

July 10, 2003

Wirebury Connection Inc.
Mikki Rizvi
Regulatory Coordination
500 Consumers Rd.
North York, ON M2J 1P8

Dear Sir:

**Re: Combined Distribution Service Area Amendments Proceeding
Ontario Energy Board File No RP-2003-0044**

As per Procedural Order No 1, please find enclosed the response to your interrogatories from the Coopérative Hydro Embrun Inc. to Wirebury Connection Inc.

Yours truly,

Benoit Lamarche
Manager
Coopérative Hydro Embrun Inc.

Encl.

I4.12.1. 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").

The Coopérative supports that a new customer (developer) should be able to request service from the distributor of their choice as per Section 28 of the Electricity Act.

I4.12.2. What are the advantages and disadvantages, if any, of allowing new (i.e. unattached or non-metered) customers to choose their distributor?

Given the choice to the new customer, he will be able to compare construction cost between LDC's.

I4.12.3. 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?

Subsection 28 (b) of the Electricity Act from my point of view means "the distributor should offer to connect the customer".

I4.12.4. 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 licenses 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 licenses be continued?

(c) Please explain why your Company prefers the option it selected in (b).

(d) Please describe any alternatives that your Company thinks might be better than the options described in (b).

The Coopérative agrees with subsection 70 (6) of the O.E.B Act. The Board should consider the needs and preferences of the new customer before granting a service area amendment. If it's the desire of the new customer to be connected to another LDC the Board should consider the customer first.

I4.12.5. 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.

If the new customers are positioned along the lines of the distributors distribution system, the company should be able to offer a connection to the new customer.

I4.12.6. (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 to (a) is no, please explain why and indicate whether you think your Company could compete effectively through contiguous expansion of its existing 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 non-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 explain 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?

The Coopérative Hydro Embrun Inc. is already an embedded utility to Hydro One. As an embedded utility we offer service to our customers as well as Hydro One. If the growth increases for the Coopérative, Hydro One will gain extra revenue on the transmission charge. The Coopérative Hydro Embrun Inc.'s

proposed amendment is a vacant land with no existing customers, therefore there is no actual harm done towards Hydro One. If an amendment from a distributor had concerns with existing customers, the Board would have to consider it case by case to determine the amendment. In conclusion, it's a benefit to the customer to choose his own distributor. The customer's preference should not be overlooked.

I4.12.7.(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 explain 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?

Please refer to question "I4.12.6"

I4.12.8. 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?

The Board has to consider the customers first in their decision to amend a service area expansion in the best interest.

I4.12.9. 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 an

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.

As mentioned previously, we are already an embedded utility. Hydro One will have a revenue from transmission charges from the LDC for the higher consumption of our substation provided by the new customers.

I4.12.10. 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 licenses?

(b) If the answer to (a) is no, please explain your response.

The Coopérative agrees that the obligation to connect is still in effect.

I4.12.11. 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.

New customers in overlapping service area will obtain benefits from choosing the distributor of their choice. They will also have the opportunity to save on construction costs.

(b) Would customers be able to request service from any of the overlapped utilities? Please explain your response.

Yes, new customers should be able to request service from overlapping utilities and the Coopérative's support opened a competition for new customers in regard with cost savings for the development.

(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?

The Board should consider the customers preference on their distributors choice as a new customer. Existing customers in some overlapped service area should remain to the existing distributor to prevent dispute. Distributors should not be allowed to transfer existing customers on his distribution system in a service area amendment.

I4.12.12. 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?

No

(b) Would your response to (a) change if in addition the exempt land/building owner decides to install individual meters in each suite?

No

(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?

This would be a decision the regulator would have to make.

(d) Would your response be different if the operation of the distribution system was subcontracted to a third party?

No, not if the operation of the distribution system was to connect new customers, not existing customers.

(e) Would the same be true if the ownership of the distribution facilities was transferred as well to the third party in (d)?

Please refer to (d)

(f) If the answer to any of the questions in (a) through (e) is yes, please explain why?

N/A