

OEB STAFF INTERROGATORIES
HYDRO ONE NETWORKS INC.
LEAVE TO CONSTRUCT APPLICATION
VANESSA - NORFOLK TRANSMISSION REINFORCEMENT PROJECT
BOARD FILE NO. EB-2008-0023

1.0 Project Need

References: (1) Exh. B, Tab 1, Sch. 4, Sections 2.1 and 2.2
(2) Exh. B, Tab 6, Sch. 3, Page 5

Preamble

Table 1 in Ref. 1 shows that the summer peak load on the two stations supplied from the existing 115 kV circuit between Vanessa Junction and Norfolk TS. The table shows that the total load exceeds the rating of the existing 115 kV line (86 MW) starting in 2010. Hydro One concludes that additional transmission capacity is needed to avoid this overload condition on the existing 115 kV circuit.

In addition to the capacity requirement mentioned above, Hydro One also states that a second circuit is proposed as a means to “mitigate reliability concerns”. For justification of this proposal Hydro One refers to the IESO’s statement in Ref (2) that according to “proposed IESO load supply guidelines”, load levels between 76 MW and 150 MW should be restorable by switching and that this can be achieved by installing a second 115 kV circuit.

Board Staff seeks clarification regarding the need for the second circuit and specifically, the criteria applied to establish the need.

Questions / Requests

- i. Please provide a copy of the “proposed IESO load supply guidelines” referenced in the preamble.
- ii. Since these “guidelines” are referred to as “proposed” in a report dated November 12, 2002, have the guidelines since been finalized and approved?
- iii. If the answer to (ii) is “no”, please provide the rationale for relying on the guidelines.
- iv. If the answer to (ii) is “yes”, please provide the rationale for recommending the addition of the second circuit based on “guidelines”, since the term “guidelines” seems to suggest that they are not mandatory.

2.0 Alternatives Considered

Reference: Exh. B, Tab 3, Sch. 1

Preamble

The evidence indicates that Hydro One (then Ontario Hydro) carried out a study in 1998 to develop a long term plan for electricity supply in Norfolk County. Three alternatives were considered in that study. It is indicated that stage I of the preferred alternative has already been implemented and that the proposed work that is the subject of this application is the next stage.

Questions / Requests

- i. Please provide a table showing the various projects that were implemented as part of stage 1, including brief descriptions of the projects, in-service dates and costs.
- ii. Does the current project complete the work of the preferred alternative from the 1998 study or are there additional stage(s) to be implemented?
- iii. Please provide details including timing and cost of any additional stage(s).

3.0 Project Economics and Cost responsibility

References: (1) Exh. B, Tab 4, Sch. 2
(2) Exh. B, Tab 4, Sch. 3
(3) Section 6.6 of the Transmission System Code

Preamble

The evidence indicates that the estimated total cost of the proposed project is \$3.58 million. Of this, \$2.792 million is for transmission line work which will be included in the Line Connection Pool and \$0.447 million is for transformation facilities which will be included in the Transformation Connection Pool. The remaining \$0.341 million is for the line tap to Bloomsburg MTS and associated facilities and will be funded 100% by Norfolk Power.

Ref (2) indicates that Hydro One carried out a 25-year Discounted Cash Flow (DCF) calculation for each pool based on the economic evaluation requirements of the Transmission System Code.

Ref (2) also indicates that the \$2.792 estimate for transmission line work is broken down as follows:

- | | |
|------------------------------|----------------|
| - Upgrading Existing Circuit | \$ 1.1 million |
| - Adding New Circuit | \$ 1.7 million |
| - Total | \$ 2.8 million |

Hydro One also indicates that:

- (i) the cost of upgrading the existing circuit (\$1.1 million) was assigned to customers for cost responsibility purposes. The DCF analysis shows that this will result in a customer contribution amount of \$0.5 million.
- (ii) the cost to add the new circuit (\$1.7 million) has been assigned to the line connection pool for cost responsibility purposes and has therefore been excluded from the DCF analysis.

Board staff seeks a better understanding of Hydro One's rationale for excluding the cost of adding the second circuit in the DCF analysis and thus requiring that the cost (\$1.7 million) be paid through rates by all transmission customers.

Questions / Requests

- i. Please explain Hydro One's rationale for assigning the cost of adding the second 115 kV circuit to the line connection pool even though the line is radial and supplies only two transmission customers. Also, please explain why this qualifies as an exception under 6.3.6 of the Transmission System Code.
- ii. Hydro One states that the addition of the second circuit was identified and planned for several years. To explore this further:
 - (a) Please provide details of the plan development including timing, activities, reports, approvals etc.
 - (b) What parties if any, other than Hydro One, were involved in the studies to identify need, alternatives and preferred plan?
 - (c) Were the studies/plan development carried out by Hydro One on its own initiative, or was it at the request of a third party? Please explain.
 - (d) If the studies/plan development were carried out by Hydro One on its own initiative, what triggered this?
- iii. If the Board were to decide that capital contributions are required for adding the second circuit, please provide an estimate of what the contribution amounts would be from the transmission customers involved including details of calculation.

4.0 System Impact Assessment (SIA)

Reference: (1) Exh. B, Tab 6, Sch. 3, Attachment B
(2) Exh. B, Tab 6, Sch. 3, Attachment A

Preamble

Hydro One submitted two SIAs for the Project:

- (1) Reference (1) is an SIA dated November 12, 2002 which covers the upgrading of Norfolk TS and adding a second 115 kV circuit between Vanessa Jct. and Norfolk TS. In this SIA, it was assumed that the existing circuit would be upgraded by retensioning, not replacement of conductors, as is now proposed.
- (2) Reference (2) is an SIA dated January 18, 2008 which covers the work associated with the line tap to Bloomburg MTS and concluded that this work is not expected to a material adverse impact on the IESO - controlled grid.

The original SIA (1) is about 5.5 years old. It is labelled as final but is not signed and there is no Notification of Approval for this SIA.

The more recent SIA (2) makes mention of the second 115 kV circuit but its intent and focus is the short line tap to Bloomburg MTS. It is unsigned and accompanied by an unsigned Notification of Approval.

Questions / Requests

- i. Please provide the Notification of Approval for the SIA dated November 12, 2002.
- ii. Please provide signed versions of the SIA and “Notification of Conditional Approval of Connection Proposal” dated January 18, 2008.
- iii. Because of the age of the SIA in Ref (1), please provide written confirmation from the IESO that it is in agreement with and approves the entire project as now proposed by Hydro One.
- iv. Please confirm that the IESO’s connection requirements for the proposed project will be implemented.

5.0 Customer Impact Assessment (CIA)

Reference: (1) Exh. B, Tab 6, Sch. 1, Section 2.0
(2) Section 6.4.3 of the Transmission System Code
(3) Section 2.4 of the Hydro One Connection Procedures
(EB-2006-0189)

Preamble

Hydro One submitted that, consistent with the Transmission System Code requirements a formal CIA is not required since the addition of the second circuit does not negatively impact the customers.

Ref (2) states that a transmitter shall carry out a CIA for any proposed new or modified connection where:

- (a) the connection is one for which the IESO's connection assessment and approval process requires a system impact assessment; or
- (b) the transmitter determines that the connection may have an impact on existing customers.

Ref (3) also states that:

"Where the IESO's CAA process triggers an SIA, the CIA procedure is mandatory."

Questions / Requests

- i. Please provide the rationale for Hydro One's statement that a formal CIA is not required for the subject project.
- ii. Has Hydro One advised the transmission customers involved that a CIA is not required?
- iii. If it is determined that a CIA is required, what is the earliest date that the CIA can be completed?

6.0 Environmental Assessment

Reference: Exh. B, Tab 6, Sch. 1, Section 4.0

Preamble

Hydro One submitted that:

- it completed and filed an Environmental Study Report (“ESR”) in March 1999 with the Ministry of the Environment in relation to the upgrading of the existing 115 kV line from Vanessa Jct. to Norfolk TS which was carried out later that year;
- because of this, there are no requirements under the Environmental Assessment Act for the Project; and
- for due diligence purposes it has completed an environmental screening which included updating of existing data bases and a field visit. The screening has been completed and the Ministry of the Environment notified.

Questions / Requests

- i. Did the ESR filed in March 1999 include the addition a second circuit to the transmission line? Please explain.
- ii. Is there an expiry date for any EA approvals granted in 1999? If so, what is it?
- iii. Please provide appropriate documentation confirming that all requirements under the Environmental Assessment Act for this project have been fulfilled.

7.0 Land Related Matters and Other Approvals

References (1) Exh. B, Tab 6, Sch. 6

Preamble

Hydro One submitted that:

- it will be using its existing land rights along the corridor from Vanessa Junction to Norfolk TS, and no additional land rights are expected to be required. Temporary access rights may be required.
- Some temporary access rights are also required to construct the proposed facilities.

Questions / Requests

- i. Please provide details of the temporary access rights required and the status.
- ii. Please provide a list of all outstanding approvals and permits needed to complete construction of the proposed facilities.
- iii. Is Hydro One required to negotiate/renegotiate easement agreements with any of the property owners? If so, have the affected property owners been presented with a form of easement agreement? Please provide copies of any forms of easement agreements that have been or will be presented to the affected landowners.
- iv. What is the status of any negotiations/discussions with landowners Allan and Carol Skoblenick of A&C Skoblenick Produce Ltd.? Have their concerns/issues been resolved? If not, what is Hydro One's proposal and expected timing for resolving any outstanding issues?

8.0 Aboriginal Peoples Consultations

References (1) Exh. B, Tab 6, Sch5

Preamble

Board staff requires certain information/updates with respect to consultations that the Applicant has engaged in with Aboriginal Peoples.

Questions / Requests

- i. Has Hydro One made inquiries to determine if there are Aboriginal groups who may be affected by the proposed project?
- ii. If there are Aboriginal groups who are affected by the proposed project, has Hydro One consulted with them? If so, have those groups identified any specific issues or concerns in respect of the project? How have those issues or concerns been mitigated or accommodated?
- iii. Has Hydro One determined if any Aboriginal groups have any filed and outstanding claims or litigation concerning their treaty rights or treaty land entitlement or aboriginal title or rights, which may potentially be affected by the project? If so, what is the status of those claims or litigation?
- iv. If Hydro One has not made inquiries to determine if there are Aboriginal groups who may be affected by the proposed project, please advise if Hydro One intends to do so.
- v. Provide details of any known Crown involvement in consultations with Aboriginal groups in respect of the applied-for project.