

Hydro One Networks Inc.

8th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-5700
Fax: (416) 345-5870
Cell: (416) 258-9383
Susan.E.Frank@HydroOne.com



Susan Frank

Vice President and Chief Regulatory Officer
Regulatory Affairs

BY COURIER

January 21, 2011

Ms. Kirsten Walli
Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON.
M4P 1E4

Dear Ms. Walli:

EB-2010-0345 – Niagara West Transformation Corporation Transmission Revenue Requirement Application – Hydro One Networks Inc. Interrogatory Questions

I am attaching two (2) copies of Hydro One Networks ("Hydro One") interrogatory questions on Niagara West Transformation Corporation Transmission's Evidence. A copy of this cover letter and the attached interrogatory questions have been filed in text-searchable electronic form through the Ontario Energy Board's Regulatory Electronic Submission System and the confirmation slip is also enclosed.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

c. Ms. Karen Bubish, Niagara West Transformation Corporation

Niagara West Transformation Corporation
Application EB-2010-0345

Hydro One Networks Inc. Interrogatory Questions

1. Preamble: In the Board's Decision and Order in RP-2004-0139/EB-2004-0219 dated March 28, 2005 it states that Niagara West Transformation Corporation (NWTC) is authorized to collect \$1.50/kW for the transformation service provided by the transformer station incremental to the existing load provided by Hydro One Networks, effective March 12, 2004.
 - a) Is there an agreement between NWTC and the party, or parties, from whom the service charge is collected? If so, please provide a copy of the agreement.
 - b) How has NWTC interpreted "the existing load provided by Hydro One Networks, effective March 12, 2004"?
 - c) What are the values of the charge determinants for 2006 to 2010 that have been used for determining the amounts NWTC has collected for transformation service charge in those years?
2. Preamble: On page 2 of the Board's Decision and Order in RP-2004-0139/EB-2004-0219 dated March 28, 2005 it states that "The base load for the purpose of determining the incremental transformation connections service is defined as the load above Base Load Trigger Point: for Grimsby, the Base Load Trigger Point is 19.274 MW; and for Peninsula West, the Base Load Trigger Point is 42.256 MW."
 - a) Does NWTC consider the Base Load Trigger Points referenced above the base values to be used for determining the incremental transformation connection service for which NWTC is allowed to collect its authorized charge of \$1.50/kw?
 - b) If the response to a) is no, why not?
 - c) If the response to a) is no, what are the base loads values that have been used to determine the incremental load for the purposes of calculating the transformation connection service charges.
3. Please clarify whether the load values shown in Table 4 at page 16 of the pre-filed evidence for EB-2010-0345 is for the total load supplied to Niagara West TS or only the incremental load supplied by NWTC to its connected customers?
4. Could NWTC please provide a copy of the correspondence of February 24, 2005 referenced on page 2 of the Board's Decision and Order in RP-2004-0139/EB-2004-0219.
5. Preamble: On page 4 of the Application, item 8 states that "The persons affected by this application are the ratepayers of NWTC's transmission transformation connection rate which **include** [emphasis added] Grimsby Power Incorporated and Niagara Peninsula Energy Inc. Since NWTC expects the provincial Uniform

Transmission Transformation Connection Rate will not change no other ratepayers should be impacted.”

- a) Are there any other entities besides Grimsby Power and Niagara Peninsula Energy that pay the \$1.50/ kw transformation connection charge to NWTC? If so, please specify who they are.
 - b) Please confirm that currently NWTC is a transmission customer of Hydro One Networks and that NWTC takes delivery of power from the transmission grid at the Niagara West TS delivery point.
 - c) Please confirm that NWTC, as a transmission customer, currently pays Network Service and Line Connection Service charges for transmission services provided to the delivery point at Niagara West TS.
 - d) Please confirm that if the Application is approved, as a participant in the provincial transmission rate pools, NWTC would no longer be the transmission customer and instead Grimsby Power Inc. and Niagara Peninsula Energy Inc. would be considered the transmission customers for the purpose of levying Uniform Transmission Rates.
 - e) Please confirm that if the Application is approved, Grimsby Power and Niagara Peninsula Energy would be considered transmission customers, and each would be individually responsible for paying their Network, Line Connection and Transformation Connection service charges applicable under the Uniform Transmission Rate Schedules.
6. Would NWTC consider it an acceptable alternative to be permitted to collect the currently applicable Network Transformation Connection Service rate of \$1.77/kw from its connected customers and not be included in the determination of the Uniform Transmission Rates determination, similar to the situation that has existed since the Board’s Decision and Order in RP-2004-0139/EB-2004-0219 issued March 28, 2005? If not, please explain why not.
7. a) Can NWTC confirm that one of the reasons Grimsby Power and Peninsula West Utilities (now Peninsula Energy) originally chose to build, own and operate Niagara West TS was because it was seen as more economically beneficial to their end-use customers than having to pay Transformation Connection charges at the provincial Uniform Transmission Rate?
- b) Please confirm that the 2011 equivalent rate for NWTC to provide transformation service is \$1.94/kw (revenue requirement of \$838,672 divided by charge determinant of 432,175 kw).
- c) Please indicate whether NWTC continues to believe that it is more economical to self-provide transformation services rather than receive this service from Hydro

One, given the difference between the pool rate of \$1.77 and NWTC's equivalent rate of \$1.94?

- d) Please indicate whether NWTC's customers have been advised that NWTC's service is more expensive than the pool alternative? Please explain why it is appropriate for the pool to subsidize NWTC's higher equivalent cost of service than the pool cost of service, if NWTC's proposal to be added to the pool is approved?
8. What is the change in circumstances from when the Board issued its Decision and Order in RP-2004-0139/EB-2004-0219 that leads NWTC to believe that it is now appropriate that they be included in the determination of Uniform Transmission Rates?
 9. What is the distinction that NWTC sees between its situation and that of existing Local Distribution Companies that have built, own and operate their own transformation station(s)?
 10. Please confirm that NWTC is governed by the Transmission system Code and the obligations that it places on transmitters.
 11. Does NWTC have Board-approved connection procedures for processing requests to connect to its transmission system or to modify existing connections, as required by Section 6.1.3 of the Transmission System Code? If so, please provide a copy of the latest version of these, or a reference to where these may be accessed by connecting customers.
 12. (a) Please outline the process that would be used to assign connection cost responsibility for an entity wishing to connect generation to the distribution system of one of the distributors served by NWTC..
 - (b) Specifically, who would bear costs incurred for upgrades to the transmission system, and what process, mechanism and rules would be used with respect to recovering such costs?
 - (c) What mechanism would apply in the event that a second entity were to seek connection to the distribution system served by the previously-upgraded transmission assets.
 - (d) What technical assessments would need to be performed to support the proposed connection generation as described in part (a), and by whom?