

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 Embrun Inc. and Hydro One Networks Inc. pursuant to subsection 74(1) of the Ontario Energy Board Act, 1998 to amend Schedule 1 of the Transitional Distribution Licences

EnWin Powerlines Ltd., Erie Thames Powerlines Corp., Essex Powerlines Corp., the Municipality of Leamington, The Municipality of Central Elgin, The Corporation of the Town of Tecumseh, The Town of Amherstburg, and the Corporation of the City of Windsor are providing the following comments regarding the Board's draft issues list. Further, the applicants and intervenors are submitting additional issues and principles the Board should adopt for dealing with applications for distribution service area amendments.

DRAFT ISSUES LIST/PROPOSED ADDITIONS:

1. *What role should customer preference play in the Board's consideration of service area amendments? Should there be any difference in the treatment of amendment applications relating to either new or existing customer?*

Discussion Points:

- (a) Customer preference and choice is central to entire electricity reform initiative;
 - (b) Legislative requirements of the Board statutorily obligates the regulator to address customer considerations (pricing, service reliability, service quality and response time);
 - (c) Treatment of applications (existing vs. new) appropriate as additional financial considerations may exist (i.e.) recovery of stranded assets;
 - (d) Distribution System Code requirements and Economic Evaluation Model currently in effect;
 - (e) Is there a conflict between differential treatment and the ability to maintain non-exclusivity of distribution licence?
2. *Service area amendments can have impacts on existing and future customers in the "amendment area" with respect to prices and the reliability and quality of electricity service. What are these impacts and how should*

they be measured with respect to determinations on service area amendments?

Discussion Points:

- (a) Potential limitation on the variety of products and services available to the customer – customer choice
 - (b) Application of existing OEB Customer Service and Service Quality Measures
 - (c) System planning, service density and rationalization considerations
 - (d) Ability to address plant redundancy considerations
 - (e) System reliability critical – varies according to customer base
 - (f) Potential impact on future customers decision to locate in a particular community – local, regional and provincial economic impact considerations
 - (g) Equal or weighted measurement criteria? Should the primary measurements be given equal weighting or weighted differently in the final determination of an application?
3. *Service area amendments can have impacts on the applicant and the incumbent distributor and their existing customers. What are these impacts and what aspects are most significant in the Board’s consideration of service area amendments?*

Discussion Points:

- (a) Potential future loss of revenue and stranded assets for incumbent distributor
 - (b) Change to service area may defer existing load issues and costs
 - (c) No changes to distribution licence service area has the potential to embed “the status quo” into the system
 - (d) No change -- limits the ability of utilities to compete
 - (e) Changes to service areas creates the potential for exit fees, determination requirements and approval methodologies
 - (f) No changes negatively impact system rationalization and operational improvement initiatives and opportunities
 - (g) Potential for increased customer satisfaction and reduced customer confusion
 - (h) Application of Chapter 6 – Distribution System Code Requirements – load transfers to be eliminated over next four years – physical vs. geographic distributors – What relevance do Chapter 6 provisions have on a go-forward basis?
 - (i) System capacity considerations – what cooperative mechanism is required to ensure system capacity issues are addressed?
 - (j) Financial position/strength of distributor
 - (k) Municipal planning considerations – Does the service area amendment create inconsistencies with municipal planning objectives and, ultimately, local economic development opportunities?
4. *Should the Board consider the granting of service area amendments which result in over-lapping service areas? If so, under what conditions and to what degree? What are the advantages and disadvantages of such an approach?*

Discussion Points:

- (a) Overlapping permitted but with qualifications, such as: reduction/elimination of infrastructure duplication, economic impact on local community and customers – application of uneconomic by-pass principles
- (b) No forced acquisition of distributor assets in overlapping areas – transitional staging
- (c) Potential for increased customer choice – products and services
- (d) Potential for customer dissatisfaction resulting from inconsistent service standards and response times – customer confusion
- (e) Potential for dispute resolution mechanism

5. *What are the minimum filing requirements for a service area amendment application?*

Discussion Points:

- (a) Preparation of business case consistent with guiding statutory principles, Distribution System Code Requirements and Economic Evaluation Model tests
- (b) Demonstrated service and financial benefit to customer – customer rate comparisons should be central to Board decision and principle of customer choice
- (c) Demonstrated and quantified adherence to service quality and reliability measures as well as system planning requirements
- (d) Draft connection agreement with customer
- (e) Third party endorsement of application – given the principle of customer choice – what weight will the Board give to third party endorsement/or customer desire to deal with a utility of choice?

Additional Issues and Principles:

6. *What weight or relevance does existing legislation, Board policy and previous Board decisions have of future applications?*

- (a) This question is tied closely with question 5 above – Does this proceeding re-constitute a re-casting of existing Board policy and decision criteria used to-date in reaching previous decisions.

7. *What approval requirements should the Board be required to follow?*

- (a) Matters of timing and dispositioning of applications – what obligations does the Board foresee establishing for itself when dealing with applications of this nature?
- (b) Streamlining of applications – complex vs. minor service area adjustments – is there the potential to classify applications according to a degree of complexity of scope?
- (c) Director of Licencing Approval considerations – delegation of authority to approve – does the potential exist to streamline decisions by delegating authority to the Director of Licencing?

8. *Consolidated Hearing Costs To Applicants – Treatment of Costs*

- (a) As the Board will know, the applicants, in filing their respective applications, did so in the context of existing legislation and, did not anticipate a proceeding of this scale and nature with the potential to impact all distributors seeking similar amendments.
- (b) As a result, the applicants may experience greater costs than originally expected when the applications were initially submitted.
- (c) Accordingly, the applicants respectfully recommend the Board designate all distributors in Ontario share in the cost awards of the intervenors due to the generic nature of the proceeding and the potential guidelines resulting from this proceeding.

9. *Should municipal planning considerations be taken into account when considering a service area amendment?*

All of which is respectfully submitted.