

## HYDRO ONE NETWORKS INC. INTERROGATORIES

### ENWIN POWERLINES LTD.

**15.8.1** Please explain how overlapping of distribution service areas will promote economic efficiency in the distribution of electricity.

#### ***ENWIN Powerlines Ltd.'s answer to this question***

New customers in the expanded service area would have a choice of distributor. Whether or not two distribution systems were built would be situationally dependent according to customer needs, capacity and technical characteristics of existing assets available and the most economically efficient way of servicing the customers involved.

The Board's Distribution System Code has already provided for the manner in which customers are to receive Offers to Connect. Appendix B of the Distribution System Code, coupled with the South West Applicant's proposal for the recovery of stranded assets, is by definition economically efficient, since all costs and revenues are considered. Any shortfall of costs over revenues would be paid by the customer who would make an informed choice and would know the costs, if any, of that choice.

Further, the Applicant submits that real competition with light-handed regulation promotes economic efficiency.

Direction for Change, page vii: "Competition among suppliers will create the conditions for lower electricity prices, thereby supporting investment and job creation across the province. It will ensure that investments in electricity generation and transmission are made prudently and that assets are managed carefully and responsibly."

"Direction for Change" page 13: "History has shown that competitive businesses invest more carefully than monopoly businesses. They manage costs and risks more carefully. They choose their priorities rationally and thoughtfully to yield the highest return. They exit from their mistakes more quickly. This is the kind of investment behaviour that should predominate in the future electricity industry in Ontario. They serve customers better and maintain competitive prices because of the threat of competition."

**15.8.2** Please answer the following questions. Is EnWin Powerlines proposing to:

- (a) Construct distribution lines in Networks' service area in order to connect customers in the expanded area?
- (b) Connect new customers from Networks' system through Retail Points of Supply?
- (c) Connect new customers' from Networks' system through Wholesale Points of Supply?
- (d) Enter into joint-use agreements with incumbent LDCs and share facilities?
- (e) Connect new customers by any other means? Please provide details.

#### ***ENWIN Powerlines Ltd.'s answer to this question***

- (a) Yes, where needed.
- (b) Possibly, depending upon the situation.
- (c) Possibly, depending upon the situation.

- (d) Possibly, depending upon the situation.
- (e) The Applicant foresees no other means of connection.

**15.8.3** Please explain the linkage in Section 7, Item (a) between the “competition in the generation and sale of electricity” and distribution service area expansions.

***ENWIN Powerlines Ltd.'s answer to this question***

As indicated in the excerpt from the transcript, the position of the SW Applicants is that the sale of electricity includes services to connect customer to the electricity system. The Applicants point out that "electricity" is not defined in the Act, as either including only electrical energy or as excluding any other element in the delivery of electricity to customers.

As the Board itself noted at paragraph 36 in its Decision regarding the limits of the Board's jurisdiction with respect to existing customers in service area amendment applications:

"if the legislature has intended to inhibit competition for distribution customers and prevent their migration to other providers, it could have done so explicitly. In fact, in providing for the presumption of non-exclusivity of service areas in subsection 70(6), it is clear to the Board that the legislature intended that the Board exercise a very broad jurisdiction with respect to licencing in general and service areas in particular, provided that the public's interest is protected."

**15.8.4** What are EnWin Powerlines' SQI statistics, as defined by the Distribution Electricity Rate Handbook, for Emergency response, SAIDI, CAIDI, SAIFI, and new connections during the past 3 years?

***ENWIN Powerlines Ltd.'s answer to this question***

The Applicant's SQI's were filed with the OEB as required in the Distribution Rate Handbook.

**15.8.5** Please provide the following information.

- (a) The number of customers served in your licensed service areas.
- (b) The kilometres of distribution line installed.
- (c) The number of Municipal Stations operated, locations, and available capacity.
- (d) The kilometres of joint-use line in the current service area.
- (e) The percentage of pole ownership of the joint-use line in the current service area.
- (f) The policy for new connections and expansions.
- (g) The current Conditions of Service Document.
- (h) How customer inquiries are handled (i) during (i) working hours, and (ii) after working hours.
- (i) Identify the billing and payment options available to your customers.

- (j) The number of Wholesale and Retail supply points, the feeder designations and supply voltages, and the available capacity service customers from these supply points.

***ENWIN Powerlines Ltd.'s answer to this question***

- (a) Was filed with the OEB as required in the Distribution Rate Handbook.
- (b) Was filed with the OEB as required in the Distribution Rate Handbook.
- (c) Was filed with the OEB as required in the Distribution Rate Handbook.
- (d) Not applicable.
- (e) Not applicable.
- (f) Is contained in the Conditions of Service document filed with the OEB.
- (g) Is contained in the Conditions of Service document filed with the OEB.
- (h) General inquiries are received from the applicant's general number which is answered in person during business hours. The call is referred to the appropriate department, for processing and necessary documentation.

After hours, calls to the general inquiry number are provided by an automated phone message indicating the office hours and telephone numbers in cases of emergency.

Emergency calls are routed to our system operators which is staffed 24 hours a day and handled according to the situation presented.

- (i) All the applicant's customers are billed monthly. The payment options available include Equal Payment Plans, Automatic Payment Plans, Telephone Payment, Internet Payment, payments at financial institutions and by mail.
- (j) Hydro One has this information available to them by virtue of billing transmission charges and the connection agreement with the Applicant.

- 15.8.6** What are your outage statistics for the years 2001 and 2002, broken down by planned and unplanned (forced)?

***ENWIN Powerlines Ltd.'s answer to this question***

The Applicant's service quality indicators have been filed with the OEB for both 2001 and 2002.

- 15.8.7** Please explain how this application assists EnWin Powerlines to avoid revenue disruption as noted on page 10, Item E 4.

***ENWIN Powerlines Ltd.'s answer to this question***

The Distribution System Code, at Paragraph 6.5.4, requires that either the geographic or physical distributor's licenced service area be amended to service load transfer customers (in this case fourteen customers). As Hydro One has no distribution assets in the area in question, EnWin simply anticipates that it would likely service and receive revenue from these customers in the future. Accordingly, it is applying for the licence amendment now, in order to be in a position to take advantage of these potential servicing and revenue opportunities.

While the statement could also be true for Hydro One for a potentially limited time if the application were denied, in the view of the applicant the status quo arrangement is not actually contemplated by Paragraph 6.5.4 of the Distribution System Code. A licence amendment application would be forthcoming in any event.

**15.8.8** Please explain how this application for an overlapping service area contributes to the greater integration of skilled service workforce and equipment assets available in the immediate vicinity (Page 10 Item E – 2).

***ENWIN Powerlines Ltd.'s answer to this question***

The Applicant's position is that its own work force and equipment assets, which are headquartered at the boundary of the subject lands, are well suited and situated to serve the area in question.

**15.8.9** How does this application promote economic efficiency in the distribution of electricity when there are still four distributors in Essex County.

***ENWIN Powerlines Ltd.'s answer to this question***

Hydro One could invest its distribution interests in Essex County, thereby reducing the number of distributors.

New customers in the expanded service area would have a choice of distributor. Whether or not two distribution systems were built would be situationally dependent according to customer needs, capacity and technical characteristics of existing assets available and the most economically efficient way of servicing the customers involved.

The Board's Distribution System Code has already provided for the manner in which customers are to receive Offers to Connect. Appendix B of the Distribution System Code, coupled with the South West Applicant's proposal for the recovery of stranded assets, is by definition economically efficient, since all costs and revenues are considered. Any shortfall of costs over revenues would be paid by the customer who would make an informed choice and would know the costs, if any, of that choice.

Further, the Applicant submits that real competition with light-handed regulation promotes economic efficiency.

Direction for Change, page vii: "Competition among suppliers will create the conditions for lower electricity prices, thereby supporting investment and job creation across the province. It will ensure that investments in electricity generation and transmission are made prudently and that assets are managed carefully and responsibly."

"Direction for Change" page 13: "History has shown that competitive businesses invest more carefully than monopoly businesses. They manage costs and risks more carefully. They choose their priorities rationally and thoughtfully to yield the highest return. They exit from their mistakes more quickly. This is the kind of investment behaviour that should predominate in the future electricity industry in Ontario. They serve customers better and maintain competitive prices because of the threat of competition."

**15.8.10** What are your outage statistics for the years 2001 and 2002, broken down by planned and unplanned (forced)?

***ENWIN Powerlines Ltd.'s answer to this question***

The Applicant's service quality indicators have been filed with the OEB for both 2001 and 2002.

**15.8.11** On Page 11, Item (e) 2 EnWin Powerlines maintains that it has load capacity to serve both current and future customers in the proposed expansion area. However, the application goes on to state that appropriate load forecasts and system augmentation considerations will be developed once future land uses are determined. Please explain:

- (a) Does EnWin Powerlines currently have excess capacity to serve the proposed expansion area without the need for additional connection or transformation expenditures? Please provide a copy of the studies that support this statement.
- (b) Will EnWin Powerlines require additional upstream capacity for distribution or transmission facilities? Please provide a copy of the studies that support this answer.
- (c) What is the projected load growth in the expansion area? Please provide a copy of the study that supports this answer.

***ENWIN Powerlines Ltd.'s answer to this question***

- (a) The Applicant is not aware of what the load requirements will be in expansion area, although the Applicant does have some excess capacity on their existing feeders.
- (b) Contingent on the yet to be determined developments in the expansion area.
- (c) The City of Windsor is currently assessing this newly annexed land.

**15.8.12** Who will have the obligation to:

- (a) Provide an offer to connect if EnWin Powerlines is awarded an overlapping service area with Networks?
- (b) To plan for future capacity in the amendment area if EnWin Powerlines is awarded an overlapping service area with Networks?

***ENWIN Powerlines Ltd.'s answer to this question***

- (a) Both the Applicant and Hydro One. New customers in the expanded service area would have a choice of distributor. Whether or not two distribution systems were built would be situationally dependent according to customer needs, capacity and technical characteristics of existing assets available and the most economically efficient way of servicing the customers involved.

The Board's Distribution System Code has already provided for the manner in which customers are to receive Offers to Connect. Appendix B of the Distribution System Code, coupled with the South West Applicant's proposal for the recovery of stranded assets, is by definition economically efficient, since all costs and revenues are considered. Any shortfall of costs over revenues would be paid by the customer who would make an informed choice and would know the costs, if any, of that choice.

Further, the Applicant submits that real competition with light-handed regulation promotes economic efficiency.

**15.8.13** In Section 3 Item B of the application it is stated "EnWin currently provides consumers with non-discriminatory access to distribution systems in the community". Please define what "non-discriminatory access" is in this context.

**ENWIN Powerlines Ltd.'s answer to this question**

Equal access on equal terms at equal rates to all similarly situated customers wishing to receive electrical energy.

- 15.8.14** Please explain how this application for an overlapping service area contributes to the greater integration of skilled service workforce and equipment assets available in the immediate vicinity (Page 10, Item (e) 2) than would be achieved if Networks services this amendment area.

**ENWIN Powerlines Ltd.'s answer to this question**

The Applicant's position is that its own work force and equipment assets, which are headquartered at the boundary of the subject lands, are well suited and situated to serve the area in question.

- 15.8.15** Please explain how these customers, that you state do not have formal load transfer agreements, became connected to EnWin's lines without EnWin's and Networks' agreement.

**ENWIN Powerlines Ltd.'s answer to this question**

The Applicant is not suggesting that no agreement exists, just that simple written copies of the load transfer agreement in question are not available.

- 15.8.16** Provide the documentation that permits, or permitted, the connection and billing by EnWin of the Windsor Airport.

**ENWIN Powerlines Ltd.'s answer to this question****ATTACHMENT I**

125 Irwin Avenue, Essex, Ontario N8M 2T2  
November 23, 1989

Windsor Utilities Commission  
787 Ouellette Avenue  
Windsor, Ontario  
N9A 1A9

Attention: Bill Best  
Director of Customer Service

Dear Sirs:

Ontario Hydro / Utility Load Transfers

For your information, we have enclosed a report of Ontario Hydro customers supplied directly off your lines.

Please do not hesitate to contact Earl Jones or myself if you have any questions or comments.

Yours truly,

P. Gordon Queen  
Customer Accounts Supervisor  
Essex Area

PGQ:rp

Encl.

**15.8.17** Please identify any other customers in Networks' service area has EnWin connected, and when was EnWin Powerlines' licence amended to permit these connections.

***ENWIN Powerlines Ltd.'s answer to this question***

The applicant currently supplies power to 16 other customers (mainly commercial accounts) aside from the Windsor Airport in the expansion area. The Applicant did not require a licence amendment to serve these customers as they are treated as Load Transfer Customers.

**15.8.18** Please provide the locations of all planned developments, as EnWin Powerlines understands it, for the proposed amendment area including the proposed number of residential lots or commercial developments, the timing of the developments, and their contiguity with the existing service area.

***ENWIN Powerlines Ltd.'s answer to this question***

The City of Windsor's Planning Department is currently assessing this newly annexed land. This information is not yet available to the Applicant.

**15.8.20** Please respond to the following questions.

- (a) On page 5, Exhibit 1, Scenario A of the Supplemental Evidence suggests that the weighting the Board should use for customer preference is 70%. Please explain how this number was arrived at? Is this weighting applicable only to the customers in the amendment area or also to customers outside the weighting area?
- (b) On Page 5, Exhibit 1, Scenario B of the Supplemental Evidence provides weightings for impacts to the incumbent distributor at 30%. On what basis was this number derived?
- (c) On Page 5, Exhibit 1, Scenario B of the Supplemental Evidence, a number of other considerations and weightings are provided. On what basis were these numbers arrived at?

***ENWIN Powerlines Ltd.'s answer to this question***

The schema present is intended to be a suggestion on how the Board might integrate the various public policy issues and considerations it has identified in this proceeding. The Applicant believes that customer choice ought to be the paramount consideration, but not the only consideration. The weighting reflects a reasonable, if unscientific approach to the problem.

The schema applies to the granting of distribution licence amendments. Accordingly, the weighting applies only to customers who are currently outside the service area.

**15.8.21** On page 5, Exhibit 1, Scenario B, of the Supplemental Evidence, it suggest that suggest municipal planning considerations should have weight in the Board's decision. What statutory authority do municipal planning departments have for electrical, telephone, gas, fibre optic, and cable TV infrastructure?

***ENWIN Powerlines Ltd.'s answer to this question***

The Applicant is not aware of any statutory authority of municipal planning departments for the utilities listed. However, in practice, municipalities seeking to develop lands and promote local economic growth are heavily engaged with all the utilities listed.

All plans for new subdivisions, etc. must be approved in advance by municipalities, according to development plans. There would be little or no infrastructure construction without such approvals.

**15.8.22** On Page 12 of the Supplemental Evidence it states that amendments can occur only when the customers and the distributor will not be burdened by unrecovered asset costs directly employed in serving customers who switch. The submission then goes on to exclude costs related to billing systems, service vehicles, buildings, O and M costs, and does not mention upstream installed capacity costs.

- (a) Please explain what specifically is contemplated as being stranded by the customer switching.
- (b) Please explain the equation put forward for calculating the value of the stranded assets. Does the equation not provide for a negative value in all cases when the NPV of future residual revenue streams is subtracted from narrowly defined stranded asset value? If not, please provide an example.
- (c) Please explain how a "narrow definition" of stranded assets will result in distributors aggressively managing overhead costs to be competitive.

***ENWIN Powerlines Ltd.'s answer to this question***

- (a) Incremental fixed assets intended to serve the customers in question.
- (b) If the intervenor has one or more examples in mind, the Applicant would be happy to examine them. The Applicant believes that the equation would yield positive results, which would be to the advantage of the incumbent distributor.
- (c) Direction for Change, page 8: With respect to Ontario Hydro: "The industry has been operated for too long as a monopoly. The problems with electricity monopolies are well known: higher prices, excessive debt, poor priority setting and bureaucratic inefficiency. The solution is the same everywhere -- open the market and introduce competition."

**15.8.23** Is it the applicant's view that Networks' distribution role is limited to being the supplier of customers that want to be served by Networks, and that the applicant and others do not want to serve?

***ENWIN Powerlines Ltd.'s answer to this question***

No. The Applicant expects that Networks will have the opportunity to continue to play a major role in electricity distribution in the area in question. The Applicant will not be in a position to refuse service to customers it does not want to serve because of the operation of the objective to connect under section 28 of the Electricity Act, 1998.

**15.8.24** On Page 15, lines 27 and 28 of the Supplemental Evidence its states that whichever licensed distributor receives the request for connection, is the one obligated to serve. Based upon this view how would a distributor plan and make ready capacity for future growth within its licensed service area?

***ENWIN Powerlines Ltd.'s answer to this question***

A distributor would need to begin by changing its mindset with respect to its role in the area in question. It could alter its policy of building in advance of growth and demand building only when growth and demand



becomes urgent. Such an approach would reduce the likelihood of stranded assets in the future. As an alternative, a distributor would look for ways of adding capacity in low-cost increments, rather than over building a facility at the time of initial construction.

Direction for Change, page 11: "A competitive market would also give individuals and businesses greater choice... This would encourage greater product and service innovations and price and cost discipline on electricity providers. With protected monopoly franchises, Ontario Hydro and the local distribution utilities have been slow to adopt new ideas and best practices techniques of management. Opening up the telephone transmission lines to competition resulted in a wide-range of new service ideas."