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Delivered by Email, RESS and Courier

July 5, 2017

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, ON
M4P 1E4

Attention: Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: EB-2016-0105- Thunder Bay Hydro
Undertakings**

Please find enclosed undertakings J3.1 and J3.4 in connection with the above-noted proceeding.

Should you have any questions or require further information in this regard, please do not hesitate to contact me.

Yours very truly,

Per:

A handwritten signature in black ink that reads "Cindy Speziale". The signature is written in a cursive, flowing style.

Cindy Speziale, CPA, CA

Vice President, Finance

CC: Parties in EB-2016-0105

UNDERTAKING J3.1

Undertaking:

TO ADVISE THE BUDGETED AMOUNT AND THE TOTAL AMOUNT SPENT BY THE END OF 2016 ON VOLTAGE CONVERSION PROJECTS THAT ARE CONTINUING INTO 2017.

Reference: Transcript dated June 30, 2017 at page 66.

Response:

There were two (2) voltage conversion projects that were started in 2016 that continued into 2017
Dewe-Rita – Approved Budget \$725,775 and charges in WIP at the end of 2016 - \$620,355.
Black Bay - Dewe – Approved Budget \$688,415 and charges in WIP at the end of 2016 - \$572,901

Page 46 of EB-2016-0105 Thunder Bay Volume 3 Friday June 30 2017

“MS. DUFF: Well, to the undertaking that I have asked Ms. Speziale to provide, if in addition to just the finance and then dollars being spent, if there is that issue, if you wanted to add to it talking about where we are in terms of the project and has it been electrified to some degree, that would be helpful, so please add that.

MR. MACE: So for clarity, the percentage completion of those projects, and some of the risks associated with not proceeding?

MS. DUFF: Fine.”

Response

The implications of not proceeding with the Black Bay-Dewe and Dewe-Rita projects beyond 2016 is that in order to install poles and anchors in a safe and cost efficient manner, crews were required to remove or relocate wires and distribution transformers to facilitate safe working clearances. Additionally, in order to work around conductor that is known to be hazardous and fail, crews put in temporary transformers to alternately provide power and remove this conductor for construction. To further facilitate pole setting, the tie between the Grenville substation and another substation was removed. Without any interconnectivity or redundancy, in the event of an outage, customers would remain out of power until repairs were complete. Due to these reasons, this was a transitional and temporary operating state and could not remain permanently.

If these projects were not completed, and this load not removed from the Grenville substation, Thunder Bay Hydro would need to remedy the above operating conditions and continue to invest

in maintenance of the breakers and substation transformer until such time that the projects were completed.

Thunder Bay Hydro's opinion is that due to the inability to effectively restore loads and operate the distribution system properly as well as the additional investment in maintaining the substation that these projects should be completed

Page 115 of EB-2016-0105 Thunder Bay Volume 3 Friday June 30 2017

"MS. DUFF: The reason I was asking was -- originally was, how are you reacting to the information you now had from your asset condition assessment? When did you alter your spending patterns and alter your plans? So, okay, I understand the two that are 85 percent complete, but there's a number that are just at the design phase, and you are still proceeding with a three-year financial commitment? Like, that's really what I am asking you. So if you want to take some time, but that is -- you said it's altered your spending, but it doesn't seem to really have altered your spending for a few more years. You are committing to three-year commitments still now that you have that asset condition assessment saying that that 4 kV isn't, from an asset condition perspective, I don't know, necessary. I don't know what the word is. I am asking you to speak to that, how you reacted to the information and your timeliness of response."

Response

For clarity, the ACA presented by Kinectrics indicated that although 4kV substation transformers were in better condition than anticipated, there was still a necessity for investment in 4kV assets including wood poles, distribution transformers, overhead switches and underground cable replacements based on their asset conditions. All of the proposed 4kV replacement quantities are supported by the ACA and are necessary to continue. The replacement quantities are included in the voltage conversion projects and listed below are additional drivers, YTD expenditures and work completed as of June 15, 2017;

Cumming-Brodie – YTD expenditures \$16,655, YTD Budget spent 3%, YTD Work Completed - Engineering Staking finalised– This project area was selected as part of the removal of Hardisty substation transformers which were identified as Poor and Fair condition and the 9 circuit breakers which are all identified as poor condition and pose a high risk of failure. The assets in the area will be rebuilt at 25kV and load removed from Hardisty substation to avoid future capital costs with replacement and maintenance of the substation assets.

Finlayson-Brodie – YTD expenditures \$212,612, YTD Budget spent 24%, YTD Work completed – Partial poles and anchors installed. This project area was selected as part of the removal of Hardisty substation transformers which were identified as Poor and Fair condition and the 9 circuit breakers which are all identified as poor condition and pose a high risk of failure. The assets in the area will be rebuilt at 25kV and load removed from Hardisty substation to avoid future capital costs with replacement and maintenance of the substation assets.

Donald-Mountdale – YTD expenditures \$20,135, YTD Budget spent 6%, YTD Work completed – Permits for work in proximity of airport received. This project was selected due to it being the final project area which is serviced from Mountdale substation. This substation only has one transformer and the tie between it and the other stations has been removed in prior projects in order to remove 4kV assets in the most cost effective manner. If the project is not completed it poses a risk to restoration and isolation for customers in this area.

MacDougal-Court – YTD expenditure \$101,023, YTD Budget spent 12%, YTD work completed – Material charged to work order. This project was selected based on the asset condition of poles and distribution transformers in the area where risk of failure would impact service to critical customer loads such as the District Jail, Seniors centre, High School and 41 commercial services in the project area.

In addition, what the evidence doesn't reflect is that the scope of the McDougal-Court project was modified after the ACA was received to remove 110 poles at 4kV planned for replacement at an approximate cost of \$1,100,000 and replaced in favour of the 25kV Pole Replacements project at \$584,384 and the Underground Replacements project at \$376,868 which was a better balance of asset category replacements.

UNDERTAKING J3.4

Undertaking:

TO PROVIDE AN UPDATED REVENUE REQUIREMENT WORK FORM.

Reference: Transcript dated June 30, 2017 at page 163.

Response:

Thunder Bay Hydro has uploaded via RESS, and circulated via email the updated version of the revenue requirement work form as requested.

File Name:

TBHEDI_EB_2016_0105_2017_RRWF_OH_06.07.2017