

July 10, 2003

Vulnerable Energy Consumers Coalition  
Mr. Michael Janigan  
1204 – One Nicholas Street  
Ottawa, ON, K1N 7B7

Dear Sir:

**Re: Combined Distribution Service Area Amendments Proceeding  
Board File No RP-2003-0044.  
Interrogatories of the Vulnerable Energy Consumers Coalition V.E.E.**

Enclosed the response to your interrogatories from the Coopérative Hydro Embrun Inc.  
for the above noted.

Yours truly,

Benoit Lamarche  
Manager  
Coopérative hydro Embrun Inc.

Encl.

I4.11.1 Reference: November 2002 Application, page 2

Preamble: “Local distribution is more efficient in a small community. The office is more accessible to customers.”

- a) Please define “local distribution” and explain the basis for the claim that local distribution is more efficient in a small community.

Local distribution means Local Distribution Company

The Coopérative Hydro Embrun Inc. deals with many of its customers for over 40 years and knows them very well. The customers of the Coopérative are used to a personalized service and are very much aware of the benefits of being a member of the Coopérative, especially because of the patronage return.

- b) Is it Embrun’s position that it can service the currently contested service area (i.e., the area covered by the original application but excluding the 52 lots that were dealt with the OEB’s May 15<sup>th</sup>, 2003 Decision) more cost effectively in terms of the cost of construction, connection and any associated system reinforcement than Hydro One Network? If yes, please provide any available analysis supporting this position?

No system reinforcement and expansions are required by the Coopérative Hydro Embrun Inc. to connect the Developer on the distribution system. It’s a continuance from phase 1, 2 and 3. Otherwise, if the Developer is connected on the distribution system of Hydro One, they would have to build a temporary primary overhead line for the remaining phases and it is an extra cost of approximately \$30,000.

Concerning new connection fees for the amendment of the service area, the developer will save money if the amendment is granted. A connection charge, if the utility supplies the conductor, has quite a financial impact for the Developer. Hydro One’s net charges are \$237.54 compared to the Coopérative charges of \$53.50. Substantial savings of \$184.04 per lot to the Developer.

- c) Is it Embrun’s position that its provision of customer service to the consumers located in the currently contested area would be more “accessible” than the customer service Hydro One would provide if it serviced these consumers? If yes, please explain the basis for this position.

The Coopérative position on the service quality is that it will be more accessible to the customers in the currently contested area because they can deal directly, person to person, for billing inquiries, new connections, appointments, underground locates. Compared to Hydro One customers just outside our limits who have to call in Markham to get the services mentioned above. With a local office we give the opportunity to the customer to speak directly to someone they know over the phone.

I4.11.2 Reference: November 2002 Application, page 2

Preamble: “that amendment is in the best interests of the customers”

- a) Please define which customers Embrun is referring (e.g.; Embrun’s existing customers, the potential customers in the contested service area and/or Hydro One’s existing customers).

When the Coopérative says “that amendment is in the best interest of the customer”, the Coopérative refers to:

- a) The developer’s choice to connect with Hydro One or the Coopérative Hydro Embrun Inc.
  - b) To give the opportunity to the potential customers on the contested service area to have lower rates and be a part of the Coopérative as a member.
- b) Please explain why the proposed service area amendment is in the best interests of Hydro One’s existing customers.

The service area amendment is for vacant land where there are no existing customers of Hydro One. The Developer requested the Coopérative to connect phase 3 and the remaining phases to it’s distribution system and the Coopérative received the support of the municipality, and it’s members. If the Coopérative has the opportunity to increase its client base, it will be able to lower its per client distribution and operation costs. Historically and to date, there is no evidence from Hydro One that additional customers leads to lower overall costs for existing Hydro One customers.

- c) Assuming the proposed service area amendment does not benefit (and indeed can be demonstrated to disadvantage existing Hydro One customers) what criteria would Embrun suggest the OEB use to weigh the benefits to certain customers (e.g.; Embrun's customers) against the disbenefits to others in approving this and similar applications?

We will suggest the Developer's preference, the existing customer's preference and also the prospective customer's preference.

- d) Please comment on Embrun's view as to whether the benefiting customers should be required to "compensate" those that are disadvantaged by the service area amendment and, if some form of compensation is reasonable, how that compensation should be determined.

It is the Coopérative's view that no compensation should be made or imposed by the benefiting customers, assuming that a completely objective and accurate measurements of benefits is possible.