

ONTARIO ENERGY BOARD

EB-2009-0416

Request by Hydro One Networks Inc. for amendment to the
deferral account established in Ontario Energy Board
Decision and Order EB-2008-0272

Interrogatories from Board Staff

February 9, 2010

Interrogatory 1

Reference:

- 1) Ontario Energy Board Decision with Reasons May 28, 2009, page 59.
- 2) Letter, Susan Frank to Kirsten Walli, December 15, 2009 "Hydro One Networks Transmission – Application to Amend Approved Deferral Account for IPSP & Other Long Term Projects Preliminary Planning Costs"
- 3) Letter, Susan Frank to Kirsten Walli, December 3, 2009 "Hydro One Networks Transmission-Approved Deferral Account for IPSP & Other Long Term Projects Preliminary Planning Costs – Additional Projects". This was attached to Hydro One's Application of December 15, 2009 as Appendix A.
- 4) Attachment 1 to the letter of December 3, 2009, Susan Frank to Kirsten Walli, "Summary of OM&A Development Work for GEGEA Projects to be Charged to Approved Deferral Account for IPSP & Other Long Term Projects Preliminary Planning Costs".

Preamble:

The Board established a deferral account for 18 projects identified by the OPA in the IPSP, and the proposed Darlington B generating station. References 2 and 3 identify projects related to the Green Energy Act which Hydro One proposes be added to the deferral account.

Question:

- 1) Please identify why Hydro One considers it necessary or desirable to request that projects be added to the deferral account established in the decision of May 28, 2009.
- 2) Please indicate if Hydro One agrees that if the Board grants Hydro One's request, there is no guarantee of recovery of costs recorded in the deferral account, and a review of the prudence of any and all of the investments and of their costs will be conducted at the time of disposition of the account.

Interrogatory 2

References:

- 1) Attachment 1 to the letter of December 3, 2009, Susan Frank to Kirsten Walli, "Summary of OM&A Development Work for GEGEA Projects to be Charged to Approved Deferral Account for IPSP & Other Long Term Projects Preliminary Planning Costs".
- 2) Letter of September 21, 2009, Minister Smitherman to James Arnett, including enclosures:
 - a. Schedule A – Transmission Projects

b. Schedule B – Projects to Enable Distribution System Connected
Generation

Preamble:

While all the projects which Hydro One is requesting in this application appear to be listed in the reference 2 a, more certain identification is required and there are some that are not included. Board staff is seeking clarification.

Question:

- 1) For each of the projects now being requested to be added to the deferral account, as provided in reference 1, please provide the following information in a table:
 - a) Requested item # as per reference 1
 - b) Item # as per reference 2
 - c) Project Description (where the descriptions might vary between reference 1 and 2 please provide an explanation)
 - d) Nominal line voltage
 - e) Number of circuits
 - f) Terminal points
 - g) Total Development OM&A Costs
 - h) Development work commencement and expected completion date
 - i) For each of the projects in reference 1 please indicate if there is any interdependence. For example, are any of the projects mutually exclusive?
- 2) Please confirm that there is no overlap between the projects approved for inclusion in the deferral account in the Board's May 28, 2009 decision, and the projects now proposed to be included in the account. If overlap exists, please explain.
- 3) Please explain how Hydro One selected the projects to include in the account from the schedules attached to the Minister's letter. Are projects 3 and 4 on Schedule A already included in the account? Will Hydro One transmission be completing any of the projects listed in Schedule B? If yes, why are none of the projects in Schedule B being requested to be added to the deferral account?
- 4) At page 2, paragraph 7 of the Minister's letter, a transmission link between Thunder Bay and the Greater Toronto Area is mentioned. Please explain how this link relates to the projects proposed to be included in the account.

Interrogatory 3

References:

- 1) Attachment 1 to the letter of December 3, 2009, Susan Frank to Kirsten Walli, "Summary of OM&A Development Work for GEGEA Projects to be Charged to Approved Deferral Account for IPSP & Other Long Term Projects Preliminary Planning Costs".
- 2) Letter of September 21, 2009, Minister Smitherman to James Arnett, including enclosures:
 - a) Schedule A – Transmission Projects
 - b) Schedule B – Projects to enable Distribution System Connected Generation

Questions:

For each of the projects now sought to be included in the deferral account:

- 1) Please indicate the reasons for doing the preliminary work for these projects at this time. Please provide any supporting documentation for the reasons advanced.
- 2) The Minister's letter, at page 2, required Hydro One to "Collaborate with the OPA in defining the scope of the work...as well as collaborating with the [IESO] on System Impact Assessments and reliability impacts". Please provide details and supporting documentation of Hydro One's collaboration efforts with these agencies, and please explain how this collaboration has determined, or will determine, which project(s) will receive priority.

Interrogatory 4

References:

- 1) Letter, Susan Frank to Kirsten Walli, December 3, 2009 "Hydro One Networks Transmission-Approved Deferral Account for IPSP & Other Long Term Projects Preliminary Planning Costs – Additional Projects".
- 2) Letter of September 21, 2009, Minister Smitherman to James Arnett

Questions:

- 1) The Minister's letter at page 2 recognized the magnitude of work required to complete the transmission projects, and required Hydro One to identify commercially reasonable partnership opportunities. Please identify those projects where partnership opportunities have been identified by Hydro One, describe the status of discussions with any parties on these projects, and indicate the next steps involved in the process. Please also confirm that the amounts to be recorded in the accounts will be net of funding to be provided by these partners.

- 2) For those projects where no partnership opportunities have been identified, please describe Hydro One's efforts to date to find partners, and explain why such opportunities have not been found to exist.
- 3) The Minister's letter required Hydro One to identify projects "where the planning, development and implementation of the project would be better accomplished by a qualified third party other than Hydro One". Please list the projects that have been identified under this criterion. If no projects have been identified, please provide Hydro One's reasons for concluding that all the projects are better accomplished by Hydro One.

Interrogatory 5

References:

- 1) Attachment 1 to the letter of December 3, 2009, Susan Frank to Kirsten Walli, "Summary of OM&A Development Work for GEGEA Projects to be Charged to Approved Deferral Account for IPSP & Other Long Term Projects Preliminary Planning Costs".

Preamble:

Board staff seeks to establish that the requests for the listed projects are consistent with the Board's criteria for inclusion in a deferral account.

Questions:

- 1) For the projects for which costs are sought to be included in the deferral accounts, please address the Board's criteria of causation, materiality, management inability to control, and prudence articulated by the Board as the basis for establishing deferral accounts
- 2) Please confirm that the expenses anticipated for these projects are GEA specific, that is, that they are incremental to normal transmission planning and projects identified through the normal course of business and capital planning.
- 3) What is the threshold amount considered material for recording purposes and on what basis was this amount determined?
- 4) At what date does Hydro One anticipate that the recording of costs in the account related to these projects will cease?
- 5) What is Hydro One's best estimate of the total costs expected to be recorded in the proposed deferral account for these projects in 2010? In 2011? In the next ten years? Please give an explanation for these estimates.

- 6) Please confirm that no capital costs are being proposed for recording in the deferral account at this time.
- 7) Is Hydro One requesting that carrying charges be allowed for the projects in the account? If yes please explain why the costs should be included, and the proposed interest rate or methodology used to calculate carrying charges.
- 8) When does Hydro One anticipate seeking approval to dispose of the account balance?

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