

**Great Lakes Power Transmission LP
Interrogatories 2009 Electricity Transmission Rates
Hydro One Networks Inc. EB-2008-0272**

Issue 5.3

Are the proposed new deferrals/variance accounts appropriate?

Interrogatory #1

Reference: Exhibit C-1, Tab 2, Schedule 3, Page 6 and 7, Table #1

Hydro One sets out in Table #1 a summary of development work for the IPSP and other long-term projects:

- a) Has Hydro One received any indication either from the Ministry of Energy, the Ontario Energy Board or the Ontario Power Authority that it has been designated as the transmitter to develop and operate the projects identified in Table #1?
- b) If yes, please describe in detail the nature and extent of the designation together with all written correspondence in that regard.

Interrogatory #2

Reference: Exhibit C-1, Tab 2, Schedule 3, Page 7

With respect to the costs identified in Table #1, do the costs included in Table #1 reflect indirect and direct costs or just direct costs applicable to the development activity for each project?

- a) If the costs are both direct and indirect costs, on what basis are the costs allocated?
- b) Please provide a breakdown of the direct and indirect costs on a project-by-project basis.
- c) If the costs are direct costs only, do the indirect costs associated with the activity in question appear elsewhere in Hydro One's cost of service? If so, in what aspects of the cost of service and how much for each project listed?
- d) Will Hydro One seek to capitalize the amounts recorded in the requested deferral account at a later date?

Interrogatory #3

Reference: Exhibit C-1, Tab 2, Schedule 3, Page 7

Please describe in detail the work to be undertaken in the bridge and test years for projects identified in Table #1 by the numbers 5 through 9 and number 15.

Interrogatory #4

Reference: Exhibit C-1, Tab 2, Schedule 3, Page 6.

Exhibit C-1, Tab 2, Schedule 3, Page 6 states that “The pre-engineering spending required to support the IPSP projects and the incorporation of Darlington “B” GS are provided in Table 1.” Note 1 of Table 1 states “‘Total’ costs include cash flows, if any in the years before 2009 and after 2010”. With respect to clarifying the meaning of Note 1, does this Note mean that pre-engineering spending required to support the IPSP projects was made before 2008? If yes, please provide the expenditures that were incurred prior to 2008 for the projects identified as numbers 5 through 9 and number 15 of Table #1.

Issue 4.1

“Are the proposed 2009 and 2010 Sustaining and Development and Operations Expenditures appropriate, including consideration of factors such as system reliability and asset condition?”

Interrogatory #5

Reference: Exhibit D-1, Tab 3, Schedule 3, Page 33

According to Table #2 of Exhibit D-1, Tab 3, Schedule 3 relating to “Inter-Area Network Transfer Capability Summary of Development Projects in Excess of \$3 Million”, the amount of “Other Projects (< than \$3M) with 2009 – 2010 Cashflows” increase from \$1.1M in 2007 to \$5.2M in 2008 (372% increase) with a further increase in 2009 and 2010 of \$1.2M (23%) and \$2.2M (34%) for each year.

- a) Please explain in detail the drivers underlying the significant increase from 2007 to the bridge year.
- b) Please explain in detail for the increase in Expenditures from 2008 to 2009 and from 2009 to 2010.
- c) Do any of the expenditures for 2008, 2009 and 2010 in the “Other Projects” category of costs relate to projects identified in Table #1 of Exhibit C-1, Tab 2, Schedule 3? If so, to which projects do they relate and please provide in detail a description of the activity and a breakdown of the corresponding expenditures.

Interrogatory #6

Reference: Exhibit D-1, Tab 3, Schedule 3, Page 34

According to Table #3 of Exhibit D1, Tab 3, Schedule 3 relating to “Local Area Supply Adequacy: Summary of Development of Projects in excess of \$3 Million”, the amount of “Other Projects” (< than \$3M) with 2009 – 2010 Cashflows” increased from \$1.5M in 2007 to \$5.9M in 2008 (293% increase) and a further increase in 2009 from \$5.9M in 2008 to \$6.3M in 2009.

- a) Please explain in detail the drivers underlying the significant increase Expenditure from 2007 to the bridge year.
- b) Please explain in detail the drivers underlying the increase in Expenditures from 2008 to 2009.
- c) Do any of the expenditures for 2008, 2009 and 2010 in the “Other Projects” category of costs relate to projects identified in Table #1 of Exhibit C-1, Tab 2, Schedule 3? If so, to which projects do they relate and please provide in detail a description of the activity and a breakdown of the corresponding expenditures.

Interrogatory #7

Reference: Exhibit D-1, Tab 3, Schedule 3, Pages 33 and 34

At Exhibit C-1, Tab 2, Schedule 3, Table #1, Hydro One sets out the projects for which it seeks to establish a deferral account related to various development expenditures. Referring to Table #1 of Exhibit C-1, Tab 2, Schedule 3, are any of the expenditures in the bridge year, 2009 and 2010 set out in Tables 1, 2 or 3 of Exhibit D-1, Tab 3, Schedule 3 attributable to any of the projects set out in Table #1 of Exhibit C-1, Tab 2, Schedule 3?

- a) If so, which projects and what expenditures are attributable?
- b) Are any of the Expenditures referred to in Tables 1, 2 or 3 of Exhibit D-1, Tab 3, Schedule 3 also included in the expenditures set out in Table #1 of Exhibit C-1, Tab 2, Schedule 3? If so, what are the expenditures and explain in detail the rationale related to the duplication.