

OEB Interrogatories**Erie Thames:**

16.10.1 Please confirm that Hydro One Networks Inc. is the only other distributor whose service area is affected by the proposed amendment to the licence of Erie Thames Powerlines Corporation.

Erie Thames Powerlines Corporation's answer to this question

To the best of the Applicant's knowledge, the distributor indicated is the only distributor whose service area may be affected by the proposed amendment.

16.10.2 Please provide evidence that the subdivision developer has contacted Hydro One and requested information regarding distribution services and connection. The evidence should include a) the date of contact, b) the information requested and c) the response from Hydro One.

Erie Thames Powerlines Corporation's answer to this question

(a) The date of initial contact was on November 20, 2002.

(b) The information requested was Hydro One's methodology for determining new connections and capital contribution and a subsequent quote from Hydro One for a Basic DCF Calculation, R1 Residential Customer Connection.

(c) Hydro One responded by fax (Tom Coffey) on November 22, 2002.

16.10.3 Section 4 of Erie Thames Application dated October 11, 2002 indicated an estimated capital cost of approximately \$150,000 for the reinforcement and expansion work required to supply the proposed Little Creek Phase 1 subdivision. What is the capital contribution being requested from the customer?

Erie Thames Powerlines Corporation's answer to this question

The capital contribution being requested is \$42,245.00.

16.10.4 Is Erie Thames proposing that the service areas of Erie Thames and Hydro One overlap in the proposed expanded service area?

Erie Thames Powerlines Corporation's answer to this question

Yes.

16.10.5 Does Hydro One have any existing customers in the proposed expanded service area? If yes, who will serve these customers if the proposed amendment is granted?

Erie Thames Powerlines Corporation's answer to this question

Hydro One has one customer in the service area, which service will be disconnected once construction begins.

16.10.6 Could existing customers of Hydro One (if any) choose to switch to Erie Thames? If yes what distribution assets would be used to serve them? If Hydro One's assets, please describe the metering, billing and other arrangements necessary to serve them. If Erie Thames assets, please describe how Hydro One would be compensated for a) lost revenue b) stranded assets?

Erie Thames Powerlines Corporation's answer to this question

Customers of Hydro One could choose to switch to Erie Thames. The distributor assets used would be situationally dependent upon customer needs, capacity and technical characteristics of existing assets available and the most economically efficient way of servicing the customers involved.

For customers who choose to be serviced by Erie Thames, Erie Thames would be responsible for metering, meter reading, billing, operating and customer service. Erie Thames would be responsible for operating and maintaining its distribution assets, while Hydro One would be responsible for operating and maintaining its distribution assets.

The incumbent distributor could be faced with a loss of distribution revenue from existing customers who wish to switch to Erie Thames, just as other firms facing competition are at risk of revenue loss. This situation would tend to have the effect of promoting lower prices, a lower cost structure and better service in order to attract and retain customers, which would be a benefit to Hydro One's customers.

The mechanism proposed for stranded assets is concerned with the uneconomic duplication of facilities. If a customer with full knowledge of the costs involved agrees to pay for the construction of a duplicate facility that would not otherwise be built and agrees to pay stranded asset costs associated with the existing facility, the construction cannot be said to be uneconomic from the stand point of the incumbent or Applicant distributor.

16.10.7 If the proposed amendment is granted, would new customers in the expanded service area have a choice of distributor? If yes, and some customers chose Erie Thames and some customers chose Hydro One, would two distribution systems be built? Please describe the way that choice would be provided to customers. Please discuss this aspect of the proposal with reference to the fourth electricity objective in the OEB Act: promote economic efficiency in the...distribution of electricity.

Erie Thames Powerlines Corporation'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 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

16.10.12 What other quantitative evidence is available to compare quality and reliability of service between Erie Thames and Hydro One? Please provide such evidence.

Erie Thames Powerlines Corporation's answer to this question

The Applicant filed data on trial response times with its initial application.

16.10.13 Will additional load transfers or metering points be required as a result of this proposed service area amendment? If yes, identify specific ones if possible.

Erie Thames Powerlines Corporation's answer to this question

Unlikely, as Erie Thames would not require the use of any of Hydro One's facilities, but would connect the new subdivision to its own system.

16.10.14 At page 9 of the evidence dated September 26, 2002, number (e) 4: "Approval of the application facilitates financial viability because it would avoid disruption to Erie Thames revenues." Please explain or expand upon this statement. Would the statement also be true for Hydro One if the application was denied?

Erie Thames Powerlines Corporation'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. As Hydro One has no suitable distribution assets in the area in question, the Applicant simply anticipates that it could service and receive revenue from the customers in question in the future, if Hydro One connected the development via a load transfer. 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. The Applicant recognizes that one option is for Hydro One to construct a three-phase facility to the area in question, although the Applicant cannot comment on the economic viability or customer acceptance of this option. Besides which, the developer has expressed his desire to be served by the Applicant, in which case the associated revenue would accrue to the Applicant, should the application be approved.

The statement would not be true for Hydro One if the application were denied.

16.10.15 At page 9 of the evidence dated September 26, 2002, number (e) 5: "Streamlines and localizes planning requirements for site servicing requirements in the area." Please explain or expand upon this statement. If it is proposed by Erie Thames that the service areas of Erie Thames and Hydro One overlap, and customers have a choice of two distributors, please explain how this goal is achieved.

Erie Thames Powerlines Corporation's answer to this question

Changes to municipal boundaries were initiated for reasons of economic development, regional competitiveness and employment growth. Such economic development is beneficial to the Ontario economy. One of the issues involved in regional competitiveness is the ease with which any potential investor wishing to locate in the area in question can receive utility servicing. The Applicant and its shareholder hold the view, consistent with the original rationale for municipal expansion, that potential investors can more easily receive electric utility servicing to meet their needs if such servicing is available from a qualified local provider. Denial of the application would deny the rationale for municipal boundary expansions in the case of electricity distribution.

The rationale for the municipal boundary expansion was to allow for ease of securing municipal servicing for potential investors considering locating in the municipality. Allowing for provision of local electricity distribution services by the local provider in a responsive manner, in the opinion of the Applicant, will be less confusing and troublesome for investors than the status quo where remote co-ordination for service with Hydro One could be more difficult. If the investor wishes to be served by Hydro One, it will still have the option of doing so.

16.10.16 At page 3, line 13 of the Supplemental Evidence from the Southwestern Applicants, how do you define “suitable” in regard to Hydro One assets in the proposed expanded service area?

Erie Thames Powerlines Corporation's answer to this question

Hydro One has a single-phase line running to its single existing residential customer in the area in question. Three-phase service is required. The Applicant has a three-phase facility, which terminates at the entrance to the proposed subdivision.