

WATAYNIKANEYAP POWER LP

Responses to Supplemental Interrogatories of Hydro One Remotes

Issue: Operations, Access and Community Readiness

INTERROGATORY - 1

Reference: HORC Interrogatory #15 part g)

Preamble:

Request:

- a) In its response to HORC IR #15 part g, WPLP notes that WPLP will be responsible for work on the Wawakapewin TS, and states that, “As such, access to Wawakapewin TS should not have an impact on Remotes’ OM&A costs post-implementation”. It is Remotes’ understanding that as a wholesale market participant, Remotes will be responsible for maintaining the wholesale metering, planned to be located on the DS side of the TS station just outside the fence. Is WPLP planning to maintain the wholesale metering? Please explain.

Response:

- a) WPLP agrees that wholesale metering equipment would typically be located as close as practical to the defined meter point, either within a TS or just outside the fence, and that Remotes will be responsible for maintaining the wholesale metering equipment. At Exh E-1-1, page 4, WPLP states that the exact location of metering installations will be determined in consultation with both Hydro One Remotes and IESO. Preliminary discussions with IESO have indicated a willingness to consider alternate locations for wholesale metering in consideration of the remoteness of the project and associated access challenges. In the case of Wawakapewin, WPLP suggests that both the demarcation point between WPLP and Hydro One Remotes, and the wholesale metering equipment, should be located closer to the Wawakapewin First Nation than to the Wawakapewin TS, which is located off-reserve, and may be more difficult to access than the community itself. Subject to the Board’s approval of WPLP’s request under Section 84(b) of the Act, approximately 5 km of 25 kV line from the Wawakapewin TS to the demarcation point would be deemed transmission, and would be owned, operated and maintained by WPLP as described in Exh C-4-1.

Regardless of any adjustment that may be made to the location of the wholesale metering equipment, WPLP is aware that Wawakapewin is more difficult to access than other communities and that Hydro One Remotes will require reliable access to the community itself for the purpose of operating and maintaining the distribution system. WPLP is committed to working collaboratively with Hydro One Remotes as it leverages infrastructure developed as

part of the construction of the project to secure long-term reliable access to Wawakapewin, as described in response to HORCI IR 15 (a).

INTERROGATORY - 2

Reference: Board Staff Interrogatories #13 & #9
HORC Interrogatories #9 & #10

Preamble: In response to Board Staff IR #13 part a, WPLP notes that the scope of required local distribution upgrades has been determined based on deficiencies identified through inspections undertaken by the ESA and Remotes. WPLP also references an implementation plan that includes INAC’s Project Approval Request (“PAR”) process. The following are the dates, by community, that these inspections were completed and reports were forwarded to the Communities, INAC and OSLP.

| Community | Distribution Asset Assessment - Report Date |
|----------------------|---|
| Poplar Hill | July 2018 |
| North Spirit Lake | December 2017 |
| Keewaywin | June 2018 |
| Muskrat Dam | September 2017 |
| Wawakapewin/Long Dog | September 2017 |
| Wunnumin | December 2016 |

Request:

- a) Has the PAR process been initiated for any of these projects? If not, why not?
- b) If the PAR process has been initiated for any of the projects, have any of the PARs been approved?
- c) Please describe the framework anticipated for funding and the project execution to implement the upgrades that are referenced in the IR response.

Response:

- a) The PAR application is currently being prepared by OSLP, ISC and the corresponding First Nations for all IPA communities. The PAR application is expected to be filed in early 2019. A single PAR application will be prepared for both the design stage and the construction for all communities. The PAR approval is expected to be issued in two stages, with the design stage funding approved by April 1, 2019 and the construction component being approved in the corresponding year in which construction begins for each IPA community.

As part of finalizing the definitive documents for the Government Funding Framework, Canada, Ontario, WPLP and First Nation LP have agreed to enter into a Parallel Process Agreement which outlines the process for funding and executing the IPA upgrades. In connection with the Parallel Process Agreement, ISC has committed to support the upgrades to the distribution systems in the IPA communities and is aiming for formal project approval in early 2019 with the design component of the project to begin in April 2019.

- b) No PAR application(s) have been approved. Please refer to HORCI Supplemental IR 2(a), above.
- c) In accordance with the Parallel Process Agreement, funding will be provided following the ISC, Capital Facilities and Maintenance Program funding approval process. Please refer to HORCI Supplemental IR 2(a), above.

INTERROGATORY - 3

Reference: Board Staff Interrogatory #13 part b)

Preamble: In its response to Board Staff IR # 13 part b, WPLP states that, with the exception of Pikangikum, WPLP is not responsible for any of the IPA upgrades.

Request:

- a) Who specifically is responsible for managing the IPA upgrade projects?
- b) Does WPLP anticipate any risks related to the completion and in-service dates of the Remote Connection Lines if the IPA upgrades are not completed when the grid construction is completed?
- c) Please describe the potential impact of delays in community connections on the WPLP project if the required work in the IPA communities is not completed. If there is no impact, why not?
- d) As the proponent, Transmission Licensee and beneficial owner of the grid connection project why does WPLP not have a role in ensuring the IPA communities are ready for grid connection?

Response:

- a) Distribution system assets in IPA communities are owned and operated by their respective communities. As such, each community currently served by an IPA is responsible for the upgrades to its respective distribution system. While the communities bear that responsibility, the Parallel Process Agreement outlines Canada's responsibility to take commercially reasonable steps to ensure that each of the IPA Communities upgrades its respective distribution assets to industry standards. As such, representatives from ISC, Ontario Region will work with Opiikapawiin Services LP (OSLP)¹, each First Nation, and their advisors to manage the IPA upgrades.

As noted in response to HORCI Supplemental IR 2(a), WPLP is a party to the Parallel Process Agreement and will monitor the IPA upgrades and provide assistance as needed to ensure the IPA upgrades are completed as planned.

- b) WPLP does not anticipate that the IPA upgrades will have a material impact on the completion date for the Remote Connection Lines as the construction of the Remote Connection Lines will be completed in parallel with the IPA upgrades. The IPA upgrades only have the potential to

¹ OSLP is a company that is indirectly held by the 22 Participating First Nations through First Nation LP. OSLP provides community engagement, communications, First Nations participation and training services to WPLP.

impact the in-service dates for those transmission line segments and substations that will exclusively serve the 6 IPA communities. The Parallel Process Agreement establishes completion dates for the IPA upgrades so as to increase the likelihood that the IPA upgrades will be complete by the time the relevant grid construction is completed. A tentative schedule for grid connection of each IPA community and concurrent transfer of their respective distribution system from the IPA to HORCI is as follows, though the dates are subject to change once the EPC construction schedule has been finalized:

| | |
|--------------------------------|-----------|
| Poplar Hill First Nation | June 2021 |
| Wunnumin First Nation | June 2021 |
| Muskrat Dam First Nation | June 2022 |
| North Spirit Lake First Nation | June 2022 |
| Keewaywin First Nation | June 2023 |
| Wawakapewin First Nation | June 2023 |

- c) WPLP plans on constructing the transmission line and substations on the assumption that the IPA communities will have completed the necessary distribution system upgrades to allow for the transfer of their distribution systems to HORCI in advance of connecting to WPLP's transmission system. In the event the IPA upgrades have not been completed in the planned timeframe for any of the IPA communities, the transfer of ownership of the respective distribution system and ultimately the grid connection of the relevant IPA communities will be delayed until such time the required upgrades are completed. Please refer to the response to HORCI IR 10(b) for additional information.
- d) The IPA assets are owned and managed by their respective IPAs, each of which is wholly owned by its corresponding remote community. As such, each community currently served by an IPA has the responsibility to upgrade its distribution system and meet all other requirements to effect a transfer of that system to HORCI prior to or coinciding with grid connection. The IPA communities have decided to work directly with ISC, Ontario Region, OSLP and their advisors to manage the IPA upgrades. As noted in response to HORCI Supplemental IR 2(a), throughout the project WPLP will continue to monitor the upgrades and provide assistance as needed to ensure the IPA upgrades are completed as planned.

INTERROGATORY - 4

Reference: HORC Interrogatory #9

Preamble: Remotes notes that the work outlined in HORC IR #9 was not completed in time for the community of Pikangikum's scheduled connection to the grid in December, 2018. In November, Remotes applied to the OEB for a service territory amendment (EB-2018-0325) to take over the assets in the community on an emergency basis. Because none of its conditions to serve the community were met, Remotes requested and the OEB approved an interim period of relief from licence obligations since it will not be in a position to bill customers or perform all required distribution services.

Request:

- a) Does WPLP have any advice to offer to the Board in terms of licence conditions or conditions on the Leave to Construct that would help avoid this situation for future connections?

Response:

- a) As described in Exhibit C, Tab 1, Schedule 1 (Pages 10-11) of the pre-filed evidence in EB-2018-0190, the needs of the Pikangikum community required the distribution system to be constructed on an accelerated basis over a one year time frame. WPLP believes there is a well-defined process to manage the IPA upgrades as well as sufficient time to address all required upgrades to ensure the situation that occurred in Pikangikum is not repeated. As such, WPLP does not have any advice to offer to the Board in terms of licence conditions or conditions on the Leave to Construct. Please refer to HORCI Supplemental IRs 2 and 3 for additional information.

INTERROGATORY - 5

Reference: Exhibit E, Tab 1, Schedule 1 (page1) and HORC Interrogatory #12 part a)

Preamble: The need for dual independent communication at the Distribution Stations will provide reliable equipment status information to both WPLP and Remotes. This requirement is important for continued operation of the systems, after both planned and unplanned physical system event outage. The costs and time taken to gather the equipment status information will be considerably reduced if these dual independent communication facilities are available. In addition to this information, Remotes anticipates a need for metering communication from the Distribution Stations supply point.

Request:

- a) Is WPLP willing to work with Remotes in determining a dual independent communications design that would serve the needs of both WPLP and Remotes?

Response:

- a) Yes.

Issue: Rates

INTERROGATORY - 6

Reference: HARC Interrogatory #16

Preamble: WPLP's response to HARC IR #16 indicates that the impact to ratepayers is the same under the alternate rate framework, since under the TSC, Remotes' contribution in aid of construction would form part of its rate base and revenue requirement.

Request:

- a) Does WPLP agree that the impact to rate payers would be the same only if the cost of capital was the same for WPLP and Remotes?
- b) As approved by the OEB in Remotes' 2017 cost-of-service rates application EB-2017-0051, Remotes does not currently earn a return on equity for its rate base. Given this information, does this change WPLP's response to this question?

Response:

- a) WPLP agrees that differences between the cost of capital for WPLP and Hydro One Remotes will have an impact on the overall revenue requirement associated with the project that will ultimately be recovered through the RRRP rate. As described in response to Board Staff IR 58 (which is cross-referenced in the response to HORCI IR 16), the resulting RRRP rate, rounded to the fourth decimal place, is the same using the cost of capital parameters applicable to either WPLP or to Hydro One Remotes. The bill impacts presented in the application and IR responses are therefore valid for both WPLP's proposed alternate rate framework and the TSC rate framework.
- b) No. Please see response to part (a), above.

INTERROGATORY - 7

Reference: HOCR Interrogatory #19

Preamble: In the response to HOCR IR #19 part c, WPLP indicates they expect that UTR rates would apply to any new customers connecting to the Remote Connection Lines (“RCL”).

Request:

- a) Please confirm that the setting of rates for use of the WPLP lines will be subject to OEB approval in a future application and the information provided in the response to HOCR IR #19 is for illustration purposes only?
- b) Given that the Line Connection and Transformation Connection UTR charges specifically reflect the costs associated with facilities included in deriving UTR rates, and given that the cost of the RCL facilities are not included in the determination of the Line Connection and Transformation Connection UTR rates, why does WPLP believe the use of the Line Connection and Transformation Connection UTR charges are applicable to customers connecting to the RCL?
- c) Does WPLP believe Line Connection and Transformation Connection UTR charges are a reasonable “proxy” for charges associated with using the RCL facilities? If so, please explain why?

Response:

- a) Confirmed. The specifics of setting rates for potential future customers connecting to WPLP’s system will be determined through a future proceeding involving the setting of rates and approval of WPLP’s Customer Connection Procedures.
- b) The use of Line Connection and Transformation Connection UTR charges, in combination with the provisions of Section 6.3 of the TSC, would ensure that new customers connecting to the Remote Connection Lines are able to do so in a manner that, at a minimum, holds ratepayers harmless. For clarity, the economic evaluation requirements set out in Section 6.5 of the TSC would consider incremental revenue from the new customer(s), along with costs associated with any new line and transformation assets and/or incremental costs associated with upgrades to existing line and transformation assets that are required to connect the new customer(s).

With respect to the use of existing Remote Connection Line assets, WPLP clarified in its response to HORCI IR 19(d) that the specific TSC provisions relating to the refund of contributions made by initial contributors should apply in relation to the costs of the Remote Connection Lines. Any new customer, other than HORCI, could therefore be required to make an additional capital contribution, towards the cost of the Remote Connection Line assets,

depending on the circumstances. This contribution would be determined in accordance with Section 6.3.17 of the TSC, and would depend on the relative load forecast of the new customer, the timing of the connection, and the proportion of the Remote Connection Line assets serving the new customer. As indicated in WPLP's response to HORCI IR 19(d), WPLP expects that any contribution calculated and collected as a result of the application of Section 6.3.17 of the TSC would be remitted to the Trust to be used for continued offsetting of future RRRP rates.

- c) WPLP does not view the applicability of UTR charges as a "proxy" for the use of Remote Connection Line facilities. As described in response to part (b), above, the applicability of Section 6.3.17 of the TSC will account for a future customer's use of the Remote Connection Line facilities.

INTERROGATORY - 8

Reference: HORC Interrogatory #19 part d)

Preamble:

Request:

- a) Please confirm that under both scenarios 1 and 2, the rows labeled as “Annual Incremental UTR (Line + Transformation) Revenue” are not in fact UTR revenues, but rather revenue that would be fully used to offset the RCL Revenue Requirement, which per WPLP’s Alternative Rate Framework described in at page 10 of Exhibit J-1-1, would be treated separately from the UTR revenue requirement? If not confirmed, please explain.
- b) Please confirm that under both scenarios 1 and 2, Remotes would be responsible for paying the full RCL revenue requirement, and that the RCL revenue requirement would be offset by the revenues collected from the New Customer for use of the RCL. Under scenario 1 this means the RCL revenue requirement of \$102,269,209 would be offset by \$1,184,400 in revenues collected from the New Customer, which would result in Remotes paying \$184,400 less than they would otherwise pay if the New Customer had not been connected. If not confirmed, please explain.
- c) Please confirm that under scenario 2, while Remotes is not harmed by the connection of the New Customer, there is in fact no reduction to the charges Remotes will pay for use of the RCL as a result of the New Customer connecting to the RCL? If not confirmed, please explain.

Response:

- a) Confirmed.
- b) Confirmed. WPLP would also calculate an additional capital contribution to be paid by the new customer in accordance with Section 6.3.17 of the TSC, which WPLP expects would be remitted to the Trust to further offset future RRRP rates. Please see the response to HORCI Supplemental IR 7(b), above, for additional discussion.
- c) Confirmed. As indicated in (b), above, WPLP would also calculate an additional capital contribution to be paid by the new customer in accordance with Section 6.3.17 of the TSC, which WPLP expects would be remitted to the Trust to further offset future RRRP rates. Please see the response to HORCI Supplemental IR 7(b), above, for additional discussion.