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BY E-MAIL

January 23, 2015

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

Dear Ms. Walli:

**Re: Board Staff Interrogatories
Applications by Grimsby Power Inc. and Niagara West Transformation Corporation
EB-2014-0344**

In accordance with Procedural Order No. 1, please find attached Board Staff's interrogatories with respect to the above referenced applications.

Yours truly,

Original signed by

Judith Fernandes
Project Advisor
Applications Division

Attachment

cc: All Parties to the Proceeding



Board Staff Interrogatories

APPLICATION BY GRIMSBY POWER INC. AND NIAGARA WEST TRANSFORMATION CORPORATION FOR LEAVE TO AMALGAMATE AND CONTINUE AS GRIMSBY POWER INC.

APPLICATION BY GRIMSBY POWER INC. AND NIAGARA WEST TRANSFORMATION CORPORATION FOR A DETERMINATION THAT THE NIAGARA WEST TRANSFORMATION CORPORATION TRANSMISSION SYSTEM IS DEEMED TO BE A DISTRIBUTION SYSTEM

APPLICATION BY GRIMSBY POWER INC. AND NIAGARA WEST TRANSFORMATION CORPORATION FOR APPROVAL FOR GRIMSBY POWER INC. TO CHARGE NIAGARA PENINSULA ENERGY INC., THE BOARD-APPROVED NIAGARA WEST TRANSFORMATION CORPORATION'S TRANSMISSION RATE AS A DISTRIBUTION RATE FROM COMPLETION OF THE PROPOSED TRANSACTION UNTIL THE AMALGAMATED DISTRIBUTOR'S NEXT REBASING

APPLICATION BY GRIMSBY POWER INC. AND NIAGARA WEST TRANSFORMATION CORPORATION FOR APPROVAL FOR GRIMSBY POWER INC. TO CHARGE ITS CUSTOMERS OTHER THAN NIAGARA PENINSULA ENERGY INC., A RETAIL TRANSMISSION RATE THAT INCLUDES THE INCREMENTAL CONTRIBUTION OF THE NIAGARA WEST TRANSFORMATION TRANSFORMER STATION ASSETS AS IF THEY WERE PART OF THE REVENUE REQUIREMENT UNTIL THE AMALGAMATED DISTRIBUTOR'S NEXT REBASING

APPLICATION BY GRIMSBY POWER INC. AND NIAGARA WEST TRANSFORMATION CORPORATION FOR CANCELLATION OF NIAGARA WEST TRANSFORMATION CORPORATION'S TRANSMISSION LICENCE, UPON COMPLETION OF THE PROPOSED TRANSACTION.

EB-2014-0344

January 23, 2015

INTERROGATORY NO. 1

Reference: Application Form, Section 1.3.1, Page 4 of 17:

NWTC's transformation station is located in the Township of West Lincoln and consists of:

- A transformer station with connection to Hydro One Networks Inc.; and
- Transmission Lines Q23BM and Q25BM to supply power to the two local distribution companies – GPI and NPEI located at 3021 Regional Road #12, Grassie, Ontario.

- 1.1 Please confirm whether the transmission assets described above lie solely in Grimsby Power Inc.'s (GPI) service area or if some of the transmission assets also lie in Niagara Peninsula Energy Inc.'s (NPEI) service area. Please provide a detailed description of whose service area each of the above mentioned transmission assets lies in.
- 1.2 If some of the transmission assets lie outside GPI's service area, please confirm whether GPI is also seeking a modification of its electricity distribution licence extending its authority to operating these transmission assets (which the applicants have requested be deemed distribution assets).

INTERROGATORY NO. 2

Reference: Application Form, Section 1.6.3, Page 11 of 17:

Through the amalgamation described herein, the NWTC assets will be fully integrated with GPI's distribution assets to ensure the safe and secure operations and system integrity of the NWTC assets and the GPI distribution system as a whole. The acquisition will not adversely affect operational safety or system integrity.

- 2.1 Please indicate the expected length of time that will be required to fully integrate the Niagara West Transformation Corporation (NWTC) transmission assets with GPI's distribution assets.
- 2.2. Please describe GPI's plans to ensure the safe and secure operations and system integrity of transmission assets and GPI's distribution system as a whole:
 - a) Please describe the current arrangements for the maintenance and operation of the transmission assets. Please confirm whether this is currently managed

through a maintenance contract with any external company or whether this is managed internally by staff of NWTC.

- b) Please confirm whether GPI will (a) continue with an external maintenance contract, if any; (b) retain NWTC staff who are presently directly involved in the operation and maintenance of the transmission assets; (c) hire/dedicate additional staff to ensure the safe and secure operations of the transmission assets, in particular, and the maintenance of the overall system integrity of GPI's distribution system.

INTERROGATORY NO. 3

Reference: Application form, Section 1.6.2.6, page 10 of 17, "Distribution Cost Analysis"
Application form, Section 1.6.2.8, page 10 of 17

Board staff notes that the applicants have estimated an increase of 25.3% in charges to NPEI resulting from the proposed amalgamation. This consists of the impact of recovery of current OM&A and debt servicing costs for NWTC; recovery of the full allowed return on equity for NWTC; and a change in the allocation of the NWTC costs from the current 42% NPEI/58% GPI to a proposed 50%/50% basis.

- 3.1 Please provide an estimate of the increase in cost to NPEI based on the current 42%/58% ratio of NWTC costs.
- 3.2 Have the applicants undertaken any consultation with NPEI regarding the cost allocation and rate design proposal for the Embedded Distributor class?
- 3.3 If no consultation has taken place with NPEI, do the applicants propose to undertake any consultation with NPEI prior to the 2016 cost of service application? If not, please explain.