



EB-2006-0215

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

AND IN THE MATTER OF an Application by Hydro
One Networks Inc., for an Order or Orders granting
Leave to construct Transmission Facilities in the City
of Brampton.

BEFORE: Pamela Nowina
Presiding Member and Vice Chair

Paul Sommerville
Member

Bill Rupert
Member

DECISION AND ORDER

Hydro One Networks Inc. (the “Applicant” or “Hydro One”) has filed an application with the Ontario Energy Board, (the “Board”) dated September 29, 2006 under section 92 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B (the “Act”), seeking an order of the Board for leave to construct electricity transmission reinforcement facilities in the City of Brampton. The application was assigned Board file no. EB-2006-0215.

The proposed facilities include the extension of the 230 kilovolt (kV) circuits V72R and V73R approximately 4.2 km from Cardiff Transformer Station ("TS") to the Pleasant tap off of the 230kV circuits R21T and R19T. The new V72R/V73R section will be connected to the existing R21T/R19T Pleasant tap. Four in-line circuit breakers will be installed at a new switching station ("SS") to be called Hurontario SS (the "proposed facilities"). The proposed facilities are located on land designated for utility use on the Parkway Belt and do not require the acquisition of any additional land or land rights. Hydro One proposes an in-service date for the new Hurontario SS and the new 230kV transmission line of May 2009.

On October 16, 2006, the Board issued a Notice of Application and Hearing (the "Notice"). In the Notice, the Board indicated that it intended to proceed by way of a written hearing unless a party satisfied the Board that there was a good reason to hold an oral hearing. The Notice was published and served by Hydro One as directed by the Board.

The Independent Electricity Service Operator ("IESO") sought intervenor status in this proceeding and status was granted. No party requested an oral hearing and the Board proceeded by way of written hearing.

On November 23, 2006 the Board issued Procedural Order No. 1, making provision for interrogatories to be submitted by November 30, 2006 and responses to be provided by December 7, 2006. Interrogatories were filed by Board staff and responses were received from the Applicant by the specified dates.

Evidence and Board Findings

The stated purpose of the proposed facilities is to address the quality of electricity service and local reliability needs in the western part of the Greater Toronto Area (“GTA West”), which represents more than 2,600 MW of load or about 10% of the province’s total load. The new facilities will provide relief to the network transmission lines connecting Trafalgar TS to Richview TS. They will also limit load losses at any point on the lines affecting consumers in Western Brampton and Northern Mississauga areas, and will reduce Ontario system losses by 4 MW.

Project Need

The Applicant filed a significant amount of evidence on the issue of need, as summarized below.

The evidence states that the proposed facilities are consistent with the Ontario Power Authority’s longer term plan for the area, in that the facilities will also provide additional capacity for future east-west transmission line expansions to increase transfer capacity into the Toronto area, from the west, and to accommodate future load growth in the GTA West beyond the next ten-year horizon.

The need for this project was identified by the IESO in its March 31, 2003 *Ten-Year Outlook*. The need for transmission enhancements in GTA West was repeated by the IESO in the June 2006 edition of *The Ontario Reliability Outlook*. The GTA West Supply Study, a joint utility planning study completed February 16, 2006 by the five local distribution companies (“LDCs”) that have customers within the GTA West and Hydro One, confirmed the need to reinforce the transmission system in the GTA West and identified the need to upgrade several transformer stations in order to satisfy the high load growth in the area.

The evidence establishes that the project also:

1. limits load loss to 500 MW for an outage of a double circuit line; and
2. relieves R19T/R21T circuits out of Trafalgar TS.

The Board finds that the need for the Hurontario Station and Transmission Line Reinforcement Project has been demonstrated through the evidence provided by Hydro One.

Filing Requirements for Transmission and Distribution Applications

The Board is satisfied that the Board's Filing Requirements for Transmission and Distribution Applications, November 14, 2006 ("Filing Requirements") have been met except for the filing of a Customer Impact Assessment (CIA). As an alternative to the CIA, the applicant has provided the GTA West Supply Study, described previously in these Reasons.

The Board is satisfied that all information has been provided that would normally have been provided by a CIA.

Impact of Project on Reliability of Supply

A finalized System Impact Assessment ("SIA") dated September 25, 2006 was included in the pre-filed evidence. This document confirms the need for this project and indicates that Hydro One's proposed transmission solution is adequate and does not adversely impact the IESO-controlled grid.

The IESO has included its requirements in the SIA which must be met in completing the project. The applicant has committed to meeting these requirements.

The Board finds that the project will have a positive impact on the reliability of supply.

Land Rights

Hydro One's pre-filed evidence states that the proposed facilities will be located on lands for which Hydro One has an existing easement. Hydro One submitted that it is constructing the facilities totally within existing easement rights.

The evidence states that the easement lands are part of the Parkway Belt West Hydro One easement corridor that the province set aside for the building of transmission infrastructure. There is only the one owner: the Ministry of Public Infrastructure Renewal, the title holder assigned from the Ministry of Government Services.

Environmental Assessments

On September 26, 2006, Hydro One requested a Declaration Order from the Ministry of Environment under section 3.2 of *Environmental Assessment Act* ("EAA"). In a letter dated December 5, 2006, Ministry staff advised it could not recommend that the Minister grant Hydro One the Declaration Order. The letter, stated:

Generally, Declaration Orders are considered when the application of the EAA may cause injury, damage or interference to any person or property. Given this, Hydro one has not provided sufficient rationale to support the need for a Declaration Order.

As a result, Hydro One initiated the Class Environmental Assessment process once the letter of December 5, 2006 was received from Ministry staff. The Board notes that the 30-day review period for the draft Environmental Study Report has not been completed.

Approval of the project is conditional upon satisfying the requirements in Appendix "A" which contains the Board's Conditions of Approval. The Board has included a section under the "Environmental Assessment Act Requirement" that must be followed by Hydro One.

Project Costs and Impact upon Ratepayers

Construction costs were compared with other similar transmission project costs that the applicant has recently undertaken and the Board is satisfied that the costs associated with the current project are in line with those other projects undertaken by Hydro One, and on this basis the Board is prepared to accept Hydro One's cost estimate.

The Applicant advises that the project cost is estimated at \$42 million. The Line Connection pool and Transformer Connection pool revenue requirements are unaffected by the project. The maximum revenue deficiency related to the proposed facilities will be \$3.3 million in 2011. The Network pool rate will increase modestly from the current level of \$2.83 per MW per month to \$2.85 per MW per month, and will remain at that level until the following year (2012). Thereafter, the rate will decline in line with the depreciating assets and load growth such that by 2018 the rate will have returned to its initial level of \$2.83.

Hydro One estimates that the impact of the proposed facilities on the delivered cost of electricity for the typical Ontario residential customer consuming 1000kWh per month would be approximately 0.03% or 47 cents a year.

The Board is satisfied that the benefits of the project justify the amount which will be charged to ratepayers as a result of this project.

Conclusion

Based on the evidence provided and the above findings, the Board has determined that the construction of the proposed facilities is in the public interest and that, in accordance with section 96(1) of the Act, an order granting leave to construct the Project should be made.

THE BOARD ORDERS THAT:

Leave to construct electricity transmission facilities is hereby granted to Hydro One subject to the Conditions of Approval attached as Appendix "A" to this Order. The facilities include the extension of the 230kV circuits V72R and V73R approximately 4.2 km from Cardiff TS to the Pleasant tap off of the 230kV circuits R21T and R19T. The new V72R/V73R section will be connected to the existing R21T/R19T Pleasant tap. Four in-line circuit breakers will be installed at a new switching station to be called Hurontario SS.

DATED at Toronto, January 31, 2007

ONTARIO ENERGY BOARD

Original Signed By

Peter H. O'Dell
Assistant Board Secretary

APPENDIX A
TO BOARD DECISION AND ORDER
IN THE MATTER OF EB-2006-0215
DATED January 31, 2007

CONDITIONS OF APPROVAL

APPENDIX A
CONDITIONS OF APPROVAL
EB-2006-0215
HYDRO ONE NETWORKS INC.
HURONTARIO STATION AND TRANSMISSION LINE REINFORCEMENT
PROJECT

1 General Requirements

- 1.1 Hydro One Networks Inc. ("Hydro One") shall construct the facilities and restore the land in accordance with its application, evidence and undertakings, except as modified by this Order and these Conditions of Approval.
- 1.2 Unless otherwise ordered by the Board, authorization for Leave to Construct shall terminate April 30, 2008, unless construction has commenced prior to that date.
- 1.3 Except as modified by this Order, Hydro One shall implement all the recommendations of the Environmental Study Report filed in the pre-filed evidence.
- 1.4 Hydro One shall advise the Board's designated representative of any proposed material change in the project, including but not limited to changes in: the proposed route; construction techniques; construction schedule; restoration procedures; or any other impacts of construction. Hydro One shall not make a material change without prior approval of the Board or its designated representative. In the event of an emergency the Board shall be informed immediately after the fact.
- 1.5 Hydro One shall obtain all necessary approvals, permits, licences, certificates and easement rights required to construct, operate and maintain the proposed project, shall provide copies of all such written approvals, permits, licences and certificates upon the Board's request.

2 Project and Communications Requirements

- 2.1 The Board's designated representative for the purpose of these Conditions of Approval shall be the Manager, Facilities.
- 2.2 Hydro One shall designate a person as project engineer and shall provide the name of the individual to the Board's designated representative. The project engineer will be responsible for the fulfilment of the Conditions of Approval on the construction site. Hydro One shall provide a copy of the Order and Conditions of Approval to the project engineer within ten (10) days of the Board's Order being issued.
- 2.3 Hydro One shall give the Board's designated representative ten (10) days written notice in advance of the commencement of construction.
- 2.4 Hydro One shall furnish the Board's designated representative with all reasonable assistance needed to ascertain whether the work is being or has been performed in accordance with the Board's Order.
- 2.5 Hydro One shall develop, as soon as possible and prior to start of construction, a detailed construction plan. The detailed construction plan shall cover all activities and associated outages and also include proposed outage management plans. These plans should be discussed with affected transmission customers before being finalized. Upon completion of the detailed plans, Hydro One shall provide five (5) copies to the Board's designated representative.
- 2.6 Hydro One shall furnish the Board's designated representative with five (5) copies of written confirmation of the completion of construction. This written confirmation shall be provided within one month of the completion of construction.

3 Monitoring and Reporting Requirements

- 3.1 Both during and after construction, Hydro One shall monitor the impacts of construction, and shall file five (5) copies of a monitoring report with the Board within fifteen months of the completion of construction. Hydro One shall attach to the monitoring report a log of all complaints related to construction that have been received. The log shall record the person making the complaint, the times of all complaints received, the substance of each complaint, the actions taken in response, and the reasons underlying such actions.
- 3.2 The monitoring report shall confirm Hydro One's adherence to Condition 1.1 and shall include a description of the impacts noted during construction and the actions taken or to be taken to prevent or mitigate the long-term effects of the impacts of construction. This report shall describe any outstanding concerns identified during construction and the condition of the rehabilitated land and the effectiveness of the mitigation measures undertaken. The results of the monitoring programs and analysis shall be included and recommendations made as appropriate. Any deficiency in compliance with any of the Conditions of Approval shall be explained.
- 3.3 Within fifteen (15) months of the completion of construction, Hydro One shall file with the Board a written Post Construction Financial Report. The report shall indicate the actual capital costs of the project with a detailed explanation of all cost components and shall explain all significant variances from the estimates filed with the Board.

4 Environmental Assessment Act Requirements

- 4.1 Hydro One shall comply with any and all requirements of the Environmental Assessment Act relevant to this application.
- 4.2 Hydro One shall advise the Board promptly if it is unable to resolve any questions and/or comments arising out of the public and agency review of

the Draft Environmental Study Report scheduled to occur between January 5 and February 5, 2007 (“question and/or comments”), and provide the Board with copies of the questions and/or comments and Hydro One’s response to them.

- 4.3 Hydro One shall advise the Board promptly if a stakeholder makes a written request to the Minister of the Environment (the “Minister”) for an Individual Environmental Assessment as outlined in Part II of the Ontario Environmental Assessment Act (the “request”), and provide the Board with a copy of the request, any response made by Hydro One and any correspondence received from the Minister to the request. Hydro One shall keep the Board apprised of the outcome of the request.