

# Board Staff Interrogatories

## 2011 IRM3 Electricity Distribution Rates Oakville Hydro Electricity Generation ("Oakville Hydro") EB-2010-0104

### Retail Transmission Service Rates

### Board Staff Interrogatory No. 1

Ref: 2011 IRM3 RTSR Adjustment Workform

Sheet "B1.2 - 2009 Distributor Billing Determinants" of the 2011 IRM3 RTSR Adjustment Workform is reproduced below.

#### 2009 Distributor Billing Determinants

Enter the most recently reported RRR billing determinants

Loss Adjusted Metered kWh Yes  
Loss Adjusted Metered kW No

Rate Class	Vol Metric	Metered kWh A	Metered kW B	Applicable Loss Factor C	Load Factor D = A / (B * 730)	Loss Adjusted Billed kWh E = A * C
Residential	kWh	554,708,652	0	1.0525		583,830,856
General Service Less Than 50 kW	kWh	170,258,503	0	1.0525		179,197,074
General Service 50 to 999 kW	kW	244,636,030	843,980	1.0525	39.73%	257,479,422
General Service 50 to 999 kW - Interval Metered	kW	338,183,781	720,815	1.0525	64.30%	355,938,430
General Service Greater Than 1,000 kW	kW	147,437,802	357,797	1.0525	56.48%	155,178,287
Unmetered Scattered Load	kWh	3,936,855	0	1.0525		4,143,540
Sentinel Lighting	kW	134,739	372	1.0525	49.64%	141,813
Street Lighting	kW	11,085,581	30,957	1.0525	49.08%	11,667,574
Total		1,470,381,942	1,953,921			1,547,576,994

Preamble: Board staff has been unable to verify whether the data entered in Column B for the Sentinel Lighting rate class is correct.

#### Questions / Requests:

- Please provide evidence supporting the data entered in Column B for Sentinel Lighting.

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## Tax Changes

### Board Staff Interrogatory No. 2

Ref: 2011 Shared Tax Savings Workform

Sheet "B1.1 - Rate Class and Re-Based Billing Determinants & Rates" of the 2011 Shared Tax Savings Workform is reproduced below.

Last COS Re-based Year				2010					
Last COS OEB Application Number				EB-2009-0271					
Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C	Rate ReBal Base Service Charge D	Rate ReBal Base Distribution Volumetric Rate kWh E	Rate ReBal Base Distribution Volumetric Rate kW F
RES	Residential	Customer	kWh	58,617	557,127,208		13.25	0.0145	
GSLT50	General Service Less Than 50 kW	Customer	kWh	5,109	173,390,609		32.54	0.0143	
GSGT50	General Service 50 to 999 kW	Customer	kW	833	594,844,951	1,670,520	116.64		3.6216
GSGT50	General Service 1,000 to 4,999 kW	Customer	kW	17	147,132,426	353,675	3,417.13		1.8864
USL	Unmetered Scattered Load	Connection	kWh	696	3,881,044		11.40	0.0106	
Sen	Sentinel Lighting	Connection	kW	227	135,511	389	1.48		25.0161
SL	Street Lighting	Connection	kW	16,783	11,730,313	33,349	1.70		10.3987

### Questions / Requests:

- a) Please confirm that the correct volumetric rate for the GS > 1000 kW rate class is \$1.8664/kW. If necessary, Board staff will correct the Workform.

## Revenue / Cost Ratio Adjustments

### Board Staff Interrogatory No. 3

Ref: 2011 IRM3 Rate Generator – Revenue Cost Ratio Adjustment

Ref: 2011 IRM3 Revenue Cost Ratio Adjustment Workform

Sheet “D1.2 - Revenue Cost Ratio Adjustment” of the 2011 IRM3 Rate Generator is reproduced below.

Rate Rebalancing Adjustment		Revenue Cost Ratio		
Metric Applied To		All Customers		
Method of Application		Both District\$		
Monthly Service Charge				
Class	Metric	Base Rate	\$ Adjustment	Adj To Base
Residential	Customer - 12 per year	13.250000	- 0.193402	0.193402
General Service Less Than 50 kW	Customer - 12 per year	32.540000	0.000000	0.000000
General Service 50 to 999 kW	Customer per 30 days	116.640000	0.000000	0.000000
General Service Greater Than 1,000 kW	Customer - 12 per year	3417.130000	- 48.995415	48.995415
Unmetered Scattered Load	Connection -12 per year	11.400000	0.000000	0.000000
Sentinel Lighting	Connection - 12 per year	1.480000	0.668595	0.668595
Street Lighting	Connection - 12 per year	1.700000	0.624791	0.624791
Volumetric Distribution Charge				
Class	Metric	Base Rate	\$ Adjustment	Adj To Base
Residential	kWh	0.014500	- 0.000212	0.000212
General Service Less Than 50 kW	kWh	0.014300	0.000000	0.000000
General Service 50 to 999 kW	kW	3.621600	0.000000	0.000000
General Service Greater Than 1,000 kW	kW	1.866400	- 0.026761	0.026761
Unmetered Scattered Load	kWh	0.010600	0.000000	0.000000
Sentinel Lighting	kW	25.016100	11.301112	11.301112
Street Lighting	kW	10.398700	3.821775	3.821775

Sheet “C1.9 Adjustment Required to Proposed Rate” of the 2011 IRM3 Revenue Cost Ratio Adjustment Workform is reproduced below.

Rate Class	Proposed Base Service Charge A	Proposed Base Distribution Volumetric Rate kWh B	Proposed Base Distribution Volumetric Rate kW C	Current Base Service Charge D	Current Base Distribution Volumetric Rate kWh E	Current Base Distribution Volumetric Rate kW F	Adjustment Required Base Service Charge G = A - D	Adjustment Required Base Distribution Volumetric Rate kWh H = B - E	Adjustment Required Base Distribution Volumetric Rate kW I = C - F
Residential	\$ 13.05	\$ 0.0143	\$ -	\$ 13.25	\$ 0.0145	\$ -	\$ -0.20	\$ 0.0002	\$ -
General Service Less Than 50 kW	\$ 32.54	\$ 0.0143	\$ -	\$ 32.54	\$ 0.0143	\$ -	\$ -	\$ -	\$ -
General Service 50 to 999 kW	\$ 116.64	\$ -	\$ 3.6216	\$ 116.64	\$ -	\$ 3.6216	\$ -	\$ -	\$ -
General Service Greater Than 1,000 kW	\$ 3,376.05	\$ -	\$ 1.8440	\$ 3,417.13	\$ -	\$ 1.8664	\$ -41.08	\$ -	\$ 0.0224
Unmetered Scattered Load	\$ 11.40	\$ 0.0106	\$ -	\$ 11.40	\$ 0.0106	\$ -	\$ -	\$ -	\$ -
Sentinel Lighting	\$ 2.15	\$ -	\$ 36.3172	\$ 1.48	\$ -	\$ 25.0161	\$ 0.67	\$ -	\$ 11.3011
Street Lighting	\$ 2.32	\$ -	\$ 14.2205	\$ 1.70	\$ -	\$ 10.3987	\$ 0.62	\$ -	\$ 3.8218

Enter the above values onto Sheet  
“D1.X Revenue Cost Ratio Adj”  
of the 2011 OEB IRM3 Rate Generator.

### Questions / Requests:

- Please explain the discrepancies between the adjustments recorded on Sheet D1.2 and those shown on Sheet C1.9. If there are errors, please confirm and Board staff will make the relevant corrections.

## Board Staff Interrogatory No. 4

Ref: 2011 IRM3 Revenue Cost Adjustment Workform

Sheet "B1.1 - Rate Class Selection, Re-Based Billing Determinants & Current Tariff Rates" of the 2011 IRM3 Revenue Cost Ratio Adjustment Workform is reproduced below.

### Rate Class Selection, Re-Based Billing Determinants & Current Tariff Rates

The purpose of this sheet is to set up the rate classes, enter the re-based billing determinants from your last cost of service application and enter the current service charge and volumetric distribution rates as found on your May 1, 2010 (or subsequent) Tariff of rates and charges.

Last COS Re-based Year				2010					
Last COS OEB Application Number				EB-2009-0271					
Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C	Current Tariff Service Charge D	Current Tariff Distribution Volumetric Rate kWh E	Current Tariff Distribution Volumetric Rate kW F
RES	Residential	Customer	kWh	56,419	555,127,459		13.25	0.0145	
GSLT50	General Service Less Than 50 kW	Customer	kWh	4,887	170,241,898		32.54	0.0143	
GSGT50	General Service 50 to 999 kW	Customer	kW	855	584,050,240	1,564,795	116.64		3.6216
GSGT50	General Service Greater Than 1,000 kW	Customer	kW	18	147,437,802	357,797	3,417.13		1.8664
USL	Unmetered Scattered Load	Connection	kWh	679	3,936,855		11.40	0.0106	
Sen	Sentinel Lighting	Connection	kW	183	133,918	2,363	1.48		25.0161
SL	Street Lighting	Connection	kW	16,286	11,085,581	30,957	1.70		10.3987

Preamble: Sheet B1.1 of the 2011 IRM3 Revenue Cost Ratio Adjustment Workform asks the distributor to enter its re-based billing determinants.

### Questions / Requests:

- Please confirm whether Oakville has entered its re-based billing determinants. If not, please re-file Sheet B1.1 as a stand alone document using the relevant billing determinants and Board staff will make the corrections to the Revenue Cost Adjustment Workform.

## Board Staff Interrogatory No. 5

Ref: 2011 IRM3 Revenue Cost Adjustment Workform

Sheet "C1.2 - Revenue Offsets Allocation" of the 2011 IRM3 Revenue Cost Adjustment Workform is reproduced below.

### Revenue Offsets Allocation

The purpose of this sheet is to allocate the Revenue Offsets (miscellaneous revenue) found in the last COS to the various rate classes in proportion to the allocation from the Cost Allocation informational filing.

Rate Class	Informational Filing Revenue Offsets A	Percentage Split C = A / B	Allocated Revenue Offsets E = D * C
Residential	63	62.55%	1,290,496
General Service Less Than 50 kW	15	14.70%	303,282
General Service 50 to 999 kW	18	17.81%	367,446
General Service Greater Than 1,000 kW	4	3.87%	79,844
Unmetered Scattered Load	1	0.63%	12,998
Sentinel Lighting	0	0.00%	21
Street Lighting	0	0.44%	9,078
	100	100.00%	2,063,163
	B		D

Enter revenue offsets as found in Cell F47 on sheet "C1.2 Revenue Offsets Allocation" of the 2010 IRM3 Supplemental Filing Module or from 2010 COS RRWF

Preamble: Board staff has been unable to verify that the data entered in Column A is correct.

### Questions / Requests:

- Please provide evidence supporting the data entered in Column A for Revenue Offsets.

## Board Staff Interrogatory No. 6

Ref: 2011 IRM3 Revenue Cost Adjustment Workform

Preamble: No information has been entered on Sheet C1.3 of the 2011 IRM3 Revenue Cost Adjustment Workform.

### Questions / Requests:

- Please explain the rationale for not including transformer allowance information in the Revenue Cost Adjustment Module.

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- b) If this was an oversight, please re-file Sheet C1.3 as a stand alone document using the relevant transformer allowance data from Oakville Hydro's latest Cost of Service filing and Board staff will make the relevant correction.

## Incremental Capital Claim

## Board Staff Interrogatory No. 7

Ref: 2011 IRM3 Incremental Capital Workform

Sheet "C1.1 - Load Actual – Most Recent Year" of the 2011 IRM3 Incremental Capital Workform has been reproduced below.

### Load Actual - Most Recent Year

Please enter 2009 Audited RRR on this page

Rate Class	Fixed Metric	Vol Metric	Billed Customers or Connections	Billed kWh	Billed kW	Base Service Charge	Base Distribution Volumetric Rate kWh	Base Distribution Volumetric Rate kW	Service Charge Revenue	Distribution Volumetric Rate Revenue	Distribution Volumetric Rate Revenue	Total Revenue by Rate Class
			A	B	C	D	E	F	G = A * D * 12	H = B * E	I = C * F	J = G + H + I
Residential	Customer	kWh	56,419	555,127,459	0	\$13.25	\$0.0145	\$0.0000	\$6,970,621	\$8,049,348	\$0	\$17,019,969
General Service Less Than 50 kW	Customer	kWh	4,887	170,241,898	0	\$32.84	\$0.0143	\$0.0000	\$1,569,276	\$2,434,459	\$0	\$4,342,735
General Service 50 to 999 kW	Customer	kWh	855	896,550,240	1,564,795	\$116.64	\$0.0000	\$3.6216	\$1,196,726	\$0	\$5,667,562	\$6,864,286
General Service 1,000 to 4,999 kW	Customer	kWh	18	147,437,802	357,737	\$3,417.13	\$0.0000	\$1.8664	\$738,100	\$0	\$667,792	\$1,405,892
Unmetered Scattered Load	Connection	kWh	679	3,936,885	0	\$11.40	\$0.0106	\$0.0000	\$82,887	\$41,731	\$0	\$134,618
Sentinel Lighting	Connection	kWh	93	133,916	30,957	\$1.48	\$0.0000	\$25.0161	\$3,350	\$0	\$774,423	\$777,873
Street Lighting	Connection	kWh	16,286	11,086,581	2,363	\$1.70	\$0.0000	\$10.3987	\$330,234	\$0	\$24,872	\$355,107
									\$10,242,096	\$10,626,638	\$7,155,848	\$28,024,582

Preamble: The sheet requests the distributor to enter audited 2009 RRR data.

### Questions / Requests:

- a) Please confirm that the data entered in Columns A / B / C is audited 2009 RRR data. If not, please provide the rationale for using the cited data.
- b) Please advise whether the Billed kW's entered for the Sentinel and Street Lighting Rate Classes should be reversed (i.e. Street Lighting - 30,957 kW & Sentinel Lighting – 2,363 kW). If necessary, Board staff will correct the Workform.

## Board Staff Interrogatory No. 8

Ref: 2011 IRM3 Rate Generator – Incremental Capital Rate Rider

Ref: Manager's Summary – Pg. 19

Ref: 2011 IRM3 Incremental Capital Workform

Preamble: On page 19 of the Manager's Summary, Oakville Hydro notes "Oakville Hydro is proposing that it recover the incremental revenue requirement through a variable rate adder effective May 1, 2011 with a sunset date of April 30, 2014"

On Sheet "J2.8 Incremental Capital Rate Rider," Oakville Hydro has entered April 30, 2013 as the sunset date.

Questions / Requests:

- a) Please confirm which sunset date for the incremental capital rate rider is correct. If necessary, Board staff will correct the model.
- b) Please provide the rationale for the proposed sunset date.
- c) Please provide the rationale for recovering the requested incremental capital through a variable rate rider.

**Board Staff Interrogatory No. 9**

Ref: Supplemental Report of the Board on 3<sup>rd</sup> Generation Incentive Regulation for Ontario's Electricity Distributors (EB-2007-0673) – Appendix B – Amended Filing Guidelines

Oakville has not fulfilled all the filing requirements included as Appendix B to the Supplemental Report of the Board on 3<sup>rd</sup> Generation Incentive Regulation for Ontario's Electricity Distributors (EB-2007-0673).

- a) Please indicate whether continued expenditure levels could trigger another Incremental Capital Request before the end of the IR term.
- b) Please provide a description of the actions that the distributor will take in the event that the Board does not approve the Incremental Capital Request.

**Board Staff Interrogatory No. 10**

**Project Need for MTS #1**

Ref: *Transformer Station Supply Options Study May 2009*, page 27

Ref: Manager's Summary – Pg.19

Ref: AESI study, page 3, last paragraph

Preamble: The AESI report indicates that, "As many as eight (8) new feeders could be required to deal with the possible range of development rates and load densities."

Questions / Requests:

- a) Is it possible to stage the development of the MTS? Could the station be commissioned with only a limited number of feeders in the short term to reduce the upfront capital costs of the project, and utilize station assets more effectively?

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If Oakville is doing the work itself, would there be significant additional costs to perform construction in phases?

- b) Why has Oakville proposed to build a 12-feeder transformer station when the AESI report suggests that only 8-feeders are required?
- c) When did Oakville become aware of the need for a new municipal transformer station (MTS)? Was this prior to Oakville filing its last of Cost of Service application? What would have prevented Oakville from requesting the new TS build as part of its 2010 rate case?
- d) Please file on the record of this proceeding the System Impact Assessment (IESO) and Customer Impact Assessment (Hydro One) for the proposed MTS #1.
- e) What rationale does Oakville rely upon supporting the need for a 153 MW TS when there is only an estimated shortfall of 28 MW based on 2008 load data? Does this mean the new TS will be significantly under-utilized for a number of years? Please quantify any improvements in system reliability that might be achieved.

## **Board Staff Interrogatory No. 11**

### **Project Alternatives**

Ref: Manager's summary, page 19, page 23

Ref: *Transformer Station Supply Options Study May 2009*, page 19, 39

#### Preamble:

(1) At page 23 – “Under joint ownership option with Milton Hydro, the impact on the residential customer's bill solely from the addition of the new TS will be an increase of 1.15%. Under the Oakville alone option, the increase would be 2.27% on the bill of the average 1000 kWh per month residential customer... ..the highest shareholder value is created under the option where Oakville Hydro builds, owns and operates the new transformer station.”

(2) At page 39 of the study – “The OEB is expected to look upon this partnership favorably, given that not only can the LDC's build this station for less costs, the station would be utilized more effectively.”



Questions / Requests:

- a) Please indicate if the alternative proposal of using 2 feeders from the pool-funded Tremaine TS involves the lowest capital outlay to meet demand in the near term.
- b) Did Oakville explore the possibility of acquiring allocation of an additional feeder line at Tremaine TS in light of Milton Hydro's indication that its load will not grow in the near-term at the rate it had previously expected? Please explain.
- c) Would usage of the alternative Hydro One Tremaine TS be sufficient to meet peak demand until 2015? In responding, Board staff notes that Oakville should include the 35 MW of additional capacity that will be available to the distributor at the end of 2012 when restrictions at the existing Bronte TS and Oakville TS are removed, and the applicable CDM targets are achieved. If Oakville believes it will not be possible to meet peak demand through 2015, please provide analysis and figures that support this view.

**Board Staff Interrogatory No. 12**

**Upgrades to Trafalgar TS**

Ref: *Transformer Station Supply Options Study May 2009*, page 20

Preamble: Oakville noted that, "the market rules demand that the existing capacity at Trafalgar TS be utilized before placing any new load on the North Oakville TS. Oakville Hydro would be required to pay Hydro One's cost to add one or two new breaker positions at Trafalgar TS, and build new feeders to the load area. The estimated cost of the station work is in the range of \$600K - \$1.2M.

Questions / Requests:

- a) What is the cost per feeder for this work? Does the upgrade work provide both additional capacity and reliability on the Oakville system? What increase in capacity and reliability would such improvements provide?
- b) Is the cost per feeder/per MW of supply from the additional feeders less than the per feeder cost associated with Oakville's proposed MTS #1?
- c) If the feeder upgrades at Trafalgar TS provide additional capacity in either alternative, why should the cost of upgrading Trafalgar TS be a relevant cost to the alternatives presented by Oakville in evidence?

- d) If MTS #1 is built, will the work to add new breaker positions at Trafalgar TS be required pursuant to market rules? Please explain.
- e) Please provide the most recent information available with respect to the North Oakville East Secondary Plan ("NOESP")– including an update on progress to date, construction, and timelines.

### **Board Staff Interrogatory No. 13**

#### **Project Need - Load Forecast and Economic Downturn**

Ref: EB-2009-0271, Settlement Agreement, filed April 26, 2010, page 9

Ref: *Transformer Station Supply Options Study*, May 2009

Ref: Letter from the Board to all distributors Re: CDM, dated June 22, 2010

#### Preamble:

(1) The settlement agreement accompanying Oakville's 2010 cost of service proceeding reached settlement on Oakville's load forecast. "The parties acknowledge that their agreement on [the load forecast] is specific to Oakville Hydro and its resulting forecast amounts, in consideration of the Parties' agreement on all issues set out in this Settlement Proposal, and [settlement] should not be considered as agreement with respect to either Oakville Hydro's forecasting methodologies or Energy Probe's proposed methodology." (Emphasis added)

(2) The *Transformer Station Supply Options Study* states that, "The engineering load forecast used in this analysis was prepared in the summer of 2008, prior to the economic downturn which began in the fall of 2008. It is unclear at this time to what extent this downturn will have on the rate of development in Oakville, and therefore the load forecast has not been adjusted."

#### Questions / Requests:

- a) Does Oakville agree that the load forecast in its 2010 cost of service proceeding [EB-2009-0271] was untested as a result of settlement? In what proceeding did the Board last hear evidence on Oakville's load forecast and render a decision?
- b) With respect to preamble 2, has Oakville experienced significant loss of load due to the loss of several high demand customers since the recommendations were made? Is it possible that the consultant could have drawn different conclusions given the changes in load growth experienced at Oakville Hydro over the last three years? Please explain.

- c) Has Oakville factored into its load forecast the proposed CDM target of 21 MW of peak demand savings by 2014? (These conservation efforts are slated to start in 2011 and proceed through 2014, as noted in the June 22, 2010 letter from the Board as noted in Reference 3.)

#### **Board Staff Interrogatory No. 14**

##### **Project Need – Load Forecast peak kW figures for years 2008-2010**

Ref: EB-2009-0271, Exhibit 3, Tab 2, Schedule 1, pages 16, 30, and 46.

##### Questions / Requests:

- a) Please recreate Table 1, as found at the reference above, “Summary of Load and Customer/Connection Forecast” adding the following update figures:
- a. final actual numbers for 2008;
  - b. final actual numbers for 2009; and
  - c. 10 months actual plus 2 months forecast for 2010.\*

Where audited numbers are not available, please use unaudited numbers.

- b) Please update Table 15, “Historical Annual kW per Applicable Rate Class”, to include 2009 and 2010 (10 months actual plus 2 months forecast). If audited numbers are not available, please use unaudited numbers.
- c) Please provide a statement updating the evidence on loss of Customer A, B, C, D, and E, as discussed in Oakville’s 2010 cost of service application, and its effect on peak MW demand in Oakville’s service territory. Please file an update to the table “Total Loss of Customers and Load” provided at page 46.

#### **Board Staff Interrogatory No. 15**

##### **Feeder and Station Loading Statistics**

Ref: *Transformer Station Supply Options Study May 2009*, page 7 and 45

Ref: AESI report, page 11-13

Ref: Staff IR Appendix A – New Oakville Hospital: Timeline, published June 2010

##### Preamble:

(1) At Reference 1 it is stated that, “There is a critical shortfall of supply capacity for the Oakville Hydro area. Palermo is substantially overloaded, and in combination with the

temporary operating restrictions (due to equipment problems) at Bronte TS and Oakville TS, there is a system-wide shortfall of about 28 MW during peak summer conditions. New transformer station capacity is required immediately.”

(2) At Reference 2, “Table 6.3 outlines a potential strategy to allow future NOESP load to be supplied from Palermo and Trafalgar feeders, which makes the most sense in the long term.”

Questions / Requests:

- a) Please confirm that the 10MW capacity restriction on Palermo TS can be fully accommodated by arrangements to use excess capacity remaining at neighboring Halton TS.
- b) The New Oakville Hospital timeline is attached as Appendix A to this IR package. Please confirm that substantial completion of the hospital will not occur until 2014/2015, and that a 16MW demand is associated with this customer.
- c) Please provide updated versions of the feeder loading tables provided at Reference 2. The new set of tables should highlight the max value experienced and include:
  - a. Feeder Peak Loadings experienced at each TS in 2008;
  - b. Feeder Peak Loadings experienced at each TS in 2009;
  - c. Feeder Peak Loadings experienced at each TS year to date in 2010;
  - d. Please comment on the values in the tables prepared in part (d) of this question, and compare with those values provided in the AESI report. Have these feeders been comparatively less loaded in these recent years due to loss of large customers?

Sample table below:

**Trafalgar TS – 2008, 2009, 2010**

	Amps		
Feeder #	2008	2009	2010
31M4			
31M5			
31M6			
31M7			

## **Board Staff Interrogatory No. 16**

### **Transmission facility**

Ref: *Transformer Station Supply Options Study*, p.18

Ref: *Transmission System Code*, dated June 10, 2010, sections 2.0.60-2.0.66

#### Preamble:

The new Oakville Hydro MTS #1 transformer station proposed by Oakville will be tapped off lines T36B and T37B of the 230 kV Hydro One Networks Transmission System on the section of transmission line between Palermo TS and Trafalgar TS. As a result, the transformer station will provide transformation connection service, meaning that Oakville would be considered to be operating as a transmitter under the *Transmission System Code*. Oakville does not have a transmission licence to own or operate transmission facilities.

#### Questions/Requests:

- a) Does Oakville intend to request that the Board deem the new 230kV/27.6kV transformer station a distribution asset?
- b) If the answer to part (a) is yes, please provide an outline of Oakville's timeline and plan to obtain the necessary approvals to operate this asset in a manner that is compliant with its distribution licence and the *Transmission System Code*.
- c) If the answer to part (a) is no, please explain how Oakville intends to be compliant with the conditions of its licence once the transformer station is in-service.

## **Board Staff Interrogatory No. 17**

### **Capital Contributions**

Ref: Manager's Summary, page 18

Ref: Staff IR Appendix B – Mayor's Oakville Status Report Remarks - September 20, 2010

Ref: *Report of the Board on 3<sup>rd</sup> Generation Incentive Regulation for Ontario's Electricity Distributors*, page 27

Ref: *Transformer Station Supply Options Study*, May 2009, page 10

Preamble:

(1) Capital contributions for the transformer station are noted as \$120,200 in 2010 and \$120,000 in the 2011 test year.

(2) *"Tax payers [in Oakville] received more financial relief this term when we unanimously **agreed to make developers pay more for the facilities and infrastructure that will be needed to support their developments.** Growth will pay for more of growth's costs because we raised development charges to the maximum, we raised them 60 per cent. The result: lower pressure on your taxes."* (Emphasis added)

(3) Application for incremental CAPEX must include..."Incremental revenue requested will not be recovered through other means (e.g., it is not being funded by the expansion of service to include new customers)"

(4) The Study states that, "The Town of Oakville is expected to grow rapidly. That growth is expected to bring 133 MW of new load onto the Oakville Hydro distribution system."

Questions / Requests:

- a) From who and why is Oakville receiving capital contributions with respect to the proposed transformer station? Upon what sections of the *Distribution System Code* does Oakville rely in requesting these contributions?

**Board Staff Interrogatory No. 18**

**Construction Schedule**

Ref: *Transformer Station Supply Options Study May 2009*, Page 41-42

Preamble: Page 41 of the Study states that, "[T]he Oakville Hydro MTS #1 scheduled in-service date of summer 2011 is an aggressive schedule, and is based on Oakville Hydro initiating engineering activities in March 2009."

Questions / Requests:

- a) Did Oakville initiate engineering activities in March 2009?
- b) Has Oakville purchased the transformers for the MTS?

- c) Please file an update to the Gantt chart for the “self-build” MTS #1 option indicating where activities have been completed, and commentary on critical scheduling items and the expected in-service date of May 17, 2011.
- d) Does Oakville foresee any delay to the scheduled start date of November 13, 2010 to commence “Detailed Engineering” work?

## **Board Staff Interrogatory No. 19**

### **Risk Profile and Potential for Additional O&M Costs**

Ref: *Transformer Station Supply Options Study May 2009*, Page 29 and 37

Ref: *Transformer Station Supply Options Study May 2009*, Appendix 3, p.11 *Tremaine TS –“Benefits of a Pool Funded Station”*

Preamble: Hydro One identifies a number of advantages to distributors not owning their own transformer stations. These are detailed at p.11 of Reference 2. A number of risks are cited:

- Replacement of failed transformer - \$3 million
- Replacement of failed breaker – at least \$150,000
- Routine maintenance & repair -- \$50,000/year/TS
- Preventative maintenance to ensure reliability - \$35,000-\$70,000/year/TS

Hydro One further indicates at the same reference that its alternative plan and operation of its TS would be supported by a significant strategic spare parts inventory in the case of some of the risks of failure noted above.

### Questions / Requests:

- a) Trafalgar TS and Palermo TS are operated by Hydro One. If this is the approach that was taken in the past, why has Oakville Hydro departed from this operational approach with its plans for MTS #1?
- b) In light of the prior problems encountered at Trafalgar TS with de-rating of equipment, has Oakville properly assessed the additional risks associated with operating the new MTS #1 station within the distribution company? To what extent has Oakville protected itself through contract terms against early failure of major equipment?
- c) Does Oakville agree or disagree with the additional costs which may affect the distributor as noted in Preamble 2 with the self-build option? Were these additional risks contemplated as potential costs in Oakville’s analysis of

alternatives that preferred the new MTS #1 over service from Hydro One through two feeders from the planned Tremaine TS in west end Oakville?

- d) Is Oakville aware of Hydro One's significant resource of 'spare' assets in reserve to address the risks contemplated with respect to failures at transformer stations? What is Oakville's plan (including costs) for spare assets in reserve for the proposed station?
- e) Please explain why Oakville Hydro finds it prudent and appropriate to devote significant distribution company resources to the construction, management, and approvals process of a new transformer station.
- f) Given the uncertainty in load growth, and recent loss of large load customers, explain why Oakville finds it prudent to build the new MTS #1 now, rather than delaying its construction to correspond with dates at which significant new load will come online?

## **Board Staff Interrogatory No. 20**

### **Pages Omitted from Study**

Ref: *Transformer Station Supply Options Study May 2009*

Preamble: Pages 31 – 34 of the *Transformer Station Supply Options Study, May 2009* are omitted from the filed materials, but not captured specifically in the aspects considered confidential in Oakville's covering letter to the application.

### **Questions / Requests:**

- a) Please file the requested pages or clarify your request for confidentiality with respect to the Study.

## **Board Staff Interrogatory No. 21**

### **Timing of Hydro One Station Repairs**

Ref: *Transformer Station Supply Options Study May 2009*, page 8

Ref: *Supra*, page 12



Preamble:

(1) At Reference 1 it is stated that, "Oakville Hydro may have the ability under emergency conditions to place up to 30MW of load on Trafalgar TS and possibly avoid lengthy outages."

(2) At Reference 2 it is stated that, "Hydro One has indicated that the temporary operation restrictions at Oakville TS and Bronte TS will be removed by the end of 2012."

Questions / Requests:

- a) Please confirm the additional MW capacity that will be available at Bronte TS, Oakville TS, and Palermo TS once restrictions are removed by Hydro One, and the expected date these restrictions will be lifted. Board staff understands this to be 10 MW at Bronte TS and in excess of 25 MW at Oakville TS.
- b) If Oakville does not experience significant load growth in the present period through December 2012, what load amount attributable to the NOESP could the existing distribution system support? Assume the Hydro One repairs are completed on schedule.
- c) Has Oakville tested the 30 MW load transfer capability at Trafalgar TS? If not, when does Oakville plan to perform these tests to see if they can contribute to meet emergency conditions on the distribution system, and where will the results be reported? Could this manual switching be automated through station upgrades? If so, at what cost?

**Board Staff Interrogatory No. 22**

**Summary of Project Alternatives**

Ref: General

Preamble:

Please provide a dollar-cost comparison of the alternatives evaluated by Oakville in determining the optimal solution. Use the most current load forecast, compensating for the loss of major loads in the near term, to the extent possible.

Questions / Requests:

- a) In a table, for each alternative examined, provide at a minimum:

-18-

- Total capital cost (and/or capital contribution where other party builds);
- Cost per feeder;
- Cost per MW of capacity;
- Expected maintenance costs;
- Potential equipment failure costs;
- Bill impact per residential customer;
- Costs borne by utility customers;
- Costs borne by transmission pool (via Hydro One); and
- Expected date when further TS capacity would be required in each case.

b) In a separate table, for each year from 2011-2020, based on the best available load forecast and actual data available, please provide:

- The expected loading of MTS #1;
- Expected utilization factor<sup>1</sup> (UF) of MTS #1;
- Expected UF of Palermo TS, Trafalgar TS, Bronte TS, and Oakville TS without addition of new MTS #1; and
- Expected UF of Palermo TS, Trafalgar TS, Bronte TS, and Oakville TS with addition of new MTS #1.

Sample table:

	2011	2012	2013	2014	2015	...
Loading @ MTS #1						...
Utilization Factor:						
MTS #1						...
Palermo TS						...
Palermo TS'						
Trafalgar TS						
Trafalgar TS'						
Bronte TS						
Bronte TS'						
Oakville TS						
Oakville TS'						

\*prime notation for 'after' state

<sup>1</sup> Utilization factor, being defined as the peak kVA demand experienced divided by the transformer station kVA rating.

## **Board Staff Interrogatory No. 23**

### **Capital Spending**

Ref: EB-2009-0271, Exhibit 2, Tab 4, Schedule 5, Page 18, Table 2010 Budget and 2011 & 2012 Preliminary Budget

Ref: Manager's Summary, page 18, Table: Capital Spending North Oakville Transformer Station

Preamble: On Page 18 of the Manager's Summary, Oakville Hydro has presented the Capital Spending for 2009, 2010 and 2011 related to the North Oakville Transformer Station.

#### Questions / Requests:

- a) Please confirm that none of the capital costs (totalling \$20,488,489) have previously been included in rate base.
- b) Please confirm that none of the projects included in the 2011 Capital Budget are discretionary in nature.
- c) Please provide an explanation as to why estimated capital spending on the planned transformer station increased from nil in 2010 in the cost of service application, to approximately \$12.76 million in 2010 in Oakville's 2011 IRM application. What material changes to schedule and circumstances occurred that resulted in the advancement of spending for this project?

Relevant tables reproduced below:

**Oakville Hydro Electricity Distribution Inc.**  
**2010 Budget and 2011 & 2012 Preliminary Budget**

<b>Category</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Substations	750,000	750,000	750,000
Transformer Stations	-	20,000,000	-
Rebuild for Road Widening / Railway Work	165,000	165,000	165,000
Alterations & Improvements for Load Transfer & Sys Sec.	300,000	300,000	300,000
Voltage Conversion	430,000	280,000	280,000
Transformer Replacements	-	150,000	150,000
27.6 kV Additions	750,000	2,000,000	1,000,000
Rebuild Underground Distribution System	1,443,000	1,500,000	1,750,000
Rebuild Overhead Distribution System	5,429,000	3,500,000	4,500,000
Services	1,587,700	600,000	600,000
Supervisory Control & Communications	300,000	300,000	300,000
Metering	750,000	500,000	500,000
Vehicles	340,000	500,000	500,000
Tools	130,000	150,000	150,000
Information Technology	1,818,000	930,000	1,350,000
Buildings	322,000	115,000	285,000
<b>Total Budget</b>	<b>14,514,700</b>	<b>31,740,000</b>	<b>12,580,000</b>

**Capital Spending**  
**North Oakville Transformer Station**

<b>Component</b>	<b>2009 Actual</b>	<b>2010 Bridge Year</b>	<b>2011 Test Year</b>	<b>Total</b>
Substation Equipment	41,318	1,153,895	953,200	2,148,412
TS Switchgear - Gas	105,695	2,881,682	138,277	3,125,654
TS Transformer	279,321	3,713,203	4,323,241	8,315,765
Revenue Meters	14,828	288,960	159,148	462,936
SCADA & DC Systems	4,542	100,722	29,108	134,371
UG Cable	-	193,930	93,198	287,128
Duct & Civil	-	1,150,275	552,791	1,703,066
Building	-	1,792,250	861,221	2,653,470
Land	-	1,367,700	49,786	1,417,486
Capital Contribution	-	120,200	120,000	240,200
<b>Total</b>	<b>445,703</b>	<b>12,762,816</b>	<b>7,279,970</b>	<b>20,488,489</b>

## **Board Staff Interrogatory No. 24**

Ref: Manager's Summary (Incremental Capital Claim)

Preamble: On Page 18 of the Manager's Summary, Oakville Hydro notes that the \$20,488,489 in capital costs related to the North Oakville Transformer Station includes a capitalized interest expense of \$710,667. This estimate was based upon a proposed financing agreement with Infrastructure Ontario for a loan in the amount of \$20 million to be financed at a rate of 5.33% over 20 years.

### Questions / Requests:

- a) Why has Oakville used an interest rate different from the Board's prescribed rate for calculating the capitalized interest expense?
- b) Please re-calculate the capitalized interest expense using the Board's prescribed rate.

## **Board Staff Interrogatory No. 25**

Ref: Appendix A – Planning Study (Appendix 8 – Engineering Services RFP)

Preamble: Oakville Hydro included, as an Appendix to its Planning Study, the Request for Proposal that was issued in relation to the proposed Transformer Station in North Oakville.

### Questions / Requests:

- a) Please summarize all the proposals received by Oakville Hydro.
- b) Please highlight the proposal that was selected by Oakville Hydro.
- c) Please provide the criteria and weightings Oakville Hydro utilized in selecting a service provider.

Please ensure that enough information is provided in response to the above questions in order to allow Board staff to evaluate the prudence of the selection made by Oakville Hydro. Please provide the requested information in such a manner as to avoid the need for filing the information confidentially.

## **Disposition of Group 1 Deferral / Variance Account Balances**

### **Board Staff Interrogatory No. 26**

Ref: Manager's Summary - Disposition of Group 1 Deferral / Variance Account Balances

Preamble: Oakville has proposed to defer disposal of the deferral / variance account balance of \$(3,807,145) until a later application. Oakville noted that the 2009 balance is over the threshold as it results in a rate rider of (0.0026) / kWh. However, the balance as of Aug. 31, 2010 was only \$(1,186,618), which results in a rate rider of (0.0008) (below the threshold). Oakville suggested that in order to minimize rate instability it would be beneficial to defer disposition of Group 1 Deferral and Variance Account balances.

#### Questions / Requests:

- a) Please provide a table highlighting the changes in the Group 1 Deferral / Variance Account balances from the end of 2009 to August 31, 2010.
- b) Please confirm that the referenced balances, as of August 31, 2010 in the Group 1 Deferral / Variance Accounts are not audited balances.

**APPENDIX A**

**BOARD STAFF IRs**

**BOARD FILE NO. EB-2010-0104**

**DATED November 15, 2010**



## New Oakville Hospital: *Timeline*

Halton Healthcare Services is building a new hospital in order to meet the needs of the growing Oakville community and accommodate the changing face of healthcare. With government approval of the new hospital in 2005, the planning process began immediately.

The following timeline outlines some key milestones of the project:

### **March 2007 – Land transfer announced**

The Ontario government announced the transfer, for a nominal fee, of 50-acres of provincially owned land for the New Oakville Hospital. The land is located at the corner of Third Line and Dundas Street.

### **March 2007 – Voice of Oakville community focus groups**

Community focus groups were held to engage the community in the planning and development of the New Oakville Hospital. Representatives from the Oakville community, former and current patients, visitors as well as physicians, hospital employees and volunteers were invited to be part of the planning process to help shape the look and feel of the new hospital.

### **October 2007 – Master Plan completed and submitted**

The Master Plan is the physical planning document of the New Oakville Hospital. It is comprised of a site diagram that indicates the location of major elements of the New Oakville Hospital, such as access to the site, buildings on the site, locations of public utilities, parking and more. In October 2007, the Master Plan was submitted to the Ministry of Health and Long-Term Care for review.

### **2008-2009 – Development of output specifications**

Output specification documents form the guidelines and performance requirements within which the successful building team must work when preparing the overall design of the New Oakville Hospital.

### **Fall 2009 – Submission of the Block Schematics**

Developed during preliminary design these diagrams of floor areas are used to explore departmental relationships. These documents will be submitted to the Ministry of Health and Long-Term for review. The block schematics demonstrate that we have an effective illustrative design that meets the Hospital's clinical requirements.

### **November 2009 – RFQ released**

A Request for Qualifications ensures project teams have the required design, construction and facilities management capability and experience and the financial capacity to undertake a project of this size and complexity. During this period three teams were pre-qualified to proceed to respond to the request for proposals.

### **May 31, 2010 - RFP released**

The release of the Request for Proposals is the point at which the pre-qualified construction teams develop and submit their proposals to design, build, finance and maintain the new hospital.

### **Spring 2011 – Commercial and financial close**

Financial close signals that all contractual steps have been completed. Construction is expected to begin shortly after financial close and it is expected to take more than three years to reach substantial completion.

### **2014/15 – Substantial completion, occupancy and official opening**



**APPENDIX B**


**BOARD STAFF IRs**






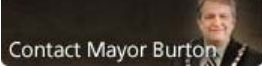
**BOARD FILE NO. EB-2010-0104**

**DATED November 15, 2010**

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<a href="#">Town of Oakville</a>		<a href="#">Residents</a>	<a href="#">Discover Oakville</a>
<a href="#">Mayor Rob Burton</a> <a href="#">About the Mayor</a> <a href="#">Contact the Mayor</a> <a href="#">Council</a> <a href="#">Let's Talk Oakville Newsletter</a> <a href="#">Mayor's News &amp; Updates</a> <a href="#">Oakville News Releases</a> <a href="#">Speeches</a> <a href="#">Strategic Plan</a> <a href="#">Town History</a> <a href="#">TownTV</a>		<h3>Mayor's Oakville Status Report Remarks - September 20, 2010</h3> <p>▶ <b>The following remarks were delivered to Council, staff and residents at the September 20, 2010, Council meeting, where Mayor Rob Burton also presented his fourth annual Town Status Report. Watch the meeting on <a href="#">TownTV</a>.</b></p> <p>▶ Every year I deliver a report and an address on the state of the town. I deliver it every year at this time and this evening is no exception. I want to thank the many members of the public who have given me suggestions for this speech. I want to thank the many members of Council who have forwarded suggestions for this speech. I hope you will be happy with the way I have incorporated your suggestions and I hope you will allow me to say that, in that regard, this is your speech.</p> <p>Samuel de Champlain, as he explored Canada in 1615, wrote, "I labour always to prepare a way for those to follow." For the last four years, our Council has prepared a way toward a more livable and sustainable future for everyone in Oakville. As the chosen representatives of our community we have parked party labels at the door. We've worked together for the good of the town we all share. Four years ago, we created a unanimous four-year strategic work plan to guide us forward to our vision to become the most livable town in Canada. Since then, the phrase "Livable Oakville" has become known across our community. Those words have resonated with you, our residents.</p> <p>You hold us to the promise of those words when you contact us. Oakville never before had a strategic four year work plan with specifically named outcomes. Our plan has served us like a good business plan. It kept us focused. As a result, we accomplished almost all of it.</p> <p>Council is not alone in our dedication to the whole community. You residents who are here tonight with us and others across town or on TownTV share our care for Oakville. We're all working to make Oakville the dynamic, engaged, inviting community it wants and needs to be for our kids, our families, our working people and our retirees.</p> <p>Our greatest achievement over the course of this term of Council was the creation of our new official plan. It controls growth. It protects our existing neighbourhoods from unwanted developments. It directs growth to carefully chosen, controlled locations. Gone are the old loopholes and contradictions.</p> <p>With our new Official Plan, we will continue our record of success this term at the Ontario Municipal Board. Our legal and planning team is now defending our new Official Plan at the OMB from the developers who are trying so hard to turn back the clock to the days when they always seemed to win at the OMB.</p> <p>Throughout the creation of our new official plan public consultation was unprecedented and so was public praise. And we unanimously adopted the related Downtown Oakville Strategic Review to assure our downtown a bright future in the framework of our new Official Plan. This visioning work also featured the public consultation we've become known for in this term.</p> <p>We now have a planning department that gets Oakville. Council, the community and our planners are united in our common vision of Oakville. This is a huge change from what it felt like before. And this is a key part of our chances of keeping our unbeaten record at the OMB in future.</p> <p>We also have listened to the clear voice of Oakville's heritage groups. Heritage Oakville. The Bronte Historical Society. The Trafalgar Township Historical Society. The Oakville Historical Society. We unanimously supported funding to hire the heritage staff the town had needed for so long.</p> <p>We completed the listing of properties of heritage interest. We increased the number of designated properties to more than 500. We're designating our first Heritage tree. The Great White Oak on Bronte Road.</p> <p>This year, Oakville received the Lieutenant Governor's Ontario Heritage Award for Community Leadership. At that ceremony former mayor Harry Barrett received a lifetime achievement award for his 55-year commitment to our heritage protection and on October 1, we'll get Canada's highest Heritage honour, the Prince of Wales Award.</p> <p>As sharp-eyed as we have been for protecting our heritage, we kept focused on our future challenges too. We know that energy costs are forecast to rise by 30 per cent over the next five years. Personal mobility will be more and more expensive. As we age and give up our cars and as we face those rising costs, we will need transit for personal mobility.</p> <p>Our youth need transit now. So do many employees of Oakville businesses. This Council voted unanimously to change our transit system to a grid pattern for easier and quicker cross town travel. Ridership rose all this year. We have no empty routes. We do have empty stretches, we do have empty times, but that ladies and gentlemen is normal for transit.</p> <p>We improved connections for GO Transit. We added hundreds of GO parking spots to assist commuters. Next year, a 2,000 car parking structure will be built by Metro Linx at Trafalgar and Cornwall Roads. The PRESTO fare card now works on all Oakville Transit buses.</p> <p>We have worked to improve all aspects of transportation, not just transit. We adopted a plan of continuous improvement for road resurfacing and repair. We will finally have 100 per cent of our roads at our quality standard by 2023, if future Councils stick to our plan. We have reversed the old, downward direction on local road quality.</p> <p>A strong transportation system that's roads AND transit is vital to support our local economy. We now have that strong transportation plan. We still need to be sure that there are areas in town in which to create jobs for our residents. We fought and won two OMB cases to protect vital employment land from being converted to alternative uses.</p> <p>And we beefed up our official plan policies to strongly protect employment land from being converted to residential use. Before this term of council, conversions of employment lands to</p>	

residential uses robbed Oakville and our future of at least 500 hectares of employment land.

The loss of those employment lands destroyed forever the space for 25,000 or more jobs and \$12 million or more in business property taxes per year. We cannot afford to see such job destruction again. We need to use wisely the employment lands that remain. Our unanimous stance as Council on this policy point is the major foundation for the success of our unanimous job creation plan.

Our plan is to attract and retain jobs in the professional, technology and financial services sectors. We will also work to create opportunities for international collaboration. Our plan's good, but you don't have to take my word for it. The plan has received praise from the Chamber of Commerce AND it won national awards, too.

We are also implementing our job creation plan. The 100 hectares called the Great Lakes Business Park in west Oakville recently confirmed the tenancy of Canadian Tire Financial Services. In Winston Park West we have taken steps to bring online 100 more hectares of high quality employment land.

We expect every 100 hectares of employment land to generate about 5,600 jobs and about \$2.5 million a year in business property taxes for the town. These funds reduce pressures on residential property taxes. Each \$2.5 million for the town is the equivalent of a two per cent property tax increase on residents without raising your residential taxes!

And there is no question that Oakville is an attractive community for job creation. We have one of the lowest business tax rates in the GTA. Throughout the past four years we have created winning conditions for our local economy and we've benefited in working alongside some excellent partners.

The Oakville Chamber of Commerce. The Bronte, Kerr St. and Downtown BIAs. Golf Canada. The Tourism Partnership. And the arts community. I include them as partners in our economic work because research shows that high quality businesses seek a high quality of life, with a vibrant arts and culture scene, when they choose new locations.

When it comes to arts and culture, Oakville has never had so much sparkle. For two years now, the annual Mayor's Arts Gala has celebrated the arts in Oakville. Last October we created our first municipal cultural plan. The heart of our cultural plan is to enhance and build community capacity for arts and culture.

We are grateful to the arts community for collaborating with us to achieve the consensus we achieved for the cultural plan. The Oakville Arts Council. The Oakville Arts Society. Community Arts Space and Art Works.

We moved forward to fill our community's facilities deficit. Our new Queen Elizabeth Park Community Centre will open in 2012. A dream of generations of Oakville parents will finally come true. At last, the community will have a proper community centre in Bronte.

The Queen Elizabeth Park Community Centre is just one of many facilities we've acquired or built to catch up on the town's facilities deficit. We celebrated one of our biggest catch ups when we opened Sixteen Mile Sports Complex to rave reviews just this past weekend but we looked after our small facilities, too. Kinoak Arena is getting an upgrade to its building with stimulus funding.

Minor Oaks Hockey Association, the Hornets, the Blades, Oakville Speed Skating and Oakville Skating Club and others are all benefitting from more ice time and we can now see the day when adults will also benefit from good town ice time and rates!

Other recreational advancements were outdoors. Our new sports fields at north park and Bronte Athletic Park will help meet the needs of our kids and sports teams for generations to come.

We've also partnered with community groups to add needed community facilities. During this term we've seen a big success story at our new indoor soccer complex in partnership with the Oakville Soccer Club. The Pine Glen soccer facility is fully self-supporting and ahead of its projections financially. And that, ladies and gentlemen, is something we can all be proud of.

When the Kerr Street Ministries Dream Centre opened this year, another dream came true. Young and old alike in the Kerr Village community now have a small community centre. It may be smaller than others, but it has a big heart. And the Kerr Street Ministries has the support of the entire town.

In fact, Kerr Village has had a renaissance over the last 20 years, steered by Councillors Fred Oliver and by Cathy Duddeck. The Kerr Village BIA is now our second largest BIA. Kerr Village now has terrific renewal and reinvestment in housing and businesses! This Council's Kerr Village Plan won a prestigious national award, so others have noticed, too.

If other towns and cities that you read about in the news are having trouble meeting the stimulus deadline next March we don't have that worry. Our new transit facility was our \$45 million stimulus project. It is on budget and on time. We are proud of our success and grateful that the provincial and federal governments cooperated with us to make this project happen.

I'm also proud that our strong fiscal management gave us the financial strength to be able to contribute our one-third share! So when the dust settles, in one term, we are adding 775,000 square feet to the approximately 1.15 million square feet the town owned when we began this term. And we did that while cutting debt paid by taxes to less than when we began this term!

Our budgeted debt payments cut town tax-supported debt to only \$22 million this fiscal year. It was over \$24 million in 2006. It was \$10 million in 2002. I wish that we could all keep a clear head about debt. Our town could afford, under provincial rules, to borrow over \$250 million. We are a long, long way from any kind of debt crisis. We have great fiscal health!

We achieved so much this term and we kept the Town in strong financial condition. We were fiscally responsible in addressing our needs. You only have to look at how we managed the 2008-2009 recession with spending controls to avoid any deficit. And I think everyone on Council enjoyed the newspaper editorial praising us at the time for that achievement.

We have the financial strength we need to deal with the school properties that are being sold by the school board. If Council wants, we can afford the debt to buy them. If we buy them, we control their future use. Look at Queen Elizabeth Park High School for an example. In this way, we could keep public space in our neighbourhoods and we would prevent bad development in our neighbourhoods.

The town has always borrowed to finance the infrastructure projects that we have needed because

of growth. We've always been repaid by developers as they build. They pay the interest, too. This is using other people's money that's a good thing for the taxpayer. The alternative is we use yours. My vision is to do more of it using other people's money.

Now, because of our strong cash reserves, we will be able to lend to ourselves for growth related projects. This is good because WE collect the interest instead of a bank! We create new non-tax investment revenue for the town. I'm proud of getting our cash position to this point because my vision is to meet our needs with new revenues rather than property tax.

This Council shared a unanimous vision on fiscal management. Our town's fiscal management is on a new, more business-like basis. We have fully implemented performance-based program budgeting or PB2. PB2 should be our most powerful legacy to the future.

Councillors and residents will be able to see the cost of our programs and services that they want with an all-time high level of accountability and transparency. PB2 also found millions of dollars of savings each year during its implementation. We held the rate of tax increases this term to the same as the previous four years! And we did more this term, too!

Our overall property tax increase was 2.6 per cent a year, close to the rate of inflation for the period. This year it was just 1.6 per cent. At .98, we have one of the lowest property tax rates in the GTA. It's the same tax levy rate coincidentally that we started this term of Council with.

And we have a lot more to be proud of financially. Four years of clean audits from our auditors KPMG. Four years of unanimous audit committee reports. Councillors Knoll, Bird, Oliver, Lapworth, Khan, Johnston: your work is appreciated. No challenges to our financial statements or audits in four years! That's good work. Congratulations!

Tax payers received more financial relief this term when we unanimously agreed to make developers pay more for the facilities and infrastructure that will be needed to support their developments. Growth will pay for more of growth's costs because we raised development charges to the maximum, we raised them 60 per cent. The result: lower pressure on your taxes.

Our new higher DCs are being fought in the courts by the developers who want to prevent us from moving forward. I am confident of our legal team in defending our position. Our financial strength has been a crucial part of the success story of this term of Council. It allows us to be able to provide what we need to survive and thrive.

This year the town was asked by Halton Healthcare Services to make a \$230 million donation to their local share plan for the new Oakville hospital. Council resolved by 11 to 2 to commit a maximum of \$130 million in 2015 to the hospital's local share plan. We know we need the safer, modern hospital we're lucky to be able to afford.

To protect ourselves, we will not provide any funds until the new hospital is built and operational. We also resolved that we will also consider another \$40 million donation stretched out over the 30 years after 2015 if or as it is proven to be needed, from our operating funds. Over that 30 year period, our Town will spend over \$30 billion.

We will be able to find a few million every few years of the way to be sure we have the hospital that we need. And the exact amount of our donation could be less. Only when the Request For Proposals is answered by bids next year will the exact amount of the donation be known. Regardless, our donation is capped at no more than \$130 million in 2015 after it's built.

The donation in 2015 can be lower, because unlike all other cities and towns, in our case we are last in and first out. If the RFP bids come in lower than the gross estimates, all the savings to the Local Share Plan go to reduce our donation to the hospital. We don't give them more than they prove they need.

Other cities and towns are already adding tax levies on their taxpayers to fund money commitments up front and without conditions even though they have no guarantee the Province will approve and fund their desired hospital.

We have not passed any such speculative tax levy. And I have a plan to fund our donation using new, non-tax green energy business and financial revenues instead of taxes, by the time we get to the donation year in 2015. One of those is the "district energy" project in the new hospital district.

As the 100 hectares around the new hospital become home to a successful life sciences business park, each building will be able to draw heating, cooling and backup power from one small, cleaner, cheaper, central source, replacing perhaps 100 dirtier individual furnaces and coolers, and generating new income for the town.

We also secured the old hospital site as a condition of our donation, so that we can control its future development and make sure it's in keeping with the local neighbourhood. And we have already begun public consultation with you, Oakville's residents, about what to do with it. The hospital expects to turn the old site over to us in 2015.

We have time to decide how to use it. I get asked what my vision is, I try to be the leader who helps you implement your vision but I'll seed the discussion with my own vision for the place. My own vision for the site is to rent it back to the Province to create a Seniors Healthcare Centre of Excellence. Imagine 330 new long term care beds which are greatly needed in our town, imagine programs designed to help seniors stay in their homes longer, and clinics, and even an Emergency room. The rent would help pay for our donation to the new hospital!

Inside town hall, we have focused on improving service. Our new one-stop Service Oakville operation, those staff are the first voices that residents now hear or meet when they need help from Town Hall. I'd like to recognize Jane Liu, Manager of Service Innovation, for her success in getting Service Oakville up and running so successfully.

Other staff have done us proud, too. Staff in Recreation achieved the prestigious HIGH FIVE accreditation for the town's children's programming this year. Jane Arnett, Manager of Parks Maintenance, received the very rare honour of membership in the Sports Turf Association.

Planning and development staff received two Excellence in Planning awards from the Ontario Professional Planners Institute. These awards speak to our staff's high skill and dedication. We on Council value even more the many compliments our staff receive from our citizens for the quality of their service.

One resident wrote to express her thanks after she asked about her parking ticket, she wrote:

"A very helpful person explained the parking bylaws, I was completely blown away by the excellent customer service I received from the moment I wandered into the building to the moment I left. Each and every person I dealt with was courteous, professional, and most importantly, genuinely interested in helping me." And that is certainly what Council's goal for staff service to you.

We on Council who care so much about service quality and you among our residents who care about service quality must be concerned about the growing labour shortage that lies ahead. This challenge to maintain our service levels is one that must be addressed.

When I became Mayor, my first question was to see the staff development and retention program. Staff told me Oakville didn't have one. Now, we do. I'm proud of that. We are now ready to compete with other employers for the best employees.

Now of course the elephant in the room, the biggest environmental issue for the community this year has been TransCanada's decision to build a gas-fired electricity generation station here. I learned that 103 of the last gas-fired generators licensed under US President George Bush were cleaner and safer distances from homes and schools than what TransCanada proposes.

In 2009 Council unanimously enacted an interim control by-law. We held up any power plants over 10 megawatts from being built in Oakville until the appropriate planning rules for locating these facilities could be developed by our staff. The OMB upheld our by-law when TransCanada and Ford appealed it.

We unanimously extended the control by-law this year. Planning staff have worked hard on the Land Use Study on Power Generation and the proposed zoning and Official Plan amendments. We will consider that work at the Planning and Development Council meeting a week from today.

The environment has been this Council's priority for the entire term even before we heard of TransCanada. We made protection of woodland, marsh and green space high on our priority list throughout the course of our four-year term. A growing tree canopy and extensive green space continue to help improve Oakville's air quality.

When complete, our tree inventory will help us care efficiently and effectively for our urban forest. It will help us reach our unanimous goal of growing our tree canopy from 29% to 40%. So will our plan to combat the emerald ash borer. Our plan is one of the most innovative and aggressive in the province.

We have more trees to lose than many of our neighbouring communities. Trees clean our air, but they can't do the whole job. So our Council unanimously passed Oakville's (and Canada's) first by-law to protect the health of our citizens by regulating air pollution in Oakville.

A staff team led by the town's Director of Environmental Policy Cindy Toth and our Town Solicitor Doug Carr created this ground-breaking initiative. They are guiding its implementation, now. Their vision and dedication to this vital work has been for me, inspirational.

TransCanada has applied to Superior Court for an order to quash it. That case will be heard in December. The result is that we are severely limited in what we can say about TransCanada, since we are before the courts.

We continue to consult with key environmental groups on green initiatives within the town. Oakvillegreen. The Halton Environmental Network and its affiliated Solar Rooftops Project. The Oakville Community Centre for Peace, Ecology and Human Rights. Greentrans. Citizens for Clean Air and Transitions Oakville.

All of these organizations are working on behalf of the community to help lead us towards an improved standard of living and sustainably. Think of the global challenges facing us in the future. It's clear we need to learn to live regeneratively - and resiliently. It may be a long way to that goal, but we need to take steps now.

We are moving forward on that path with Oakville Hydro's installation of solar panels on the roof of Hydro's building. Oakville Hydro will now be able to assist businesses and residents to do the same. You get to sell power back to the Ontario power grid, too!

One of the first residents to install solar panels wrote to us last month with joy she didn't try to hide. "I've been paid!" she wrote. "Thank you all for your part in getting this accomplished over the past year and a half." She and others are helping to point more residents to the way to a more sustainable energy future.

We also benefitted by continuous improvement of public engagement in our community. We've innovated and expanded the ways we create and use public engagement to guide us. Public participation in 9 Mayor's Advisory Groups has strengthened my ability to offer advice and information to council, one of my key duties.

Private tree protection, led by resident, Glen Herring. A vision for Bronte, led by the Ward 1 councillors, Alan Johnston and Ralph Robinson. Recycling or reducing plastic bags and bottles, led by Ward 6 councillor, Max Khan. The economic potential of Creative Oakville, led by Ward 3 councillor Mary Chapin.

A lobbyist registry, led by Ward 1 councillor Alan Johnston. Natural trail standards, led by Ward 1 councillor Ralph Robinson. Sustainability, led by Ward 4 councillor Allan Elgar. Rooftop Solar power, led by Lisa Seiler and Hart Jansson, with Ward 4 councillor Roger Lapworth and Ward 1 councillor Alan Johnston.

Unifying public notification standards, led by Ward 2 councillor Cathy Duddeck. Ward 6 councillor Tom Adams represented us on the Association of Municipalities of Ontario sustainability committee and, as our budget chief, he guided implementation of PB2 to strengthen our fiscal management and he delivered two budgets to unanimous council support.

I thank you all for the way you enriched this term of Council above and beyond the call of duty. The Community Leaders Roundtable I created has also been invaluable to my work as Mayor. Leaders of Oakville's residents groups meet together with me monthly. We hear each other's concerns and exchange ideas seek solutions and we see how our town is greater than the sum of its parts.

Councillors Tom Adams, Keith Bird, Mary Chapin, Cathy Duddeck, Allan Elgar, Marc Grant, Alan Johnston, Max Khan, Jeff Knoll, Roger Lapworth, Fred Oliver, Ralph Robinson, and I have served the whole Oakville community together now for four years. Councillor Adams and I never missed a council meeting. No one missed very many.

Some of us have served our community for many terms, such as Councillors Bird, Oliver and Robinson. Some of us are finishing our first terms. Councillor Oliver, his last. All of us made this term count. This term, we have paid attention to each of Oakville's parts and how they work together. We have preserved and protected what makes Oakville great and we cherish.

We have prepared a way for those who will follow. And we moved the town forward toward a more livable future. Next month, you the voters will give us your verdict on our work together. For now, I reflect on something Casey Stengel said. "Gettin' good players is easy", the master coach said, "gettin' 'em to play together is the hard part."

You, the residents and voters of Oakville, chose the players of this team four years ago. The players you chose for this Council worked together very well for the benefit of the community as a whole. I congratulate you, Oakville, for your good choices.

Many of you have told me how much you appreciate our success over these four years. We have made good progress together on our vision of creating in Oakville the most livable town in Canada. Our economy is strong. Our town is poised for ever greater success.

Tomorrow belongs to those who prepare for it today. This is what we on this Council have done with our term. I thank you and I thank Council for having been able to help you get what you wanted done. We've shown that when we all work together with our best interests with creativity and with imagination, our direction is onward and upward! Thank you very much for your time and attention.

[Our Vision: To be the most livable town in Canada](#)

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