

EXHIBIT 10 - INTERROGATORY RESPONSES

Exhibit 10, Tab 2, Schedule 1

Responses to Interrogatories from the
Vulnerable Energy Consumers' Coalition (VECC)

Interrogatory 1 OSCC

Reference: Ex 1/T2/S1 page 16

Question:

- a) Were there any incremental savings as a result of GLPT no longer providing OSCC services to the generation division? If so, please quantify; if not, why not?

Response:

- (a) Although the overall cost of operating the OSCC decreased because of a reduction in staffing, GLPT experienced no incremental savings as a result of no longer providing OSCC services to the generation division.

Interrogatory 2 PILS Calculation

Reference: Ex 1/T2/S4

Question:

- a) Please explain how the "Provision for Income Taxes" was calculated for each year in the table.

Response:

- (a) The provision for tax is calculated in a two step process: (1) Calculation of income tax and (2) Gross up of the income tax.

(1) Calculation of Income Tax:

The calculation of income tax was calculated by applying the effective tax rate for the period to the Revenue (Deficiency)/Sufficiency.

(2) Gross up of Income Tax:

The amount determined under step 1, was grossed up by dividing the amount under step 1 by (1 minus the effective tax rate for the period).

See example below for calculation:

	2010 Test Year - Revenue Forecast	
(\$000's)		
Revenue (Deficiency)/Sufficiency	(\$3,221.5) (A)	Exh 1/Tab2/Sch4
Effective Tax Rate	31% (B)	Exh 1/Tab2/Sch4 - Table 4-3-2-B
Step 1 - Calculation of Income Tax (A x B)	(\$998.7) (C)	
Step 2 - Gross up of Income Tax ((C)/(1-B) - (C))	(\$448.7)	
Provision for Income Taxes	<u>(\$1,447.4)</u>	Exh 1/Tab2/Sch4

Interrogatory 3 Capital Projects in Service, 2007-2010

Reference: Ex 2/T1/S1 pages 3-38

Preamble: The evidence states on page 3 that “[t]he in-service date of each capital expenditure described in this section has occurred or will occur between 2007 and 2010.”

Question:

- a) For each project described in this section, please provide the planned in-service date and, where applicable, the actual in-service date.

Response:

- (a) Please see the following table:

Project Title	In-Service Date (Planned for 2010, Actual for 2007-2009)
2010 Projects	
1. Third Line TS (115kV Redevelopment)	Fourth Quarter 2010
2. Steelton Ground Grid Refurbishment	Second half 2010
3. Building Upgrades	Mid-2010
4 Third Line Series Reactor Installation	First Quarter 2010
5. GIS Software Purchase & Installation	Second half 2010
2009 Projects	
1. Echo River TS Protection Upgrades	Q4-2009
2. System Wide Cyber Security Requirements	Q4-2009
3. Third Line TS T2 Autotransformer Protections Upgrade	Q4-2009
4. Batchawana TS Ground Refurbishments	Q4-2009
5. MacKay TS - Capacitive Voltage Transformer Replacement	Q4-2009
6. GIS Software Purchase and Installation	Q4-2009
7. Third Line Series Reactor Installation/Capacitor Replacement (Ph 1)	Q4-2009
8. Vegetation Management Mapping Development	Q4-2009
9. Algoma 115 kV Structure Reinforcement	Q4-2009
10. Centralized Information Retrieval System (CIRS)	Q4-2009
11. Magpie TS - Battery & Charger Replacement	Q4-2009
12. Clergue 115kV Circuit Insulator Replacement	Q4-2009
13. Fleet, IT Infrastructure, Office Furniture & Equipment	Q2-2009
14. Transmission Reinforcement Project	Q1-2009
2008 Projects	
New Projects	
1. MacKay TS Refurbishment	Q3-2008/Q4-2008
2. Third Line Miscellaneous Projects	Q4-2008
3. Magpie TS Line Protection Upgrades	Q4-2008
4. Clergue TS Protection Upgrades	Q4-2008
5. Magpie Structure/Component Replacement	Q4-2008
6. Power Potential Transformer at Magpie TS	Q2-2008
7. Third Line Temporary Bus Installation	Q2-2008/Q3-2008
8. Third Line TS - Transformer Refurbishment (T2)	Q4-2008
Previously Approved Projects	
1. Clergue Line Protection Upgrades	Q3-2008
2. Patrick Street TS Refurbishment	Q4-2008
2007 Projects	
New Projects	
1. Third Line TS T1: 250 MVA Autotransformer Replacement	Q4-2007
2. No. 3 Sault Sleeve Replacement	Q4-2007
3. Install 115 kV Line CVT's Magpie TS	Q4-2007
Previously Approved Projects	
1. Transmission Reinforcement Project	Q4-2007
2. Third Line Tie Breaker	Q4-2007
3. Gartshore Transmission Station - Relocation	Q4-2007
4. MacKay Line and Bus Protections	Q4-2007

Interrogatory 4 Actual vs. Forecast CapEx

Reference: Ex 2/T1/S1 page 77, Table 2-1-1 C

Questions:

- Please expand this table to show, for each year 2006-2009, the ex ante budgeted capital expenditures.
- Please provide the corporate capital budgets as approved by the Board of Directors for the transmission business for each year 2006-2010 inclusive.

Responses:

- GLPT has expanded the table in Ex 2/T1/S1 page 77, Table 2-1-1 C below to include the ex *ante* budgeted capital expenditures. GLPT informs the reader that budgeted capital expenditures are based on actual cash spending in the year and do not contemplate in-service dates. All CapEx demonstrated in Table 2-1-1 C is related to assets coming into service, and as such there will be timing differences between budgeted capital expenditures and capital assets put into service.

Great Lakes Power Transmission LP
Analysis of Actual CapEx vs. Approved CapEx

Year Approved	Project	Approved Spending	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	Total Actual	Variance
2005	Andrews TS Redevelopment	1,420,000	1,592,042	-	-	-	-	1,592,042	172,042
2005	Northern Ave TS Refurb	2,475,000	2,635,908	-	-	-	-	2,635,908	160,908
2005	Third Line PLC Replace	885,000	907,650	-	-	-	-	907,650	22,650
2005	Gartshore Line Refurb	300,000	287,476	-	-	-	-	287,476	(12,524)
2005	Steelton TS Load Rejection Scheme	152,000	88,185	-	-	-	-	88,185	(63,815)
2005	Hollingsworth Line Refurb	275,000	150,095	-	92,916	-	-	243,011	(31,989)
2005	IMO Metering	150,000	-	-	-	-	-	-	(150,000)
2005	Patrick/Leigh's Bay CCT Protections	152,900	-	-	-	-	-	-	(152,900)
2005	Anjigami TS Bus Protections	155,400	-	-	-	-	-	-	(155,400)
2005	Clergue Lines Protections	310,200	-	-	-	389,089	-	389,089	78,889
2005	CIRS Phases 1 & 2	480,500	-	800,022	-	-	-	800,022	319,522
2005	Cyber Security Requirements	506,000	-	-	-	-	-	-	(506,000)
2005	New 115kV Tie Breaker	1,072,500	-	-	1,479,503	72,712	-	1,552,215	479,715
2005	Hollingsworth TS Refurb	1,835,500	-	2,112,759	-	-	-	2,112,759	277,259
2005	Other Projects under \$150k	1,715,000	665,137	-	-	-	-	665,137	(1,049,863)
Subtotal			25,277,200	6,326,493	14,308,727	2,289,362	943,998	23,868,580	(1,408,620)
Other Spending (Not previously approved)									
2007	Other 2007 Capital Additions	-	-	-	7,087,987	-	-	7,087,987	7,087,987
2008	Other 2008 Capital Additions	-	-	-	-	10,114,651	-	10,114,651	10,114,651
2009	Other 2009 Capital Additions	-	-	-	-	-	8,658,847	8,658,847	8,658,847
Subtotal			-	-	-	7,087,987	10,114,651	8,658,847	25,861,485
Total Not Including TRP			25,277,200	6,326,493	14,308,727	9,377,349	11,058,649	8,658,847	49,730,065
Ex ante budgeted capital expenditures			25,277,200	N/A	11,274,930	11,273,593	8,893,654	12,188,000	
Cumulative Total				6,326,493	20,635,220	30,012,569	41,071,218	49,730,065	
Cumulative as % of Approved				25.0%	81.6%	118.7%	162.5%	196.7%	
TRP			80,889,800	50,171,900	25,458,700	7,797,500	-	280,900	83,709,000
Grand Total Spending			106,167,000	56,498,393	39,767,427	17,174,849	11,058,649	8,939,747	133,439,065

- The requested information is provided in Appendix 4(b) of Exhibit 10, Tab 2, Schedule 2.

Interrogatory 5 Working Capital Allowance (“WCA”)

Reference: Ex 2/T4/S1 page 1, Table 2-4-1 A

Questions:

- a) Please provide a copy of the working cash study accepted by the Board in EB-2005-0241.
- b) Please identify any cost categories in the study for which GLPT expects that material changes in the lag days have occurred since 2006.

Responses:

- (a) Please see Appendix 5(a) of Exhibit 10, Tab 2, Schedule 2, which includes all pre-filed evidence and interrogatory responses related to the working cash study, as submitted in EB-2005-0241.
- (b) At the time of filing this interrogatory response, GLPT does not expect any material changes in the lag days have occurred since 2006. For additional information on Working Capital please refer to Board Staff Interrogatory 90(ii).

Interrogatory 6 HST and PST – Capital Spending

Reference: Ex 2

Questions:

- a) Please provide the actual provincial sales tax paid with respect to transmission capital expenditures for each year 2006-2009 inclusive.
- b) Please provide the projected provincial sales tax paid with respect to transmission capital expenditures for 2009.
- c) Please provide the estimated provincial sales tax paid with respect to transmission capital expenditures for 2010.
- d) Has GLPT reflected capital expenditure savings expected with the implementation on July 1, 2010 of the HST with respect to its 2010 capital expenditures and rate base?

Responses:

- (a) GLPT does not track provincial sales tax paid with respect to capital or OM&A expenditures. For example, a \$100 purchase (subject to both GST and PST for a full cost of \$113) would generate the following accounting journal entry:

Debit	Capital Work in Progress	\$108	
Debit	GST Input Tax Credit	\$5	
Credit	Cash or A/P		\$113

As a result, GLPT is unable to provide the requested information.

- (b) Please see GLPT's response to VECC interrogatory #6 (a).
- (c) GLPT does not track provincial sales tax paid with respect to capital expenditures in the budgeting process.
- (d) GLPT has not reflected capital expenditure savings expected with the implementation on July 1, 2010 of the HST with respect to its 2010 capital expenditures and rate base.

Interrogatory 7 Other Income, Merchandise and Jobbing, Accounts 4325 and 4330

Reference: Ex 3/T1/S2 page 1

Question:

- a) Given that for 2006 through 2010, the revenues and expenses from these activities have resulted in approximately zero net revenues, is there a net benefit by undertaking these activities?

Response:

- (a) The services provided represent the costs and expenses resulting from fully recoverable services provided by GLPT. GLPT does not maintain or actively pursue merchandising and jobbing activities. However, for 2010 GLPT expects to provide a minimal level of services to Algoma Power Inc., and has reflected this assumption in the preparation of this rate application. These activities include such things as emergency response.

Interrogatory 8 Income Taxes

Reference: Ex 4/T1/S1 page 1, Table 4-1-1 A

Questions:

- a) Please confirm that the income tax amounts for the years 2006-2008 inclusive were the income taxes actually paid on behalf of the transmission division for each of these years; if unable to so confirm, please provide corrected numbers.
- b) Please indicate how the income tax allocated to the transmission division was calculated for 2006-2008 inclusive.
- c) Please confirm that the income tax amounts for the years 2009 and 2010 correspond to the income taxes projected to be actually paid on behalf of GLPT for both of these years; if unable to so confirm, please provide corrected numbers.

Responses:

- (a) The income tax included in the years 2006-2008 are not income taxes actually paid, they reflect the calculation of regulatory taxes based on deemed attributes and regulatory assumptions. Please refer to Board Staff Interrogatory 55(b) for the income taxes paid by GLPT's parent company.
- (b) Income tax for the transmission division was calculated on a stand alone basis for a corporation resident in Ontario, at the effective income tax rates for each of the years 2006-2008. The income tax calculation assumes the transmission division took advantage of all discretionary deductions to minimize taxes payable.
- (c) The income tax amounts for the years 2009 and 2010 correspond to the income tax burdens projected to be borne by the partners of GLPT as a result of the regulated operations of GLPT.

For additional information on the calculation of income tax please refer to GLPT's response to Board Staff Interrogatory 55 (a-f).

Interrogatory 9 Legal Structure

Reference: Ex 1/T1/S12, Appendix B, pages 5-6

Question:

- a) Please provide a high-level commentary with respect to the costs and benefits of the current corporate entities relationships to (i) the parent and (ii) to GLPT's customers.

Response:

- (a) GLPT responds as follows:

- (i) Please see response to Board Staff Interrogatory #47(ii).

- (ii) From the ratepayer's perspective, the structure is no different than the divisional structure under GLPL. The impact on GLPT's customers is neutral.

Interrogatory 10 HST and PST – OM&A Expenses

Reference: Ex 4

Questions:

- a) Please provide the actual provincial sales tax paid with respect to transmission OM&A expenditures for each year 2006-2009 inclusive.
- b) Please provide the projected provincial sales tax paid with respect to transmission OM&A expenditures for 2009.
- c) Please provide the estimated provincial sales tax paid with respect to transmission OM&A expenditures for 2010.
- d) Has GLPT reflected OM&A expenditure savings expected with the implementation on July 1, 2010 of the HST with respect to its 2010 revenue requirement?

Responses:

- (a) Please see GLPT's response to VECC interrogatory #6 (a).
- (b) Please see GLPT's response to VECC interrogatory #6 (a).
- (c) GLPT did not specifically identify provincial sales tax with respect to OM&A expenditures in the 2010 OM&A budget.
- (d) GLPT has not reflected OM&A expenditure savings expected with the implementation on July 1, 2010 of the HST.

Interrogatory 11 OM&A Costs and Transmission Service Revenues

Reference: Ex 4/T2/S1 page 2 and Ex 3/T1/S1 page 1

Question:

- a) Please confirm that starting from 2006 actuals, OM&A spending approximately doubles over the four-year period to 2010 (increasing by an annual compounded rate of over 18%) while transmission service revenues are flat over this same period.

Response:

- (a) Confirmed. Transmission services revenue remained relatively flat over the period as GLPT did not file a transmission rate application seeking an updated revenue requirement, nor did GLPT experience increasing revenue as a result of loads. Although any actual OM&A expenditures above the 2006 approved level are not recoverable, GLPT has obligations as a transmitter and carried on business at the level of expenditures required to operate a safe and reliable transmission system, at the expense of the owner.

Interrogatory 12 Energy Audit on the Building Complex

Reference: Ex 4/T2/S1 page 7

Preamble: The pre-filed evidence states that GLPT will implement the recommendations of the audit in its portion of the complex.

Questions:

- a) Will the non-GLPT areas of the complex also have the audit recommendations implemented also?
- b) If the answer to the previous part is “No,” to what extent will potential energy savings by GLPT be adversely affected?
- c) If the answer to a) is “Yes,” please indicate who will pay for the implementation and who will benefit from it.

Responses:

- (a) At the time of filing this interrogatory response, GLPT is unable to comment on the intentions of Algoma Power Inc. with respect to implementing any of the recommendations found in the energy audit report.
- (b) GLPT’s potential energy savings will not be adversely affected.
- (c) See response to (b) above.

Interrogatory 13 COO North American Transmission Costs and Allocation

Reference: Ex 4/T2/S1 pages 26 and 28

Questions:

- a) Please provide a list of all the entities under the purview of the North American transmission COO.
- b) Please describe precisely how the allocation of these costs to GLPT was determined.

Responses:

- (a) The COO is formally responsible for GLPT only. Brookfield Infrastructure Partners ("BIP") is a diversified investment vehicle both in terms of the lines of business in which it invests and the geographic locations of those businesses. As such, BIP actively pursues investment and development opportunities in the transmission industry throughout North America. As a result, the North American transmission COO leads transmission opportunities in the United States and other areas in Canada.
- (b) Please refer to GLPT's response to Board Staff Interrogatory 37 (ii).

Interrogatory 14 OM&A Costs, Accounts 4810 and 4845

Reference: Ex 4/T2/S1 page 9 and Ex 4/T2/S2 page 6

Question:

- a) For each year 2006-2009 inclusive, please provide the total costs in these accounts and the amounts allocated to the generation and the distribution businesses.

Response:

- (a) As described in GLPT's response to Board Staff Interrogatory #41, GLPT was responsible for a net cost equal to approximately 38% of the total cost of the OSCC. The amounts reflected in accounts 4810 and 4845 reflect only the costs allocated to the transmission business.

Interrogatory 15 Incentive Plan

Reference: Ex 4/T2/S3 page 4

Questions:

- a) For each year 2006-2010 inclusive, please provide a comprehensive list of the financial drivers and corporate performance objectives that were used for the transmission business.
- b) For each year 2006-2010 inclusive, please provide the operating plans on which the performance objectives and financial drivers are based.
- c) Please elaborate on the three key performance criteria listed on lines 8-9, indicating how the criteria are weighted, etc.
- d) Please indicate whether non-regulated GLPL entities employ similar incentive plans.
- e) Please provide the operating budgets approved by the Board of Directors for the transmission business for each year 2006-2010 inclusive.

Responses:

- (a) The corporate performance objective is measured based on NOI in every year. The weightings are described in GLPT's response to Board Staff Interrogatory #23 (ii).
- (b) GLPT measures its financial objectives against its approved capital plans (filed in response to VECC Interrogatory #4 (b)), and its approved operating budgets (filed in response to part (e) of this question). The non-financial objectives such as health and safety and environmental performance are not approved as part of an operating plan, but are measured based on a predetermined set of criteria.
- (c) Please refer to GLPT's response to Board Staff Interrogatory #23 (i) & (ii).
- (d) GLPT understands that other non-regulated GLPL entities employ incentive plans; however the degree of similarity is unknown. GLPT does not communicate with non-regulated entities on incentive plans.
- (e) Please see the requested information in Appendix 15(e) of Exhibit 10, Tab 2, Schedule 2.

Interrogatory 16 Shared Services for the 2009 Bridge Year

Reference: Ex 4/T2/S4 page 1, Table 4-2-4 A and page 11, Table 4-2-4 B

Question:

- a) Please indicate how the 2009 amounts shown in these two tables can be reconciled.

Response:

- (a) The two tables on Ex 4/T2/S4 page 1, Table 4-2-4 A and page 11, Table 4-2-4 B are not meant to reconcile. The table at Ex 4/T2/S4 page 1 represents shared services of GLPT as a stand-alone transmission business starting July 1, 2009. All shared service arrangements and services prior to July 1, 2009 were discontinued and replaced with the shared services outlined in Ex 4/T2/S4, page 1.

Table 4-2-4 A and page 11 represent all shared services in place prior to July 1, 2009 and have no direct relationship to the shared services in table at Ex 4/T2/S4.

Interrogatory 17 Cost of Equity

Reference: Ex 5

Question:

a) Please indicate whether GLPT intends to issue new equity in 2010 or thereafter.

Response:

(a) GLPT has no plans to issue new equity.

APPENDICES

- 4(b) Corporate Capital Budgets for Transmission (2006-2010)
- 5(a) Working Cash Study
- 15(e) Operating Budgets for Transmission (2006-2010)

Exhibit 10, Tab 2, Schedule 2

Appendices to the Responses to Interrogatories from VECC

**EXHIBIT 10 - TAB 2 - SCHEDULE 2
APPENDICES**

- 4(b) Corporate Capital Budgets for Transmission (2006-2010)
- 5(a) Working Cash Study
- 15(e) Operating Budgets for Transmission (2006-2010)

5 Year Program

2006

<u>Project</u>	<u>Project Cost</u>
34 - Building & Station Yard Upgrades - 2006	\$20,000
273 - Watson SF6 Breaker Platform Refurbishment	\$25,850
127 - Minor Fixed Assets - 2006	\$50,000
63 - Components - 2006	\$50,000
276 - Anjigami Fence Refurbishment	\$80,500
331 - Transmission Line Emergency Work	\$88,000
235 - IESO Metering (MSP) Requirements - 2006	\$100,000
55 - Centralized Information Retrieval	\$198,000
312 - Hollingsworth 115 kV Line Refurbishment - II	\$262,100
295 - Batchawana TS Oil Containment	\$275,000
83 - Projects Pre- Engineering	\$300,000
21 - No.1 Algoma Line Refurbishment	\$785,180
174 - Patrick St. / Steelton TS Refurbishment - Phase 2	\$2,681,800
148 - New Gartshore TS - Phase 2	\$6,358,500
Total 2006	\$11,274,930

2007

<u>Project</u>	<u>Project Cost</u>
267 - Magpie TS Battery Charger Replacement	\$27,500
346 - Clergue DC Panel Upgrade	\$33,000
178 - Station Protection Automation - (1)	\$55,000
328 - TS Grounding Study	\$57,200
121 - MacKay TS Breaker Failure Protections	\$71,500
53 - Centralized Information Retrieval	\$71,500
265 - T2 Online Monitoring	\$73,200
35 - Building Upgrades - 2007	\$80,000
329 - Transmission Line Emergency work	\$80,003
128 - Minor Fixed Assets - 2007	\$100,000
64 - Components - 2007	\$100,000
345 - Anjigami Battery Replacement	\$128,700
253 - Install 115kV Line PTs - Magpie TS	\$137,500
270 - Echo River TS Battery Replacement	\$141,790
58 - Clergue LV (12kV) Bus and BF Protections	\$148,500
248 - Upgrade Clergue Bank MT1 and MT2 Protections	\$165,550
118 - MacKay 115kV Line and Bus Protections	\$170,500
84 - Projects Pre- Engineering	\$275,000
311 - Goulais TS Oil Containment	\$275,000
285 - Algoma Lines Upgrade Engineering	\$286,000
254 - Upgrading 3 x 115kV Line Protections – Magpie TS	\$407,550
337 - Magpie Transmission Line Structure Replacement	\$473,000
201 - Third Line TS 115 kV Switchyard Refurbishment (1 and 2)	\$1,589,500
327 - Mackay TS 115 kV Switchyard Refurbishment (1)	\$1,798,500
184 - New 230/115 kV Transformer	\$4,527,600
Total 2007	\$11,273,593

2008

<u>Project</u>	<u>Project Cost</u>
350 - Sault #3 Sleeve Replacement	\$0
355 - Lidar of the Magpie Lines	\$55,000
36 - Building Upgrades - 2008	\$80,000
330 - Transmission Line Emergency work	\$80,003
348 - SF6 Gas Storage Facility	\$96,250
129 - Minor Fixed Assets - 2008	\$100,000
65 - Components - 2008	\$100,000
266 - T2 Online Monitoring - Mackay	\$100,000
340 - W23K, and K24G ROW Expansion - Phase 1	\$148,000
181 - Station Protection Replacement - (2)	\$169,000
356 - Oil Containment Remedial Work	\$247,500
85 - Projects Pre- Engineering	\$250,000
274 - Patrick St TS Gnd. Refurbishment	\$292,600
339 - Algoma Lines Upgrade Engineering	\$308,000
297 - Echo River TS T1, Bus & BF 34.5 kV Prot. Upgrade	\$630,300
119 - MacKay TS 115 kV Switchyard Refurbishment (1 and 2)	\$2,651,001
203 - Third Line TS 115 kV Switchyard Refurbishment (1 and 2)	\$3,586,000
Total 2008	\$8,893,654

2009

<u>Project</u>	<u>Project Cost</u>
368 - New DC Panel - Echo River TS (Combined with 297)	\$0
360 - Echo River TS Automation & Control -Comb. With 297	\$0
426 - Emergency Response Trailer purchase	\$19,000
432 - Purchase PLC Test Equipment	\$53,000
419 - Process Lidar data into PLS Cadd	\$77,000
427 - Installation of SF6 breaker access platforms	\$98,000
130 - Minor Fixed Assets - 2009	\$99,000
366 - Asset Management Software	\$161,000
333 - Transmission System Emergency work	\$174,000
428 - Clergue Circuits - Components Replacement	\$183,000
424 - Magpie TS Battery Replacement	\$206,000
425 - Centralized Information Retrieval - Upgrades	\$206,000
418 - Communications Upgrades - GLP System Control	\$229,000
86 - Engineering	\$248,000
37 - Building Upgrades - 2009	\$249,000
430 - Algoma Lines Upgrade Engineering / Prelim Work	\$286,000
342 - Vegetation Management System	\$424,000
348 - SF6 Gas and Components Storage Facility	\$452,000
364 - GIS Software Purchase / Installation	\$506,000
358 - Third Line Series Reactor Installation	\$825,000
362 - Cyber Security Requirements (System Wide)	\$832,000
274 - Steelton St TS Gnd. Refurbishment	\$854,000
359 - Mackay Bus Upgrades / CVT replacement	\$975,000
297 - Echo River TS T1, Bus & BF 34.5 kV Prot. Upgrade	\$977,000
423 - Batchawana TS Gnd. Refurbishment	\$991,000
431 - Third Line TS - Refurbishment / Rearrangement	\$3,064,000
Total 2009	\$12,188,000

2010

<u>Project</u>	<u>Project Cost</u>
437 - # 3 Sault Numbering	\$46,000
438 - Anjigami TS SS Voltage Regulator Installation	\$54,000
435 - Northern Ave Transformer Leak Repair	\$74,000
442 - Telecom upgrades	\$100,000
451 - Mackay TS Fire Suppression Installation	\$117,000
444 - Fleet Requirements	\$130,000
443 - ROW Acquisition Planning	\$149,000
362 - Third Line TS Fire Suppression Installation	\$155,000
439 - Centralized Information Retrieval - Upgrades	\$165,000
433 - Engineering	\$165,000
334 - Transmission Line / Station Emergency work	\$174,000
537 - Asset Management Software	\$183,000
440 - Tx System Safety / Security Enhancements	\$187,000
436 - GIS Software Purchase / Installation	\$193,000
441 - IT Infrastructure	\$248,000
281 - Algoma #1, 2, 3 Refurbishment - engineering	\$347,000
393 - Master SCADA System Replacement	\$407,000
445 - OSC / Sackville building Generator	\$444,000
131 - Minor Fixed Assets - 2010	\$481,000
38 - Building Upgrades - 2010	\$541,000
274 - Steelton St TS Gnd. Refurbishment	\$584,000
87 - Engineering	\$1,730,000
357 - Third Line TS - Redevelopment	\$9,530,000
Total 2010	\$16,204,000

EB-2004-0464
Exhibit B
Tab 3
Schedule 1
Page 1 of 7

1 **GREAT LAKES POWER LIMITED – TRANSMISSION DIVISION**
2

3 **Working Cash Study**
4

5 **Summary**
6

7 This working cash study estimates the working cash requirements for the fiscal 2005 and
8 2006 test years. The net effect for the Transmission division, including the Goods and
9 Services Tax (“GST”) impact, is a total working cash requirement of \$649.1 in 2005 and
10 \$375.1 in 2006.

11
12 **WORKING CASH AS A COST OF SERVICE**
13

14 Working cash is a component of the working capital. It is that component of the funds
15 provided by the company’s investors which is used to pay for goods and services prior to
16 receiving revenues from customers.

17
18 Working capital is a component of rate base. In Ontario, original cost rate base is
19 employed for ratemaking purposes. The original cost rate base represents the amount of
20 investor-supplied capital, which has been committed to investment in property, plant, and
21 equipment that is used or useful in rendering the utility service.

22
23 **THEORETICAL APPROACH**
24

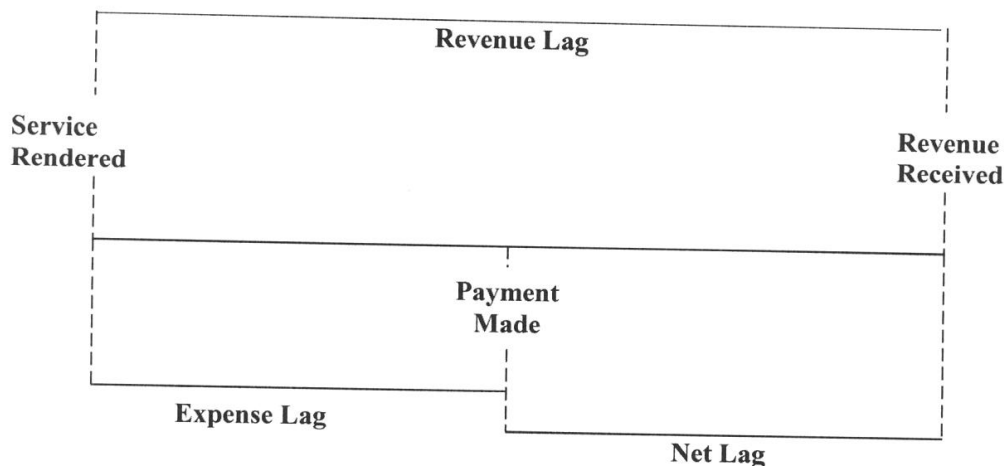
25 In most utility operations, sales are made to customers on credit terms. Service is
26 received by a customer prior to being billed for the service. Thus, a utility incurs the cost
27 of providing service in advance of the receipt of payment. On the other hand, GLP
28 Transmission is often provided with goods and services by third parties before it is
29 required to pay for them. This provides operating funds to the utility. Working cash is the
30 difference between the funds required and the funds available.
31

November 5, 2004

EB-2004-0464
Exhibit B
Tab 3
Schedule 1
Page 2 of 7

1 The working cash concept is illustrated in Figure 1, where the revenue lag, expense lag,
2 and net lag are compared. Both the revenue lag and the expense lag are measured from
3 the time a service is rendered. The revenue lag ends when payment is made to the
4 company and the expense lag ends when payment is made for the goods or services. The
5 net lag is the difference between these two lags and is the period for which working cash
6 is required. Figure 1 illustrates a positive lag, showing a situation in which the working
7 cash is provided by the suppliers of capital. A negative lag could also occur where
8 services are paid after revenues are received.

10 **Figure 1**
11 **Comparison of Lag Days**



29 Figure 2 illustrates the components of the revenue lag. There are three distinct time
30 periods in the revenue lag: the service lag, the billing lag and the collection lag. The
31 service period is defined as the period between meter readings and is on average $1/12^{\text{th}}$ of
32 a year. The service lag is measured from the midpoint of the service period to the current
33 meter reading date. The billing lag is the time from the meter reading to the billing date
34 and the time from billing date to the payment date is collection lag. These components
35 are shown in Figure 2.

Prior Meter Reading	Mid Point	Current Meter Reading	Billing Date	Payment Date
	Service	Billing	Collection	

The collection lag is the time period after a bill is used until payment is received from the customer. In the case of transmission division there is no billing lag so the collection lag would begin at the end of the service period and run to the payment date. Appendix A1 shows a computation of the collection lag having an average of 20.3 days and the calculation of the overall revenue lag of 35.5 days is shown in Figure 3.

EB-2004-0464
Exhibit B
Tab 3
Schedule 1
Page 4 of 7

Figure 3
Revenue Lag
(Lag Days)

Item No.		Total
1	Service Lag	15.2
2	Billing Lag	0
3	Collection Lag	20.3
4	Total Revenue Lag	35.5

Expense Lag

Not all transactions for expenses can be analyzed due to the number of transactions.
Some degree of judgment must be made in selecting the transactions that are analyzed.

The costs were grouped into categories due to either their similarities or levels of cost.
These categories were:

- Labour expenses,
- Labour related expenses,
- Prepaid insurance,
- Other expenses, and
- The GST.

a) Labour costs

GLP Transmission division cost category includes a portion of the wages and salaries of full-time, part-time employees who are on payroll. Employees on payroll are paid every two weeks. Labour services are provided evenly throughout the two-week period. As a result, the total labour expense lag shown in Appendix B1 is 18.9 days for Salary and 19 days for Non-Salary.

b) Labour-Related Costs

EB-2004-0464
Exhibit B
Tab 3
Schedule 1
Page 5 of 7

1 Labour-related costs are incurred on behalf of the employees and relate to such costs as
2 income taxes withheld, Canada Pension Plan payments, and Employment Insurance.
3 These costs are paid separately from employee wages resulting in different lag period of
4 26.3 days. The calculation of this lag is shown in Appendix B2.
5
6 Other remaining labour-related costs are employee Health Tax and Pension. These are
7 also paid separately from employee wages and have a lag of 37.7 and 39.2 days for
8 Salary employees and a lag of 36.2 and 34.9 days respectively for Non-Salary. The
9 calculation of these lags are shown in Appendices B3 and B4.
10
11 As a result the total labour and labour-related costs lag is 22.7 days as shown in Figure 4.
12
13

ANALYSIS OF
LABOUR COST COMPONENTS
FISCAL 2003
FIGURE 4

Item No.	Amount	Lag Days	Weighted Dollar Days
Salary			
Payroll Related Taxes	151,074.9	26.3	3,966,376.9
Pension Plan	27,061.2	39.2	1,062,083.4
Health Tax	8,952.2	37.7	337,188.0
Balance	299,248.5	18.9	5,666,408.3
Total Salary	486,336.8	22.7	11,032,056.6
Non-Salary			
Payroll Related Taxes	224,891.1	26.3	5,911,709.7
Pension Plan	53,189.6	36.2	1,923,055.7
Health Tax	14,608.9	34.9	509,884.3
Balance	460,643.9	19.0	8,730,925.1
Total Non-Salary	753,333.5	22.7	17,075,574.8
Total Labour	1,239,670.2	22.7	28,107,631.4

EB-2004-0464
Exhibit B
Tab 3
Schedule 1
Page 6 of 7

1 **c) Prepaid Insurance**

2 Insurance is an expense that GLP Transmission pays before the benefits are received. As
3 the expense is paid for before the benefit or service is received, the lag is negative.
4

5 The premiums are paid throughout the year. As these policies extend over the full fiscal
6 year, the average service lag is 182.5 days, resulting in an average lag of (114.6) days as
7 shown in Appendix C1.
8

9 **d) Other Expenses**

10 GLP Transmission's other payable invoices have payment terms that generally require
11 payment in 30 days from the date of the invoice. These other costs are O&M costs
12 excluding labour, labour-related costs and insurance premiums.
13

14 Upon review of a representative sample of these other payables it has been determined
15 that payment continues to be made on average 18.9 days after the transaction date. As a
16 result, the other cost expense lag is 18.9 days.
17

18 **e) Goods & Service Tax (GST)**

19 Just as a model is required to measure the average daily working cash requirements that
20 arise from operations, a model that recognizes service dates, payment dates, and revenues
21 is required to determine the impact on working cash arising from GST. This model would
22 simulate the actual levels and timing of GST related activity.
23

24 The GST impact on working cash is estimated by applying the 7% rate to all revenues,
25 capital expenditures, and O&M expenses excluding labour, labour-related costs, and
26 insurance costs.
27

28 GLP Transmission is required to remit its GST payments on a monthly basis. The tax act
29 is specific about the time period for which taxes are collected and paid for determining

EB-2004-0464
Exhibit B
Tab 3
Schedule 1
Page 7 of 7

1 when to settle with the Federal Government. In particular, the tax liability arises on the
2 invoice date. This determines the month for which taxes are to apply. In particular, the
3 tax must be remitted on the last day of the following month. For example, GST included
4 on an invoice for electrical service in the month of January must be remitted on the last
5 day of February.

6

7 **i) Tax Lag on Revenue**

8

9 The GST is based on the billing date and therefore the time between meter reading and
10 the billing date is not relevant to the lag calculation. The lag is simply the lag from the
11 date the IMO payment is received to the date the GST is remitted to the government. As
12 stated previously GLP Transmission does not have any customers that are billed directly
13 and receives revenues in the form of an IMO payment to GLP Transmission. The GST
14 revenue lead is calculated in Appendix E1 as 35.3 days.

15

16 **ii) Tax Lag on Expenses**

17

18 The tax lag on expenses (capital expenditures and O&M costs) is calculated in the same
19 manner as one another. The GST is paid when the invoices are paid for these
20 expenditures. GLP Transmission receives the tax credit at the end of the following
21 month. The intervening period is the related GST lag for these expenses.

22

23 The GST lags associated with O&M expenses and capital expenditures are identical. It
24 has been assumed that these expenditures take place evenly over the course of a month,
25 resulting in an average invoice date of 15.2 days into the month. Based on the analysis
26 conducted by GLP Transmission, payment is made on average 18.9 days after the invoice
27 date. This results in payment of the GST on these amounts to have a lag on average of
28 23.5 days.

Great Lakes Power Limited
EB-2005-0241
Responses to Board Staff Interrogatories
July 19, 2005

45. Ref.: ExD/1/8/p.3

- (a) Please expand Figure 2 to include the subsequent meter reading and any other cashflow milestones that complete the cycle.
- (b) Please estimate a remittance lag, in lieu of a billing lag. Please quantify the impact on the working cash associated with:
 - (i) 1 day remittance lag;
 - (ii) 5 day remittance lag.

Response:

- (a) The subsequent meter reading is shown below.

Prior Meter Reading	Mid Point	Current Meter Reading	Billing Date	Payment Date	Subsequent Meter Reading

	Service	Billing	Collection		

- (b) GLPL does not remit bills to transmission customers. This function is carried out by the IESO. As such, GLPL has no information on the remittance lag of the IESO.

The length of a remittance lag is irrelevant in calculating the revenue lag. If the remittance lag is X days, then the collection lag would be $20.3 - X$ days. The total revenue lag would remain unchanged at 35.5 days.

Great Lakes Power Limited
EB-2005-0241
Responses to Board Staff Interrogatories
July 19, 2005

46. Ref.: ExD/1/8/p.4-5

Please provide the supporting data for each lag period relied on.

Response:

Please see attached.

ANALYSIS OF LAG FOR
NET LABOUR COST
SALARY EMPLOYEES
FISCAL 2003
LABOUR EXPENSE LAG CALCULATION
BOARD STAFF QUESTION #46

Item No.	Start of Service Period	End of Service Period	Payment Date	Days From Period-End To payment	One-Half Days in Service Period	Total Remittance Lag	Amount	Weighted Dollar Days
1	12/15/02	12/28/02	01/09/03	12.0	6.5	18.5	17,327.8	320,564.1
2	12/29/02	01/11/03	01/23/03	12.0	7.0	19.0	9,484.0	180,196.4
3	01/12/03	01/25/03	02/06/03	12.0	7.0	19.0	23,353.8	443,722.4
4	01/26/03	02/08/03	02/20/03	12.0	7.0	19.0	15,822.9	300,635.3
5	02/09/03	02/22/03	03/06/03	12.0	7.0	19.0	20,272.9	385,185.4
6	02/23/03	03/08/03	03/20/03	12.0	7.0	19.0	10,553.0	200,507.9
7	03/09/03	03/22/03	04/03/04	12.0	7.0	19.0	9,872.5	187,578.2
8	03/23/03	04/05/03	04/17/03	12.0	7.0	19.0	9,965.5	189,344.8
9	04/06/03	04/19/03	05/01/03	12.0	7.0	19.0	9,974.8	189,520.9
10	04/20/03	05/03/03	05/15/03	12.0	7.0	19.0	10,632.3	202,013.2
11	05/04/03	05/17/03	05/29/03	12.0	7.0	19.0	11,555.6	219,555.9
12	05/18/03	05/31/03	06/12/03	12.0	7.0	19.0	10,463.8	198,811.6
13	06/01/03	06/14/03	06/26/03	12.0	7.0	19.0	10,393.8	197,481.7
14	06/15/03	06/28/03	07/10/03	12.0	7.0	19.0	10,322.0	196,117.7
15	06/29/03	07/12/03	07/24/03	12.0	7.0	19.0	10,449.5	198,540.1
16	07/13/03	07/26/33	08/07/03	12.0	7.0	19.0	10,383.3	197,282.7
17	07/27/03	08/09/03	08/21/03	12.0	7.0	19.0	10,111.5	192,118.1
18	08/10/03	08/23/03	09/04/03	12.0	7.0	19.0	9,781.3	185,844.9
19	08/24/03	09/06/03	09/18/03	12.0	7.0	19.0	9,558.6	181,614.2
20	09/07/03	09/20/03	10/02/03	12.0	7.0	19.0	9,107.8	173,048.7
21	09/21/03	10/04/03	10/16/03	12.0	7.0	19.0	9,109.7	173,084.0
22	10/05/03	10/18/03	10/30/03	12.0	7.0	19.0	9,366.3	177,960.5
23	10/19/03	11/01/03	11/13/03	12.0	7.0	19.0	11,330.6	215,281.0
24	11/02/03	11/15/03	11/27/03	12.0	7.0	19.0	9,415.8	178,900.2
25	11/16/03	11/29/03	12/11/03	12.0	7.0	19.0	9,990.1	189,812.2
26	11/30/03	12/13/03	12/24/03	11.0	7.0	18.0	10,649.2	191,686.0
TOTAL						18.9	299,248.5	5,666,408.3

ANALYSIS OF LAG FOR
NET LABOUR COST
NON-SALARY EMPLOYEES
FISCAL 2003

Item No.	Start of Service Period	End of Service Period	Payment Date	Days From Period-End To payment	One-Half Days in Service Period	Total Remittance Lag	Amount	Weighted Dollar Days
1	12/22/02	01/04/03	01/16/03	12.0	7.0	19.0	12,249.4	232,739.2
2	01/05/03	01/18/03	01/30/03	12.0	7.0	19.0	12,984.0	246,696.8
3	01/19/03	02/01/03	02/13/03	12.0	7.0	19.0	13,194.2	250,690.1
4	02/02/03	02/15/03	02/27/03	12.0	7.0	19.0	14,009.8	266,186.0
5	02/16/03	03/01/03	03/13/03	12.0	7.0	19.0	14,325.8	272,190.9
6	03/02/03	03/15/03	03/27/03	12.0	7.0	19.0	15,121.6	287,310.7
7	03/16/03	03/29/03	04/10/03	12.0	7.0	19.0	16,292.3	309,554.1
8	03/30/03	04/12/03	04/24/03	12.0	7.0	19.0	15,740.8	299,075.8
9	04/13/03	04/26/03	05/08/03	12.0	7.0	19.0	15,875.1	301,627.2
10	04/27/03	05/10/03	05/22/03	12.0	7.0	19.0	16,088.3	305,676.9
11	05/11/03	05/24/03	06/05/03	12.0	7.0	19.0	16,040.5	304,768.6
12	05/25/03	06/07/03	06/19/03	12.0	7.0	19.0	16,958.3	322,207.1
13	06/08/03	06/21/03	07/03/03	12.0	7.0	19.0	16,992.1	322,850.1
14	06/22/03	07/05/03	07/17/03	12.0	7.0	19.0	17,060.5	324,149.9
15	07/06/03	07/19/03	07/31/03	12.0	7.0	19.0	19,702.8	374,353.7
16	07/20/03	08/02/03	08/14/03	12.0	7.0	19.0	20,754.9	394,343.5
17	08/03/03	08/16/03	08/28/03	12.0	7.0	19.0	20,758.9	394,419.9
18	08/17/03	08/30/03	09/11/03	12.0	7.0	19.0	20,979.0	398,600.7
19	08/31/03	09/13/03	09/25/03	12.0	7.0	19.0	19,961.6	379,270.5
20	09/14/03	09/27/03	10/09/03	12.0	7.0	19.0	20,056.6	381,075.5
21	09/28/03	10/11/03	10/23/03	12.0	7.0	19.0	20,515.3	389,790.9
22	10/12/03	10/25/03	11/06/03	12.0	7.0	19.0	20,693.2	393,171.5
23	10/26/03	11/08/03	11/20/03	12.0	7.0	19.0	19,609.0	372,570.8
24	11/09/03	11/22/03	12/04/03	12.0	7.0	19.0	22,647.7	430,305.9
25	11/23/03	12/06/03	12/18/03	12.0	7.0	19.0	20,723.1	393,738.4
26	12/07/03	12/20/03	12/31/03	11.0	7.0	18.0	21,308.9	383,560.5
TOTAL						19.0	460,643.9	8,730,925.1

ANALYSIS OF LAG FOR
PAYROLL TAXES
SALARY EMPLOYEES
FISCAL 2003
PAYROLL TAX LAG CALCULATION
BOARD STAFF QUESTION #46
One-Half

Item No.	Start of Service Period	End of Service Period	Payment Date	Days From Period-End To payment	Days in Service Period	Total Remittance Lag	Income Tax	Canada Pension	Unemployment Insurance	Total Remittance	Weighted Dollar Days
1	12/15/02	12/28/02	01/17/03	20.0	7.0	27.0	4,220.0	1,375.8	701.2	6,297.1	170,020.4
2	12/29/02	01/11/03	02/05/03	25.0	7.0	32.0	4,031.1	1,325.3	677.9	6,034.3	193,097.8
3	01/12/03	01/25/03	02/12/03	18.0	7.0	25.0	8,986.2	1,799.1	910.2	11,695.5	292,387.5
4	01/26/03	02/08/03	02/26/03	18.0	7.0	25.0	8,249.9	2,438.4	1,215.3	11,903.6	297,589.0
5	02/09/03	02/22/03	03/12/03	18.0	7.0	25.0	13,047.0	1,766.6	1,084.5	15,898.1	397,453.5
6	02/23/03	03/08/03	03/26/03	18.0	7.0	25.0	4,183.9	1,122.8	632.2	5,939.0	148,474.7
7	03/09/03	03/22/03	04/10/03	17.0	7.0	24.0	3,988.7	928.3	536.6	5,453.6	130,886.2
8	03/23/03	04/05/03	04/24/03	19.0	7.0	26.0	3,995.5	931.8	475.6	5,402.9	140,476.7
9	04/06/03	04/19/03	05/12/03	23.0	7.0	30.0	3,975.5	876.0	474.9	5,326.3	159,789.5
10	04/20/03	05/03/03	05/26/03	23.0	7.0	30.0	4,045.7	844.2	454.1	5,344.0	160,320.1
11	05/04/03	05/17/03	06/04/03	18.0	7.0	25.0	4,905.2	1,034.6	325.5	6,265.2	156,630.0
12	05/18/03	05/31/03	06/18/03	18.0	7.0	25.0	4,024.2	776.6	404.6	5,205.4	130,134.8
13	06/01/03	06/14/03	07/04/03	20.0	7.0	27.0	4,037.4	734.1	388.4	5,159.9	139,316.1
14	06/15/03	06/28/03	07/17/03	19.0	7.0	26.0	3,993.2	672.4	358.6	5,024.2	130,629.9
15	06/29/03	07/12/03	08/06/03	25.0	7.0	32.0	3,996.5	557.4	176.2	4,730.2	151,367.0
16	07/13/03	07/26/03	08/12/03	17.0	7.0	24.0	3,954.7	496.7	274.5	4,725.9	113,420.5
17	07/27/03	08/09/03	08/26/03	17.0	7.0	24.0	3,635.2	464.3	253.5	4,353.0	104,472.5
18	08/10/03	08/23/03	09/10/03	18.0	7.0	25.0	3,252.4	363.1	202.6	3,818.1	95,453.2
19	08/24/03	09/06/03	09/24/03	18.0	7.0	25.0	3,464.5	305.8	169.5	3,939.8	98,494.7
20	09/07/03	09/20/03	10/10/03	20.0	7.0	27.0	3,156.6	292.0	158.8	3,665.4	98,967.0
21	09/21/03	10/04/03	10/24/03	20.0	7.0	27.0	3,206.9	282.1	155.2	3,593.9	97,036.0
22	10/05/03	10/18/03	11/05/03	18.0	7.0	25.0	4,849.8	260.4	80.7	3,548.0	88,699.7
23	10/19/03	11/01/03	11/19/03	18.0	7.0	25.0	3,317.1	193.0	102.2	3,612.3	134,295.4
24	11/02/03	11/15/03	12/03/03	18.0	7.0	25.0	3,955.3	149.8	83.0	4,188.1	90,307.7
25	11/16/03	11/29/03	12/17/03	18.0	7.0	25.0	4,310.1	205.1	63.9	4,579.2	104,702.7
26	11/30/03	12/13/03	01/06/04	24.0	7.0	31.0					141,954.1
						26.3	119,997.3	20,540.3	10,537.2	151,074.9	3,966,376.9
						TOTAL					

ANALYSIS OF LAG FOR
PAYROLL TAXES
NON-SALARY LABOUR
FISCAL 2003

Item No.	Start of Service Period	End of Service Period	Payment Date	Days From Period-End To payment	One-Half Days in Service Period	Total Remittance Lag	Income Tax	Canada Pension	Unemployment Insurance	Total Remittance	Weighted Dollar Days
1	12/22/02	01/04/03	01/24/03	20.0	7.0	27.0	4,142.0	1,804.0	913.7	6,859.7	185,212.7
2	01/05/03	01/18/03	02/05/03	18.0	7.0	25.0	4,487.9	1,919.6	970.6	7,378.1	184,453.3
3	01/19/03	02/01/03	02/19/03	18.0	7.0	25.0	4,638.6	2,300.2	1,154.2	8,093.0	202,325.4
4	02/02/03	02/15/03	03/05/03	18.0	7.0	25.0	4,963.9	2,086.2	1,051.6	8,101.7	202,541.6
5	02/16/03	03/01/03	03/19/03	18.0	7.0	25.0	5,155.7	2,137.9	1,077.8	8,371.3	209,282.1
6	03/02/03	03/15/03	04/03/03	19.0	7.0	26.0	5,937.9	2,309.3	1,158.5	9,405.8	244,549.7
7	03/16/03	03/29/03	04/17/03	19.0	7.0	26.0	6,742.9	2,504.0	1,251.8	10,498.7	272,965.0
8	03/30/03	04/12/03	05/05/03	23.0	7.0	30.0	6,375.9	2,417.4	1,190.7	9,984.1	299,522.0
9	04/13/03	04/26/03	05/19/03	23.0	7.0	30.0	6,036.4	2,276.1	1,160.3	9,472.7	284,182.1
10	04/27/03	05/10/03	06/04/03	25.0	7.0	32.0	6,134.6	2,331.8	654.0	9,120.4	291,852.1
11	05/11/03	05/24/03	06/11/03	18.0	7.0	25.0	6,016.4	2,189.4	1,125.6	9,331.4	233,284.7
12	05/25/03	06/07/03	06/25/03	18.0	7.0	25.0	6,136.0	2,237.6	1,153.6	9,527.3	238,181.4
13	06/08/03	06/21/03	07/10/03	19.0	7.0	26.0	5,968.1	1,923.8	1,035.6	8,927.5	232,114.6
14	06/22/03	07/05/03	07/24/03	19.0	7.0	26.0	5,804.7	1,702.9	931.6	8,439.2	219,418.5
15	07/06/03	07/19/03	08/06/03	18.0	7.0	25.0	7,165.8	1,452.0	1,265.2	9,883.0	247,074.7
16	07/20/03	08/02/03	08/19/03	17.0	7.0	24.0	7,741.5	1,189.4	648.2	9,579.1	229,898.8
17	08/03/03	08/16/03	09/04/03	19.0	7.0	26.0	7,527.9	1,042.3	552.4	9,122.6	237,187.5
18	08/17/03	08/30/03	09/17/03	18.0	7.0	25.0	7,433.1	837.1	450.0	8,720.2	218,005.9
19	08/31/03	09/13/03	10/03/03	20.0	7.0	27.0	6,818.6	834.6	439.4	8,092.6	218,499.1
20	09/14/03	09/27/03	10/17/03	20.0	7.0	27.0	6,766.4	801.7	423.9	7,992.0	215,782.7
21	09/28/03	10/11/03	11/05/03	25.0	7.0	32.0	7,036.8	456.9	140.4	7,634.1	244,290.2
22	10/12/03	10/25/03	11/12/03	18.0	7.0	25.0	7,077.4	595.5	313.7	7,986.6	199,666.2
23	10/26/03	11/08/03	11/26/03	18.0	7.0	25.0	6,272.9	583.3	306.6	7,162.9	179,071.6
24	11/09/03	11/22/03	12/10/03	18.0	7.0	25.0	8,476.7	587.2	308.5	9,372.4	234,311.2
25	11/23/03	12/06/03	12/24/03	18.0	7.0	25.0	7,290.2	455.6	252.9	7,998.7	199,968.1
26	12/07/03	12/20/03	01/06/04	17.0	7.0	24.0	7,317.6	397.8	120.8	7,836.2	188,068.6
TOTAL						26.3	165,465.8	39,373.7	20,051.6	224,891.1	5,911,709.7

ANALYSIS OF LAG FOR
PENSION PLAN
SALARY EMPLOYEES
FISCAL 2003
PENSION PLAN LAG CALCULATION
BOARD STAFF QUESTION #46

	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
Item No.	Start of Service Period	End of Service Period	Payment Date	Days From Period-End To payment	One-Half Days in Service Period	Total Remittance Lag	Amount	Weighted Dollar Days
1	12/15/02	12/28/02	02/05/03	39.0	7.0	46.0	947.8	43,600.2
2	12/29/02	01/11/03	02/05/03	25.0	7.0	32.0	947.8	30,330.6
3	01/12/03	01/25/03	03/06/03	40.0	7.0	47.0	839.3	39,445.6
4	01/26/03	02/08/03	03/06/03	26.0	7.0	33.0	860.5	28,394.9
5	02/09/03	02/22/03	04/09/03	46.0	7.0	53.0	852.5	45,182.4
6	02/23/03	03/08/03	04/09/03	32.0	7.0	39.0	832.9	32,482.8
7	03/09/03	03/22/03	05/08/03	45.0	7.0	52.0	810.1	42,126.8
8	03/23/03	04/05/03	05/08/03	33.0	7.0	40.0	810.1	32,405.2
9	04/06/03	04/19/03	05/08/03	19.0	7.0	26.0	810.1	21,063.4
10	04/20/03	05/03/03	06/11/03	39.0	7.0	46.0	1,050.7	48,333.8
11	05/04/03	05/17/03	06/11/03	25.0	7.0	32.0	1,050.7	33,623.4
12	05/18/03	05/31/03	07/09/03	39.0	7.0	46.0	935.2	43,019.2
13	06/01/03	06/14/03	07/09/03	25.0	7.0	32.0	935.2	29,926.4
14	06/15/03	06/28/03	07/31/03	33.0	7.0	40.0	974.8	38,991.7
15	06/29/03	07/12/03	07/31/03	19.0	7.0	26.0	976.4	25,385.7
16	07/13/03	07/26/33	09/10/03	46.0	7.0	53.0	1,061.7	56,272.0
17	07/27/03	08/09/03	09/10/03	32.0	7.0	39.0	1,089.6	42,492.6
18	08/10/03	08/23/03	10/08/03	46.0	7.0	53.0	1,109.8	58,819.0
19	08/24/03	09/06/03	10/08/03	24.0	7.0	31.0	1,109.8	34,403.7
20	09/07/03	09/20/03	11/05/03	46.0	7.0	53.0	1,139.7	60,405.3
21	09/21/03	10/04/03	11/05/03	32.0	7.0	39.0	1,148.2	44,779.5
22	10/05/03	10/18/03	11/05/03	18.0	7.0	25.0	1,152.8	28,820.3
23	10/19/03	11/01/03	12/11/03	40.0	7.0	47.0	1,380.2	64,870.9
24	11/02/03	11/15/03	12/11/03	26.0	7.0	33.0	1,381.1	45,576.0
25	11/16/03	11/29/03	12/31/03	32.0	7.0	39.0	1,427.1	55,655.4
26	11/30/03	12/13/03	12/31/03	18.0	7.0	25.0	1,427.1	35,676.5
TOTAL						39.2	27,061.2	1,062,083.4

ANALYSIS OF LAG FOR PENSION PLAN NON-SALARY FISCAL 2003								
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
Item No.	Start of Service Period	End of Service Period	Payment Date	Days From Period-End To payment	One-Half Days in Service Period	Total Remittance Lag	Amount	Weighted Dollar Days
1	12/22/02	01/04/03	02/05/03	32.0	7.0	39.0	1,684.3	65,686.5
2	01/05/03	01/18/03	02/05/03	18.0	7.0	25.0	1,752.2	43,805.5
3	01/19/03	02/01/03	03/06/03	33.0	7.0	40.0	1,745.6	69,824.0
4	02/02/03	02/15/03	03/06/03	19.0	7.0	26.0	1,878.2	48,832.9
5	02/16/03	03/01/03	04/09/03	39.0	7.0	46.0	1,892.5	87,053.6
6	03/02/03	03/15/03	04/09/03	25.0	7.0	32.0	1,887.6	60,402.1
7	03/16/03	03/29/03	05/08/03	40.0	7.0	47.0	1,822.5	85,655.4
8	03/30/03	04/12/03	05/08/03	27.0	7.0	34.0	1,847.3	62,807.3
9	04/13/03	04/26/03	06/11/03	47.0	7.0	54.0	1,914.6	103,388.5
10	04/27/03	05/10/03	06/11/03	32.0	7.0	39.0	1,909.2	74,457.6
11	05/11/03	05/24/03	06/11/03	18.0	7.0	25.0	1,909.9	47,747.7
12	05/25/03	06/07/03	07/09/03	32.0	7.0	39.0	1,888.3	73,645.1
13	06/08/03	06/21/03	07/09/03	18.0	7.0	25.0	1,903.4	47,584.5
14	06/22/03	07/05/03	07/31/03	26.0	7.0	33.0	293.2	9,674.6
15	07/06/03	07/19/03	07/31/03	12.0	7.0	19.0	295.3	5,610.9
16	07/20/03	08/02/03	09/10/03	39.0	7.0	46.0	1,982.0	91,173.8
17	08/03/03	08/16/03	09/10/03	25.0	7.0	32.0	2,049.4	65,581.5
18	08/17/03	08/30/03	10/08/03	39.0	7.0	46.0	2,244.1	103,227.4
19	08/31/03	09/13/03	10/08/03	25.0	7.0	32.0	2,518.7	80,600.0
20	09/14/03	09/27/03	11/05/03	39.0	7.0	46.0	2,669.8	122,809.6
21	09/28/03	10/11/03	11/05/03	25.0	7.0	32.0	2,839.0	90,849.0
22	10/12/03	10/25/03	12/11/31	47.0	7.0	54.0	2,814.1	151,959.1
23	10/26/03	11/08/03	12/11/31	33.0	7.0	40.0	2,847.1	113,882.4
24	11/09/03	11/22/03	12/11/31	19.0	7.0	26.0	2,811.6	73,102.7
25	11/23/03	12/06/03	12/31/03	25.0	7.0	32.0	2,819.8	90,234.3
26	12/07/03	12/20/03	12/31/03	11.0	7.0	18.0	2,970.0	53,460.1
TOTAL						36.2	53,189.6	1,923,055.7

ANALYSIS OF LAG FOR
EMPLOYEE HEALTH TAX
SALARY EMPLOYEES
FISCAL 2003
HEALTH TAX LAG CALCULATION
BOARD STAFF QUESTION #46

Item No.	Start of Service Period	End of Service Period	Payment Date	Days From Period-End To payment	One-Half Days in Service Period	Total Remittance Lag	Amount	Weighted Dollar Days
1	11/17/02	12/14/02	12/31/02	17.0	14.0	31.0	4,293.9	133,110.5
2	12/15/02	01/11/03	02/05/03	25.0	14.0	39.0	3,488.2	136,037.9
3	01/12/03	02/08/03	03/06/03	26.0	14.0	40.0	5,317.3	212,690.8
4	02/09/03	03/08/03	04/09/03	32.0	14.0	46.0	5,873.5	270,179.4
5	03/09/03	04/19/03	05/08/03	19.0	21.0	40.0	5,146.6	205,862.5
6	04/20/03	05/17/03	06/11/03	25.0	14.0	39.0	3,859.0	150,500.5
7	05/18/03	06/14/03	07/09/03	25.0	14.0	39.0	3,545.6	138,277.7
8	06/15/03	07/12/03	07/31/03	19.0	14.0	33.0	3,506.3	115,708.4
9	07/13/03	08/09/03	08/14/03	5.0	14.0	19.0	3,413.3	64,852.1
10	08/10/03	09/06/03	10/08/03	32.0	14.0	46.0	3,198.2	147,119.0
11	09/07/03	10/18/03	11/05/03	18.0	21.0	39.0	4,733.9	184,621.2
12	10/19/03	11/15/03	12/11/03	26.0	14.0	40.0	3,675.7	147,026.9
13	11/16/03	12/13/03	12/31/03	18.0	14.0	32.0	3,667.2	117,351.7
TOTAL						37.7	8,952.2	337,188.0

ANALYSIS OF LAG FOR
EMPLOYEE HEALTH TAX
NON-SALARY
FISCAL 2003

Item No.	Col 1 Start of Service Period	Col 2 End of Service Period	Col 3 Payment Date	Col 4 Days From Period-End To payment	Col 5 One-Half Days in Service Period	Col 6 Total Distribution Lag	Col 7 Amount	Col 8 Weighted Dollar Days
1	11/24/02	12/21/02	12/31/02	10.0	14.0	24.0	859.8	20,635.5
2	12/22/02	01/18/03	02/05/03	18.0	14.0	32.0	778.9	24,925.5
3	01/19/03	02/15/03	03/06/03	19.0	14.0	33.0	843.2	27,824.9
4	02/16/03	03/15/03	04/09/03	25.0	14.0	39.0	922.6	35,982.3
5	03/16/03	04/12/03	05/08/03	26.0	14.0	40.0	1,016.6	40,665.4
6	04/13/03	05/24/03	06/11/03	18.0	21.0	39.0	1,490.8	58,142.1
7	05/25/03	06/21/03	07/09/03	18.0	14.0	32.0	1,028.9	32,925.6
8	06/22/03	07/19/03	07/31/03	11.0	14.0	25.0	1,087.8	27,193.8
9	07/20/03	08/16/03	09/10/03	25.0	14.0	39.0	1,214.7	47,372.4
10	08/17/03	09/13/03	10/08/03	25.0	14.0	39.0	1,179.9	46,016.3
11	09/14/03	10/11/03	11/05/03	25.0	14.0	39.0	1,170.7	45,656.7
12	10/12/03	11/22/03	12/11/03	19.0	21.0	40.0	1,811.4	72,454.6
13	11/23/04	12/20/03	12/31/03	11.0	14.0	25.0	1,203.6	30,089.1
TOTAL						34.9	14,608.9	509,884.3

Great Lakes Power Limited
EB-2005-0241
Responses to Board Staff Interrogatories
July 19, 2005

47. Ref.: ExD/1/8

Please explain why GLPL has not identified 'leading' sources of cash.

Response:

GLPL is unaware of any 'leading' sources of cash that would be reflected in the working cash study.

Great Lakes Power Limited
EB-2005-0241
Responses to VECC Interrogatories
July 19, 2005

13. (Working Cash Study)

Reference: 13.1 - Exhibit D, Tab 1, Schedule 8
13.2 – Exhibit I, Tab 2, page 2

Question:

- (a) Please explain the basis for the 20.3 days of average collection lag (Reference 13.1, page 3), i.e., contribution of the IESO invoicing period for transmission users, the bill remittance period for transmission users, etc.
- (b) Please explain more fully the basis for the labour expense lags (Reference 13.1, page 4) of 18.9 and 19 days for salaried and non-salaried employees respectively since both are paid every two weeks (or 14 days).
- (c) Please explain more fully the calculation of the 114.6 day average lag attributed to prepaid insurance (Reference 13.1, page 6).
- (d) Please provide the total revenue figures for 2005 and 2006 used to determine the GST expenses of \$1,748,100 and \$1,753,100 respectively – based on the 7% rate (Reference 13.1, page 6). Please reconcile any differences between the transmission revenue values used for the working cash calculation and the revenues reported for 2005 and 2006 in Reference 13.2.
- (e) Please explain more fully the basis for the GST revenue lead of 35.3 days (Reference 13.1, page 7).
- (f) Please explain more fully the basis for the GST expense lag of 23.5 days (Reference 13.1, page 7).
- (g) Please provide the capital expenditure figures for 2005 and 2006 used to determine the GST expenses of \$6,199,100 and \$1,170,800 respectively – based on the 7% rate (Reference 13.1, page 8). Please reconcile any differences between the capital expenditure values used for the working cash calculation and those reported for 2005 and 2006 in response to Question 10 a) above.

Response:

- (a) The collection lag is based on the period of time after a bill is issued until payment is received from the customer. For GLPL's Transmission business there is no billing lag so the collection lag would begin at the end of the service period and run to the payment date. The service period runs from the first day of a month to the last day and the lag begins when the

Great Lakes Power Limited
EB-2005-0241
Responses to VECC Interrogatories
July 19, 2005

period ends and when payment for Transmission services is received. On average payment is received 20.3 days after the period ends.

- (b) GLPL's salary and non-salary employees run on a 2-week or 14 day pay period schedule. The periods run from Sunday to Saturday, with payment being received by the employee 12 days after the end of the second week. They are paid on offsetting weeks where one will receive payment one week and the other the week after. Since labour services are provided evenly throughout the service period, $\frac{1}{2}$ of the service period is added to the 12-day lag. As a result, the total labour expense lag is 18.9 days for salary and 19 days for non-salary employees. Further detail on the calculation of lag days is in the response to Board Staff interrogatory #46.
- (c) Insurance premiums are paid before the service is received. They are paid when they come due over the course of an entire year so the midpoint of the service period is exactly $\frac{1}{2}$ of a year, which would be (182.5) days. In GLPL's case the premiums become active before they are paid and the days from the start of the period to when they are paid is added to the service lag of (182.5) days. The combination of all prepaid insurance premiums results in a lag of (114.6) days. Since insurance is an expense paid before the benefits are received the lag would be negative.
- (d) The 2006 revenue is based on the forecasted amount of \$25,044,907 (2006 Rate Proof Calculation Exhibit H, Tab 1, Schedule 4, Page 2). The 2005 revenue is based on the forecasted amount of \$24,972,995 (Exhibit H, Tab 1, Schedule 4, Page 1). Both amounts are calculated using the current rate not based on the test year revenue requirement. The variance between these two amounts relates to the revenue deficiency for both years. This is primarily because the rate base has to be calculated so that the return on rate base can be put in as part of the revenue requirement.
- (e) The *Excise Tax Act* specifically indicates the time period for which taxes are collected and remitted to the Federal Government. In particular, the tax liability arises on the invoice date. In GLPL's case GST tax must be remitted on the last day of the following month. GST is based on the billing date and as stated earlier GLPL does not have any transmission customers that are billed directly by GLPL but receives payments from the IESO. The lead begins when the payment from the IESO is received to when the GST is remitted to the Federal government. If the payment is received before the end of the month and the cheque is issued from GLPL at the end of the month, the lead days would be higher. Alternatively, if there is a cheque from GLPL before the end of the month and the payment from the IESO is received at the end of the month then the lead days

Great Lakes Power Limited
EB-2005-0241
Responses to VECC Interrogatories
July 19, 2005

would decrease. The lead depends on the when the payment is received and when the cheque for GST remittance is issued.

- (f) The basis for the GST expense lag of 23.5 days is made up of payment for capital expenditures and O&M costs being 18.9 days after the invoice is received. It is assumed that these expenditures take place evenly over the course of a month, resulting in an average invoice date of 15.2 days. The total is 34.1 days and having an average of 30.4 days in a month this causes on average 3.7 days lag into the following month. Since GLPL receives the tax credit at the end of the following month for GST paid on invoices, the date the payment is received less the average days into the following month would result in the GST expense lag of 23.5 days.
- (g) The Capital expenditures 2006 used to determine the GST expense of \$1,170,800 is based on the additions to capital of \$16,992,200 less the estimated labour cost for these additions. Similarly for 2005 the GST expense of \$6,199,100 is based on the additions to capital of \$88,825,000 less the estimated cost of labour for these additions.

25/02/2010

CONFIDENTIAL

Great Lakes Power - Transmission Division

2006 Budget

Date :

07/10/2005

INCOME STATEMENT

Version :

V5

2006 Budget	

Generation MWh

REVENUES

Power sales

-

Other operating revenues

34,785,400

TOTAL REVENUES

\$34,785,400

EXPENSES

Power and fuel purchase

-

Operations and maintenance

3,143,647

Administration

1,793,644

Major maintenance

1,011,019

Insurance

108,400

Property taxes

63,300

Capital tax

674,587

Water rental

-

TOTAL EXPENSES

\$6,794,597

NET OPERATING INCOME

\$27,990,803

Interest and financing fees

8,400,000

Depreciation

8,120,044

Amortization

-

Income taxes

2,984,485

Minority interest

-

General administrative (Brazil only)

-

\$19,504,529

Other income

\$0

NET INCOME

\$8,486,274

25/02/2010

CONFIDENTIAL

GREAT LAKES POWER - Transmission

2007 Budget

Date :

21/09/2006

INCOME STATEMENT

Version :

V3

2007 Budget	

Generation MWh	
REVENUES	
Power sales	-
Arbitrage	
Transmission	35,979,553
Other operating revenues	
TOTAL REVENUES	\$35,979,553
EXPENSES	
Power and fuel purchase	-
Operations and maintenance	3,373,910
Administration	1,750,157
Major maintenance	1,005,775
Insurance	118,306
Property taxes	65,200
Capital tax	359,556
Water rental	-
Extraordinary expenditure	310,000
Corporate administrative	-
TOTAL EXPENSES	6,982,904
NET OPERATING INCOME	\$28,996,649
Interest and financing fees	7,639,500
Depreciation	7,692,592
Amortization	-
Total tax and other	4,288,884
Non controlling interest	-
	\$19,620,976
Other income	\$0
NET INCOME	\$9,375,673

CONFIDENTIAL

**GLP TRANSMISSION
2008 Budget**

Sept. 6/07

V2

	<u>Total 2008</u>
TRANSMISSION	
<u>REVENUES</u>	
Generation Revenue	-
Ancillary Revenue	-
Transmission	35,741,607
Gas Revenue	-
Other Energy Revenue	-
Interco Power and Fuel Revenues	-
TOTAL REVENUES	<u>35,741,607</u>
<u>EXPENSES</u>	
Power and fuel purchase	-
Operations and maintenance	3,313,301
Administration	1,782,448
Major maintenance	1,933,072
Insurance	124,719
Property taxes	66,500
Capital tax	413,400
Water rental	-
Extraordinary expenditure	400,000
Corporate administrative	-
TOTAL EXPENSES	<u>8,033,440</u>
<u>NET OPERATING INCOME</u>	<u>\$27,708,167</u>
Interest and financing fees	7,920,000
Depreciation	8,143,122
Amortization	-
Total tax and other	33% 3,842,865
Non controlling interest	-
	<u>\$19,905,987</u>
Other income	<u>\$0</u>
<u>TOTAL NET INCOME</u>	<u>\$7,802,180</u>

Great Lakes Power Transmission Limited Partnership
2009 Budget Statement of Income

6/11/2009
New May/09

	<u>Total 2009</u>
<u>Revenues</u>	
Transmission	\$35,062,763
Total Revenues	\$35,062,763
<u>Operating Expenses</u>	
Power and fuel purchase	
Operations	3,457,708
Maintenance	563,330
Administration	2,227,348
Major maintenance	1,949,786
Insurance	112,277
Property taxes	70,000
Capital tax	440,000
Extraordinary expenditure	400,000
Total Operating Expenses	\$9,220,449
<u>Net Operating Income</u>	\$25,842,314
Interest and financing fees - primary	7,920,000
Deferred Financing Fees	52,795
Capitalized Interest	(310,650)
Depreciation of transmission assets	6,894,700
(Gain) or loss on disposal of assets	1,649,148
Total tax and other	2,110,830
	18,316,823
Other income	-
<u>Total Income before Deferred Tax</u>	\$7,525,491
Deferred Taxes	1,016,142
<u>Net Income After Deferred Tax</u>	\$6,509,349

Great Lakes Power Transmission Limited Partnership
2010-2014 Statement of Income - Forecast
Prepared on an Annual Basis

	<u>2010</u>
<u>Revenues</u>	
Transmission	\$ 35,363,000
Ancillary Revenue - Deposit Interest	-
Total Revenues	35,363,000
<u>Operating Expenses</u>	
Operations and maintenance	4,126,903
Administration	3,650,394
Major maintenance	2,817,000
Insurance	211,500
Property taxes	258,200
Capital tax	146,200
Extraordinary expenditure	400,000
Total Operating Expenses	11,610,197
<u>Net Operating Income</u>	\$23,752,803
Interest and financing fees - primary	7,920,000
Interest and financing fees - secondary	177,800
Deferred financing fees	130,000
Capitalized Interest	(403,150)
Depreciation of transmission assets	7,458,000
Total tax and other	1,418,832
	16,701,482
Other income	-
<u>Total Net Income</u>	\$7,051,321