

July 4, 2007

File 15162

**VIA EMAIL AND COURIER**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, Ontario M4P 1E4

Chris G. Paliare  
Ian J. Roland  
Ken Rosenberg  
Linda R. Rothstein  
Richard P. Stephenson  
Nick Coleman  
Margaret L. Waddell  
Donald K. Eady  
Gordon D. Capern  
Lily I. Harmer  
Andrew Lokan  
John Monger  
Odette Soriano  
Andrew C. Lewis  
Megan E. Shortreed  
Massimo Starnino  
Karen Jones  
Robert A. Centa  
Nini Jones  
Jeffrey Larry  
Brydie C.M. Bethell  
Emily Lawrence  
Danny Kastner

HONORARY COUNSEL  
Ian G. Scott, Q.C., O.C.  
(1934 - 2006)

Dear Ms. Walli:

**Re: Interpretation of Section 6.3 of the Transmission Code and  
Associated Cost Responsibility Issues Included in Subsection 6.3.6**

The Power Workers' Union ("PWU") represents a large portion of the employees working in Ontario's electricity industry and has the utmost interest in initiatives that impact the energy industry and the provision of ongoing service quality and reliability to customers. Attached please find a list of PWU employers.

The PWU is committed to participating in regulatory consultations and proceedings to contribute to the development of regulatory direction and policy that ensures on going service quality, reliability and safety at a reasonable price for Ontario customers. To this end, attached please find the PWU's comments on the interpretation of Section 6.3 of the Transmission Code and in particular on the associated cost responsibility issues included in Subsection 6.3.6. We hope you will find the PWU's comments useful.

Yours very truly,  
PALIARE ROLAND ROSENBERG ROTHSTEIN LLP

  
Richard P. Stephenson

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**List of PWU Employers**

Atomic Energy of Canada Limited (Chalk River Laboratories)  
Barrie Hydro  
BPC District Energy Investments Limited Partnership  
Brant County Power Incorporated  
Brighton Beach Power Limited  
Bruce Power Inc.  
Corporation of the City of Dryden - Dryden Municipal Telephone  
Corporation of the County of Brant  
Electrical Safety Authority  
EPCOR Calstock Power Plant  
EPCOR Kapuskasing Power Plant  
EPCOR Nipigon Power Plant  
EPCOR Tunis Power Plant  
Erie Thames Services Corporation  
Goldman Hotels Inc. - Hockley Highlands Inn & Conference Centre  
Great Lakes Power Limited  
Grimsby Power Incorporated  
Halton Hills Hydro Inc.  
Hydro One Inc.  
Independent Electricity System Operator  
Inergi LP  
Innisfil Hydro Distribution Systems Limited  
Kenora Hydro Electric Corporation Ltd.  
Kincardine Cable TV Ltd.  
Kinectrics Inc.  
Kitchener-Wilmot Hydro Inc.  
Lake Superior Power (Brookfield Power)  
London Hydro Incorporated  
Middlesex Power Distribution Corporation  
Milton Hydro Distribution Inc.  
Mississagi Power Trust (Brookfield Power)  
New Horizon System Solutions  
Newmarket Hydro Ltd.  
Norfolk Power Distribution Inc.  
Nuclear Safety Solutions  
Ontario Power Generation Inc.  
Orangeville Hydro Limited  
PUC Services Inc.  
Sioux Lookout Hydro Inc.  
Sodexo Canada Ltd.  
TransAlta Energy Corporation - O.H.S.C. Ottawa  
Vertex Customer Management (Canada) Limited  
Whitby Hydro Energy Services Corporation

## Power Workers' Union's Comments

### Interpretation of Section 6.3 of the Transmission System Code and Associated Cost Responsibility Issues Included in Subsection 6.3.6

#### INTRODUCTION

The subject matter of this combined proceeding is the applications filed by each of Hydro One Networks Inc. ("Hydro One") and Great Lakes Power Limited ("Great Lakes") for review and approval by the Ontario Energy Board (the "Board"), of their respective connection procedures pursuant to Section 6.1.5 of the Board's Transmission System Code ("TSC").

On June 7, 2007, the Board issued Procedural Order No. 3 ("P.O. No. 3") that provided the opportunity for Parties other than Hydro One Networks Inc. to file written submissions on the interpretation of Section 6.3 of the Transmission System Code and on associated cost responsibility issues including subsection 6.3.6 with the Board.

Herein we provide the Power Worker's Union's ("PWU") interpretation of Section 6.3 of the TSC and in particular on associated cost responsibility issues included in subsection 6.3.6. Our perspective is consistent with the PWU's energy policy statement:

**Reliable, secure, safe and reasonably priced electricity supply and service, supported by a financially viable industry and a skilled labour force is essential for the continued prosperity and social welfare of the people of Ontario. In minimizing environmental impact, due consideration must be given to economic impacts, and the efficiency and sustainability of all energy sources and existing assets. A stable business environment and predictable and fair regulatory framework will promote investment in technical innovation that results in efficiency gains.**

The Board noted in P.O. No. 3 that:

*Hydro One's written reply submissions of February 23, 2007 revealed an interpretation of subsection 6.3.6 of the TSC which may have significance for connecting customers and others. Specifically, one possible implication of that*

*interpretation is that a large number of situations could arise where Hydro One would finance the construction and reinforcement of line connection facilities through the Line Connection Pool, without obtaining a capital contribution from the connecting parties.*

The Board goes on to note that:

*The practical effect of Hydro One's interpretation of subsection 6.3.6 of the TSC has since been manifested in two leave to construct proceedings that are currently before the Board under section 92 of the Ontario Energy Board Act, 1998. One proceeding (EB-2007-0013) relates to an application filed by Hydro One on February 28, 2007 for leave to construct the "Western Brampton Transmission Reinforcement Project". The other (EB-2007-0027) relates to an application filed by Hydro One on March 9, 2007 for leave to construct the "Woodstock Area Transmission Reinforcement".*

*Moreover, these two projects are included in the list of "Development Capital" projects that has been filed by Hydro One in the context of its transmission rate application (proceeding EB-2006-0501) that is also currently before the Board. During Board counsel's cross-examination of Hydro One's witness panel no. 2, it became apparent that Hydro One's intention was for the cost of both of these projects, as well as of a third (Project D8 – Cambridge Preston to add a 250 MVA/115 kV autotransformer), to be financed from the Line Connection Pool. Accordingly, no capital contribution would be sought from the connecting parties. This position was identified as being in accordance with section 6.3.6 of the TSC.*

#### **COMMENTS ON SECTION 6.3.6 – COST RESPONSIBILITY ASSOCIATED WITH TRANSMISSION PLANS**

Section 6.3.6 of the TSC states that

*A transmitter shall develop and maintain plans to meet load growth and maintain the reliability and integrity of its transmission system. **The transmitter shall not require a customer to make a capital contribution for a connection facility that was otherwise planned by the transmitter,** except for advancement costs. **(emphasis added)***

The TSC is clear that for a connection facility that was otherwise planned by the transmitter in order to meet load growth and maintain the reliability and integrity of its transmission system, the transmitter **shall not** require a customer to make a capital contribution. The PWU is of the view that projects such as the "Western Brampton Transmission Reinforcement Project" and the "Woodstock Area Transmission Reinforcement," as well as projects such as adding transmission voltage autotransformers (such as the Cambridge Preston D8 Project), the three projects specifically referred to by the Board in P.O. No. 3, are

clearly related to meeting load growth and maintaining system reliability, and therefore, according to Section 6.3.6 of the TSC shall not require a customer to make a capital contribution.

Indeed, transmission companies such as Hydro One and Great Lakes are in the business of building, operating, and maintaining the transmission system and associated infrastructure. The costs associated with this fundamental transmission function are generally recoverable in the rates charged to customers. In the opinion of the PWU, it is appropriate for connection facilities that are basic transmission infrastructure necessary to maintain the reliability and integrity of the transmission system and meet load growth, to be financed through the line connection pool charge and not require any customer capital contribution, consistent with Section 6.3.6 of the TSC.

As such, the PWU supports Hydro One's interpretation of Section 6.3.6.

These are the comments of the PWU.