



October 6, 2016

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street  
27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli

Re: Electricity Distribution Service Area Amendment Application – E.L.K. Energy Inc.  
("E.L.K.") (OEB File No. EB-2016-0155)

In accordance with Procedural Order No. 1, please find enclosed E.L.K. interrogatories on evidence filed by Hydro One Networks Inc. in the above proceeding.

Sincerely

A handwritten signature in cursive script that reads 'Mark Danelon'.

Mark Danelon  
Director, Finance & Regulatory Affairs

## **E.L.K.-1**

### **Reference:**

#### **HONI Intervenor Evidence at pgs. 1 and 2 of 7 states:**

The current record developed by the Applicant states that E.L.K. provides a more economically efficient connection through a rates analysis<sup>2</sup> and reiterates this position in response to interrogatories<sup>3</sup> posed by Board Staff, highlighting that the Customer will save \$10,581.50/year<sup>4</sup> if it connects to E.L.K. While any customer would welcome lower rates, the Board has stated that rates should not be a deciding factor in granting SAA applications.

*“The Board does not believe that significant weight should be put on differences in current distribution rates even though current rates may be a significant factor in determining customer preference. In fact current rates, insofar as they are not a predictor of future rates, may misinform customer preference”<sup>5</sup>.*

E.L.K. is completely embedded within the Hydro One distribution system<sup>6</sup>. As such, E.L.K., the distributor, is a Sub-Transmission (“ST”) customer of Hydro One. E.L.K., like any other Hydro One ST customer, receives a monthly bill from Hydro One for these services.

### **Interrogatory:**

- 1) Please describe, for the benefit of the Board and the other parties to this proceeding, the existing billing arrangement between Hydro One and E.L.K. as it relates to other customers located on the specific Hydro One line that is the subject of this application.
- 2) Please confirm that Hydro One would be connecting the new customer to its system downstream of the E.L.K.’s wholesale metering point and upstream of the Hydro One’s retail settlement point.
- 3) Is Hydro One planning on adding a new metering point to facilitate the connection of the customer in question?
- 4) Please describe the billing arrangement that is being proposed by Hydro One, should it service this customer? Specifically, what, if any, incremental costs will E.L.K. bear at its wholesale metering point? If possible, please provide specific numbers, with reference to the 4 scenarios contemplated in Attachments 1-4 of the Hydro One intervenor evidence. How does Hydro One envision settling these incremental costs as between Hydro One, E.L.K. and the customer?

**E.L.K.-2****Reference:****HONI Intervenor Evidence at pg. 2 of 7 states:**

Any incremental impact to the aggregate E.L.K. peak demand caused by this Customer connection will impact the total monthly fees charged to E.L.K. as a Hydro One ST customer. The current rates analysis completed by the Applicant fails to capture incremental impact on E.L.K.'s monthly bill in its assessment of economic efficiency.

**Interrogatory:**

- 1) If the customer is connected by Hydro One downstream of E.L.K.'s wholesale metering point would E.L.K.'s aggregate peak demand not still be impacted therefore impacting the total monthly fees charged to E.L.K. as a Hydro One ST customer?
- 2) Please prepare a chart comparing for the Board and the other parties the ST charges and other transmission charges that would be charged to E.L.K. at its wholesale metering point under both scenarios (e.g. (1) connected as a Hydro One customer; and (2) connected as an E.L.K. customer).
- 3) Are there any additional charges which Hydro One would expect E.L.K. to charge to Hydro One if the customer is connected as a Hydro One customer? If yes, please explain. If no, why not?

**E.L.K.-3****Reference:****HONI Intervenor Evidence at pg. 3 of 7 states:**

As convenient as this new estimate may be for E.L.K., it continues to inaccurately represent a true cost comparison of the alternatives. It excludes costs such as, but not limited to, the Low Voltage Service charges that have already been discussed. Including such expenditures is the only accurate way to reflect E.L.K.'s true cost to serve the Customer.

**Interrogatory:**

- 1) Is Hydro One proposing that E.L.K. should include Low Voltage Service charges within its OTC cost estimates?
- 2) E.L.K. is of the view that its OTC cost estimates must comply with the methodology prescribed in the Distribution System Code. Does Hydro One believe that a departure from the DSC methodology is merited in this case? Please explain in detail.

**E.L.K.-4****Reference:****HONI Intervenor Evidence at pgs. 3 and 4 of 7 states:**

Therefore, a direct comparison of the OTCs filed by both LDCs, and any amendments thereto, prove that Hydro One still remains the more economically efficient distributor, as documented in Table 2 below. Inclusion of the indirect cost of E.L.K.'s forecast Low Voltage Service charge increase would magnify the disparity between the two connection costs.

Item	Hydro One Costs	ELK Costs
Non-Contestable Costs – Line Expansion	N/A	N/A
Non-Contestable Costs – (other than line expansion) -	N/A	\$8,432.49
Non-Contestable Costs – (other than line expansion) - Primary	\$16,103.17	\$8,702.67
<b>Total</b>	<b>\$16,103.17</b>	<b>\$17,135.16</b>

**Interrogatory:**

- 1) Please update the comparison provided in Table 2 to reflect E.L.K.'s revised OTC, filed on October 6, 2016.
- 2) What, if any, existing assets of E.L.K. would Hydro One have to duplicate in order to provide servicing to the customer and the subject lands of this SAA? Please explain, with specific details.

**E.L.K.-5**

**Reference:**

**HONI Intervenor Evidence at pg. 5 of 7 states:**

*Promotion of Economic Efficiency – Vacant Lands Currently Owned by 1710690 Ontario Inc. and Adjacent Lands*

*“Amendments need to be anchored by real customers, with an economic case for the extension that is convincing”<sup>12</sup>.*

E.L.K. has documented that it has not developed an OTC for the entire industrial subdivision nor does E.L.K. have any load profiles required to develop an OTC, and the only [real] customer is the new customer subject to this SAA. Therefore, the SAA scope must be limited to the single customer connection of Sellick Equipment Ltd., the only Customer. This is consistent with previous OEB SAA decisions and with Chapter 7 of the Filing Requirements for Electricity Transmission and Distribution Applications, which require an economic assessment comparison to be completed. Any request to transfer lands where no economic efficiency test can be conducted should be denied.

**Interrogatory:**

- 1) Please estimate the total costs incurred by Hydro One to-date in connection with this SAA application to-date. Please provide a total estimate of the cost Hydro One expects to spend on this SAA by the time a decision is made.
- 2) Please identify on a map the location of Sellick Equipment Ltd. with respect to the SAA lands.
- 3) Please confirm that Sellick Equipment Ltd. is the first customer requesting a connection within the SAA lands.
- 4) Given that Sellick Equipment Ltd. is located within the SAA lands, please explain how requiring additional future SAA applications would promote the interests of regulatory efficiency.
- 5) Under what circumstances would it be more economically efficient to have two different distributors serving the same SAA lands? Please provide the specific facts and assumptions Hydro One is making to arrive at its conclusion.

**E.L.K.-6**

**Reference:**

**HONI Intervenor Evidence at pgs. 4 and 5 of 7 states:**

*Ownership of the Kingsville M7 Feeder and Long Term Load Transfers*

As noted throughout the Application, Hydro One and E.L.K. will be providing service to the Customer using the same physical Hydro One asset, namely, the Kingsville M7 feeder. Therefore, the determination of this SAA application should be predicated on economic efficiency, since there would be no impact on reliability or quality of service as a result of the feeder regardless of which utility ultimately services the Customer. There is, however, some ambiguity on the record regarding asset ownership and whether a Hydro One connection would result in a retail point of supply or LTLT. Hydro One would like to take this opportunity to clarify the record.

To assist the Board in understanding ownership demarcations along the Kingsville M7 feeder between the parties, Hydro One states that Hydro One owns the main Kingsville M7 feeder through HARROW NORTH PME to GREM1-M7 and out through HARROW WEST PME. Any E.L.K. ownership is limited to all taps and equipment serving ELK Energy customers between HARROW NORTH PME, switch GREM1-M7 and HARROW WEST PME. A map illustrating these PME and switch points along the M7 feeder is provided in Attachment 6.

**Interrogatory:**

- 1) Please provide a single line diagram illustrating the M7 feeder clearly identifying the above referenced PMEs and identifying location of the proposed Sellick connection.
- 2) Please confirm who owns the Harrow North PME and the Harrow West PME.
- 3) Please provide, under normal operating conditions, the direction of load flow between the Harrow North and the Harrow West PMEs.
- 4) Please explain how these facts relate to the response provided to E.L.K. 1 above.

**E.L.K.-7**

**Reference:**

**HONI Intervenor Evidence at pg. 5 of 7 states:**

Contrary to E.L.K.'s suggestion, there will be no LTLT or retail point of supply created if Hydro One services the Customer. Hydro One will be using Hydro One's M7 feeder to serve the Customer. In a practical sense, if power were to fail on the main M7 feeder, Hydro One will be responsible for restoring power, not E.L.K.

It is the main M7 feeder that will be used to service this Customer, not any of the taps or related equipment currently serving E.L.K. customers that E.L.K. owns. Consequently, there will absolutely not be any retail point of supply or LTLTs created if Hydro One services the Customer.

**Interrogatory:**

- 1) Please explain how Hydro One currently settles all relevant charges with E.L.K. for the Hydro One current customers connected to the M7 feeder between the Harrow North PME, GREM1-M7 and the Harrow West PME.
- 2) Please explain how Hydro One proposes to settle all relevant charges with E.L.K. should Hydro One connect the new customer (Sellick) to the M7 feeder between the Harrow North PME, GREM1-M7 and the Harrow West PME.

## E.L.K.-8

### Reference:

### HONI Intervenor Evidence at pgs. 5 and 6 of 7 states:

An image of the Clark Street and Roseborough Road intersection in June of 2014 from Google Maps is provided as Diagram 1 below.

### Diagram 1

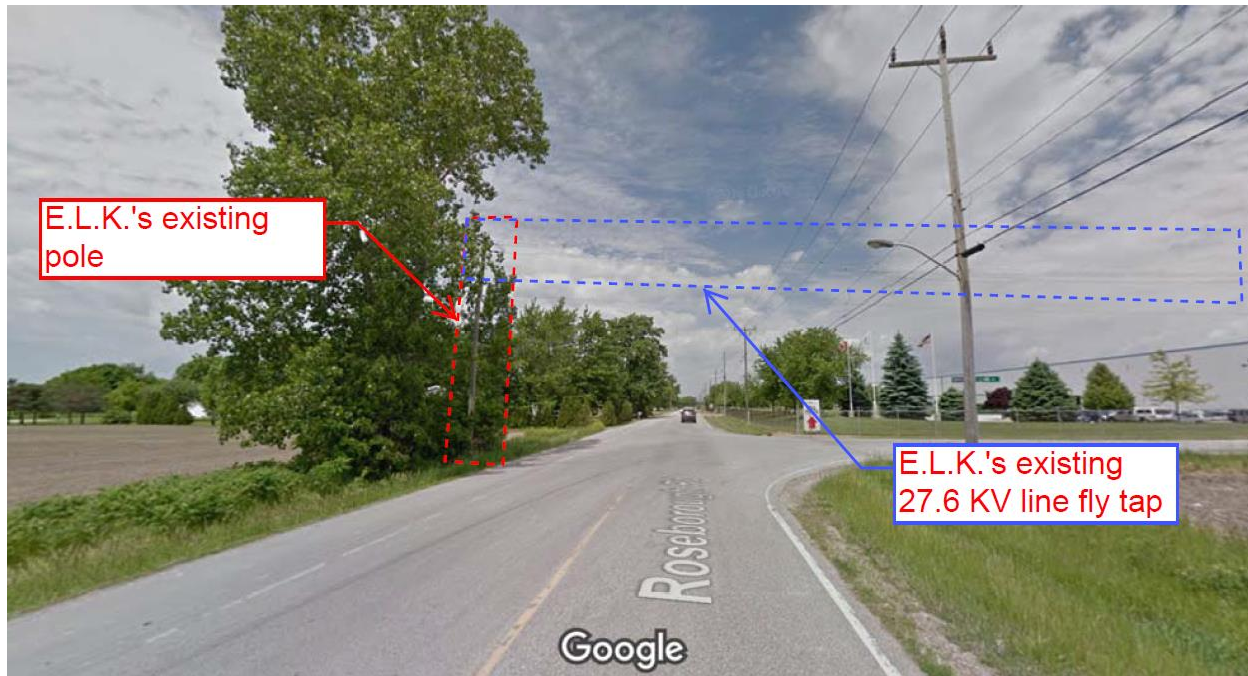


In the face of this contested SAA Application, E.L.K. has unilaterally met with city officials to assess the relocation of existing E.L.K. infrastructure into Hydro One service territory, and E.L.K. unilaterally decided on the location of assets required to service this Customer. Hydro One was not privy to the conversations between the municipality and E.L.K.

### Interrogatory:

- 1) It appears that Diagram 1 was presented in a way so as to obfuscate the existence of E.L.K. assets in Hydro One's service territory. Please confirm this was an unintentional oversight.
- 2) Please confirm that Roseborough Road, shown in this image, is the current dividing line between E.L.K.'s and Hydro One's licensed service areas. With the incumbents service area on the left or West and the applicants service area on the right or East in Diagram 1.
- 3) Please confirm that the pole line running North & South on the East side of the road is the Hydro One M7 feeder and is constructed within E.L.K.'s service area.
- 4) For clarity, a closer view of the image included in Diagram 1 is provided below with comments added by E.L.K. Please confirm that E.L.K. has correctly identified its existing pole and existing 27.6 KV circuit dead ended on it in Hydro One's service area. Please confirm whether or not these assets are also shown in Diagram 1 (albeit less clearly).
- 5) Please confirm that this existing pole and circuit existed only to serve E.L.K.'s existing customers to the East inclusive of the customer subject of this SAA.





**E.L.K.-9**

**Reference:**

**HONI Intervenor Evidence at pg. 7 of 7 states:**

Instead of incurring the \$8K relocation expense, E.L.K. could have, and should have, consulted with Hydro One in an effort to achieve a resolution that was fair and reasonable, as outlined in Section 3.4 of the DSC. Good utility practice would be for the two companies to explore the feasibility of various alternatives and come up with the most economical and technically feasible solution. This in turn would mitigate costs to connect the Customer.

**Interrogatory:**

- 1) Was Hydro One informed by E.L.K. of the intention to relocate the existing pole that was located in Hydro One's service area?
- 2) Did Hydro One raise any objections to E.L.K.'s intention to relocate the existing pole prior to E.L.K. undertaking the work? If yes, please provide written evidence of such objections together with the rationale underlying any concerns.
- 3) Please clarify if it is Hydro One's belief that E.L.K. should confer with Hydro One for requests made to E.L.K. to relocate E.L.K.'s existing assets serving their existing customers? Please clarify if the same principle should apply in respect of Hydro One's M7 feeder, located in E.L.K.'s service area?

**E.L.K.-10****Reference:****HONI Intervenor Evidence at pg. 7 of 7 states:**

Much has been suggested by the Applicant that Hydro One was non-responsive to the Customer request for an OTC. Hydro One was not in a position to provide the Customer with an OTC as Hydro One was still waiting for information that was required to provide an accurate estimate. Consequently, Hydro One did not provide the Customer an OTC, consistent with Section 6.1.1 of the DSC. Hydro One did not receive a complete New Customer Connection Information (“NCCI”) package from the customer until May 10, 2016. Hydro One, at that time, consulted further with the Customer to ensure that the Customer understood the charges and that the information provided was accurate. During this consultation it was discovered that there would need to be a loading revision to that NCCI package – increasing the Customer peak load to 1.2MW. This revised NCCI was provided to Hydro One on July 25, 2016, and is provided as Attachment 2 of Hydro One’s response to Board Staff Interrogatory 9. An OTC was then provided to the Customer on August 5, 2016, based on this load<sup>20</sup>. Subsequently, due to a further Customer requirement change on September 15, 2016, a revised OTC was provided to the Customer on September 21, 2016.

Instead of expeditiously advancing plans to increase rate base and circumvent well-defined SAA practices, had E.L.K. thoroughly investigated the needs of the Customer, in concert with the incumbent distributor, this prematurely-filed SAA could have been avoided. This would have improved the customer experience, mitigated costs to the system, and, in so doing, improved the overall quality of service provided to the Customer.

**Interrogatory:**

- 1) The customer (Sellick) advised E.L.K. that they began communications with Hydro One on February 1, 2016 (this is also noted in the SAA Section 7.5.1 and attachment 3.3). According to Hydro One’s evidence cited above, Hydro One awaited the receipt of a completed NCCI prior to consulting further with the customer. Please confirm the date Hydro One provided the NCCI package to the Customer to complete. E.L.K. has been informed by the customer they did not receive the NCCI until April 26, 2016, after the SAA was filed with the OEB. Is Hydro One’s evidence that the customer is deceitful?
- 2) How many new customer connection inquiries or requests does Hydro One have to manage in a given month? Is it possible that the Sellick request may have been overlooked? If yes, what are the likely reasons why this occurred?

**E.L.K.-11  
Reference**

**HONI Intervenor Evidence at pg. 7 of 7 states:**

Instead of expeditiously advancing plans to increase rate base and circumvent well-defined SAA practices, had E.L.K. thoroughly investigated the needs of the Customer, in concert with the incumbent distributor, this prematurely-filed SAA could have been avoided. This would have improved the customer experience, mitigated costs to the system, and, in so doing, improved the overall quality of service provided to the Customer.

**Interrogatory**

- 1). E.L.K. has proceeded with this SAA application at the request of the customer, who was not getting a response from Hydro One. Please provide evidence to support the assertion that E.L.K. brought this SAA to “increase rate base” or “circumvent well-defined SAA practices”, in light of the evidence on record that any rate base increase is de minimis.
- 2) Please provide evidence to support the assertion that E.L.K. did not thoroughly investigate the needs of the customer.

**E.L.K.-12  
Reference**

**HONI Intervenor Evidence at Attachment 1-5:**

**Interrogatory**

- 1). Attachments 1-4 inclusive reference Primary Metering. Schedule A, page 4 of Attachment 5, it is not clear as to whether the Customer would be metered at a secondary or primary level. Please confirm Hydro One’s intentions for metering the customer should they be connected by Hydro One.