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Susan Frank

Vice President and Chief Regulatory Officer
Regulatory Affairs

BY COURIER

February 1, 2006

Mr. John Zych
Secretary
Ontario Energy Board
Suite 2601, 2300 Yonge Street
P.O. Box 2319
Toronto, ON.
M4P 1E4

Dear Mr. Zych:

EB-2005-0528 Hydro One Networks Inc.'s Application to Establish Rates for Distributed Generators on an Interim Basis – Interrogatory Responses

In accordance with the Board's Procedural Order 1, dated January 13, 2006, please find enclosed ten (10) copies of responses to interrogatories in support of Hydro One Networks' request for approval of rates applicable to eligible generator customers connected to its distribution system.

An electronic copy also will be e-mailed to the Board and to all intervenors in this case.

Questions may be addressed to Carolyn Russell (Senior Advisor, Regulatory Affairs), who may be reached by phone (416) 345-5914, fax (416) 345-5866, or e-mail: carolyn.russell@HydroOne.com. Her address is Hydro One Networks Inc., 483 Bay Street, South Tower, 8th Floor, Toronto, Ontario M5G 2P5.

Yours truly,

Susan Frank

cc. Mr. A. Fogwill, Applications Director, Market Operations

1 **Ontario Energy Board (Board Staff) INTERROGATORY #2 List 1**

2
3 **Interrogatory**

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5 The current rates for T-Class customers, G3 customers, and GS customers of Hydro
6 One's acquired LDCs, became effective on March 1, 2005. Why did Hydro One not
7 propose a retroactive implementation of the proposed rates?
8

9
10 **Response**

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12 Hydro One is not seeking retroactivity as the Company is simply proposing a temporary
13 mechanism to encourage new generation until the cost allocation review is complete and
14 the resulting rates for distributed generator customers are approved. In addition, Hydro
15 One's billing system cannot handle retroactive rate adjustments. The Company would
16 have to manually calculate and apply any retroactive credit to each customer's account,
17 which is not feasible for the 86 generator customers currently eligible for the proposed
18 rates.
19

20 For these reasons and in view of the Board's previous disallowance of a retroactive
21 approach,¹ Hydro One does not believe it can justify retroactive application of these
22 proposed rates.

¹ Under Docket EB-2004-0461, submitted on October 1, 2004, in which the Board issued a Decision which approved Hydro One's proposed Time-of-Use rates, but not their retroactive application, on December 20, 2004.

