area of service.

- a) What assets, if any, does your Company think would be stranded if new customers were served by your Company, another LDC or an embedded distributor using the same upstream network assets that Hydro One would use to serve the same customers? In responding to this question, please assume that the customers are served through any embedded distribution connection to Hydro One's system rather than a contiguous connection to your system.
- b) If the answer to (a) is there would be no stranding, please explain why.

---

### **Chatham-Kent Hydro Inc. Answer to Question 9:**

- (a) Chatham-Kent Hydro does not believe that any assets would be stranded.
- (b) The upstream assets would not be stranded because they would be required regardless of who supplies the end use customer.

## **CHATHAM-KENT HYDRO RESPONSES TO WIREBURY CONNECTIONS INC. INTERROGETORIES**

### **Wirebury Connections Question 10:**

Section 28 of the Electricity Act states that a distributor has an obligation to connect buildings that are located along the distributor's distribution system if the owner, occupant or other person in charge of the building has requested the connection in writing. This section appears to ensure that in every situation, an obligation to connect exists.

- a) Would your company agree that the obligation to connect remains in effect and is driven by customer choice and proximity, even in the case of overlapping licences?
- b) If the answer to (a) is no, please explain your response.

---

### **Chatham-Kent Hydro Inc. Answer to Question 10:**

- (a) Yes, the distributor is obligated by the legislation to connect a customer that lies along their distribution system.
- (b) N/A

## **CHATHAM-KENT HYDRO RESPONSES TO WIREBURY CONNECTIONS INC. INTERROGETORIES**

### **Wirebury Connections Question 11:**

With regard to overlapping service areas:

- a) Would customers in an overlapping service area benefit more from having access to two or more readily available distributors than customers in a single service area? Please explain your response.
- b) Would customers be able to request service from any of the overlapped utilities? Please explain your response.
- c) How would the obligation to connect be ensured and administered where there are two or more LDC's authorized to serve customers in the same area?

---

### **Chatham-Kent Hydro Inc. Answer to Question 11:**

- (a) Yes because customers would be able to choose their distributor. Competition between distributors for the same customer pool should lower their costs and improve the level of service.
- (b) Yes, customers should be able to submit a written request for service to any of the overlapping utilities and each of the overlapping LDC's should provide an offer to connect. Chatham-Kent Hydro believes that customer choice of distributor should lead to competition and competition should support objectives 3 and 4 of the OEB Act.
- (c) Where two or more LDC's are authorized to serve customers in the same area, the obligation to connect would arise from the execution of the connection agreement and the Board would continue its administrative function as regulator.

## **CHATHAM-KENT HYDRO RESPONSES TO WIREBURY CONNECTIONS INC. INTERROGETORIES**

### **Wirebury Connections Question 12:**

Under section 4.0.1(1) of Regulation 161/99, certain building/land owners or operators are exempt from certain licensing and rate requirements under the OEB Act. Having regard to this section, please respond to the following:

- a) Are any assets of a host distributor stranded when exempt landlords or building owners decide to or continue to operate as unlicensed distributors downstream of the host distributor's bulk meter?
- b) Would your response to (a) change if in addition the exempt land/building owner decides to install individual meters in each suite?
- c) Would your answer to (a) or (b) change if the building was sold and the new owner wanted to continue to own and operate the unlicensed distribution system?
- d) Would your response be different if the operation of the distribution system was subcontracted to a third party?
- e) Would the same be true if the ownership of the distribution facilities was transferred as well to third party in (d)?
- f) If the answer to any of the questions in (a) through (e) is yes, please explain why?

---

### **Chatham-Kent Hydro Inc. Answer to Question 12:**

- (a) No
- (b) No
- (c) No
- (d) No
- (e) No
- (f) N/A