

1 **Association of Power Producers of Ontario (APPrO) INTERROGATORY #1**

2
3 **Interrogatory**

4
5 Reference: Issue 7 - What is the appropriate level for Export Transmission Rates in
6 Ontario?

7
8 Please provide the definition of the term “shared asset (for export)”.

9
10 **Response**

11
12 “Net Shared Assets” are the assets that are left after deducting the assets exclusively
13 dedicated to domestic customers and exclusively dedicated to interconnections.

Association of Power Producers of Ontario (APPrO) INTERROGATORY #2

Interrogatory

Reference: Issue 7 - What is the appropriate level for Export Transmission Rates in Ontario?

Please provide a complete list and brief description of the assets considered to be “dedicated assets” (for the purposes of export) in the Elenchus Study.

Response

The Elenchus Study is based on fixed assets as of the end of 2013. There are no station assets in the Network pool dedicated to interconnections. The following line sections in the Network pool are dedicated to interconnections:

Operating Designation	Line Section Number	From Station	To Station	Length (km)	Operating Voltage (kV)	Number of Circuits
A41T	1	Hawthorne TS	IPB Masson JCT	21.15	230	2
A42T	1	Hawthorne TS	IPB Masson JCT	21.15	230	2
B31L	2	IPB Baudet JCT	B5D-B31L SS JCT	0.13	230	1
B3N	2	Mid R. JCT Bunce Crk	Sun Oil Co JCT	2.38	230	1
B3N	3	Sun Oil Co JCT	Vidal JCT	0.71	230	89% 3-cct, 11% 1-cct
B3N	4	Vidal JCT	Sarnia Scott JCT	2.35	230	2
B3N	5	Sarnia Scott JCT	Sarnia Scott TS	0.29	230	2
BP76	1	Beck #2 TS	Mid R. JCT Niagara	1.03	230	2
D4Z	1	Dymond TS	Nine Mile JCT	14.45	115	1
D4Z	2	Nine Mile JCT	IPB Casey JCT	15.5	115	1
D5A	6	Cumberland JCT	IPB Masson JCT	2.56	230	81% 2-cct, 19% 1-cct
F3M	1	Fort Frances TS	H2O Pwr FtFrnces CTS	0.86	115	2
F3M	2	H2O Pwr FtFrnces CTS	Int'l Bdy Minn JCT	0.35	115	73% 2-cct, 27% 1-cct
H4Z	1	Otto Holden TS	IPB La Cave JCT	1.05	115	1
H9A	13	Gamble H9A JCT	IPB Masson JCT	0.71	115	68% 2-cct, 32% 1-cct

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Operating Designation	Line Section Number	From Station	To Station	Length (km)	Operating Voltage (kV)	Number of Circuits
J5D	1	Keith TS	Mid R. JCT Waterman	1.83	230	1
K21W	1	Kenora TS	IPB Manitoba 230 JCT	62.56	230	7% 2-cct, 83% 1-cct
K22W	1	Kenora TS	IPB Manitoba 230 JCT	62.56	230	7% 2-cct, 83% 1-cct
L33P	1	St.Lawrence TS	Massena JCT	4.3	230	94% 2-cct, 6% 1-cct
L34P	1	St.Lawrence TS	Massena JCT	4.28	230	94% 2-cct, 6% 1-cct
L4D	1	Lambton TS #2	Mid R JCT St Cl L4D	3.99	345	1
L51D	1	Lambton TS #2	Mid R JCT St Cl L51D	1.13	230	1
L51D	3	Lambton TS #2	Lambton TS #2	0.28	230	1
L51D	4	Lambton TS #2	Lambton TS #2	0.28	230	1
P33C	2	IPB Ottawa River JCT	Chats Falls SS	8.87	230	27% 2-cct, 73% 1-cct
PA27	1	Beck #2 TS	Mid R. JCT Niagara	1.03	230	2
PA301	1	Beck #2 TS	Beck #2 TS	0.27	230	2
PA301	2	Beck #2 TS	Mid R JCT Niagra 345	0.42	345	2
PA302	1	Beck #2 TS	Beck #2 TS	0.27	230	2
PA302	2	Beck #2 TS	Mid R JCT Niagra 345	0.42	345	2
Q4C	2	IPB Ottawa River JCT	Chats Falls SS	5.78	230	1
SK1	2	Forgie JCT	IPB Manitoba 115 JCT	19.23	115	1
X2Y	2	Chenaux JCT	IPB Bryson JCT	3.4	115	1

1 **Association of Power Producers of Ontario (APPrO) INTERROGATORY #3**

2
3 **Interrogatory**

4
5 Reference: Issue 7 - What is the appropriate level for Export Transmission Rates in
6 Ontario?

7
8 Please provide the actual financial data used in the Elenchus Study associated with:

- 9
10 a. The “dedicated assets” cost
11 b. The “dedicated assets” expenses
12 c. The “shared assets” OM&A expenses (attributable to export customers)

13
14 **Response**

15
16 Please see response to VECC IR 14 at Exhibit I, Tab 6, Schedule 14.

1 **Association of Power Producers of Ontario (APPrO) INTERROGATORY #4**

2
3 **Interrogatory**

4
5 **Reference:** Issue 7 - What is the appropriate level for Export Transmission Rates in
6 Ontario?

7
8 For an ETS that is based solely on the methodology in the Elenchus Study, how would
9 any future capital expenses associated with the dedicated assets be treated?

10
11 **Response**

12
13 Future capital expenses associated with the dedicated assets would be reflected in any
14 future update to establish future ETS rates applying the proposed methodology.
15

Association of Power Producers of Ontario (APPrO) INTERROGATORY #5

Interrogatory

Reference: Issue 7 - What is the appropriate level for Export Transmission Rates in Ontario?

For each dedicated asset (for the purpose of exports), please prepare a table showing HONI's forecasted capital expenditures by year for the period 2014 to 2024.

Response

The scope of this application and the ETS Study is for test years 2015 & 2016. Future expenditures on these assets will be determined by a number of factors including but not limited to condition of asset, rate of deterioration, priority work based on customer requirements and reliability, public policy, operational effectiveness, etc. Therefore the following table lists sustainment capital work that is planned on interconnection assets in 2014, 2015 & 2016:

Operating Designation	Line Section Number	2014 (\$M)	2015 (\$M)	2016 (\$M)	Planned Capital - Description
B3N	2	2.380	-	-	Line refurbishment
B3N	3	0.700	-	-	Line refurbishment
B3N	4	2.400	-	-	Line refurbishment
B3N	5	0.300	-	-	Line refurbishment
D4Z	1	0.200	0.100	-	Telecom upgrades, facilitating removal of A/Gs associated with transformers T3&T4 on 115 @ dymond
D4Z	2	<i>See D4Z Note</i>	<i>See D4Z Note</i>	-	See D4Z: Line Segment 1
H4Z	1	-	-	0.200	Upgrade 115kV Protections @ Otto Holden
K22W	1	-	0.200	-	Wood pole replacement
L4D	1	-	0.200	2.500	Protection and telecommunications upgrades for L4D/L51D between ITC (Michigan) and HONI
L51D	1	-	<i>See Note L4D</i>	<i>See Note L4D</i>	Work captured under L4D
L51D	3	-	<i>See Note L4D</i>	<i>See Note L4D</i>	Work captured under L4D

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Operating Designation	Line Section Number	2014 (\$M)	2015 (\$M)	2016 (\$M)	Planned Capital - Description
L51D	4	-	<i>See Note L4D</i>	<i>See Note L4D</i>	Work captured under L4D
PA302	1	1.024	0.022	-	Upgrading line, transformer, bus and breaker protections associated with the line
PA302	2	<i>See Note PA302</i>	<i>See Note PA302</i>	-	Note: work on Line Segment 1, will also affect this segment (i.e. line protection)
X2Y	2	-	0.500	0.500	Rebuild 115 yard including removal of A/G and telecom upgrades

1
 2
 3
 4

There are currently no development capital plans to upgrade or modify the interconnection assets in 2015 & 2016.

1 **Association of Power Producers of Ontario (APPrO) INTERROGATORY #6**

2
3 **Interrogatory**

4
5 Reference: Issue 7 - What is the appropriate level for Export Transmission Rates in
6 Ontario?

7
8 In section 5.1.2 of the Elenchus Study, the ETS rate is increased by 3.4% to account for
9 the revenue requirements of the other (i.e., non-Hydro One) Ontario transmitters.

- 10
11 a. Please confirm that the “revenue requirement for all Ontario transmitters” in sections
12 5.1.2 and 5.2.2 only includes the “Network function” portion of HONI’s as well as
13 other transmitters’ overall revenue requirement.
14 b. If applicable, please provide a description of the “shared Network assets” and
15 “dedicated assets” owned by other (i.e., non-Hydro One) Ontario transmitters.
16 c. Please provide the amount attributable to “shared Network assets” and “dedicated
17 assets” for other transmitters included in the “revenue requirement for all Ontario
18 transmitters” referenced in 6.a.

19
20 **Response**

- 21
22 a. Confirmed.
23
24 b. and c. The information requested is not available to Elenchus or Hydro One. In
25 developing the Uniform Transmission Rates, the functions for other transmitters is
26 being derived by applying to the other transmitters total revenue requirement, the
27 Hydro One proportions of Network, Line Connections and Transformation
28 Connections revenue requirements. Other transmitters do not provide their revenue
29 requirement broken down into the three functions as Hydro One does.

1 **Association of Power Producers of Ontario (APPrO) INTERROGATORY #7**

2
3 **Interrogatory**

4
5 **Reference:** Issue 7 - What is the appropriate level for Export Transmission Rates in
6 Ontario?

7
8 Please confirm that the “dedicated assets” referred to in the Elenchus Study are also used
9 to import power into Ontario.

10
11 **Response**

12
13 All the dedicated assets referred to in the Elenchus study are used to import power into
14 Ontario with the exception of two interties with Quebec:

- 15
16 • H4Z - 1.05 km 115 kV circuit
17 • Q4C – 5.78 km 230 kV circuit

18
19 These two circuits are used only for the export of power to Quebec.

1 **Association of Power Producers of Ontario (APPrO) INTERROGATORY #8**

2
3 **Interrogatory**

4
5 **Reference:** Issue 7 - What is the appropriate level for Export Transmission Rates in
6 Ontario?

7
8 Please confirm that, when constructed, the purpose of Hydro One's assets (i.e., those
9 interconnected with neighbouring jurisdictions) was to enhance the reliability of the
10 Ontario transmission grid.

11
12 **Response**

13
14 Yes, the purpose of the intertie facilities was to provide for enhanced reliability of the
15 Ontario transmission grid in addition to facilitating the economic transfers and sales
16 opportunities.

1 **Association of Power Producers of Ontario (APPrO) INTERROGATORY #9**

2
3 **Interrogatory**

4
5 **Reference:** Issue 7 - What is the appropriate level for Export Transmission Rates in
6 Ontario?

7
8 Please confirm that the benefits from imports and the increased reliability provided by
9 interconnections with neighbouring utilities are for the sole benefit of domestic Ontario
10 electricity customers.

11
12 **Response**

13
14 The interconnection facilities with neighbouring utilities provide increased reliability
15 benefits for Ontario customers as well as the interconnected jurisdictions. Being part of a
16 larger interconnected system has benefits for all the interconnected members including
17 higher transfer capabilities, better frequency support, opportunities for reserve sharing,
18 greater operational flexibility and it is more robust to system disturbances. Imports into
19 Ontario will benefit Ontario consumers by providing lower cost generation and/or
20 additional generation to meet system reliability needs when there are supply shortages or
21 constraints in Ontario.

1 **Association of Power Producers of Ontario (APPrO) INTERROGATORY #10**

2
3 **Interrogatory**

4
5 Reference: Issue 7 - What is the appropriate level for Export Transmission Rates in
6 Ontario?

7
8 In Table 8 and 9 in the Elenchus Study, is 1 CP or 12 CP used to derive the ETS rate
9 (please see Scenario 5 in each of the tables)?

10
11 **Response**

12
13 Scenario 5 is based on 12 CP.

1 **Association of Power Producers of Ontario (APPrO) INTERROGATORY #11**

2
3 **Interrogatory**

4
5 **Reference:** Issue 7 - What is the appropriate level for Export Transmission Rates in
6 Ontario?

7
8 Please confirm that using 12 CP solely with 2013 load data (section 5.2.1 of Elenchus
9 Study) and 2011-2013 load data (section 5.2.3, Scenario 1 of Elenchus Study) both
10 produce identical ETS rates of \$1.62/MWh and \$1.63/MWh for 2015 and 2016
11 respectively.

12
13 **Response**

14
15 Using 12 CP for 2013, or the average of 12 CP for the period 2011 to 2013, result in the
16 same percentage allocation for domestic and export customers, as shown in Table 4
17 (rounded to two decimal places). Therefore, the ETS rate using 12 CP for 2013 and using
18 the average of 2011 to 2013 12 CP result in the same ETS rate of \$1.63/MWh for 2015
19 and \$1.62/MWh for 2016.

1 **Association of Power Producers of Ontario (APPrO) INTERROGATORY #12**

2

3 **Interrogatory**

4

5 Reference: Issue 7 - What is the appropriate level for Export Transmission Rates in
6 Ontario?

7

8 What are the reasons for not using strictly 2013 load data as the most representative of
9 future load conditions?

10

11 **Response**

12

13 2013 actual sales data, domestic and export, is used in order to determine the demand
14 allocators used in the proposed 2015 and 2016 ETS rate. 2013 is the last year for which
15 actual sales data is available. Elenchus proposes that the last year of actual hourly data for
16 domestic and export should be used in the future when updating the proposed cost
17 allocation methodology to determine the ETS rate. Elenchus has no basis to determine
18 that 2013 load data is the most representative of future load conditions.

1 **Association of Power Producers of Ontario (APPrO) INTERROGATORY #13**

2

3 **Interrogatory**

4

5 Reference: Issue 7 - What is the appropriate level for Export Transmission Rates in
6 Ontario?

7

8 Is \$1.68/MWh the most appropriate ETS rate if the analysis uses 2013 load data and the
9 HONI proposed 2015/2016 financial data?

10

11 **Response**

12

13 As stated in Elenchus report on page 20, lines 22 to 25, applying the proposed
14 methodology and taking into account other transmitters revenue requirement, the ETS
15 rate is \$1.68/MWh for 2015 and \$1.67/MWh for 2016. The results are based on using
16 2013 actual load data and the financial data for Hydro One Transmission for 2015 and
17 2016.

1 **Association of Power Producers of Ontario (APPrO) INTERROGATORY #14**

2

3 **Interrogatory**

4

5 **Reference:** Issue 7 - What is the appropriate level for Export Transmission Rates in
6 Ontario?

7

8 Are any external revenues referenced in section 4.1 associated with dedicated assets or
9 shared assets? If so, what are the amounts?

10

11 **Response**

12

13 As stated in Elenchus report on page 11, lines 6 to 10, Elenchus reviewed the sources of
14 External Revenues and it is Elenchus' view that external revenue is generated from assets
15 which have been designed to serve domestic customers only. Therefore any benefit or
16 external revenue resulting from the use of these assets should only benefit domestic
17 customers.

18

1 **Association of Power Producers of Ontario (APPrO) INTERROGATORY #15**

2
3 **Interrogatory**

4
5 Reference: Issue 7 - What is the appropriate level for Export Transmission Rates in
6 Ontario?

7
8 At the very end of the Elenchus Study (page 23), Elenchus recommends that the proposed
9 ETS rate be maintained “for at least 2 years to provide stability in determining the rate”.

- 10 a. Did Elenchus prepare any analysis of the stability of the proposed ETS rate
11 methodology over time? If so, what were the results?
12 b. Would Elenchus support maintaining the proposed ETS rate for four years?
13 c. Would Hydro One support maintaining the proposed rate for ETS rate for four years?
14 Please provide reasons as to why or why not.

15
16 **Response**

- 17
18 a. No.
19
20 b. Elenchus will defer to the OEB to decide how often should the ETS rate be updated.
21 Elenchus suggests that the proposed ETS rate be maintained for at least 2 years, (page
22 23, lines 3 to 5), consistent with the frequency of Hydro One Transmission revenue
23 requirement application to the OEB.
24
25 c. Hydro One will accept the Board’s decision regarding how often should the ETS rate
26 be updated.