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March 9, 2008

VIA EMAIL & VIA COURIER

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge St, Suite 2701  
Toronto ON M4P 1E4

Dear Ms. Walli:

**Board Files No. EB-2007-0050**  
**Hydro One Networks Inc.**  
**Energy Probe – Interrogatories Set # 3**

Pursuant to Procedural Order No. 5, issued February 25, 2008, please find 10 hard copies of the Interrogatories of Energy Probe Research Foundation (Energy Probe) Set # 3. An electronic copy of this message will be provided in PDF format.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh  
Case Manager

cc: Glen MacDonald, Hydro One Networks Inc. (By email)  
Michael Engelberg, Hydro One Networks Inc. (By email)  
Gordon Nettleton, Osler, Hoskin and Harcourt LLP (By email)  
Peter Faye, Energy Probe Counsel (By email)  
Interested Parties (By email)

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**Ontario Energy Board**

**IN THE MATTER OF** *the Ontario Energy Board Act, 1998*;  
S.O. 1998, c. 15, (Schedule B) (“the Act”);

**AND IN THE MATTER OF** an Application by Hydro One Networks Inc. pursuant to section 92 of the Act, for an Order or Orders granting leave to construct a transmission reinforcement project between the Bruce Power Facility and Milton Switching Station, all in the Province of Ontario.

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**INTERROGATORIES OF  
ENERGY PROBE RESEARCH FOUNDATION  
 (“ENERGY PROBE”)**

**SET NUMBER 3**

**March 9, 2008**

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**HYDRO ONE NETWORKS INC.  
BRUCE TO MILTON LEAVE TO CONSTRUCT  
EB-2007-0050**

**ENERGY PROBE RESEARCH FOUNDATION  
INTERROGATORIES – SET NUMBER 3**

**Interrogatory # 15**

**Ref:**           Exh. A/T 1/S 1 p. 2  
                  Exh. A/T 2/S 1 pp. 2, 4-5  
                  Exh. B/T 1/S 3 p. 1

**Issue 1.1:**    **Has the need for the proposed project been established?**

The Applicant has repeatedly used terms such as “earliest possible in-service date” and “urgent in-service timelines” to explain its leave-to-construct request. What specific economic (demand side) rationale is being used to justify such urgency and an early leave-to-construct?

**Interrogatory # 16**

**Ref:**           Exh. A/T 2/S 1 p. 2  
                  Exh. B/T 4/S 3 p. 1  
                  Exh. B/T 6/S 5/Appendix 1  
                  Exh. B/T 6/S 5/Appendix 4 pp. 2-4

**Issue 1.1:**    **Has the need for the proposed project been established?**

More generally, what are the demand side criteria for this project as a whole; criteria distinguished from such policy goals as “off-coal,” “additional renewable generation development,” and “supply mix goals,” etc.? (Please note that this interrogatory is drafted to avoid the prohibitions identified in the second paragraph in section on “Project Economics” (Exh. B/T4/S3 p. 1, lines 10-18.)

### **Interrogatory # 17**

**Ref:** Exh. A/T 2/S 1 p. 1  
Exh. B/T 3/S 1 p. 2  
Exh. B/T 6/S 5/Appendix 1  
Exh. B/T 6/S 5/Appendix 4 p. 2

**Issue 1.1:** Has the need for the proposed project been established?

Please explain the demand side justification for this transmission project in reference the Greater Toronto Area (GTA), which is the delivery end-point for planned transmission. Beyond the putative problem of “bottled up” supply at the Bruce site, what evidence is there that GTA electricity consumers are demanding the kind of electricity supply that is anticipated by December 2011?

### **Interrogatory # 18**

**Ref:** Exh. B/T 6/S 5/ Appendix 7, p. 1  
Exh. B/T 4/S 3 pp. 2-4  
Exh. B/T 3/S 1 p. 3

**Issue 1.1:** Has the need for the proposed project been established?

Why has the Applicant not built into its project development criteria the fact that Provincial Government CDM policies (e.g. Ministerial Directive, June 13, 2006) are relevant to this project and ought to influence its substantive outcome, particularly since the Applicant has elsewhere acknowledged anticipated “flat-lining” of electricity demand in Ontario and related “CDM reductions” (B-4-3, p. 2, lines 2-3)? Why is this project entirely supply-driven?

### **Interrogatory # 19**

**Ref:** Exh. B/T 4/S 3 pp. 1-2

**Issue 1.1:** Has the need for the proposed project been established?

Has the Applicant considered conducting a thoroughgoing “economic impact assessment” of this project; an economic assessment that would have the scope and seriousness of a Class Environmental Assessment; something comparable but much more elaborated than the description in “2.0 Economic Feasibility”? If not, why not?

#### **Interrogatory # 20**

**Ref:** Exh. B/T 1/S 1 p. 3

Exh. B/T 3/S 1 p. 1

**Issue 1.1:** Has the need for the proposed project been established?

**In two or more references (above), the Applicant has made vague assertions about the amount of electricity potentially to be supplied from the Bruce A site, to wit: “In 2009 Bruce Power is expected to return to service two 750 MW units at Bruce A ...; Bruce Power will be removing one [in the same year], and ‘later’ one additional, (sic) of the operating 750 MW units from the Bruce A plant for refurbishment.” What specifically and concretely in quantitative terms is the plan for additional electricity supply coming out the Bruce site in 2009?**

#### **Interrogatory # 21**

**Ref:** Exh. B/T 1/S 1 p. 4

**Issue 1.1:** Has the need for the proposed project been established?

**It appears from Figure 1: Bruce Area Available Generation (2007-2014) that there may be “700” additional megawatts of electricity planned to be transmitted from the Bruce site in 2009 with precisely the same amount of electricity being reduced in early 2010, and not recaptured until 2012. Why is this transmission project being initiated in 2008 and its approval expedited over the next few months when there is no effective, lasting demand for such a transmission project until 2012 – which also assumes no effective provincial CDM initiatives are in play?**

#### **Interrogatory # 22**

**Ref:** Exh. B/T 3/S 2 pp. 6 and 8

**Issue 2.6:** Are the project’s rate impacts and costs reasonable for:

- the transmission line;
- the station modifications; and,
- the Operating, Maintenance and Administration requirements

**Can the Applicant confirm that the total expected cost of the project including route refinements is up to \$645 million?**

### **Interrogatory # 23**

**Ref:** Exh. B/T 4/S 2 p. 3

**Issue 2.6:** Are the project's rate impacts and costs reasonable for:

- the transmission line;
- the station modifications; and,
- the Operating, Maintenance and Administration requirements

**What is the basis for selecting a “contingency” cost value of \$28 million as entered in Table 4? What explains this specific figure?**

### **Interrogatory # 24**

**Ref:** Exh. B/T 4/S 2 pp. 3 and 4

**Issue 2.6:** Are the project's rate impacts and costs reasonable for:

- the transmission line;
- the station modifications; and,
- the Operating, Maintenance and Administration requirements

**Since “approximately 72% of the total cost before overheads and AFUDC will be subject to public tendering, competitive bidding processes or market valuation,” how likely is the Applicant/ratepayer to experience/suffer cost over-runs? In what order of magnitude does the Applicant estimate the cost over-runs will amount to?**

### **Interrogatory # 25**

**Ref:** Exh. A/T 1/S 1 p. 2

**Issue 2.6:** Are the project's rate impacts and costs reasonable for:

- the transmission line;
- the station modifications; and,
- the Operating, Maintenance and Administration requirements

**What are the justifications for *early* land expropriations? Is the *primary* need for early land expropriations based on the issue cited variously as “earliest possible in-service date” and “urgent in-service timelines?”**

#### **Interrogatory # 26**

**Ref:** Exh. A/T 2/S 1 p. 4

Exh. B/T 6/S 9 p. 1

**Issue 5.2:** What is the status and process for Hydro One's acquisition of permanent and temporary land rights required for the project?

What are the justifications for choosing 53-61 m. (175-200 ft.) extended-width land corridors, i.e. what are the technical, economic and land use reasons?

#### **Interrogatory # 27**

**Ref:** Exh. B/T 6/S 1 p. 1

**Issue 5.2:** What is the status and process for Hydro One's acquisition of permanent and temporary land rights required for the project?

What is the Applicant's operating definition of "extensive consultation program"; what is the intended participant structure of this program; what is its intended scope and duration?

#### **Interrogatory # 28**

**Ref:** Exh. B/T 3/S 2 p. 2

**Issue 5.2:** What is the status and process for Hydro One's acquisition of permanent and temporary land rights required for the project?

Does the Applicant consider its public information notice(s) to be adequate and appropriate? If so, why? If not, why not?