BOARD STAFF INTERROGATORIES

Great Lakes Power Transmission LP

Transmission Rate Application (Test Year 2010)

EB-2009-0408

February 17, 2010

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I. GENERAL

Interrogatory 1 - Sensitivity Analysis

Reference:

1.(1) Exh 1/Tab 2/Sch. 4/p. 1 – Schedule of Overall Revenue Deficiency/Sufficiency

Requests:

(i) Notwithstanding the Board's Decision which will affect GLPT's allowed revenue requirement for the year 2010, please provide the following sensitivities, and for each item please provide all assumptions and all supporting facts:

(a) Proportional change in revenue requirement for a 1% change in rate base;
(b) Proportional change in revenue requirement for a 1% change in cost of service;
(c) Proportional change in revenue requirement for a 5% change in cost of service;
(d) Proportional change in revenue requirement for a 1% change in cost of debt;
(e) Proportional change in revenue requirement for a 1% change in cost of equity;
(f) Proportional change in revenue requirement for a 1% change in capital structure;
(g) Proportional change in rates for a 1% change in revenue requirement, assuming existing pooled revenue requirement shares, in effect as of January 1, 2010;
(h) Proportional change in pooled revenue requirement share for a 1% change in the revenue requirement; and
(i) Proportional change in revenue requirement for a 1% change in each charge parameter.
(j) The projected revenue requirement for 2010 excluding the requested regulatory income and capital taxes for GLPT.

Interrogatory 2 - Services Provided by Others

Reference:

2.(1) Exh 2/Tab 1/Sch. 1/p. 70/lines 16-18

Preamble:

(1) In Reference 2.(1), GLPT indicated that it had Hydro One Networks Inc. perform an infrared scan in an attempt to detect other defective sleeves on conductors of the "No. 3 Sault 115 kV" transmission line.

Questions:

(i) For 2007, 2008, and 2009, please describe the nature and cost of all transmission related services received by GLPT or its predecessor, GLPL's transmission business from:

(a) Hydro One Networks Inc. (HONI) transmission;
(b) Other transmitters; and

(c) Third Parties.

(ii) For 2010 Test Year, please describe the nature, and estimated cost of all transmission services that GLPT will seek from:
1. Hydro One Networks Inc. (HONI) transmission;
2. Other transmitters; and
3. Third parties.

II. COST OF SERVICE

General OM&A

Interrogatory 3 - Ontario System Control Centre (OSSC) staff reduction
Reference:
3.(1) Exh. 4/Tab 2/Sch. 1/p. 30/line 19
3.(2) Exh. 4/Tab 2/Sch. 4/ Appendix "B"/p. 5
Preamble:
(1) According to Reference 3.(1), GLPT was able to reduce staff in the OSCC from 16 to 9.
(2) According to Reference 3.(2), it is stated that "GLPL has 15 dedicated operators, six of whom are required for transmission and distribution functions.
Questions:
(i) Please clarify the apparently contradictory evidence between Reference 3.(1) and that in Reference 3.(2) in regard to the number of operators required for transmission and distribution.
(ii) Of the total number of operators[1] [16 according to Reference 3.(1), and 15 according to Reference 3.(2)], how many of these operators that were removed from the GLPT OSCC, were performing functions specific to the generation business and how many were performing functions specific to the distribution business?
(iii) How many of those employees that were performing distribution functions are now employed in a similar capacity at Algoma Power Inc.?

Interrogatory 4 - NERC training for OSCC staff
Reference:
4.(1) Exh. 4/Tab 2/Sch. 1/p31/lines 1-4
4.(2) Exh. 4/Tab 2/Sch. 2/pp. 7-8
4.(3) Exh. 4/Tab 2/Sch. 4/ Appendix "B"/p. 5
Preamble:
(1) GLPL indicates in Reference 4.(1) that one of the drivers of costs for OSCC has been the need for NERC certification training by all operators to "enhance their skills and competency.".
(2) In Reference 4.(3), the Navigant report states in part that:

[1] The referenced operators were former employees of the shared OSCC

"OSCC services are provided by NERC-certified operating personnel who interact continuously with the IESO and interconnected transmitters, LDCs, and transmission customers. GLPL has 15 dedicated operators, six of whom are required for transmission and distribution functions."

Questions/Requests:

(i) Please indicate how many employees at the new GLPT OSCC as a result of the operational split are new hires?

(ii) Were the current operators previously trained on the OSCC equipment and NERC standards prior to the additional NERC certification training? Were the NERC certification activities described at Reference 4.(1) mandatory or discretionary for 2009 and 2010? If these activities are mandatory please indicate the necessary training cycle required for certification.

(iii) Please split the labour and labour related costs of $328,800 at page 8 of Reference 4.(2) into its component parts, specifically including "NERC certification training" costs as described in Reference 4 (1).

(iv) What new skills were provided by the NERC certification training? Please quantify any possible improvements to quality and reliability of service as a result of the training.

Interrogatory 5 - Conclusions of First Quartile Consulting (FQC) report

Reference:

5.(1) Exh. 4/Tab 2/Sch. 1/p.10/lines 18-20

5.(2) Exh. 4/Tab 2/Sch. 1/Appendix A –Report by First Quartile Consulting ("FQC") Report, LLC, December 7, 2009

Preamble:

(1) In Reference 5.(1), GLPT states in part that:

"The FQC study is consistent with the view that GLPT's operation and maintenance expenditures are reasonable and that GLPT has established a corporate structure with an executive and management team that is reasonably sized."

Questions/Requests:

(i) Please indicate the passages from the FQC report in Reference 5.(2), where FQC has made the conclusions outlined in Preamble (1) above.

(ii) If FQC report has not explicitly arrived at these conclusions stated in Preamble (1) above, please explain why GLPT believes the report implies these conclusions.

Interrogatory 6 - Composition of Benchmarking Panel FQC Report

Reference:

6.(1) Exh. 4/Tab 2/Sch. 1/Appendix A –Report by First Quartile Consulting ("FQC") Report, LLC, December 7, 2009/p. 1

Preamble:

(1) In Reference 6.(1), under "Introduction" the report states in part that:

"First Quartile Consulting (FQC) was engaged to analyze the costs of operation of the GLPT transmission system, in comparison with those

of other transmission providers in North America. There are very few true "peers" for comparison, since GLPT is somewhat unique in terms of its size, rural geographic location, and dense vegetation."

(2) In Reference 6.(1) under "Analysis Approach", the report states in part that:

"FQC performed a set of analyses to determine how GLPT compared against a panel of companies with regard to Transmission Line, Transmission Substation and related Administrative and General (A&G) expenses."

(3) Benchmarking Studies for a transmitter normally provide information regarding the list of the Transmission Companies that form the Panel, with their names replaced by alphanumeric identification. The information is critical to understanding not only the validity of the study but also for understanding the similarity to as well as differences between GLPT and each of the Companies forming the Panel. The descriptions of each transmitter would include:

- characteristics of the transmission system;
- high level geographic locations;
- voltages and corresponding kilometers of the transmission lines;
- terrain; and
- number and type of customers - large industrial, distributors, etc.

Request:

(i) Please provide the list of the Transmission Companies that formed the Panel, with their names replaced by alphanumeric identification, but with details on each company as outlined in Preamble (3) above.
To be clear the descriptions needed on each comparator company should include information critical to understanding the similarity to as well as differences between GLPT and each of the Companies forming the Panel. The descriptions of each transmitter should cover details on various aspects as outlined in Preamble (3) above.

Interrogatory 7 - Composition of Benchmarking Panel FQC Report

Reference:

7.(1) Exh. 4/Tab 2/Sch. 1/pp. 7-8

Preamble:

(1) In Reference 7.(1), it is partly stated that:

"In May 2009, GLPT retained an engineering firm to prepare an energy audit on behalf of the transmission and distribution businesses and to evaluate….the office complex at 2 Sackville Road…the resulting energy savings were estimated to be approximately $70,000 per year with an estimated payback period for the necessary up front investments of just over 3 years."

Questions:

(i) Did GLPL (or GLPT) retain this engineering firm before or after filing an application with the Board to sell its distribution business? What was the cost of the study? Has GLPDI (or Algoma Power Inc.) used the conclusions of the energy audit to upgrade its portion of the 2 Sackville Road facility in any way? What portion of the study cost has been allocated to GLPDI (or Algoma Power Inc.)?

(ii) Please provide a table outlining the project payback analysis.

(iii) Please indicate the portion of the savings from this project which would accrue to GLPT, and the portion that would accrue to Algoma Power Inc. (the former distribution company) if both parties implemented or intended to implement the recommendations of the report.

Variance Analysis

Interrogatory 8 - tree trimming cost escalation

Reference:

8.(1) Exh. 4/Tab 2/Sch.1/p. 8/lines 9-11

Preamble:

(1) In Reference 8.(1) it is stated in part that:

"This new [vegetation management] approach has reduced the cost of removal per tree significantly and has increased the efficiency of tree removal so as to provide increase coverage in a given year.(inserted in brackets [vegetation management] for clarity)

Questions:

(i) Please explain how a new approach and improved efficiency have resulted in significantly higher tree-trimming expenses for 2010.

(ii) Please explain why GLPT considered it prudent to eliminate significant vegetation management activities in 2009, and defer them to 2010.

(iii) What alternatives did GLPT explore for cost reductions before deciding to reduce spending on ROW management programs?

(iv) Did GLPT perform an economic evaluation to the new vegetation management approach showing the monetized cost as well as monetized benefits over a study horizon? If yes, please provide any study performed. If not, please explain.

Interrogatory 9 - Account 4940&4945 – Right of Way (ROW) Maintenance

Reference:

9.(1) Exh. 4/Tab 2/Sch. 1/pp.15-24

9.(2) Customer Delivery Performance Standards ("CDPPS") filed by Great Lakes Power Limited on July 27, 2007 and amended on December 13, 2007, and approved by the Board on December 18, 2007 (EB-2006-0201).

Preamble:

(1) There has been a three-fold increase from $600,000 to $1.91M, for a variance of $1.31M from 2006 to 2010 test year in ROW management programs (Accounts 4940 and 4945).

In Reference 9.(1), at page 22 it is indicated that in 2006 GLPL/GLPT transitioned to a fully integrated vegetation management program. As a cost-cutting measure for 2009, GLPL/GLPT reduced its activities associated with encroachments and buffer zones relative to 2008. It was decided that

for reliability purposes, GLPT needs to restore its ***prior*** levels of activity in these areas for 2010 and beyond.
NERC's new Vegetation Management Standard (FAC-003-01) came into effect in 2006 increasing the reporting and administrative requirements.

(2) At page 20 and 21 of Reference 9.(1), GLPL/GLPT indicates that, beginning in 2007, GLPL/GLPT incurred additional costs associated with its efforts to properly identify and define the sizes and locations of buffer zones situated within the ROWs, as well as to manage vegetation in those buffer zones. GLPL/GLPT incurred expenses relating to its efforts to identify, map, define and better understand the buffer zones along its ROWs.

(3) At page 19 of Reference 9.(1), GLPT indicates that, "[tree trimming] work is the lightest and moves the quickest when it is performed before new vegetation begins the juvenile phase of growth, exponentially accumulating biomass."

(4) At Page 23 of Reference 9.(1), GLPT indicates that Regulation 63/09 under the *Pesticides Act* requires GLPT to develop and implement an integrated pesticide management plan. GLPT indicated that it required the assistance of a contractor to prepare its plan.

(5) At page 20 of Reference 9.(1) GLPT indicates that one of the drivers of ROW cost increases was related to the "occurrence of vegetation-related events affecting the transmission system in 2006."

(6) Reference 9.(2) refers to the Board approved Customer Delivery Performance Standards for GLPL (GLPT's predecessor), which would enable GLPT to assess the reliability performance of the delivery points supplying electricity to its large consumers and distributors connected to its transmission system.

<u>Questions/Requests:</u>

(i) Costs for ROW management were $851,100 for 2008. Please indicate why GLPT considers $1.81M a restoration of "prior levels" of activity.

(ii) Please provide a breakdown that shows the component activities of the variances from 2008 to 2010.

(iii) Please provide a table that list and categorizes activities incremental to 2008, for the 2010 test year. Characterize the activity as recurring, non-recurring, and where recurring, the prescribed duty cycle.

(iv) Has GLPT made significant changes to its ROW maintenance cycle? Can GLPT explain any of the variances above by changes to its maintenance cycle?

(v) With reference to page 19 of Reference 9.(1), please indicate what effect discontinuing vegetation management activities in 2009 has on costs projected for the 2010 test year given the above quoted passage and that buffer zones are one of the most expensive drivers of vegetation management costs.

(vi) Are the expenses in page 23 of Reference 9.(1) considered one-time costs? Please indicate the expected volume of activity necessary with respect to encroachments and buffer zones (herein referred to as "E&B") and GLPT's current estimates of:

a. Substantial completion of ***all*** E&B activities for the current ROW maintenance cycle
b. E&B activity performed in the 2008 rate year
c. E&B activity performed in the 2009 rate year; and
d. Forecast E&B activity to be performed in the 2010 test year.

(vii) Is the integrated pesticide management plan report a one-time cost? Please indicate the costs associated with preparing the plan. If the "integrated pesticide management plan" is available, please provide a copy, or indicate when GLPT expects it will be available.

(viii) At this time can GLPT be certain of any incremental costs that will be reasonably incurred with respect to the "integrated pesticide management plan"?

(ix) Please provide an estimate of training costs, as described at page 24, in response to changes in legislation for 2008, 2009, and 2010.

(x) With reference to page 20 of Reference 9.(1), where GLPT indicated that occurrence of vegetation-related events in 2006 was one of three factors that contributed to GLPL's transmission business changing its approach to vegetation management, please indicate the actual and forecast number of service interruptions that were directly caused by encroachment and/or vegetation for the years 2006 to 2010, and resulting SAIFI and SAIDI measures.

(xi) If this requested data in question/request (xi) above is not available in the SAIFI and SAIDI format, please provide the results of the individual customer delivery point performance as outlined in Preamble (6) and Reference 9.(2). Please provide for each delivery point, using alphanumeric designation so as to avoid revealing the identity of the customers, for each year, from 2004 to 2009 the following :

- the Frequency of Interruption (outages/year) attributable to encroachment and/or vegetation; and
- Duration (minutes/year) related to these outages

Interrogatory 10 - Corporate Cost Allocation Re Executive Management Team

Reference:

10.(1) Exh. 4/Tab 2/Sch. 1/pp. 28-29

Preamble:

(1) Paraphrasing the pre-filed evidence in Reference 10.(1), GLPT indicates that costs for executives services are determined based on the time spent by the relevant executives and the relevant staff in the finance, accounting, treasury and taxation departments of the parent company. The associated costs are then multiplied by the time spent supporting GLPT.

Questions/Requests:

(i) What are the unit and/or standard costs for executives for finance, accounting, treasury, and taxation functions used to prepare the GLPT budget?

(ii) Are timesheets kept for these executives for the purposes of allocating costs to GLPT? If not, please explain how GLPL accurately determines the portion of time spent by the executive management team, in support of GLPT activities.

(iii) How did GLPL and GLPT prepare the 2010 budget figure associated with the cost of its executive management team for these functions? Did GLPT/GLPT rely on external sources or research to more accurately prepare its estimates? If so, please provide these documents and materials.

Interrogatory 11 - Executive supplies expense

Reference:

11.(1) Exh. 4/Tab2/Sch. 2/p. 30

Preamble:

(1) At Reference 11.(1), Cost driver # 6 in account 5605 was re-classified to account 5620.

Question/Request:

(i) Please indicate what change prompted this reclassification. Previously, did GLPT not directly incur office supplies expenses?

Interrogatory 12 - "Natural Growth" reflected as 82% of increase in Costs

Reference:

12.(1) Exh. 4/Tab 2/Sch. 2/pp.1-2

12.(2) Exh. 4/Tab 2/Sch. 2/p. 51

Preamble:

(1) GLPT at Reference 12.(1) states in part that:

"Of the $3,111,500 increase in 2010 OM&A, 82% is directly attributable to the natural business growth of GLPT."

For the record, clarification of the source of these costs and their nature is needed.

Questions/Requests:

(i) Please list "new business initiatives" for 2009 and 2010 that led to increases in OM&A, with approximate actual or forecasted amounts.

(ii) For the record, please define the term "natural business growth" as utilized by GLPT in Reference 12.(1).

(iii) Please complete the table below which provides details of the items GLPT categorizes as "natural business growth", similar to the table in Reference 12.(2), but replacing the generic "cost driver" terms with relevant descriptors.

Please make sure in completing the two additional columns in the table indicating where appropriate:

- if the cost driver is directly traceable to the recent reorganization of GLPT (by a "yes/no"); and
- if the cost driver represents a change in cost allocation from the previous rate application methodology (by a "yes/no").

Example Table:

OM&A item	Amount for natural business growth (2009 & 2010)	Directly traceable to reorganization (Y/N)	Result of change in cost allocation (Y/N)
Account A			
Item 1…			
Item 2…			
Account B			
Item 1…			
Total			

(iv) For those items in the table that are a result of a change in corporate cost allocation methodology, please provide rationale why these are classified under natural business growth, and not changes to cost allocation.

(v) What is the overall percentage increase in total 2010 OM&A over total 2008 OM&A?

(vi) Has GLPT experienced growth in revenues for its regulated transmission business as a result of higher throughput load volumes? Is this adequately represented in GLPT's load forecast evidence? If so, please provide these volume increases.

(vii) Has GLPT experienced growth as a result of an increase in workload? Please summarize these activities in tabular form, the costs incurred, and the number of FTEs assigned to these functions.

(viii) For the items in the table at Reference 12.(2) labelled "2009 Decision" did the Board explicitly provide approval for recovery of each cost driver? Please provide references to the appropriate decision(s) that support GLPT's claims. Does GLPT seek recovery of these "2009 Decision" amounts as part of its total 2010 OM&A? Please confirm or provide an explanation.

Interrogatory 13 - Green Energy and Green Economy Act

Reference:

13.(1) Exh. 4/Tab 2/Sch. 2/p.5 and p.42

Preamble:

(1) At Reference 13.(1), page 5, GLPT indicated that consulting costs related to *Green Energy and Green Economy Act* and green energy initiatives are now being captured in account 5630. At the same reference, page 42, GLPT discusses costs related to the *Green Energy and Green Economy Act* in account 4805. It is unclear to Board staff what the net variance is for "*Green Energy Act* and green energy initiatives activities."

<u>Question:</u>
(i) What is the net variance in 2008, 2009, and 2010 for costs incurred in Account 4805 and 5630 with respect to the activities stated in the preamble above? If other amounts related to the activities cited above have been recorded in other accounts, please provide details of these amounts and respective account numbers.

Interrogatory 14 - Details of Contracted staff increase 2007 to 2008
<u>Reference</u>:
14.(1) Exh. 4/Tab 2/Sch. 2/pp. 3-4
<u>Preamble</u>:
(1) At page 4 of Reference 14.(1), GLPT indicates a number of costs and savings related to support of First Nations lands use and occupation activities.
(2) At page 4 of Reference 14.(1), GLPT cites that it was forced to retain contractors and consultants for its engineering department for difficulties and delays in replacing staff.
<u>Question</u>:
(i) At Reference 14.(1), please recast Table 4-2-2-A , but remove the amounts/variances that are for reclassified items (i.e. revenue neutral items) such that the increases can be measured against a consistent baseline for all years.
(ii) Please describe the amounts spent on consulting costs for occupation of First Nation lands.
(iii) GLPT mentions that the Director, Legal and Regulatory, has reduced legal and consulting support on First Nation lands activities. Please indicate the downward cost pressure on these activities.
(iv) Please provide the net savings or incremental costs incurred with respect to the First Nations activities described.
(v) With respect to Preamble (2), please indicate what costs were incurred for contracts and if these were one-time costs? Has GLPT since found replacement staff?. Please provide the incremental costs experienced as a result of the difficulties that GLPT experienced in finding replacement staff.

Interrogatory 15 - Variance Analysis
<u>Reference:</u>
15.(1) Exh. 4/Tab 2/Sch. 1/p.15/Table 4-2-1 D
<u>Preamble:</u>
(1) To gain better understanding of the variance accounts, the summary table at Reference 15.(1), needs to be expanded.
<u>Question:</u>
(i) Please recast Table 4-2-1 D in Reference 15.(1) with the following additional information:
(a) at the top of the table provide “2008 actual OM&A” and “2009 bridge year OM&A”;

(b) under the percentage column provide the year over year increase from 2008 to 2009, and 2009 to 2010; and

(c) Please restate the "Variance Amounts" for items under the "Described in Section 5.0" header on an account-by-account basis, for each USofA account i.e., not combined as they are in Reference 15.(1). Please also update the percentage contribution column for each USofA account.

Interrogatory 16 - Time Spent on Operations and Maintenance

Reference:

16.(1) Exh. 4/Tab 2/Sch. 2/p. 5/lines 9-12

Preamble:

(1) At Reference 16.(1), GLPT states in part that:

"In 2008, GLPT's engineering staff spent more time on operations and maintenance activities than capital activity when compared to prior years"

Question/Request:

(i) Please explain the drivers of the increase to O&M activities compared to prior years as outlined in Preamble (1).

Interrogatory 17 - Old Share assigned to OSCC

Reference:

17.(1) Exh. 4/Tab 2/Sch. 2/p. 7/lines 2-6

Preamble:

(1) At Reference 17.(1) GLPT states in part that:,

"The 2006 Approved figure of $1,314,255 was based on the transmission division's share of the 2005 budget for the OSCC. Actual costs in 2006 through 2008 were in fact lower than the budget figure and, as a result, the transmission division was allocated a smaller portion of costs than originally expected".

Question/Request:

(i) What percentage did the $1,314,255 share for the transmission division represent for the overall cost of the OSCC for the 2005 budget figure, and for the 2006 Approved figure?

Interrogatory 18 - Account 4815/4910

Reference:

18.(1) Exh. 4/Tab 2/Sch. 2/p. 12

18.(2) Exh. 4/Tab 2/Sch. 2/p. 23

18.(3) Exh. 4/Tab 2/Sch. 2/pp.13-14/Cost Driver #4

Preamble:

(1) GLPT provides information on maintenance of MacKay Road at Reference 18.(1). GLPT indicates that GLPT bears 30% of the road maintenance cost. These costs are reported in variance analysis for Account 4815/4910.

(2) At Reference 18.(2) GLPT states in part that:

> *“[..w]hen preparing its 2008 budget, GLPT determined that it would be beneficial and appropriate to dedicate a certain level of funding to the maintenance of access roads and trails.”*

(3) At Reference 18.(3), the “Building Operational Costs” incurred (Cost Driver #4) are erratic for the 2008 to 2010 period. In 2008, there is approximately nil effect, in 2009 an unfavourable variance of $250,711 is reported, and for 2010 forecast an unfavourable variance of $54,671 is reported.

Questions/Requests:

(i) With respect to Preamble (1), and Reference 18.(1):
   (a) Has GLPL changed the allocation of costs to GLPT for maintenance of this road since the previous rates case?
   (b) Why was the maintenance contract re-tendered?
   (c) Why has the cost of road maintenance more than doubled year over year from 2009 to 2010? Has the condition of the asset materially deteriorated? Was this confirmed in the documents provided by the party that secured the contract? Were there material changes to the tender requirements from the previous contract when the maintenance contract was put out for re-tendering?

(ii) With respect to Preamble (2) and Reference 18.(2), please clarify this aspect: an amount of $103,243 was incurred in 2008 in Account 4945 through the introduction of a road maintenance program. How does this amount relate to ongoing MacKay road maintenance? There is no amount for road maintenance in 2009 Bridge year or forecasted for 2010, why?

(iii) With respect to Preamble (3), and Reference 18.(3), please explain the significant year to year variance for Building Operational Costs from 2008, to 2009, to 2010.

Interrogatory 19 - Account 4916 and 4830/4930/4935 – Variance Analysis

Reference:

19.(1) Exh. 4/Tab 2/Sch. 2/p.15/Table 4-2-2 D – Variance Analysis for Accounts 4820,4825 and 4916 & Cost Driver # 1 – Program Implementation.

19.(2) Exh. 4/Tab 2/Sch. 2/p.17-19

Preamble:

(1) At Reference 19.(1), in Table 4-2-2 D covering Accounts 4820/4825/4916, related to “Cost Driver #1 – Program Implementation”, it is evident that variances are erratic for the 2008 to 2010 period.
In 2008, $48,925, in 2009 it increases to $177,028, and for 2010 forecast an unfavourable variance of $53,187 is reported.

(2) At Reference 19.(2), page 17, For each of the cost drivers in Accounts 4830/4930/4935 there is a significant decrease year over year from 2008 to 2009, and then a significant increase year over year from 2009 to 2010 forecast. At page 19 of Reference 19.(2), GLPT indicates that there was a “one-time reduction” and that these activities will be completed over the next 2 to 3 years. GLPT also indicated that infrared scanning would be done in 2010 at a cost of $60,000.

Questions/Requests:

(i) With respect to Preamble (1), and Reference 19.(1):
  (a) Are the significant increases in 2009 the result of the closing-out of activities from a previous maintenance cycle? If so, what are these closing activities? Is GLPT at the start of a new maintenance cycle?
  (b) If the answer to part (a) was "no" what are the specific drivers of the roughly $130,000 variance in maintenance costs.

(ii) With respect to Preamble (2), and Reference 19.(2):
  (a) Why did GLPT incur such limited expenses in 2009? Can GLPT provide data that shows that outages, regular maintenance, and major maintenance projects were lower than expected? If so, please provide the data and an explanation.
  (b) Please quantify the "one-time reduction" and provide an estimate of the amounts that will appear as a result of this reduction in 2010, 2011, and 2012, pursuant to the statement. Please discuss the "unique circumstances" as referred to in Reference 19.(2), page 19, line 5.
  (c) How often does GLPT incur costs for infrared scanning? Will there be additional similar costs in future years?

Staff Levels and Compensation

Interrogatory 20 - General

Reference:

General Inquiry

Question/Request:

(i) Does GLPT keep an ongoing record of any productivity indicators for staff? If so, please provide such productivity indicators. If not, please explain.

Interrogatory 21 – Staff Levels and Compensation

Reference:

21.(1) Exh. 4/Tab 2/Sch. 3/p. 2/Table 4-2-3A

Preamble:

(1) In Reference 21.(1), GLPT provided Table 4-2-3A outlining actual and estimated employee compensation data for the years 2006 through 2010. In that Table, the total 2010 staffing levels are projected to increase 106% with respect to FTE complement over 2006 actual (54.7 vs. 26.5). Staffing levels projected for 2010 over 2009 forecast are estimated to increase by 37% with respect to the FTE complement (54.7 vs. 39.9).

Questions/Requests:

(i) Are both of these increases in direct proportion to increases in OM&A and capital work programs? Please provide explanation and data to support the explanation.

(ii) Are the work programs sustainable, and do the work programs require permanent staff increases? Are any FTE increases related to regulatory requirements, e.g., environment, health & safety?

(iii) Please provide the inflation rates used for general OM&A and Wages/Benefits for the years 2006, 2007, 2008, 2009, and GLPT's budget estimate figure for 2010. Use this figure to produce an average yearly non-inflation increase, and indicate what percentage of this increase is attributable to merit and what percentages are attributable to other factors.

(iv) Please provide a breakdown of new hires in 2009 and projected for 2010, and split hires into entry level or experienced hires. Comment on any individual effects on the overall Average Yearly Base Wages and Average Yearly Base Benefits for GLPT.

(v) It is unclear from the table and reorganization, what number of FTEs were assigned or are to be assigned to each division of GLPL's businesses. Please provide a breakdown for each year from 2006 to 2010, using the numbers at Reference 21.(1) for the number of FTEs assigned to each of the following functions at GLPL and its successors[2]:
   (a) Transmission
   (b) Distribution
   (c) Generation

   If GPLT or GLPL cannot produce this information in whole or part, please file this information under confidential cover.

(vi) Average Yearly Benefits, 2010 over 2006, are projected to increase by 19% and 40% for Union and Non-Union employees, respectively. Please provide the drivers behind these increases.

(vii) Total 2010 employee compensation is projected to increase by 142% over 2006 actuals. Please explain the drivers behind these increases.

(viii) Total employee compensation is projected to increase 43% for 2010 over 2009 forecast. Please explain the drivers behind these increases.

(ix) "Compensation – Average Yearly Base Wages" has increased by an average of 6.4% per year for Union staff. Please explain the cost drivers of this increase. Please provide details of increases provided for by union contracts year over year for 2006 to 2010 (projected values), and provide an explanation of the appropriateness of these increases when compared to other similarly unionized workers at other organizations, particularly transmission companies.

(x) "Compensation – Average Yearly Base Wages" year-over-year increased by 5% for 2008, 10% for 2009, and are projected to increase 10% for 2010 for Non-Union employees. Please explain the cost drivers of the increases in each year in light of record-low inflation levels and slow or negative overall economy growth over the period.

[2] In 2008 there was a reorganization resulting in the creation of GLPT, effectively an affiliate of GLPL's Generation Business and in 2009 the distribution business of GLPL was sold to a third party

	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Test Year
Total Compensation ($000's) (Salary, Wages & Benefits)					
Union	$1,257.0	$1,084.0	$1,246.0	$2,261.1	$3,054.2
Non-Union (Includes Incentive Pay)	$1,247.0	$1,115.4	$1,246.6	$1,981.5	$3,024.1
Total	**$2,504.0**	**$2,199.4**	**$2,492.7**	**$4,242.5**	**$6,078.3**

Interrogatory 22 - OM&A Cost per Customer and per FTE

Reference:

22.(1) Filing Requirements for Transmission and Distribution Applications, May 27, 2009/Appendix 2-J

Question/Request:

(i) Please provide a completed Appendix 2-J, “OM&A Cost per Customer and per Full Time Equivalent” and comment on any increase dating back from 2006 to 2010. Please break down any increases into their inflationary and non-inflationary components.

Interrogatory 23 - Employee Incentive Plan

Reference:

23.(1) Exh. 4/Tab 2/Sch. 3/p. 4

Preamble:

(1) GLPT has included a description of its employee incentive plan in the pre-filed evidence. GLPT indicates that the target incentive compensation ranges from 5% to 25% (with a maximum of 50%).

Questions/Requests:

(i) Please provide a breakdown of the weighting of contributions for each of the key performance criteria (GLPT corporate performance objectives, working group performance, and individual performance) in arriving at the overall incentive payment.

(ii) Within each key performance criteria listed above, please indicate the degree of fulfillment, in tabular format, in either percentage terms or other quantifiable measure for each year from 2006 to 2010 (projected).

(iii) Please comment on the appropriateness of the level of attainment of incentives and if GLPT believes they provide adequate incentive for a high standard of performance.

(iv) Does GLPT know how its incentive plan compares with others in the industry? If so please provide explanation and data to support the explanation.

Interrogatory 24 - Compensation Expensed versus Capitalized

Reference:

24.(1) Exh. 4/Tab 2/Sch. 3/p.2/Table 4-2-3A

Preamble:

(1) GLPT has provided a breakdown of compensation into expensed and capitalized amounts, as shown below. The historical ratio between

capitalized and expensed amounts has varied from year to year, as noted in the second table below prepared by Board staff. Please note that figures are rounded in the table, but unrounded figures are used for calculations.

Table: [Extract from Table 4-2-3A]

	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Test Year
Grand Total					
Total Compensation	$2,504.0	$2,199.4	$2,492.7	$4,242.5	$6,078.3
Total Compensation charged to OM&A	$1,500.5	$1,642.9	$2,092.8	$3,892.1	$4,910.2
Total Compensation Capitalized	$1,003.5	$556.5	$399.9	$350.4	$1,168.1

Table: Board Staff – Historic Compensation - Expensed vs. Capitalized

	Compensation - Expensed vs. Capitalized (in $ thousands)				
	2006 Actual	**2007 Actual**	**2008 Actual**	**2009 forecast**	**2010 test year**
Charged to OM&A	$1,500	$1,643	$2,093	$3,892	$4,910
Capitalized	$1,004	$557	$400	$350	$1,168
Total Compensation	$2,504	$2,220	$2,493	$4,242	$6,078
	Compensation – Expensed vs. Capitalized (in percentage)				
	2006 Actual	**2007 Actual**	**2008 Actual**	**2009 forecast**	**2010 test year**
Charged to OM&A	59.9%	74.7%	84.0%	91.7%	80.8%
Capitalized	40.1%	25.3%	16.0%	8.3%	19.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Questions:

(i) Please comment on the level of compensation expensed vs capitalized for the years 2006 through 2010 (projected) and how this affects relative levels of employee compensation.

(ii) Please indicate major ongoing or completed projects or programs that would be substantially responsible for the overall reduction in the percentage of compensation capitalized in 2010 over the 2006 figure and how this affects relative levels of employee compensation.

Interrogatory 25 - Benchmarking the Compensation Costs

Reference:

25.(1) PEG Report, "Benchmarking the Costs of Ontario Power Distributors", issued April 25, 2007

25.(2) Exh. 4/Tab 2/Sch. 3/p.2

Preamble:

(1) At Reference 25.(1), the PEG Report covers costs for numerous electricity distributors in Ontario. At the time of the PEG Report, the transmission and distribution business were operating under exemption within the same company. For the 2004-2006 period, Great Lakes Power ranked:

- Lowest ranking out of all companies in the study in terms of performance (Table 4), and comparatively worse than those in its group
- Lowest ranking in its group for Unit OM&A cost indexes (Table 6) by a significant margin to the next-worst performer
- Lowest Performance based on Unit Cost Indexes (Table 7)

(2) The PEG Report, Reference 25.(1), also states on page 45 that:

> *"It is our understanding that the [Administrative and General] expenses that Board staff has provided to us exclude expenses that have been allocated to power transmission services by Great Lakes Power, CNPI, and Hydro One. While this in principle affords these companies a small cost advantage, it is difficult to control for this business condition in the benchmarking work since no other company in the sample has this advantage."*

Questions/ Requests:

(i) Making reference to the results of the PEG Report, please compare the average compensation levels of the distribution company employees with the average compensation levels of the transmission company employees, to the extent possible, for the years 2006 through 2010 (projected). Make reference to the average yearly compensation figures provided by GLPT in Reference 25.(2).

(ii) What are the drivers of high Unit OM&A costs experienced at GLPT, compared to other distribution and transmission companies? How does GLPT gauge and measure productivity improvements?

(iii) Has GLPL performed any study to provide empirical evidence which reveals the relative productivity of its workforce in comparison to other utilities?

(iv) Please comment on the loss of the cost advantage noted in the PEG Report, at page 45, and excerpted in Preamble (2) above, and how this applies to average compensation and total staffing levels at GLPT for 2009 and projected for 2010, when compared with the company prior to the sale of GLPL distribution assets.

(v) Did the business decision by GLPT's corporate parent to sell its distribution assets create upward pressure on total compensation and staffing levels at GLPT for 2009 and 2010?

Interrogatory 26 - Staff Retirement
Reference:
26.(1) Exh. 4/Tab 2/Sch. 2/p. 8/line 17
Preamble:
(1) GLPT notes that one of the employees at the OSCC retired in 2009.
Questions/Requests:
(i) What proportions of staff are eligible to retire by December 31, 2010?
(ii) Is GLPT able to forecast retirements? Has GLPT considered the effect of retirements of certain skilled professionals and tradesmen on costs in light of possible scarcity of these same professionals and tradesmen in the market place?

Interrogatory 27 - Components of Standard Labour Rate
Reference:
27.(1) Exh. 4/Tab 2/Sch. 3/p.2/Table 4-2-3A
Preamble:
(1) There appears to be an upward trend in payroll costs presumably related to increasing work programs since 2006, as well as negotiated increases in labour rates.
Requests:
(i) Please fill out the following Table, indicating contributing cost elements, to arrive at an overall standard labour rate. Please complete two tables, one for an average Union Employee, and one for an average Non-Union Employee.

Table: Standard Labour Rate Composition for Employee Type X

	Historic			**Bridge**	**Test**
Payroll Obligations	**2006**	**2007**	**2008**	**2009**	**2010**
Cost Element #2…					
Cost Element #3…					
Cost Element #4					
…					
…					
Labour Rate					

(ii) Please summarize the year over year increases in payroll cost and provide the allocation between increasing work programs and increases in labour rates.

Interrogatory 28 - Impacts on FTEs attributable to Establishment of GLPT
Reference:
28.(1) Exh. 4/Tab 2/Sch. 3/p.2/Table 4-2-3A
Preamble:
(1) There are significant increases in 2009 and 2010 (projected) to FTEs for GLPT. GLPT indicates this is largely a result of the switch of GLPT to a “stand-alone” entity.

Questions/Requests:

(i) With regard to Reference 28.(1) and Preamble (1), please respond to the following:
  (a) Did GLPT incur incremental work as a result of the sale of the distribution business?
  (b) Can GLPT quantify any productivity improvements or staffing level synergies due to the sale of distribution assets by GLPT's corporate parent (GLPL)?
  (c) Provide the information supporting the 20% increase in work program.
  (d) Can the increased staff be matched to work programs?

Interrogatory 29 - FQC Study and Normalizing Factors

Reference:

29.(1) Exh. 4/Tab 2/Sch. 1/Appendix "A"/p. 6

Preamble:

(1) The Transmission Operation Cost Analysis prepared by First Quartile Consulting, LLC ("FQC") analysed 3 normalizing factors to use for analysis:
- transmission lines & substations assets;
- transmission circuit km; and
- number of customers.

The transmission and distribution results are summarized on page 31 of this document.

Questions/Requests:

(i) There are outliers with each of the selected normalizing factors, with a best R-square value of 0.708 (for transmission lines & substations assets). Can this R-square value be considered an indication of a robust normalizing factor? Please explain.

(ii) Does the FQC study take into account the effect of locational normalizing effects of labour costs?

Interrogatory 30 - Regulatory Costs

Reference:

30.(1) Filing Requirements for Transmission and Distribution Applications/Appendix 2-I

Question:

(i) Please provide a copy of Appendix 2-I of the noted Reference 30.(1), which provides a breakdown of regulatory costs incurred.

Interrogatory 31 – MEARIE Compensation Survey:
Reference:
31.(1) Exh. 4/Tab 2/Sch. 3
31.(2) The MEARIE Group, Management Salary Survey – can be accessed at website: www.mearie.ca/2009mgmt-salary-survey-hardcopy-questions.pdf

Preamble:
(1) The MEARIE Group, Reference 31.(2), performs management compensation survey each year. In 2009, 22 LDCs in Ontario participated in the survey.

Question/Request:
(i) For the period 2006 to 2010, did GLPT participate in the MEARIE management compensation survey? If so, what were the results, and how did GLPT perform compared to its peers.

Interrogatory 32 - Workforce Productivity
Reference:
32.(1) "Transmission Performance Benchmarking Study", (EB-2008-0272) - Exh. A/Tab 15/Sch. 2/pp.3-4

Preamble:
(1) First Quartile Consulting prepared a report for Hydro One Transmission dated September 18, 2008 on Transmission benchmarking. In the noted Reference 32.(1), Hydro One indicates that, one of the key areas for this project was the measurement of workforce productivity metrics as the panel of companies was unable and/or unwilling to provide responses. First Quartile noted that, "Data gathering for this [workforce productivity study] project proved to be extraordinarily difficult […] in no previous study have we encountered an unwillingness to participate in the study by over ¾ of the candidate companies." First Quartile found that, **"most companies don't track work force productivity for their Transmission organization in any systematic way** that makes them comparable across companies." [emphasis added]

Questions/Requests:
(i) Has GLPT performed any performance measurement activities to examine the productivity of its transmission business?
(ii) If GLPT has not done any performance measurement work, please explain how GLPT is capable of differentiating between work force additions that are a result of poor productivity versus. those additions that are a consequence of natural business growth.

Interrogatory 33 – Productivity and Reliability Indicators

Reference

33.(1) Canadian Electricity Association ("CEA"), Forced Outage Performance of Transmission Equipment Report"

33.(2) "Transmission Business Performance", proceeding (EB-2008-0272) – Exh. A/Tab 15/Sch. 1 Re Hydro One Transmission Revenue Requirement proceeding for Test Years 2009, 2010

Preamble:

(1) At Reference 33.(1), creates reliability performance definitions to permit some multi-jurisdictional transmission performance comparisons. Comparisons are generally used only to help identify business improvement. The CEA usually reports these indicators in one or more reports including the "Forced Outage Performance of Transmission Equipment Report" available referred to in Reference 33.(1).

(2) Reference 33.(2) refers to Hydro One Transmission Evidence in proceeding (EB-2008-0272).

Question/Request:

(i) Has GLPT participated in the CEA's collection of productivity and reliability indicators for transmission companies at any point in time? If so, can GLPT provide this data for each year from 2006 through 2010 (projected), and provide an explanation of GLPT's relative performance with respect to other transmission companies that take part in the CEA survey. GLPT may wish to include charts and data where available for:

- *Number of Outages*
- *Frequency of Delivery Point Interruptions*
- *Duration of Delivery Point Interruptions*
- *Unsupplied Energy*
- *Transmission System Unavailability*

Shared Services

Interrogatory 34 - OSCC usage

Reference:

34.(1) Exh. 1/Tab 2/Sch. 1/p.16/lines 15-18

Preamble:

(1) In Reference 34.(1) it is stated in part that:

> *"The generation business no longer uses the OSCC. As a result, costs that were formerly shared between the generation and transmission businesses of GLPL are now full funded by GLPT as the OSCC is fully dedicated to transmission."*

Questions:

(i) For what purposes did the generation business use the OSCC prior to discontinuing its usage of this facility?

(ii) By what alternate means does the generation business now receive these services, if not from GLPT?

Interrogatory 35 - Office Complex Use and Cost Allocation

<u>Reference</u>:

35.(1) Exh. 1/Tab 2/Sch. 1/p.17/lines 5-9

35.(2) Exh. 4/Tab 3/Sch. 1/pp. 5-6

<u>Preamble:</u>

(1) In Reference 35.(1), it is stated in part that:

> *“Up to and including 2008, approximately 12% of the costs related to the office complex were allocated to GLPL’s transmission business. The difference between this allocation of 12% of costs and the current allocation percentage of costs is attributable to a more accurate allocation of space than previously used.”*

(2) GLPT indicates in Reference 35.(2) that it is responsible for its proportion of a per-square-foot lease cost that is based on an appraisal prepared by an independent third party.

<u>Questions/Requests:</u>

(i) Please indicate the number of staff and percentage of building-use allocated to each business operating in the 2 Sackville Road building.

(ii) Please provide a copy of the appraisal referred to in Reference 35.(2) and Preamble (2).

Interrogatory 36 – Cost Sharing with Affiliates

<u>Reference</u>:

36.(1) Exh. 4/Tab 2/Sch. 1/p.13/lines 14-17

<u>Preamble:</u>

(1) In Reference 36.(1) GPLT states in part that:

> *“Given the development of GLPT as a stand-alone transmission business as of July 1, 2009, the cost sharing and allocation arrangements that previously existed between transmission and distribution are no longer applied.”*

<u>Question:</u>

(i) Can the passage above be taken to mean that GLPT is no longer applying any of the results of the Navigant report? If so, has GLPT modified any of the allocation measures outlined in the Navigant report? What are these percentages and how have they been derived.

Interrogatory 37 - Allocation of Costs - Chief Operating Officer

<u>References</u>:

37.(1) Exh. 4/Tab 2/Sch. 1/p. 9/Table 4-2-1 C

37.(2) Exh. 4/Tab 2/Sch. 1/pp. 25 -26

<u>Preamble</u>:

(1) In Table 4-2-1 C of Reference 37.(1), “Account 5605” increases from $403,400 in 2008, to $499,700 in 2009 (bridge), and then more than doubles to $1,102,700 in 2010 (test year). A large part of this increase appears to be from the corporate cost allocation (CCA) of 50% of the salary of the Chief Operating Offer (“COO”) responsible for North American Transmission from the parent company.

(2) In Reference 37.(2), the narrative outlines the functions of the "Chief Operating Officer", on behalf of the parent company.

Questions/Requests:

(i) Please provide the rationale for the overall increases in "Account 5605" in both the bridge and test years.

(ii) Please provide the rationale for the allocation of 50% of the salary of the COO to GLPT. Please indicate whether or not the allocation of 50% is forecasted on the basis of timesheets for the "COO"? If not please provide the basis for that allocation.

(iii) Please explain the rationale for allocating 50% of the cost of the parent company's "COO" to GLPT, when in fact the responsibilities of that "COO" must have been reduced substantially after sale of the Distribution business to Fortis.

(iv) Will GLPT track and true-up CCA costs from GLPL on the basis of actual directly allocated and traceable costs, once known? If so, please indicate in which account these costs will be recorded

Interrogatory 38 - Allocation of SCADA Equipment,

Reference:

38.(1) Exh. 4/Tab 2/Sch. 1/p. 6
38.(2) Exh. 4/Tab 2/Sch. 4/p. 4

Preamble:

(1) At Reference 38.(1) GLPT indicates that it licences its SCADA equipment and its fibre optic equipment from GLPL. The annual licensing fee is approximately $294,000.

(2) At Reference 38.(2) GLPT stated in part (see lines 1-10) that:

> *"the SCADA system was formerly used by GLPL for generation, distribution, and transmission functions…. Pursuant to an agreement dated June 30th, 2009, GLPT licences the equipment from GLPL for a three year term …. GLPT is fully responsible for maintenance costs of the SCADA equipment, as if it were the owner."*

(3) Also at Reference 38.(2) GLPT stated in part (see lines 15-18) that:

> *"During the term of the licence agreement with GLPL, GLPT anticipates that the existing SCADA equipment will reach the end of its useful life. Before the end of the three years, GLPT will determine the most beneficial option for continuing to operate its assets through a system control centre."*

Questions:

(i) Please provide the licence agreement between GLPT and GLPL (or from whichever company it leases its SCADA system).

(ii) Please confirm that none of the SCADA services are or will be used by Algoma Power Inc. or GLPT's generation affiliate during the course of the agreement. If GLPT cannot confirm this, please indicate under what agreement the equipment will be shared, and an approximate allocation.

(iii) With reference to Preamble (2) and Reference 38.(2), what are the actual and expected maintenance costs for 2009 and 2010 directly associated with the use of the SCADA assets? Please annualize the costs for 2009, if this question is only applicable to a portion of 2009.

(iv) With reference to Preamble (3) and Reference 38.(2), why did GLPT enter into an agreement to licence SCADA assets for GLPL if these assets will reach end of useful life during the term? Does GLPT have cost certainty for the licensing cost for the life of the agreement, or will it increase from the approximate annual figure of $294,000?

(v) If GLPL purchases new SCADA assets to replace the existing equipment during the life of the existing three year agreement, will the depreciation cost charged to GLPT increase? Please explain.

Interrogatory 39 - Corporate Cost Allocation from Parent of $298,571

Reference:

39.(1) Exh. 4/Tab 2/Sch. 4/pp. 8-9 & pp. 11-13
39.(2) Exh. 4/Tab 2/Sch. 2/p. 36
39.(3) Exh. 4/Tab 2/Sch. 1/p. 27

Preamble:

(1) GLPT indicates at Reference 39.(1) that in 2010, GLPT will pay a portion of the costs associated with shared corporate functions. GLPT further indicates that these corporate costs are associated with senior executive support, tax filing preparation, as well as treasury, accounting, and finance and are incremental to the functions carried out by members of GLPT's executive team. GLPT stated in part that:

> *"GLPT's costs for these shared services and functions are determined based on the time spent by the relevant executives and the relevant staff in the finance, accounting, treasury and taxation departments of the parent company. The costs associated with these individuals are then multiplied by the relative portion of the working year that these individuals dedicate to providing support to GLPT."*

(2) Reference 39.(2) refers to Cost Driver #7 for Account 5615, "General Administrative Salaries and Expenses". GLPT indicates that the $298,571 cost allocation beginning in 2010 is for "certain corporate functions that GLPT's parent will share with GLPT."

(3) GLPT indicates at Reference 39.(3) that, "[M]embers of the [GLPT] executive team are also involved in performing many of these core business functions directly. This allows GLPT to maintain its **flat and cost-effective** organizational structure." (emphasis added)

Questions:

(i) Why were the increased costs contemplated not budgeted for the historical data in proceeding (EB-2005-0241)? How has the level of support necessary from the parent company changed? Please explain.

(ii) Please provide the basis upon which GLPT relies for the appropriate allocation of these incremental costs.

(iii) Please provide a list and explain the "core business functions" that the GLPT stand-alone executive team performs directly?

(iv) For the record, what is the net incremental cost of GLPT's new executive management team as indicated in Preamble (3) and Reference 39.(3)? Preamble (3) would lead one to believe that an increase in the size of GLPT's management team would result in a corresponding **decrease** in the level of parent support required by GLPT in running its business. Please explain why GLPT believes incurring significant costs in shared services from its parent **and** a stand-alone executive team implies a "flat and cost-effective" structure, as argued by GLPT in its evidence.

Interrogatory 40 - Legal structure and Generation Affiliate

Reference:

40.(1) Exh. 4/Tab 2/Sch. 4/p. 13/ Appendix "B", Navigant Report, pp. 1-4

40.(2) Exh. 1/Tab 1/Sch. 12/Appendix "B", "Corporate Entities Relationship Chart"/pp.5-6

40.(3) Exh. 4/Tab 2/Sch. 4/p. 8/lines 15-16

Preamble:

(1) The Navigant Report was prepared in June 2008. GLPL completed the sale of its distribution business to Fortis in October 2009. That business was later renamed Algoma Power Inc. On page 4 of its report, Navigant stated in part that:

"GLPL does not consider its divisions (OSCC, Generation, and Transmission and Distribution) affiliates due to GLPL's legal structure"

On page 1 of the report, Navigant indicated that it cannot opine on GLPL's determination. Navigant indicated that, regardless, there is transfer pricing among the divisions for certain shared services.

(2) At Reference 40.(3) GLPT states in part that:

"This is because, as a stand-alone transmission utility, GLPT now operates its transmission system under very different circumstances as compared to when the system was operated by a division of GLPL. Historically, shared costs were allocated between the business units. Then, for the nearly 15-month period following the transfer of the transmission assets from GLPL to GLPT, GLPL operated the transmission system on behalf of GLPT pursuant to an OM&A Agreement. Effective June 30, 2009, these unique arrangements were discontinued."

Questions/Requests:

(i) Using the "Corporate Entities Relationship Chart" in Reference.40.(2), please confirm that GLPL's legal structure has changed since the publishing of the Navigant report, dated June 18, 2008.

(ii) Using the "Corporate Entities Relationship Chart" in Reference.40.(2), please confirm that Brookfield Infrastructure Holdings (Canada) is the parent of GLPT Inc. and GLPTLP. If this interpretation is incorrect, please explain.

(iii) Using the "Corporate Entities Relationship Chart" in Reference.40.(2), please confirm that Brookfield Renewable Power Inc., via Highvale, has a controlling interest in GLPL, which holds and operates the generation assets. If this interpretation is incorrect, please explain.

(iv) Based on the answers to part (ii) and (iii) above, please confirm that GLPL, the "generation company", and GLPT, the "transmission company", are affiliates and therefore should be required to have a Service Level Agreement ("SLA") between the companies. If an SLA does not exist, please explain why such an agreement has not been developed and executed by the two parties.

(v) Please provide the OM&A Agreement discussed at Preamble (2).

Interrogatory 41 - OSCC Operational Prudence and Cost Responsibility

Reference:

41.(1) Exh. 4/Tab 2/Sch. 2/p. 2
41.(2) Exh. 4/Tab 2/Sch. 2/pp. 13-14
41.(3) Exh. 9/Tab 1/Sch. 6/p. 1
41.(4) Exh 4/Tab 2/Sch. 1/p. 30

Preamble:

(1) At Reference 41.(1), page 2, GLPT indicates that, the reorganization of the transmission and distribution businesses eliminated the ability for GLPT to share expenses with the distribution business in respect of General Management and Executive Costs.

(2) In its pre-filed evidence, it is indicated that GLPT now operates the OSCC on a stand-alone basis. It appears from the pre-filed evidence that GLPT has assumed all of the costs of operating the OSCC. In Reference 41.(2), GLPT states in part that:

> *"As a result of GLPT becoming the **main** operator of the Ontario System Control Centre, the office space allocation to GLPT increased by an additional 12.6%."*

(3) At Reference 41.(3), GLPT indicates that it was required to reorganize its business to ensure Section 71 compliance.

(4) At Reference 41.(4) GLPT argued that, "[full control of the OSCC] would not only relieve GLPT of any *Affiliate Relationships Code* issues that **may** have arisen as a result of sharing, but would allow GLPL to retain complete control over the services."

(5) At Reference 41.(4) GLPT also states in part that:

> *"[full control of the OSCC] would not only relieve GLPT of any [ARC] issues that **may** have arisen as a result of the sharing […] to do otherwise would not provide the utility with the level of due diligence necessary to support an operation of this type and magnitude."*

Questions/Requests:

(i) Does GLPT assume all of the costs of operating the OSCC in 2010 or are some of the costs assumed by Algoma Power Inc? For the years 2006 to 2010 please describe any costs borne by GLPDI or Algoma Power Inc, and include the data in tabular form.

(ii) Please explain what GLPT means at Reference 41.(2) when it refers to GLPT as the "main" operator of the OSCC. Does GLPT provide any service or access to services from the OSCC to Algoma Power Inc?

(iii) From whom does Algoma Power Inc. now obtain the services that it would have formerly received through the old OSCC? What are the total incremental costs to GLPT of making the OSCC stand-alone? Please take into consideration additional staffing, certification, licensing, and office space costs.
(iv) Did GLPT evaluate alternatives with respect to the OSCC when it decided to pursue strict compliance with the *ARC* via a stand-alone OSCC versus the cost of duplication of facilities for ratepayers?
(v) With respect to Reference 41.(1) and Preamble (1), is it GLPT's contention that there was no possible way for GLPT to share the costs and operations of the OSCC via some form of service level agreement while respecting the *ARC*? If "no" is the answer to this question, please provide an explanation and the reasoning behind that explanation.
(vi) Does anything in the *OEB Act* as in Reference 41.(4), or the *ARC* prevent GLPT from sharing the use of the OSCC with Algoma Power Inc.? Is it GLPT's opinion that s.71 of the *OEB Act* compels it to have a stand-alone OSCC? Once the distribution assets were sold to Algoma Power Inc., what would have prevented GLPT from sharing the OSCC via an agreement between the two companies?
(vii) Did GLPT consider the alternative of a business agreement to continue access to its former OSCC and any necessary Board exemption in lieu of a stand-alone OSCC (that would have allowed access by the generation business and Algoma Power Inc.)?
(viii) In respect of incremental costs incurred as covered in Question (iii), and the alternatives explored in Question (vi), who should bear the costs of GLPT's decision of undertaking a strict operational split with respect to the OSCC?
(ix) With respect to Preamble (5) and Reference 41.(4), what section of the ARC is troublesome to GLPT when it cites possible compliance issues that may have arisen if the OSCC was not made stand-alone?

Interrogatory 42 - OSCC Transmission & Distribution Cost Allocation
<u>Reference</u>:
42.(1) Exh. 4/Tab 2/Sch. 1/p. 13
42.(2) Exh. 4/Tab 2/Sch. 4/Appendix B –Navigant Report, June 17, 2008/p. 4

<u>Preamble</u>:
(1) In Reference 42.(1), GPLT states that:
"Given the development of GLPT as a stand-alone transmission business as of July 1, 2009, the cost sharing and allocation arrangements that previously existed between transmission and distribution are no longer applied."
(2) In Reference 42.(2), the Navigant report states that:
"On a monthly basis, GLPL allocates 40% of the OSCC costs to the Transmission and Distribution division and bills the division for the allocated cost of the OSCC services."

The Navigant report does not indicate a percentage split for shared services for transmission and distribution as separate entities.

Questions/Requests:

(i) Can the quote from Reference 42.(1) and the quote shown in Preamble (1) be taken to mean that GLPT is no longer applying any of the results of the Navigant report? If so, has GLPT modified any of the allocation measures outlined in the Navigant report? What are these percentages and how have they been derived?

(ii) In regard to the Reference 42.(2) and the quote shown in Preamble (2), please respond to the following:

a) Confirm that GLPT is largely relying on the results of the Navigant report to determine cost allocation and transfer pricing.
b) The corporate cost allocation between GLPL and the T&D business was 40% in the Navigant report. Given the sale of the distribution business, did Navigant provide an update indicating the appropriate allocation to be charged by GLPL to the transmission business alone?
c) What is the allocation applied between the transmission and distribution (i.e. what portion of the 40% figure quoted in the Navigant report) and how was it derived?
d) Please indicate any shared operating costs for the OSCC between Transmission and Distribution during the transition period to a stand-alone OSCC for GLPT. Indicate clearly in what years these costs were incurred.
e) GLPL indicated that staff at the OSCC was reduced from 16 to 9 when the OSCC became "stand-alone" to GLPT. Please indicate any severance costs paid to employees as a result of this staff reduction, and in which year and which account these costs are recorded.

Depreciation

Interrogatory 43 - Depreciation and Amortization Expense

Reference:

43.(1) Exh. 4/Tab 2/Sch. 6 – Depreciation and Amortization Expense
43.(2) Exh. 2/Tab 2/ Sch. 1
43.(3) Filing Requirements for Transmission and Distribution Applications, dated May 27, 2009 ("Filing requirements").

Preamble:

(1) In the table at Reference 43.(1), page 2, GLPT has provided the historical and test year depreciation expense by asset class. The historic and forecast depreciation expense in Reference 43.(1) corresponds to the continuity schedules presented under rate base, in Reference 43.(2). However, it appears that this information has not been provided in the format described in section 2.5.7 and Appendix 2-N of the Board's Filing requirements in Reference 43.(3).

Questions/requests:

(i) Please provide the depreciation expense by asset class for historical years 2007, 2008, 2009 and test year 2010 in the format and approach described in Appendix 2-N of the noted Filing Requirements. If there are any variances from the as-filed depreciation expense, then please provide the reasons for the variance and GLPT's rationale as to why the Board should accept the as-filed depreciation expenses instead of the results generated from the approach outlined in Appendix 2-N. Please also identify the changes, if any, to the as-filed revenue requirement.

(ii) Section 2.5.7 of the Filing Requirements also requires that the depreciation expense "should tie back to the accumulated depreciation expense continuity schedule under Rate Base". Therefore, if there is a variance between the as-filed depreciation expense and the depreciation expense calculated in Question (i), then please update all continuity schedules in Reference 43.(2) (Exh. 2/Tab 2/Sch. 1), with the recalculated depreciation expense from Question (i).

(iii) At Reference 43.(3), section 2.5.7 of the Board's Filing requirements state that:

> *"The applicant must provide a statement as to whether it adheres to the Board's guidelines on amortization/depreciation rates (Appendix B of the 2006 Electricity Distributors Rate Handbook. If not, the applicant must summarize the differences from the handbook, and indicate whether these have been previously reviewed and approved by the Board".*

Please respond to the following:

(a) Please confirm if GLPT has adhered to the Board's guidelines on amortization/depreciation rates found in Appendix B of the *2006 Electricity Distributors Rate Handbook*.

(b) If GLPT has not adhered to any aspect of the Board's guidelines with respect to amortization/depreciation rates, then please identify the area's where GLPT's current application differs from the Board's guidelines, explain the reasons for these differences and why the Board should accept GLPT's proposal.

(c) Please provide a table that compares the previous Board approved depreciation rates in EB-2005-0241, by asset class, with those that are proposed in this application at *Table 4-2-6 A – Depreciation Rates*. Further, the Board's Filing requirements state that:

> *"Where the applicant is proposing new or changed depreciation/amortization rates, supporting documentation, preferably a depreciation study must be provided".*

If GLPT is proposing new depreciation rates for certain asset classes or is proposing to change a previously Board approved depreciation rate, then please explain the rationale for the change and how the new rate was determined. Please also explain why GLPT has not filed a depreciation study as required by the Board.

Interrogatory 44 - Continuity Schedules
Reference:
44.(1) Exh. 2/Tab 2/Sch. 1/pp. 1-6 – Summary of Continuity Schedules
Questions/Requests:
(i) At Reference 44.(1), GLPT has provided the continuity schedules for 2007, 2008, 2009 and 2010. Please identify the formulas used in each column of the above continuity schedules and provide a description of how the historic, bridge and test year depreciation expense in the tables was calculated.
(ii) Please present the above continuity schedules in the format described in Appendix 2-C of the Board's Filing requirements. If there are any variances between the test year as-filed estimates and those generated using the Board's approach, then please identify the reasons for the variances and GLPT's rationale for deviating from the Board's approach. Please also identify the change in revenue requirement, corresponding to such variances.

Taxes

Interrogatory 45 - Structure of GLPT LP
Reference:
45.(1) Exh. 1/Tab 1/Sch. 12/p. 5/Chart #1
Preamble:
(1) At Reference 45.(1), it is shown in Chart # 1 that owners of GLPT LP are Great Lakes Power Transmission Inc. and Brookfield Infrastructure Holdings (Canada) Inc.,
Question/Request:
(i) Please explain why management chose a partnership structure for GLPT LP rather than a corporation like that of the two owners.

Interrogatory 46 - Structure of GLPT LP
Reference:
46.(1) Exh. 1/Tab 1/Sch. 12/p. 5/Chart #1
Preamble:
(1) At Reference 46.(1), it is shown in Chart # 1 that owners of GLPT LP are Great Lakes Power Transmission Inc. and Brookfield Infrastructure Holdings (Canada) Inc.,
Question/Request:
(i) Other than the partnership structure chosen i.e., forming GLPT, what other corporate structure options have been considered and rejected for the Transmission Business of the former GLPL? If options were considered and rejected, please provide reasons for that rejection.

Interrogatory 47 - Federal government's change in tax policy

Reference:

47.(1) Statement by the Honourable Jim Flaherty, Minister of Finance, October 31, 2006. See Attachment "A" to Board staff Interrogatory Document

47.(2) Exh. 1/Tab 3/Sch. 1

Preamble:

(1) In Reference 47.(1), on October 31, 2006 the Canadian Federal Government announced that it would change the tax laws to eliminate the preferential tax treatment for income trusts and limited partnerships to **"restore balance and fairness to Canada's Tax System"**.

(2) In Reference 47.(2), Note 1 of GLPT LP's 2008 audited financial statements states that:

> *"Great Lakes Power Transmission Limited Partnership (the "Partnership") was formed on May 17, 2007 for the purpose of acquiring the assets and liabilities of the transmission division of Great Lakes Power Limited ("GLPL"). The Partnership completed this purchase on March 12, 2008…"*

(3) As outlined in Preamble (2) above, the asset purchase took place on March 12, 2008 and this was well after the government's tax changes were announced.

Question/Request:

(i) Given the facts outlined in Preamble (2) and Reference 47.(2) as well as Preamble (3) above, please provide the reasons for management to continue its strategy with the partnership structure after the government's October 31, 2006 announcement?

(ii) What other corporate structure approaches or arrangements did management consider?

Interrogatory 48 - Cost Recovery Principles

Reference:

48.(1) Great Lakes Power Limited ("GLPL") - 2007 electricity distribution rate application, Reply Submission, June 2, 2008 [EB-2007-0744]/p. 1

48.(2) Exh. 1/Tab 3/Sch. 1/ GLPT LP's 2008 audited financial statements /Note 13 on page 13

Preamble:

(1) At Reference 48.(1) on page 1, GLPL stated that"

> *"Pursuant to subsection 78(8) of the Ontario Energy Board Act ("OEB Act"), the applicant bears the burden of proof in a proceeding to establish rates under subsection 78(2) of the OEB Act.'*

With respect to discharging the burden, in RP-2001-0032 the Board stated:

> "... *rates must be "just and reasonable" and the applicant bears the burden of proof: The Board's focus is, and always has been, to ensure that* ***costs are reasonable and prudently incurred*** *before*

allowing recovery of those costs through rates. "[emphasis added by GLPL in its evidence]

(2) As outlined above in Preamble (1), according to GLPL's own reference quoted in EB-2007-0744, the Board allows reasonable and prudently incurred costs to be recovered from ratepayers. The general rule is that the cost must be incurred, or that there is a reasonable expectation of the cost being incurred, to allow recovery from ratepayers. Costs that could have been incurred but are not expected to be are not generally allowed to be recovered.

(3) At Reference 48.(2), it is stated in Note 13 on page 13 that

"As explained in note 3, the Partnership is not subject to income taxation and as a result these changes are not expected to have an impact on the Partnership."

There is a view that Management took different approach than most transmitters and distributers in assembling its revenue requirement by requesting costs not expected to be incurred, to be recovered from its rate payers.

Questions/Requests:

(i) With Preambles (1), Reference 48.(1), as well as Preamble (2) in mind, does the Applicant believe that costs not incurred or not expected to be incurred in its normal business operations should be recovered from Ontario's ratepayers? If so please explain.

(ii) Given Preamble (3) and Reference 48.(2), and given the Board's objectives to protect the interest of consumers with respect to prices, and to promote economic efficiency and cost effectiveness of the industry, what assumptions and evidence should the Board consider in approving recovery of the tax costs that will not be incurred by the regulated utility?

Interrogatory 49 - Public Interest

Reference:

49.(1) Exh. 1/Tab 3/Sch. 1/ GLPT LP's 2008 audited financial statements /Note 13 on page 13

49.(2) Exh. 1/Tab 1/Sch. 12/p. 5/Chart #1/p. 5

Preamble:

(1) At Reference 49.(1), it is stated in Note 13 on page 13 that

"As explained in note 3, the Partnership is not subject to income taxation and as a result these changes are not expected to have an impact on the Partnership."

Questions/Requests:

(i) Is it in the public interest of Ontario ratepayers that such ratepayers should pay for notional taxes that will not be incurred by GLPT LP since management chose its structure to be a non-taxable entity?

(ii) Please explain why Brookfield believes it is in the public interest of Ontario ratepayers that in all likelihood the distributions to the "ultimate" unitholders of GLPT LP, as shown in Chart #1 of Reference 49.(2) (i.e., unitholders of publicly traded Brookfield Asset Management Inc. and Brookfield

Infrastructure Partners LP), may reside outside of Ontario and the Ontario government may not get the benefit of tax revenues on distributions to some "ultimate" unitholders of GLPT LP?

Interrogatory 50 - Regulatory Precedent in Ontario

Reference:

50.(1) Exh. 4/Tab 3/Sch. 2/p. 3 – AEUB's AltaLink decision

50.(2) AEUB Decision 2003-061, August 3, 2003/ AEUB Decision 2003-061, AltaLink Management Ltd. and TransAlta Utilities Corporation p. 83

Preamble:

(1) At Reference 50.(2), on page 83 it is stated that:

"The regulatory precedent cited by the applicant and the interveners is not binding on the Board. There is no regulatory precedent in Alberta for this issue. Some of the regulatory decisions regarding partnerships and income tax allowances are based on the unique circumstances and facts presented to the respective tribunals."

Questions/Requests:

(i) Does GLPT believe that there is a precedent in Ontario for its request to receive a tax proxy in the revenue requirement of a regulated entity that is not taxable? If so, please state the precedent.

Interrogatory 51 - Taxation of Unitholders

[Focus: Split between return of capital and income on distributions from GLPT LP to its owners in 2006, 2007, and 2008 and 2009 through to 2013]

Reference:

51.(1) PricewaterhouseCoopers 2008 Publication, *Income Trusts, Planning for 2011 and Beyond* - See Attachment "B" to Board staff Interrogatory Document

Preamble:

(1) At Reference 51.(1), on page 1, it is stated that income trusts and limited partnerships are known as specified investment flow-through (SIFT) entities. On page 7 of Reference 51.(1), it is stated that SIFT entities that:

"distribute cash mainly as a return of capital may not be immediately affected by the SIFT tax."

It is also stated on page 7 of Reference 51.(1) that those businesses not immediately impacted by the SIFT tax involve SIFT entities that:

"have high levels of tax shelter.... in capital intensive industries. The tax shelter offsets income and cash flow can be distributed as a return of capital. Presumably, over time the level of income distributions would increase."

(2) GLPT LP operates in a capital intensive industry. The cash stream that will come from GLPT LP will likely be categorized as a return of capital and no tax will be paid by the partners of the LP.

Questions/Requests:

(i) Please provide the split between the return of capital and income on the distributions from GLPT LP in 2006, 2007, and 2008, in dollars and percentages.

(ii) What are the planned or actual distribution splits between the return of capital and income from GLPT LP for 2009 through 2013, in dollars and percentages?

(iii) Please demonstrate how tax will be paid by the partners of GLPT LP, in light of the fact that distributions to the partners will likely be a return of capital and no tax will be paid.

Interrogatory 52 - Corporate Organization Structure

Reference:

52.(1) Exh. 1/Tab 1/Sch. 12/p. 5/Chart #1/p. 5

52.(2) Exh. 1/Tab3/Sch.1/ GLPT LP's 2008 audited financial statements

Preamble:

(1) In Reference 52.(1), Chart #1 shows that Brookfield Infrastructure Partners LP, is the ultimate parent of GLPT LP.

(2) It is also stated in Reference 52.(2), under Note 1 that

"Brookfield Infrastructure Partners LP ("BIP") [is] the ultimate parent of the Partnership."

Questions/Requests:

(I) Please provide the split between return of capital and income on the distributions from Brookfield Infrastructure Partners LP to the public unit-holders in 2006, 2007, and 2008, in dollars and percentages.

Interrogatory 53 - Tax Evidence Provided in the Application

Questions/Requests:

(i) Please confirm that only current taxes are disclosed in the application, and that future taxes have not been recognized in the evidence submitted in this application.

Interrogatory 54 - Tax Evidence Provided in the Application

Questions/Requests:

(i) Please provide the audited financial statements for the Great Lakes Power Limited Transmission Division for the years ended December 31, 2005 and 2006.

Interrogatory 55 - Tax Returns

Questions/Requests:

(i) Please respond to the following:

(a) Please file the federal T2,and the Ontario CT23 signed tax returns, and all supporting schedules, and the federal and Ontario Notice of Assessment and any Notice of Reassessment (with Statement of Adjustments) for the corporation that owned the GLPL Transmission Division for the 2006, 2007 and 2008 tax years.

(b) Did the corporation that owned the GLPL Transmission Division pay any income taxes for the tax years 2006, 2007 and 2008?
(c) Please provide the federal signed tax return T5013 Partnership Information Return (if applicable) and T5013 Statements of Partnerships Income and any Ontario signed tax returns, and all supporting schedules, and the federal and Ontario Notice of Assessment and any Notice of Reassessment (with Statement of Adjustments) for GLPT LP for the 2008 tax year.
(d) Please provide the federal T2 and the Ontario CT23 signed tax returns, and all supporting schedules, and the federal and Ontario Notice of Assessment and any Notice of Reassessment (with Statement of Adjustments) for the 2006, 2007, and 2008 tax years for Great Lakes Power Transmission Inc. and Brookfield Infrastructure Holdings (Canada) Inc., the owners of GLPT LP.
(e) Did Great Lakes Power Transmission Inc. pay any income taxes for the tax years 2006, 2007 and 2008?
(f) Did Brookfield Infrastructure Holdings (Canada) Inc. pay any income taxes for the tax years 2006, 2007 and 2008?

Interrogatory 56 - CAPEX in Fixed Assets and on the UCC Continuity Schedule
Reference:
56.(1) Exh. 2/Tab 2/Sch. 1
56.(2) Exh. 4/Tab 3/Sch. 6
Questions/Requests:
(i) Please explain why the capital expenditures shown in Reference 56.(1) for 2009 do not agree with the 2009 capital additions shown on the Capital Cost Allowance schedule in Reference 56.(2). If the underlying numbers in the table are incorrect, please update the table and the appropriate schedules.
(ii) Please explain why the disposals shown in Reference 56.(1) for 2006, 2007, 2008 and 2009 do not agree with the respective 2006, 2007, 2008 and 2009 disposals shown on the Capital Cost Allowance schedule shown in Reference 56.(2). If the underlying numbers in the table are incorrect, please update the table and the appropriate schedules.

Interrogatory 57 - CAPEX in Fixed Assets and on the UCC Continuity Schedule
Reference:
57.(1) Exh. 4/Tab 3/Sch. 6
57.(2) Exh. 2/Tab 2/Sch. 1/Pg.6
57.(3) Exh. F/Tab 1/Sch. 1/p. 10 [pre-filed evidence in GLPL's Transmission Rate Proceeding (EB-2005-0241)]
Questions/Requests:
(i) Please explain why the CCA table for 2008 in Reference 57.(1), page 3, Table 4-3-6C, have an opening UCC heading of December 31, 2008, a closing UCC heading of December 31, 2009, and 2009 headings for additions, disposals, interest capitalized, and total net additions. Please explain why these headings reference the 2009 tax year instead of the 2008

tax year. If the underlying numbers in the table are incorrect, please update the table and the appropriate schedules.

(ii) Please explain why the CCA table for 2008 in Reference 57.(1), page 3, Table 4-3-6C has incorrect CCA calculated on CCA on Opening and CCA on Additions for all classes. As a result the closing UCC for 2008 is incorrect and this impacts the UCC and CCA calculation for subsequent years. Please update the tables with the correct numbers and also the appropriate schedules.

(iii) Please explain why the CCA for 2010 of $9,725,820 in Reference 57.(1), page 5 is greater than the depreciation for 2010 of $7,406,898 depicted in Reference 57.(2). The closing fixed assets for NBV purposes is $207,417,471 for 2010 is greater than the closing UCC for 2010 of $136,000,638. Please update the appropriate schedules with the correct number if necessary.

(iv) Please provide UCC schedules for 2005 and 2006 that support the calculated CCA of $3,793,300 in 2005 and $5,703,000 in 2006 that are listed in Reference 57.(3), page 10.

(v) If the December 31, 2005 UCC of $101,143,313 and the December 31, 2006 UCC of $132,610,436 shown on page 1 of Reference 57.(1) differ from the December 31, 2005 and 2006 UCC used to support the CCA listed in Reference 57.(3), please provide an explanation and update the necessary schedules in EB-2009-0408.

Interrogatory 58 - Reconciliation of Income

Reference:

58.(1) Exh. 1/Tab 3/Sch. 2/p. 6
58.(2) Exh. 4/Tab 3/Sch. 2/p. 1
58.(3) Exh. 5/Tab 1/Sch. 1/p. 2

Questions/Requests:

(i) Please explain why the 2010 net income before tax of $12,515,000 shown in Reference 58.(1), less the requested tax proxy of $2,861,500 shown in Reference 58.(2), generates a net income after tax of $9,653,500, while the requested deemed return on equity is $9,326,600 as per Reference 58.(3)

(ii) Please explain why the Applicant seems to be over-earning $326,900 in the 2010 proforma net income statement shown in Reference 58.(1) when compared to its requested allowed return of $9,326,600.

Interrogatory 59 - Property Taxes

Reference:

59.(1) Exh. 4/Tab 3/Sch. 4

Questions/Requests:

(i) Is there a review done by the Applicant of assessed property taxes on an annual basis?

(ii) What is the Applicant’s normal appeals process for property tax?

Interrogatory 60 - Difference in Tax Values of Assets

Reference:

60.(1) Exh. 1/Tab3/Sch.1]/GLPT LP's 2008 audited financial statements
60.(2) Exh. 4/Tab 3/Sch. 2

Preamble:

(1) In Reference 60.(1), Note 1 of GLPT LP's 2008 audited financial statements references the purchase by GLPT LP of GLPL's Transmission Division and also that it was completed on March 12, 2008. This note states:

"Great Lakes Power Transmission Limited Partnership (the "Partnership") was formed on May 17, 2007 for the purpose of acquiring the assets and liabilities of the transmission division of Great Lakes Power Limited ("GLPL"). The Partnership completed this purchase on March 12, 2008."

(2) In Reference 60.(2), page 4, lines 11-13 references the tax revaluation arising from the purchase and states:

"The sale transaction was fully taxable and therefore had income tax ramifications for both GLPL and GLPT despite the fact that the transaction was essentially 'break-even' for accounting and regulatory purposes."

(3) In Reference 60.(2), page 5, lines 13-14 further references the tax revaluation arising from the purchase and states:

"…the tax value of the assets to GLPT going forward is higher than GLPL's closing balance."

Questions/Requests:

(i) What was the fair market value in dollars for tax purposes of the transmission assets on, or about, March 12, 2008?

(ii) How did the company apportion the fair market value in dollars to the assets of the transmission business?

(iii) What are the tax values in dollars of the assets sold by GLPL on, or about, March 12, 2008 by UCC / CCA class?

(iv) What are the tax values in dollars of the assets purchased by GLPT LP on, or about, March 12, 2008 by UCC / CCA class?

(v) Please provide a copy of "the purchase and sale agreement between GLPL and the Partnership" as stated in Note 12 of the 2008 audited financial statements of GLPT LP - Reference 60.(1).

Interrogatory 61 - Accounting and Tax Asset Values

Reference:

61.(1) Exh. 1/Tab3/Sch.1]/GLPT LP's 2008 audited financial statements
61.(2) Exh. 4/Tab 3/Sch. 2/Pg. 4-6

Preamble:

(1) In Reference 61.(1), Note 5 of the 2008 audited financial statements of GLPT LP states that:

"Property, plant and equipment were comprehensively revalued to fair value in 1996. At December 31, 2008, the fair value adjustment and the related accumulated depreciation were $78,941 [thousands of

dollars] and $23,834 [thousands of dollars], respectively (2007 - $78,941 [thousands of dollars] and $21,861 [thousands of dollars], respectively)."

Questions/Requests:

(i) What was the purpose of the comprehensive revaluation in 1996 of $78,941,000?

(ii) Who was the regulator that approved the fair value bump-up to be included in rate base?

(iii) Please provide the Decision that approved the fair value bump-up to be included in rate base.

(iv) What were the regulatory reasons for the fair value bump-up included to be in rate base?

(v) In order to realize the transfer of assets on March 12, 2008, there has been a tax revaluation. However, as discussed in Reference 61.(2), the Applicant is requesting to disregard the implications of the tax revaluation for regulatory tax purposes.

- Is this treatment not inconsistent with what was done before with the previous fair value bump-up for accounting and regulatory purposes that was apparently included in rate base? Please explain.

III. RATE BASE AND CAPITAL INVESTMENTS

Capital Expenditures

2010 Capital Investments

Interrogatory 62

Reference:

62.(1) Exh. 2/Tab 1/Sch. 1/pp. 3-35/"section 2.2.1 **2010 Capital Expenditures in service**"

62.(2) Exh. 2/Tab 1/Sch. 2/p. 1/lines 6-10/Definition capital expenditures - Sustainment, Development, and Operations

62.(3) Exh. 2/Tab 1/Sch. 2/p. 1/lines 11-12/Table 2-1-2 A – capital Expenditure Table

Preamble:

(1) It is important to classify the investment capital and the various underlying projects into the categories as set out in Reference 62.(2).

(2) The sum of the investments in 2010 under the two categories should be consistent with the summary Table provided in Reference 62.(3).

Questions/Requests:

(i) Please complete the Table below, by classifying each Capital Investment Project either as "Development" or "Sustainment";

(ii) If a capital investment for a given project is a mix of "Development" and "Sustainment", please provide for each such project an explanation (in a footnote) and the amount of investment for each category by filling in the amount in the Table under the two columns.

Project Description **Year 2010**	**Seeking Approval**	**Classified as Development**	**Classified as Sustainment**	**Cost Estimate** **$**
1. Third Line TS (115 kV Redevelopment)	yes			1,230,000
2. Steelton Ground Grid Refurbishment	yes			584,000
3. Building Upgrades	yes			541,000
4. Third Line Series Reactor Installation	yes			457,300
5. GIS Software Purchase & Installation	yes			299,600
GRAND TOTAL INVESTMENT IN PROJECTS SEEKING APPROVAL IN 2010				**3,111,900**

Interrogatory 63 - Redevelopment Project
Reference:
63.(1) Exh. 2/Tab 1/Sch. 1/from p. 8, line 17 to p. 9, line2/Re the Redevelopment Project
Question/Request:
(i) Please provide a copy of the December 24, 2008 Wardrop report

Interrogatory 64 - Redevelopment Project
Reference:
64.(1) Exh. 2/Tab 1/Sch. 1/pp. 13 -14/Re “Project Costs and Capitalization” Re the Redevelopment Project
Preamble:
(1) On page 13, lines 11-17 of Reference 64.(1), GLPT is seeking Board approval for total estimated cost of $23,500,000 of the Redevelopment Project which is phased as follows:
- In year 2010, $10,230,000, Phase I, and further GLPT is seeking addition of $1,230,000 of the Phase I costs in Rate Base in Year 2010;
- In year 2011, $12,000,000, Phase II; and
- In Year 2012, $1,270,000, Phase III.

Questions/Requests:

(i) If the Board approves this Redevelopment Project, please list the existing assets that would be taken out-of-service and their corresponding book values upon completion of Phase I of the Redevelopment Project; and

(ii) Consequently, if the Board approves this Redevelopment Project, would GLPT agree that those book values of the assets that are taken out-of-service, should then be taken out of Rate Base in year 2010 upon completion of Phase I of the Redevelopment Project;

(iii) Please comment on your request, if the Redevelopment Project is approved, to add $1,230,000 of the Phase I cost to the Rate Base in year 2010, in light of the fact that the Board would be required to examine the prudency of all three phases upon completion and in-service of the total project expected in 2012.

Interrogatory 65 - Redevelopment Project

Reference:

65.(1) Exh. 2/Tab 1/Sch. 1/from p. 14, line 10 to p. 20, line11/Re the "Project Need" of the Redevelopment Project

65.(2) Filing Requirements for Transmission and Distribution Applications, November 14, 2006 (EB-2006-0170)/Sec. 5.2.2 Project Need/pp. 33-34

65.(3) Filing Requirements for Transmission and Distribution Applications, November 14, 2006 (EB-2006-0170)/Sec. 5.3 Evidence in Support of Need/pp. 34-35

Preamble:

(1) On page 14, lines 11-13 of Reference 65.(1), GLPT indicates that the triggers for the Redevelopment Project are:
- equipment age;
- equipment rating;
- configuration;
- monitoring; and
- regulatory obligation.

(2) The Board's Filing Requirements in Reference 65.(2), categorizes projects in regard to "Need" under two categories: Non-discretionary Projects and Discretionary Projects.

(3) The Board's Filing Requirements in Reference 65.(3), outlines the evidence required to justify projects whether the project is "Non-discretionary" or "Discretionary".

(4) Applying the noted sections of the Board's Filing Requirements in References 65.(2) and 65.(3) to the Redevelopment Project, would indicate that:
- portions of the triggers for Need such as equipment age and equipment rating, would result in a portion of the Redevelopment Project to be categorized as "Non-discretionary"; and

- other triggers such as configuration and monitoring would result in a portion of the Redevelopment Project to be categorized as "Discretionary"

Questions/Requests:

(i) Provide a breakdown of the Redevelopment Project into sub-projects and their corresponding costs categorized as either "Non-Discretionary", or "Discretionary".

(ii) For the subgroup of projects categorized as "Discretionary", please provide evidence and justification as outlined in pages 34 and 35 of Reference 65.(3) i.e., please provide quantifiable cost/benefit analysis for these "Discretionary" projects.

Interrogatory 66 - Steelton Ground Grid Refurbishment

Reference:

66.(1) Exh. 2/Tab 1/Sch. 1/pp. 28-30/ [Project 2. Steelton Ground Grid Refurbishment- $584,000]

Question/Request:

(i) Please provide the report by ABB Inc., referred to on page 29 of the Reference.

2009 Capital Investments

Interrogatory 67 - 2009 Capital Investments

Reference:

67.(1) Exh. 2/Tab 1/Sch. 1/pp. 35-51/"section 2.2.2 **2009 Capital Expenditures in service**"

67.(2) Exh. 2/Tab 1/Sch. 2/p. 1/lines 6-10/Definition capital expenditures - Sustainment, Development, and Operations

67.(3) Exh. 2/Tab 1/Sch. 2/p. 1/lines 11-12/Table 2-1-2 A – capital Expenditure Table

Preamble:

(1) It is important to classify the investment capital and the various underlying projects into the categories as set out in Reference 67.(2).

(2) The sum of the investments in 2009 under the two categories should be consistent with the summary Table provided in Reference 67.(3)

Questions/Requests:

(i) Please complete the Table below, by classifying each Capital Investment Project either as "Development" or "Sustainment";

(ii) If a capital investment for a given project is a mix of "Development" and "Sustainment", please provide for each such project an explanation (in a footnote) and the amount of investment for each category by filling in the amount in the Table under the two columns.

Project Description Year 2009	Seeking Approval	Classified as Development	Classified as Sustainment	Cost Estimate $
1. Echo River TS Protection Upgrades	yes			900,000
2. System Wide Cyber Security Requirements	yes			832,000
3. Third Line TS T2 Autotransformer Protections Upgrade	yes			809,300
4. Batchawana TS Ground Refurbishments	yes			631,300
5. Mackay TS – Capacitive Voltage Transformer Replacement	yes			550,100
6. GIS Software Purchase & Installation	yes			399,400
7. Third Line Series Reactor Installation/Capacitor Replacement (Ph. 1).	yes			450,000
8. Vegetation Management Mapping Development	yes			408,700
9. Algoma 115 kV Structure Reinforcement	yes			321,100
10. Centralized Information Retrieval System (CIRS)	yes			205,900
11. Magpie TS – Battery & Charger Replacement	yes			200,700
12. Clergue 115KV Circuit Insulator Replacement	yes			198,700
13. Fleet, IT Infrastructure, Office Furniture & Equipment	yes			1,189,300
14. Transmission Reinforcement Project	yes			280,900
GRAND TOTAL INVESTEMNT OF THE 14 PROJECTS IN 2009				**7,377,400**

Interrogatory 68 - Echo River Protection Upgrades

Reference:

68.(1) Exh. 2/Tab 1/Sch. 1/pp. 36-38/"Project 1 Echo River Protection Upgrades - $900,000"

Question(s)/Request(s):

(i) Please indicate whether GLPT intends to install two independent protection schemes, commonly referred to as the A and B protection systems, for each of the Power System Elements (Transformers, Lines, Buses.etc.), which would be consistent with accepted practices in the utility power system industry.

Interrogatory 69 - Cyber Security Requirement

Reference:

69.(1) Exh. 2/Tab 1/Sch. 1/p. 38/"Project 2 System Wide Cyber Security Requirement - $832,000"

Questions/Requests:

(i) Please describe the steps and methods used by GLPT in selecting a company to procure the system.

(ii) How is GLPT planning to manage maintenance of the system? Please explain whether GLPT will staff for that function or contract it out. If the two options were considered, please provide the expected annual cost of these two options.

Interrogatory 70 - Batchawana TS Ground Refurbishments

Reference:

70.(1) Exh. 2/Tab 1/Sch. 1/pp. 39-41/"Project 4 Batchawana TS Ground Refurbishments - $631,300"/lines 6-9 on page 40

Question(s)/Request(s):

(i) Please provide a copy of the report from ABB Inc. which assessed this station with respect to the ground grid and civil works.

Interrogatory 71 - Vegetation Management Mapping Development

Reference:

71.(1) Exh. 2/Tab 1/Sch. 1/pp. 42-45/"Project 8 Vegetation Management Mapping Development - $408,700"

Question(s)/Request(s):

(i) On page 44, lines 4-7 of the Reference 71.(1), there are four bullet points listed covering the expected negative consequences if the initiative is not implemented, namely:

- Decline in customer delivery point reliability;
- Added system constraints;
- Negative customer impacts; and
- Non-compliance with the TSC.

(a) For each of first three consequences please provide any studies or assessments that GLPT or its predecessor GLPL had undertaken by their own staff or by outside consultants to assess.

(b) Please provide sections of the TSC that would render GLPT non-compliant, and explain how this initiative would rectify them.

(ii) On page 44 of the Reference 71.(1), please provide the following information in regard to the Light Detection and Ranging (LIDAR) technology:
  (a) To GLPT's knowledge, is there any other transmitter in Ontario using this technology? If so, for how long and how effective has it been according to that source?
  (b) How many vendors market that technology?
  (c) If applicable, please describe the process which ultimately resulted in the selected vendor.

Interrogatory 72 - Algoma 115 kV Structure Reinforcement

Reference:

72.(1) Exh. 2/Tab 1/Sch. 1/p. 45/lines 10-12/"Project 9 Algoma 115 kV Structure Reinforcement - $321,100"

Questions/Requests:

(i) Please provide the number of poles which will be reinforced under this initiative and the total number of poles on that particular line;

(ii) Please provide GLPT's plan or views in regard to reinforcing the remaining poles.

Interrogatory 73 - Centralized Information Retrieval System

Reference:

73.(1) Exh. 2/Tab 1/Sch. 1/p. 46/lines 4 -17/"Project 10 Centralized Information Retrieval System (CIRS) - $205,900"

Question(s)/Request(s):

(i) Please provide the name of the company overlooking the installation of the CIRS system.

(ii) Please provide the number of relays that had been replaced, which now need to be configured and connected to the CIRS system.

(iii) Please indicate how GLPT contracted for that work, detailing how many other providers who were considered and the selection criteria used.

Interrogatory 74 - Fleet, IT Infrastructure, Office Furniture & Equipment

Reference:

74.(1) Exh. 2/Tab 1/Sch. 1/pp. 49-50/"Project 13 Fleet, IT Infrastructure, Office Furniture & Equipment"

Question(s)/Request(s):

(i) On page 50 of the Reference, in regard to the IT Infrastructure Assets of $579,700, please provide the following:
  (a) The main groups within the IT Infrastructure assets;
  (b) For each main group, the asset life according to the Depreciation Policy of GLPT;
  (c) For each main group, what has been the expected life due to technical obsolescence and business necessity to upgrade;

(d) Please provide a table listing for each main group the Group Asset Life according to the Depreciation schedule [from (a) above], and the corresponding expected life for that main group to reflect the technical obsolescence [from (c) above]?

Interrogatory 75 - Transmission Reinforcement Project

Reference:

75.(1) Exh. 2/Tab 1/Sch. 1/p. 50/lines 12 - 18/"Project 14 Transmission Reinforcement Project - $280,900"

Preamble:

(1) On page 50 of Reference 75.(1), it is indicated that the $280,900 is incremental to the amount already approved for rate base addition and that it is attributed in part to incremental costs related to a transformer being damaged during shipping.

Question(s)/Request(s):

(i) Please indicate the amount of money that GLPT is seeking to cover the portion of the $280,900 attributable to the transformer damage.
(ii) Did the contract for supply of the subject transformer cover liability for various aspects including damage during shipping?
(iii) Please explain why the cost of repairing the damage to that transformer which occurred during shipping is not absorbed by the company that manufactured and supplied that transformer?

2008 Capital Investments

Interrogatory 76 - 2008 Capital Investments

Reference:

76.(1) Exh. 2/Tab 1/Sch. 1/pp. 51-67/"section 2.2.3 **2008 Capital Expenditures in service**"
76.(2) Exh. 2/Tab 1/Sch. 2/p. 1/lines 6-10/Definition capital expenditures - Sustainment, Development, and Operations
76.(3) Exh. 2/Tab 1/Sch. 2/p. 1/lines 11-12/Table 2-1-2 A – capital Expenditure Table

Preamble:

(1) It is important to classify the investment capital and the various underlying projects into the categories as set out in Reference 76.(2).
(2) The sum of the investments in 2008 under the two categories should be consistent with the summary Table provided in 76.(3)

Question(s)/Request(s):

(i) Please complete the Table below, by classifying each Capital Investment Project either as "Development" or "Sustainment";
(ii) If a capital investment for a given project is a mix of "Development" and "Sustainment", please provide for each such project an explanation (in a foot note) and the amount of investment for each category by filling in the amount in the Table under the two columns.

Project Description **Year 2008**	**Seeking Approval**	**Classified as Development**	**Classified as Sustainment**	**Cost Estimate** **$**
1. Echo River TS Protection Upgrades	yes			4,863,700
2. System Wide Cyber Security Requirements	yes			1,862,300
3. Third Line TS T2 Autotransformer Protections Upgrade	yes			629,000
4. Batchawana TS Ground Refurbishments	yes			596,200
5. Mackay TS – Capacitive Voltage Transformer Replacement	yes			525,200
6. GIS Software Purchase & Installation	yes			245,400
7. Third Line Series Reactor Installation/Capacitor Replacement (Ph. 1).	yes			246,000
8. Vegetation Management Mapping Development	yes			212,400
Total Investment of the 8 Projects Seeking Approval For Year 2008				**9,180,200**
1. Clergue Line Protection Upgrades				389,100
2. Patrick Street TS Refurbishment				482,200
Total Investment of the 2 Projects Already Approved For Year 2008				**871,300**
GRAND TOTAL INVESTMENT IN 2008				**10,051,500**

Interrogatory 77 - MacKay TS Refurbishment

Reference:

77.(1) Exh. 2/Tab 1/Sch. 1/pp. 52-55/ Year 2008-seeking approval
"Project 1. MacKay TS Refurbishment - $4,863,700"

Question(s)/Request(s):

(i) Please provide the total cost of $4,863,700 broken down, into labour, material, and overhead and performed for the major system elements and main undertakings, including:
   (a) five SF6 breakers to replace the five oil breakers;
   (b) ten disconnect switches;
   (c) five motorized operated disconnect switches and one manually operated disconnect switch;
   (d) replacement of existing protections; and
   (e) relocation of Station CVTs and PTs.

(ii) From previous projects performed by GLPT and/or its predecessor GLPL, please provide cost comparison of similar system elements to those major system elements and undertakings, for each case:
   - identifying the year of installation; and
   - details to show comparability is achieved including the method of economic adjustment to the costs due to inflation whenever there is difference in the in-service year between the two events.

Interrogatory 78 - Third Line TS Miscellaneous Projects

Reference:

78.(1) Exh. 2/Tab 1/Sch. 1/pp. 55-58/ Year 2008-seeking approval
"Project 2. Third Line TS Miscellaneous Projects $1,862,300"

Question(s)/Request(s):

(i) Please provide the total cost of $1,862,300 broken down to labour, material, and overhead for the four items identified:
   (a) Asbestos Removal;
   (b) Cable Trench Installation;
   (c) Human Machine Interface Installation; and
   (d) Transformer On-line Dissolved Gas Analysis.

(ii) From previous projects performed by GLPT and/or its predecessor GLPL, please provide cost comparison of similar undertakings or projects for each case item:
   - identifying the year of installation; and
   - details to show comparability is achieved including the method of economic adjustment to the costs due to inflation whenever there is difference in the in-service year between the two events.

Interrogatory 79

Reference:

79.(1) Exh. 2/Tab 1/Sch. 1/pp. 58-60/Year 2008-seeking approval“Project 3. Magpie TS Line Protection Upgrades $629,000”

79.(2) Exh. 2/Tab 1/Sch. 1/pp. 60-62/ Year 2008-seeking approval“Project 4. Clergue TS Protection Upgrades $ 596,200”

79.(3) Exh. 2/Tab 1/Sch. 1/pp. 62-63/ Year 2008-seeking approval“Project 5. Magpie Structure/Component Replacement $ 525,200”

Questions/Requests:

(i) For the Magpie project in Reference 79.(1) above, please provide:
  (a) The total cost of $629,000 broken down into labour, material, and overhead.
  (b) From previous projects performed by GLPT and/or its predecessor GLPL, please provide cost comparison of similar undertakings and show the details of how comparability is achieved including the method of economic adjustment to the costs due to inflation whenever there is difference in the in-service year between the two events.

(ii) For the Clergue TS Protection Upgrade in Reference 79.(2) above, please provide:
  (a) The total cost of $596,200 broken down into labour, material, and overhead.
  (b) From previous projects performed by GLPT and/or its predecessor GLPL, please provide cost comparison of similar undertakings and show the details of how comparability is achieved including the method of economic adjustment to the costs due to inflation whenever there is difference in the in-service year between the two events.

(iii) For the Magpie Structure/Component Replacement in Reference 79.(3) above, please provide:
  (a) The total cost of $525,200 broken down into labour, material, and overhead.
  (b) From previous projects performed by GLPT and/or its predecessor GLPL, please provide cost comparison of similar undertakings and show the details of how comparability is achieved including the method of economic adjustment to the costs due to inflation whenever there is difference in the in-service year between the two events.

Interrogatory 80

References:

80.(1) Exh. 2/Tab 1/Sch. 1/pp. 63-64/Year 2008-seeking approval“, Project 6. Power Potential Transformer at Magpie TS $245,400”

80.(2) Exh. 2/Tab 1/Sch. 1/pp. 64-65/ Year 2008-seeking approval “Project 7. Third Line TS Temporary Bus Installation $246,000”

80.(3) Exh. 2/Tab 1/Sch. 1/pp. 65-66/ Year 2008-seeking approval “Project 8. Third Line TS Transformer Refurbishment (T2) $212,400”

Questions/Requests:

(i) For each of the Projects in Reference 80.(1), in Reference 80.(2) and in Reference 80.(3), please provide:
  (a) A breakdown in each project of the total cost of the Project into labour, material, and overhead.
  (b) For each of the three projects noted above, using previous projects performed by GLPT and/or its predecessor GLPL, please provide cost comparison of a similar undertaking and show the details of how comparability is achieved including the method of economic adjustment to the costs due to inflation whenever there is difference in the in service year between the two events.

Interrogatory 81 - Variance for Previously Approved 2008 Capital Investments

References:

81.(1) Exh. 2/Tab 1/Sch. 1/pp. 66-67/"Previously Approved for 2008 – Project 1. Clergue Line Protection Upgrade $389,100"

81.(2) Exh. 2/Tab 1/Sch. 1/p. 67/"Previously Approved for 2008 – Project 2. Patrick Street TS Refurbishment $482,200"

Questions/Requests:

(i) In regard to the increase requested for addition to the 2008 rate base of $78,900 (being the difference between the approved amount of $310,200 and the amount spent of $389,100). In Reference 81.(1) it is indicated that the change in scope resulted in increased costs, and that coordination of work at Clergue TS ameliorated the increase which would have been higher. Please describe in detail how and why the scope changed, and what would have been the cost had there been no coordination. On page 67 of Reference 81.(1), lines 3-9 it is stated that:

> *"The increase in cost can be attributed primarily to a change from the original scope of work. The project was delayed when GLPT reviewed its asset management plans and determined that coordinating this project with other projects at Clergue TS would provide economies of scale to help offset the increase in cost due to the change in project scope. This coordination allowed for a reduction of mobilization / demobilization and project management costs that would have been higher had the projects been completed independently."*

(ii) Please confirm that the amount of $113,200 for which GLPT is seeking approval for addition to Rate Base as stated in Reference 81.(2), page 67, line 14 should be $113,300 and not $113,200. Please also explain the rationale for GLPT to add to Rate Base in 2008 an amount, which when added to the amount already added in 2006, would exceed the total amount approved.

2007 Capital Investments

Interrogatory 82 - 2007 Capital Investments

Reference:

82.(1) Exh. 2/Tab 1/Sch. 1/pp. 67-76/"section 2.2.4 2007 Capital Expenditures in service"

82.(2) Exh. 2/Tab 1/Sch. 2/p. 1/lines 6-10/Definition capital expenditures - Sustainment, Development, and Operations

82.(3) Exh. 2/Tab 1/Sch. 2/p. 1/lines 11-12/Table 2-1-2 A – capital Expenditure Table

Preamble:

(1) It is important to classify the investment capital and the various underlying projects into the categories as set out in Reference 82.(2).

(2) The sum of the investments in 2007 under the two categories should be consistent with the summary Table provided in 82.(3)

Question(s)/Request(s):

(i) Please complete the Table below, by classifying each Capital Investment Project either as "Development" or "Sustainment";

(ii) If a capital investment for a given project is a mix of "Development" and "Sustainment", please provide for each such project an explanation (in a foot note) and the amount of investment for each category by filling in the amount in the Table under the two columns.

Project Description **Year 2007**	**Seeking Approval**	**Classified as Development**	**Classified as Sustainment**	**Cost Estimate** **$**
1. Third Line TS T1 : 250 MVA Autotransformer Replacement	yes			4,702,700
2. No. 3 Sault Sleeve Replacement	yes			637,600
3. Install 115 kV Line CVT's Magpie TS	yes			259,500
Total Investment of the 3 Projects Seeking Approval For Year 2007				**5,599,800**
1. Transmission Reinforcement Project	Approved			7,797,500
2. Third Line Tie Breaker	Approved			1,479,500
3. Gartshore Transmission Station - Relocation	Approved			495,200
4. Mackay Line and Bus	Approved			221,800

Project Description **Year 2007**	**Seeking Approval**	**Classified as Development**	**Classified as Sustainment**	**Cost Estimate** **$**
Protections				
Total Investment of the 4 Projects Already Approved For Year 2007				**9,994,000**
GRAND TOTAL INVESTMENT IN 2007				**1,564,600**

Interrogatory 83 - Third Line TS T1: 250 MVA Autotransformer Replacement

Reference:

83.(1) Exh. 2/Tab 1/Sch. 1/pp. 68-69/ Year 2007-seeking approval "Project 1. Third Line TS T1: 250 MVA Autotransformer Replacement $4,702,700"

Question(s)/Request(s):

(i) Please describe the steps and methods used by GLPT in selecting a company to provide the 250 MVA Autotransformer replacement.

(ii) Is GLPT planning to repair the older unit to use it as back up for other units on its system? If so what would be the cost estimate for repairing the old unit?

Interrogatory 84 – Revision Re previously approved - Transmission Reinforcement Project

Reference:

84.(1) Exh. 2/Tab 1/Sch. 1/pp. 72-75/ Year 2007- Previously approved Project 1. Transmission Reinforcement Project $7,797,500"

Preamble:

(1) GLPT is seeking a rate base addition of $2,538,300 to the approved amount of where it attributed:
   (a) $2,400,000 to unanticipated changes to project scope for its P21G 230 kV transmission line; and
   (b) $138,300 attributed to delays on account of equipment problems encountered due to transformer being damaged during shipping.

Questions/Requests:

(i) In regard to the additional expenditure of $2,400,000 on the repair of the 230 kV line, P21G, please provide the following:
   - A breakdown of the additional costs by system element group e.g., towers, wood poles, disconnect switches, insulators.etc., and
   - for each system element group show the cost broken down into labour, material, and overhead

(ii) In regard to the $138,300 attributed to delays due to equipment problems because of the transformer damaged during shipping, please provide responses:

(a) Explain if the contract with the transformer supplier covered compensation for GLPT or its predecessor GLPL for consequences due to events such as transformer damage during transportation and consequent delays in actual commissioning?
(b) If the response to the above question (a) is negative, please respond to the view that such a cost should not be added to the project cost and the Rate Base for 2007, when it appears to be clearly a consequence of management decision where the noted incurred costs should have been covered in the contract with the transformer supplier.

Interrogatory 85 - Revision Re previously approved Third Line Tie Breaker

Reference:

85.(1) Exh. 2/Tab 1/Sch. 1/pp. 72-75/"Year 2007- Previously approved Project 2. Third Line Tie Breaker $1,479,500"

Preamble:

(1) GLPT indicated that the approved project cost was $1,072,500 in the 2005 test year. However, a total project costs of $1,479,500 were capitalized in 2007, and therefore GLPT is requesting approval for a 2007 Rate Base addition of $407,000.
(2) GLPT also explained that the additional costs were incurred due to the discontinuation of the contract arising from a dispute with the contractor.

Questions/Requests:

(i) Please respond to the view that the additional costs are a direct result of a contractual arrangement attributable to management of GLPT's predecessor GLPL, and should not be added to the project cost and the Rate Base for 2007.

Interrogatory 86 - Revision Re previously approved MacKay Line and Bus Protections

Reference:

86.(1) Exh. 2/Tab 1/Sch. 1/pp. 72-75/ Year 2007- Previously approved Project 4. MacKay Line and Bus Protections $221,800

Question/request:

(i) Please provide a description of the original scope of work for this project along with the expansion in the scope that lead to the additional cost of $51,271.

Interrogatory 87 – Summary of Capital Investments

Reference:

87.(1) Exh. 2/Tab 1/Sch. 2/p. 1/Table 2-1-2 A
87.(2) Summary Tables presented in the Board staff interrogatories listing the investments for projects for each of the years 2007, 2008, 2009, and 2010, and showing at the bottom of each table, the Grand Total investment for the four years

Preamble:

(1) Comparing the sum of investment in the years 2007 to 2010, as presented in Table 2-1-2 A of Reference 87.(1), with the results obtained from the summary tables in Reference 87.(2), results in variances summarized in the Table below:

	INVESTMENT	2007 $	2008 $	2009 $	2010 $
SOURCE Table 2-1-2 A Capital Expenditure Table Exh. 2/Tab 1/Sch. 2	Sustainment Capital	9,360,400	10,991,000	6,656,800	3,721,900
	Development Capital	7,798,000	62,100	808,100	300,000
	TOTAL OF SUSTAINMENT & DEVELOPMENT	17,158,400	11,053,100	7,464,900	4,021,900
SOURCE Board staff Summary Tables in the Interrogatories	TOTAL OF SUSTAINMENT & DEVELOPMENT	15,593,800	10,051,500	7,377,400	3,111,900
Variance of Investments : In Table 2-1-2 A vis a vis in Board staff Summary Tables		**1,564,600**	**1,001,600**	**87,500**	**910,000**

Question/request:

(i) Please provide explanation for the difference between the totals in the two sources outlined in the Table in Preamble (1) above for each of the years 2007 to 2010 inclusive.

Interrogatory 88 – Redevelopment Project

Reference:

88.(1) Exh. 1/Tab 2/Sch. 1/lines 7-10

Preamble:

(1) At Reference 88.(1) it is stated in part that:

> *"GLPT proposes that the <u>redevelopment project</u> be carried out in three phases at a total estimated cost of $23,500,000. Of this, the estimated cost of Phase I, which is to be completed during 2010, is $10,230,000. The estimated cost of Phase II, to be completed during 2011 is $12,000,000 and the estimated cost of Phase III, to be completed during 2012, is $1,270,000."*

Requests:

(i) Please provide the vintage of the assets that will be retired as a result of the redevelopment project for each of the years 2010, 2011, and 2012, and the corresponding associated depreciable life and the net book value for each of the noted years.

(ii) Please compute the impact on the revenue requirement for 2010 under the following scenarios:

(a) The assets to be removed from service in 2010 are removed from rate base entirely in 2010;
(b) The assets to be removed from service in 2010 are removed from rate base over a period of years (say 3 or 5 years).

Please state all assumptions and all supporting facts.

Interrogatory 89 - Asset Continuity Tables

Reference:

89.(1) Exh. 2/Tab 2/Sch. 1 – Asset Continuity Tables

Request:

(i) For each month of 2007, 2008, bridge year 2009, and test year 2010, and for each Asset, listed by Account number and description, please provide:
  (a) Opening balance
  (b) Accumulated Depreciation
  (c) Net Book Value, as of period opening
  (d) Additions – related to the Reinforcement Project
  (e) Additions – related to all other capital spending
  (f) Retirements/Disposals - related to the Reinforcement Project
  (g) Retirements/Disposals - related to all other capital spending
  (h) Salvage value - related to the Reinforcement Project
  (i) Salvage value - related to all other capital spending
  (j) Adjusted cost base
  (k) Depreciation Expense
  (l) Adjusted Accumulated Depreciation
  (m) Net Book Value, as of period closing.

If the Retirements/Dispositions of the redevelopment project deal with a portion of the assets GLPT proposes to write off please provide the proposed treatment of the balance of the asset.

Interrogatory 90 - Working Capital

Reference:

90.(1) Exh. 2/Tab 4/Sch. 1 – Working Capital

Question/Request:

(i) What, impacts if any, will the implementation of the Harmonized Sales Tax ("HST") on July 1, 2010 have on GLPT's working capital requirements?
(ii) On page 1, lines 9 and 10 of Reference 90.(1), GLPT states:

> *"As part of GLPT's next rate application, GLPT plans to revisit the methodology used in the working cash study."*

  (a) Please provide further explanation as to why GLPT intends to revisit the working capital requirements.
  (b) In light of considerations such as the implementation of the HST, please explain why GLPT did not advance such a study in preparation of this application.

IV. COST OF CAPITAL

Interrogatory 91 - Fair Return Standard

Reference:

91.(1) Great Lakes Power Limited ("GLPL") - 2007 electricity distribution rate application, Reply Submission, June 2, 2008 [EB-2007-0744]/p. 50

91.(2) GLPL -2007 electricity distribution rate application, Argument-in-Chief, May 16, 2008 [EB-2007-0744]/p. 43:

91.(3) Exh. 5/Tab 1/Sch. 1/p. 4

91.(4) *Report of the Board on the Cost of Capital for Ontario's Regulated Utilities*, (the "Board's Cost of Capital Report") issued December 11, 2009.

Preamble:

(1) In Reference 91.(1), on page 50 of GLPL's Reply Submission, it stated that:

"…subsection 78(3) of the OEB Act that requires the Board to set just and reasonable rates (i.e. rates that allow GLPL to earn a fair return on its investment)…"

(2) In Reference 91.(2), on page 43 of GLPL's Argument in Chief, it referenced subsection 78(3) of the OEB Act by stating that:

> *"The Board has a statutory obligation pursuant to subsection 78(3) of the OEB Act to set distribution rates that are "just and reasonable":*
>
> > *78(3). The Board may make orders approving or fixing just and reasonable rates for the transmitting or distributing of electricity and for the retailing of electricity in order to meet a distributor's obligations under section 29 of the Electricity Act, 1998."*

(3) GLPT has applied for a 10.5% ROE, as outlined in Reference 91.(3)

(4) At Reference 91.(4), on page ii of the report, the Board announced a revised policy represented by a formula that in December 2009 indicated a ROE of 9.75%.

Questions/Requests:

(i) Given the above sequence of events outlined in Preambles (3) and Reference 91.(3) as well as in Preamble (4), does GLPT agree that the requested return on capital will provide a fair return, in light of Great Lakes Power Limited's own references quoted in Preambles (1) and (2) in reference to proceeding (EB-2007-0744)?

(ii) If GLPT believes that its requested return on capital will provide a fair return on capital, on what assumptions and evidence does it make this assertion?

Interrogatory 92 - Cost of Capital

Reference:

92.(1) Exh. 5/Tab 1/Sch. 1 – Cost of Capital

92.(2) *Report of the Board on the Cost of Capital for Ontario's Regulated Utilities*, (the "Board's Cost of Capital Report") issued December 11, 2009.

Preamble:

(1) In Reference 92.(2) the report established updated requirements and methodologies for determining the cost of capital in rate-setting for rate-regulated entities, including electricity transmitters. The new guidelines are established for setting rates beginning in 2010.

Questions:

(i) Does GLPT accept that the Board should apply the updated guidelines and methodologies documented in the Board's Cost of Capital Report? In particular, is GLPT still proposing an ROE of 10.5% or is it planning to amend its Application to adopt the ROE to be calculated in accordance with the methodology documented in Appendix B of the Board's Cost of Capital Report?

(ii) If GLPT is proposing that its cost of capital be determined in accordance with the Board's Cost of Capital Report, please provide updates to Exhibit 5, where and to the extent possible, that reflect the Board's Cost of Capital Report.

(iii) If and where GLPT does not believe that the guidelines in the Board's Cost of Capital Report should apply to it, please identify where GLPT is proposing to deviate from the Board's Cost of Capital Report. Please explain and support any requested deviation(s).

Interrogatory 93 - Capital structure and Short-term Debt

Reference:

93.(1) Exh. 5/Tab 1/Sch. 1 – Capital structure and Short-term Debt

Preamble:

(1) On pages 3-4 of Reference 93.(1) GLPT explains that it is not proposing any short-term debt component in its capital structure, because GLPT does not have or use short-term debt and that the new Deed of Trust "under which the current bonds are held allows for no additional short-term indebtedness."

(2) It should be noted that the capital structure used for rate-setting purposes and a firm's actual capital structure may differ. The amount of working capital and the use of a deemed capital structure are two reasons for such differences.

Question(s)/Request(s):

(i) Please provide a copy of the new Deed of Trust.

(ii) Has GLPT or its predecessor GLPL ever had a short-term debt component in its rate base or revenue requirement for rate-setting purposes? Please explain and support your answer.

(iii) Please provide GLPT's actual capital structure and cost of capital for the years 2006, 2007, and 2008 actuals, 2009 bridge and 2010 test years using the same format shown in Reference 93.(1), Table 5-1-1A - Cost of Capital and Rate of Return.

Interrogatory 94 - Capital structure and Short-term Debt

Reference:

94.(1) Exh. 5/Tab 1/Sch. 1 – Capital structure and Short-term Debt

Preamble:

(1) In its rate regulation of Ontario's natural gas distributors, short-term debt is used to reconcile actual and deemed long-term debt capitalization. The Board's Cost of Capital Report states the following:

> *"For rate regulated natural gas distributors, short-term debt is used for an unfunded portion to true-up the deemed capitalization to the utility's actual capitalization. As the variance between actual and deemed capital structures is generally small, the unfunded portion is typically a small fraction of total capitalization for rate-setting purposes.*
>
> ***In a Cost of Service application, the applicant natural gas distributor forecasts the cost of short-term debt for the test year, and this is subject to review. The Board*** *notes that no participant questioned the Board's policy and practice for natural gas distributors, and* ***has determined that it is appropriate to continue with this approach.*** *With the development of a new deemed short-term debt rate for use in the electricity transmission and distribution sector, the Board notes that it and other participants may take into consideration the deemed short-term debt rate, as discussed below and documented in Appendix D." [pp. 55-56, emphasis in original]*

Question/Request:

(i) Please provide GLPT's views, in detail, as to the appropriateness of the approach outlined in the Preamble (1) above for determining its Cost of Capital for rate setting purposes.

V. REVENUE AND CHARGE DETERMINANT FORECAST

Interrogatory 95 - Revenue Requirement Work Form

Reference:

95.(1) Exh. 1/Tab 2/Sch. 4 and Exh. 1/Tab 2/Sch. 5

95.(2) Section 2.2.2 of Chapter 2 of the Filing Requirements for Transmission and Distribution Rate Applications, issued May 27, 2009

Preamble:

(1) It is noted that GLPT has provided summary exhibits of its revenue sufficiency/deficiency in Reference 95.(1).

(2) Section 2.2.2 of Chapter 2 of the Filing Requirements noted in Reference 95.(2) requires that the applicant file a completed Revenue Requirement Work Form (the "RRWF").

(3) The RRWF is shown in Appendix 2-T of Reference 95.(2) and the blank spreadsheet, is accessible from the Board's website www.oeb.gov.on.ca.

Question/Request:

(i) Please file, in working Microsoft Excel format a copy of the completed RRWF based on GLPT-Transmission Rate Application.

Interrogatory 96 – Charge Determinant

Reference:

96.(1) Exh. 8/Tab 1/Sch. 1/p.1/lines 9-18

96.(2) Exh. 8/Tab 1/Sch. 1/p.2/lines 7-13

Preamble:

(1) GLPT stated in part in Reference 96.(1) that:

"……GLPT has seven customers who are directly connected to its system that have peak demands that can be considered material. Because there are only seven customers, GLPT determined that the most effective method for developing a forward-looking forecast would be through direct communication with those customers. Statistical modeling or forecasting techniques used without direct communication with customers (where that communication is readily available) could produce inaccurate results if there are foreseeable changes known to the customer, but not factored into consumer loads in the test year….."

Questions/Requests:

(i) In order to understand how directly connected customers' load influence the Utility's Charge Determinants' levels for the three pools (Network, Line Connection, and Transformation Connection), the information sought in Table 1 is very important. Therefore, please provide the historical Charge Determinant information in Table 1 below, for all delivery points that supply GLPT's directly connected customers.

Notes:

- If GLPT does not possess the requested information, GLPT should request that historical information on the Charge Determinants (load information) from the Independent Electricity System Operator (the "IESO"). Please also ensure that GLPT's (and its predecessor GLPL's) "total load for each pool" is also provided.
- In providing the requested information in Table 1, and to allow GLPT the ability to protect possible customer's concerns for proprietary information which delivery points' loads may reveal, it is acceptable to use letters instead of names of the delivery points;

- If the measure of using letters instead of names for the delivery points is still worrisome to GLPT, please complete the data and information in Table 1 below and file it on confidential basis.

Table 1. Historical Annual Charge Determinant in MW for Delivery Points on the Transmission System of (GLPT/GLPL)

Note: the three Service Asset Pools are:
- Network (NET);
- Line Connection (LC);
- Transformer Connection (TC)

Year	**Historical Annual Charge Determinants**	**Delivery Points for Seven Directly Connected GLPT Transmission Customers**										**Grand Total Load for GLPT MW**
		A MW	B MW	C MW	D MW	E MW	F MW	G MW	H MW			
2004	**NET** MW											
	LC MW											
	TC MW											
2005	**NET** MW											
	LC MW											
	TC MW											
2006	**NET** MW											
	LC MW											
	TC MW											
2007	**NET** MW											
	LC MW											
	TC MW											
2008	**NET** MW											
	LC MW											
	TC MW											
2009	**NET** MW											
	LC MW											
	TC MW											

(ii) Using GLPT's average methodology described in Reference 96.(2) [Exh 8/Tab 1/Sch. 1/p.2/lines 7-13], please provide GLPT's forecast of the Charge Determinants for the Delivery Points supplying the seven directly connected customers as well as the Charge Determinants for the total GLPT system, and record results in Table 2 below.
- In providing the requested information in Table 2, and to allow GLPT the ability to protect possible customer's concerns for proprietary information which delivery points' loads may reveal, it is acceptable to use letters instead of names of the delivery point.
- If the measure of using letters instead of names for the delivery points is still worrisome to GLPT, please provide GLPT's and GLPL's total load for the three pools in your response and file the complete Table on confidential basis.

(iii) Please provide a step by step quantitative calculation to show how, for each Delivery Point, the resulting Charge Determinants in Table 2 were derived from the corresponding values of the Charge Determinants in Table 1.

Table 2 2010 Forecast Annual Charge Determinant in MW for GLPT's Delivery Points

Year	**Forecast Annual Charge Determinants**	**Delivery Points for Seven Directly Connected GLPT Transmission Customers**										**Grand Total Load for GLPT MW**
		A MW	B MW	C MW	D MW	E MW	F MW	G MW	H MW			
2010	**NET** MW											
	LC MW											
	TC MW											

<u>**Interrogatory 97** - Transmitter Reconciliation Final Data</u>

<u>Reference:</u>

97.(1) Exh. 8/Tab 1/Sch. 1/p.2/lines 14-20
97.(2) Exh. 8/Tab 1/Sch. 1/p.4

<u>Preamble:</u>

(1) In Reference 97.(1) GLPT in part states that:

"GLPT has analyzed this report for each of the months in the period January 2004 to June 2009, extracted the monthly peaks by asset pool, and developed a forward-looking forecast based on the historical information."

(2) In Reference 97.(1), page 2, lines 10-11, GLPT in part also states that:

"The historical average methodology is reasonable given the input from customers, as the customers anticipate no significant variance from the recent past"

Questions/Requests:

(i) In regard to the IESO's report titled "Transmitter Reconciliation Final Data File" please provide a Table using a "*live* MS-Excel spreadsheet" with any formulae in any of its cells kept active, which Table would contain for the period January 2004 to June 2009 monthly peaks for each of the asset pools (Network, Line Connection and Transformation Connection). Since the data covering July 2009 to December 2009 is likely now available from that same report, please also provide the corresponding monthly peaks for the three asset pools for that period.

Note: If GLPT or the IESO is concerned regarding provision of the requested information due to confidentiality obligations, please file the spreadsheet confidentially with the Board and subject to the Board Panel direction will be appropriately dealt with.

(ii) Please describe in detail the methodology referred to in Reference 97.(1) as a forward-looking forecast

(iii) With respect to Reference 97.(2), please respond to the following:

(a) Please define the exact meaning of "reasonable";

(b) Is there a measurable parameter to define the limits beyond which GLPT would consider the results unreasonable;

(c) Please compare the methodology proposed in this Application with the methodology presented in the evidence[3] in the last rate application [Board File No. EB-2005-0241] by GLPT's predecessor GLPL.

(d) Did GLPT test the forecast which was presented as evidence in the noted last rate proceeding by GLPL with actual measurement obtained from the IESO's reports[4]? If yes please provide that comparison in tabular form. If not, please provide a Table comparing the Charge Determinant Forecast for the three pools for the years 2005, 2006 as presented in the Pre-filed evidence with the corresponding actual amounts obtained from the noted IESO Reports.

Using the "*live* MS-Excel spreadsheet" requested in (i) above, show quantitatively, step by step, how for each asset pool, the monthly peaks were used/developed into a "forward-looking forecasts" which culminated into Table 8-1-1 B in page 4 of Reference 97.(2).

(iv) Please produce a 2010 forecast for the three pools using a "best fit technique" using data obtained from the noted IESO's reports titled "Transmitter Reconciliation Final Data File "rather than based on averages as it tends to obscure trends.

[3] Great Lakes Power Limited (GLPL)Rate Application for Test Year 2006, Board File No. EB-2005-0241, Exhibit G/Tab 1/Sch. 1 and Sch. 2

[4] Exh 8/Tab 1/Sch. 1/p.2 - IESO's report titled "Transmitter Reconciliation Final Data File"

Interrgoatory 98 - Transmission Revenue Streams

Reference:

98.(1) Exh. 8/Tab 1/Sch. 1

Request:

(i) For the monthly revenues remitted to GLPL (Transmission)/GLPT for the period 2007 – 2009, please provide the monthly charge determinant by pool, which the IESO provides indicating the actual charge determinant by pool.

Interrgoatory 99 - Transmission Revenue Streams

Reference:

99.(1) Exh. 8/Tab 2/Sch. 1

Request:

(i) Please compute the transmission revenues available to each transmitter under the following scenario where the rates are not changed, the 2010 charge parameter forecast is relied on, and GLPLT recovers its 2010 revenue requirement.

(ii) Please compute the revenues allocated to each transmitter for 2010 assuming that rates are changed as proposed and the charge parameter forecast is relied on, and that revenues are shared in accordance with the Board approved proportions as of January 1, 2010.

(iii) Please compute the implied return on equity for GLPT (based on the equity recognized for the purposes of setting transmission rates in 2006).

VI. COST ALLOCATION AND RATES

Interrogatory 100 - Uniform Transmission Rates

Reference:

100.(1) Exh. 8/Tab 2/Sch. 1

Preamble:

(1) Revising the provincial Uniform Transmission Rates is an alternative to accommodate a possible Board approval of a 2010 revenue requirement for GLPT and a corresponding set of forecast charge determinants for GLPT's three pools. It is helpful to explore viable alternatives to achieve the same accommodation to GLPT, subject to a Board approval.

Question(s)/Request(s):

(i) Please file analysis of the alternatives to adjusting the Uniform Transmission Rates.

VII. DEFERRAL AND VARIANCE ACCOUNTS

Interrogatory 101 - Authority Re Use of Accounts 1562 and 1592

Reference:

101.(1) Exh. 9/ Tab 1/ Sch. 5

Question:

(i) What authority is the Applicant relying on to use account 1562 and account 1592?

Interrogatory 102 - Disposition of Deferral and Variance Accounts

Reference:

102.(1) Exh. 9/ Tab 1/ Sch. 1
102.(2) GLPT's RRR 3.1.1 Filings for Q4, 2008

Preamble:

(1) GLPT is applying to disburse its December 31, 2008 audited balances in its existing deferral and variance accounts, along with forecasted accruals and carrying charges to December 31, 2009. The general regulatory precedent is that only audited balances are cleared.

(2) As part of GLPT's RRR 3.1.1 filings for Q4, 2008, the company has reported balances in accounts 1508 and 1574. Balances were not reported in accounts 1505, 1562, 1572, and 1592

Questions/Requests:

(i) Please provide the rationale used by GLPT to deviate from the standard practice identified in Preamble (1).

(ii) Why has GLPT not reported balances in the 4 aforementioned accounts under its RRR 3.1.1 filings as outlined in Preamble (2)?

(iii) Does GLPT intend to amend its reported balances as of December 31, 2008?

Interrogatory 103 - New Deferral Accounts

Reference:

103.(1) Exh. 9/ Tab 2/ Sch. 1

Preamble:

(1) GLPT has requested a new variance account for Property Taxes and Use and Occupation Permit Fee Variance pertaining to First Nation reserve lands

Questions:

(i) With respect to the new variance accounts, please respond to the following:
   (a) What is the regulatory precedent for this proposed deferral account?
   (b) What is the justification for this account?
   (c) What are the journal entries to be recorded?
   (d) When does the applicant plan to ask for its disposition?
   (e) How does the applicant plan to allocate this account by rate class?
   (f) As costs are not currently known, what would be the basis of the approval to record these amounts in a deferral account?
   (g) What new or additional information is available that would improve the Board's ability to make a decision to approve the recording of these costs or fees in a deferral account?

Interrogatory 104 - The Comstock Claim

Reference:

104.(1) Exh. 9/ Tab 2/ Sch. 1

Preamble:

(1) GLPT has requested direction from the Board with respect to the Comstock claim. One of the alternatives presented by the applicant is a new variance account for the Comstock claim.

Questions:

(i) With respect to the Comstock Claim in Reference 104.(1) and Preamble (1), please respond to the following:
   (a) Please provide more details with respect to the nature of costs that GLPT plans to record in this account.
   (b) Please provide the amount that GLPT estimates will be recorded in this account.
   (a) Please provide any other background information to assist the Board in providing direction with respect to accounting for these costs.

Interrogatory 105 – Rate Rider Determinations

Reference:

105.(1) Exh. 9/ Tab 2/ Sch. 1

Preamble:

(1) According to section 2.10.2 of Chapter 2 of the Filing Requirements for Transmission and Distribution Applications, dated May 27, 2009, the applicant must:

> *"Propose rate riders for recovery of balances that are proposed for clearance. The applicant must show all relevant calculations, including the rationale for the allocation of each account and the length of the recovery period."*

Questions/Requests:

(i) GLPT has not provided any rate rider calculation. Please provide the rate rider calculations as of the date of the last Audited Financial Statements; namely, December 31, 2008.

(ii) Please provide an alternative rate rider calculation based on deferral and variance account amounts as filed.

Interrogatory 106 – Disposition of Account 1572

Reference:

106.(1) Exh. 9/ Tab 2/ Sch. 6

Preamble:

(1) GLPT is requesting the disposition of approximately $1 million in Account 1572 for costs related to reorganization.

Question/Request:

(i) Please provide a breakdown of costs recorded in this account, and the rationale.

VIII. REGULATORY ASSETS

Interrogatory 107 – Compliance of Previous Board Order

Reference:

107.(1) Exh. 1/Tab 1/Sch. 8/Appendix "A" – Board Decision and Order (EB-2004-0505), dated April 5, 2005 Re wholesale metering arrangement/p.4 & Appendix "A" titled "Rebate and Exit Fee Schedule for Wholesale Meter Service"

107.(2) Exh. 9/Tab 1/Sch. 3/p.5/section 3.3

Preamble:

(1) In Reference 107.(1), the Board amended GLPL's rates with new set of rates effective as of April 1, 2005 whereby the Board stated in part that:

"The Board finds that the request to create a deferral account to be acceptable in the circumstances. The Board expects the deferral account to record all rebates paid out and the offsetting valuation of avoided costs.[emphasis added]

The Board reminds Great Lakes Power that the creation of this deferral account does not provide any suggestion of how or if its balance will eventually be recovered."

(2) In Reference 107.(2), GLPT stated in part that:

Although GLPL did not record the avoided costs as incurred, for purposes of calculating the balance to be disbursed from Account 1508 GLPT has assumed that all avoided costs were recorded as incurred.

With respect to the avoided costs, GLPT has recorded the avoided cost of providing MSP services to MMPs for the period beginning at the effective date of GLPL's most recently approved revenue requirement. [the "Foot Note" stated that: The effective date of GLPL's revenue requirement approved in EB-2005-0241 was April 1, 2005. GLPT has calculated the avoided costs beginning on this date, ***but has not recorded any avoided cost for any period prior to April 1, 2005.*** *].[emphasis added]*

Questions/Requests:

(i) Please explain the reasons for not providing an estimate for the "avoided costs" for the period from market opening, until April 1, 2005 as required by the Board and depicted in Reference 107.(1).

(ii) Please produce an estimate of the "avoided costs" for the period from market opening until April 1, 2005, which would be used as an offset to the corresponding rebates.

Attachment “A”

Statement by the Honourable Jim Flaherty, Minister of Finance October 31, 2006

Attachment "B"

PriceWaterhouseCoopers 2008 Publication
Income Trusts Planning for 2011 and Beyond