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Councillor Jason Farr
City of Hamilton, Ward 2
71 Main Street West
Hamilton, ON L8P 4Y5

Via email: jason.farr@hamilton.ca

Dear Councillor Farr:

Re: Hydro One's plans for Elgin Transformer Station in the Beasley neighbourhood

Thank you very much for convening the meeting with staff on June 28, 2016 at City Hall regarding Hydro One's plans to modernize Elgin Transformer Station (TS), which has been a part of the Beasley neighbourhood for many decades. Elgin TS supplies power to Horizon Utilities for distribution to more than 10,000 customers including several important community facilities such as City Hall, Hamilton General Hospital, First Ontario Centre, and Tim Horton's Field.

The proposed refurbishment and modernization of Elgin TS represents a $60 million investment to replace deteriorating components to prevent against potential equipment failures and unnecessary power outages for customers in downtown Hamilton. This is an asset sustainment project and the cost of the project would be recovered through Hydro One transmission rates that are paid by all electricity consumers in Ontario.

As you are aware, some members of the Beasley neighbourhood have expressed their views to Hydro One and subsequently to local MPP Andrea Horwath that Hydro One should consider moving the station to a different location. In a meeting with the Beasley Neighbourhood Association on June 8, representatives from Hydro One explained why Hydro One believed refurbishing Elgin Transformer Station was our preferred choice for several reasons.

We would like to share with you the analysis Hydro One undertook as part of its planning process of the costs and impacts of alternative options to the current Elgin TS modernization plan.

Station Relocation Option

The cost to relocate the station, contingent upon the availability of a suitable site within 0.5 km of the existing site, is estimated to be about $100 million. This is approximately 67% more costly than refurbishing the station at its existing location. A more detailed estimate would not be possible without knowing the exact location of the alternate site.

The cost of relocating the station is significantly higher due to:

- excavation and relocation of four underground high-voltage transmission cables that supply Elgin TS at its current location and Horizon Utilities' twenty-eight underground distribution cables that distribute power from the station;
- The need for a Class Environmental Assessment to identify a preferred site for the new station;
- identification, acquisition, and preparation of the new site which, based on current standards, would have a larger footprint than the existing station; and
- demolition of the current Elgin TS.

Beyond the issue of increased cost, this option would delay the replacement of the station's aging equipment by a minimum of two years and subsequently increase the risk of equipment failure that could impact the reliability of electrical supply to downtown Hamilton.

Another important factor to consider is the increased community disruption that would result from relocating the station. Moving the station to another location would involve extended disruption due to demolition of the current site, construction at a new site within in the Beasley neighbourhood, and the excavation of many of the streets to reroute the underground infrastructure to the new station site. The main streets around Elgin TS such as Wilson St, Mary St, and Cannon St would be heavily impacted, as well as several others depending on the location identified for a new station.

Further, under the Ontario Energy Board's distribution and transmission system codes, the incremental cost of this option would have to be borne by the beneficiary, the City of Hamilton (through Horizon Utilities and its ratepayers).

Underground Station Option

Burying the station underground was reviewed and ruled out due to the enormous cost burden it would place on Hamilton and Ontario electricity ratepayers and the significant reliability risk that the project, while underway, would present.

It is not technically feasible to maintain electricity supply to downtown Hamilton from Elgin TS while excavating the existing site, so any consideration of an underground station would involve identifying a new site through a Class Environmental Assessment process. This would result in the same disruptive effects on the community as building a new above-ground station at a new location. Similarly, it would result in more than a two year delay in replacing the aging electrical components that supply downtown Hamilton. As such, this option was ruled out as it poses an increased and unacceptable risk to the reliability of supply to Hamilton customers.

Because of the prohibitive cost of underground transformer stations, they are normally only contemplated when surface space is not available in the area that needs to be supplied. For this reason, there are only two underground stations in Canada--one in downtown Vancouver, and the second currently being constructed by Toronto Hydro next to the Rogers Centre at a cost of $195 million. Although most likely not as expensive as the Toronto Hydro project, the cost of burying Elgin TS could easily surpass $100 million. According to the Ontario Energy Board's distribution and transmission system codes, the incremental cost of this option would have to be borne by the City of Hamilton, also through Horizon Utilities and its ratepayers.

Hydro One's Preferred Option

Based on the options considered, Hydro One believes that refurbishing the existing Elgin TS is the better choice for the Beasley neighbourhood and downtown Hamilton. This option makes best use of existing electricity infrastructure without installing new infrastructure, minimizes community disruption, protects electricity ratepayers, reduces project timelines, and minimizes reliability risk.

The benefits of refurbishing the existing station include:

- the ability to accomplish the refurbishment within the existing station footprint, without acquiring a larger alternative site for a new station in the same neighbourhood;
- the ability to complete the refurbishment within a 3-4 year timeframe to ensure the continuity of supply to downtown Hamilton and to avoid cumulative impacts on the community of having other construction projects, such as the proposed LRT on King Street, being undertaken concurrently;
- reduced construction-related impacts, in particular, avoiding the need to excavate neighbouring streets to change the configuration of underground transmission and distribution cables;
- the opportunity to improve the appearance of the existing facility;
- minimized project costs that would not have an incremental impact on Hamilton ratepayers.

Next Steps

Councillor Farr, we understand that you have placed this item on the agenda for the next General Issues Committee, and that residents from the Beasley neighbourhood have indicated they will make a deputation to the Committee. Representatives from Hydro One will be in attendance at the Committee to provide information and answer questions. Please advise if you wish to place Hydro One on the agenda for a formal deputation.

Once the issue of refurbishment of the existing station vs. relocation is decided, Hydro One would like to move forward with project planning and to consult with the community on how we can work together to reduce disruption and inconvenience during construction. As an initial step, we would be looking for the City's cooperation in granting a lease for the additional parking spaces adjacent to the station where we may begin by establishing a secured area from which the project can be managed. As a good neighbour, we would also like to engage the City and members of the community to identify local initiatives that Hydro One might support as a way of giving back to the community.

Thank you again for your assistance, and please let us know if you have any questions or need additional information about the options for Elgin TS.

Sincerely,

Carrie-Lynn Ognibene
A/Manager, Public Affairs

cc: Mr. R. Kessler, Manager, Real Estate, City of Hamilton
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