



Paul Pudge
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Toronto, ON, M4P 1E4

April 24, 2003

Dear Mr. Pudge

Re: Proposed Issues List for Proceeding RP-2003-0044

In accordance with Procedural Order No. 2, Markham Hydro Distribution Inc. submits that, in addition to the draft issues list outlined in Procedural Order No. 1, the following issues should be considered by the Board for dealing with applications for distribution service area amendments:

1. In assessing whether to grant a licence amendment, the Board must be guided by its objectives under the *OEB Act*. Should an applicant seeking an amendment to their service area be required to show how the application:
 - a. Provides generators, retailers, and consumers with non-discriminatory access to the distribution system?
 - b. Protects the interest of the consumers with respect to prices and the reliability and quality of electricity service?
 - c. Promotes economic efficiency in the distribution of electricity?
 - d. Facilitates the maintenance of a financially viable electricity industry?
 - e. Promotes energy conservation, energy efficiency, load management?
2. A licensee may be applying to amending its distribution service area by expanding its current boundaries outward, or by applying to embed itself within an existing licensed distribution service area. Should the Board apply the same principles to an application for service area expansion as to an application to embed its service area?
3. What principles should the Board adopt in amending a distribution service area that comes as a result of an application for a new distribution licence?

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4. Will the Board consider application for service area amendments that result in by-pass of existing distribution network (This could result in the two distribution networks competing against each other or the potential stranding or partial stranding distribution assets)? Or will the Board only consider service area amendments to green field sites (where there is no existing distribution network)?
5. In determining whether to amend a service area, the efficient approach would be to undertake and compare a cost benefit analysis of each option (present value of future benefits exceeds the present value of future costs). What methodology of cost benefit analysis should the Board adopt in assessing the application? Is the methodology the same for a boundary expansion as for an embedded application (comparing stand alone cost of construction and operation of new network with the avoided cost of existing network)?
6. Should the Board set a minimum network size for applications for an amendment to service area that result in an embedded network?
7. How should prices be determined for applications for an amendment to service area that result in an embedded network? Should the applying distributor be required to smooth out the prices across its different service areas, or apply area based pricing?

Procedural Order No. 2 also seeks submissions regarding the principles that the Board should adopt for dealing with applications for distribution service area amendments. Markham Hydro Distribution Inc. does not feel that parties are in a position to provide submissions on the *principles* prior to a complete identification and discussion of the issues and review of the evidence. As such, Markham Hydro requests that parties be given the opportunity to provide such input to the proceeding at a later date.

Yours truly,

A handwritten signature in blue ink, appearing to read "Paula Conboy", written in a cursive style.

Paula Conboy
Manager of Regulatory Affairs

cc. List of Parties to Proceeding RP-2003-0044