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Director – Regulatory Compliance
Regulatory Affairs

BY COURIER

December 5, 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-2011-0361 – Goldcorp - Red Lake Gold Mines' Application to Amend the Obligation to Pay Bypass Compensation – Hydro One Networks Inc. Evidence

In accordance with Procedural Order 1, issued by the Board on November 25th, 2011, I am attaching Hydro One Networks' evidence in relation to the Motion for interim relief in the above-mentioned proceeding.

An electronic text-searchable Acrobat electronic version of this evidence has been submitted using the Ontario Energy Board's Regulatory Electronic Submission System and the confirmation of successful submission slip is provided with this letter.

Sincerely,

ORIGINAL SIGNED BY ODED HUBERT

Oded Hubert

- c. Mr. Curtis Pedwell, Goldcorp – Red Lake Mines (electronic).
- Mr. Ian A. Blue, Q.C., Gardiner Roberts LLP (electronic)
- Mr. Brian Dominique, Cassels Brock and Blackwell LLP (electronic)
- EB-2011-0361 Intervenors (electronic)

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S. O. 1998, c. 15, Schedule B, as amended;

AND IN THE MATTER OF the Ontario Energy Board's *Transmission System Code* dated June 10, 2010;

AND IN THE MATTER OF the obligation of Goldcorp Canada Ltd. and Goldcorp Inc. to pay bypass compensation to Hydro One Networks Inc. pursuant to the Transmission System Code.

**REPLY EVIDENCE AND SUBMISSIONS OF
THE INTERVENOR HYDRO ONE NETWORKS INC.
REGARDING GOLDCORP'S MOTION FOR AN INTERIM ORDER**

The intervenor Hydro One Networks Inc. ("Hydro One") submits this reply evidence and these submissions in response to Goldcorp's request to the Board for the following interim order:

"...an order, under paragraph 7.1 of HONI's Electricity Transmission Licence and under HONI's implied obligation not to enforce any requirement that is contrary to the Act, that pending final determination of this application HONI shall work cooperatively with Goldcorp in good faith and with all dispatch to complete all analyses and negotiations to tie-in and energize GL-1 prior to Q1 2012."

1. Hydro One states that the primary subject matter of Goldcorp's Application EB-2011-0361 is the seeking of a declaration that ss. 4.1.3, 6.7.6, 6.7.7 and 11.2 of the Transmission System Code (the "TSC") are *ultra vires* the *Ontario Energy Board Act, 1998*, as amended (the "Act"), so that Goldcorp will not be required to pay an estimated \$8 to \$11 million in bypass compensation mandated by the TSC regarding Goldcorp's proposed bypass of existing transmission facilities at Red Lake.

2. Hydro One notes that Goldcorp has been in discussions with Hydro One on two separate matters — one of which pertains to bypass compensation in relation to an *existing connection facility*, and the other pertaining to a *new or modified connection facility*.

3. Hydro One states that Goldcorp's Application to the Board regarding its proposed bypass of existing transmission facilities has no bearing whatever on Hydro One's efforts, cooperation, or timeliness to enable the connection of Goldcorp's proposed new transmission facility.

4. Hydro One states that it has dealt with Goldcorp's request for connection as Hydro One would with any other such customer request, and has therefore worked in good faith and in accordance with the provisions of its Electricity Transmission Licence, the TSC and Hydro One's Board-approved Transmission Connection Procedures (collectively, "the relevant regulatory requirements"), regarding the connection of Goldcorp's new facility.

5. Hydro One states that, contrary to Goldcorp's allegations, there has been no delay whatever on Hydro One's part. Hydro One states that it is Goldcorp that has not moved with dispatch regarding the proposed connection to Hydro One's facilities, in particular by virtue of Goldcorp's timing in finalizing the required load forecast and providing it to Hydro One. Furthermore, the power factor was not provided to Hydro One until November 16, 2011. Hydro One is now in the process of finalizing the Connection and Cost Recovery Agreement ("CCRA") and will be submitting it to Goldcorp for review. Once Hydro One receives confirmation from Goldcorp, the CCRA can be finalized and executed. Hydro One further states that Goldcorp's proposed new facility will be connected in due course, in accordance with the relevant regulatory requirements and Hydro One's normal processes and timelines.

6. Hydro One states that the following additional allegations, made by Goldcorp in support of its motion, are without basis:

(a) Hydro One demanded funding of \$25,000 for a review of the engineering design done by Goldcorp's consultant and \$15,000 for a review of an environmental study report; and

(b) the implication that Hydro One has demanded to be paid for services for which it is not entitled to charge.

7. The facts are that the charges that Goldcorp notes in their evidence were levied for additional services that were initiated at the request of Goldcorp. Goldcorp's consultant asked Hydro One to perform a preliminary line design compatibility review of the consultant's engineering design for the new 10.7-km customer-built transmission line to ensure its acceptability for future transfer to Hydro One. Hydro One estimated the cost of the work at \$40,000, comprising review of line design (\$25,000) and review of environmental assessment documentation (\$15,000). Hydro One even offered to reduce the \$40,000 fee to \$25,000 by not reviewing the environmental assessment documentation, though Hydro One pointed out to Goldcorp that both reviews would eventually need to be done, meaning that any work done would save on the amount of work necessary to be performed at the final design review and Confirmation of Verification Evidence Report (COVER) process when Goldcorp's facility nears completion.

8. Hydro One submits that, notwithstanding Goldcorp's allegations, this proceeding — whose primary purpose is to save Goldcorp the TSC-mandated bypass charges of approximately \$8 to \$11 million and instead visit the corresponding costs on Ontario ratepayers — is not the appropriate way for those concerns to be raised.

9. Hydro One therefore submits that Goldcorp's motion for interim relief is not only without factual or legal basis, but is also inappropriate to be dealt with in this proceeding.

December 5, 2011

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