



April 2, 2015

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

Dear Ms. Walli:

**Re: Hydro One's Supply to Essex County Transmission Reinforcement Project
EB-2013-0421 Phase 2
EnWin Interrogatories**

EnWin Utilities Ltd. ("EnWin") is an intervenor in the above noted proceeding.

Pursuant to Procedural Order No. 4, enclosed please find EnWin's interrogatories.

Yours very truly,

ENWIN Utilities Ltd.

A handwritten signature in blue ink, reading "Andrew J. Sasso". The signature is written in a cursive, flowing style.

Per: Andrew J. Sasso, BComm, LLB, LLM, AccDir
Director, Regulatory Affairs & Corporate Secretary

EnWin-1

Preamble

EnWin is interested in understanding the allocation of the costs of the project and the classification of the project components. Hydro One stated, "Sustainment projects are those for maintaining the performance of the transmission network at its current standard or replacing end of life facilities on a like for like basis."

"In conjunction with transferring the majority of the load from the existing Kingsville Station to the new Leamington TS,"

Reference

Exhibit B, Tab 1, Schedule 4, page 4, section 4.1, lines 15 to 17.

Exhibit B, Tab 1, Schedule 5, page 4, lines 20 to 25.

Questions

- (a) What is Hydro One's definition of like for like replacement?
- (b) To be a like for like replacement, does the replacement have to be at the same location as the original piece of infrastructure?
- (c) Assume a transformer at end of life is to be replaced by a new transformer that is larger than original transformer but serves the same load. Would Hydro One consider such replacement like for like? What portion of the such a replacement would be considered sustainment?
- (d) Does sustainment include bringing the performance of assets up to current transmission reliability standards?
- (e) What change to the economic analysis, and the contributions of the distributors, would result if the percentage of capacity of the Leamington TS that is to serve the load being shifted from Kingsville TS to Leamington TS was considered sustainment spending?
- (f) What change to the economic analysis, and the contributions of the distributors, would result if the end of life transformers at Kingsville TS were replaced like for like and at Leamington TS only the transformer capacity needed to satisfy near term (e.g. 5 year) load growth projections was constructed?
- (g) Would Hydro One support a phased construction of Leamington TS such that only (i) the transformers needed to replace like for like at Kingsville TS and (ii) the transformers needed to serve near term (e.g. 5 year) growth projects were constructed in order to reduce the bill impact to existing ratepayers?

EnWin-2Preamble

EnWin wishes to understand (i) the potential impact on distributors for cash flow obligations and rate base and (ii) Hydro One's position regarding the impact on rate base for Hydro One and impacted distributors of these types of projects. Hydro One indicated planning for the SECTR Project was underway since 2007 and that it purchased the lands for the Leamington TS in 2009. The project is scheduled to be in-service in 2018.

Reference

Exhibit B, Tab 4, Schedule 4, page 9.

Exhibit I-P1, Tab 1, Schedule 1.

Questions

- (a) Is the land for the Leamington TS in Hydro One's transmission rate base? If so, when was it included in rate base? If not, when is it scheduled to be included in rate base?
- (b) Is Hydro One seeking a contribution payment from the distributors? When would the contribution from the distributors be required by Hydro One?
- (c) When would distributors, including Hydro One, be permitted to collect the capital contribution from load customers?
- (d) Is it Hydro One's position that any contribution by a distributor would be included in the distributor's rate base? If so, what would be the accounting treatment by the distributor?
- (e) Would a "true-up" calculation be done for each distributor or for the aggregate demand/load provided? When would such calculation be done?

EnWin-3Preamble

EnWin seeks to understand the economic analysis and the principles underlying the analysis.

“In accordance with the beneficiary pays principle, the OPA proposes that the SECTR project costs should be allocated in proportion to what load customers and transmission ratepayers would respectively have had to contribute towards the combined cost of individual solutions...This in the OPA’s view, is a fair method of allocating the total project costs based on the beneficiary pays principle, as both load customers and transmission ratepayers realize cost savings.”

Reference

Exhibit B, Tab 4, Schedule 4, page 9, lines 18 to 20.

Questions

- (a) Does Hydro One agree with the OPA, now the IESO, position stated above in the quotation? Please explain why or why not.
- (b) Do load customers contribute to transmission revenues?
- (c) Confirm that Brighton Beach GS will have fewer constraints on generation with the completion of the SECTR Project.
- (d) Will Brighton Beach contribute any capital to the unlocking of capacity provided by the SECTR Project?
- (e) Will any other generator benefit from the SECTR Project?
- (f) Under the “beneficiary pays principle” are generators that have capacity unlocked by a transmission project considered to have benefitted from the project in the economic analysis? If so, to whom are the costs associated with those benefits allocated?

EnWin-4Preamble

Hydro One has described the SECTR Project as non-discretionary and has indicated the commencement of the SECTR project is contingent upon the Board endorsing the methodology as described in Exhibit B, Tab 4, Schedule 5.

Reference

Exhibit A, Tab 1, Schedule 1, page 3, paragraph 8.

Exhibit B, Tab 6, Schedule 2, Attachments.

Question

- (a) If the Board does not approve substantially the same allocation as is proposed by Hydro One, will Hydro One complete the SECTR project?
- (b) Under what statutory authority is Hydro One seeking approval of the cost allocation methodology?
- (c) Did Hydro One make the authors of the letters of endorsement aware of the proposed cost allocation prior to such letters being written? If so, please provide the information that was made available.
- (d) Has Hydro One received any customer feedback, from those who provided letters of endorsement or otherwise, on the SECTR project cost allocation? If so, please provide it.
- (e) If there has not been any consultation with customers in respect of the costs of the SECTR project, does Hydro One nevertheless take the position that customers support the project's value proposition? If so, please explain Hydro One's rationale for that position.

EnWin-5Preamble

Hydro One has identified that this project will address certain deficiencies pursuant to ORTAC.

Reference

Exhibit B, Tab 1, Schedule 4, page 5.

Exhibit B, Tab 1, Schedule 5, section 5.

Question

- (a) On what basis (e.g. contractual, statutory) is Hydro One subject to ORTAC?
- (b) Does ORTAC apply to Hydro One's service standards as a transmitter, distributor, or both?
- (c) Is the ORTAC standard any different in Windsor-Essex than elsewhere in Ontario? If so, how?
- (d) Are any other distributors in Windsor-Essex subject to ORTAC and, if so, in what ways and pursuant to what authority?
- (e) Please file any stakeholder submissions received by Hydro One in developing the SECTR project, the Integrated Regional Resource Planning process, or other customer consultations that cited the ORTAC deficiency.
- (f) If the load growth in the Leamington area had not materialized as set out in the application, did Hydro One have plans to remedy the ORTAC deficiency anyway? If so, please file those plans.

EnWin-6Reference

Exhibit B, Tab 4, Schedule 5, pages 6-8.

Question

- (a) Please file a “Summary of Cost Allocation Approach”, similar in format to that found on page 6 of the above noted reference, but that sets out the way or ways that cost allocation would have worked were SECTR being implemented under the “trigger” regime rather than the “beneficiary pays” regime.
- (b) In the proposed cost allocation approach at page 6 of the above noted reference, is there any provision for truing-up the allocation among distributors over time based on actual growth?
- (c) Please fill out the illustrative “Flow of Costs” and “Cost Responsibility Table” at page 8 of the above noted reference based on the application’s proposal.
- (d) What is Hydro One’s basis for determining that existing customers are “beneficiaries” of the SECTR project?