Ontario Energy Board | Commission de l'énergie de l'Ontario

**BY EMAIL**

December 13, 2019

Ms. Christine E. Long
Registrar and Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4
BoardSec@oeb.ca

Dear Ms. Long:

**Re: Hydro One Networks Inc. (Hydro One)**
**Application for leave to upgrade existing transmission line facilities in the Barrie-Innisfil area of Ontario**
**OEB Staff Interrogatories**
**OEB File Number: EB-2018-0117**

In accordance with Procedural Order No. 1, please find attached OEB staff's interrogatories to Hydro One for the above proceeding. This document has been sent to Hydro One and to all other parties to this proceeding.

Hydro One is reminded that its responses to the interrogatories are due by January 9, 2020.

Yours truly,

*Original Signed By*

David Martinello
Advisor, Generation & Transmission

Encl.


# OEB Staff Interrogatories

# Application for leave to upgrade existing transmission line facilities in the Barrie-Innisfil area of Ontario

## Hydro One Networks Inc.

## EB-2018-0117

## December 13, 2019

## 1-Staff-1: Planning Forecasts

**Ref: Exhibit B/Tab 1/Schedule 1/Attachment 1/p. 1**
**Exhibit B/Tab 3/Schedule 1/Attachment 2/Integrated Regional Resource Plan/pp. 14, 35, 53**
**Exhibit B/Tab 3/Schedule 1/Attachment 2/Integrated Regional Resource Plan/Appendix A, p. 70, Table A-10; Appendix B, p. 89, Table B-2**
**Exhibit B/Tab 3/Schedule 1/Attachment 3/Regional Infrastructure Plan/p. 39, Appendix C and D**

The application indicates that the Barrie Transformer Station (TS) limited time rating (LTR) will be exceeded in 2022. The load forecasts in the Integrated Regional Resource Plan (IRRP) have been revised in the Regional Infrastructure Plan (RIP). The RIP indicates lower actual 2014 load demand and lower forecast 2015 to 2034 load demand than the IRRP.

Currently, six feeders in the Barrie TS are used to supply Alectra Utilities Corporation (Alectra) and one feeder supplies InnPower Corporation (InnPower). Based on the forecasts provided in the IRRP, the IRRP concluded that InnPower will exceed its existing feeder load capacity of 25 MW by 2020. It recommended that Hydro One Distribution and InnPower develop a plan to uprate Barrie TS, build new 44 kV feeders to support InnPower's forecast growth and enable the existing 13M3 feeder to be relocated out of the Hydro One Transmission corridor.

Load forecasts for InnPower's service area indicate that the power demand in Innisfil and South Barrie will grow by approximately 48 MVA in the next five years. The Barrie Area Transmission Upgrade (BATU) Project will provide an estimated additional 36 MVA of supply to InnPower.

**Questions:**

a) Please provide the following information for the Barrie TS:

   i. An updated demand forecast for the Barrie TS that shows both 5 year historical and 20 year forecast demand.

   ii. Please confirm that the Barrie TS remains a summer peaking station.

   iii. When will the Barrie TS LTR be exceeded based on the most recent load forecasts?

   iv. Are these forecasts consistent with the IRRP and RIP? If they differ, please explain.

b) Please confirm that the Alectra Load Transfer from Barrie TS to Midhurst TS has occurred. If so, please confirm the date in which it occurred.

c) Please confirm that there was no option to transfer InnPower's load growth to another station, which would avoid the need to upgrade Barrie TS.

d) Please explain the impact of Alectra not needing capacity on the project, including the need date.

e) Please provide a five year historical load plus 20 year forecast of load for Barrie TS. For each year, please provide a breakdown of each utilities' load supplied by Barrie TS. Please explain any significant year-to-year changes in the forecast.

f) Please provide the load forecast for InnPower on the existing and new feeder positions at the Barrie TS.

g) Please provide any updates to the planning information provided in the pre-filed evidence including the impact of the latest provincial conservation targets.

h) Please provide any updates on the progress of the 13M3 feeder relocation out of the Hydro One Transmission corridor.

## 1-Staff-2: Electricity Demand Growth

**Ref: Exhibit B/Tab 3/Schedule 1/Attachment 1/pp. 3-4**
**Exhibit B/Tab 3/Schedule 1/Attachment 2/p. 39**
**Exhibit B/Tab 9/Schedule 1/p. 6**

The application states that the existing 115/44 kV transformation facilities at Barrie TS are nearing end-of-life and have reached capacity. Likewise, circuits E3B and E4B, which supply Barrie TS, are nearing end-of-life and are expected to exceed their load meeting capability in the near-term. Furthermore, the 115 kV switchyard and the T1 230/115 kV auto-transformer at Essa TS that supply circuits E3B and E4B have already exceeded their expected life.

The application asserts that development of the annexed lands in South Barrie, the continued development of data centres in the City of Barrie and forecast growth in the Town of Innisfil, including the proposed industrial and commercial development of Innisfil Heights, contribute to the forecast growth.

Due to changing load growth in the area since the RIP, Alectra indicated that it no longer required incremental capacity.

**Questions:**

a) Please describe the impact on reliability for Barrie TS and for the feeders supplied from it in the event that the new 230 kV circuits, E28 and E29, are not available.

b) Please provide information on any plans that Hydro One has for connecting additional stations to E28 and E29 or otherwise utilizing the 230 kV capacity of the line.

c) Please comment on the status of the anticipated developments in the South Barrie and Innisfil areas, and discuss implications with regard to the BATU Project.

## 1-Staff-3: Electricity Demand Growth – Metrolinx

**Ref: Exhibit B/Tab 3/Schedule 1/Attachment 1/pp. 16, 43, 97**
**Exhibit B/Tab 3/Schedule 1/Attachment 2/p. 39**

Metrolinx is planning to electrify the Barrie GO train lines and has approached Hydro One, requesting 40-50 MW of capacity. The new 230 kV circuits from Essa TS to Barrie TS would provide adequate capacity and tapping positions for Metrolinx's substation, however, the supply capacity at Essa TS may present some limitations.

**Question:**

a) Please comment on the status of the Metrolinx Electrification Plans for the Barrie Area and discuss implications with regard to the BATU Project.

## 1-Staff-4: Transmission Alternatives

**Ref: Exhibit B/Tab 3/Schedule 1/Attachment 1/p. 1**
**Exhibit B/Tab 5/Schedule 1/pp. 1-4**

The IESO letter states that based on the timeline and magnitude of the urgent need to replace infrastructure nearing its end-of-life and to provide supply capacity for the Barrie/Innisfil area, it will not be feasible to address the transmission line supply need and transformation capacity need through additional conservation and local generation. A wires option has been determined to be the only feasible option. The IESO recommended replacing the existing Barrie TS and the E3B/E4B transmission line with new 230 kV infrastructure.

The application states that three transmission alternatives were considered for the project. Alternative 3, which recommends rebuilding Barrie TS to 230 kV supply, is the

preferred alternative. This option addresses the near-term and medium-term capacity needs, removes an aging 115 kV switchyard at Essa TS, allows for future expansion capability to supply the region's long-term capacity needs, and satisfies the IESO's Ontario Resource and Transmission Assessment Criteria.

**Questions:**

a) The evidence indicates that the IESO recommends an integrated solution, comprising conservation and additional transmission and distribution facilities to meet the growing demand. Please comment on or provide any information which demonstrates the IESO's support for Hydro One's specific proposed solution since Alectra has withdrawn from the project.

b) Please explain the methodology to determine that facilities are at end-of-life and provide the information that was used to determine end-of-life for this project.

c) Please explain how and when facilities transition from near end-of-life status to end-of-life status, including Barrie TS transformers and E3B circuit.

d) In the evaluation of Alternative 1, was distributed generation considered to increase capacity? What is the impact of distributed generation and conservation on the viability of Alternative 1?

e) Please provide the cost of the line losses for Alternative 2.

f) Please provide an updated cost estimate for Alternative 3, if the estimate has changed from that provided in the application.

g) Was replacing only the end-of-life E4B circuit with a 230 kV line to provide a dual 115/230 kV supply to Barrie TS considered? If not, please explain.

h) Please provide information on any other alternatives that were considered for meeting the forecast growth in the Barrie/Innisfil area, but were rejected.

## 1-Staff 5: Alternative Supply/Load Forecast

**Ref: Exhibit B/Tab 3/Schedule 1/Attachment 2/p. 70**

InnPower provides service to the Town of Innisfil, as well as lands annexed by the City of Barrie in 2010. InnPower's distribution loads are supplied via ten distribution stations which are supplied by five 44 kV feeders and four distribution feeders from Hydro One owned distribution stations (i.e., Cookstown DS and Thornton DS); and three feeders

originating from Alliston TS, one from Barrie TS, and one from Everett TS. InnPower's distribution voltages include 27.6 kV and 8.32 kV.

InnPower is currently a winter peaking utility. When accounting for diversity with the other local distribution companies at the substation level, however, the stations supplying InnPower are summer peaking. With anticipated growth from new developments and changing demographics, InnPower expects to transition to summer peaking. As such, InnPower has provided a summer peak forecast in-line with the sub-region's peak demand needs.

**Questions:**

a) What proportion of the InnPower load is supplied from Barrie TS?

b) Please explain whether the load growth could be supplied from other Hydro One feeders and distribution stations that currently supply InnPower instead of upgrading Barrie TS.

c) When is InnPower expected to become a summer peaking utility?

## 1-Staff-6: Cost Responsibility

**Ref: Exhibit B/Tab 9/Schedule 1/p. 1**

The cost of the upgraded circuits will be included in the Line Connection Pool since these circuits are radially supplying Barrie TS. The cost of the new Barrie TS will be included in the Transformation Connection Pool since it is a step down transformer station that will supply existing and new load, and the cost of the additional line connections at Essa TS will be included in the Network Pool for cost classification purposes.

Hydro One will be responsible for the avoided cost of the sustainment work and InnPower will be responsible for the remainder of the project cost which will be paid through load revenue and capital contribution.

**Questions:**

a) Please confirm whether the BATU Project costs are included in Hydro One's application for its 2020-2022 transmission revenue requirement. If so, please confirm that the project costs included in this application are the same as those provided in Hydro One's 2020-2022 transmission revenue requirement.

b) Please comment on InnPower's plans for the inclusion of its portion of the line and station costs of this project in its rate base, including whether InnPower expects to recover these costs in its next cost of service application.

## 1-Staff-7: Project Cost Allocation

**Ref: Exhibit B/Tab 9/Schedule 1/p. 5**

Table 7 indicates a pool cost responsibility for transformation facilities of $25.5 M. Table 10, however, indicates a pool cost responsibility for transformation facilities of $25.2 M.

**Question:**

a) Please confirm the correct pool cost responsibility for transformation facilities and update the tables accordingly.

## 1-Staff-8: Quantitative Benefits of the BATU Project

**Ref: Exhibit B/Tab 6/Schedule 1/p. 1**

The Qualitative Benefits of the project are listed in Exhibit B, Tab 6, Schedule 1.

The Filing Requirements for Electricity Transmission Applications (Chapter 4) states that when an applicant attributes market efficiency benefits to a proposed project, such as lower energy market prices, congestion reduction, or transmission loss reduction, the evidence submitted must include quantification of each of the market efficiency benefits listed for that proposed project.

**Question:**

a) Has Hydro One quantified any benefits of the BATU Project? If so, please provide them.

## 1-Staff-9: Project Costs and Risks

**Ref: Exhibit B/Tab 7/Schedule 1/pp. 1, 3, 6, and 7**

A budgetary estimate was included with the leave to construct application. Hydro One estimated line work cost to be $23.4 million and the avoided sustainment cost to be $7 million with a pool contribution of $3.4 million.

**Questions:**

a) Please explain the significant variance in cost of the proposed line work compared to the like-for-like sustainment line work and the customer allocation.

b) Given the current stage of the development work, please comment on the AACE classification of the cost estimates provided in the application and whether any revision of these estimates is anticipated or required.

c) Please confirm whether the budgeted contingency costs are sufficient to cover the identified risks. Hydro One has estimated the contingency cost to be $7.4 million which is 8.1% of the total cost of the project.

d) How did Hydro One establish that $7.4 million is an appropriate contingency cost?

## 1-Staff-10: Physical Design and Reliability

**Ref: Exhibit C/Tab 1/Schedule 1/pp. 3-5**

The new 230 kV lines will be equipped with an appropriate conductor size that will meet current and future load requirements and an optical ground wire (OPGW) located at one of the two shield wire positions on the towers. Conductor size will be 1443.8 kcmil ACSR/TW (56/19) Superior, shield wire will be 7 No. 5 Alumoweld, and OPGW will be 7 No. 5 Equivalent (short-circuit capacity and rated tensile strength).

The application states Barrie TS is currently supplied by two single circuit 115 kV transmission lines from Essa TS spanning between the two stations associated with circuit E3B constructed on 60 foot high wood structures and circuit E4B constructed on 80 foot high wood structures. The double circuit that will be constructed is to be built using steel lattice towers ranging in height from 130 to 150 feet.

The Barrie TS footprint requires expansion to accommodate the new 230/44 kV switch yard. The expansion will occur on property owned by Hydro One adjacent to the existing station fence.

**Questions:**

a) What is the difference in capacity provided by the BATU Project by changing from 115 kV to 230 kV?

b) Does the proposed BATU Project provide sufficient capacity for any future increases in load that may be required to meet the supply for any new customer connections, such as the proposed Metrolinx Station?

c) Is Hydro One aware of any proposed customer connections along the new 230 kV circuit or on the ROW south of Barrie TS?

d) Please explain any reliability and/or back-up supply concerns for Barrie TS with both circuits now proposed to be on a single tower structure instead of on two separate tower lines.

e) What has been Hydro One's experience with scheduled outages during construction of similar projects in this area of the province? If there have been delays or cancellations of scheduled outages, what were the impacts on both schedule and final costs?

f) Please confirm what will be done with the existing 115 kV facilities at Barrie TS.

## 1-Staff-11: Land Matters

**Ref: Exhibit B/Tab 1/Schedule 2/p. 6**
**Exhibit B/Tab 6/Schedule 1**
**Exhibit E/Tab 1/Schedule 1/pp. 2-3 and Attachment 1**

The evidence states that the Barrie TS footprint will be expanded 100 feet by 40 feet and that the ROW associated with the BATU Project will require new land rights. The application provides information on directly impacted properties. The application states that the new 230 kV E28/E29 double circuit will follow the existing E3B ROW corridor.

Approximately 7.5 km of the transmission line easement, shared by both E3B and E4B, will be reduced from the current width of 165 feet to 110 feet. Additionally, Hydro One will no longer require the 1.5 km easement section currently occupied solely by the E4B line, which runs east from Essa TS and joins at a point with the E3B line ROW. Easement rights along the proposed corridor route are being renegotiated for the new double circuit 230 kV transmission line.

**Questions:**

a) Please explain why the E3B ROW will be used instead of the E4B ROW for the new circuits.

b) Please clarify why new property rights are needed since the new route is on the existing E3B ROW.

c) Please confirm that the 1.5 km section of E4B ROW that is not required for the BATU Project will be abandoned. If not, please clarify what will be done with this section of the ROW.

d) Please confirm that the E3B ROW will remain at a width of 165 feet for the first 1.5 km from Essa TS towards Barrie TS.

e) The ROW requires 16.01 hectares of land rights on lands owned by private landowners. Please provide additional information on the ownership of the privately-owned properties, identifying the number of residential properties and the number of commercial properties.

f) Please provide an update on the negotiations for the new permanent land rights required for the BATU Project with private landowners, including any concerns that have been expressed by landowners with respect to the BATU Project.

g) Please provide an update on the status of permits related to the use of federal, provincial and municipal lands, municipal roads allowances and highways, as well as rail and water crossings.

h) Please discuss any concerns that Hydro One has with respect to obtaining any of the required new land rights and/or permits for the BATU Project.

i) Has Hydro One approached any landowners that will be impacted by temporary access rights to be used for construction staging, access, flagging and permitting? Have any of these landowners expressed any concerns with the temporary access rights? Will the temporary access rights require any environmental approvals? If so, please explain.

j) Please explain whether it is possible for the Barrie TS to be rebuilt within the existing footprint, and if so, why this option was not selected. Also, please clarify the increase in size of the Barrie TS footprint as in the application it is listed as 100 feet by 40 feet, and in other places as an expansion of 90 feet.

## 1-Staff-12: Land-related Forms

**Ref: Exhibit E/Tab 1/Schedule 1/p. 6 and Attachments 2 to 7**

Hydro One has provided the forms of land rights agreements that will be used to obtain the required land rights for the project.

**Questions:**

a) Please confirm that all of the affected property owners had the option to receive, or will receive the option of, independent legal advice regarding the land agreements.

b) Please confirm that the forms of agreements are consistent with agreements previously approved by the OEB in Hydro One leave to construct decisions. If so, please reference the EB number of the Decision and Order in which they were approved.

## 1-Staff-13: Project Schedule

**Ref: Exhibit B/Tab 1/Schedule 1/p. 5**
**Exhibit B/Tab 11/Schedule 1**

Hydro One provided a project schedule, setting out the construction and in-service timelines.

**Questions:**

a) Please update the project schedule at the above reference, if the schedule has changed.

b) Hydro One has indicated that it hopes to receive a decision granting leave to construct by February 28, 2020. Please comment on the impact to the proposed in-service date of June 2022, if the OEB's decision is issued after February 28, 2020.

## 1-Staff-14: Risks

**Ref: Exhibit B/Tab 7/Schedule 1/p. 12**
**Exhibit B/Tab 3/Schedule 1/Attachment 2/p. 13**

Hydro One has indicated that the BATU Project requires the following environmental approvals - Environmental Certificate of Approval and Environmental Screen Out/Class EA.

**Question:**

a) Please comment on the current status of these approvals.

## 1-Staff-15: Costs of Comparable Projects

**Ref: Exhibit B/Tab 7/Schedule 1/Tables 1 and 8**

The real estate cost for the project is $2.5 million. There is no real estate cost listed for the comparable station projects. The most recent comparable project for the Essa TS work is Detweiler TS, which has an in-service date of November 2011.

**Questions:**

a) Please confirm the real estate costs for all alternatives provided in the application. Please update alternative project costs, if required, to reflect the inclusion of real estate costs.

b) Please confirm that, although not listed, comparable station project costs include real estate costs. If not, please adjust for real estate costs.

c) Are there any projects more current than 2011 for cost comparison of the Essa TS work? If so, please provide their costs.

d) Please clarify the use of a 2% escalation cost for comparable projects versus actual CPI rates. What would be the impact(s) if actual CPI rates were used instead of a 2% escalation cost?

## 1-Staff-16: Transmission System Code

**Ref: Transmission System Code 6.3.19**

Under section 6.3.19 of the Transmission System Code (TSC), the approval is being sought for an extension from five years to 15 years for InnPower to provide $15.7 million in capital contributions. The Board in its decision to permit extensions in the capital contribution installments beyond five years foresaw only one justification for an extended period. That is, where the consumer bill impacts are still too high and continue to present a barrier to the implementation of a regional plan.

**Questions:**

a) Please confirm that the consumer bill impacts would be too high for InnPower over a five year capital contribution period, and thus, the need for a 15 year capital contribution period.

b) Please explain and clarify any difference between the interest rate that InnPower will be charged versus the amount to be shown in the proposed variance account.

c) Please confirm if the proposed variance account balance will be recovered from Hydro One customers.

d) If Metrolinx (or any other large customer) will be connecting to the line, please confirm if they will be providing a portion of capital contribution towards the cost of the BATU Project. If possible, please provide the capital contribution that will be made by Metrolinx (or any other large customer).

e) Please explain how InnPower's capital contribution could change if additional customers are supplied from Barrie TS.

## 1-Staff-17: Discounted Cash Flow Analysis

**Ref: Exhibit B/Tab 9/Schedule 1/pp. 12-17, Attachment 1**

Hydro One has provided discounted cash flow analysis tables in the application.

**Question:**

a) Please explain how the discount rate of 5.59% used in discounted cash flow tables was determined.

## 1-Staff-18: Cost Responsibility

**Ref: Exhibit B/Tab 9/Schedule 1/pp. 4-5, Tables 8-10**

Hydro One has provided tables outlining the cost responsibility and capital contribution.

**Questions:**

a) In calculating the Pool allocation as discussed in Tab 7, avoided costs that occur in the first three years are not discounted. Please explain why.

b) Please show/explain how the customer capital contributions in Tables 8 to 10 are calculated.

## 1-Staff-19: Loan Methodology

**Ref: Exhibit B/Tab 9/Schedule 1/pp. 2 and 7, Attachment 1**

Page 2 states that the need for the requested deferral and variance account is to ensure that: (1) Hydro One is able to recover the appropriate cost of capital over the loan term as Hydro One would be charging InnPower interest at the OEB's CWIP rate, which does not equate to Hydro One's full cost of capital; and (2) to ensure that Hydro One is able to recover the cost of its investment during the capital contribution deferral period.

Hydro One proposed to record costs associated with the BATU Project using the Loan Methodology as opposed to the "standard capital contribution methodology" (i.e., the NBV Reduction Methodology).

**Questions:**

a) Please confirm that both the Loan Methodology and the NBV Reduction Methodology would allow Hydro One to recover the revenue requirement on the unpaid capital contribution over the loan period instead of recovering the CWIP rate on the unpaid capital contribution. If not, please explain what is being recovered under both methodologies.

b) Please confirm that the revenue requirement difference between the Loan Methodology and the NBV Reduction Methodology is due to the tax calculation as a result of the way the capital contribution is recorded (i.e., as a capital contribution or in a deferral and variance account). If not, please explain the reason for the revenue requirement difference.

c) Please confirm that the tax treatments shown in Tables A to D reflect actual tax treatments. If not, please explain the actual tax treatment.

d) Under the NBV Reduction Methodology in Tables C and D, please explain why taxes on capital contribution are applied during the period that the capital contribution is received and not the period that the capital contribution is amortized into income over the life of the asset.

e) Please explain whether the revenue requirement difference between the two methodologies is a permanent difference or a timing difference that will reverse in the future. If it will reverse, please explain when it will reverse and whether it will be reflected in the proposed account.

## 1-Staff-20: Deferral and Variance Account

**Ref: Exhibit B/Tab 10/Schedule 1/p. 3, Appendix A**

Hydro One is requesting approval of an accounting order to establish a new variance account, the "Capital Contribution Differential Account".

**Questions:**

Regarding the requested establishment of the deferral and variance account:

a) In the application, Hydro One is unclear on the specific section of the *Ontario Energy Board Act, 1998* (OEB Act) in which it is requesting approval of an accounting order to establish a new variance account. Please identify the specific section of the OEB Act in which Hydro One is requesting approval of an accounting order.

b) Please confirm that the account is requested regardless of if the Loan Methodology or NBV Reduction Methodology is used in determining the revenue requirement difference.

c) Hydro One indicated that the expected shortfall in revenue requirement to be recorded in the account is $5.2 million over the loan period, which exceeds the $3 million materiality threshold of Hydro One Transmission. Typically, the materiality threshold is an annual amount. Please confirm that the annual amount expected to be recorded in the account would not meet an annual materiality threshold of $3 million.

    i. The NBV Reduction Methodology expects $7.5 million to be recorded in the account over 15 years or $4.6 million to be recorded in the account over five years. This equates to an average of $500,000 annually for 15 years or $920,000 annually for five years. Please explain why Hydro One Transmission is requesting the account given the immaterial annual amounts.

d) In the draft accounting order, it states that Hydro One is proposing the establishment of this account for any other customer in the future that utilizes the provision in TSC section 6.3.19 to delay full capital contribution payment.

    i. Please explain whether this account is to be used only if the payment period exceeds a five year period or for all capital contributions regardless of payment period.

ii. Please confirm that Hydro One is requesting this account to be used for any future projects where there is a delay in the capital contribution payment and not specifically for the BATU Project.

e) In the Notice of Revised Proposal to Amend a Code (EB-2016-0003), dated August 23, 2018, page 17 indicates a transmitter expressed the view that distributors should pay interest to the transmitter at the transmitter's OEB approved cost of capital on the unpaid capital contribution balance, rather than the OEB's prescribed CWIP rate. The OEB disagreed. Please provide additional rationale on Hydro One's position to deviate from the OEB's policy on using the CWIP rate.

## 1-Staff-21: InnPower Letter

**Ref: Exhibit B/Tab 1/Schedule 1/Attachment 1 – InnPower May 23, 2019 letter**
**InnPower October 16, 2019 letter**

As part of the application, Hydro One included a letter from InnPower regarding the capital contribution period and its support for the BATU Project. The following questions are directed to Hydro One as the applicant, but OEB staff requests that Hydro One make all necessary inquiries of InnPower in order to respond to these questions.

**Questions:**

a) In the October 16, 2019 InnPower letter, InnPower states that if the capital contribution is to be paid within five years, this will impose increased financial pressure on the company as well as on InnPower's ratepayers.

i. Please quantify the impact of the capital contribution payment over a five year and 15 year period on InnPower's cash flows, ROE and bill impact to rate payers.

ii. Please further discuss any other pressures or issues that may arise due to the difference in payment terms.