



February 8, 2011

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27th Fl.  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Hydro One Network Inc. ("HONI") Interrogatories  
Application by Niagara West Transformation Corporation ("NWTC") for 2011  
Electricity Transmission Rates  
Board File No. EB-2010-0345**

Enclosed please find NWTC's responses to the interrogatories filed by HONI in the above noted proceeding.

The interrogatory responses are being filed through the Board's web portal and also sent to you and the parties below by e-mail.

Should there be any questions, please do not hesitate to contact me.

Yours truly,

Karen Bubish  
Vice President, Administration  
Niagara West Transformation Corporation

Cc: Carl Burrell – IESO  
Susan Frank – HONI  
Edik Zwarenstein - OEB

**Niagara West Transformation Corporation ("NWTC")**

**Responses to**

**Hydro One Networks Inc. ("HONI")**

**Interrogatories Regarding**

**Niagara West Transformation Corporation  
2011 Electricity Rates for  
Transmission Transformation Connection Service**

**EB-2010-0345**

**February 8, 2011**

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?

**Response:**

- a) There is no official written agreement between NWTC and Grimsby Power Inc. ("GPI") and Niagara Peninsula Energy Inc. ("NPEI") for the transformation service that NWTC provides to these parties.
- b) It is NWTC's understanding that "the existing load provided by Hydro One Networks, effective March 12, 2004" relates to the base load trigger point. However, please refer to response to OEB Staff 1d for NWTC's understanding of how the operational and financial agreements associated with the base load trigger points are addressed amongst the parties.
- c) 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 is as follows.

kWs	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual
Grimsby Power Inc	247,735	255,774	251,702	246,436	247,060
Niagara Peninsula Energy Inc	124,405	184,085	181,590	176,938	197,787
Total	372,140	439,859	433,292	423,374	444,847

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.

**Response:**

- a) Please refer to response to OEB Staff 1d.
  - b) Please refer to response to OEB Staff 1d.
  - c) Please refer to response to OEB Staff 1d.
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?

**Response:**

Please refer to response to OEB Staff 1d

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.

**Response:**

NWTC has searched its files and has been unable to locate 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.

**Response:**

- a) There are no other entities besides GPI and NPEI that pay the \$1.50/ kw transformation connection charge to NWTC.
- b) Currently NWTC is a transmission customer of Hydro One Networks and takes delivery of power from the transmission grid at the Niagara West TS delivery point.
- c) NWTC does not pay Network Service and Line Connection Service charges for transmission services provided to the delivery point at Niagara West TS. These charges are directly paid for by GPI and NPEI.

- d) Please see response to OEB Staff IR 25a. As a result, it is NWTC's understanding that it will remain as a transmission customer of Hydro One Networks.
  - e) Please see response to part c).
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.

**Response:**

Please see response to OEB Staff IR 25a.

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?

**Response:**

- a) NWTC confirms 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 a more economical alternative.
- b) NWTC confirms the calculations as presented are correct.
- c) Please see response to OEB Staff IR 25a
- d) Not applicable.

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?

**Response:**

Please see response to OEB Staff IR 25a

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)?

**Response:**

The distinction that NWTC sees between its situation and that of existing Local Distribution Companies (LDCs) that have built, own and operate their own transformation station(s) is NWTC has a electricity transmitter licence, the referenced LDCs do not have such a licence. In addition, On September 29, 2010, NWTC filed an application with the Board under section 60 of the Ontario Energy Board Act, 1998 for renewal of its electricity transmitter licence (EB-2010-0294). The application by NWTC to renew its electricity transmitter licence was granted on December 24, 2010 and was effective to December 23, 2030.

10. Please confirm that NWTC is governed by the Transmission system Code and the obligations that it places on transmitters.

**Response:**

NWTC confirms that it 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.

**Response:**

A connection procedures for processing requests to connect to NWTC transmission system is not required since NWTC does not have any plans to modify existing connections or have any additional capacity to connect additional load.

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?

**Response:**

- a. If embedded generation is to be connected to either of the LDC's fed by NWTC the LDC involved will undertake a Connection Impact Assessment ("CIA") for FIT. If such embedded generator effects NWTC, NWTC would also complete a CIA. Engineering on behalf of NWTC is undertaken by NPEI and/or an outside electrical consulting engineer. Such work on behalf of NWTC is charged to either LDC who would claim such costs from the generator. Should the FIT program be approved all station costs at NWTC would be charged to the appropriate LDC as would be the case for a Micro FIT if changes are required to NWTC equipment.
- b. Any costs incurred by the LDC's for transmission system changes are born by the LDC as all feeders from the 27.6kV feeder breakers are installed and owned by the LDC.



- c. In the event that a second entity were to seek connection to the distribution system served by the previously-upgraded transmission assets, the LDC would be responsible for this connection and all costs associated with the connection, including any cost to NWTC for changes/additions to the station equipment.
- d. Technical assistance is provided by NPEI. In the event such assistance is outside NPEI's scope NWTC would engage an outside electrical engineering company such as One Line Engineering, Raven Engineering, AMEC or SMI Group to name but a few companies capable of such work.