

OEB Interrogatories

Essex:

17.10.1 Please provide a precise description of the proposed expanded service area, suitable for inclusion in the amended licence.

Essex Powerlines Corporation's answer to this question

The Town of LaSalle -- bounded on the West by the Detroit River, then easterly on Morton Drive then North on Matchette, thence East on Sprucewood Avenue, thence North on LaSalle Street, thence East on the North boundary of Ojiway Prairie Remnant ANSI, thence East on Bondy Avenue, including the residential lot on the North side of Bondy Avenue, thence southwest on Huron Church Line Road, thence southwest on the Talbot Road (Highway #3), thence South on Howard Avenue, thence West on North Townline Road thence West on Malden Road to the Detroit River.

The Town of Amherstburg -- bounded on the West by the Detroit River, thence East on Malden Road, thence East on North Townline Road, thence South on Walker Road, thence South on East Malden Road, thence West on the 4th Concession Road, thence South on County Road 20, thence South on County Road 41, thence South on Erie Blue Street to Lake Erie and bounded on the South by Lake Erie.

The Municipality of Leamington -- bounded on the South by Lake Erie, thence North on County Road 31, thence East on County Road 8, thence South on Kent County Road No. 1, thence bounded by the town of Wheatley, thence South on County Road No. 1 to Lake Erie.

The Town of Tecumseh -- bounded on the North by Lake St. Clair, thence South down Pike Creek to the CNR tracks, thence West on the CNRs, thence South on Manning Road, thence West on County Road 8, thence, North on Howard Avenue, thence East on Highway 3, thence along Highway 401, thence North on the Blind Line between the 10th and 11th Concession, thence East on County Road 42, thence North on the line between lot 149 and 150 thence East on CPR tracks, thence North on Banwell Road, thence Northeast on county Road 22, thence North on Border Street, thence North on Mickaila Street, North on Cardinal Crescent to the Canadian National Railway Line, thence North on St. Thomas Court, thence North on Gauthier Street, thence North on Sinclair to Lake St. Clair.

17.10.2 Please confirm that Hydro One Networks Inc. and EnWin Powerlines Ltd. are the only other distributors whose service areas are affected by the proposed amendment to the licence of Essex Powerlines Corporation.

Essex Powerlines Corporation's answer to this question

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

17.10.3 Has the Minister of Municipal Affairs and Housing approved the transfer of land from the Town of Tecumseh to the City of Windsor mentioned in the Executive Summary to the evidence?

Essex Powerlines Corporation's answer to this question

Yes. The Minister signed the Order on December 5, 2002.

17.10.4 Is Essex proposing that the service areas of Essex and Hydro One overlap in the proposed expanded service area?

Essex Powerlines Corporation's answer to this question

Yes.

17.10.5 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?

Essex Powerlines Corporation's answer to this question

Yes. Hydro One, unless the customer or customers in question choose to be serviced by Essex Power Lines Corporation.

17.10.6 Could existing customers of Hydro One (if any) choose to switch to Essex? 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 Essex assets, please describe how Hydro One would be compensated for a) lost revenue b) stranded assets?

Essex Powerlines Corporation's answer to this question

Customers of Hydro One could choose to switch to Essex. 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 Essex, Essex would be responsible for metering, meter reading, billing, operating and customer service. Essex would be responsible for maintaining its distribution assets, while Hydro One would be responsible for operating and maintaining its distribution assets.

The South West Applicant's supplemental evidence provides a mechanism by which Hydro One would be compensated for stranded assets (see pages 12 and 13 of Supplemental Pre-Filed Evidence of EnWin Powerlines Ltd., Erie Thames Powerlines Corporation and Essex Power Lines Corporation).

The incumbent distributor could be faced with a loss of distribution revenue from existing customers who wish to switch to Essex, 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.

17.10.7 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 Essex 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.

Essex Powerlines Corporation's answer to this question

New customers in the expanded service areas 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.

17.10.8 If the proposed amendment is granted, who would have the obligation to serve customers in the expanded service area? Could a scenario arise where both distributors have the obligation?

Essex Powerlines Corporation's answer to this question

Section 28 of the *Electricity Act, 1998* provides for the obligation to serve. If more than one distributor served a geographical area, all distributors would be bound by this section of the Act.

17.10.9 Would the requested amendment have an impact on Hydro One or its customers? If yes, please describe.

Essex Powerlines Corporation's answer to this question

Hydro One could be faced with a loss of distribution revenue from existing customers who wish to switch to Essex, 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.

17.10.10 Would the requested amendment have an impact on Essex or its existing customers? If yes, please describe.

Essex Powerlines Corporation's answer to this question

Existing customers of Essex would benefit where the existing fixed costs of Essex could be spread over more customers, resulting in a lower per customer cost.

17.10.11 What are Essex's Reliability Indices and Service Quality Indicators?***Essex Powerlines Corporation's answer to this question*****Service Quality Statistics 2002**

Requirements	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Telephone Accessibility:													
Number of Calls Answered	4421	4507	4568	4740	4737	4284	4411	4881	4973	5430	4380	3085	54417
Answer Percentage	90.77	92.28	91.95	87.55	87.3	69.31	83.38	85.86	83.23	99.6	92.34	91.35	88.53
Service Percentage													
Cable Locates:													
Number of locates requested	169	93	142	320	333	407	339	321	307	356	239	88	3114
Number performed within 5 days	166	93	142	310	330	397	339	311	301	356	239	88	3072
Percent within standards	98.22	100	100	96.88	99.1	97.54	100	96.88	98.05	100	100	100	98.65
Appointments:													
Number of Appointments made	40	46	42	46	52	56	58	61	52	43	39	37	572
Number of Appointments met	40	46	42	46	52	56	58	61	52	43	39	37	572
Percentage within standards	100	100	100	100	100	100	100	100	100	100	100	100	100
Written Inquiries:													
Number of Written inquiries	63	40	55	80	48	92	94	112	75	93	61	48	861
Number of responses within 10 days	56	38	50	72	42	85	89	103	73	87	59	48	802
Percentage within standards	88.89	95	90.91	90	87.5	92.39	94.68	91.96	97.33	93.55	96.72	100	93.15
Connection of New Services:													
Number of low voltage services													
Connected within 5 working days	28	46	22	32	43	30	45	49	40	48	90	29	502
Percentage within standards	90.33	90.2	95.85	94.12	91.49	90.91	93.75	90.74	93.02	85.71	93.75	96.87	92.11
Number of high voltage services													
Connected within 5 working days													
Percentage within standards													

SAIDI Annual Index -- 8.305023

SAIFI Annual Index -- 3.276293

CAIDI Annual Index -- 2.533

17.10.12 What other quantitative evidence is available to compare quality and reliability of service between Essex and Hydro One? Please provide such evidence.***Essex Powerlines Corporation's answer to this question***

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

17.10.13 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.***Essex Powerlines Corporation's answer to this question***

Additional metering points could be required. Where a new residential subdivision, for example, were to be built and serviced by Essex in the service area that is the subject of this application and where that subdivision was to be fed from a Hydro One facility, a new embedded meter point for the whole subdivision would be required.

17.10.14 At page 11 of the evidence dated October 31, 2002, number (e) 4: "Approval of the application facilitates financial viability because it would avoid disruption to Essex's revenues." Please explain or expand upon this statement. Would the statement also be true for Hydro One if the application was denied?

Essex Powerlines Corporation's answer to this question

As Hydro One potentially does not have suitable distribution assets throughout the area in question, the Applicant simply anticipates that it could service and receive revenue from some new 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.

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

17.10.15 At page 11 of the evidence dated October 31, 2002, number (e) 5: "Streamlines local planning requirements for customers by establishing a single approval authority for site servicing requirements." Please explain or expand upon this statement. If it is proposed by Essex that the service areas of Essex and Hydro One overlap, and customers have a choice of two distributors, please explain how this goal is achieved.

Essex 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 the municipal boundary expansion 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 move with Hydro One, it will still have the option of doing so.