EXHIBITS

EB-2009-0149

Presented by

Niagara-on-the-Lake Hydro Inc.

To the Issues Day Proceeding on
Tuesday, July 7, 2009

Exhibit 1
Step-up Unit

Exhibit 2
Pole Line

Exhibit 3
Feeder Route

Exhibit 4A
Rock Quarry

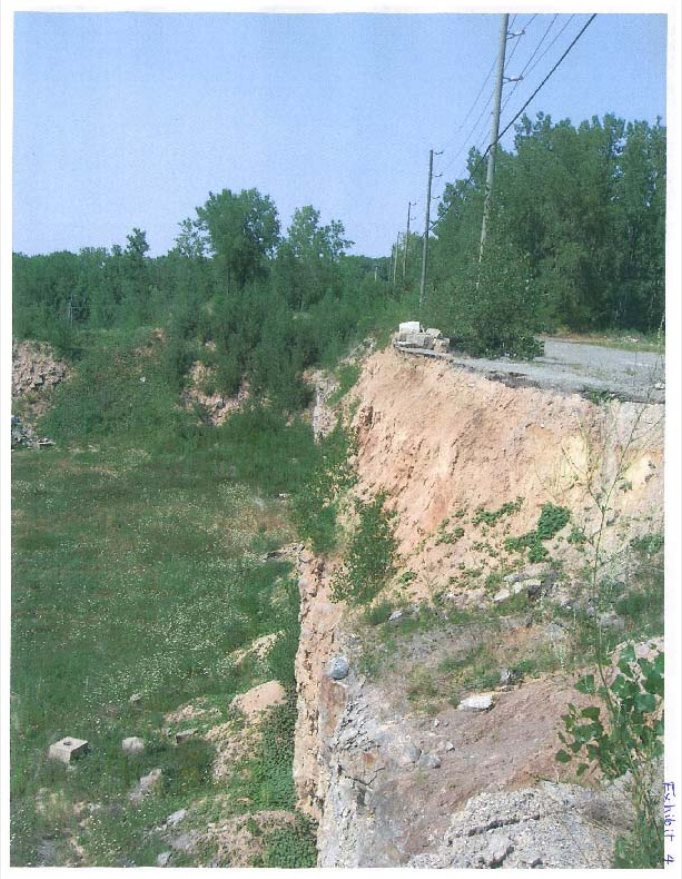

Exhibit 4B
Down to Inaccessible Area

Exhibit 5
Inaccessible Area

Exhibit 6
Overview of Route

Exhibit 26
Stanley TS Load

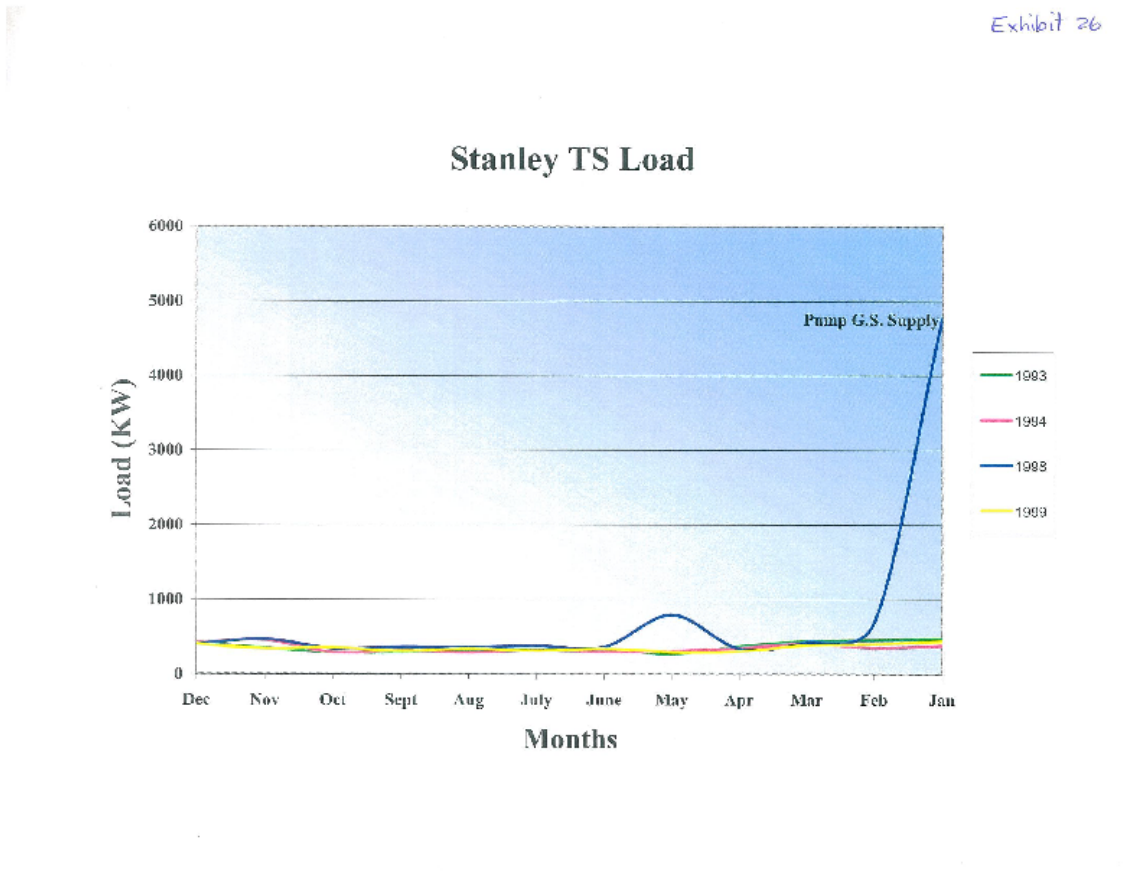

Exhibit 7
Ontario Hydro letter, 1993

Exhibit 7

ontario hydro

40 Albert Street W., Thorold, Ontario L2V 2G3
Telephone (416) 687-4555 or 1-800-263-9973 FACS (416) 227-9222

June 21, 1993 File: 510 Notl HEC

Memo to file:

The metering on the 12M2 & M3 feeders include line losses and autotransformer losses. Since the 12M2 feeder feeds NOTL customers at Queenston, these losses should be credited to NOTL HEC. However, since the utility does not pay specific utility charges for the portion of the 12MZ that Ontario Hydro owns within the NOTL HEC service area, Ontario Hydro and the utility have agreed to waive respective charges for this feeder.

This is not a point of supply to NOTL HEC. It is a load transfer arrangement. NOTL HEC should be encouraged in the future to supply their customers at 27.6 kV. NOTL HEC has also agreed to provide maintenance on the 12M2 from switch location PUM-2 to the end of the feeder. When this occurs, NOTL HEC will be compensated for their actual cost.

This arrangement will be discontinued once NOTL South TS is built in 1997 and the autotransformer at Stanley TS are removed.

Joan Compostella
Utilities Account Supervisor
Customer Energy Services
Niagara Field Office

COPY: David Robertson - Niagara on the Lake Hydro

Exhibit 8
Re-Routed Feeder

Exhibit 8B
Glendale Area

Exhibit 9

Ontario Hydro Notes - 1999 Meeting

TRANSMISSION COMPANY

MINUTES OF MEETING

March 10, 1999
Niagara-on-the-Lake HEC
Planning Meeting

MINUTES PREPARED: April 14, 1999

David Robertson	NOTL HEC	Jim Huntingdon	NOTL HEC
Paul Hoffman	Ontario Hydro	Devinder Bahra	Ontario Hydro
Robert Davidson	Ontario Hydro		

1.0 Stanley TS Auto Transformer Supply Option

- Ontario Hydro is proposing to utilize from 5 to 10MW of the 20MW of capacity available at the Stanley TS auto-transformers to supply NOTL HEC when the NOTL DS capacity is close to its LTR, around 33 to 34 MW. This proposal fits in with the utility's contingency planning where Stanley TS would be used to pick up about 2 to 3 MW of load at the St David's community.
- Ontario Hydro (DNAM) will upgrade the M20, which is 336 ACSR, with some pole replacements and installation of a reversal. The M19 will not be upgraded but will be left in place. The utility advised that the line going across the 405 belonged to Ontario Hydro; the utility circuit begins on the next pole which has a switch installed.
- Short term capacity at Stanley TS is limited as a new load lasting from three to five years is expected. When this load is gone, capacity should not be an issue, depending of course on whatever other load may have developed in the meantime. The new Marketing Design Committee rules would then be in effect but impact on future planning is unclear. It was noted that any new capacity installed at this time, such as the Stanley TS supply to NOTL HEC, would be considered to be "embedded" under MDC rules.
- NOTL HEC advised Ontario Hydro that it accepts this supply option. Based on this acceptance Ontario Hydro is proceeding with the project and will obtain management's approval. A mid July 1999 in service date is targeted.

Action: D Bahra

- There are no plans at this time to remove any of the four auto transformers from Stanley TS.

2.0 Stanley TS Auto Transformer Protection Issues

- Existing protection will be adequate to protect most of Ontario Hydro's existing equipment. ICL 321 relays will be installed to protect the transformers from both distance and internal faults.

1

Exhibit 9

Exhibit 10

NOTL Response to Ontario Hydro Notes

Exhibit 10

April 28, 1999

Minutes of Meeting
March 10, 1999
Ontario Hydro/ NOTL Hydro

Robert,
We have reviewed your draft minutes of the March 10 meeting and have the following comments and questions;

In section 1.0

The Commission has always had the position that a new T.S. is required not only for long term growth, but as a reliable backup to NOTL D.S. The decision to utilize Stanley T.S. as a future supply point was made solely by Ontario Hydro.
It's understood that a new TS is the preferred option of NOTL HEC to meet long term growth. However as noted at this and previous meetings, based on projected load growth, this option is not viable at this time. The utilization of Stanley TS capacity as a viable alternative to meet NOTL's anticipated load was discussed at the meeting where NOTL HEC, perhaps reluctantly, agreed with Ontario Hydro's proposal to use Stanley TS.
A new load on Stanley T.S., lasting 3 to 5 years as described in paragraph 3, was not mentioned or discussed during the meeting. Could you please elaborate?
This potential new load was referenced briefly but not elaborated on; this load is no longer a factor.
What is your interpretation of "imbedded" capacity as discussed? This factor was not discussed during the meeting.
The term "imbedded" capacity was loosely referred to briefly in the meeting w.r.t. the future implication of the Market Design Committee rules on stranded assets. The assumption – in anticipation of the rules being clarified – is that, the Stanley TS capacity to be built for NOTL HEC's needs, and being paid for out of the "pool", cannot be stranded if the utility were to build in the future its own TS.

In section 3.0

The Commission does not agree with the use of K & N correction factors and requests the use of boundary metering as the only accurate means of measurement at a supply point.
The metering for the M20 supply from Stanley TS to NOTL HEC is already in place at Stanley TS. While metering at the boundary would be preferred by both utilities there is not sufficient justification to incur additional costs installing new metering and making the unit at Stanley TS redundant to needs. The use of K&Ns – or probably in this case "R" values – is a long established method which, while not perfect, is the accepted industry practice to determine non-metered line losses. However if this is a serious concern for the utility, metering could be installed at the boundary at the utility's cost.

Cross NOTL-May4-99

Exhibit 11
NOTL Hydro Loads

Exhibit 11

NOTL Hydro Load in mVA (.9 pf assumed)

YEARS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1971	3020	3043	2756	2403	2396	2398	2340	2403	2403	2353	2864	3148
1972	3221	2964	2873	2673	2453	2730	2828	2851	2766	3000	3246	3500
1973	3463	3363	3011	3016	2829	3328	3509	3323	2676	3132	3506	4132
1974	3798	3702	3337	3209	3216	3303	3688	3519	3283	3363	3604	3903
1975	3798	3701	3633	3580	3202	3706	3857	3970	3161	3446	3892	4370
1976	4411	4407	3623	3513	3426	3938	3702	3797	3540	3473	4148	4384
1977	4447	4181	3729	3404	3391	3876	4181	3938	4053	3242	4044	4389
1978	4329	4092	3829	3587	3363	3883	4100	4173	3839	3406	4369	4411
1979	4592	4511	4104	4179	3577	3996	4464	4132	4054	3600	4249	4707
1980	5208	5479	4686	4327	4100	5027	5121	5177	4759	4441	4604	5619
1981	5636	5570	5297	4098	4139	5244	5756	4980	5153	4427	5000	5443
1982	6096	5664	5113	5011	4056	4412	5461	5011	5010	4016	4693	5374
1983	20072	18009	17215	15946	14193	17946	18012	15440	19952	16314	18901	22127
1984	21169	19187	19297	16114	15361	17957	19566	20660	17018	16598	19141	20313
1985	23250	20950	20170	18130	15481	15302	20579	21089	21436	17704	20281	23000
1986	22192	20831	21659	17537	17668	17548	21953	22044	18332	17747	21132	23017
1987	23207	22093	20839	19498	21247	22143	25831	26198	20424	19401	22522	23510
1988	25496	23501	20770	18740	21460	24239	26378	26522	22236	20612	22407	26191
1989	25582	25008	24624	21005	20450	25345	26807	26608	27147	22232	25845	30352
1990	24701	23477	23369	21581	20189	25932	29430	31082	25473	22311	24820	25283
1991	25767	25817	22351	20857	25446	29557	30820	31916	26907	19818	23213	25909
1992	25713	23857	24041	20879	18939	22236	23308	29293	25328	21832	23043	24116
1993	23460	23757	22535	21189	17552	22702	27483	30320	23550	18894	20521	23546
1994	26150	23591	20165	18016	18529	25219	28584	28178	25533	20662	23468	25411
1995	24551	25237	21114	20797	18729	29396	31248	32928	25398	20686	22519	26835
1996	24527	25153	22559	20230	20662	25654	28867	31400	28704	21159	23058	25416
1997	25568	22214	22090	19499	18222	30329	32587	29203	24649	22366	24336	25616
1998	23647	21926	21860	19077	25270	32761	34141	35982	29068	21476	23621	27588
1999	27460	23480	23457	21041	25857	32596	37261	33983	32000	22243	25896	27999
2000	27358	25348	22978	22047	26095	31309	34035	37314	36880	23887	27253	29450
2001	27539	25822	24464	22950	26109	36582	41499	45152	38281	25538	26884	29231
2002	27980	27901	27100	25804	27881	34226	43063	50171	42480	31475	28702	31220
2003	31251	32291	27852	26195	23826	36553	35706	41089	31799	26550	29073	30749
2004	32322	28966	27667	25530	31025	37167	40167	40127	36420	28370	29418	33514
2005	32523	29157	29048	26020	24792	43583	44533	45035	35173	31374	31834	32887
2006	29702	29451	27360	25003	36687	38546	46410	48714	33028	27182	29337	

Rating of NOTL DS exceeded Rating of NOTL DS and Stanley Assigned recordial (41.8 mVA)

Exhibit 14
Kraft Canada Letter

KRAFT Kraft Canada

October 23, 2002

To Whom It May Concern:

Kraft Foods operates a fruit processing plant and cold storage facility in the St. Davids area of Niagara-on-the-Lake. Our operation is primarily during the summer and early autumn months and our total connected load approaches 2 mW at the 27.6 kV level. Our electrical equipment is not of a particularly sensitive nature and consists mainly of compressors and conveyor drives.

On several occasions this summer we experienced noticeable variations and reductions in our voltage supply level. Our local distribution company, Niagara-on-the-Lake Hydro, was notified and informed us that the load level on their supply out of Niagara Falls will be reduced to better regulate the supply voltage. On August 28, during a hot afternoon, the supply level again dropped as the heat increased and we contacted Niagara-on-the-Lake Hydro. Their crews advised us that the Niagara Falls supply would be disconnected and they would return us to our normal supply out of Niagara-on-the-Lake. We have not experienced any further problems with voltage variations since the supply point was returned.

Niagara-on-the-Lake Hydro has informed us that they are expected to utilize the Niagara Falls supply on a regular basis. Kraft Foods is seriously concerned with the integrity of this supply and supports Niagara-on-the-Lake Hydro in their bid to remove their dependence on this supply.

Yours truly,

KRAFT CANADA INC.

Kenn Jones,
Maintenance Superintendent

Exhibit 4

Kraft Canada Inc. P.O. Box 40, 250 Creek Road • St. Davids, Ontario L0S 1P0 • Telephone (905) 262-4211 • Facsimile (905) 262-5086

Exhibit 15

Ontario Hydro Response

08/13/02 MRI 10:46 FAX 905 681 4287 CUSTOMER SERVICE 002

hydro one

HYDRO ONE NETWORKS INC.
1225 King Road
Burlington, Ontario L7T 3T3

Robert Davidson, Account Executive
Customer Solutions
Tel: (905) 681-4281, Fax: (905) 681-4287

Sept 13, 2002

Mr. J. Huntingdon,
General Manager,
Niagara-on-the-Lake Hydro,
P.O. Box 460, 8 Henegan Rd.,
VIRGIL, ON
L3K 5V7

Dear Mr Huntingdon:

Re: Capacity Available from Stanley TS

Thank-you for your letter dated August 22, 2002. In that letter Niagara on the Lake Hydro expressed concern regarding the effectiveness of delivery of 10MVA of capacity from Hydro One Network's Stanley TS. This capacity is supplied to the Niagara on the Lake boundary via Stanley TS feeder M20 (10M20).

In 1999, after discussions with Niagara on the Lake Hydro, arrangements were made to allocate up to 10 MVA of Stanley TS capacity to Niagara on the Lake Hydro. To mitigate overloading of Niagara on the Lake DS, Hydro One Networks upgraded the existing facilities and installed new protections at Stanley TS. We upgraded the 10M20 feeder to ensure adequate capacity could be delivered from Stanley TS.

As a result of your recent letter, Hydro One Networks has reviewed the configuration and the equipment at Stanley TS, specifically the 10M20 feeder

Spot checks in August 2002, noted voltage levels between 14.1kV and 14.4kV. These are consistent with the regulator settings.

Exhibit 15

Received Time Sep. 13. 3:29PM

08/13/02 MRI 14:47 FAX 905 681 4287 CUSTOMER SERVICE 003

2

We can confirm that, with the aforementioned Stanley TS voltage levels, the 10M20 feeder can deliver 10MVA to the Niagara on the Lake boundary, at a voltage that is within the acceptable limits of the Distribution System Code (94%). This is consistent with the study that was completed in conjunction with our work in 1999. We calculate that the voltage at the boundary would be higher than 98% in all normal loading conditions.

If you wish to discuss this matter further, or should Niagara on the Lake Hydro continue to experience voltage concerns, Hydro One Networks would be pleased to work with you to resolve them.

I trust you will find these comments to your satisfaction. If you have any additional questions please contact me at (905) 681-4281

Robert Davidson
Account Executive,
Customer Solutions
Network Customer Relations

cc. D. Bahra
B. Singh
C. Lee

Exhibit 15 cont'd

Received Time Sep. 13. 3:29PM

Exhibit 17

NOTL Hydro Response

Niagara-on-the-Lake Hydro Inc.

September 26, 2002

Mr. Robert Davidson
Hydro One Networks Inc.
1225 King Road
Burlington, Ontario
L7X 3X5

Dear Mr. Davidson;

Re: Capacity Available From Stanley T.S.

We are in receipt of your September 13, 2002 response to our capacity concerns at the Stanley T.S. supply point.

We will not dispute that voltage levels on the Stanley T.S. bus in August ranged between 14.1 and 14.4 kV. However, the supply voltage to Niagara-on-the-Lake is at the 27.6 kV level. The Hydro One 13.8 to 27.6 kV step-up units have inherent losses that reduce the voltage. The estimated 4 km distance to our boundary also results in further voltage loss. We challenge the Hydro One calculations of expected voltage levels at our boundary, based on our actual experience and measured values.

On August 28, 2002, with an estimated 4 mW of load drawn from the Stanley station, we received numerous low voltage calls. Hydro One operators confirmed that the auto tap changer had moved down to 14.1 kV. A manual boost to 14.4 kV brought the secondary voltage just inside our boundary up to only 115 V directly off the 27.6 kV system. Our crews measured an average of 26,900 V at our boundary. This is not an acceptable voltage level. We will be circulating a copy of your September 13th letter to our customers that have been effected by the resulting low voltage. Perhaps the voice of customers such as Kraft Foods Fruit Processing Centre in St. David's may persuade Hydro One to reconsider their position.

At the maximum Stanley bus voltage of 14.4 kV, the system struggles to supply 5 mVA and sustain sufficient voltage levels at our boundary. We have been informed that with the bus voltage positioned on the 14.4 kV setting, a high voltage scenario develops for Niagara Falls Hydro customers.

Exhibit 17

8 HENEGAN ROAD, P.O. BOX 460 • VIRGIL, ONTARIO • L0S 1T0
PHONE: 905-468-4235 • FAX: 905-468-3861

Niagara-on-the-Lake Hydro is prepared to take our physical evidence to the Ontario Energy Board for a ruling, however, we welcome the opportunity to further exchange information and discuss a resolution to this issue at your earliest convenience.

Sincerely,

Jim Huntingdon
General Manager

c Mr. Devinder Bains, Hydro One Networks Inc.
c Board of Directors, Niagara-on-the-Lake Hydro Inc.

Exhibit 17 cont'd

Exhibit 20
MTS#1 Connection Request

November 7, 2002

Mr. Jim Patterson
Hydro One Networks Inc.
483 Bay Street, North Tower (TCT15)
Toronto, ON
M5G 2P5

Re: **Customer Connection Application**

Dear Mr. Patterson,

Niagara-on-the-Lake Hydro Inc. formally requests connection to the Hydro One Networks 115 kV Q12S system for the addition of a 41 mVA transformer unit hereon described as NOTL MTS #1.

Niagara-on-the-Lake Hydro Inc. is an OEB licensed distributor operating within the municipal boundaries of the town of Niagara-on-the-Lake. Our community is facing a serious shortage of transformation capacity and has recently contracted Hydro One Network Services Inc. to design and construct a station to meet the short and long term needs of our community. Due to the urgency of this project, an aggressive in-service date of June 2003 is requested to meet our summer peak demand. Similar applications have been submitted to the IMO and the OEB.

Attached, please find the required documentation per part 2 of the application. Please note that the submitted forecast load schedule is not "guaranteed", but is our best estimate of our community's load growth at this time.

Should you require any additional information, please do not hesitate to call.

Sincerely,

Jim Huntingdon
General Manager

C Robert Davidson HON-I
C John Redding -HONSI

Exhibit 20

Exhibit 21
MTS#1 Connection Agreement

Customer Project Agreement CPA V2 04-2002

Schedule 'B': Niagara-on-the-Lake MTS #1

Transformation Connection Pool Work Estimate:
N/A

Line Connection Pool Work Estimate:
$305,200 (For connection to 115 kV Q12S circuit)

Non- pooled Work Estimate (recoverable):
$122,000 (excludes GST)

Manner of payment of Non Pool Work:
March 28, 2003 50%
May 26, 2003 50%

Capital Contribution (including Non- Pooled costs):
$122,000 (Pool & Non-Pool Work)

Components of Pool and Non-Pool Work:
- $0 (for Pool Work)
- $122,000 (for Non-Pool Work)

Available Capacity:
Current available capacity to Niagara-on-the-Lake Hydro:
- Niagara-on-the-Lake DS 31.8 MVA
- Niagara Stanley TS 10.0 MVA (allocated to Niagara-on-the-Lake Hydro, supplied by Hydro One Distribution feeder)

Note: Capacity available to other customers from Niagara Stanley TS is excluded from the above

Base Load Trigger Point:
26.553 MW (Based on January 2000 to December 2002 actual load data provided by Niagara-on-the-Lake Hydro and existing available capacity at Niagara-on the Lake DS and Niagara Stanley TS)

Components of Base Load Trigger Point are:
- Niagara-on-the-Lake DS 20.200 MW
- Niagara Stanley TS 6.353 MW

Guaranteed Revenue Date:

- Line Connection Pool Work: May 31, 2011
- Transformation Pool Work: N/A

Term: 8 years

Exhibit 21

Customer Project Agreement CPA V2 04-2002

Niagara-on-the-Lake MTS #1

Niagara-on-the-Lake Hydro Inc. (the "Customer") has requested and Hydro One Networks Inc. ("Networks") has agreed to connect their new 115-27.6 kV 25/41 MVA transformer station "Niagara-on-the-Lake MTS #1" (the "Project") to Hydro One Networks 115 kV circuit Q12S on the terms and conditions set forth in this Agreement (the "Agreement") dated February 28, 2003, the attached Standard Terms and Conditions (T&C V2 ESH 15-25 05-2002) and the attached Amendment to the Standard Terms and Conditions (T&C V2 ESH 15-25 05-2002), dated February 28, 2003.

Project Summary

Overview and purpose of the project

Niagara-on-the-Lake Hydro has advised Networks that it would need new capacity to supply its 27.6 kV loads in the Niagara-on-the-Lake supply area. The loads in the Niagara-on-the-Lake area have already exceeded the available capacity. Niagara-on-the-Lake Hydro plans to build a customer owned new 115-27.6 kV 25/41 MVA transformer station Niagara-on-the-Lake MTS #1 in the Town of Niagara-on-the-Lake.

The customer has requested that Networks connect the new Niagara-on-the-Lake MTS #1 to Networks 115 kV circuit Q12S. The cost of connecting the Niagara-on-the-Lake MTS #1 to Hydro One Networks System is described in Schedule A & B.

(Hydro One recommended an entirely pool funded option to connect Niagara-on-the-Lake MTS #1 to two circuits Q11S and Q12S as it provides improved restoration time for supply and avoids long duration outages to the MTS. Niagara-on-the-Lake Hydro has declined this option and has decided to connect the MTS to a single circuit Q12S. Niagara-on-the-Lake Hydro fully recognizes that this single circuit connection to the MTS will have increased restoration time for sustained and planned outages).

Ready for Service date May 26, 2003

Special Circumstances

The Project schedule is subject to:
a) the Customer executing and returning this Agreement to Networks by no later than February 28, 2003, and
b) all necessary approvals being obtained as outlined under Special Circumstances.

This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior oral or written representations and agreements concerning the subject matter of this Agreement. Schedules "A" and "B", the Standard Terms and Conditions (T&C V2 ESH 15-25 05-2002) and the attached Amendment to the Standard Terms and Conditions (T&C V2 ESH 15-25 05-2002), dated February 28, 2003 attached hereto are to be read with and form part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the signatures of their proper officers, as of the day and year first written above.

HYDRO ONE NETWORKS INC.

Jim Patterson
Manager of Customer Contracts & Business Relations
I have the authority to bind the Corporation.

Customer Name

Jim Harrington
General Manager – Niagara-on-the-Lake Hydro Inc.
I have the authority to bind the Corporation.

Exhibit 21 cont'd

Exhibit 22
Amendment

rob.davidson@HydroOne.com
<rob.davidson@HydroOne.com>
28/02/2003 09:00 PM

To: jhuntingdon@notlhydro.com <jhuntingdon@notlhydro.com>
cc: d.s.bahra@HydroOne.com <d.s.bahra@HydroOne.com>, bob.singh@HydroOne.com <bob.singh@HydroOne.com>, jim.patterson@HydroOne.com
bcc:
Subject: RE: NOTL Ammendment for NOTL MTS#1 CCRA - Revision 2

History: This message has been forwarded.

Jim,

As per our conversation this afternoon, please find attached revised Ammendment (Version 2) to the previously forwarded.

Changes to previous include revisions to the Stanley TS HTP clause as advised and clarification of the annual payment Available Capacity clause

As discussed we need to see copies of the signed CCRA agreements by NOTL Hydro no later than Monday, March 3, 2003 as we can instruct our line construction people to officially begin work on the project. A faxed copy Monday (No. is (905) 681-0287) is sufficient, provided two signed copies are couriered to us at the earliest possible time.

To avoid the possibility of future confusion, please also initial and fax to us a copy of the Revision 2 version of the attached Ammendment. Two originals should also be initialed and accompany two signed copies of the CCRA. Previous copies of the Feb28_03 version should be destroyed as this is now replaced by version Feb28_03R2 attached.

Robert

<<Amendments NOTL Feb28_03R2.doc>>

Exhibit 22

Exhibit 27

Request to H1 for Dispute Resolution

Niagara On-The-Lake HYDRO

February 6, 2007

Mr. Robert Davidson
Hydro One Networks Inc.
1225 King Road,
Burlington, ON
L7R 3X5

Re: Request For Dispute Resolution – Stanley TS Supply

Dear Robert,

It is my understanding that Hydro One has completed a more thorough review of the financial requirements necessary for Niagara-on-the-Lake Hydro Inc. to complete a 'by-pass' of the Stanley supply and found the total to be at least $700,000.

Niagara-on-the-Lake Hydro Inc. contends that the decision to proceed with the Stanley supply capital upgrades in 1999 and subsequent load assignment was done so unilaterally against our wishes and consent. A letter from our previous General Manager, David Robertson, confirms that our company opposed the Ontario Hydro plan at that time.

We believe that the next step to resolve this matter involves a 'Dispute Resolution' process that is described in our Distributor Connection Agreement with Hydro One. Please accept this letter as our intention to participate in this level of the process as a means of potentially avoiding an Ontario Energy Board hearing.

Regards,

Jim Huntingdon
President

Exhibit 27

Exhibit 28
Request for OEB Intervention

Niagara On-The-Lake HYDRO

July 27, 2007

Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street,
Toronto, ON
M4P1E4

Via e-mail to BoardSec@oeb.gov.on.ca and by mail

Re: Hydro One Load Assignment Dispute

Dear Ms. Walli,

Niagara-on-the-Lake Hydro Inc. respectfully requests the Board's intervention to settle a dispute between our company and Hydro One Networks Inc.

The dispute involves a Hydro One assigned commitment to receive load from a Hydro One facility placed in conjunction with the construction of our new transformer station in 2003. This assignment has a significant financial impact on our customers and negotiations have recently reached an impasse.

Please advise us as to the required next steps.

Sincerely,

Jim Huntingdon
President

c Jim Patterson, Robert Davidson - Hydro One Networks Inc.
c Board of Directors – Niagara-on-the-Lake Hydro Inc.

Exhibit 28

Exhibit 25

Requested By-Pass Compensation

hydro one

HYDRO ONE
1225 King Road
Burlington, Ontario L7R 3X5

Robert Davidson, Account Executive
Customer Business Relations
Ph: (905) 681 4251, Fax: (905) 681 4203

Date: Nov 29, 2006

Mr. J. Huntingdon,
President,
Niagara-on-the-Lake Hydro,
P.O. Box 460, 8 Henegan Rd.,
VIRGIL, ON
L3K 5V7

Niagara-on-the-Lake Hydro By-pass Compensation for Stanley TS

In response to Niagara-on-the-Lake Hydro's (NOTL Hydro's) request for information regarding compensating Hydro One for the possible permanent bypass of the Stanley TS transmission and distribution facilities which supply NOTL Hydro please be advised as follows.

The estimated cost to by pass the transmission facilities at Stanley TS is $864,000 which consists of the following costs:

- The book value of Stanley TS associated with NOTL Hydro's capacity commitment: $490,000
- The estimated cost to remove the four auto transformers and associated equipment: $374,000

These costs have been rounded to the nearest $1000.

The book value (NPV) for the transmission assets at Stanley TS is allocated to NOTL Hydro - in accordance with the TSC for the purposes of by pass - proportional to its capacity commitment at Stanley TS which is 6.353 MW (8.4% of the total Stanley TS capacity) and is based on a December 2006 date.

The decommissioning and removal cost of the four 13.8/27.6 kV sub-transformers and associated infra-structure, foundations, equipment, materials, etc. within Stanley TS is based on removal by August 7, 2007.

The book value and decommissioning / removal costs described above will vary with time.

Land remediation costs are not included in the estimate and would be extra. This cost cannot be determined until soil tests are carried out. Hydro One will require a purchase order from NOTL Hydro in the amount of $25,000 to complete the soil tests and determine land reclamation costs.

Exhibit 25

Exhibit 29

OEB Transmission System Code

customer should not be allowed to transfer existing load from the transmitters' facilities). A customer may waive the right to construct its own connection facilities to serve new load as part of a contractual negotiation. In order to be effective and enforceable, such a waiver must be in writing, and should include a reference to the Section of the Code bestowing the right, and should stipulate that the Customer has waived the right voluntarily, and without undue influence or duress.

Where contracts entered into prior to the adoption of this provision contain restrictions on the customer's right to build its own facilities to serve new load, such restrictions shall be unenforceable.

4.8.1 Analysis and Findings

Hydro One agreed that customers should have the right to arrange for their own connection facility requirements if Available Capacity will not meet their new load requirements. The determination of whether Available Capacity is adequate should be: (1) based on both local and system wide considerations; and (2) made jointly between the transmitter and customer, with disagreements subject to a timely dispute resolution process. Hydro One further submitted that a customer's new load must not be incremental load already included in the initial load forecast that led to the construction of the transmitter's Connection facility in the first place. If load in the initial load forecast is transferred to a customer's own connection facilities, this would constitute bypass of the transmitter's Connection facilities and would have an unacceptable negative impact on other Connection pool customers.

APPrO submitted that it is unworkable and unrealistic from an economic point of view to expect that a customer would split new load from old. Such a requirement would lead to uneconomic duplication of connection facilities. In its view, this issue needs to be resolved in conjunction with proposition 5.3 of the Transmission System Bypass section. Strike supported APPrO's position.

Exhibit 29

Exhibit 30

Hydro One – "Available Capacity"

2.0 **Ratings and Loading Criteria of existing facilities for the purposes of CCR**

The standard practice to calculate available capacity will be based upon the following loading criteria or as established by Hydro One Networks Inc.:

Ratings and Loading Criteria of Existing Facilities

Transformer Stations	Line Connections	Low Voltage Feeders
The Ten Day Limited Time Rating (10 Day LTR) of a transformation station as established by Hydro One Networks Inc.	The lesser of the capacity of the Transmission Line Connection -Or- The Transformation Facility based on Ten Day Limited Time Rating (10 Day LTR) of that facility as established by Hydro One Networks Inc.	44.00kV Feeder 25.00 MVA 27.60kV Feeder 16.70 MVA 13.80kV Feeder 8.00 MVA As established by Hydro One Networks Inc.

For shared facilities, there shall be a determination of the proportion of the shared facility that should be allocated to the customer. Hydro One Networks Inc. at it sole discretion, may provide exceptions to the above practice if there are satisfactory operating arrangements and agreements in place with a customer.

3.0 Available Capacity

Available Capacity is that portion of the existing capacity, which can "effectively & economically" with Hydro One Networks Inc.'s agreement, supply the customer's peak load. This applies to Hydro One Networks Inc. owned facility, shared facilities and customer owned facilities. The following rules shall apply in the determination of Available Capacity:

(a) Any part of the existing capacity that cannot "effectively & economically" be utilized to serve the new load shall be excluded from the Available Capacity. The determination of effective and economic capacity shall be based upon the least capital cost option to supply the "end user".

(b) When the customer's forecasted incremental load (step load) is such that it can not be supplied in entirety from the existing Available Capacity, the remaining Available Capacity will be excluded for the purposes of CCR. However, it the actual

Exhibit 30

Exhibit 31

OEB Transmission System Code

This principle guided the Board primarily in a number of findings under Contestability.

3. *Parties are able to effect efficiencies in their use of electricity without facing punitive measures or disincentives where a transmitter may impose a minimum payment obligation to cover present loads or Available Capacity on existing Connection facilities.*

This principle guided the Board in findings 5.1.1, 5.2.1, 5.4.1, 5.6.1 and 8.9.1.

4. *New generation is not discouraged.*

This principle guided the Board in findings 5.1.1 and 5.4.1.

5. *Unnecessary transmission asset duplication is avoided.*

The Board approach recognized that "Transformation Connection" is currently a contestable area in Ontario, and thus should be managed in a different way than is the case for the Line Connection and Network pools. Transformation Connection assets can be duplicated, subject to the Board-approved approach to compensate for bypass. This issue was canvassed in Board Proceeding RP-1999-0044. Duplication, reinforcement or reconfiguration of Transmission Network assets and Line Connection assets are subject to much more stringent control, and is permitted only in certain circumstances. This principle guided the Board in findings 4.8.1 and 5.3.1.

6. *Transmission assets are considered to be stranded assets only to the extent that their value has not been capitalized in the revenue requirement established for the purpose*

Exhibit 31

of rate setting. Assets which have been fully depreciated are not considered to be stranded by bypass, and assets which have been partially depreciated shall be considered to be stranded only to the extent that their value has not been fully depreciated.

This principle guided the Board in finding 4.8.1.

7. *Economic evaluations should include appropriate costs and revenues that are associated with transmission connection to the extent that these accommodate new load. Economic evaluations should exclude sunk costs and historic revenues.*

The scope of this principle was expanded from its initial version to include the concept that the evaluation should be limited only to costs associated with new load. This principle guided the Board in findings 8.1.1 and 8.8.1.

8. *Load customers are held responsible for their load forecasts subject to a true-up mechanism. There are two proposed exceptions to this principle:*

- *embedded generation units of 1MW or less; and*
- *measures for energy conservation, energy efficiency, load management and the use of renewable energy resources.*

In these cases load customers experiencing shortfalls in projected load should receive relief through periodic true-ups and load forecast adjustment.

The scope of this principle was narrowed somewhat from the initial version by replacing "cleaner energy sources" with "renewable energy resources". This principle guided the Board in finding 8.9.1.

Exhibit 31 cont'd

Exhibit 12

2001 Planning Document

Exhibit 12

NOTL Load Projections

April 4/01

Actual kW Billing Peaks

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	AVG	MAX
1996	22074	22635	20303	18207	18596	23389	24018	28200	23834	19043	21301	22874	22188	28260
1997	23011	19993	19881	17549	16400	27296	29310	25410	22184	20129	21902	23054	22177	29310
1998	21282	19733	19674	17169	22743	29465	30727	31844	28701	19328	21258	24029	23731	31844
1999	24741	21141	21111	18937	23091	26330	33535	30046	29253	23019	23306	25199	24078	33535
2000	24502	22814	20680	20852	23395	28178	30658	33583	33174	21318	24528	26505	25641	33583
2001	24779	23066												

Conversion to kVA
.9% pf

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	AVG	MAX
1996	24527	25153	22559	20230	20662	25654	26687	31400	28704	21158	23668	25416	24652	31400
1997	25568	22214	22090	19499	16222	30329	32567	25233	24649	22366	24336	25616	24641	32567
1998	23647	21926	21860	19077	25270	32761	34141	35382	29668	21476	23621	27588	26360	35382
1999	27490	23490	23457	21041	25657	32596	37261	33383	32500	22243	25896	27999	27751	37261
2000	27358	25349	22978	22947	25998	31309	34042	37314	36860	23687	27253	29450	28712	37314
2001	27532	25629												

Projected Peak kW Loads

YEAR	SUMMER PEAK	WINTER PEAK
2001	38738	31393
2002	40925	32331
2003	41484	32773
2004	42049	33219
2005	42620	33669

Projected Peak kVA Loads *using 0.9 pf

YEAR	SUMMER PEAK	WINTER PEAK
2001	43042	34881
2002	45472	35923
2003	46096	36414
2004	46721	36910
2005	47355	37410

CUSTOMER ADDITIONS	DIVERSIFIED LOAD kW	IN-SERVICE DATE
Leon's Furniture Warehouse	300	Sept/01
Henry Shein Arcona Pharmaceuticals	400	Sept/01
McDonald's Restaurant	150	Aug/01
Jackson Triggs winery	250	July/01
Peller Estates winery	300	Oct/01
Royal Niagara Golf clubhouse/irrigation	200	Jun/01
VQA Wine Distribution warehouse	150	Apr/02
Holiday Inn 90 units	500	Jul/02
Maidenfield Greenhouses	200	Jul/01
White Oaks Addition	250	Jul/01
Pallink Estates commercial/residential	150	May/02
	150	May/03
	150	May/04
	150	May/05
Base Load Growth/Infill	1%	

Exhibit 12B

"Imbedded"

Exhibit 12B

T R A N S M I S S I O N C O M P A N Y

MINUTES OF MEETING

March 10, 1999

Niagara-on-the-Lake HFC

Planning Meeting

MINUTES PREPARED: April 14, 1999

David Robertson	NOTL HEC	Ilir Hoxhiqema	NOTL HEC
Paul McPhee	Ontario Hydro	Davinder Bahra	Ontario Hydro
Robert Davidson	Ontario Hydro		

1.0 Stanley TS Auto Transformer Supply Option

- Ontario Hydro is proposing to utilize from 5 to 10 MW of the 50MW of capacity available at the Stanley TS auto-transformers to supply NOTL HEC when the NOTL DS capacity reduces in the LTR, around 22 to 24 MW. This proposal fits in with the utility's contingency planning where Stanley TS would be used to pick up about 2 to 3 MW of load in the St David's community.
- Ontario Hydro (DNAM) will upgrade the M23, which is 336 ACSR, with some pole top accessories and installation of a neutral. The M19 will not be upgraded but will be left in place. The utility advised that the line going across the 403 belonged to Ontario Hydro, the utility circuit begins on the next pole which has a switch installed.
- Short term capacity at Stanley TS is limited as a new load lasting from three to five years is expected. When that load is gone, capacity should not be an issue, depending of course on what new other load may have developed in the meantime. The new Marketing Design Guidelines would then be in effect but impact on future planning is unclear. It was noted that any new capacity provided at this time, such as the Stanley TS supply to NOTL HEC, would be considered to be "Embedded" under MDG rules.
- NOTL HEC advised Ontario Hydro that it accepts this supply option. Based on this acceptance Ontario Hydro is proceeding with this project and will obtain management's approval. A mid July 1999 in service date is targeted.

Action: D Bahra

- There are no plans at this time to remove any of the four auto transformers from Stanley TS.

2.0 Stanley TS Auto Transformer Protection Issues

- Existing protection will be adequate to protect most of Ontario Hydro's existing equipment. ICT 321 relays will be installed to protect the transformers from both distance and internal faults.

1

T R A N S M I S S I O N C O M P A N Y

- Ontario Hydro (DNAM) will provide the utility with the available short circuit at the Stanley TS at the utility boundary. Ontario Hydro would be responsible for protecting the equipment in the utility boundary. NOTL HEC would be responsible for protection from there in.

Action: P Hoffman

3.0 Other Issues

- The utility will incur line losses between Stanley TS and its boundary. These will be accounted for on the utility's power bills as X-M losses. NHHC will contact Chris who are responsible for the power billing centre.

Action: R Davidson

- Ontario Hydro confirmed that the pump storage load on the Stanley TS M2 feeder is gone. The utility should contact Chris to make customer billing adjustments are received. (A call was put in to Team Nature of Force @ (905) 681-3017 advising of the situation.)
- The utility has not received its Y2K non-disclosure agreement forms. (This request has been resubmitted.)

Action: R Davidson

- Ontario Hydro (DNAM) will check to see if the NOTL DS transformer high temperature alarm has been connected back to Niagara TS. If not, this will be included in the Stanley TS project.

Action: P Hoffman

(As agreed in explanatory file note, reference document NOTL-May4-V5, was been attached to these minutes.)

Minutes by:
Robert Davidson
Associate Executive
Acting on TS
Phone (905) - 681-4281. (Access code 409)
Email: Rob.Davidson@hydro.on.ca

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Supplementary Exhibits

Supplementary - Exhibit 13

Niagara-on-the-Lake "South" TS: Build a 115-27.6kV Transformer Station

- **Budgetary Costs for TS**

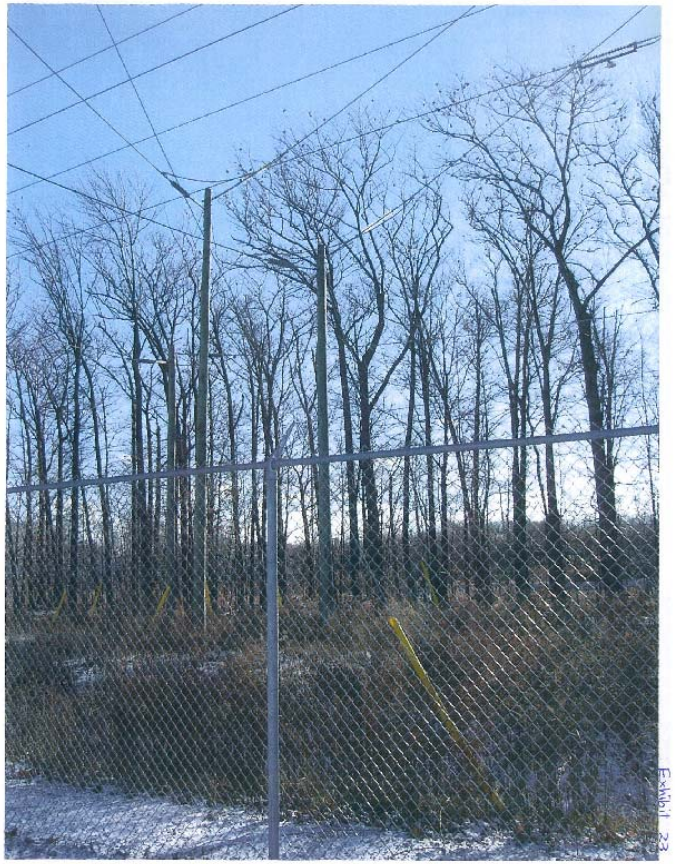
Option	Ball Park Cost *
Option 1a. 1x25/41.7MVA 115-27.6 Kv Transformer 2 feeder positions with 27.6kV, 600A Reclosers (including Land +EA)	$3.76M
Option 1b. 1x15/25MVA 115-27.6 Kv Transformer 2 feeder positions with 27.6kV, 600A Reclosers (including Land +EA)	$2.73M
Option 2. 1x25/41.7MVA 115-27.6 Kv Transformer 2 feeder positions with 27.6kV 1200A Circuit Breakers (including Land +EA)	$4.73M

*These ball park costs are for budgetary purpose to show the relative ranking of the options described above. These costs include ballpark cost of land and EA NM overhead and interest.

- Line Tap budgetary Costs - Common to all options (not included in TS Costs above

115 KV tap from Q12S to new TS	$125,000

Supplementary - Exhibit 23



Supplementary - Exhibit 24

Hydro One is currently reviewing these OEB decisions including those referencing the CCRA policies. Should we determine there is any impact regarding the York TS CCRA we will contact you to review the issue(s) noted.

Hope you find the above to your satisfaction.

Please call me if you wish to discuss further.

Robert

-----Original Message-----
From: Jim Huntingdon [mailto:jhuntingdon@notlhydro.com]
Sent: Wednesday, June 09, 2004 12:19 PM
To: Robert Davidson
Subject: York TS Pool and Non-Pool Charges

Hi Rob
As discussed yesterday, in accordance with the Hydro One / NOTL Hydro CCRA agreement section 20.1 and our requirement to provide station accounting to the OEB annually, we need to meet "one year after the end of the month following the in service date of the new station" to calculate tarrifs. I will be on vacation the first two weeks of July but am available after the 14th to meet.

The standard terms and conditions for transmission customer connection projects agreement indicates that Hydro One should have provided NOTL Hydro with actual costs accounting for both the "pooled" line connection costs ($505,200 revenue guarantee) within 180 days and "non-pooled" costs ($122,000)within 60 days of the in-service date May 26, 2003 (sections 12 and 14). I realize that the new actual "pooled" cost will need to be re-run in the capital contribution model along with updated load data on York TS. As a matter of trust, we have always provided our customers with actual line extension cost data and as required, updated the CCRA model accordingly and provided this data. We trust that this data and updated model information will be offered to us for the York project.

Please advise us of potential datee to meet.

thanks

Jim Huntingdon
President
Niagara-on-the-Lake Hydro Inc.
905 468-4235 X55
905 468-3861 fax

Supplementary - Exhibit 32

Neighbouring LDC