



1 **Interrogatory**

2
3 1. **Ref: 2010 IRM Deferral Variance Account 1588 - Power**

4
5 The 2008 ending balances reported in the 2010 IRM Deferral Variance Account
6 workform prepared by Hydro Ottawa shows the split for account 1588 – Power and
7 Global Adjustment. On October 15, 2009 the Board issued “Regulatory Audit and
8 Accounting Bulletin 200901” which clarified the accounting rules for reporting the 1558 –
9 Global Adjustment sub-account.

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12 Account Description	13 Account Number	14 Total Claim I=C + D + E + F + G + H
15 RSVA-Power (Excluding Global Adjustment)	1588	8,848,077
16 RSVA-Power (Global Adjustment Sub-account)		8,635,047

17

18 a) Has Hydro Ottawa reviewed the Regulatory Audit & Accounting Bulletin
19 200901 dated October 15, 2009, and ensured that it has accounted for its
20 account 1588 and sub-account Global Adjustment in accordance with this
21 Bulletin?

22
23 b) Has Hydro Ottawa made adjustments subsequent to filing the 2010 IRM3
24 application and need to re-file an updated 2010 IRM Deferral Variance
25 Account workform?

26
27 **Response**

28 a) Yes, Hydro Ottawa has reviewed the Regulatory Audit & Accounting Bulletin
29 200901 dated October 15, 2009 and has ensured that account 1588 and sub-
30 account Global Adjustment have been accounted for in accordance with this
31 Bulletin.



1 b) Hydro Ottawa has not made any adjustments subsequent to filing the 2010
2 IRM3 application and therefore does not need to re-file an updated 2010 IRM
3 Deferral Variance Account work form, however as requested in Board staff
4 Interrogatory #5, a copy of V4 of the Deferral Variance Account work form
5 has been provided.



1 **Interrogatory**

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3 **2. Ref: 2010 IRM Deferral Variance Account 1588 – Global Adjustment**

4 On November 13, 2009 Board Staff prepared a submission in the Enersource EB-
5 2009-0193 2010 IRM3 Application. The following is an excerpt from the submission
6 in respect to Board staff concerns with the current proposal for handling the
7 disposition of the USoA 1588 – Global Adjustment.

8
9 *The EDDVAR Report as well as the Board's Decision in EB-2009-0113 adopted*
10 *an allocation of the GA sub-account balance based on kWh for non RPP*
11 *customers by rate class. Traditionally this allocation would then be combined*
12 *with all other allocated variance account balances by rate class. The combined*
13 *balance by rate class would then be divided by the volumetric billing*
14 *determinants (kWh or kW) from the most recent audited year end or Board*
15 *approved forecast, if available. This process hence spreads the recovery or*
16 *refund of allocated account balances to all customers in the affected rate class.*

17
18 *This method was factored on two premises; a) that the recovery/refund of a*
19 *variance unique to a subset of customers within a rate class would not be unfair*
20 *to the rate class as a whole and b) that the distributors' billing systems would not*
21 *be able to bill a subset of customers within a rate class, without placing a*
22 *significant burden to the distributor.*

23
24 *For these reason the Board's original Deferral Variance Account workform was*
25 *modeled on this basis. However based on Enersource's evidence, there could*
26 *be material unfairness to RPP customers within the affected rate classes.*

27
28 *Therefore Board staff suggests that a separate rate rider be established to clear*
29 *the GA sub-account balance to Non-RPP customers within rate classes.*

30
31 *What remains unclear to Board staff is whether Enersource's billing system could*
32 *accommodate that change within a reasonable timeframe."*

33
34 Board staff would like to poll Hydro Ottawa on the above issue.

- 35 a) Board staff is proposing that a separate disposition rate rider be applied
36 prospectively to Non-RPP customers for 1588 – Global Adjustment. Does
37 Hydro Ottawa agree that this proposal would be fair to all customers? Why or
38 why not?

39



1 b) If the Board were to order Hydro Ottawa to provide such a rate rider, would
2 Hydro Ottawa's billing system be capable of billing non-RPP the separate
3 rate rider? What complications, if any, would Hydro Ottawa see with this rate
4 rider?

5
6 c) If Hydro Ottawa were to be unable to bill in this fashion what would Hydro
7 Ottawa consider proposing in the alternative?

8

9 **Response**

10 a) Hydro Ottawa supports Board staff's proposal that a separate disposition rate
11 rider be applied prospectively to Non-RPP customers for 1588 – Global
12 Adjustment. It would be extremely difficult, if not impossible, for Hydro
13 Ottawa to apply a rider retrospectively as customers are continually
14 connecting and disconnecting and coming on and off the Regulated Price
15 Plan. With respect to the question of fairness, unfortunately there will be
16 customers who contributed to the 1588 – Global Adjustment variance account
17 balance that would not be included in any prospective rate rider however as
18 explained above it would not be possible to retrospectively apply the rider.

19

20 b) Hydro Ottawa's billing system would be capable of billing non-RPP customers
21 a separate rate rider which would represent the disposition (or collection) of
22 the Variance Account 1588 – Global Adjustment. In order to accomplish this,
23 some minor programming changes to the Customer Information System
24 would be required. Please note that Hydro Ottawa is of the opinion that a
25 rate rider specifically for the purpose of disposing of the 1588 – Global
26 Adjustment variance account should be based on kWh, as this is the basis for
27 the charge.

28

29 c) N/A



1 **Interrogatory**

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3. **Ref: 2010 IRM Deferral Variance Billing Determinants**

Below are the billing determinants identified on Sheet "B1.3 Rate Class and Bill Det" of the workform.

Rate Class	2008		
	Billed Customers or Connections	Billed kWh	Billed kW
	A	B	C
Residential	264,958	2,226,078,653	
General Service Less Than 50 kW	23,314	742,015,251	
General Service 50 to 1,499 kW	3,290	3,020,846,382	7,241,479
General Service 1,500 to 4,999 kW	66	845,347,506	1,764,993
Large Use	11	665,877,785	1,190,146
Unmetered Scattered Load	2,885	21,294,526	
Sentinel Lighting			
Street Lighting	50,971	37,459,213	112,373

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- a) Please identify if these values are from the Hydro Ottawa 2008 Cost of Service Application or 2008 RRR reported values.
- b) If the above are from the 2008 CoS values, please explain why Hydro Ottawa has not used the 2008 RRR reported values.

15 **Response**

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- a) The billing determinant values provided on Sheet "B1.3 Rate Class and Bill Det" of the workform are 2008 reported values. Note that the total of the kWh sales reported above does not equal the total reported sales as per the RRR due to the fact that kWh related to Dry Core Losses are not shown above but are included in the total sales reported for 2008. Also note that these values are for total sales including billed and unbilled.
- b) N/A



1 **Interrogatory**

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3 **4. Ref: 2010 IRM Deferral Variance Billing Determinants**

4
5 Below are the Billed kWh for Non-RPP customers identified on Sheet “B1.3 Rate Class
6 and Bill Det” of the workform.

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9

Rate Class	Billed kWh for Non-RPP customers D
10 11 Residential General Service Less Than 50 kW General Service 50 to 1,499 kW General Service 1,500 to 4,999 kW Large Use Unmetered Scattered Load Sentinel Lighting Street Lighting	12

- 12 a) Please identify if these values estimated values or actual values and specify
13 the applicable period.
- 14
15 b) If the above are from the 2008 CoS values, please explain why Hydro Ottawa
16 has not used the 2008 RRR reported values.
- 17
18 c) As discussed in one of the questions above Board staff have proposed a non-
19 RPP customer rate rider for disposition of the 1588 – Global adjustment. If
20 accepted would Hydro Ottawa support using the numbers above as the most
21 reasonable denominator to be used for rate determination.
- 22
23 d) If Hydro Ottawa were to establish a separate rate rider to dispose of the
24 balance of the 1588 – Global adjustment sub-account, does Hydro Ottawa
25 believe that the rider be applied to customers in the MUSH sector? If not,
26 would Hydro Ottawa have the billing capability to exclude customers in the



1 MUSH sector if a separate rate rider were to apply for the disposition of the
 2 1588 – Global adjustment sub-account?

3 **Response**

4 a) Hydro Ottawa did not complete this section of the workform because it was
 5 evident that the threshold was not being met and therefore the Group 1
 6 accounts would not to be cleared. 2008 actual values of the kWh sales for
 7 Non-RPP customers are provided below:

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Rate Class	kWh Sales for Non-RPP customers D
Residential	252,518,671
General Service Less Than 50 kW	99,628,972
General Service 50 to 1,499 kW	2,446,160,248
General Service 1,500 to 4,999 kW	820,731,544
Large Use	665,877,785
Unmetered Scattered Load	0
Sentinel Lighting	
Street Lighting	22,943,556

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b) The above values correspond to the 2008 RRR reported values although they
 do not appear directly in the RRR report. This is because only billed kWh for
 Non-RPP customers are reported in Hydro Ottawa's RRR, not unbilled.

c) If the Board staff proposal to establish a non-RPP customer rate rider for
 disposition of the 1588-Global adjustment is adopted, Hydro Ottawa would
 support using the numbers above as the most reasonable denominator to be
 used for rate determination.

d) If a separate rate rider to dispose of the balance of the 1588 – Global
 adjustment sub-account were established, Hydro Ottawa believes that the
 rider must be applied on a prospective basis as proposed in Board staff's



1 Interrogatory #3. This means that the rider would apply to all non-RPP
2 customers on the date of billing, including the MUSH sector.
3
4 Hydro Ottawa recognizes that MUSH sector customers that had not signed
5 retail contracts or elected to opt out of the RPP would not have been part of
6 the customer group that had contributed to the 1588 – Global Adjustment
7 sub-account and therefore there is a certain level of unfairness. However,
8 applying any rider retrospectively to return or collect the variance from exactly
9 that group of customers who had contributed to the variance would be
10 extremely difficult, if not impossible. Some customers will have closed
11 accounts and are no longer in the service area, customers signed retail
12 contracts at different times and over different terms and customers opted out
13 of the RPP on different schedules.



1 **Interrogatory**

2

3 **5. Ref: 2010 IRM Deferral Variance Total Claim**

4 Below are the Total Claim values for the EDDVAR Group One Deferral Accounts.

Regulatory Assets –Continuity Schedule Final

Account Description	Account Number	Total Claim
		I = C + D+ E + F + G + H
LV Variance Account	1550	354,511
RSVA - Wholesale Market Service Charge	1580	(5,715,881)
RSVA - Retail Transmission Network Charge	1584	(5,014,589)
RSVA - Retail Transmission Connection Charge	1586	(3,125,245)
RSVA - Power (Excluding Global Adjustment)	1588	8,848,077
RSVA - Power (Global Adjustment Sub-account)		8,635,047
Recovery of Regulatory Asset Balances	1590	630,327
Disposition and recovery of Regulatory Balances Account	1595	0
	Total	4,612,247

5

6 a) Please complete the amended Deferral Variance Account Workform V4 as found
7 on the Board's website under the 2010 Electricity Distribution Rates update
8 December 7, 2009. Note that Board staff can assist in converting your most
9 recent model (either the one filed with your application or a more recent version if
10 available). Please contact your case manager to assist you if need be.

11



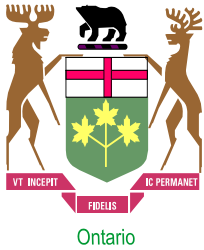
- 1 b) Please confirm if these are the final balances for disposition. If not the final
2 balances please provide amended workform to support final balances for
3 disposition.
4
- 5 c) Please reconcile final balances for disposition to the 2008 year end account
6 balance reported in the RRR filing. Please identify the source and reasons for
7 variances.
8
- 9 d) Please confirm that Hydro Ottawa has complied with and applied correctly the
10 Boards accounting policy and procedures for calculation of the final disposition
11 balance. If Hydro Ottawa has used other practices in the calculation please
12 explain where in the filing and why.
13
- 14 e) Please confirm that Hydro Ottawa has used the simple interest calculation as
15 required by the Board using Boards prescribed interest rates. If Hydro Ottawa
16 has used other calculations please explain where in the filing and why.
17
- 18 f) Please confirm that Hydro Ottawa has complied with the requirement to apply
19 recoveries to principal first as outlined in the 2006 Regulatory Assets
20 Transactions document issued September 4, 2009 (included in the Updated IRM
21 Deferral and Variance Account Work Form zip file). If Hydro Ottawa has not
22 complied with this requirement please explain why not?
23

24 **Response**

- 25 a) The completed Deferral Variance Account Workform V4 is attached. An
26 Excel copy of the Workform has also been included as part of these
27 Interrogatory Responses.
28
- 29 b) Hydro Ottawa confirms that the above are the final balances for disposition.
30



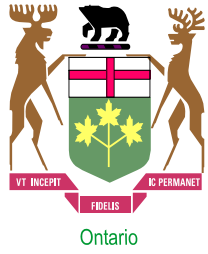
- 1 c) For each of accounts reported above, the Total Claim equals the 2008 year
2 end account balance reported in the RRR filing. Hydro Ottawa has not
3 included the balance in Account 1595 which was a liability of (\$2,593,388).
4 This is because as of December 31, 2008, Account 1595 recorded the
5 difference between the total Board-approved disposition amount for the
6 period from May 1, 2008 to April 30, 2009 and the amount actually returned
7 to customers from May 1, 2008 to December 31, 2008 through the approved
8 rate rider. Most of the remaining balance in Account 1595 was cleared in the
9 period January 1, 2009 to April 30, 2009, at which time the rate rider ended.
10 Even with the balance in Account 1595 included, the total claim would be
11 \$2,018,859, still not within the threshold for clearing balances.
12
- 13 d) Hydro Ottawa has complied with and applied correctly the Board's accounting
14 policy and procedures for calculation of the final disposition balance.
15
- 16 e) Hydro Ottawa has used the simple interest calculation as required by the
17 Board, using the Board's prescribed interest rates.
18
- 19 f) Hydro Ottawa has complied with the requirement to apply recoveries to
20 principal first as outlined in the 2006 Regulatory Assets Transactions
21 document issued September 4, 2009.
22



Name of LDC: Hydro Ottawa Ltd.
File Number: EB-2009-0231
Effective Date: May 1, 2010

LDC Information

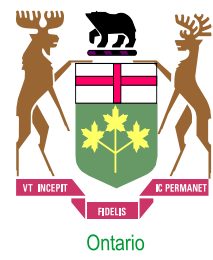
Applicant Name	Hydro Ottawa Ltd.
OEB Application Number	EB-2009-0231
LDC Licence Number	ED-2002-0556
Applied for Effective Date	May 1, 2010



Name of LDC: Hydro Ottawa Ltd.
File Number: EB-2009-0231
Effective Date: May 1, 2010

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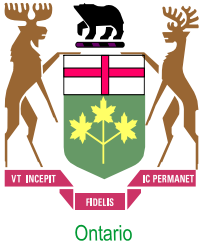
Sheet Name	Purpose of Sheet
A1.1 LDC Information	Enter LDC Data
A2.1 Table of Contents	Table of Contents
B1.1 2006 Reg Assets	2006 Regulatory Asset Recovery
B1.2 2006 Reg Ass Prop Shr	2006 Regulatory Asset Recovery Proportionate Share
B1.3 Rate Class And Bill Det	Rate Class and 2008 Billing Determinants
C1.0 2006 Reg Asset Recovery	Regulatory Assets - 2006 Regulatory Asset Recovery
C1.1 Reg Assets - Cont Sch 2005	Regulatory Assets - Continuity Schedule 2005
C1.2 Reg Assets - Cont Sch 2006	Regulatory Assets - Continuity Schedule 2006
C1.3 Reg Assets - Cont Sch 2007	Regulatory Assets - Continuity Schedule 2007
C1.4 Reg Assets - Cont Sch 2008	Regulatory Assets - Continuity Schedule 2008
C1.4a RegAssets - Cont Sch 2009	Regulatory Assets - Continuity Schedule 2009 - 1588 Power Account Only
C1.5 Reg Assets - Con Sch Final	Regulatory Assets - Continuity Schedule Final
D1.1 Threshold Test	Threshold Test
E1.1 Cost Allocation kWh	Cost Allocation - kWh
E1.2 Cost Allocation Non-RPPkWh	Cost Allocation - Non-RPP kWh
E1.3 Cost Allocation 1590	Cost Allocation - 1590
E1.4 Cost Allocation 1595	Cost Allocation - 1595
F1.1 Calculation Rate Rider	Calculation of Regulatory Asset Recovery Rate Rider
F1.2 Request for Clearance	Request for Clearance of Deferral and Variance Accounts



Name of LDC: Hydro Ottawa Ltd.
 File Number: EB-2009-0231
 Effective Date: May 1, 2010

2006 Regulatory Asset Recovery

Account Description	Account Number	Principal Amounts as of Dec-31 2004 A	Hydro One charges (if applicable) to Dec31-03 B	Hydro One charges (if applicable) Jan 1-04 to Apr 30-06 C	Transition Cost Adjustment D	Principal Amounts E = A + B + C + D	Interest to Dec31-04 F	Interest per 2006 Reg Assets G = H - F - E	Total Claim and Recoveries per 2006 Reg Assets H	Transfer of Board-approved amounts to 1590 as per 2006 EDR I = - E	Transfer of Board-approved Interest to 1590 as per 2006 EDR J = - (F + G)
1. Dec. 31, 2004 Reg. Assets											
		Column G	Column K	Column M		Column H		Column N			
RSVA - Wholesale Market Service Charge	1580	9,680,195	97,579	2,802		9,780,576	1,511,470	888,738	12,180,784	(9,780,576)	(2,400,209)
RSVA - One-time Wholesale Market Service	1582	519,464	7,108	5,767		532,339	42,754	47,715	622,808	(532,339)	(90,469)
RSVA - Retail Transmission Network Charge	1584	2,886,560	(165,450)	(198,408)		2,522,702	273,797	262,602	3,059,101	(2,522,702)	(536,399)
RSVA - Retail Transmission Connection Charge	1586	(11,898,806)	1,528,581	1,668,260		(8,701,965)	(1,073,762)	(1,071,982)	(10,847,708)	8,701,965	2,145,744
RSVA - Power	1588	(2,191,859)				(2,191,859)	(807,232)	(200,960)	(3,200,051)	2,191,859	1,008,192
Sub-Totals		(1,004,446)	1,467,818	1,478,421		1,941,793	(52,973)	(73,887)	1,814,933	(1,941,793)	126,860
Other Regulatory Assets	1508	210,202		111,035		321,237	4,055	16,060	341,352	(321,237)	(20,115)
Retail Cost Variance Account - Retail	1518	919,761				919,761	72,457	84,328	1,076,547	(919,761)	(156,786)
Retail Cost Variance Account - STR	1548	37,234				37,234	4,934	3,414	45,582	(37,234)	(8,348)
Misc. Deferred Debits - incl. Rebate Cheques	1525	268,600	58,745			327,345	37,118	25,355	389,818	(327,345)	(62,473)
Pre-Market Opening Energy Variances Total	1571	21,654,896				21,654,896	4,230,389	1,986,355	27,871,640	(21,654,896)	(6,216,744)
Extra-Ordinary Event Losses	1572					0		0		0	0
Deferred Rate Impact Amounts	1574					0		0		0	0
Other Deferred Credits	2425					0		0		0	0
Sub-Totals		23,090,693	58,745	111,035		23,260,473	4,348,952	2,115,513	29,724,938	(23,260,473)	(6,464,465)
Qualifying Transition Costs	1570	4,066,680	55			4,066,735	911,876	372,854	5,351,465	(4,066,735)	(1,284,730)
Transition Cost Adjustment	1570				(535,146)	(535,146)			(535,146)	535,146	0
Sub-Totals		4,066,680	55			3,531,589	911,876	372,854	4,816,318	(3,531,589)	(1,284,730)
Total Regulatory Assets		26,152,927	1,526,618	1,589,456	(535,146)	28,733,854	5,207,855	2,414,480	36,356,190	(28,733,854)	(7,622,335)
Total Recoveries to April 30-06	2. Rate Riders Calculation	Cell C48							22,472,108	(22,472,108)	0
Balance to be collected or refunded	2. Rate Riders Calculation	Cell N51							13,884,082	(6,261,747)	(7,622,335)

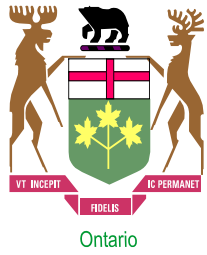


Name of LDC: Hydro Ottawa Ltd.
File Number: EB-2009-0231
Effective Date: May 1, 2010

2006 Regulatory Asset Recovery Proportionate Share

Rate Class	Total Claim	% Total Claim
Residential	16,848,130	46.3%
GS < 50 KW	4,410,140	12.1%
GS > 50 Non TOU	14,619,403	40.2%
GS > 50 TOU	213,064	0.6%
Intermediate		0.0%
Large Users	165,111	0.5%
Small Scattered Load	89,449	0.2%
Sentinel Lighting	59	0.0%
Street Lighting	10,834	0.0%
Total	36,356,190	100.0%

2. Rate Riders Calculation
 Row 29

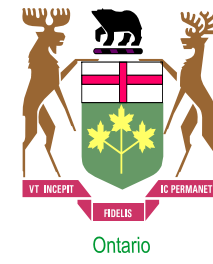


Name of LDC: Hydro Ottawa Ltd.
File Number: EB-2009-0231
Effective Date: May 1, 2010

Rate Class and 2008 Billing Determinants

Rate Group	Rate Class	Fixed Metric	Vol Metric	2008			Billed kWh for Non-RPP customers	1590 Recovery Share Proportion ¹	1595 Recovery Share Proportion ¹
				Billed Customers or Connections	Billed kWh	Billed kW			
				A	B	C			
RES	Residential	Customer	kWh	264,958	#####		252,518,671		
GSLT50	General Service Less Than 50 kW	Customer	kWh	23,314	742,015,251		99,628,972		
GSGT50	General Service 50 to 1,499 kW	Customer	kW	3,290	#####	7,241,479	2,446,160,248		
GSGT50	General Service 1,500 to 4,999 kW	Customer	kW	66	845,347,506	1,764,993	820,731,544		
LU	Large Use	Customer	kW	11	665,877,785	1,190,146	665,877,785		
USL	Unmetered Scattered Load	Connection	kWh	2,885	21,294,526		0		
Sen	Sentinel Lighting	Connection	kW						
SL	Street Lighting	Connection	kW	50,971	37,459,213	112,373	22,943,556		
NA	Rate Class 9	NA	NA						
NA	Rate Class 10	NA	NA						
NA	Rate Class 11	NA	NA						
NA	Rate Class 12	NA	NA						
NA	Rate Class 13	NA	NA						
NA	Rate Class 14	NA	NA						
NA	Rate Class 15	NA	NA						
NA	Rate Class 16	NA	NA						
NA	Rate Class 17	NA	NA						
NA	Rate Class 18	NA	NA						
NA	Rate Class 19	NA	NA						
NA	Rate Class 20	NA	NA						
NA	Rate Class 21	NA	NA						
NA	Rate Class 22	NA	NA						
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NA	Rate Class 25	NA	NA						
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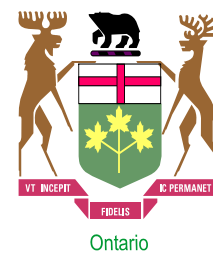
¹ Residual Account balance to be allocated to rate classes in proportion to the recovery share as established when rate riders were implemented.



Name of LDC: Hydro Ottawa Ltd.
 File Number: EB-2009-0231
 Effective Date: May 1, 2010

Regulatory Assets - Continuity Schedule 2006

Account Description	Account Number	Opening Principal Amounts as of Jan-1-05 1	Low Voltage and Recoveries per 2006 Reg Asset	Transition Cost Adjustment	Transfer of Board-approved amounts to 1590 as per 2006 EDR	Closing Principal Balance as of May-1-06	Opening Interest Amounts as of Jan-1-05 4	Interest per 2006 Reg Asset	Recoveries per 2006 Reg Asset	Transfer of Board-approved amounts to 1590 as per 2006 EDR	Closing Interest Amounts as of May-1-06
LV Variance Account	1550										0
RSVA - Wholesale Market Service Charge	1580	9,680,195	100,381		(9,780,576)	0	1,511,470	888,738		(2,400,209)	0
RSVA - Retail Transmission Network Charge	1584	2,886,560	(363,858)		(2,522,702)	0	273,797	262,602		(536,399)	0
RSVA - Retail Transmission Connection Charge	1586	(11,898,806)	3,196,841		8,701,965	0	(1,073,762)	(1,071,982)		2,145,744	0
RSVA - Power (Excluding Global Adjustment)	1588	(2,191,859)			2,191,859	0	(807,232)	(200,960)		1,008,192	0
RSVA - Power (Global Adjustment Sub-account)						0					0
Recovery of Regulatory Asset Balances	1590		(22,472,108)		28,733,854	6,261,747			0	7,622,335	7,622,335
Disposition and recovery of Regulatory Balances Account	1595					0					0
Sub-Total		(1,523,910)	(19,538,744)		27,324,400	6,261,747	(95,727)	(121,602)	0	7,839,664	7,622,335
RSVA - One-time Wholesale Market Service	1582	519,464	12,875		(532,339)	0	42,754	47,715		(90,469)	0
Other Regulatory Assets	1508	210,202	111,035		(321,237)	0	4,055	16,060		(20,115)	0
Retail Cost Variance Account - Retail	1518	919,761	0		(919,761)	0	72,457	84,328		(156,786)	0
Retail Cost Variance Account - STR	1548	37,234	0		(37,234)	0	4,934	3,414		(8,348)	0
Misc. Deferred Debits - incl. Rebate Cheques	1525	268,600	58,745		(327,345)	0	37,118	25,355		(62,473)	0
Pre-Market Opening Energy Variances Total	1571	21,654,896	0		(21,654,896)	0	4,230,389	1,986,355		(6,216,744)	0
Extra-Ordinary Event Losses	1572	0	0		0	0	0	0		0	0
Deferred Rate Impact Amounts	1574	0	0		0	0	0	0		0	0
Other Deferred Credits	2425	0	0		0	0	0	0		0	0
Qualifying Transition Costs	1570	4,066,680	55		(4,066,735)	0	911,876	372,854		(1,284,730)	0
Transition Cost Adjustment	1570			(535,146)	535,146	0					0
Total		26,152,927	(19,356,034)	(535,146)	(0)	6,261,747	5,207,855	2,414,480	0	0	7,622,335



Name of LDC: Hydro Ottawa Ltd.
 File Number: EB-2009-0231
 Effective Date: May 1, 2010

Regulatory Assets - Continuity Schedule 2005

Account Description	Account Number	Opening Principal Amounts as of Jan-1-05 ⁴	Transactions (additions) during 2005, excluding interest and adjustments ¹	Transactions (reductions) during 2005, excluding interest and adjustments ¹	Adjustments during 2005 - instructed by Board ²	Adjustments during 2005 - other ³	Closing Principal Balance as of Dec-31-05	Opening Interest Amounts as of Jan-1-05 ⁴	Interest Recovery Transactions during 2005	Interest Jan-1 to Dec31-05	Closing Interest Amounts as of Dec-31-05	Total Closing Amounts as of Dec-31-05	RRR Filing Amount as of Dec-31-05	Difference
												A	B	C = A - B
LV Variance Account	1550	0					0				0	0		0
RSVA - Wholesale Market Service Charge	1580		4,906,819				4,906,819			107,847	107,847	5,014,666	5,014,666	(0)
RSVA - Retail Transmission Network Charge	1584		1,222,972				1,222,972			29,331	29,331	1,252,304	1,252,304	(0)
RSVA - Retail Transmission Connection Charge	1586		(4,025,092)				(4,025,092)			(183,462)	(183,462)	(4,208,554)	(4,208,555)	0
RSVA - Power (Excluding Global Adjustment)	1588		(1,098,472)				(1,098,472)			21,165	21,165	(1,077,307)	(4,227,635)	3,150,328
RSVA - Power (Global Adjustment Sub-account)			(4,838,912)				(4,838,912)			(148,447)	(148,447)	(4,987,359)	(4,987,359)	(0)
Recovery of Regulatory Asset Balances	1590			(10,455,341)			(10,455,341)			(985,081)	(985,081)	(11,440,421)	(18,563,601)	7,123,180
Disposition and recovery of Regulatory Balances Account	1595						0				0	0		
Total		0	(3,832,685)	(10,455,341)	0	0	(14,288,026)	0	0	(1,158,646)	(1,158,646)	(15,446,672)	(25,720,181)	10,273,508

¹ For RSVA accounts only, report the net additions to the account during the year. For all other accounts, record the additions and reductions separately.

² Provide supporting statement indicating whether due to denial of costs in 2006 EDR by the Board

³ Provide supporting statement indicating nature of this adjustments and periods they relate to

⁴ Opening balances assumed to be zero as a result of clearance of Decemeber 2004 balances cleared in 2006 Regulatory Asset process

Name of LDC: Hydro Ottawa Ltd.
 File Number: EB-2009-0231
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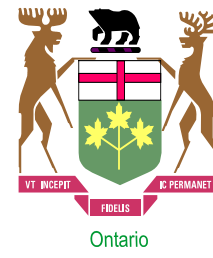
Regulatory Assets - Continuity Schedule 2006

Account Description	Account Number	Opening Principal Amounts as of Jan-1-06	Transactions (additions) during 2006, excluding interest and adjustments ¹	Transactions (reductions) during 2006, excluding interest and adjustments ¹	Adjustments during 2006 - instructed by Board ²	Adjustments during 2006 - other ³	Transfer of Board-approved amounts to 1590 as per 2006 EDR	Closing Principal Balance as of Dec-31-06	Opening Interest Amounts as of Jan-1-06	Interest Recovery Transactions during 2006	Interest Adjustment 2005/2006	Interest Jan-1 to Dec31-06	Transfer of Board-approved amounts to 1590 as per 2006 EDR	Closing Interest Amounts as of Dec-31-06	Total Closing Amounts as of Dec-31-06	RRR Filing Amount as of Dec-31-06	Difference
															A	B	C = A - B
LV Variance Account	1550	0	1,010,657	(364,504)				646,153	0			9,488		9,488	655,641	655,641	0
RSVA - Wholesale Market Service Charge	1580	4,906,819	(9,762,037)					(4,855,218)	107,847			48,760		156,607	(4,698,611)	(4,698,611)	0
RSVA - Retail Transmission Network Charge	1584	1,222,972	529,913					1,752,885	29,331			71,350		100,681	1,853,566	1,853,567	(0)
RSVA - Retail Transmission Connection Charge	1586	(4,025,092)	(1,298,964)					(5,324,056)	(183,462)			(267,179)		(450,642)	(5,774,698)	(5,774,698)	(0)
RSVA - Power (Excluding Global Adjustment)	1588	(1,098,472)	5,357,870					4,259,398	21,165			104,369		125,535	4,384,933	4,384,933	(0)
RSVA - Power (Global Adjustment Sub-account)		(4,838,912)	9,185,051					4,346,138	(148,447)			84,946		(63,501)	4,282,638	4,282,638	0
Recovery of Regulatory Asset Balances	1590	(10,455,341)	1,154,446	2,586,164			6,261,747	(452,985)	(985,081)	985,081		865,571	7,622,335	8,487,906	8,034,921	8,034,921	0
Disposition and recovery of Regulatory Balances Account	1595	0						0	0					0	0	0	0
Total		(14,288,026)	6,176,935	2,221,660	0	0	6,261,747	372,315	(1,158,646)	985,081	0	917,305	7,622,335	8,366,075	8,738,390	8,738,390	0

¹ For RSVA accounts only, report the net additions to the account during the year. For all other accounts, record the additions and reductions separately.

² Provide supporting evidence i.e. Board Decision, CRO Order, etc.

³ Provide supporting statement indicating nature of this adjustments and periods they relate to



Name of LDC: Hydro Ottawa Ltd.
 File Number: EB-2009-0231
 Effective Date: May 1, 2010

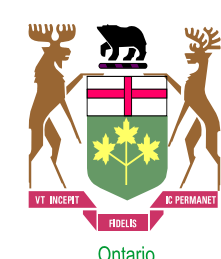
Regulatory Assets - Continuity Schedule 2007

Account Description	Account Number	Opening Principal Amounts as of Jan-1-07	Transactions (additions) during 2007, excluding interest and adjustments ¹	Transactions (reductions) during 2007, excluding interest and adjustments ¹	Adjustments during 2007 - instructed by Board ²	Adjustments during 2007 - other ³	Closing Principal Balance as of Dec-31-07	Opening Interest Amounts as of Jan-1-07	Interest Recovery Transactions during 2007	Interest Jan-1 to Dec31-07	Closing Interest Amounts as of Dec-31-07	Total Closing Amounts as of Dec-31-07 A	RRR Filing Amount as of Dec-31-07 B	Difference C = A - B
LV Variance Account	1550	646,153	1,389,057	(610,793)			1,424,417	9,488		46,039	55,527	1,479,944	1,479,944	(0)
RSVA - Wholesale Market Service Charge	1580	(4,855,218)	(9,442,167)				(14,297,385)	156,607		(440,697)	(284,090)	(14,581,475)	(14,581,476)	1
RSVA - Retail Transmission Network Charge	1584	1,752,885	835,629				2,588,514	100,681		125,253	225,935	2,814,449	2,814,449	0
RSVA - Retail Transmission Connection Charge	1586	(5,324,056)	591,878				(4,732,178)	(450,642)		(235,552)	(686,193)	(5,418,372)	(5,418,372)	(0)
RSVA - Power (Excluding Global Adjustment)	1588	4,259,398	4,184,499				8,443,897	125,535		258,557	384,092	8,827,989	8,827,989	(0)
RSVA - Power (Global Adjustment Sub-account)		4,346,138	1,425,437				5,771,575	(63,501)		60,356	(3,145)	5,768,430	5,768,430	0
Recovery of Regulatory Asset Balances	1590	(452,985)	904,752	(6,914,460)			(6,462,693)	8,487,906		203,678	8,691,584	2,228,891	2,228,891	0
Disposition and recovery of Regulatory Balances Account	1595	0					0	0			0	0		
Total		372,315	(110,915)	(7,525,253)	0	0	(7,263,852)	8,366,075	0	17,634	8,383,708	1,119,856	1,119,855	2

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² Provide supporting evidence i.e. Board Decision, CRO Order, etc.

³ Provide supporting statement indicating nature of this adjustments and periods they relate to



Name of LDC: Hydro Ottawa Ltd.
 File Number: EB-2009-0231
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Regulatory Assets - Continuity Schedule 2008

Account Description	Account Number	Opening Principal Amounts as of Jan-1-08	Transactions (additions) during 2008, excluding interest and adjustments ¹	Transactions (reductions) during 2008, excluding interest and adjustments ¹	Adjustments during 2008 - instructed by Board ²	Adjustments during 2008 - other ³	Transfer of Board-approved 2006 amounts to 1595 (2008 COS) ⁴	Closing Principal Balance as of Dec-31-08	Opening Interest Amounts as of Jan-1-08	Interest Recovery Transactions during 2008	Interest Jan-1 to Dec31-08	Transfer of Board-approved 2006 interest amounts to 1595 (2008 COS)	Closing Interest Amounts as of Dec-31-08	Total Closing Amounts as of Dec-31-08	RRR Filing Amount as of Dec-31-08	Difference
														A	B	C = A - B
LV Variance Account	1550	1,424,417	1,413,004	(1,187,082)			(1,308,915)	341,423	55,527		30,772	(77,689)	8,610	350,033	350,033	0
RSVA - Wholesale Market Service Charge	1580	(14,297,385)	(4,791,023)				13,552,824	(5,535,584)	(284,090)		(332,612)	509,005	(107,697)	(5,643,281)	(5,643,281)	0
RSVA - Retail Transmission Network Charge	1584	2,588,514	(3,920,702)				(3,495,962)	(4,828,149)	225,935		(61,868)	(287,185)	(123,118)	(4,951,267)	(4,951,267)	(0)
RSVA - Retail Transmission Connection Charge	1586	(4,732,178)	(2,761,549)				4,454,219	(3,039,509)	(686,193)		(120,350)	760,670	(45,873)	(3,085,381)	(3,085,381)	0
RSVA - Power (Excluding Global Adjustment)	1588	8,443,897	4,133,531				(3,948,697)	8,628,731	384,092		155,517	(433,429)	106,179	8,734,910	8,734,911	(1)
RSVA - Power (Global Adjustment Sub-account)		5,771,575	2,564,808				0	8,336,384	(3,145)		192,476	0	189,331	8,525,715	8,525,715	(0)
Recovery of Regulatory Asset Balances	1590	(6,462,693)	904,752	(2,387,225)				(7,945,165)	8,691,584		(11,890)		8,679,694	734,528	734,528	0
Disposition and recovery of Regulatory Balances Account	1595	0						0	0				0	0	0	0
Total		(7,263,852)	(2,457,179)	(3,574,307)	0	0	9,253,468	(4,041,870)	8,383,708	0	(147,955)	471,372	8,707,126	4,665,257	4,665,257	(0)

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² Provide supporting evidence i.e. Board Decision, CRO Order, etc.
³ Provide supporting statement indicating nature of this adjustments and periods they relate to
⁴ This records the values of amounts removed from Group One accounts in previous proceedings; but does not enter offsets for disposition of 1590, as recovery has not been completed.

Name of LDC: Hydro Ottawa Ltd.
 File Number: EB-2009-0231
 Effective Date: May 1, 2010

Regulatory Assets - Continuity Schedule 2009 - 1588 Power Account Only

Account Description	Account Number	Transactions (additions) during 2009, excluding interest and adjustments ¹	Transactions (reductions) during 2009, excluding interest and adjustments ¹	Adjustments during 2009 - instructed by Board ²	Adjustments during 2009 - other ³	Closing Principal Balance as of Sep-30-09
LV Variance Account	1550					
RSVA - Wholesale Market Service Charge	1580					
RSVA - Retail Transmission Network Charge	1584					
RSVA - Retail Transmission Connection Charge	1586					
RSVA - Power (Excluding Global Adjustment)	1588	(5,451,276)				(5,451,276)
RSVA - Power (Global Adjustment Sub-account)		10,397,567				10,397,567
Recovery of Regulatory Asset Balances	1590					
Disposition and recovery of Regulatory Balances Account	1595					
Total		4,946,290	0	0	0	4,946,290

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² Provide supporting evidence i.e. Board Decision, CRO Order, etc.

³ Provide supporting statement indicating nature of this adjustments and periods they relate to

⁴ This records the values of amounts removed from Group One accounts in previous proceedings; but does not enter offsets for disposition of 1590, as recovery has not been completed.

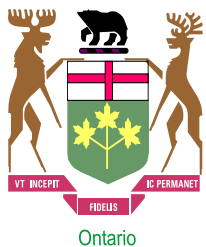
Name of LDC: Hydro Ottawa Ltd.
 File Number: EB-2009-0231
 Effective Date: May 1, 2010

Regulatory Assets - Continuity Schedule Final

Account Description	Account Number	Opening Principal Amounts as of Jan-1-09 or Oct-01-09 A	Global Adjustment Reconciliation B	Transfer of Board-approved 2007 amounts to 1595 (2009 COS) C	Principal Amounts to be disposed E = A + B + C + D	Opening Interest Amounts as of Jan-1-09 F	Global Adjustment Interest Reconciliation G	Interest on Board-approved 2007 amounts prior to transfer Jan-1, 2009 to Date of Transfer H	Transfer of Board-approved 2007 interest amounts to 1595 (2009 COS) I	Projected Interest on Dec 31 -08 balance from Jan 1, 2009 to Dec 31, 2009 ¹ J	Projected Interest on Dec 31 -08 balance from Jan 1, 2010 to April 30, 2010 ¹ K	Interest Amounts to be disposed M = F + G + H + I + J + K	Total Claim N = E + M
LV Variance Account	1550	341,423			341,423	8,610				3,860	617	13,088	354,511
RSVA - Wholesale Market Service Charge	1580	(5,535,584)			(5,535,584)	(107,697)				(62,590)	(10,010)	(180,297)	(5,715,881)
RSVA - Retail Transmission Network Charge	1584	(4,828,149)			(4,828,149)	(123,118)				(54,591)	(8,730)	(186,440)	(5,014,589)
RSVA - Retail Transmission Connection Charge	1586	(3,039,509)			(3,039,509)	(45,873)				(34,367)	(5,496)	(85,736)	(3,125,245)
RSVA - Power (Excluding Global Adjustment)	1588	8,628,731			8,628,731	106,179				97,564	15,603	219,346	8,848,077
RSVA - Power (Global Adjustment Sub-account)		8,336,384			8,336,384	189,331				94,258	15,074	298,663	8,635,047
Recovery of Regulatory Asset Balances	1590	(7,945,165)			(7,945,165)	8,679,694				(89,835)	(14,367)	8,575,492	630,327
Disposition and recovery of Regulatory Balances Account	1595	0			0	0				0	0	0	0
Total		(4,041,870)	0	0	(4,041,870)	8,707,126	0	0	0	(45,701)	(7,309)	8,654,117	4,612,247

Interest projected on December 31, 2008 closing principal balance.

Month	Prescribed Rate	Monthly Interest	Month	Prescribed Rate	Monthly Interest
January 31, 2009	2.45	0.2081	January 31, 2010	0.55	0.0467
February 28, 2009	2.45	0.1879	February 28, 2010	0.55	0.0422
March 31, 2009	2.45	0.2081	March 31, 2010	0.55	0.0467
April 30, 2009	1.00	0.0822	April 30, 2010	0.55	0.0452
May 31, 2009	1.00	0.0849	Effective Rate		0.1808
June 30, 2009	1.00	0.0822			
July 31, 2009	0.55	0.0467			
August 31, 2009	0.55	0.0467			
September 30, 2009	0.55	0.0452			
October 31, 2009	0.55	0.0467			
November 30, 2009	0.55	0.0452			
December 31, 2009	0.55	0.0467			
Effective Rate		1.1307			

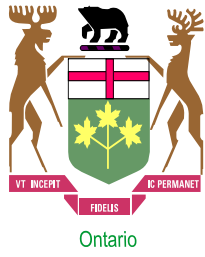


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Threshold Test

Rate Class	Billed kWh B
Residential	2,226,078,653
General Service Less Than 50 kW	742,015,251
General Service 50 to 1,499 kW	3,020,846,382
General Service 1,500 to 4,999 kW	845,347,506
Large Use	665,877,785
Unmetered Scattered Load	21,294,526
Sentinel Lighting	0
Street Lighting	37,459,213
	#####
Total Claim	4,612,247
Total Claim per kWh	0.000610



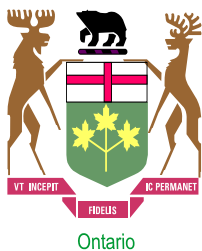
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Cost Allocation - kWh

Rate Class	Billed kWh	% kWh						Total
			1550	1580	1584	1586	1588 ¹	
Residential	2,226,078,653	29.4%	104,402	(1,683,310)	(1,476,781)	(920,375)	2,605,732	(1,370,332)
General Service Less Than 50 kW	742,015,251	9.8%	34,800	(561,095)	(492,253)	(306,787)	868,564	(456,770)
General Service 50 to 1,499 kW	3,020,846,382	40.0%	141,677	(2,284,295)	(2,004,030)	(1,248,973)	3,536,045	(1,859,575)
General Service 1,500 to 4,999 kW	845,347,506	11.2%	39,647	(639,232)	(560,804)	(349,510)	989,520	(520,380)
Large Use	665,877,785	8.8%	31,229	(503,521)	(441,743)	(275,308)	779,442	(409,902)
Unmetered Scattered Load	21,294,526	0.3%	999	(16,102)	(14,127)	(8,804)	24,926	(13,109)
Sentinel Lighting	0	0.0%	0	0	0	0	0	0
Street Lighting	37,459,213	0.5%	1,757	(28,326)	(24,850)	(15,488)	43,848	(23,059)
	<u>7,558,919,316</u>	<u>100.0%</u>	<u>354,511</u>	<u>(5,715,881)</u>	<u>(5,014,589)</u>	<u>(3,125,245)</u>	<u>8,848,077</u>	<u>(4,653,127)</u>
			-	-	-	-	-	-

¹ RSVA - Power (Excluding Global Adjustment)



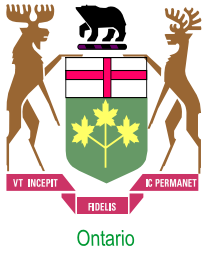
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Cost Allocation - Non-RPP kWh

Rate Class	Non-RPP kWh	% kWh	1588 ¹
Residential	252,518,671	5.9%	506,170
General Service Less Than 50 kW	99,628,972	2.3%	199,705
General Service 50 to 1,499 kW	2,446,160,248	56.8%	4,903,294
General Service 1,500 to 4,999 kW	820,731,544	19.1%	1,645,145
Large Use	665,877,785	15.5%	1,334,743
Unmetered Scattered Load	0	0.0%	0
Sentinel Lighting	0	0.0%	0
Street Lighting	22,943,556	0.5%	45,990
	<u>4,307,860,776</u>	<u>100.0%</u>	<u>8,635,047</u>

¹ RSVA - Power (Global Adjustment Sub-account)

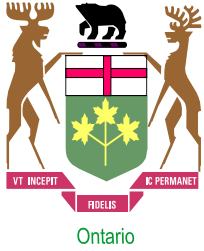


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Cost Allocation - 1590

Rate Class	1590 Recovery Share Proportion	1590
Residential	0.0%	0
General Service Less Than 50 kW	0.0%	0
General Service 50 to 1,499 kW	0.0%	0
General Service 1,500 to 4,999 kW	0.0%	0
Large Use	0.0%	0
Unmetered Scattered Load	0.0%	0
Sentinel Lighting	0.0%	0
Street Lighting	0.0%	0
	0.0%	630,327
		-630,327

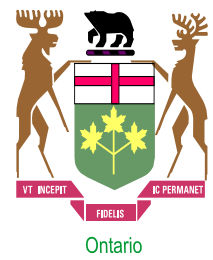


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Cost Allocation - 1595

Rate Class	1595 Recovery Share Proportion	1595
Residential	0.0%	0
General Service Less Than 50 kW	0.0%	0
General Service 50 to 1,499 kW	0.0%	0
General Service 1,500 to 4,999 kW	0.0%	0
Large Use	0.0%	0
Unmetered Scattered Load	0.0%	0
Sentinel Lighting	0.0%	0
Street Lighting	0.0%	0
	0.0%	0



Name of LDC: Hydro Ottawa Ltd.
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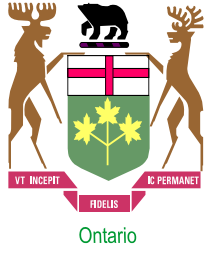
Calculation of Regulatory Asset Recovery Rate Rider

Rate Rider Recovery Period - Years **One**

Rate Rider Effective To Date
April 30, 2011

Rate Class	Vol Metric	Billed kWh A	Billed kW B	kWh C	Non-RPP D	1590 E	1595 F	Total G = C + D + E + F	Rate Rider kWh H = G / A (kWh) or H = G / B (kW)
Residential	kWh	2,226,078,653	0	(1,370,332)	506,170	0	0	(864,161)	(0.00039)
General Service Less Than 50 kW	kWh	742,015,251	0	(456,770)	199,705	0	0	(257,066)	(0.00035)
General Service 50 to 1,499 kW	kW	3,020,846,382	7,241,479	(1,859,575)	4,903,294	0	0	3,043,719	0.42032
General Service 1,500 to 4,999 kW	kW	845,347,506	1,764,993	(520,380)	1,645,145	0	0	1,124,765	0.63726
Large Use	kW	665,877,785	1,190,146	(409,902)	1,334,743	0	0	924,841	0.77708
Unmetered Scattered Load	kWh	21,294,526	0	(13,109)	0	0	0	(13,109)	(0.00062)
Sentinel Lighting	kW	0	0	0	0	0	0	0	0.00000
Street Lighting	kW	37,459,213	112,373	(23,059)	45,990	0	0	22,931	0.20406
		<u>7,558,919,316</u>	<u>10,308,992</u>	<u>(4,653,127)</u>	<u>8,635,047</u>	<u>0</u>	<u>0</u>	<u>3,981,920</u>	
				-	-	630,327	-	630,327	

Enter the above value onto Sheet
 "J2.1 DeferralAccount Rate Rider"
 of the 2010 OEB IRM2 Rate
 Generator
 "J2.5 DeferralAccount Rate Rider2"
 of the 2010 OEB IRM3 Rate
 Generator



Name of LDC: Hydro Ottawa Ltd.
File Number: EB-2009-0231
Effective Date: May 1, 2010

Request for Clearance of Deferral and Variance Accounts

Account Description	Account Number	Principal Amounts A	Interest Amounts B	Total Claim C = A + B
LV Variance Account	1550	(341,423)	(13,088)	(354,511)
RSVA - Wholesale Market Service Charge	1580	5,535,584	180,297	5,715,881
RSVA - Retail Transmission Network Charge	1584	4,828,149	186,440	5,014,589
RSVA - Retail Transmission Connection Charge	1586	3,039,509	85,736	3,125,245
RSVA - Power (Excluding Global Adjustment)	1588	(8,628,731)	(219,346)	(8,848,077)
RSVA - Power (Global Adjustment Sub-account)	1588	(8,336,384)	(298,663)	(8,635,047)
Recovery of Regulatory Asset Balances	1590	7,945,165	(8,575,492)	(630,327)
Disposition and recovery of Regulatory Balances Account	1595	(4,041,870)	8,654,117	4,612,247
Total		0	0	0



1 **Interrogatory**

2

3 **6. Ref: Supplemental Model – Z-Factor Tax Changes**

4

5 Sheet “F1.1 Z-Factor Tax Changes” of the supplemental module shows Grossed-Up Tax
6 Amount as \$9,716,305 while the 2009 3GIRM Supplemental Filing Module sheet “F1.1
7 Z-Factor Tax Changes” shows Grossed-Up Income Taxes as \$9,937,684.

8

9 a) Please review and advise of correct amount.

10

11 **Response**

12 a) Sheet “F1.1 Z-Factor Tax Changes” of the supplemental module submitted as
13 part of the 2010 3GIRM Rate Application (Attachment C) shows \$9,716,305
14 in Cell G42 as the Grossed-Up Tax Amount for 2009. The Decision 3GIRM
15 Supplemental Filing Module for 2009 3GIRM Rates sheet “F1.1 Z-Factor Tax
16 Changes” also shows \$9,716,305 for 2009 in Cell G144. The figure of
17 \$9,937,684 appears in Cell E144 and is for 2008. The correct amount for
18 2009 is \$9,716,305.



1 **Interrogatory**

2

3 **HST Interrogatory**

4

5 **7. Harmonized Sales Tax**

6

7 It is possible that the PST and GST may be harmonized effective July 1, 2010. Unlike
8 the GST, The PST is included as an OM&A expense and is also included in capital
9 expenditures. If the GST and PST are harmonized, corporations would see a reduction
10 in OM&A expenses and capital expenditures.

11

12 In the event that PST and GST are harmonized effective July 1, 2010;

13

14 a) Would Hydro Ottawa agree to capture in a variance account the reductions in
15 OM&A and capital expenditures?

15

16

17 b) Are there other alternatives that the Board might consider to reflect the
18 reductions in OM&A and capital expenditures?

18

19 **Response**

20

21 a) In general, Hydro Ottawa supports the use of deferral accounts to protect
22 customers and distributors in instances such as tax rate changes. The
23 impacts of many tax rate changes (income tax for example) can be readily
24 identified. However, Hydro Ottawa does not agree with the Board's proposal
25 to capture the reductions in OM&A and capital expenditures resulting from
26 the introduction of the HST in a variance account, specifically as part of an
27 Incentive Regulation Mechanism ("IRM") application.

27

28

29 One of the principles of rate making under an IRM regime is that rates are
30 decoupled from the distributor's expenses and the revenue requirement is not
31 adjusted for any changes such as the Cost of Capital or an increase or
32 decrease in expenses. Similarly, the changes in a distributor's costs due to
33 the HST should not result in a change in rates and should not be captured in
a variance account. There is no reason why this change should be treated



1 any differently than the recently revised Return on Equity, or increases in
2 property taxes that a distributor must absorb.

3
4 Should the Board proceed with directing distributors to capture reductions in
5 OM&A and capital expenditures resulting from the HST during the IRM rate
6 year, Hydro Ottawa would note the following:

- 7 • capital expenditures for products could be less, for two reasons (1) the
8 LDC will now be able to receive an Input Tax Credit (ITC) for the PST
9 applied to the product, which they didn't in the past and (2) the supplier
10 may be lowering the cost of the product as they are no longer paying PST
11 on all the components of their product. It would be difficult to confirm that
12 this is being done and to quantify the savings.
- 13 • For services on which LDCs currently don't pay PST, the LDC will be able
14 to receive an ITC for the new PST, so the impact should be neutral
15 however there will be a timing difference.
- 16 • There is a multi-year transitional period for the implementation of the
17 harmonized tax, during which time an amount equivalent to the PST will
18 not be eligible for the ITC for certain supplies and services, e.g. energy
19 and vehicles < 3000 kg. This may serve to increase OM&A expenses for
20 a number of years until the restriction is removed.
- 21 • There will be costs to administering the change to a harmonized tax.
22 Hydro Ottawa has not yet determined what that increased cost would be.
- 23 • Under IRM, a distributor's rate base is fixed and therefore future capital
24 expenditures that exceed annual depreciation are not funded through
25 rates. Even if it could be determined that the HST resulted in a small
26 decrease to annual capital expenditures, if those capital expenditures
27 continue to exceed depreciation expense the distributor will still
28 experience a shortfall in funding for its capital program and therefore
29 there would be no "savings" to share.



1 As a result of these factors, and other yet to be learned aspects of the
2 harmonized tax, it does not appear that meaningful accounting entries could be
3 made in operating and capital deferral accounts.

4 b) Hydro Ottawa would suggest that because this issue is generic to both the
5 electricity and gas industries, it would be best if it was addressed in a
6 stakeholder consultation, outside of the current IRM process. There is
7 insufficient time to address this issue during the interrogatory process and not
8 all affected stakeholders are involved. The purpose of the consultation would
9 be to determine how savings are to be identified, only in the case of a cost of
10 service application where the test year expenses have been forecasted
11 without taking into account the impact of the HST.



1 **Interrogatory**

2

3 **Lost Revenue Adjustment Mechanism**

4

5 8. **2009 LRAM**

6

7 Hydro Ottawa is seeking approval for recovery of \$235,563 related to the Lost Revenue
8 Adjustment Mechanism (“LRAM”) for Ontario Power Authority (“OPA”) Conservation and
9 Demand Management (“CDM”) programs it undertook in 2007.

10

11 a) Please confirm the input assumptions used when calculating the LRAM claim
12 for 2007 OPA CDM programs.

13

14 **Response**

15 a) Please see the response to VECC’s Interrogatory #4a.