

HYDRO ONE NETWORKS INC. (HONI)

**Application for approval to upgrade an existing transmission line and expand
the Runnymede Transformer Station in the City of Toronto**

EB-2016-0325

OEB STAFF INTERROGATORIES

Need for West Toronto Transmission Enhancement Project (WTTE Project)

Interrogatory 1

References:

Evidence, Exhibit B, Tab 3, Schedule 1, Attachment 1, Central Toronto Area Integrated Regional Resource Plan (IRRP), Appendix D: "Detailed Load Forecast and Forecast Scenarios", pages 1-3

Evidence, Exhibit B, Tab 3, Schedule 1, Attachment 2, Metro Toronto, Regional Infrastructure Plan (RIP), Appendix D: "Metro Toronto Regional Load Forecast (2015-2035) pages 53-54

Preamble:

The demand forecast evidence in the IRRP and the RIP for the Metro Toronto Region do not appear to be consistent.

In the RIP, in both the Non-Coincident and Coincident Forecast for High Demand Growth, there is no load allocated at Runnymede TS for Light Rail Transit (LRT) until 2021. The demand forecast then increases from 14 MW in 2021 to 23 MW in 2023 to 26 MW in 2027 and remains unchanged in the period from 2027 to 2035.

The IRRP states that the LRT is expected to add 18 MW of demand to Runnymede TS in the years after 2018.

Questions:

- a) Please confirm whether the higher demand forecast is the basis for the need, rather than a median or lower demand forecast as contemplated in the IRRP which includes the impact of the Government of Ontario's long-term Conservation targets.

- b) Please account for the differences in the demand forecasted at Runnymede TS, particularly related to the LRT (18 MW in the IRRP and 14-26 MW in the RIP).
- c) Given that there is no incremental LRT-related demand forecast in the RIP until 2021, please provide the need for a Project in-service date of 2018.

Cost Benefit Analysis and Options

Interrogatory 2

References:

Evidence, Exhibit B, Tab 3, Schedule 1, Attachment 1, Central Toronto Area IRRP, page 60-61 "Addressing Capacity Relief at Runnymede TS and Fairbanks TS"

Evidence, Exhibit B, Tab 3, Schedule 1, Attachment 2, Metro Toronto RIP, page 7

Evidence, Exhibit B, Tab 5, Schedule 1, Cost Benefit Analysis and Options, pages 2-3

Preamble:

The IRRP and RIP both state that the estimated cost of the WTTE Project would be \$90 million. The Cost Benefit Analysis and Options section in the WTTE Project application states that the cost of the WTTE Project is estimated to be \$59.3 million.

Questions:

- a) Please explain the difference between the WTTE Project costs listed in the IRRP/RIP and the costs listed in the WTTE Project application.
- b) Please discuss if any of the differences between the IRRP and RIP demand forecasts impact the need and costs of the WTTE project.
- c) Please confirm that the \$40 million cost for distribution feeders/service for supplying new growth as described in the IRRP is not part of the costs listed in the WTTE Project application. Will there still be a need for distribution feeder work as part of the proposed WTTE project? If so, what is the current estimate of these costs? Please explain any differences from the \$40 M stated in the IRRP and RIP.

- d) Given the difference in costs for the WTTE project between the IRRP/RIP and the WTTE application, as well as any potential difference in cost to the distribution work as requested in part c) above, please describe any impact on the choice of the WTTE Project as the preferred alternative. In other words, have changes to the cost between the IRRP/RIP and the application modified the relative economics of the two alternatives considered?

Interrogatory 3

References:

Evidence, Exhibit B, Tab 3, Schedule 1, Attachment 1, Central Toronto Area IRRP, "Addressing Capacity Relief at Runnymede TS and Fairbanks TS", pages 60-61

Evidence, Exhibit B, Tab 5, Schedule 1, "Cost Benefit Analysis and Options", pages 2-3

Preamble:

Clarification is required regarding the scope and costs estimates for Alternative 1 (Distribution Feeders) in the IRRP and in the EB-2016-0325 Application.

Both the IRRP and the WTTE Project application describe a Distribution Feeders solution as an alternative that was assessed as less advantageous to the proposed WTTE Project. The Central Toronto Area IRRP states that Alternative 1 (the Distribution Feeders) is expected to cost \$70 million, with additional transformation capacity required in the next ten years at a cost of about \$34 million, bringing the total cost of Alternative 1 (Distribution Feeders) to \$104 million. However, the WTTE Project application states that the estimated cost of Alternative 1 (the Distribution Feeders) is \$70 million.

Questions:

- a) Please confirm that the \$70 million estimated cost for the Distribution Feeders alternative in the WTTE Project application does not include the \$34 million cost for additional transformation capacity.
- b) Is there still an anticipated future need for additional transformation or/and distribution capacity? If so, is a cost of \$34 million still anticipated or what is the current estimated cost and scope of work?

- c) Please explain why the WTTE Project is the preferred alternative as opposed to the Distribution Feeders alternative in terms of price, reliability, and quality of service. Include an assessment of the operational benefits of both the WTTE Project and the Distribution Feeders alternative. Please provide information on any quantified operational benefits (for example, reliability).

Capital Contribution

Interrogatory 4

References:

Evidence, Exhibit B, Tab 1, Schedule 1, Letter of Support to HONI from Toronto Hydro, dated October 28, 2016

Evidence, Exhibit B, Tab 9, Schedule 1, Transmission Rate Impact Assessment, pages 2-3

Preamble:

The application states that the total cost of work is listed as \$59.3 million. The total capital contribution assigned to the customer is \$61.9 million. A capital contribution is generally only required from a customer when the expected incremental revenue is insufficient to cover the infrastructure costs of a project.

The letter of support for the Project from Toronto Hydro indicates that Toronto Hydro's capital contribution was provided for in Toronto Hydro's 2015-2019 Custom IR Application (EB-2014-0116, Exhibit 2B, Section E7.9)

The application also states that the capital contribution exceeds the capital cost of the project as it includes the recovery of OM&A.

Questions:

- a) Please explain how the capital contribution requirement was calculated.
- b) Please discuss if there are any inconsistencies between the capital contribution amount provided in this application and in Toronto Hydro's Custom IR application (EB-2014-0116).

- c) Please explain why there appears to be no expected incremental revenues associated with the project to offset the capital contribution required from the customer.
- d) Please describe the nature of the incremental OM&A costs and explain why the incremental OM&A costs are included in the capital contribution.
- e) Please discuss if either HONI or Toronto Hydro expect that Metrolinx (or any other large customer) triggering the need for this infrastructure reinforcement will be providing a portion of capital contribution towards the costs of this project.

Capital Cost Recovery Agreement (CCRA)

Interrogatory 5

Reference:

Evidence, Exhibit B, Tab 11, Schedule 1, Project Schedule

Preamble:

The Project Schedule lists the task of preparing and signing a CCRA with a start date of October 2016 and a finish date of December 2016.

Questions:

- a) Please provide an update on the status of the CCRA negotiations.
- b) Please confirm that the CCRA has been signed by the customer.
- c) Please provide a copy of the CCRA.

Other Approvals

Interrogatory 6

References:

Evidence, Exhibit B, Tab 11, Schedule 1, Project Schedule

Evidence, Exhibit B, Tab 7 Schedule 1, Apportioning Project Costs and Risks, pages 2-3

Preamble:

The projected in-service date for this project is November 30, 2018. In the Risks and Contingencies section, the application indicates the possible risk of delays in obtaining required approvals, including the Environmental Certificate of Approval and the Environmental Screen Out/Class EA.

Questions:

- a) Please list any other approvals required for this project.
- b) Please provide the status of any approvals (such as environmental screening/assessment) that may impact the in-service date for this project.