

BEFORE THE ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act, 1998,
S.O. 1998, c.15, (Sched. B);

AND IN THE MATTER OF applications by Centre Wellington Hydro, Veridian Connections Inc., EnWin Powerlines Ltd., Erie Thames Powerlines Corp., Chatham-Kent Hydro Inc., Essex Powerlines Corp., Cooperative Hydro Embrun Inc. and Hydro One Networks Inc. pursuant to subsection 74(1) of the Ontario Energy Board Act, 1998 to amend Schedule 1 of their Transitional Distribution Licences.

**Vulnerable Energy Consumers' Coalition ("VECC")
Interrogatories Regarding Evidence Filed by Essex Powerlines Corporation
(Essex)**

Question 1

Reference: October 31, 2002 Application, page 6

Preamble: "with the necessary authority to make an offer to connect to developers in the expanded service area"

- a) Please confirm that Hydro One Networks currently provides distribution services to consumers in the areas addressed by the proposed service area amendment.
- b) Has Essex undertaken any assessment of the proximity and capability of Hydro One Networks distribution facilities to meet the needs of developers in the expanded service area?
- c) If the response to (b) is yes, please provide the results of any such assessments.

Question 2

Reference: October 31, 2002 Application, page 8

Preamble: "The proposed licence amendment will promote competition in the provision of electricity distribution services"

- a) Please explain the basis for Essex's position that one the statutory objectives of the OEB is to promote competition in the provision of electricity distribution services.

Question 3

Reference: October 31, 2002 Application, page 8

Preamble: “The proposed distribution expansion is a contiguous to the existing service distribution area”

- a) Please explain why Essex considers the fact that the expansion area is contiguous with its existing service area to be a relevant consideration with respect to the OEB’s objective concerning “non-discriminatory access”?

Question 4

Reference: October 31, 2002 Application, pages 8 and 9

Preamble: “To protect the interests of consumers with respect to prices”

- a) Has Essex undertaken any assessments of the costs associated with providing electrical service to the lands scheduled for development in the expansion area? If yes, please provide the results of any such assessments.
- b) Can Essex expand its system and provide electrical service to the lands scheduled for development in the expansion area without requiring capital contributions from the new customers concerned. If the answer is yes, please provide the supporting analyses.
- c) If the answer to (b) is no, please explain how a simple comparison of rates addresses the overall interests of customers with respect to price as per the OEB objectives.

Question 5

Reference: October 31, 2002 Application, page 10

Preamble: “In all examples, Essex exceeds the regulator’s applicable service quality performance measures”

- a) Does Essex have any evidence to suggest that Hydro One’s response times for providing service to customers in the proposed expansion area would not meet the OEB’s quality performance targets?
- b) Is it Essex’s position that it will be able to provide higher service quality and service reliability to the specific customers in the proposed expansion area than Hydro One? If yes, please explain why

Question 6

Reference: October 31, 2002 Application, page 10

Preamble: “local preference exists with respect to the installation of electrical services to new development by Essex”

- a) How many developers are currently working on projects in the Municipality of Leamington, the Town of LaSalle, the Town of Amherstburg and the Town of Tecumseh?

Question 7

Reference: October 31, 2002 Application, page 11

Preamble: “To promote economic efficiency in the generation, transmission and distribution of electricity”

- a) Are there any “existing customers” within the proposed expansion area who are currently receiving service from the incumbent distributor – Hydro One Networks?
- b) Does Hydro One Networks have existing distribution facilities within the proposed expansion area?
- c) If the answer to (a) is yes, does Essex anticipate that there will be existing customers of Hydro One Networks that will lie along the distribution lines it would construct to serve the new developments?
- d) What would be Erie Thames position and response to an existing Hydro One customer, lying along Erie Thames’ newly constructed distribution facilities, approached Essex for connection and distribution service? If Essex’ position is that it would consider connecting such customers please provide Essex’s view as what financial compensation, if any, should be provided to the incumbent distributor and who should provide the compensation, i.e., Essex or the customer. (Note: Please assume, in responding to this question, that the OEB finds that it has the jurisdiction to deal with service area amendments for existing customers)
- e) Would Essex’s position and response as outlined in response to (d) be any different if an expansion of its system (as per Distribution System Code Section 3.2) was required to connect the Hydro One customer? If yes, please explain.
- f) If the answer to (b) is yes, please explain why construction of new lines by Essex in the proposed expansion area will not result in a duplication of facilities and inefficiencies in the distribution of electricity.

Question 8

Reference: October 31, 2002 Application, page 11

Preamble: “To promote economic efficiency in the generation, transmission and distribution of electricity”

- a) Is it Essex’s position that it can provide service to these new development areas more cost efficiently than Hydro One Networks? (Please note that the question is not with respect to rates but with respect to the costs that will be incurred in the construction, expansion and reinforcement of distribution facilities required to service new developments in the proposed expansion area)
- b) If the answer to (b) is yes, please provide the analyses supporting this position.
- c) If the answer to (b) is no, please explain how the proposed service area amendment serves the OEB’s objective with respect to economic efficiency.

Question 9

Reference: October 31, 2002 Application, page 11

Preamble: “the proposed expansion will not strand distribution assets, as the proposed development in question is currently an unserved green field site”

- a) Please clarify what Essex would consider to be “stranded assets”. In particular, would assets be considered stranded in the following circumstances:
 - Connection assets associated for existing customers who, as a result of a service area amendment, elect to change distributors,
 - Distribution networks assets formerly used to serve existing customers who, as a result of a service area amendment, elect to change distributors, and
 - Distribution network assets that were constructed by the incumbent utility on the basis of planned development in its licensed service area but potentially underutilized as result of a service area amendment.
- b) Under what circumstances does Essex consider it appropriate for distribution utilities to be compensated for stranded assets?

Question 10

Reference: October 31, 2002 Application, page 11

Preamble: “Essex maintains it has the load capacity to serve both the current (emphasis added) and future customers in the proposed expansion area”

- a) Please explain why Essex currently has excess capacity on its system sufficient to meet not only the growth requirement of its existing service area but also to meet the existing and anticipated growth requirements in the proposed expansion area.
- b) Is it Essex’s position that Hydro One does not currently have the capability to meet the growth requirements in the proposed expansion area?
- c) Is Essex seeking, in this Application a service area amendment that would permit it to serve existing Hydro One customers in the proposed expansion area?
- d) Does Essex plan to proactively market its distribution services to existing Hydro One customers in the proposed expansion area?

Question 11

Reference: October 31, 2002 Application, page 11

Preamble: “Greater integration of skilled service workforce and equipment assets in the immediate vicinity”

- a) Would not the same benefits accrue to Hydro One if it was to serve the new customers in the proposed expansion area? If the answer is no, explain why.
- b) Would not the loss of existing customers in the proposed expansion area impact on Hydro One negatively in this regard?

Question 12

Reference: October 31, 2002 Application, page 11

Preamble: “Approval of the Application facilitates financial viability because it would avoid disruption of Essex’s revenues”

- a) Please explain how the approval avoids disruption of Essex revenues when none of the customers (either existing or new) are currently customers of the utility.
- b) Isn’t approval of the application and the any resulting loss of customers likely to disrupt the revenues of Hydro One – particularly with respect to existing customers?