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.

Responses:

(a) A 1% change in GLPT's proposed rate base is equal to a change of $2,090,000 in rate base. This would change GLPT's revenue requirement by approximately $282,900 (0.72%). This assumes capital tax, depreciation and amortization expense and capital cost allowance all change by 1%. The calculation also assumes the proportionate 1% change in interest expense for income tax purposes.

(b) Assuming cost of service includes OM&A, Depreciation, Property taxes and Capital taxes (totaling $18,916,200), a 1% change in cost of service would change GLPT's revenue requirement by approximately $189,200 (0.48%). If cost of service did not include depreciation, a 1% change

would change GLPT's revenue requirement by approximately $115,100 (0.29%).

(c) Assuming cost of service includes OM&A, Depreciation, Property taxes and Capital taxes, a 5% change in cost of service would change GLPT's revenue requirement by approximately $945,810 (2.40%). If cost of service did not include depreciation, a 5% change would change GLPT's revenue requirement by approximately $575,500 (1.46%).

(d) A 1% change in GLPT's proposed cost of debt would change GLPT's proposed revenue requirement by approximately $82,600 (0.21%).

(e) A 1% change in GLPT's proposed cost of equity would change GLPT's proposed revenue requirement by approximately $135,200 (0.34%). This change includes the impact on income taxes.

(f) A 1% change in GLPT's capital structure (from 57.5/42.5 to 58.5/41.5) would change GLPT's proposed revenue requirement by approximately $174,300 (0.44%). This change includes the impact on income taxes.

(g) A change in GLPT's revenue requirement of 1% would result in the following changes to the Uniform Transmission Rates:

Network rate	$0.00093 (9/100 of a cent)
Line Connection rate	$0.00023 (2/100 of a cent)
Transformation Connection rate	$0.00054 (5/100 of a cent)

With transmission rates rounded to the nearest penny, none of these changes would affect the Uniform Transmission Rates.

(h) GLPT's change in the pooled revenue requirement share would be 0.00031 with each 1% change in revenue requirement.

(i) It has been assumed that charge parameters refer to charge determinants. The revenue requirement is independent of the charge determinants and would not be affected by a change in the charge determinants.

(j) GLPT is seeking recovery of income taxes of $2,861,500, and capital taxes of $145,500. Excluding these two items, GLPT's revenue requirement would be $36,358,100.

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.

Responses:

(i) The following table describes the nature and cost of all transmission related services received by GLPT or its predecessor, GLPL's transmission business.

	2007	**2008**	**2009**	**Nature**
Hydro One	$13K	-	-	Infrared scan
Other Transmitters	-	-	-	N/A
Third Parties	$14.4M	$8.8M	$8.35M	*

*GLPT relies on Third Party assistance to support its Capital programs. GLPT also relies, to a lesser extent, on Third Parties, to support its OM&A programs (see Ex. 4, Tab 2, Sch. 5 of pre-filed evidence). The table above reflects both capital and OM&A. The Third Party capital support services would primarily include:

- Engineering (Design, System Studies)
- Project Management (Estimating, Manage Projects)
- Construction (Perform work defined)

This allows for GLPT to adjust its temporary work force according to the level of work planned for a given year.

(ii) The following table describes the nature and cost of all transmission related services expected to be received by GLPT in 2010.

	2010	Nature
Hydro One	$60K	Infrared scan
Other Transmitters	-	N/A
Third Parties	$16.6M	*

*GLPT relies on Third Party assistance to support its Capital programs. GLPT also relies, to a lesser extent, on Third Parties, to support its OM&A programs (see Ex. 4, Tab 2, Sch. 5 of pre-filed evidence). The table above reflects both capital and OM&A. The Third Party capital support services would primarily include:

- Engineering (Design, System Studies)
- Project Management (Estimating, Manage Projects)
- Construction (Perform work defined)

This allows for GLPT to adjust its temporary work force according to the level of work planned for a given year.

For 2010 GLPT estimates that 90% ($14.4M) of the capital spending, and $2.2M of OM&A expenditures will be spent on transmission services provided by Third Parties, including Hydro One, for a total of $16.6M.

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.?

Responses:

(i) The figure of 6 employees referenced in the Navigant Report (Reference 3.(2)) was an imputed number based on the amount of time spent by OSCC's operators on transmission and distribution activities. No operator was dedicated to a specific business. Overall, approximately 40% of the operators' time (see Navigant Report at Ex. 4, Tab 2, Sch. 4, Appendix B) was spent on these transmission and distribution activities, and 40% of 15 employees was equal to 6 employees.

GLPT has a staff complement of 9 operators. This is made up of 3 Senior Operators, 5 First Operators and 1 entry-level Second Operator. Having regard to such factors as training requirements, sick time and vacation time, this is the number of operators required to run the OSCC on a 24/7 schedule. Based on 12-hour shifts, GLPT has 2 day time operators - a Senior Operator and a First or Second Operator. One First Operator is required at night. Two are required for the day shifts due to the level of

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

activity which includes outage management, regulatory and compliance reporting, and work protection.

(ii) No operator was performing tasks related only to a specific business. The OSCC operated as a unit that provided services to all of the businesses.

(iii) Please see GLPT's response to Board Staff Interrogatory 38(ii). None of the employees of the OSCC were transferred to 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:

> *"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.

Responses:

(i) None of the employees at GLPT's OSCC are new hires.

(ii) Seven of nine operators were certified by NERC as Reliability Coordinators prior to the additional training. The NERC training is scheduled for the remaining two operators in order to maximize the skills and competency of all operators and, as a result, to mitigate any operational risks within the control centre. While it is not mandatory for GLPT's operators to be NERC certified, once they are certified, each operator is required to maintain 200 hours of NERC Certified training every 3 years in order to maintain their credentials. As it is good utility practice to have all operators NERC certified, GLPT regards this internally as being mandatory. This is because, as part of the bulk power system, GLPT is subject to NERC requirements.

(iii) The labour and labour related costs of $328,800 can be broken down as follows:

Total wages and benefits:	$275,700
Total overheads:	$53,100

The NERC certification training costs in the 2010 budget are equal to $30,000, and form part of the $92,300 referenced at page 8 of Reference 4.(2).

(iv) NERC certification establishes a minimum standard for an operator that is recognized across North America. By maintaining these credentials the operators are continually being trained on real time operation subjects such as Contingency Response, Emergency Operations, Protection and Control, Restoration, Voltage Control and Communications. GLPT gains operators who are not only qualified to a recognized standard, but who also have the ability to interact at the same skill level as other entities such as the IESO and Hydro One. One element gained as a result of this training and certification is the knowledge to understand completely the impact of GLPT's system on the IESO-controlled grid and to contribute to and support the reliability of the system.

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.

Responses:

(i) The passage noted above does not come directly from the FQC report.

(ii) In addition to the graphs in the report generally showing that GLPT costs are below average, the 'Results and Conclusions' section of the FQC report states the following:

1. "Based upon our primary comparison, GLPT generally falls below average on a cost per asset basis."

2. "Clearly, while GLPT shows increasing A&G costs, the result is still very close to the median cost within the panel."

Given the FQC report indicates that the total OM&A costs are below or very close to the median costs of the panel, GLPT believes it is reasonable to conclude that GLPT has established a corporate structure with an executive and management team that is reasonably sized.

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.

Response:

(i) Please see Appendix 6(i) in Exhibit 10, Tab 1, Schedule 2 for the requested list.

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.

Responses:

(i) GLPT engaged the engineering firm before filing an application with the Board to sell its distribution Business. The cost of the engineering study was $18,750. At the time of filing this interrogatory response, GLPT is not aware of Algoma Power Inc. using the conclusions of the energy audit to upgrade its portion of the 2 Sackville Road facility. GLPT has billed Algoma Power Inc. for 32% ($6,000) of the cost of the study. The billing of the study was based on the amount of work required on each company's respective area of the complex.

(ii) The table below outlines the projected payback analysis.

Summary Measures	Initial Cost	Annual Savings		Simple Payback
		Dollar	Energy (GJ)	
3.1.1.1 Upgrade RTU's*	$ 120,000.00	$51,000.00	380	2.4
3.1.1.2 Replace Unit heaters*	$ 50,000.00	$ 6,700.00	42	7.5
3.1.1.3 Downsize Hot water tank*	$ 15,000.00	$ 3,770.00	60	4.0
3.2.1 Spray polyurethane foam	$ 23,500.00	$ 3,200.00	118	7.3
3.2.2. Repair Weatherstripping / Caulking	$ 3,100.00	$ 2,300.00	80	1.3
3.3.1 Lighting retrofits	$ 20,000.00	$ 2,600.00	95	7.7
Total	**$ 231,600.00**	**$69,570.00**	**775**	**3.3**

(iii) The savings are allocated to GLPT and Algoma Power Inc. based on their proportionate share of lease costs for the 2 Sackville Road facility. As such, Algoma Power Inc. would accrue 46% of the savings. GLPT and Algoma would each only receive such savings to the extent that each implements the recommended improvements.

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.

Responses:

(i) Previously GLPT utilized a more labour intensive approach to address vegetation management. The more labour intensive approach carried a higher cost per tree and limited GLPT's ability to implement a fully integrated vegetation management program.

The new approach and improved efficiencies have enabled GLPT to increase the scope and quality of ROW vegetation management between 2005 and 2010. While the cost per tree has been reduced, GLPT is now able to complete vegetation management activities for a larger area each year using Mechanical assistance (see Exh. 4, Tab 2, Schedule 1, page 8). Moreover, activities now include not only the forest floor (as was previously the case), but also buffer zones and danger trees. This ensures GLPT is able to comply with IESO reliability standards for vegetation management and vegetation-caused outages, adopted from NERC reliability standards (Vegetation Management Standard FAC-003-01).

(ii) GLPT experienced a significant deficiency in revenue in 2009 and, as a result, the company adjusted spending on various major maintenance projects including the vegetation management program. For 2009, GLPT maintained its level of managing vegetation on the ROW floors in accordance with its 6-year cycle, but as a cost management measure

GLPT reduced its activities associated with encroachments and buffer zones relative to 2008.

While GLPT reduced 2009 expenditures, GLPT maintained a strong vegetation management program ensuring the reliability of its transmission lines. While GLPT reduced vegetation expenditures in 2009 compared to 2008, GLPT still incurred vegetation expenditures of approximately $1.1M, which is significantly higher than the Board approved vegetation expenditures included in GLPT's revenue of $600,000.

For reliability purposes, GLPT deemed it prudent to restore its activities associated with encroachments and buffer zones for 2010 and beyond.

A one-year deviation could be made without impacting the cycle. As noted in Exh. 4, Tab 2, Schedule 1 on page 18, GLPT divides its RoWs up for maintenance over five years and allows for one additional year for flexibility. As a result, this one-year deviation will not affect the cycle.

(iii) GLPT reviewed its entire operation to determine cost saving alternatives, which included hiring, travel, training, information technology, planning and maintenance, buildings, system control, line and station maintenance, as well as ROW management. See response to SEC Interrogatory #4 (d).

(iv) A formal economic evaluation was not completed. GLPT developed the new approach in response to NERC requirements and new species protection and pesticides regulations. Nevertheless, GLPT maintains historical records of the cost per kilometer of ROW maintenance. Through tendering of ROW maintenance, GLPT is able to compare budgeted ROW expenditures to historical expenditures based on scope of work and kilometers of ROW.

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.

Questions/Requests:

(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

Responses:

(i) As per Exh.4\Tab2\Sch.2, Table 4-2-2-G, ROW maintenance costs were $1.4M for 2008, not $851,000 as stated in the question. The description of the increase in ROW maintenance costs from 2008 to the 2010 test year of $0.4 M can be found under Cost Driver 1.

This increase is a result of changes in the approach and methodology that must be utilized in order meet NERC and IESO standards, while minimizing the overall impact on the environment and meeting changes in legislation.

(ii)

	2008	2009	2010
Herbicide Treatment	50%	63%	32%
Buffer Zone Treatment	30%	10%	26%
Danger Tree Management (Encroachment)	20%	27%	42%

(iii)

	2008	2010	Recurring	Non - Recurring	Cycle
Herbicide Treatment	$700,000	$585,000	X		5 – 6 Years
Buffer Zone Treatment	$420,000	$475,000	X		3 – 6 Years
Danger Tree Management (Encroachment)	$280,000	$740,000	X		5 – 6 Years

(iv) GLPT has steadily improved its vegetation management program between 2005 and 2009 while maintaining a 6-year ROW maintenance cycle. See response to Board Staff Interrogatory #8(i).

(v) As indicated in Table 4-2-2 G and Exh. 4, Tab 2, Schedule 2, page 21, the impact on cost is $397,283.

(vi) The expenses on page 23 of Reference 9.(1) are not one-time costs.

(a) At the present time, GLPT believes the current budget of $1,215,000 is sufficient to cover E&B related activities for 2010. In future rate applications the E&B budget will be subject to inflationary and market factors.

(b) See (d), below.

(c) See (d), below.

(d) The table below outlines the E&B activities for 2008, 2009 and forecasted 2010.

	2008	2009	2010
Buffer Zone Treatment	$420,000	$110,000	$475,000
Danger Tree Management (Encroachments)	$280,000	$300,000	$740,000

(vii) Preparation of the integrated pesticide management plan is a one-time cost, which GLPT estimates will be $40,000 in 2010. In addition, GLPT will incur annual costs to administer the plan, including reviewing changes in legislation, updating the integrated pesticide management plan and providing training to GLPT staff on the changes to the integrated pesticide management plan and legislation. GLPT estimates these ongoing costs to be a further $40,000 per year. The integrated pesticide management plan is not available as GLPT is currently in the process of developing the plan. The plan will be available by the end of Q2 2010.

(viii) GLPT estimates $40,000 incremental costs per year for administering the plan. However, at this time, GLPT cannot be certain of the total incremental cost associated with the implementation of the integrated pesticide management plan as GLPT is still in the process of documenting the plan.

(ix) The estimated annual training cost for GLPT forestry work crews is $25,000 for 2008, 2009 and 2010. To ensure the best use of the work crew, training is scheduled during the slower work seasons and covers a number of subject areas. GLPT is maintaining its level of training costs for its forestry work crews at historic levels. However, the drivers for this training have shifted to include training related to species at risk.

(x) When preparing the initial 2010 transmission rate application, GLPT indicated that there were vegetation-related events in 2006. Upon subsequent review, it has been found that the events in question happened in December 2005. GLPT does not maintain SAIDI or SAIFI Measures. As such, GLPT is unable to provide these statistics. Nevertheless, the number of service interruptions that were caused by encroachment and/or vegetation are as follows 2006 (0), 2007 (0), 2008 (2), 2009 (0), 2010 (1).

(xi) The data cannot be presented in CDPPS format due to the fact that the standard tracks delivery point performance is based on a 3-year rolling average and includes all forced outages, not vegetation related outages specifically.

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.

Responses:

(i) GLPT budgeted costs for executives, finance, accounting, treasury, and taxation based on a 7.5 hour work day. The standard cost for each group of employee was based on their actual fully loaded cost allocated over a 240 work day year.

The standard cost for each group of employees is the following:

Executive	$1,034 per hr.
Financing, Accounting and Treasury	$170 per hr.
Taxation	$231 per hr.

(ii) Timesheets are not kept for executives for the purpose of allocating costs. GLPT reviewed the functions that are completed by each group of employees and allocated time to GLPT based on their corresponding functions.

The relative functions are as follows:

Executives participate in quarterly partner meetings, board meetings, and budget review meetings. In total, 27 working days have been allocated to GLPT from the executive group.

Financing, Accounting and Treasury groups participate in quarterly partner meetings and board meetings, and periodically provide regulatory, budget, finance and accounting support on day to day functions. In total, 51 working days have been allocated to GLPT from financing, accounting and treasury groups.

Taxation assists in the preparation of tax returns, regulatory filings, as well as overseeing partnership allocation to partners, providing tax support to GLPTLP, and coordinating with outside accountants and other direct support resources on everyday functions. In total, 14 working days have been allocated to GLPT from the taxation group.

(iii) GLPT prepared the 2010 budget based on a best estimate of time spent in 2009 by the executive management team. The determination of the 2010 budget for the executive management group is described in Board Staff Interrogatories 10 (i) and (ii).

Interrogatory 11 - Executive supplies expense

Reference:

11.(1) Exh. 4/Tab 2/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?

Response:

(i) Historically, GLPT recorded office supplies expenses in account 5605 along with all other costs associated with executive salaries and expenses. When the transmission business was part of GLPL and received an allocation of costs from the distribution business, it was cumbersome to distinguish the office supply cost as a separate and identifiable cost. As GLPT now operates on a stand-alone basis, these costs are more easily identifiable and, therefore, are tracked separately in account 5620 – Office Supplies and 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.

Responses:

(i) Please see table set out in (iii) below, Columns one and four. Column one of the table below shows the business initiatives for 2010. To the extent they are related to natural business growth, the incremental cost is set out in Column four.

(ii) Natural business growth occurred due to normal operating conditions and would have occurred regardless of the reorganization of Great Lakes Power Limited or the sale of the distribution business.

(iii) Please see the following table:

(000's)

OM&A	2010 Test Year	2009 Decision	Amount for natural business growth (2009 to 2010)	Result of change in cost allocation (Y/N)	Directly traceable to reorganization (Y/N)	Total
4805 - Operation Supervision & Engineering						
Staffing Replacement	122.59		122.59	N	N	122.59
Consulting	(6.66)		(6.66)	N	N	(6.66)
Other	(24.52)		(24.52)	N	N	(24.52)
4810 & 4845 - Load Dispatching & Communications						
SCADA - business decision for stand-alone	421.05	421.05	421.05	N	N	421.05
Staffing replacement	49.00		49.00	N	N	49.00
SCADA lease	178.48	178.48	178.48	N	N	178.48
4815 & 4910 - Station Buildings and Fixtures Expenses and Maintenance						
Land remediation	50.00		50.00	N	N	50.00
Staffing	30.69		30.69	N	N	30.69
Road maintenance	96.82	96.82	96.82	N	N	96.82
Allocation of building space	54.67	54.67	-			-
Building lease	85.73	85.73	-			-
Other	8.45		8.45	N	N	8.45
4820 & 4825 & 4916 - Transformer Station Equipment Operations & Maintenance						
Regular maintenance	53.19	53.19	53.19	N	N	53.19
Major maintenance	75.00		75.00	N	N	75.00
4830 & 4930 & 4935 - Overhead Line Maintenance and Expenses						
Outage resteration	5.72		5.72	N	N	5.72
Regular operating maintenance	112.74		112.74	N	N	112.74
Major maintenance	60.00		60.00	N	N	60.00
4850 - Rents						
Lease increase	1.67		1.67	N	N	1.67
Lease reviews	8.50		8.50	N	N	8.50
4940 - Maintenance of Overhead Lines - Right of Way						
ROW	300.00	300.00	300.00	N	N	300.00
ROW	397.28	397.28	397.28	N	N	397.28
4945 - Maintenance of Overhead Lines - Roads and Trails Repairs						
Other	6.20		6.20	N	N	6.20
5605 - Executive Salaries and Expenses						
New employees 50%	346.58	17.58	346.58	N	N	346.58
Travel costs split 2009	(55.92)		(55.92)	N	N	(55.92)
Miscellaneous costs	(24.42)		(24.42)	N	N	(24.42)
50% non sharing	436.71	70.00	70.00	N	N	70.00
Reclassification	(100.00)		(100.00)	N	N	(100.00)
5615 - General Administrative Salaries and Expenses						
Administrative programs	43.28		-			-
Reclassification	(105.73)		(105.73)	N	N	(105.73)
Reclassification	(199.12)		(199.12)	N	N	(199.12)
Corporate Cost Allocation	298.59		298.59	N	N	298.59
Other	18.21		18.21	N	N	18.21
5620 - Office Supplies and Expenses						
Reclassification	105.73		105.73	N	N	105.73
Reclassification	100.00		100.00	N	N	100.00
Industry relations	74.47		74.47	N	N	74.47
5630 - Outside Services Employed						
Legal fee reduction	(70.00)		(70.00)	N	N	(70.00)
Audit fees	5.00		5.00	N	N	5.00
Development, replaced by VP Dev	(47.00)		(47.00)	N	N	(47.00)
Pension	(50.00)		(50.00)	N	N	(50.00)
Reclassification	199.12		199.12	N	N	199.12
Other	15.00		15.00	N	N	15.00
5635 - Property Insurance						
Insurance Reassessment	13.70		13.70	N	N	13.70
Fleet and Professional Services	20.55		-			-
5655 - Regulatory Expenses						
Other	(6.29)		(6.29)	N	N	(6.29)
5665 - Miscellaneous General Expense						
Treasury	6.50		6.50	N	N	6.50
	3,111.56	**1,674.80**	**2,540.62**	**-**	**-**	**2,540.62**

(iv) When preparing the table in Exh.4/Tab2/Sch.2 Appendix A, GLPT displayed cost allocation in a separate column (Column 5). Therefore, no portion of costs classified as natural business growth reflected changes to cost allocation.

(v) The overall percentage increase in total 2010 OM&A over total 2008 OM&A is 54.2%.

(vi) GLPT has not experienced growth in revenues for its regulated transmission business as a result of higher throughput load volumes.

(vii) GLPT believes that Board staff is referring to incremental growth in OM&A costs and FTEs between the 2009 bridge year and the 2010 test year (related to increased workload).

The table below summarizes the incremental growth in OM&A costs and FTEs between 2009 and 2010. It should be noted that there are other factors driving costs outside of FTE's and that an average compensation rate cannot be derived from this table.

OM&A	**2010 Test Year**	**FTE**
Operation Supervision & Engineering	122.59	2
Load Dispatching & Communications	49.00	1
Station Buildings and Fixtures Expenses and Maintenance	80.69	
General Administrative Salaries and Expenses	43.28	1
Transformer Station Equipment Operations & Maintenance	128.19	
Overhead Line Maintenance and Expenses	178.46	1
Maintenance of Overhead Lines - Right of Way	697.28	1
Executive Salaries and Expenses	346.58	3
Office Supplies and Expenses	74.47	
Miscellaneous General Expense	6.50	
	1,683.76	**9**

The incremental FTE's noted above do not tie into Exh.4/Tab 2/Sch.3, Table 4-2-3-A, as the incremental FTE's noted in Exh.4/Tab 2/Sch.3 Table 4-2-3-A incorporate GLPT's proportionate share of OSCC staff that have not been reflected in the table above.

(viii) The term "2009 Decision" in the context of this table is referring to decisions made by GLPT's management, not an Ontario Energy Board decision. As such, the Board has not reviewed the costs prior to this proceeding. The purpose of the column is to identify the impact the 2009 cost drivers had on GLPT's 2010 year. The OM&A sought for recovery in 2010 is $11,105,600.

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."

Question:

(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.

Responses:

(i) The net variance in account 4805 is as follows:

2008: Incremental cost of approximately $53,000.

2009: Cost decrease of approximately $53,000 related to re-class to 5630.

2010: No variances. Costs were recorded in account 5630.

The net variance in account 5630 is as follows:

2008: No variances. Costs were recorded in account 4805.

2009: Cost increase of approximately $53,000 related to re-classification from account 4805, plus an additional cost increase of approximately $19,000.

2010: Costs in this account are expected to drop down by approximately $22,000 to the level of $50,000 as a result of using the VP of Project Development more extensively for this activity, rather than external consultants.

Between the accounts, the total costs flowed as follows:

2008 actual:	$53,000
2009 bridge:	$72,000
2010 test year:	$50,000

Interrogatory 14 - Details of Contracted staff increase 2007 to 2008

Reference:

14.(1) Exh. 4/Tab 2/Sch. 2/pp. 3-4

Preamble:

(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.

Question:

(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.

Responses:

(i) *Re-casted Table 4-2-2 A*

OM&A	2006 Board Approved	2006 Actual	2007 Actual	2008 Actual	2009 Bridge	2010 Test Year
Previous Year Total	$47.000	$404.976	$404.976	$383.072	$641.536	$384.109
Cost Driver 1	357.976					
Cost Driver 2			(21.904)		(91.675)	122.592
Cost Driver 3				163.813	(201.904)	(6.660)
Cost Driver 4				109.556	11.958	
Other Minor Variances				(14.905)	24.194	(24.517)
Current Year Total	**$404.976**	**$404.976**	**$383.072**	**$641.536**	**$384.109**	**$475.524**

In the re-casted Table 4-2-2 A, the reclassification amount (Cost Driver 1) was moved into the Board Approved column, thus providing a consistent baseline showing the evolution of the account from $404,976 to $475,524.

(ii) Approximately $30,000 of the Cost Driver 3 increase experienced in 2008 was related to consulting costs for the occupation of First Nation lands, and formalizing the use and occupation of First Nation reserve lands.

(iii) Filling the position of Director, Legal and Regulatory has alleviated the need for a consultant that GLPT had previously retained to provide legal and consulting advice on current First Nation land activities, as the Director, Legal and Regulatory provides a significant amount of this support. See response to (iv) below.

(iv) As noted above, filling the position of Director, Legal and Regulatory alleviated the need for the consultant, which resulted in net savings in this account of approximately $30,000. As noted in Exh. 4, Tab 2, Schedule 2 at page 5, there is a cost increase related to filling this position that is experienced in Account 5605. However, it is virtually impossible to calculate the net impact related to this, as the Director, Legal and Regulatory provides a range of services to GLPT above and beyond consulting with First Nations. Please also note the offsetting reduction in legal fees resulting from the filling of this position (See Cost Driver 1 in Table 4-2-2 L).

(v) GLPT has incurred costs related to the activities referred to in Preamble (2) that would be performed by internal staff if available. The activities are not one-time activities. However, subject to the anticipated changes in work requirements, the costs related to the consultants in this account will diminish upon filling the staffing vacancies. At the time of filing these interrogatory responses, GLPT has not yet found the replacement staff and will continue to rely on contractors and consultants to perform these duties.

The incremental costs in 2008 under Cost Driver 3 are approximately $80,000, and are reflective of the higher costs associated with utilizing consultants and contractors as opposed to providing expertise in-house.

Interrogatory 15 - Variance Analysis

Reference:

15.(1) Exh. 4/Tab 2/Sch. 1/p.15/Table 4-2-1 D

Preamble:

(1) To gain better understanding of the variance accounts, the summary table at Reference 15.(1), needs to be expanded.

Question:

(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.

Responses:

(i) Please see the table below, re-casted as requested.

	USofA**	($000's)	Net Change
2006 Approved OM&A	All OM&A	$5,927.0	
2008 Actual OM&A	All OM&A	7,201.9	
2009 Bridge Year OM&A	All OM&A	7,994.1	$792.1
2010 Test Year OM&A	All OM&A	11,105.6	$3,111.5
Overall Variance from 2006 Approved to 2010 Test Year		**$5,178.6**	
Described in Section 5.0			
Section (a) - Right of Way Maintenance	4940	$1,200.0	23.2%
	4945	$110.0	2.1%
Section (b) - Management & Executive Costs	5605	518.3	10.0%
	5615	298.6	5.8%
Section (c) - System Control & Communications	4810	551.4	10.6%
	4845	172.1	3.3%
Section (d) - Administrative Support Programs	5615	183.4	3.5%
	5620	105.7	2.0%
	5630	199.1	3.8%
Section (e) - Office Complex	4815 / 4910	475.6	9.2%
Section (f) - Transmission Development	5605	199.2	3.8%
	5615	30.3	0.6%
	5620	74.5	1.4%
	5630	108.0	2.1%
Total OM&A Variance Described in this Section		**$4,226.3**	**77.5%**

**For detailed account by account variance analyses, please refer to Exhibit 4, Tab 2, Schedule 3

Please note that under Section (e) – Office Complex, GLPT did not break out the variance between accounts 4815 and 4910, as the two accounts are discussed on a combined basis throughout the application. However, the majority of the variance is related to account 4815. Also note that section (f) now includes USofA account 5615. This account was not included in the table included in the pre-filed evidence as a result of an oversight.

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).

Responses:

(i) GLPT allocates the costs related to engineering staff based on the direct activities participated in by the individuals (as submitted to payroll). As a result, when a member of the engineering staff is working on a task that is operational in nature, the costs are allocated to an OM&A account (typically account 4805) and, when the staff member is working on a task that is capital in nature, the costs are allocated to that particular capital project.

The level of activity required in operations vs. capital will fluctuate from year to year with the needs of the company in any given year. 2008 was a year during which the operations activity increased in comparison to 2007, resulting in an increase to O&M costs. In particular, additional time was spent on planning and refining GLPT's asset management approach and maintenance program. The 2007-2008 increase is compounded by the fact that a higher than average amount of time was spent on capital activities in 2007, on projects such as the Third Line TS T1: Autotransformer Replacement, which required a significant amount of attention from internal engineering staff.

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?

Responses:

(i) The transmission and distribution division's share of the total OSCC budget *and* actual cost was 40%. 95% of that 40% was allocated to transmission, which represents an overall cost to transmission representing 38% of the total cost of the OSCC.

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.

Responses:

(i) GLPT responds as follows:

  (a) At the time of GLPT's last transmission rates application, the cost of maintaining this road (primarily snowplowing) was borne 100% by the generation business. In 2006, the costs were reviewed and from December 15, 2006 to present, GLPT has been responsible

for 30% of the total costs. See Exh. 4, Tab 2, Schedule 2 at page 10.

(b) The previous contract was expiring.

(c) From mid-2009 forward, the maintenance costs for the road are made up of two components; routine summer and winter maintenance plus non-routine costs. The re-tendered contract has resulted in a slight increase in the costs, plus additional costs have been budgeted annually to strengthen the road, bringing it back to a standard suitable for the type and volume of traffic using it. As this is a gravel road in a remote area, the road quality has deteriorated over time. GLPL has determined that non-routine maintenance is required to address this. In particular, the required work includes ditching, brushing, resurfacing and culvert repairs.

Overall, approximately 60% of the costs are routine maintenance, with the other 40% being related to the non-routine maintenance activity.

(ii) The amount of $103,243 in Account 4945 is related to roads and trails used to access various parts of GLPT's Rights of Way. These roads and trails are important for efficient access to the lines for vegetation management, visual inspections, and emergency response. This is unrelated to the MacKay road maintenance, as the MacKay road is used by GLPT to access the MacKay and Gartshore transmission stations.

The total road maintenance costs in the 2009 Bridge year and 2010 Test year are $103,800 and $110,000 respectively, as demonstrated in the "Current Year Total" line of *Table 4-2-2 H* at Reference 18.(2).

(iii) The year to year variance in Building Operational Costs from 2008 to 2010 is related primarily to the percentage of the costs allocated to the transmission company. As described on pages 13 and 14 of Exhibit 4, Tab 2, Schedule 2, GLPT bore only 12% of the total cost of the office complex in 2008. As a result of the relocation of staff within the complex in early 2009, and the associated reallocation of costs, GLPT's share of the costs increased from 12% to approximately 42.4%. In addition to this, in 2009 GLPT became the main operator of the system control centre located within the complex. As a result, GLPT is responsible for the portion of costs that was formerly allocated to the OSCC, which results in an additional 12.6% of the complex costs allocated to transmission. GLPT is now responsible for approximately 54% of the total cost of the complex, as indicated in the response to Board Staff IR #35 (i).

Overall, the cost of operating and maintaining the complex at 2 Sackville Rd. has not varied significantly. Rather, it is GLPT's percentage allocation of the total costs that has increased. The current allocation of costs for the complex is appropriate given the space occupied within it.

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?

Responses:

(i) GLPT responds as follows:

   (a) No.

(b) The increases in maintenance costs are directly related to increased maintenance activity on station equipment between 2008 and 2010.

Over the past few years, GLPT has developed a broader and more comprehensive maintenance program which enhances its ability to maintain its assets so as to maximize their useful life and meet all reliability requirements. As a result, GLPT has spent additional time and resources on the maintenance program.

GLPT's station maintenance cycles are defined in detail at Exhibit 2, Tab 5, Schedule 1, and include activities such as visual inspections, functional tests, operational tests, etc. These activities are performed on a continuous basis at the frequencies identified in *Table 2-5-1 A* on page 3 of that schedule.

(ii) GLPT responds as follows:

(a) GLPT incurred lower regular line maintenance costs in 2009 as a result of a unique circumstance (See Exh. 4, Tab 2, Schedule 2, page 19). As stated, GLPT is confident that this one time spending reduction will not have significant impacts to the system in future years.

With respect to major maintenance, GLPT minimized the major maintenance projects to be completed in 2009 as a result of the same revenue deficiency circumstance. Please see response to SEC Interrogatory #4(d), which provides additional information on the 2009 spending reductions.

(b) The one time reduction is related to regular line maintenance activity. The total cost decrease resulting from this one-time reduction was estimated to be $91,275 (as described in *Table 4-2-2 E*). Barring any unforeseen circumstances, GLPT estimates that approximately $20,000-$30,000 will appear in each of 2010, 2011 and 2012 as a result of this reduction.

The "unique circumstances" refers to a drop in demand in 2009 of approximately 4.7%, which was partially offset by cost reductions, as described in Exh. 4, Tab 2, Schedule 2 at page 19.

(c) GLPT incurs annual costs for infrared scanning of stations and lines. As a result of GLPT's revenue deficiency in 2009, the portion of the infrared scanning of GLPT's lines, which requires use of Hydro One's specially-equipped helicopter, was canceled in 2009.

However it is anticipated that infrared scanning will take place in every year going forward for both stations and lines.

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.

Response:

(i) GLPT maintains a relatively small internal staff with a suitable number of staff members under each manager. See GLPT's company organizational chart, provided in Ex. 1, Tab 1, Schedule 12, page 3. Direct observation by each manager is sufficient to determine productivity levels and justify changes in staffing. All changes in staff levels require a recommendation from a manager, and approval from the General Manager, ensuring appropriate justification for staffing. GLPT has made the decision to keep core permanent staffing at a relatively small complement in order to meet baseload and emergency work requirements. This allows for flexibility to perform peak work with either internal staff, temporary staff or by contracting the work out based on an economic evaluation. The decision to replace or add permanent staff is based on changes to the baseload work program.

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.

[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

(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.

	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**

Responses:

(i) With respect to the increases in FTE's between 2006 and 2010, GLPT has undergone significant organizational developments over this time period (as described throughout the application), and has experienced increased workloads for administrative, operational and capital requirements. As a result, the company has shown increases to the number of FTE's employed. Because of the changes in structure and the progressive elimination of sharing with the distribution division of GLPL, it is very difficult to identify every change in FTE's on a position by position basis over this period.

With that said, the increases in FTE's can be attributed at a high level to the following areas:

Area of Organization	**Approximate Number of FTE's**
General administration (including general management)	8
Ontario System Control Centre	10
Engineering	3
Operations groups such as Forestry, Electrical, Lines, etc.	7
Total	**28**

When comparing 2010 to 2009, the increases in GLPT's FTE's are driven by a number of factors. GLPT's response to Board staff interrogatory 12(vii) describes the addition of approximately 9 FTE's, with an additional 5 FTE's being added as a result of GLPT retaining the Ontario System Control Centre ("OSCC"). The OSCC employs nine operators and one manager, where half of the increase was experienced in 2009, and the other half in 2010 (as a result of the July 1, 2009 transition date).

Department/Position	FTE Increases vs. 2009	Reference in Evidence
Engineering	2	4-2-2, Page 4, Lines 9-12, also listed as vacancies at 1-1-12
System Control	1	4-2-2, Page 8, Lines 16-19, also listed as vacancy at 1-1-12
Health and Safety	1	4-2-2, Page 34, Lines 10-15, also listed as vacancy at 1-1-12
Electrician	1	A full-time staff member has been brought on to reduce contract costs.
Administrative Assistant	1	Admin. Assistant listed as vacancy at 1-1-12
VP Project Development	1	4-2-2, Pages 26-28
Executive Salaries and Expenses (Full use of executive team)	2	4-2-2, Pages 29 & 30
	9	
Ontario System Control Centre	5	
Total FTE Increases - 2009-2010	**14**	
FTE increase from 4-2-3A	**14.8**	Variance is attributable to GLPT's use of temporary staff and overtime, which affects its number of FTE's.

(ii) Yes, the work programs are sustainable, and all increases in workloads that are permanent have been (or will be) staffed appropriately with permanent employees. Increasing regulatory requirements have resulted in increasing workloads. In particular, GLPT now employs a Health, Safety and Environmental specialist to assist the company with managing these areas of the business.

(iii) The inflation rates used for wages and benefits are as follows:

	2006-2007	2007-2008	2008-2009	2009-2010
Union	3.0%	3.0%	3.0%	3.0%
Non-Union	2.5%	2.5%	0.0%	3.0%

As a result, the yearly non-inflationary increases are as follows:

	2006-2007	2007-2008	2008-2009	2009-2010
Union	3.7%	1.9%	4.7%	3.3%
Non-Union	(2.7%)	2.6%	10.6%	7.4%

The non-inflationary increases are attributable to changes in the staff mix, salary progressions, and job class advancements. These factors are described in more detail in GLPT's response to part (vii) of this interrogatory.

(iv) Please see the table below for the requested breakdown of hires in 2009 and 2010.

Department/Position	2009 Hire	2010 Hire	Experience Required	Impact on Average Yearly Base Wages	Impact on Average Yearly Benefits
Engineering		2	Mid-level experience	Minimal impact expected	Minimal impact expected
System Control		1	Entry level	Minimal impact - wages based on job class, not experience	Minimal impact expected
Health and Safety		1	Mid-level experience	Minimal impact expected	Minimal impact expected
Electrician		1	Entry level	Minimal impact - wages based on job class, not experience	Minimal impact expected
Administrative Assistant		1	Mid-level experience	Expected to reduce average yearly base wages	Expected to reduce average yearly benefits
VP Project Development		1	Experienced	Increase average yearly base wages	Increase average yearly benefits
Director of Legal and Regulatory	0.5		Experienced	Increase average yearly base wages	Increase average yearly benefits
Executive Salaries and Expenses (Full use of executive team)		2	Experienced	Increase average yearly base wages	Increase average yearly benefits
Ontario System Control Centre	10		Mid-level experience	Increase average yearly base wages - Operator job class is higher than most others	Increase average yearly benefits

(v) All staff levels and employee compensation information provided in this application relate to the transmission business only. No information related to distribution or generation is included.

(vi) The increase in the benefits expense is attributable to a number of different benefits. The main drivers are as follows:

- Increase in premiums for health, vision, and dental benefits,
- Increase in premiums for CPP, EI, and WSIB, and
- Increase in premiums for short- and long-term disability.

The increase in benefits per employee is more pronounced on the non-union side as a result of the number of full time employees as compared to temporary employees. Non-union temporary employees are forecast to decrease from 2.7 FTE's in 2006 to 0.8 FTE's in 2010. This results in an increase in benefits on a per employee basis that is compounded with the increasing premiums noted above. With respect to the union employees, temporary employees are forecast to increase from 0.8 FTE's in 2006 to 1.5 FTE's in 2010. This has the opposite effect as demonstrated on the non-union side, essentially watering down the benefit increase on a per employee basis.

(vii) The increases in employee compensation are attributable to five main drivers:

- The number of FTE's has increased from 26.5 FTE's in 2006 Actual to 54.7 FTE's in 2010 Test Year. This accounts for approximately 106% of the increase in compensation;
- General wage increases, assuming increases of 2.5% between 2006 and 2010, account for approximately 10% of the increase in compensation;
- Job class progressions for union employees and salary progressions for non-union employees have resulted in average increases that are incremental to the general wage increase;
- GLPT has experienced an increase in per employee costs related to the adoption of the OSCC. On average, operators who are employed for the OSCC require a higher skill set, and as a result are compensated at a higher level than most of GLPT's other unionized staff; and
- GLPT has filled senior positions, including a Director of Administration (2008), a Director of Legal and Regulatory (2009), and a VP of Project Development (2010). In addition to this, GLPT employs the senior management team 100% instead of sharing 50% of the resource with distribution as in the past.

(viii) The increases in employee compensation are attributable to five main drivers:

- The number of FTE's has increased from 39.9 FTE's in 2009 Forecast to 54.7 FTE's in 2010 Test Year. This accounts for approximately 37% of the increase in compensation,

- General wage increases account for approximately 2.5% of the increase in compensation,
- Job class progressions for union employees and salary progressions for non-union employees have resulted in average increases that are incremental to the general wage increase,
- GLPT has experienced an increase in per employee costs related to the adoption of the OSCC (50% of this was experienced in 2009, 50% in 2010 as a result of the July 1, 2009 adoption date). On average, OSCC operators require a higher skill set and, as a result, are compensated at a higher level than most of GLPT's other unionized staff, and
- GLPT has filled the position of VP of Project Development. In addition to this, GLPT employs the senior management team 100% instead of sharing 50% of the resource with distribution as was the case for most of 2009.

(ix) The cost drivers for this increase can generally be described as follows:

- GLPT has experienced an increase in per employee costs related to the adoption of the OSCC. On average, operators who are employed for the OSCC require a higher skill set, and as a result are compensated at a higher level than most of GLPT's other unionized staff,
- Job class progressions for union employees have resulted in average increases that are incremental to the general wage increase mechanism provided by the union contract, and
- General wage increases as provided for under the union contract.

GLPT believes the year-over-year increase of 6.4% for 2010 is reasonable when compared against Hydro One's year-over-year increase for their unionized staff. As described in GLPT's response to Board Staff Interrogatory 21(iii), the 6.4% increase in union wages can be attributable to both base salary inflationary increases and the increases described in the bullet points above. As reflected in Exhibit C, Tab 3, Schedule 1, Table 1 of Hydro One's pre-filed evidence in it's rate filling EB-2007-0272, a Regional Maintainer Lines (PWU Represented) receives a 3% increase in base salary in 2010. The 3% is an inflationary figure at a job class level, and does not reflect the impacts that may occur as a result of job class progressions or the impact GLPT is experiencing as a result of OSCC operators.

(x) The cost drivers for this increase can generally be described as follows:

- GLPT has filled senior positions, including a Director of Administration (2008), a Director of Legal and Regulatory (2009), and a VP of Project

Development (2010). In addition to this, GLPT employs the senior management team 100% instead of sharing 50% of the resource with distribution as in the past,

- General wage increases account for approximately 2% of the annual increase in non-union compensation; and
- Salary progressions commensurate with experience and education.

These factors have played a part in the determination of salaries at GLPT – for example there were no general increases provided to non-union employees in 2009 as a result of the condition of the economy.

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.

Response:

(i) GLPT has completed Appendix 2-J to the extent that it is relevant to a transmission company. As the number of customers connected to a transmission system has very little bearing on the OM&A costs of the transmission company, GLPT did not include information related to the number of customers.

	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Test Year
Total OM&A ($000's)	$5,661.1	$6,089.6	$7,201.9	$7,994.1	$11,105.6
Number of FTE's	26.5	23.4	25.2	39.9	54.7
OM&A Cost per FTE ($000's)	**$213.6**	**$260.2**	**$285.8**	**$200.4**	**$203.0**

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.

Responses:

(i) The Chart below provides a breakdown of the weighting of contributions for each of the key performance criteria (KPI = Key Performance Indicator; NOI = Net Operating Income):

Level	Factor	Weighting
Great Lakes Power	Business Performance (NOI)	30%
Group	Common Objectives KPIs Specific Objectives KPIs	40% 10%
Individual	Individual Performance	20%

(ii)

Level	Factor	Weighting	2006	2007*	2008	2009	2010**
Great Lakes Power	Business Performance (NOI)	30%	43.5%	32%	30%	17%	30%
Group	Common Objectives KPIs	40%	60%	52.5%	75%	80%	50%
	Specific Objectives KPIs	10%					
Individual	Individual Performance	20%	20%	20%	20%	30%	20%

*For 2007, the weighting was 40% for Business Performance, 35% for Common Group Objectives, 5% for Specific Group Objectives, and 20% for Individual performance.

**For 2010, the specific objectives have been removed and the weighting transferred to common objectives.

(iii) GLPT's goal is to have an employee achieve an average of 100% of their incentive pay over their employment life time. As such, GLPT has only forecasted 100% of incentive pay in the test year. To the extent GLPT employees achieve higher than 100% of their budgeted incentive pay, this is at the shareholder's direct expense. The group and individual key performance criteria focus on health, safety, environment, cost management and execution of capital plans. GLPT believes this approach provides adequate incentive for a high standard of performance.

The 2010 group key objectives are as follows:

- Deliver zero high risk safety and environment incidents;
- Deliver zero regulatory compliance and operational high risk incidents;
- Secure appropriate additional financing by end of Q2 2010;
- Maximize GLPT ROE;
- File the 2011 Transmission Rate Application by October 15, 2010;
- Achieve with OEB a January 1, 2010 effective and retroactive date of implementation for the 2010 rate application;
- Deliver actual 2010 OM&A costs between the approved $11.1 million budget and the OEB approved OM&A;
- Execute approved 2010 Capital program strategy;
- Implement a project execution plan that delivers on scope, schedule and budget; and

- Maintain reliability standards within industry norms (above IESO average) for all four load blocks (0-15, 15-40, 40-80,>80).

(iv) GLPT has no direct knowledge of how its incentive plan compares with others in the industry.

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.

Responses:

(i) GLPT retains a baseline level of regular staff that is required to operate the transmission system regardless of any major projects that are undertaken. In the case where major projects are undertaken and internal employees are utilized, the work that otherwise would have been done by these employees is either deferred, or backfilled through temporary or contract positions. This minimizes payroll burden and reduces other expenses associated with employing individual employees on a full-time basis. Please see Exhibit 4, Tab 2, Schedule 1, Section 3.1 for a discussion of GLPT's approach to using temporary resources. In years where major projects are underway, requiring internal resources, compensation capitalized will be relatively high, as compared to years where there are no major projects. However, because GLPT retains a baseline level of regular staff, this has little bearing on the number of regular employees and compensation.

(ii) For all years between 2006 and 2010, GLPT has and expects to have significant capital projects underway. These projects will require internal employees from time to time, with some projects requiring more than others.

Particularly in 2006, a number of GLPT's employees (predominantly engineering, protection and control, and electrical employees) were spending a considerable amount of time on the Transmission Reinforcement Project. This resulted in a greater portion of employee compensation costs being capitalized as compared to the portion charged to OM&A in 2006. GLPT does not have any projects of this magnitude or requiring this level of internal resources planned for 2010. As noted in response to (i), this would not affect GLPT's baseline level of staff.

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?

Responses:

(i) With reference to Preamble (i) above, GLPT notes that prior to July 1, 2009 the transmission and distribution functions were carried out by GLPL as a licensed operator of transmission and distribution. As a result, GLPL's employees carried out both functions on an allocation basis. A comparison of average compensation levels cannot be provided. With the sale of the distribution business in October 2009, GLPT no longer has access to the compensation levels of distribution employees or the information provided in the PEG report.

(ii) The PEG report was limited only to the calculation of unit OM&A cost indexes for distribution companies. At no time was GLPL's transmission business assessed or formed part of the PEG Report. This continues to be the case for GLPT. As a result, it is incorrect to use the PEG Report as a comparator or to assess that GLPT has high unit OM&A costs on the basis of the PEG Report.

(iii) GLPT engaged FQC to prepare a benchmarking report regarding GLPT's OM&A costs against more relevant comparators. Please see GLPT's response to Board staff Interrogatory 5 (i) & (ii) for additional information.

(iv) In accordance with Section 72 of the *Ontario Energy Board Act, 1998*, GLPL maintained separate and distinct financial records for its distribution and transmission divisions. To the extent possible, all costs directly related to transmission activities were allocated to the transmission division, and all costs directly related to distribution activities were allocated to the distribution division.

However, as described in Appendix "A" of Exhibit 4, Tab 2, Schedule 4, there were common services shared between the two divisions. One of those common services was related to the sharing of General Management costs. Prior to the sale of GLP Distribution Inc., GLPT and Ontario's rate-payers had received the benefit of the shared management team, including the company's General Manager, Director of Administration, Director of Regulatory and Legal, and Administrative Assistant. The increase in total costs related to the management team which now dedicates 100% of their time to GLPT instead of 50% is $409,990 as reflected in Exh.4/Tab 2/Sch. 2 p. 51.

(v) GLPT's corporate parent's decision to sell its distribution assets to Great Lakes Power Distribution Inc. (GLPDI) did not create upward pressure on total compensation or staffing levels at the time of the asset sale. No new positions were created when GLPL's distribution assets were sold to GLPDI. At the time of the sale of the distribution assets to GLPDI, GLPDI and GLPT continued to share the costs of the General Management team.

With the exception of the change in the sharing of the General Management team arising from the sale of GLPDI, any incremental positions filled in GLPT for 2009 or 2010 are related to natural business growth, as defined in GLPT's response to Board Staff Interrogatory #12(ii). The increase in total compensation related to the shared management team is $409,990, as reflected in Exh.4/Tab2/Sch.2 at p. 51.

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?

Responses:

(i) GLPT has four employees that are eligible to retire by December 31, 2010.

(ii) GLPT is able to identify employees' eligibility for retirement, but cannot predict precisely when any given employee will retire. GLPT has considered the effect of retirements of certain skilled professionals and tradespersons on costs in light of possible scarcity of these same professionals and tradespersons in the market place and continues to consider this on an ongoing basis.

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.

Responses:

(i) Please see the tables below.

Union Employees	**2006**	**2007**	**2008**	**Bridge Year 2009**	**Test Year 2010**
Base Wages	$688.8	$625.6	$702.9	$1,327.1	$1,960.1
Overtime	$275.7	$150.6	$202.7	$181.8	$315.8
Benefits	$292.5	$307.8	$340.4	$752.1	$778.4
Annual Hours	2,080	2,080	2,080	2,080	2,080
Number of FTE's	13.0	11.1	11.9	20.8	28.9
Total Hours	27,040	23,026	24,669	43,243	60,091
Labour Rate (Hourly)	$46.49	$47.08	$50.51	$52.29	$50.83

Non-Union Employees	2006	2007	2008	Bridge Year 2009	Test Year 2010
Base Wages	$848.2	$773.3	$877.0	$1,392.7	$2,080.1
Overtime	$0.0	$0.0	$0.0	$0.0	$0.0
Benefits	$259.6	$262.9	$287.1	$450.7	$691.2
Incentive Pay	$174.0	$98.7	$100.7	$178.1	$260.4
Annual Hours	1,975	1,975	1,975	1,975	1,975
Number of FTE's	14	12	13	19	26
Total Hours	26,663	24,350	26,268	37,723	51,014
Labour Rate (Hourly)	$48.08	$46.61	$48.15	$53.59	$59.43

(ii) For a complete description of payroll cost increases, please see GLPT's response to Board Staff Interrogatory #21.

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?

Responses:

(i) GLPT responds as follows:

(a) GLPT did not incur additional work as a result of the sale of the distribution business. The increase in FTE's arose because of natural business growth. This FTE change would have arisen notwithstanding the sale of the distribution business.

(b) Prior to the sale of distribution, GLPT and distribution had separate working groups in a number of areas. To the extent working groups existed prior to the sale, the sale had a neutral impact on productivity for these groups.

For shared positions such as the General Manager, Director of Administration, and Director of Legal and Regulatory, there has been increased productivity relating to GLPT specific duties as they no longer share their focus with distribution related functions. For other working groups that had shared transmission and distribution functions, there has been increased productivity. As an example, accounting personnel has been reduced by 50% without a proportionate decrease in workload.

(c) Based on the reference and preamble provided, GLPT is unable to determine the context of the question.

(d) GLPT can trace the increase in staff to specific job functions and work programs. See response to Board Staff Interrogatory 12 (vii).

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?

Responses:

(i) In this case, where a single variable is being used to predict another (i.e. cost predicted by km of line), the r-squared values provide an indication of the predictive value of that one variable. An r-squared value of .708 suggests that 71% of the variability in the costs can be explained by the asset value. It indicates a reasonably high correlation, particularly near the midpoint of the range of asset values in the comparison panel.

The question to be addressed isn't simply "is the specific value of .708 indicative of a robust normalizing factor", but rather "what is the best normalizing factor available in this situation?" Given that the r-squared value for assets is clearly far higher than that of other potential normalizing factors (Km of line or Customers), it is clearly a better normalizing factor for use in analyzing transmission costs.

(ii) The FQC study does not address the effect of locational normalizing effects of labour costs. No adjustments were made for localized wage rates or other factors. The comparisons were made based simply on cost outcomes, without adjustments.

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.

Responses:

(i) Please see the following table:

Regulatory Cost Category	USoA Account	USoA Account Balance	Ongoing or One-time Cost?	Last Rebasing Year	Last Year of Actuals	Bridge Year	% Change in bridge year vs. last year of actuals	Test Year Forecast	% Change in Test Year vs. Bridge Year
1. OEB Annual Assessment	5655	$157,000	Ongoing	$96,120	$101,152	$111,295	10.0%	$105,000	-5.7%
2. OEB Hearing Assessments (applicant initiated)	5655	$157,000	Ongoing	$0	$307	$0	-100.0%	$0	n/a
3. OEB Section 30 Costs (OEB initiated)	5655	$157,000	Ongoing	$0	$136	$0	-100.0%	$0	n/a
4. Expert Witness cost for regulatory matters	5630	$1,062,115	Ongoing	$0	$0	$0	n/a	$25,250	n/a
5. Legal costs for regulatory matters	5630	$1,062,115	Ongoing	$60,420	$126,867	$373,321	194.3%	$345,000	-7.6%
6. Consultant costs for regulatory matters	5630	$1,062,115	Ongoing	$40,280	$9,345	$73,089	682.1%	$65,250	-10.7%
7. Operating expenses associated with staff resources allocated to regulatory matters ***	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
8. Operating expenses associated with other resources allocated to regulatory mattters ***	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
9. Other regulatory agency fees or assessments - **Canadian Electricity Association**	5655	$157,000	Ongoing	$52,000	$51,996	$52,000	0.0%	$52,000	0.0%
10. Any other costs for regulatory matters	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
11. Intervenor Costs	5630	$1,062,115	Ongoing	$0	$0	$0	n/a	$60,000	n/a

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.

Responses:

(i) GLPT did not participate in the survey.

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.

Responses:

(i) GLPT engaged FQC to complete a study of GLPT's OM&A in comparison to a peer group. While this analysis does not specifically address performance measures it does provide cost reasonability conclusions that indicate GLPT's costs generally fall below average on a cost per asset basis. See response to Board Staff Interrogatory 5 (ii).

(ii) Please refer to GLPT's response to Board Staff Interrogatory 20 (i).

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*

Responses:

(i) GLPT has not participated in the CEA's survey. GLPT does track performance through the CDPPS. GLPT also provides unsupplied energy information to the IESO monthly to track performance.

Shared Services

I**nterrogatory 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?

Responses:

(i) OSCC provided dispatch and scheduling services for the generation division. This included water management, outage management for generating facilities, verification of dispatch instructions, execution of dispatch instructions, and work protection (outage management and facility isolation). In addition, OSCC's outage management group would have participated in regular interactions with Brookfield's energy marketing affiliate and generation water managers to coordinate daily dispatches. OSCC was also responsible for emergency response from a generation perspective. This included dam safety, public safety and worker safety.

(ii) The generation division has implemented a stand alone system control centre.

Interrogatory 35 - Office Complex Use and Cost Allocation

Reference:

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

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

Preamble:

(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.

Questions/Requests:

(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).

Responses:

(i) Approximately 46% of the facility located at 2 Sackville Road is allocated to Algoma Power Inc. and the remaining 54% is allocated to GLPT. GLPT does not have access to the current number of Algoma Power Inc. staff. However, at the time of the sale of the distribution business to Algoma, there were approximately 53 distribution employees at the facility.

At the time of filing this interrogatory, GLPT has 47 employees occupying the GLPT portion of the 2 Sackville Road facility.

(ii) A copy of the building appraisal is provided in Appendix 35(ii) of Exhibit 10, Tab 1, Schedule 2.

Interrogatory 36 – Cost Sharing with Affiliates

Reference:

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

Preamble:

(1) In Reference 36.(1) GLPT 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."

Question:

(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.

Responses:

(i) The Navigant Report was originally developed to review and report on the accuracy of GLPL's cost allocation and transfer pricing between its transmission and generation businesses, in the context of the arrangements in place between 2005 and 2009. The report is irrelevant to GLPT as a stand-alone transmission business separate from any cost sharing or allocation with generation.

Interrogatory 37 - Allocation of Costs - Chief Operating Officer

References:

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

Preamble:

(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

Responses:

(i) As described in Exhibit 4, Tab 2, Schedule 2 on pages 25 through 30, GLPT is experiencing an increase in this account related to staffing an appropriate management team to address the obligations of the transmission business under its transmission licence. This included hiring a Director of Administration in 2008, a Director of Legal and Regulatory in 2009, and a Vice President of Project Development in 2010. The duties of these employees are described in detail at Exhibit 4, Tab 2, Schedule 1, pages 26 and 27. The incremental costs experienced in this account are offset by decreases in other accounts. For example, see Cost Driver #3 in *Table 4-2-2 A* and Cost Driver #1 in *Table 4-2-2 L*, which reflect decreases in consulting costs as a direct result of hiring a Director of Legal and Regulatory.

Another factor is related to the allocation of the management team's costs. The allocation used prior to GLPT becoming a stand-alone entity resulted in a portion of the costs being allocated outside of GLPT. However, GLPT

now receives the full benefit of the management team related to the transmission business.

(ii) The COO reviews the functions completed on an annual basis and allocates time to GLPT based this review. Timesheets are not kept for executives for the purpose of allocating costs. The activities of the COO related to GLPT are described in detail at Exhibit 4, Tab 2, Schedule 2, pages 27 and 28.

(iii) The COO continues to spend 50% of their time on GLPT related activities. The activities are described in detail at Exhibit 4, Tab 2, Schedule 2, pages 27 and 28.

The sale of the Distribution business did not change the level of responsibility of the COO, as the Distribution business is irrelevant to the COO's responsibilities related to GLPT. There was no increase in the allocation to transmission because of the sale of distribution.

(iv) GLPT had not anticipated a true-up of CCA costs from its parent company.

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.

Responses:

(i) A copy of the licence agreement between GLPT and GLPL for the SCADA system is provided in Appendix 38(i) of Exhibit 10, tab 1, Schedule 2.

(ii) GLPT's generation affiliate will not be using the SCADA system during the course of the agreement. OSCC is offering 24 hr "contact service" to Algoma Power Inc. in the short term to allow Algoma to transition away from services previously provided by OSCC to GLPL's Distribution division. This "contact service" involves GLPT's OSCC providing after-hour customer service, emergency contact service and services for the dispatch of Algoma Power Inc.'s line crews for distribution power outages. Currently, Algoma Power Inc. is allocated 5% of the OSCC costs with no formal agreement in place. The 5% allocation is the percentage that was historically allocated to distribution out of the total cost allocated to "transmission and distribution." GLPT has incorporated the recovery of 5% of the OSCC costs into the 2010 test year budget.

(iii) In the 2010 test year budget, GLPT has included $49,400 for the expected maintenance costs of the SCADA assets. This is the net amount after the 5% billing to Algoma Power Inc.

The annualized amount for maintenance of the SCADA assets in 2009 is approximately $42,800 (or $21,400 for the six month period in 2009). This is the net amount after the 5% billing to Algoma Power Inc.

These figures include only costs related to the maintenance of the SCADA equipment, and do not include lease costs.

(iv) GLPT believes the SCADA system will meet the operational needs of GLPT over the entire life of the agreement because GLPT continues to have access to software support and spare parts. The SCADA leasing arrangement provides cost certainty for the capital cost of the SCADA system for the life of the agreement (50% of the depreciation). GLPT controls all future investments in the SCADA system.

(v) The depreciation cost relating to the existing SCADA equipment will not change if a new SCADA asset is purchased during the term of the lease. The existing SCADA lease does not contain any clause that will increase or decrease the depreciation charge in the event a new SCADA system is purchased. In the event a new SCADA system is purchased, it would be purchased by GLPT and the new SCADA asset would be treated as a GLPT asset. In that event, the depreciation related to the new SCADA system will be claimed directly by GLPT, and will not flow through a licensing agreement.

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.

Responses:

(i) The costs identified under the corporate cost allocation were not budgeted for in GLPL's last application (EB-2005-0241) due to different corporate cost allocation methodologies in place at the time. GLPT was not the applicant in EB-2005-0241. In simple terms, it was a corporate oversight to not allocate these costs to GLPL and, as a result, a provision to recover costs associated with the corporate services provided by the parent company was not included. Previously, GLPL looked to the parent to provide full services with respect to finance, treasury, tax, and financial statement preparation. The establishment of GLPT's executive team has reduced its reliance on the parent company's resources and, as such, the level of service contemplated in 2010 is lower. In particular, the establishment of the GLPT executive team has reduced, but not eliminated, the parent company's involvement in finance, financial statement preparation, treasury, and taxation.

(ii) Please see GLPT's response to Board Staff Interrogatory 10 (i,) (ii) and (iii).

(iii) The core business functions that the stand-alone executive team performs are described at Exh.4/Tab 2/Sch.1 pp. 25-27.

(iv) The net incremental cost of GLPT's executive management team can be found at Exh. 4/Tab 2/Sch. 2, Table 4-2-2-I. Please see GLPT's response to Board Staff Interrogatory 39(i) for an explanation of the reduction of services required from the parent.

As noted in GLPT's response to Board Staff Interrogatory 39(i), GLPT's reliance on parent company involvement has decreased since the introduction of the stand-alone executive team. While GLPT has not historically recovered costs associated with corporate support (due to oversight), corporate support has diminished between 2008 and 2010, and GLPT has received the benefit of these services without passing on any of the cost to Ontario ratepayers.

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).

Responses:

(i) Confirmed.

(ii) Confirmed. Brookfield Infrastructure Holdings (Canada) Inc. is the parent of Great Lakes Power Transmission Inc. and it holds 99.99% of the LP Units of Great Lakes Power Transmission LP.

(iii) Confirmed. Brookfield Renewable Power Inc. (BRPI) holds a 50.01% interest on a fully exchanged basis in Brookfield Renewable Power Fund, which indirectly owns GLPL. GLPL owns generation assets in Ontario.

BRPI's 50.01% interest is held partly through its wholly-owned subsidiary Highvale and partly held directly by BRPI. The number of units in the Fund held by BRPI represents 48.06% plus BRPI holds shares in Great Lakes Power Holding Corporation, which shares are exchangeable into units of the Fund, bringing BRPI's interest up to 50.01% on a fully exchanged basis.

(iv) Although corporately affiliated, from an operational perspective GLPL and GLPT are not affiliated. GLPL and GLPT have entered into service level agreements for the following shared services and assets: Office Complex; Fibre Optic Assets and Network; SCADA Assets as described in GLPT's response to Board Staff IR Response 38(i); and, Radio Systems Assets, all of which are described in Exhibit 4, Tab 2, Schedule 4.

(v) Please see the requested document in Appendix 40(v) of Exhibit 10, Tab 1, Schedule 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?

Responses:

(i) Please see response to Board Staff Interrogatory 38(ii).

OSCC Costs	2006	2007	2008	2009	2010
Costs borne by Transmission	1,116,608	1,201,207	1,112,819	937,750	1,306,387
Costs borne by Distribution	58,769	63,221	58,011	49,215	68,787
	1,175,377	**1,264,428**	**1,170,830**	**986,965**	**1,375,174**

(ii) Please see response to Board Staff Interrogatory 38(ii). GLPT is the only operator of the OSCC.

(iii) Please see response to Board Staff Interrogatory 38(ii).

The total incremental costs of making the OSCC stand-alone are described at Exhibit 4, Tab 2, Schedule 2, page 7 under the heading of "Cost Driver #2 - Transition to Stand-Alone," and page 9 under the heading "Cost Driver #4 – Licensing Fees" The total incremental cost is approximately $925,000 between 2008 and 2010. Of this cost, approximately $30,000 (NERC training) would have been incremental regardless of whether or not the transition occurred. Therefore, the

incremental costs of GLPT making the OSCC stand-alone is approximately $895,000. See also Preamble (2), which refers to the increase in office space allocation for OSCC.

(iv) GLPT considered alternatives, including using a third party provider and retaining the SCADA system. GLPT decided to retain the SCADA system. As described in Exhibit 1, Tab 2, Schedule 1 at p. 7, GLPT's transmission system is a fundamental part of the bulk power system and the IESO-controlled grid. As a result, GLPT has obligations to the IESO and in respect of NERC requirements. Having control over its system operations enables GLPT to directly ensure its ongoing compliance with the terms and conditions of its Operating Agreement with the IESO, its Connection Facilities Agreement with HONI, its NERC requirements, its transmission licence and good utility practice. With respect to each of these, GLPT has important obligations and operational responsibilities that can only be fulfilled through the operation of the OSCC by GLPT. Moreover, some of the more significant industrial loads in Ontario are connected to GLPT's system, as well as significant existing and expected generation.

GLPT believes that having control over its OSCC enables GLPT to be fully diligent in managing and controlling its assets. Therefore, for the benefit of its directly connected customers, and for the benefit of the reliability of the Ontario transmission grid, GLPT made a decision to maintain the OSCC on a stand-alone basis. In GLPT's opinion, to do otherwise would not provide the utility with the level of due diligence necessary to support an operation of this type and magnitude. GLPT is concerned that, if it relied upon a third party service provider, it would not be in operational control and would therefore not be able to fully manage its exposure to liability that could arise.

Given GLPT's decision to maintain a stand-alone OSCC, GLPT entered into a lease agreement with GLPL as the lease arrangement provided an economical option. Under this arrangement, GLPT only contributes 50% of the depreciation cost, and does not provide any return on investment to GLPL for owning the assets. This results in an annual benefit of $294,000 that is passed on to rate-payers in Ontario, plus the avoided cost of capital associated with the assets. This arrangement was entered into to help mitigate the impact on ratepayers.

At the time, when GLPL was owner and operator of the transmission system and also owner and operator of generation, the flow of confidential information relating to the operation of the transmission system to the generation business was the subject of a Code of Conduct for GLPL's employees and various special requirements in GLPL's transmission licence governing the flow of confidential information between transmission and generation in respect of the OSCC operators in

particular. At the time those provisions were in force, GLPL carried on the business of transmission and generation as divisions and not through affiliates, as such the ARC did not apply. To deal with this aspect the licence conditions mentioned were implemented. This continued during the period where GLPL continued to operate, but not own, the transmission system. For a description of how the generation business formerly relied upon the OSCC, please refer to GLPT's response to Board Staff Interrogatory #34(i).

As part of its decision to operate the OSCC on a stand-alone basis, GLPT considered the operation of the ARC. Upon GLPT becoming both owner and operator of the transmission system the ARC was considered to apply. The OSCC operators possess confidential information, including system planning information relating to outages that affect the dispatch ability of resources and congestion. If those operators also provided the service of dispatching GLPL's generation, then employees possessing confidential information would be shared with an energy service provider by GLPT. This is contrary to Section 2.2.3 of the ARC.

The current arrangement puts in place the regime originally envisioned in Section 71 of the OEB Act and under the ARC.

For GLPT to seek exemptions from the ARC and licence conditions comparable to those previously existing under GLPL's transmission licence, GLPT would have to consider two alternatives. First, having employees in GLPL (a generation-only company) operate the OSCC on a shared basis. Second, having employees in GLPT (a transmission-only company) operate the OSCC on a shared basis. Both alternatives were considered to be unacceptable.

With respect to GLPL operating the OSCC on a shared basis, GLPT did not consider it appropriate for a generation-only company to carry on essential transmission activities and possess confidential information while not being subject to any transmission licence. It was also not appropriate to have two licenced operators of transmission, so that GLPL could operate the OSCC.

With respect to GLPT operating the OSCC on a shared basis, GLPT did not consider it appropriate for a transmission-only company to interact on a daily basis with the water management and marketing affiliates of Brookfield, especially as other generators have and will be connecting to GLPT's transmission system.

As a result, GLPT established an arrangement where it fulfilled its obligations as a transmitter and managed its exposure to operational risk, adhered to the ARC and Section 71 of the OEB Act, and provided a fair

sharing of the costs related to the OSCC between the ratepayer, GLPL and GLPT.

(v) No, see response to (iv) above.

(vi) Algoma Power Inc. is not an affiliate and as a result the ARC does not apply and there is nothing in the *OEB Act* that prevents GLPT from sharing the use of the OSCC with Algoma Power Inc. GLPT continues to share the OSCC with Algoma Power Inc. as described in GLPT's response to Board Staff Interrogatory 38(ii).

(vii) Yes, see response to (iv) above.

(viii) The costs are shared between the rate payer (GLPT) and GLPL on the basis set out in (iv) above.

(ix) See response to (iv) above.

Interrogatory 42 - OSCC Transmission & Distribution Cost Allocation

Reference:

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

Preamble:

(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.

Responses:

(i) Please see response to Board Staff Interrogatory 36(i).

(ii) GLPT responds as follows:

(a) Please see response to Board Staff Interrogatory 36(i).

(b) GLPT has not engaged Navigant to provide an update.

(c) Of the 40% figure allocated to transmission and distribution, 5% (5/100, not 5/40) was allocated to distribution, as demonstrated in the table in GLPT's response to Board Staff interrogatory 41(i). This figure is based on an estimate of the amount of resources utilized by the distribution business compared to the transmission business. See response to Board Staff Interrogatory 38 (iv).

(d) Operating costs shared, and forecasted to be shared with distribution between 2006 and 2010 are outlined in GLPT's response to Board Staff interrogatory 41(i).

(e) There were no severance costs paid to employees as a result of this staff reduction.

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.

Responses:

(i) The requested information is provided in the following tables:

2007		(a)	(b)	(c)	(d)=(a)-(b)+0.5*(b)	(e)	(f)=(d)+.5*(e)	(g)	(h)=(f)/(g)		
($000's)				Fully Depr.				Service		Per 4-2-7 of	
USofA	Description	Opening Balance	Less Fully Depr.	Current Year	Net for Depr.	Additions	Total for Depr.	Life (years)	Depr. Expense	Pre-Filed Evidence	Variance
1705	Land	544.4	-	-	544.4	-	544.4	n/a	-	-	-
1715	Station Equipment	119,985.9	3,504.0	548.0	116,756.0	15,582.7	124,547.3	40	3,113.7	2,966.4	147.3
1720	Towers and Fixtures	23,683.9	-	-	23,683.9	-	23,683.9	40	592.1	592.1	-
1725	Poles and Fixtures	56,618.6	838.9	120.7	55,840.1	2,025.0	56,852.6	40	1,421.3	1,404.2	17.2
1730	Overhead Conductors & Devices	43,810.9	1,339.4	26.9	42,484.9	(580.3)	42,194.7	40	1,054.9	1,060.1	(5.2)
1740	Underground Conductors & Devices	160.4	160.4	160.4	80.2	-	80.2	25	3.2	3.2	-
1745	Road and Trails	497.4	107.1	-	390.2	-	390.2	40	9.8	9.8	-
1908	Buildings and Fixtures	35.7	2.3	-	33.4	-	33.4	25	1.3	1.3	-
1915	Office Furniture & Equipment	-	-	-	-	-	-	10	-	-	-
1920	Computer Equipment - Hardware	19.1	19.1	-	-	-	-	5	-	-	-
1925	Computer Software	28.4	28.4	-	-	5.0	2.5	5	0.5	3.7	(3.2)
1930	Transportation Equipment	-	-	-	-	-	-	5	-	-	-
1940	Tools, Shop and Garage Equipment	-	-	-	-	-	-	10	-	-	-
1955	Communication Equipment	1,420.2	620.2	-	800.0	0.2	800.1	10	80.0	80.0	(0.0)
1960	Miscellaneous Equipment	16.9	-	-	16.9	-	16.9	10	1.7	1.7	-
1990	Other Tangible Property	757.0	757.0	-	-	-	-	40	-	-	-
		-	-	-	-	-	-		-	-	-
	Less: Disallowed 2005 Addition	(1,485.6)	-	-	(1,485.6)	-	(1,485.6)	40	(37.1)	(37.1)	-
	Total Annual Depreciation:	**$246,093.3**	**$7,376.8**	**$855.9**	**$239,144.5**	**$17,032.7**	**$247,660.8**		**$6,241.3**	**$6,085.3**	**$156.1**

2008 ($000's)		(a)	(b)	(c)	(d)=(a)-(b)+0.5*(b)	(e)	(f)=(d)+.5*(e)	(g)	(h)=(f)/(g)		
USofA	Description	Opening Balance	Less Fully Depr.	Fully Depr. Current Year	Net for Depr.	Additions	Total for Depr.	Service Life (years)	Depr. Expense	Per 4-2-7 of Pre-Filed Evidence	Variance
1705	Land	544.4	-	-	544.4	-	544.4	n/a	-	-	-
1715	Station Equipment	135,568.7	3,345.5	-	132,223.2	10,038.2	137,242.2	40	3,431.1	3,387.8	43.2
1720	Towers and Fixtures	23,683.9	-	-	23,683.9	-	23,683.9	40	592.1	592.1	-
1725	Poles and Fixtures	58,643.7	841.9	3.0	57,803.3	717.5	58,162.1	40	1,454.1	1,450.0	4.0
1730	Overhead Conductors & Devices	43,230.6	1,385.5	46.0	41,868.2	-	41,868.2	40	1,046.7	1,046.7	-
1740	Underground Conductors & Devices	160.4	160.4	-	-	-	-	25	-	-	-
1745	Road and Trails	497.4	107.1	-	390.2	24.7	402.6	40	10.1	9.8	0.3
1908	Buildings and Fixtures	35.7	2.3	-	33.4	-	33.4	25	1.3	1.3	-
1915	Office Furniture & Equipment	-	-	-	-	-	-	10	-	-	-
1920	Computer Equipment - Hardware	19.1	19.1	-	-	5.1	2.5	5	0.5	0.1	0.4
1925	Computer Software	33.3	28.4	-	5.0	8.3	9.1	5	1.8	2.0	(0.2)
1930	Transportation Equipment	-	-	-	-	-	-	5	-	-	-
1940	Tools, Shop and Garage Equipment	-	-	-	-	-	-	10	-	-	-
1955	Communication Equipment	1,420.5	1,077.6	457.4	571.6	-	571.6	10	57.2	57.2	-
1960	Miscellaneous Equipment	16.9	-	-	16.9	-	16.9	10	1.7	1.7	-
1990	Other Tangible Property	757.0	757.0	-	-	-	-	40	-	-	-
		-	-	-	-	-	-		-	-	-
	Less: Disallowed 2005 Addition	(1,485.6)	-	-	(1,485.6)	-	(1,485.6)	40	(37.1)	(37.1)	-
	Total Annual Depreciation:	**$263,126.0**	**$7,724.7**	**$506.4**	**$255,654.5**	**$10,793.8**	**$261,051.3**		**$6,559.4**	**$6,511.6**	**$47.7**

2009 ($000's)		(a)	(b)	(c)	(d)=(a)-(b)+0.5*(b)	(e)	(f)=(d)+.5*(e)	(g)	(h)=(f)/(g)		
USofA	Description	Opening Balance	Less Fully Depr.	Fully Depr. Current Year	Net for Depr.	Additions	Total for Depr.	Service Life (years)	Depr. Expense	Per 4-2-7 of Pre-Filed Evidence	Variance
1705	Land	544.4	-	-	544.4	384.6	736.7	n/a	-	-	-
1715	Station Equipment	145,606.8	3,832.7	487.2	142,017.7	5,711.9	144,873.7	40	3,621.8	3,605.4	16.5
1720	Towers and Fixtures	23,683.9	114.0	114.0	23,626.9	-	23,626.9	40	590.7	590.7	-
1725	Poles and Fixtures	59,361.2	873.3	31.5	58,503.6	-	58,503.6	40	1,462.6	1,463.5	(0.9)
1730	Overhead Conductors & Devices	43,230.6	1,460.1	74.6	41,807.8	378.8	41,997.2	40	1,049.9	1,046.9	3.0
1740	Underground Conductors & Devices	160.4	160.4	-	-	-	-	25	-	-	-
1745	Road and Trails	522.0	309.1	202.0	313.9	408.7	518.2	40	13.0	9.6	3.4
1908	Buildings and Fixtures	35.7	2.3	-	33.4	192.9	129.9	25	5.2	2.5	2.7
1915	Office Furniture & Equipment	-	-	-	-	197.7	98.9	10	9.9	9.9	0.0
1920	Computer Equipment - Hardware	24.2	307.3	288.2	(139.0)	1,521.5	621.7	5	124.3	127.4	(3.0)
1925	Computer Software	41.7	28.4	(0.0)	13.3	632.2	329.4	5	65.9	32.2	33.6
1930	Transportation Equipment	-	267.6	267.6	(133.8)	820.2	276.3	5	55.3	59.1	(3.9)
1940	Tools, Shop and Garage Equipment	-	-	-	-	15.0	7.5	10	0.8	0.8	-
1955	Communication Equipment	1,420.5	1,346.4	268.8	208.5	79.8	248.4	10	24.8	24.2	0.7
1960	Miscellaneous Equipment	16.9	-	-	16.9	-	16.9	10	1.7	1.7	-
1990	Other Tangible Property	757.0	757.0	-	-	-	-	40	-	-	-
		-	-	-	-	-	-		-	-	-
	Less: Disallowed 2005 Addition	(1,485.6)	-	-	(1,485.6)	-	(1,485.6)	40	(37.1)	(37.1)	-
	Total Annual Depreciation:	**$273,919.7**	**$9,458.6**	**$1,733.9**	**$265,328.1**	**$10,343.3**	**$270,499.7**		**$6,988.7**	**$6,936.6**	**$52.1**

2010 ($000's)		(a)	(b)	(c)	(d)=(a)-(b)+0.5*(b)	(e)	(f)=(d)+.5*(e)	(g)	(h)=(f)/(g)		
USofA	Description	Opening Balance	Less Fully Depr.	Fully Depr. Current Year	Net for Depr.	Additions	Total for Depr.	Service Life (years)	Depr. Expense	Per 4-2-7 of Pre-Filed Evidence	Variance
1705	Land	929.0	-	-	929.0	-	929.0	n/a	-	-	-
1715	Station Equipment	151,318.7	5,580.5	1,747.8	146,612.1	3,781.3	148,502.7	40	3,712.6	3,766.8	(54.3)
1720	Towers and Fixtures	23,683.9	114.0	-	23,569.9	-	23,569.9	40	589.2	589.2	-
1725	Poles and Fixtures	59,361.2	1,468.0	594.7	58,190.5	46.0	58,213.5	40	1,455.3	1,456.2	(0.9)
1730	Overhead Conductors & Devices	43,609.4	1,999.8	539.7	41,879.4	-	41,879.4	40	1,047.0	1,047.0	-
1740	Underground Conductors & Devices	160.4	160.4	-	-	-	-	25	-	-	-
1745	Road and Trails	930.7	309.1	-	621.6	-	621.6	40	15.5	15.5	-
1908	Buildings and Fixtures	228.6	2.3	-	226.3	541.0	496.8	25	19.9	19.2	0.7
1915	Office Furniture & Equipment	197.7	-	-	197.7	-	197.7	10	19.8	19.8	0.0
1920	Computer Equipment - Hardware	1,545.7	675.4	368.1	1,054.3	248.0	1,178.3	5	235.7	235.7	(0.0)
1925	Computer Software	673.8	28.4	-	645.5	299.6	795.3	5	159.1	159.1	0.0
1930	Transportation Equipment	820.2	338.9	71.3	517.0	130.0	582.0	5	116.4	117.0	(0.6)
1940	Tools, Shop and Garage Equipment	15.0	-	-	15.0	-	15.0	10	1.5	1.5	-
1955	Communication Equipment	1,500.3	1,348.4	2.0	152.9	-	152.9	10	15.3	15.3	-
1960	Miscellaneous Equipment	16.9	-	-	16.9	-	16.9	10	1.7	1.7	-
1990	Other Tangible Property	757.0	757.0	-	-	-	-	40	-	-	-
		-	-	-	-	-	-		-	-	-
	Less: Disallowed 2005 Addition	(1,485.6)	-	-	(1,485.6)	-	(1,485.6)	40	(37.1)	(37.1)	-
	Total Annual Depreciation:	**$284,263.1**	**$12,782.3**	**$3,323.7**	**$273,142.6**	**$5,045.9**	**$275,665.6**		**$7,351.8**	**$7,406.9**	**($55.1)**

There are minor variances between the depreciation expense calculated in the tables provided above and the depreciation expense provided in the pre-filed evidence. This is due to the following:

- GLPT calculates depreciation based on the in-service month of each asset, as opposed to applying the half-year rule;
- GLPT calculates depreciation on an individual item basis instead of on a group basis. By "item", depending on the circumstances, GLPT refers to a single asset or a group of assets associated with a project with the same asset class; and
- As described at Exhibit 2, Tab 1, Schedule 1, page 78, GLPT depreciates some assets in USofA account 1715 at a rate of 6.67% per year (15 year life) instead of 2.50% per year (40 year life). This useful life is applied to substation control equipment, and will create a variance in the calculation for account 1715.

One additional variance that is notable in the 2009 table is the net additions. The figure provided in the table in this response is higher than the net additions shown in Exhibit 2, Tab 2, Schedule 1. This is driven by the assets that GLPT purchased from GLPL Distribution (described at Exhibit 2, Tab 1, Schedule 1, page 49). In preparing *Table 2-2-1 A*, GLPT only included the net book value of the assets, however in order for the depreciation calculation in the tables in this response to calculate appropriately using the Board's methodology, the full gross value was entered as an asset addition. This variance in additions has no impact on rate base, since the incremental amount of additions was a depreciated amount with no net book value. The table below highlights the variance in additions:

($000's)	**USofA Account**	
Total Additions per Ex 2, Tab 2, Sch. 1		**$8,939.7**
Depreciated value of Software Assets purchased	1925	47.7
Depreciated value of Hardware Assets purchased	1920	856.1
Depreciated value of Transportation Assets purchased	1930	475.6
Depreciated value of Other equipment purchased	1940 & 1908	24.1
		$10,343.3

(ii) A variance exists between the depreciation calculated above and that used in the continuity schedules. However, this variance is a result of GLPT completing a more rigorous and detailed depreciation calculation. As described above, GLPT's approach is more rigorous because:

- GLPT calculates depreciation based on the in-service month of each asset, as opposed to applying the half-year rule, and
- GLPT calculates depreciation on an individual item basis instead of on a group basis. By "item" depending on the circumstances, GLPT refers to a single asset or a group of assets associated with a project with the same asset class.

GLPT submits that the depreciation expense as filed is the appropriate depreciation expense that should be included in the continuity schedules, and in revenue requirement.

(iii) GLPT responds as follows:

(a) GLPT has adhered to the guidelines, with one exception. Please refer to Exhibit 2, Tab 1, Schedule 1, page 78 of 81 for a description of this exception.

With that said, GLPT would like to correct an error in its evidence. On line 16 of page 78 of Exhibit 2, Tab 1, Schedule 1, GLPT referred the reader to Exhibit 4, Tab 2, Schedule 7. The reference should be to Exhibit 4, Tab 2, Schedule 6.

(b) Please refer to Exhibit 2, Tab 1, Schedule 1, page 78 of 81 for a description of GLPT's exception. GLPT's substation control equipment has always been depreciated at a higher rate than typical station equipment as it is expected to have a shorter life. The 15 year life is more reflective of the actual useful life of the equipment.

(c) As stated at Exhibit 4, Tab 2, Schedule 6, the rates utilized by GLPT are the same as those approved in EB-2005-0241.

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.

Responses:

(i) For the years 2005 through 2008, the column headings and formulas are as follows:

(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f)	(g)	(h) = (a) + (d) + (e)	(i) = (d) + (e) - (f) + (g)	(j) = (h) + (i)
Opening Gross Assets	**Opening Accumulated Depreciation**	**Opening Net Fixed Assets**	**Add: Additions**	**Less: Disposals**	**Accumulated Disposal Adjustment**	**Depreciation**	**Closing Gross Assets**	**Closing Accumulated Depreciation**	**Closing Net Fixed Assets**

For the years 2009 and 2010, the Accumulated Disposal Adjustment column is not required (no disposals), and therefore the column headings and formulas are as follows:

(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f)	(g) = (a) + (d) + (e)	(h) = (d) + (e) + (f)	(i) = (g) + (h)
Opening Gross Assets	**Opening Accumulated Depreciation**	**Opening Net Fixed Assets**	**Add: Forecast Additions**	**Less: Forecast Disposals**	**Forecast Depreciation**	**Forecast Closing Gross Assets**	**Forecast Closing Accumulated Depreciation**	**Forecast Closing Net Fixed Assets**

As described in GLPT's response to Board staff Interrogatory 43, GLPT depreciates all assets on an item-by-item basis using the in-service month for the start date of depreciation. By "item", depending on the circumstances, GLPT refers to a single asset or a group of assets associated with a project with the same asset class. GLPT will apply the depreciation rate to the gross value of the asset, and pro-rate the depreciation for the number of months the asset is depreciated in the period (all are depreciated for 12 months per year with the exception of additions or disposals in a given year). For forecasted additions in 2010, GLPT has essentially used the half-year rule by assuming that all capital additions will be depreciated for six months of the year.

(ii) Please see continuity tables in Appendix 44(ii) of Exhibit 10, Tab 1, Schedule 2.

GLPT would like to explain a variance that appears in the 2006 Continuity Schedule. The schedule indicates that the total 2006 additions would be split between CCA classes 47 and 8, with the totals being $39,756,022 and $11,361 respectively. However, one will note that the CCA calculation provided at Exhibit 4, Tab 3, Schedule 6 shows UCC additions as $39,664,336 and $103,047 respectively. This is a result of GLPT maintaining a further subaccount of USofA account 1715. Within this account, GLPT records all substation control equipment, and as described at page 78 of Exhibit 2, Tab 1, Schedule 1, depreciates this equipment at a higher rate. In addition to this, GLPT records these amounts in CCA class 8 as opposed to CCA class 47 where all other balances in account 1715 are recorded. In 2006, GLPT recorded net additions to this sub-account in account 1715, and as a result the continuity schedule indicates that the addition would have been to CCA class 47, when in fact the addition was to CCA class 8.

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.

Response:

(i) See response to Board Staff Interrogatory #47(ii).

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.

Response:

(i) See response to Board Staff Interrogatory #47(ii).

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.

Questions/Requests:

(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?

Responses:

(i) The measures announced by the Canadian Federal Government in its Tax Fairness Plan on October 31, 2006 (the specified investment flow-through entity rules, or "SIFT Rules") were specifically intended to target Canadian flow-through entities whose equity and/or debt are publicly traded. With certain exceptions, this generally includes most income trusts (i.e., publicly traded trust units) and Canadian partnerships whose partnership units are publicly traded.

Management continued with its strategy to implement a partnership structure after announcement of the SIFT Rules because neither the legislated intent of those rules nor their enacted application apply to partnerships held by taxable Canadian corporations. In no way do the SIFT Rules question either the legitimacy of the use of partnerships in general or the specific form adopted by GLPT.

Unless otherwise specifically excluded from the SIFT Rules, partnerships are subject to the rules if all three criteria outlined in the definition of "SIFT partnership" in subsection 197(1) of the Income Tax Act (Canada) ("ITA") are met:

Criteria	GLPT
1. The partnership is a Canadian Partnership	Yes
2. Investments in the partnership are listed on a stock exchange or other public market	No
3. The partnership holds one or more non-portfolio properties	Yes

GLPT does not meet all three criteria because it has no securities that are publicly traded. As such, it is not subject to the SIFT Rules. For greater certainty, the ITA specifically excludes from SIFT taxation of an entity for which none of the equity is neither:

a) listed or traded on a stock exchange or other public market; nor

b) held by any person or partnership other than a taxable Canadian corporation.[3]

GLPT meets both of these criteria since the partnership's two partners are each taxable Canadian corporations.

The fact that GLPT is not a "SIFT partnership" is consistent with the legislative intent of the SIFT Rules. The offending structures, as outlined by Minister Flaherty, are typically flow-through structures whose income is not included in the taxable income of a taxable Canadian corporation before being distributed to the ultimate investors. In the case of GLPT, all of its income is included in the taxable income of its corporate partners. The partners of GLPT incur a tax liability because of the income from GLPT.

(ii) It was management's intent to establish Brookfield Infrastructure Holdings (Canada) Inc. ("BIH") as a taxable Canadian holding company for the purpose of holding the Canadian investments, which were GLPT and a minority interest in Island Timberlands LP. Since the Island Timberlands' business already carried on business as a partnership, it made sense that GLPT also be held in partnership form. That way BIH could remain a pure holding company that received allocations of income from each of its two lines of business.

Unlike in many other countries, corporations in a related group cannot file a single, consolidated corporate tax return in Canada. As such, holding

[3] Per the interaction of the definitions of "SIFT partnership" at ITA 197(1) and "excluded subsidiary entity" at ITA 122.1(1).

each business in a partnership simplifies corporate tax return filing requirements (i.e., one corporate tax return rather than several). Moreover, there may be circumstances where one corporation in a related group may pay tax in the same year that another company in the group incurs losses. Holding both businesses in partnership form under the same corporation facilitates the offset of losses of one business against the income of another in the same taxation year.

The result is no different than had BIH held its share of the business assets of GLPT and Island Timberlands directly as separate divisions in the same corporation. This represents a tax-efficient arrangement of a related group's affairs and in no way contravenes Canadian tax policy in respect of tax loss sharing among related parties. This approach was accepted by the Board in EB-2007-0744 in which the Board calculated the test year tax provision without regard for tax losses that arose due to losses in GLPL's non-distribution businesses. At the time, GLPL operated both regulated and non-regulated divisions.

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 distributors 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?

Responses:

(i) Due to the unique nature of partnership law, it is justifiable to include those costs, such as income taxes, that are reasonably expected to be incurred by the partners of GLPT LP due directly to the operations of the regulated entity.

Under common law, a partnership does not constitute a distinct legal person. This distinguishes it from the legal character of an individual or a corporation and is the reason why partners of a partnership—not the partnership itself—are subject to income taxes on the earnings of the partnership. The Canadian courts have found that in strict legal theory it is the partners who are the relevant parties in contracts entered into by a partnership. In effect, the partners are the partnership and it is their costs which are relevant. Consequently, it would be improper to consider the costs of the partnership without also considering how the partners are affected by partnership activities.

(ii) We submit that the following evidence be considered in approving the recovery of costs that will not be incurred directly by the regulated entity:

1. Under common law, a partnership does not constitute a distinct legal person. As such, it is inappropriate to arbitrarily delineate costs related to the regulated business by whether the partnership or the partners incur that cost.

2. It is because of the partnership's lack of a separate legal personality that Canadian tax law taxes partnership income in the hands of the partners. The annual allocation of partnership income to the partners is automatic and independent of whether any distributions of capital are made.

Since GLPT's limited partner, Brookfield Infrastructure Holdings (Canada) Inc. ("BIH") earns income from both regulated (transmission) and unregulated (timber) businesses, the standalone principle should be invoked such that only BIH's income earned from the regulated transmission business is taken into consideration when determining relevant income tax costs in respect of the transmission business. GLPT's general partner Great Lakes Power Transmission Inc. would be taxed only on the regulated transmission income.

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?

Responses:

(i) Please see GLPT's responses to Board Staff Interrogatories 48(i) and (ii).

(ii) Both partners of GLPT are taxable Canadian corporations and as such incur tax liabilities arising from the operation of GLPT as a regulated transmitter. All distributions paid by BIH are paid after tax.

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 incomet ax 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.

Responses:

(i) It is GLPT's understanding that there is no other regulated utility in Ontario that is a limited partnership. As such, the Board has not yet dealt with the calculation of a tax allowance for a regulated limited partnership. However, as noted in response to Board Staff IR 47(ii), the Board has established a tax allowance in an analogous circumstance of business divisions, which are in themselves not taxable entities.

With respect to the AEUB decision cited in the preamble to this question, GLPT notes that the AEUB did calculate a tax allowance for the limited partners based on the tax status of the partners. As such, it is not an exception to provide a tax allowance in this regard.

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.

Responses:

(i) To clarify certain assumptions made in the preamble to Interrogatory 51 and as explained in the response to Interrogatory 47(i), GLPT LP does not meet the criteria to be considered a specified investment flow-through entity ("SIFT"). Nor is it an income trust. So rather than being unaffected by the SIFT tax due to any capital-intensive activities, GLPT LP is simply not subject to the SIFT tax at all.

Further, partnerships differ from income trusts in several respects. Trusts are distinct legal entities and are taxed at the top personal marginal tax rates. While partnership income is determined for tax purposes as though

it was earned by a person, this is simply to determine the income to be allocated to each partner for the year.

A trust has the ability to decide whether its income will be taxed in the trust or distributed to its beneficiaries to be taxed in their hands. Conversely, the allocation of income to a partnership's partners is not elective. A partnership's entire income for the year will be taxed in the hands of the partners regardless of whether any actual cash distributions are made. That is, the taxation of partnership income is completely independent of the partnership's cash distribution policies.

(ii) Please refer to the response to Interrogatory 51(i), above, for an explanation as to why an income versus capital split is not relevant to a business carrying on as a partnership.

(iii) As explained in the response to Interrogatory 51(i), the partners of GLPT LP include in their annual taxable income all taxable income earned by GLPT LP in the year. Any distributions of cash by GLPT LP to the partners should have no impact on the taxability of the partnership income in the hands of the partners.

Whether there is a distribution of cash or not is irrelevant because the partners are taxed on the income earned. As such, the partners of GLPT will incur a tax liability.

Interrogatory 52 - Corporate Organization Structure

Reference:

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

52.(2) Exh. 1/Tab 3/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."

Question/Request:

(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.

Response:

(i) Brookfield Infrastructure Partners LP ("BIP") is a partnership, formed on May 27, 2007. Please refer to the response to Interrogatory 51(i) for an explanation as to why a split between income and returns of capital is not relevant to a partnership. The following extract from BIP's public declarations reiterates these facts:

> "Distributions received by Brookfield Infrastructure Partners' unitholders are not directly taxable in and of themselves. Distributions received reduce the tax cost of Brookfield Infrastructure Partners units. The distributions Brookfield Infrastructure Partners pays do not have a particular character or composition. Brookfield Infrastructure Partners does not pay returns of capital like a corporation or trust may."[4]

[4] From http://www.brookfieldinfrastructure.com/ir_tax.html

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.

Response:

(i) Confirmed.

Interrogatory 54 - Tax Evidence Provided in the Application

Question/Request:

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

Response:

(i) The requested documents are provided in Appendix 54(i) of Exhibit 10, Tab 1, Schedule 2.

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?

Responses:

(i) GLPT responds as follows:

(a) Please see Appendix 55(i)(a) of Exhibit 10, Tab 1, Schedule 2 for the following requested documents. Please note that GLPT has filed these documents through a request made in accordance with the Board's Practice Direction on Confidential Filings.

- 2006, 2007 and 2008 GLPL federal tax returns
- 2006, 2007 and 2008 GLPL Ontario tax returns
- 2007 and 2008 GLPL federal notices of assessment

GLPT is seeking copies of GLPL's Ontario notices of assessment for 2006, 2007 or 2008, as well as GLPL's 2006 federal notice of assessment from its parent.

(b) GLPL is a corporation subject to Canadian Federal Income Tax and Ontario Income Tax throughout the 2006-2008 period. GLPL did

not pay income tax in these years due to overall taxable income of GLPL which includes both regulated and non-regulated income. To the extent GLPL had taxable income they would have been subject to Canadian Federal Income Tax and Ontario Income Tax. Notwithstanding the foregoing, GLPL had a tax burden as a result of the regulated transmission business. This burden was offset by losses or deductions arising in the unregulated business of GLPL.

(c) As GLPTLP is a partnership comprised of only two partners, GLPTLP is not required to file any of the requested documents. The requested documents must only be filed in respect of partnerships comprised of 5 or more partners. As such, none of the requested documents are available.

(d) Please see Appendix 55(d) of Exhibit 10, Tab 1, Schedule 2 for the following requested documents. Please note that GLPT has filed these documents through a request made in accordance with the Board's Practice Direction on Confidential Filings.

- 2007 and 2008 GLPT Inc. federal tax returns
- 2007 and 2008 GLPT Inc. Ontario tax returns
- 2007 and 2008 BIH (Canada) Inc. federal tax returns
- 2007 and 2008 BIH (Canada) Inc. Ontario tax returns
- 2007 BIH (Canada) Inc. federal notice of assessment
- 2007 BIH (Canada) Inc. Ontario notice of assessment

As 2007 was the first taxation year for both GLPT Inc. and BIH (Canada) Inc., none of the requested documents for 2006 are provided. Federal and Ontario notices of assessment for GLPT Inc. for 2007 and 2008 have not yet been received by GLPT Inc. and are therefore not available. Federal and Ontario notices of assessment for BIH (Canada) Inc. for 2008 have not yet been received by BIH (Canada) Inc. and are therefore not available.

(e) As noted in (d), above, 2007 was the first taxation year for GLPT Inc. No income or capital taxes were paid for the 2007 taxation year. For the 2008 taxation year, federal income taxes of $51, provincial income taxes of $37 and capital taxes of $45 were paid.

(f) As noted in (d), above, 2007 was the first taxation year for BIH (Canada) Inc. No income taxes were paid for the 2007 and 2008 taxation years. However, BIH had a tax burden as a result of the regulated transmission business.

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.

Responses:

(i) The capital expenditures shown in Reference 56.(1) for 2009 include a capital addition to USofA account 1705 – Land, which is a non-depreciable account. Therefore, this amount has not been included in the Capital Cost Allowance schedule in Reference 56.(2). The table below reconciles the variance.

($000's)	**2009**
Net Additions per 2-2-1	$8,939.7
Less: Addition to Account 1705	(384.6)
Net Additions per 4-3-6	**$8,555.1**

(ii) The disposals shown in Reference 56.(1) represent the gross value of the assets disposed. The disposals shown in Reference 56.(2) are disposals from GLPT's UCC pool, and in accordance with applicable tax legislation, are equal to the lower of the original cost of the asset and the net proceeds on disposition of the asset. For 2006, 2007 and 2008, GLPT disposed of assets and recouped costs that were lower than the original cost, and as a result the value shown in the CCA table (Reference 56.(2)) is lower than the value shown in the asset continuity schedule (Reference 56.(1)).

With respect to 2009, GLPT does not reflect any disposals in the asset continuity schedule (Reference 56.(1)), while the CCA table (Reference 56.(2)) shows an asset disposal of $2,100. This asset was disposed of at its net book value of $2,100 and should have been recorded in the asset continuity schedule. However, as a result of an oversight this amount was not incorporated. The net impact of incorporating this amount would be a

reduction to Rate Base of approximately 0.001%, or 1/1000 of one percent. In terms of dollars, this would decrease revenue requirement by less than $1,000. Given the immaterial variance created, and in the interest of cost-benefit, GLPT requests that the Board accept the calculation of rate base and revenue requirement as filed in the pre-filed evidence.

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.

Responses:

(i) The headings should all reference the 2008 tax year instead of the 2009 tax year. The headings are incorrect as a result of an oversight. Please see GLPT's response to part (ii) of this question for the updated table.

(ii) As a result of an oversight in constructing the table, GLPT calculated an incorrect CCA claim for 2008, resulting in impacts to the UCC and CCA calculation for 2009 and 2010. Please see the tables below with the CCA calculations corrected, and the updated figures flowed through 2009 and 2010 appropriately.

2008

		U.C.C. DECEMBER 31, 2007	ADDITIONS 2008	ADJUSTMENTS 2008	DISPOSALS 2008	INTEREST CAPITALIZED 2008	TOTAL 2008 ADDITIONS NET	C.C.A. On Opening	C.C.A. On Additions	TOTAL C.C.A. CLAIMED	U.C.C. DECEMBER 31, 2008
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
CLASS 1	4%	62,067,700	0	0	(6,696)	0	(6,696)	2,482,708	(134)	2,482,574	59,578,430
CLASS 8	20%	157,179	13,412	0	0	0	13,412	31,436	1,341	32,777	137,814
CLASS 10	30%	1,909	0	0	0	0	0	573	0	573	1,336
CLASS 47	8%	78,434,921	11,045,237	0	0	(343,133)	10,702,104	6,274,794	428,084	6,702,878	82,434,147
		140,661,709	**11,058,649**	**0**	**(6,696)**	**(343,133)**	**10,708,821**	**8,789,510**	**429,291**	**9,218,802**	**142,151,728**

2009

		U.C.C. December 31, 2008	ADDITIONS 2009	ADJUSTMENTS 2009	DISPOSALS 2009	INTEREST CAPITALIZED 2009	TOTAL 2009 ADDITIONS NET	C.C.A. On Opening	C.C.A. On Additions	TOTAL C.C.A. CLAIMED	U.C.C. DECEMBER 31, 2009
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
CLASS 1	4%	59,578,430	0	0	0	0	0	2,383,137	0	2,383,137	57,195,293
CLASS 8	20%	137,814	285,045	0	(2,100)	(25,000)	257,945	27,563	25,795	53,357	342,402
CLASS 10	30%	1,336	1,009,977	0	0	0	1,009,977	401	151,497	151,897	859,416
CLASS 47	8%	82,434,147	6,675,672	0	0	(150,000)	6,525,672	6,594,732	261,027	6,855,759	82,104,061
CLASS 50	55%	0	584,441	0	0	0	584,441	0	160,721	160,721	423,720
		142,151,728	**8,555,135**	**0**	**(2,100)**	**(175,000)**	**8,378,035**	**9,005,833**	**599,039**	**9,604,872**	**140,924,891**

2010

		U.C.C. December 31, 2009	ADDITIONS 2010	ADJUSTMENTS 2010	DISPOSALS 2010	INTEREST CAPITALIZED 2010	TOTAL 2010 ADDITIONS NET	C.C.A. On Opening	C.C.A. On Additions	TOTAL C.C.A. CLAIMED	U.C.C. DECEMBER 31, 2010
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
CLASS 1	4%	57,195,293	0	0	0	0	0	2,287,812	0	2,287,812	54,907,481
CLASS 8	20%	342,402	0	0	0	0	0	68,480	0	68,480	273,922
CLASS 10	30%	859,416	378,000	0	0	0	378,000	257,825	56,700	314,525	922,891
CLASS 47	8%	82,104,061	4,368,288	0	0	(413,400)	3,954,888	6,568,325	158,196	6,726,520	79,332,428
CLASS 50	55%	423,720	299,587	0	0	0	299,587	233,046	82,386	315,432	407,874
		140,924,891	**5,045,875**	**0**	**0**	**(413,400)**	**4,632,475**	**9,415,488**	**297,282**	**9,712,770**	**135,844,597**

As a result of this variance, the CCA claimed in 2010 in the pre-filed evidence is too high by approximately $13,000. This is because GLPT deducted a smaller amount in 2008, leaving a larger portion of UCC to deduct in the 2010 year in the pre-filed evidence.

GLPT has provided the table below which estimates the net impact of this adjustment on revenue requirement:

2010 CCA Claimed in Ex4/Tab3/Sch6	$9,725,820
2010 CCA per updated Schedule	$9,712,770
Decrease in CCA, per update	**$13,051**
Combined Provincial/Federal Income Tax Rate	31%
Net Increase in Income Tax Recovery Required	$4,046
Grossed up Increase Required (Impact on Revenue Requirement)	**$5,863**

The net impact on the 2010 Capital Cost Allowance claim is relatively insignificant, and the resulting impact to GLPT's revenue requirement is also relatively insignificant (less than $6,000). Given the immaterial variance created, and in the interest of cost-benefit, GLPT requests that the Board accept the calculation of income tax recovery and revenue requirement as filed in the pre-filed evidence.

(iii) As described in detail at Exhibit 4, Tab 3, Schedule 2, pages 4 and 5, depreciation taken under the accounting (straight line) methodology and the tax (declining balance) methodology will be the same in the long run, however the year-to-year amounts will vary. The tax method's declining balance approach tends to have faster early-year amortization than the straight line method. For example, most transmission equipment is depreciated at a straight line rate of 2.5% per year, while a declining balance rate of 8% per year is used for calculating CCA. As a result, even though GLPT's UCC balance is approximately $70M lower than the net book value of the assets, the calculations under the two methodologies result in a higher depreciation value for tax purposes as compared to accounting purposes.

(iv) Please see the tables below which tie to the numbers requested above.

CCA - 2005

Class	UCC - End of Previous Year	Additions	Adjustments	Disposals	Capitalized Interest	Net Additions	Rate (%)	CCA Claimed	UCC - End of Current Year
1	50,907.7	88,825.0	0.0	0.0	(2,319.2)	86,505.8	4.00%	3,766.4	133,647.1
8	125.8	0.0	0.0	0.0	0.0	0.0	20.00%	25.2	100.7
10	5.6	0.0	0.0	0.0	0.0	0.0	30.00%	1.7	3.9
12	0.0	0.0	0.0	0.0	0.0	0.0	100.00%	0.0	0.0
Total	51,039.2	88,825.0	0.0	0.0	(2,319.2)	86,505.8		**3,793.3**	133,751.7

CCA - 2006 Class		UCC - End of Previous Year	Additions	Adjustments	Disposals	Capitalized Interest	Net Additions	Rate (%)	CCA Claimed	UCC - End of Current Year
	1	133,647.1	16,992.2	0.0	0.0	(202.1)	16,790.1	4.00%	5,681.7	144,755.5
	8	100.7	0.0	0.0	0.0	0.0	0.0	20.00%	20.1	80.5
	10	3.9	0.0	0.0	0.0	0.0	0.0	30.00%	1.2	2.7
	12	0.0	0.0	0.0	0.0	0.0	0.0	100.00%	0.0	0.0
Total		133,751.7	16,992.2	0.0	0.0	(202.1)	16,790.1		**5,703.0**	144,838.8

(v) Both calculations in the response to (iv) above are based on forward test years with forecasted capital expenditures from the EB-2005-0241 rate application, and will not tie directly to the actual CCA schedules provided in this rate application. In order to assist the Board, GLPT has included an actual CCA schedule for 2005 which ties to the opening balance in EB-2005-0241.

		U.C.C. DECEMBER 31, 2004 (1)	ADDITIONS 2005 (2)	ADJUSTMENTS 2005 (3)	DISPOSALS 2005 (4)	INTEREST CAPITALIZED 2005 (5)	TOTAL 2005 ADDITIONS NET (6)	C.C.A. On Opening (7)	C.C.A. On Additions (8)	TOTAL C.C.A. CLAIMED (9)	U.C.C. DECEMBER 31, 2005
CLASS 1	4%	50,907,710	19,231,190	0	0	0	19,231,190	2,036,308	384,624	2,420,932	67,717,968
CLASS 8	20%	125,847	24,100	0	0	0	24,100	25,169	2,410	27,579	122,368
CLASS 10	30%	5,566	0	0	0	0	0	1,670	0	1,670	3,896
CLASS 47	8%	0	36,808,296	0	0	(2,121,753)	34,686,543	0	1,387,462	1,387,462	33,299,081
		51,039,123	**56,063,586**	**0**	**0**	**(2,121,753)**	**53,941,833**	**2,063,148**	**1,774,496**	**3,837,643**	**101,143,313**

The Board will note that the additions demonstrated in the table above are equal to the additions found in the asset continuity schedule found at Exhibit 2, Tab 2, Schedule 1. In addition, the "U.C.C. at December 31, 2005" in the table above ties into the "U.C.C. at December 31, 2005" found in *Table 4-3-6 A – CCA – 2006.*

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.

Responses:

(i) The Pro-forma Statement of Income included in Exh.1/Tab3/Sch.2 p.p. 6 is prepared at a partnership level and reflects Canadian GAAP accounting. The below table reconciles the net income per the Pro-forma Statement of Income and the deemed return on equity.

The reconciliation contains the following adjustments:

Tax – The Pro-forma Statement of Income was prepared at a partnership level and excludes both income and Ontario capital tax. As such, income and capital taxes increase the net income per the Pro-forma Statement of Income as compared to the Deemed Equity.

Corporate Expense – The Pro-forma Statement of Income includes a deduction for donations in the amount of $60,000. Donations are considered a corporate expense and therefore not included in the OM&A costs for regulatory recovery. As such, corporate expense decrease the net income per the Pro-forma Statement of Income as compared to the Deemed Equity.

Interest – The interest deducted per the Pro-forma Statement of Income is based on actual interest expense per Canadian GAAP, based on actual third party debt, while the deemed interest expense is based on a deemed debt to equity ratio. As such, the difference between the deemed interest and actual interest increases the net income per the Pro-forma Statement of Income as compared to the Deemed Equity.

Depreciation – GLPT has a fixed asset that is included in its PP&E, but not included in rate base, as per the settlement agreement

approved by the Board in EB-2005-0241 (found at Appendix 'A' to Exhibit 1, Tab 1, Schedule 13). The depreciation included in the Pro-forma Statement of Income includes the depreciation on the disallowed PP&E amount. As such the difference between the regulatory depreciation and actual depreciation decreases the net income per the Pro-forma Statement of Income as compared to the Deemed Equity.

Great Lakes Power Transmission
Reconciles the net income per the Pro-forma Statement of Income and Deemed Return on Equity

			Reference
Net Income and Comprehensive Income		$ 12,515	Exh.1/Tab3/Sch.2 pp6
Taxes			
Income Tax	(2,862)		Exh.4/Tab3/Sch.2 table 4-3-2-A
Capital Tax	(146)		Exh.4/Tab3/Sch.3 table 4-3-3-A
	(3,007)	(3,007)	
Corporate Expenses			
Donations		60	
Interest			
Deemed Interest Expense	8,261		Exh.5/Tab1/Sch.1 table 5-1-1-A
Actual	7,982		Exh.1/Tab3/Sch.2 pp6
	(279)	(279)	
Depreciation			
Depreciation on Rate Base assets	7,407		Exh.4/Tab2/Sch.6 table 4-2-6-B
Depreciation per Pro-Forma	7,444		Exh.1/Tab3/Sch.2 pp6
	37	37	Exh.4/Tab2/Sch.6 table 4-2-6-B
Net Income per Reconciliation		9,326	
Deemed Equity		9,326	Exh.5/Tab1/Sch.1 table 5-1-1-A
Variance		0	

(ii) The calculation of the $326,900 did not take into account the adjustments for Ontario capital tax, donations, interest and depreciation. When the adjustments for Ontario capital tax, donations, interest and depreciation are taken into account, there is no over-earning.

Please refer to GLPT's response to Board Staff Interrogatory 58 (i) for additional information.

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?

Responses:

(i) GLPT performs a reasonability assessment on property tax on an annual basis. GLPT compares the current tax assessment against prior year assessments to determine if the assessments appear reasonable.

(ii) As GLPT has not yet received a property tax assessment that has appeared unreasonable or otherwise warranting an appeal, GLPT does not have a normal appeals process for property tax. Nevertheless, when GLPT receives a property tax assessment, GLPT internally assesses its reasonableness, relative to the values of GLPT's prior year assessments.

Interrogatory 60 - Difference in Tax Values of Assets

Reference:

60.(1) Exh. 1/Tab 3/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).

Responses:

(i) The fair market value of the transmission assets on March 12, 2008 for tax purposes is dictated by the net book value of the fixed assets, which was $210.4 million.

(ii) The allocation of value among assets purchased by GLPT LP was as follows:

Final purchase price:	$207.5 million

Form of proceeds:

Assumption of debt	$120.0 million
Cash consideration	$87.5 million

Apportionment of fair market value:

Work in progress	$6.9 million
Fixed assets	$203.5 million

(iii) The tax values of the assets at the time of sale by GLPL on March 12, 2008 were as follows:

		2008-03-12 Closing GLPL
Class 1	4.0%	59,949,868
Class 8	20.0%	98,328
Class 47	8.0%	80,261,884
Total		**140,310,080**

(iv) The tax values of the assets upon purchase by GLPT LP on March 12, 2008 were as follows:

		2008-03-12 Opening GLPT
Class 1	4.0%	105,535,694
Class 8	20.0%	281,876
Class 47	8.0%	82,592,830
Total		**188,410,400**

The tax values of the transmission assets are less than the net book value because under Canadian tax law, the maximum UCC that can be added from the purchase of depreciable assets from a related party is the original cost to the vendor plus 50% of any capital gains realized by the vendor upon the sale.

(v) A copy of the Asset Purchase Agreement is provided in Appendix 60(v) of Exhibit 10, Tab 1, Schedule 2.

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.

Responses:

(i) In 1996, Brascan Limited (now Brookfield Asset Management) acquired additional shares of Great Lakes Power Inc. (GLPI) thereby gaining control over GLPL.

GLPL, a wholly owned subsidiary of GLPI, prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). In 1996, GAAP, as reflected in Section 1625 of the CICA Handbook: "Comprehensive Revaluation of Assets and Liabilities", required the revaluation of assets and liabilities when there was a change in control or ownership of an entity.

As a result of the change in control and in accordance with GAAP, GLPL revalued its assets and liabilities.

Prior to becoming a regulated transmission company, GLPT's predecessor GLPL maintained its own accounting policies and procedures consistent with Canadian GAAP. When GLPL applied to the OEB for initial rates and licenses for transmission in 2002, it became subject to regulatory requirements including the Accounting Procedure Handbook (APH), which had been adopted in 2000. Neither the AOP nor GAAP required that assets and liabilities that had previously been valued in accordance with GAAP be revalued for purposes of establishing APH accounts.

The transition of the transmission net book value balances from GLPL's audited Balance Sheet accounts to the APH accounts was completed by matching account descriptions as closely as possible. As required, GLPL's legacy transmission account balances were recorded in the new APH accounts at net book value. All amounts recorded as transmission assets were removed from the GLPL ledger, re-classed into APH accounts, and opened into a stand-alone transmission ledger. The historical rate base accounting was consistent with GAAP and all net book balances forming the transmission business were in accordance with GAAP at the time of classification.

In 2005, GLPL began to produce audited financial statements for its transmission business. At that time, because they were the first audited statements, the statements included a note the same as that referenced in Board Staff Interrogatory 61. This note has appeared on each set of audited financial statements since 2005 and has formed part of public disclosure relating to prospectuses for Brookfield Infrastructure Partners.

In EB-2007-0647, the MAAD application relating to the transfer of transmission assets from GLPL to GLPT, the 2007 audited financial statements of GLPL were filed with the Board. These statements also included the above referenced note.

(ii) See (i) above.

(iii) See (i) above.

(iv) See (i) above.

(v) GLPT does not believe the tax treatment of the two transactions is inconsistent.

The fair value bump up for accounting purposes in 1996 was not recognized as a taxable transaction by Revenue Canada (now Canada Revenue Agency). As there were no tax costs or benefits arising from this transaction, there was no need to distinguish between regulatory and corporate tax treatment, and therefore no tax cost or benefit was passed on to ratepayers.

To be compliant with section 71 of the OEB Act, GLPL transferred its transmission assets from GLPL to GLPT. The transfer on March 12, 2008 was recognized as a taxable transaction by Canada Revenue Agency and was deemed to occur at fair market value. GLPL incurred the tax consequence (Recapture of Capital Cost Allowance) of the transfer and no cost or benefit related to the transfer was passed on to the ratepayer.

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**

Responses:

(i) Please see the table below. GLPT has expanded upon the table provided by Board staff to include the aggregate of the capital expenditures that are under GLPT's materiality threshold. GLPT is seeking approval of these amounts as well.

GLPT has classified its capital expenditures into sustainment and development based on the definitions provided in Chapter 5 of the *Filing Requirements for Transmission and Distribution Applications*. The definitions provided there differ slightly from the definitions used by GLPT in preparing *Table 2-1-2 A – Capital Expenditure Table*, and as a result, the reader will note that there are variances among the categories in the tables.

Project Description 2010	**Seeking Approval**	**Classified as Development**	**Classified as Sustainment**	**Cost Estimate**
1. Third Line TS (115kV Redevelopment)	Yes		$1,230,000	$1,230,000
2. Steelton Ground Grid Refurbishment	Yes		584,000	584,000
3. Building Upgrades	Yes		541,000	541,000
4 Third Line Series Reactor Installation	Yes		457,300	457,300
5. GIS Software Purchase & Installation	Yes		299,600	299,600
SUBTOTAL		**-**	**3,111,900**	**3,111,900**
6. Under Materiality	Yes		1,934,000	1,934,000
GRAND TOTAL INVESTMENT IN PROJECTS SEEKING APPROVAL IN 2010		**$0**	**$5,045,900**	**$5,045,900**

(ii) There are no capital projects deemed by GLPT to be a mix between any of the categories.

Interrogatory 63 - Redevelopment Project

Reference:

63.(1) Exh. 2/Tab 1/Sch. 1/from p. 8, line 17 to p. 9, line 2/Re the Redevelopment Project

Question/Request:

(i) Please provide a copy of the December 24, 2008 Wardrop report

Response:

(i) Please see the requested report in Appendix 63(i) of Exhibit 10, Tab 1, Schedule 2.

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.

Responses:

(i) No assets would be taken out of service in 2010 as a result of the completion of Phase I of the Redevelopment Project.

(ii) No assets would be taken out of service in 2010 as a result of the completion of Phase I of the Redevelopment Project.

(iii) If the Redevelopment Project is approved, Phase I of the project will be complete in 2010, and it is estimated that $1,230,000 of the capital spending in 2010 will be spent on assets that will be put into service in 2010 (as described at Exhibit 2, Tab 1, Schedule 1, pages 13-14). GLPT's request is for the Board to treat this capital addition in the same context as any other test year capital addition, and approve its inclusion in the calculation of GLPT's rate base in the test year of this application.

The total cost of the assets to come into service in 2011 and 2012 are not sought for approval in rate base in this application. GLPT will seek approval of those rate base additions in a future rate application.

However, GLPT is requesting that the Board approve the need for the Redevelopment Project based on the evidence provided in this application.

With the exception of the $1,230,000 that will be in service in 2010 and included in the calculation of rate base in this application, GLPT recognizes that the costs for the remaining phases will be reviewed when GLPT seeks to add those costs to rate base.

Interrogatory 65 - Redevelopment Project

Reference:

65.(1) Exh. 2/Tab 1/Sch. 1/from p. 14, line 10 to p. 20, line 11/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.

Responses:

(i) As per section 5.2.2 Project Need of the Board's filing requirements, non-discretionary projects may be triggered or determined by such things as:

- Mandatory requirements to satisfy obligations specified by Regulatory Organizations including NPCC/NERC (the designated ERO in the future) or by the Independent Electricity Market Operator (IESO);
- A need to accommodate new load (of a distributor or large user) or new generation (connection);
- A need to address equipment loading or voltage/short circuit stresses when their rated capacities are exceeded;
- Projects identified in an approved IPSP;
- Projects that are required to achieve Government objectives that are prescribed in governmental directives or regulations;
- A need to comply with direction from the Ontario Energy Board in the event it is determined that the transmission system's reliability is at risk.

The Redevelopment project can be broken down into two sub projects: (1) Equipment replacement and (2) Station re-configuration.

For the equipment replacement portion of the project, these costs are all "non-discretionary" based on the fact that the drivers for replacement are:

- Inadequate Voltage Ratings
- Inadequate Fault interrupting ratings

For the station reconfiguration portion of the project, these costs are also classified as "non-discretionary" as it falls under both the need to satisfy obligations specified by Regulatory Organizations as well as addressing equipment loading issues. Specifically, transmitters are required to satisfy all applicable standards when modifying or building new facilities. The exiting station configuration does not meet the IESO Ontario Resource and Transmission Assessment Criteria requirements (Appendix B, Section B.3.3 Maximum Breakers and Appendix B, Section B.3 General Requirements for Station Layouts) due to difficulties described in Exhibit 2, Tab 1, Schedule 1, page 17 under the "Configuration" section.

Furthermore, the reason for the temporary cross bus installation was to address thermal rating issues (equipment loading issues) with the overhead cross bus due to the fact that their thermal rating capacity is inadequate. As described in Exhibit 2, Tab 1, Schedule 1, page 17, under the "Configuration" section, replacing the overhead cross bus "like for like" is not only extremely hazardous to workers but it also requires a complete station outage.

(ii) No portion of this project is classified as discretionary.

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.

Responses:

(i) Please see the requested report in Appendix 66(i) of Exhibit 10, Tab 1, Schedule 2. Please note that the report was prepared by Power Tech Designs, rather than ABB Inc. The reference to ABB Inc. was in error.

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	yes			198,700

Project Description Year 2009	Seeking Approval	Classified as Development	Classified as Sustainment	Cost Estimate $
Replacement				
13. Fleet, IT Infrastructure, Office Furniture & Equipment	yes			1,189,300
14. Transmission Reinforcement Project	yes			280,900
GRAND TOTAL INVESTMENT OF THE 14 PROJECTS IN 2009				**7,377,400**

Responses:

(i) Please see the table below. GLPT has expanded upon the table provided by Board staff to include the aggregate of the capital expenditures that are under GLPT's materiality threshold. GLPT is seeking approval of these amounts as well.

GLPT has classified its capital expenditures into sustainment and development based on the definitions provided in Chapter 5 of the *Filing Requirements for Transmission and Distribution Applications*. The definitions provided there differ slightly from the definitions used by GLPT in preparing *Table 2-1-2 A – Capital Expenditure Table*, and as a result, the reader will note that there are variances among the categories in the tables.

Project Description 2009	Seeking Approval	Classified as Development	Classified as Sustainment	Cost Estimate ($)
1. Echo River TS Protection Upgrades	Yes		$900,000	$900,000
2. System Wide Cyber Security Requirements	Yes		832,000	832,000
3. Third Line TS T2 Autotransformer Protections Upgrade	Yes		809,300	809,300
4. Batchawana TS Ground Refurbishments	Yes		631,300	631,300
5. MacKay TS - Capacitive Voltage Transformer Replacement	Yes		550,100	550,100
6. GIS Software Purchase and Installation	Yes		399,400	399,400
7. Third Line Series Reactor Installation/Capacitor Replacement (Ph 1)	Yes		450,000	450,000
8. Vegetatation Management Mapping Development	Yes		408,700	408,700
9. Algoma 115 kV Structure Reinforcement	Yes		321,100	321,100
10. Centralized Information Retrival System (CIRS)	Yes		205,900	205,900
11. Magpie TS - Battery & Charger Replacement	Yes		200,700	200,700
12. Clergue 115kV Circuit Insulator Replacement	Yes		198,700	198,700
13. Fleet, IT Infrastructure, Office Furniture & Equipment	Yes		1,189,300	1,189,300
14. Transmission Reinforcement Project	Yes		280,900	280,900
SUBTOTAL		**-**	**7,377,400**	**7,377,400**
15. Under Materiality	Yes		1,562,400	1,562,400
GRAND TOTAL INVESTMENT IN PROJECTS SEEKING APPROVAL IN 2009		**$0**	**$8,939,800**	**$8,939,800**

(ii) There are no capital projects deemed by GLPT to be a mix between any of the categories.

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.

Response:

(i) The Echo River Protection Upgrade project is complete and in service. Independent A and B protection schemes were installed as part of this project.

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.

Responses:

(i) The project involved the following components: physical security assessments / enhancements, Cyber or IT based security measures, preparation / development of policies and compliance reporting.

Two companies were identified as being capable of performing a physical security assessment of the GLPT system. These companies were invited to submit proposals to perform the site specific security assessments and a selection was made based on cost and local presence.

GLPT has an existing security system that was expanded. An entirely new system was not required. A company from Sault Ste. Marie managed the system prior to the Cyber Security Project and was contracted to enhance the physical security system to meet NERC requirements. This company was selected for the following reasons:

- Familiarity with the existing security system (Installed the original);
- Pre-Qualified Contractor;
- Familiarity with GLPT Safety and Environmental policies and procedures;
- Familiarity with the GLPT service territory and substation locations;
- Qualified to perform the work in transmission substations.

The cyber and IT based security measures were performed by the GLPT IT staff with support from product specific vendors as required.

With respect to choosing a company to support GLPT in the preparation / development of policies and compliance reporting, GLPT identified two companies capable of performing this work. Proposals were submitted and GLPT selected a vender based on its presence in Ontario, familiarity with the utility regulatory structure in Ontario and experience with CIP standards. The vender is currently performing work for Hydro One and ultimately had the lower cost.

(ii) GLPT plans to manage the system with a combination of both GLPT internal staff as well as third party service providers. Specifically GLPT staff will manage the following:

- Access privileges and controls card access
- Consumables (access cards etc.)
- Secure handling of access system logs
- Monitoring the camera images in the Control Room to protect against unauthorized entry of Critical Asset properties and manages requests for remote access
- Initiating the personnel check aspect of NERC CIP requirements
- Perimeter firewall management
- Canadian Electrical Association Critical Infrastructure Protection involvement
- Compliance activities (IESO audits, reporting)
- Ongoing staff training requirements

Third party service providers will manage the following:

- Initiating the personnel check aspect of NERC CIP requirements
- System maintenance (cameras and access control equipment)
- gathering of various data logs.
- Vulnerability assessment
- Compliance activities (IESO Audits, reporting)
- Providing Security Training

The table below provides a high level estimate of the annual expected costs for the internal and external parties managing the CIP requirements.

	Internal	**External**
Annual Cost	$72,000	$30,000

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.

Response:

(i) Please see the requested report in Appendix 70(i) of Exhibt 10, Tab 1, Schedule 2, along with a copy of the relevant requirements of the Electrical Safety Authority that are referenced in the report.

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.

Responses:

(i) GLPT responds as follows:

(a) Although no formal studies were performed, GLPT undertook an internal assessment and concluded that the project should be undertaken as a "non-discretionary" project in order to maintain compliance with NERC FAC-003 standard. The purpose of the NERC FAC-003 standard is:

> "To improve the reliability of the electric transmission systems by preventing outages from vegetation located on transmission rights-of-way (ROW) and minimizing outages from vegetation located adjacent to ROW, maintaining clearances between transmission lines and vegetation on and along transmission ROW, and reporting vegetation related outages of the transmission systems to the respective Regional Reliability Organizations (RRO) and the North American Electric Reliability Council (NERC)."

If not followed, GLPT would expect that the contrary to the NERC objective would result, meaning an increase in vegetation related outages, decline in reliability, consequently impacting customer delivery point reliability, added system constraints due to potential IESO loading restrictions, and negative impacts to customers connected.

(b) Section 5.1.2 of the TSC states as follows:

> "A transmitter shall operate and maintain its transmission facilities in compliance with this Code, its license, its operating agreement with the IESO, the Market Rules, all connection agreements, good utility practice, the standards of all applicable reliability organizations and any applicable law."

This would include NERC FAC-003. In order for GLPT to continuously meet NERC standard FAC-003 and to maintain compliance, this vegetation management system was required. Without this system GLPT would not have been able to maintain the level of compliance required by R.1.2 of the standard, as set out below, due to the fact that it is difficult to accurately identify and document all clearances without this type of technology. This technology allows GLPT to efficiently and accurately identify and manage the NERC requirement. NERC R.1.2 provides as follows:

> "The Transmission Owner, in the TVMP, shall identify and document clearances between vegetation and any overhead, ungrounded supply conductors, taking into consideration transmission line voltage, the effects of ambient temperature on conductor sag under maximum design loading, and the effects of wind velocities on conductor sway. Specifically, the Transmission Owner shall establish clearances to be achieved at the time of vegetation management work identified herein as Clearance 1, and shall also establish and maintain a set of clearances identified herein as Clearance 2 to prevent flashover between vegetation and overhead ungrounded supply conductors."

A sample Clearance Condition Report, developed using LiDAR technology, is provided in Appendix 71(i)(b) of Exhibit 10, Tab 1, Schedule 2. This sample report helps demonstrate the value of this technology.

(ii) GLPT responds as follows:

(a) There are no other transmitters in Ontario that GLPT is aware of that have used LiDAR technology.

(b) Six vendors were considered when assessing this technology. There may be more vendors internationally, but GLPT only considered vendors it was aware of who may service northern Ontario.

(c) In 2008 six vendors were considered. Two of these vendors were short-listed based on this investigation. A comparison of their deliverables, quality and cost, was performed. GeoDigital was GLPT's vendor of choice. GeoDigital was tentatively selected, conditional upon a positive result from careful due diligence. Subsequent to that, references were checked carefully. GeoDigital provided a detailed on-site presentation and answered numerous follow-up questions. GLPT carried out further research to see if any negative findings were available concerning this vendor, and a third party engineering firm was consulted to comment on the quality of GeoDigital Lidar data. The due diligence exercise resulted in a recommendation to proceed. This vendor was also the most cost-effective.

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.

Responses:

(i) 20 Structures required additional cross bracing to reinforce structural integrity. 29 poles required pole base reinforcement. There are a total of 86 wood poles on the Algoma 1, 2 and 3 115 kV circuits.

(ii) Studies are currently underway to consider reinforcement of the three 115 kV Algoma circuits, potentially in 2012.

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.

Responses:

(i) The installation is complete. GLPT manages, maintains and upgrades the existing system with the assistance of relay and Human Machine Interface (HMI) vendors for support when required.

(ii) A total of 46 relays have been replaced since the original installation.

(iii) During the original installation of the CIRS system in 2005, a formal Request for Proposal (RFP) process was initiated. Three vendors were initially interested. Two of these vendors submitted proposals. The selection criteria were:

- Price
- Schedule
- Demonstrated Functionality
- Software / System Functionality
- Aftermarket support
- Future Integration / Upgradability Functionality

The initial scope of work has been completed. As stated above in (i), GLPT manages, maintains and upgrades the existing system with the assistance of relay and Human Machine Interface (HMI) vendors for support when required.

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]?

Responses:

(i) GLPT responds as follows:

(a) IT Hardware purchased was valued at a net book value of $498,700. IT Software purchased was valued at a net book value of $81,000.

(b) For both groups, GLPT depreciates the assets over a five year life, on a straight-line basis.

(c) For clarification purposes, GLPT has provided a description of the depreciation treatment related to the purchase of the IT Assets:

> When GLPT purchased the assets from GLPL's distribution division, enough information was provided for GLPT to continue depreciating the assets on the same straight-line basis over the same time period as GLPL would have depreciated them. As an example, if an IT asset was purchased by GLPL's distribution division in July 2005, it would have had four years of depreciation expense recorded against it at June 30, 2009. GLPT would have purchased this asset on June 30, 2009, and set the asset up to depreciate the net book value (purchase price) over the one year period remaining from the originally estimated useful life. The end result was that there were some assets purchased by GLPT that are near obsolescence, but they were purchased at a significantly discounted price, and were only depreciated over their remaining useful life.

GLPT has also provided the following in response to question (c):

> Like any asset that is put into service, the estimated useful life of an IT asset used for depreciation purposes will not always precisely match the actual useful life of the asset. Asset failures, new technologies, and business necessities can create requirements for upgrades before the end of an asset's depreciable life. In other circumstances, an asset may perform better and longer than expected, or may be redeployed to another functional area to extend its actual useful life.
>
> Where possible, GLPT utilizes all assets to their fullest extent in an effort to maximize the actual useful life of the asset, particularly with IT hardware. For example, when an employee who relies heavily on work carried out on a personal computer or laptop requires an upgrade, the quality of the replaced asset is assessed, and the asset may be re-deployed to an employee who has a lower level of reliance on a personal computer or laptop.
>
> On average, GLPT expects IT assets, both hardware and software, to last approximately five years, which is the depreciable life of the assets. GLPT does not expect technical obsolescence to materially affect the useful life of its IT assets.

(d) As noted in the response to (c) above, GLPT does not expect that technical obsolescence will have a material impact on the useful life of the IT assets purchased from GLPL's distribution division.

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?

Responses:

(i) None of the $280,900 was attributable to the damage to the transformer. The damaged transformer only impacted the in-service timing for the project.

(ii) Yes. The contract for supply covered liability for various aspects, including damage during shipping.

(iii) The company that manufactured and supplied the transformer absorbed the cost of repairing the damage of the 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

Project Description Year 2008	Seeking Approval	Classified as Development	Classified as Sustainment	Cost Estimate $
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**

Responses:

(i) Please see the table below. GLPT has expanded upon the table provided by Board staff to include the aggregate of the capital expenditures that are under GLPT's materiality threshold. GLPT is seeking approval of these amounts as well.

GLPT has classified its capital expenditures into sustainment and development based on the definitions provided in Chapter 5 of the *Filing Requirements for Transmission and Distribution Applications*. The definitions provided there differ slightly from the definitions used by GLPT in preparing *Table 2-1-2 A – Capital Expenditure Table*, and as a result, the reader will note that there are variances among the categories in the tables.

Project Description 2008	Seeking Approval	Classified as Development	Classified as Sustainment	Cost Estimate
1. MacKay TS Refurbishment	Yes		$4,863,700	$4,863,700
2. Third Line Miscellaneous Projects	Yes		1,862,300	1,862,300
3. Magpie TS Line Protection Upgrades	Yes		629,000	629,000
4. Clergue TS Protection Upgrades	Yes		596,200	596,200
5. Magpie Structure/Component Replacement	Yes		525,200	525,200
6. Power Potential Transformer at Magpie TS	Yes		245,400	245,400
7. Third Line Temporary Bus Installation	Yes		246,000	246,000
8. Third Line TS - Transformer Refurbishment (T2)	Yes		212,400	212,400
Total Investment of the 8 Projects Seeking Approval for Year 2008		**-**	**9,180,200**	**9,180,200**
1. Clergue Line Protection Upgrades	Approved		389,100	389,100
2. Patrick Street TS Refurbishment	Approved		482,200	482,200
Total Investment of the 2 Projects Already Approved for 2008		**-**	**871,300**	**871,300**
SUBTOTAL		**-**	**10,051,500**	**10,051,500**
15. Under Materiality	Yes		1,007,400	1,007,400
GRAND TOTAL INVESTMENT IN PROJECTS SEEKING APPROVAL IN 2008		**$0**	**$11,058,900**	**$11,058,900**

(ii) There are no capital projects deemed by GLPT to be a mix between any of the categories.

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.

Responses:

(i) GLPT awarded a tendered contract for $3,679,972 for completion of the major system elements listed in (a) to (e) of the question. Because this was a bundled contract, GLPT cannot provide the information broken down as requested.

GLPT also awarded several other smaller service agreements for the project, totalling $622,178.

In addition, the project included internal labour, materials and overhead costs, as shown in the Table below.

Contract	3,679,972
Service Agreements	622,178
GLPT Labour	121,694
GLPT Materials	224,096
GLPT Overheads	215,759
Total	**4,863,698**

(ii) A true comparison cannot be made as the following factors can significantly influence project costs from one year to the next. A project on the scale of Mackay TS Refurbishment would be tendered.
   - Contractor availability (supply and demand)

- Price of Fuel
- Price of Steel
- Price of Copper
- Supply and demand of equipment (transformers, breakers, disconnect switches etc. – (At least a two year wait for large power transformers)
- Geographic location of the project – (Urban versus Rural)
- Outage scheduling – (Directly Connected Customers)
- First Nations involvement – (Coordination of Work)
- Location with respect to BULK Electric System (Potential IESO outage scheduling difficulties)

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.

Responses:

(i) GLPT entered into fixed price construction contracts and consulting contracts totaling $1,569,815 for the completion of the components listed in (a) to (d) in the question. Because the dollars for these projects were tracked in one account, GLPT cannot provide the information broken down as requested. As a result, GLPT has added the Construction and Consulting Contracts line items to show those totals. In addition, the project included internal labour, materials and overhead costs, and is as shown in the Table below.

Construction Contracts	950,233
Consulting Contracts	619,581
GLPT Labour	62,270
GLPT Materials	97,286
GLPT Overheads	132,918
Grand Total	1,862,289

(ii) These projects are of a unique nature and scope. GLPT does not have a comparison project. Because of the specialized nature of the work, there were limited contractors available that met GLPT's health, safety and environmental qualifications where these factors were ultimately the basis for the selection of this contractor to perform the work.

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.

Responses:

(i) GLPT responds as follows:

(a) The costs of these elements are difficult to identify precisely because the project was contracted out as a bundled, turn-key project. As a result, a "Contracts" element was added to include the contracted portion of the project. The breakdown is provided in the following table:

Contracts	560,024
GLPT Labour	20,195
GLPT Materials	497
GLPT Overheads	48,267
Grand Total	628,983

(b) Although there may be some similarities in project titles, the protections projects performed by GLPT in the past are very different in scope. As a result, GLPT cannot provide an accurate cost comparison due to the fact that it has not performed other projects with similar undertakings.

Nevertheless, to ensure that Capital expenditures are appropriate, GLPT:

- Develops a good definition of project scope;
- Employs tendering process for contracting out major project work;
- Directly purchases larger items (i.e. breakers, disconnects, capacitive voltage transformers, capacitor banks, reactors, ground grid conductor and transformers) to eliminate contractor overhead fees and ultimately save costs;
- Establishes good working relationships with contractors; and
- Utilizes experienced Project Managers.

(ii) GLPT responds as follows:

(a) The costs of these elements are difficult to identify precisely because the project was contracted out as a bundled, turn-key project. As a result, a “Contracts” element was added to include the contracted portion of the project. The breakdown is provided in the following table:

Contracts	510,652
GLPT Labour	24,227
GLPT Materials	934
GLPT Overheads	60,391
Grand Total	596,204

(b) Please see response to (i)(b) above.

(iii) GLPT responds as follows:

(a) The costs of these elements are difficult to identify precisely because the project was contracted out as a bundled, turn-key project. As a result, a “Contracts” element was added to include

the contracted portion of the project. The breakdown is provided in the following table:

Contracts	340,065
GLPT Labour	67,373
GLPT Materials	86,718
GLPT Overheads	31,026
Grand Total	525,184

(b) GLPT cannot provide an accurate cost comparison due to the fact that it has not performed other projects with similar undertakings.

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.

Responses:

(i) GLPT responds as follows:

(a) The costs for each of the projects in Reference 80.(1), 80.(2) and 80.(3), are difficult to identify precisely because each of the projects was contracted out on a bundled, turn-key project. As a result, a "Contracts" element was added to include the contracted portion of each project. Breakdowns are provided in the following tables:

Power Potential Transformer at Magpie TS

Contracts	236,006
GLPT Labour	1,562
GLPT Overheads	7,838
Grand Total	245,406

Third Line TS Temp Bus Installation

Contracts	234,237
GLPT Labour	7,173
GLPT Overheads	4,556
Grand Total	245,966

Third Line TS Transformer Refurbishment

Contracts	198,754
GLPT Labour	4,605
GLPT Materials	3,401
GLPT Overheads	5,625
Grand Total	212,385

(b) GLPT cannot provide an accurate cost comparison due to the fact that it has not performed other projects with similar undertakings.

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.

Responses:

(i) The original scope for the Clergue Line Protections project included replacement of the existing directional overcurrent protections with duplicate line differential protections.

Scope changes that contributed to the $78,900 increase in project costs include:

- Replacement of the existing terminal blocks because the existing terminal blocks (TBs) were found to be too small for the new cabling that was to be installed.

- Verification of existing cabling was required prior to project commencement. Prior to project commencement, GLPT and the

contractor went through a comprehensive, labour-intensive exercise to verify cabling and terminations. This was to ensure that no protections misoperations occurred during the project, so as to maintain the reliability of supply to one industrial customer and a generator.

- Changes also include the addition of transformer protections and bus protections due to the combination of the projects.

The changes in scope were required regardless of whether or not the projects were combined, with the exception of the third bullet above, where project synergies helped offset those costs. With no coordination of projects, opportunities for cost savings would have been lost, resulting in an additional estimated cost of $35,000. This would have put the total cost of the Clergue Lines protections at $424,100.

(ii) Confirmed.

GLPT is seeking approval for the incremental amount to be included in rate base on a prospective basis beginning on the effective date of the revenue requirement sought in this application. The amount that will be included in rate base is the net book value (average of opening and closing) for 2010, and is currently incorporated in the opening and closing net fixed asset values used in calculating rate base.

The variance sought for approval is the variance between the forecasted cost for the 2006 test year and the actual cost incurred when the project was completed. The inclusion of the amount would reflect the Board's adoption of GLPT's actual costs for the project on a go-forward basis. This is the appropriate treatment, as it is possible for projects included in a future test year application to yield an actual cost that is different from the forecasted cost. If the Board were to disregard the actual costs in forming rate base in future applications, then a utility's rate base would no longer reflect the net fixed asset value recorded on its balance sheet.

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 Protections	Approved			221,800
Total Investment of the 4 Projects Already Approved For Year 2007				**9,994,000**
GRAND TOTAL INVESTMENT IN 2007				**1,564,600**

Responses:

(i) Please see the table below. GLPT has expanded upon the table provided by Board staff to include the aggregate of the capital expenditures that are under GLPT's materiality threshold. GLPT is seeking approval of these amounts as well.

GLPT has classified its capital expenditures into sustainment and development based on the definitions provided in Chapter 5 of the *Filing Requirements for Transmission and Distribution Applications*. The definitions provided there differ slightly from the definitions used by GLPT in preparing *Table 2-1-2 A – Capital Expenditure Table*, and as a result, the reader will note that there are variances among the categories in the tables.

Project Description 2007	Seeking Approval	Classified as Development	Classified as Sustainment	Cost Estimate
1. Third Line TS T1: 250 MVA Autotransformer Replacement	Yes		$4,702,700	$4,702,700
2. No. 3 Sault Sleeve Replacement	Yes		637,600	637,600
3. Install 115 kV Line CVT's Magpie TS	Yes		259,500	259,500
Total Investment of the 3 Projects Seeking Approval for Year 2007		**-**	**5,599,800**	**5,599,800**
1. Transmission Reinforcement Project	Approved	$7,797,500	-	7,797,500
2. Third Line Tie Breaker	Approved		1,479,500	1,479,500
3. Gartshore Transmission Station - Relocation	Approved		495,200	495,200
4. MacKay Line and Bus Protections	Approved		221,800	221,800
Total Investment of the 4 Projects Already Approved for 2007		**7,797,500**	**2,196,500**	**9,994,000**
SUBTOTAL		**7,797,500**	**7,796,300**	**15,593,800**
15. Under Materiality	Yes		1,581,200	1,581,200
GRAND TOTAL INVESTMENT IN PROJECTS SEEKING APPROVAL IN 2007		**$7,797,500**	**9,377,500**	**$17,175,000**

(ii) There are no capital projects deemed by GLPT to be a mix between any of the categories.

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?

Responses:

(i) Three manufacturers were consulted and asked to each provide pricing for the manufacturing and delivery of one 250 MVA transformer complete with an Under Load Tap Changer (ULTC). Prices were received and all quotes were within 10% of one another. Major considerations for the selection of the manufacturer were cost, date of delivery and equipment familiarization. Selection was ultimately decided based on the fact that one supplier in particular had just manufactured and delivered a similar unit to GLPT where most of the specifications, terms and conditions and contractual agreements were similar thus saving time, not to mention the fact that GLPT staff were familiar with the specific make of transformer and would be able to respond to any issues or perform maintenance with minimal training. Also, spare components can be utilized for both transformers as well should failures on any one of them occur.

(ii) GLPT is currently using the older unit as a system spare in the event of an emergency. However, it is without the use of the tertiary reactor (failed component) and would result in operational constraint if required for service. GLPT has acquired a high level estimate for the repair of the transformer, which is approximately $800,000.

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.

Responses:

(i) GLPT cannot provide the breakdown of additional costs by system element due to the fact that the project was tendered and primarily carried out under the resulting fixed price contract. As such, the amounts cannot be accurately broken down into the requested elements. The total amounts paid, under the fixed price contract, as well as for labour, material and overhead costs, are displayed in the following table:

Fixed Price Contract	5,694,379
Other Contracts	107,437
GLPT Labour	98,936
GLPT Materials	14,575
GLPT Overheads	105,274
Grand Total	**6,020,602**

The original estimate (budget) for P21G work was $3,603,000 as shown in *Table 2-1-1 B* of the pre-filed evidence. The project actual was $6,020,602. The reasons for the cost differential are as follows:

- The original P21G estimate (budget figure) was based on changing out 89 of the 295 structures;

- Initially, a minimum design report based on the Canadian Standards Association (CSA) clearance of 6.1m at 93^{o}C was drafted. This translated into 116 clearance violations and would require 74 structures to be replaced to correct the problem plus an additional 15 structures due to deterioration identified from foot patrol inspections. The original estimate was based on this.

- Upon further review, the 6.1m clearance was found to not include CSA clearances of 0.7m for snow load and 0.5m for public safety. As a result, the design report was revised to take into consideration these additional factors.

- Based on the new clearance report, 145 structures out of a total of 295 structures on the P21G were replaced with composite poles to resolve the clearance violations and deteriorating structures.

- The tendered contract was based on the revised scope.

(ii) GLPT responds as follows:

(a) Please see response to Board Staff Interrogatory 75.

(b) In preamble 84(1)(b), Board Staff characterizes the $138,300 as being attributed to delays on account of equipment problems encountered due to the transformer being damaged during shipping. GLPT believes that the evidence referred to by Board Staff requires clarification. As noted in Exh. 2, Tab. 1, Schedule 1, p. 73:

> *"The remaining 2007 rate base addition of $138,300 represents, among other minor variances, expenditures that GLPT had planned to have in service by the end of 2006, but were delayed on account of equipment problems encountered due to a transformer being damaged during shipping. The equipment problems resulted in GLPT making these capital expenditures in 2007 rather than in 2005 or 2006."*

The costs related to the equipment damage were covered by the supplier. The $138,300 was a variance in the project, capitalized in

2007, which was not related to the equipment damage. GLPT would have spent this amount regardless of whether the transformer was damaged during shipping or not. The only relevance of the transformer damage is that instead of spending the $138,300 in 2006, the expenditure was delayed to 2007. The equipment damage only resulted in an in-service delay. This amounts to a variance of less than 0.0025% on this project, which is not material.

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.

Question/Request:

(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.

Response:

(i) It is not relevant as to whether the contractual arrangement was entered into under the management of GLPT or its predecessor GLPL. The contractor was selected through an RFP process to perform the work as defined in the project scope. The contractor repeatedly failed to meet deadlines. At the point in the project at which approximately half of the scoped work had been completed, the contractor had already invoiced a total amount that exceeded the originally estimated project cost.

Fair payment was negotiated with the contractor, the dispute was settled and the contractor was released. However, the balance of the work remained outstanding. To address this, a contract was awarded to a different contractor who had submitted a proposal in response to the original RFP. This contractor completed the balance of the project work.

Total project costs were $407,000 greater than the originally approved project costs for the 2005 test year. The originally approved amount was based on an estimate of project cost that was made prior to receipt of proposals and cost estimates. The initial contract that was awarded was $102,500 greater than the estimate that was used for purposes of Board approval.

The remaining difference is attributable primarily to GLPL not accounting for internal project-related costs, plus a small cost of approximately $33,000 being attributable to the change in contractor. With respect to internal project-related costs, the original cost estimate used for purposes of obtaining Board approval did not include ordinary project costs for project management, internal staff, engineering consulting, materials

(other than materials supplied by the contractor) and construction interest. GLPT has subsequently implemented processes to ensure that such costs are appropriately considered in preparing project cost estimates. With respect to the small amount attributable to the change in contractors, GLPT acted prudently in the circumstances in terminating the contract and making arrangements for completion of the project. The final project costs would have been higher had the contractor not been changed. For these reasons, GLPT believes that it is appropriate for the requested additional project costs to be recovered from ratepayers.

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.

Response:

(i) The increase was due to engineering work required to build the project into the larger Mackay TS Refurbishment project.

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.

Response:

(i) The table provided by Board Staff in IR #87 will not reconcile as there are two sources of figures that are not included. GLPT has provided the following table which incorporates the additional information in highlighted form, resulting in the table reconciling. Below the table is an explanation of the figures that have been added to the table.

	INVESTMENT	2007 $	2008 $	2009 $	2010 $
SOURCE					
Table 2-1-2 A	Sustainment Capital	9,360,400	10,991,000	6,656,800	3,721,900
Capital	Development Capital	7,798,000	62,100	808,100	300,000
Expenditure Table	Operations Capital	16,500	5,900	1,474,800	1,024,000
Exh. 2/Tab 1/Sch. 2	**Total Capital Spending**	**17,174,900**	**11,059,000**	**8,939,700**	**5,045,900**
SOURCE					
Board staff	Amounts included in Table	15,593,800	10,051,500	7,377,400	3,111,900
Summary Tables	Amounts under Materiality	1,581,200	1,007,400	1,562,400	1,934,000
in the	(As defined at E1, T4, S1)				
Interrogatories	**Total Capital Spending**	**17,175,000**	**11,058,900**	**8,939,800**	**5,045,900**
Variance (due to rounding)		**(100)**	**100**	**(100)**	**-**

From Table 2-1-2 A, Board staff did not include the Operations capital that was identified in the table. This figure is required to reconcile total capital expenditures.

In Board Staff's Summary Tables, capital projects that fell below GLPT's materiality threshold were not included. These projects need to be included in order to reconcile total capital expenditures. Board Staff will note that GLPT included these amounts in the summary tables referred to in Reference 87(2).

The total "Amounts under Materiality" is equal to the total capital expenditures for the year, less the total spending that was attributable to projects described in Exhibit 2, Tab 1, Schedule 1 of the pre-filed evidence. This calculation is summarized in the table below. The "Amounts under Materiality" figure for each year is the aggregate total of all projects that are under GLPT's materiality threshold of $196,825, (as calculated at Exhibit 1, Tab 4, Schedule 1).

	2007 $	2008 $	2009 $	2010 $
Total CapEx	17,174,900	11,058,800	8,939,700	5,045,900
Explained as New Projects	5,599,700	9,180,100	7,096,400	3,111,900
Explained as Previously Approved	9,994,000	871,300	280,900	-
Total Under Materiality	**1,581,200**	**1,007,400**	**1,562,400**	**1,934,000**

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 redevelopment project 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.

Responses:

(i) GLPT has not yet completed a comprehensive analysis of the assets to come out of service as a result of the Redevelopment Project, and has not yet determined the timing of specific retirements that will take place. However, the analysis of assets to be retired has been completed at a high level and the following information is available.

With the completion of the Redevelopment Project, it is estimated that between $2.2 and $2.4 million in asset net book values will come out of service in 2011 and 2012 (no assets will come out of service in 2010). With the exception of some fully depreciated substation control equipment, which is depreciated over a useful life of 15 years, all assets being retired are depreciated over a 40 year useful life. The table below demonstrates the vintage of the assets that GLPT expects will be retired as a result of the Redevelopment Project. Any assets that were put into service prior to 1970 are not reflected in the table as they are fully depreciated assets and, as a result, have a $0 net book value.

In-Service Date	Net Book Value Estimate
1970's	$105,000
1980's	$80,000
1990's	$200,000
2000's	$1,850,000
Total	**$2,235,000**

Where possible, GLPT intends to redeploy assets that are removed from service.

(ii) GLPT responds to (a) and (b) as follows:

> As noted in the response to part (i) above, no assets will be removed from service in 2010 and, as a result, no assets are expected to be removed from rate base in 2010. GLPT will address the removal of the assets in its next rate application.

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.

Response:

(i) Since GLPT's rate base for 2007-2010 is calculated based on the average of the annual opening and closing balances of Property, Plant and Equipment, the tables requested would provide little additional information that isn't already provided in the continuity tables found at Exhibit 2, Tab 2, Schedule 1.

Instead of preparing the tables, GLPT has provided the small amount of additional information that it considers to be new information below. To clarify, GLPT has interpreted Board Staff's reference to the "Reinforcement Project" as a reference to the Transmission Reinforcement Project that was approved through a Leave to Construct application (RP-2003-0120/EB-2003-0162), not to the Redevelopment Project described at Exhibit 2, Tab 1, Schedule 1, Section 2.2.1 (1).

Additions related to the Reinforcement Project:

2007 - $7,797,500
2008 - $0
2009 - $280,900

Retirements related to the Reinforcement Project:

2007 - $0
2008 - $0
2009 - $0

Salvage value related to the Reinforcement Project

2007 - $0
2008 - $0
2009 - $0

The Redevelopment Project will not trigger any asset write off in the test year of this application (2010), and therefore GLPT has not included any proposal for the treatment of any write offs in this application. GLPT will provide a proposal for the treatment of any asset write off in its next application, when the Redevelopment Project will be fully put into service.

Interrogatory 90 - Working Capital

Reference:

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

Questions/Requests:

(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.

Responses:

(i) In preparing the 2010 working capital requirement, GLPT did not consider the full impact of HST. Based on the current methodology utilized by GLPT in calculating working capital requirements, it is anticipated that HST will have a relatively small impact on GLPT's working capital requirement. GLPT estimates the introduction of HST on July 1, 2010 will reduce GLPT's working capital requirement by approximately a $100,000, which would result in a decrease to rate base of approximately 0.05%.

(ii) GLPT responds as follows:

(a) To ensure GLPT uses the appropriate methodology in calculating working capital requirements, GLPT plans on revisiting the methodology at its next rate application. The existing methodology used to calculate working capital requirements was established in 2004 based primarily on 2003 data.

(b) The anticipated impact of the implementation of the HST was not considered to be material, and would have had a minimal impact on GLPT's revenue requirement.

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?

Responses:

(i) See response to Board Staff Interrogatory #92(i).

(ii) See response to Board Staff Interrogatory #92(i).

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).

Responses:

(i) GLPT accepts that the Board should apply the updated guidelines and methodologies documented in the Board's Cost of Capital Report, as reflected in the Board's Cost of Capital Parameter Updates for 2010 Cost of Service Applications released February 24, 2010, and acknowledges that this will provide a fair return. Accordingly, GLPT is no longer proposing an ROE of 10.5%.

(ii) Updates to the Exhibit 5 table are provided below.

2010 Test Year	Capital Component ($000's)	Capital Component (%)	Deemed Rates (%)	Return Component (%)	Return Component ($000's)
Deemed Debt	$ 120,174.5	55.00%	6.87%	3.78%	$ 7,901.6
Deemed Equity	$ 88,824.7	45.00%	9.85%	4.43%	$ 9,263.9
Rate Base:	$ 208,999.2	100.00%		8.21%	$ 17,165.5

The table has been updated to reflect two changes from the pre-filed evidence as follows:

1 – GLPT has updated the deemed equity rate to a rate of 9.85%, in accordance with the Cost of Capital Parameter Update letter published by the Board on February 24, 2010.

2 – GLPT has updated its debt/equity structure to a structure of 55/45, in accordance with its actual capital structure, which was also approved for the transmission company in EB-2005-0241.

(iii) Not applicable.

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.

Responses:

(i) A copy of the new Deed of Trust is provided in Appendix 93(i) of Exhibit 10, Tab 1, Schedule 2.

(ii) Neither GLPT nor its predecessor GLPL has had a short-term debt component in its rate base or revenue requirement for rate-setting purposes. GLPT has not been in front of the Board for rate-setting purposes since 2005, which is prior to the publishing of the *Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors* on December 20, 2006. This report was GLPT's first experience with a short-term debt component of rate base.

(iii) The requested information is as follows:

2006 Actual:

2006 Actual	Capital Component ($000's)	Capital Component (%)	Deemed Rates (%)	Return Component (%)	Return Component ($000's)
Actual Debt	$ 115,750.0	57.25%	6.60%	3.78%	$ 7,436.6
Actual Equity	$ 86,425.0	42.75%	8.62%	3.68%	$ 7,239.8
Invested Capital	$ 202,175.0	100.00%		7.46%	$ 14,676.4

2007 Actual:

2007 Actual	Capital Component ($000's)	Capital Component (%)	Deemed Rates (%)	Return Component (%)	Return Component ($000's)
Actual Debt	$ 115,750.0	54.73%	6.60%	3.61%	$ 7,151.2
Actual Equity	$ 95,748.0	45.27%	8.62%	3.90%	$ 7,726.0
Invested Capital	$ 211,498.0	100.00%		7.51%	$ 14,877.2

2008 Actual:

2008 Actual	Capital Component ($000's)	Capital Component (%)	Deemed Rates (%)	Return Component (%)	Return Component ($000's)
Actual Debt	$ 120,000.0	54.83%	6.60%	3.62%	$ 7,444.1
Actual Equity	$ 98,851.0	45.17%	8.62%	3.89%	$ 8,009.0
Invested Capital	$ 218,851.0	100.00%		7.51%	$ 15,453.1

2009 Bridge:

2009 Bridge	Capital Component ($000's)	Capital Component (%)	Deemed Rates (%)	Return Component (%)	Return Component ($000's)
Actual Debt	$ 120,000.0	55.21%	6.87%	3.80%	$ 7,806.8
Actual Equity	$ 97,348.0	44.79%	8.62%	3.86%	$ 7,941.8
Invested Capital	$ 217,348.0	100.00%		7.66%	$ 15,748.6

2010 Pro-Forma:

2010 Pro-Forma	Capital Component ($000's)	Capital Component (%)	Deemed Rates (%)	Return Component (%)	Return Component ($000's)
Actual Debt	$ 129,000.0	56.61%	6.87%	3.89%	$ 8,133.3
Actual Equity	$ 98,864.0	43.39%	9.85%	4.27%	$ 8,931.9
Invested Capital	$ 227,864.0	100.00%		8.17%	$ 17,065.2

* Please note that this table is different from the table in 92 (ii) because it is based on actual debt and equity components, rather than deemed.

It should be noted that, for comparison purposes, in 2006 and 2007, GLPT has included its Future Income Taxes balance as a part of Actual Equity. This balance was transferred to equity through a contributed surplus transaction on March 12, 2008 when the transmission assets were transferred into the partnership.

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.

Response:

(i) GLPT is in support of determining the Cost of Capital in accordance with the Board's Report (EB-2009-0084). Page 50 of the Report states "For electricity transmitters, generators and gas utilities, the deemed capital structure is determined on a case by case basis." Because GLPT's evidence was filed before the Board's Report, GLPT had indicated its intention to transition to a 60/40 capital structure. However, in light of the Board's Report, GLPT now requests that it maintain its existing capital structure of 55/45 as approved in EB-2005-0241. As at December 31, 2009 GLPT has a debt to equity ratio of approximately 55% to 45%, as demonstrated in GLPT's response to Board staff IR #93(iii).

Preamble (1) states that "short-term debt is used for an unfunded portion to true-up the deemed capitalization to the utility's actual capitalization."

Given GLPT's actual capitalization is more than the deemed capitalization, no true-up would be required, and therefore there would be no requirement to include short term debt in calculating GLPT's Cost of Capital.

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.

Response:

(i) GLPT has prepared and filed two versions of the Revenue Requirement Work Form, both of which are provided in Appendix 95(i) of Exhibit 10, Tab 1, Schedule 2. The first version is based on the financial information provided in GLPT's pre-filed evidence. The second version was updated based upon GLPT's responses to Board Staff Interrogatories #92 and #94 on Cost of Capital.

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											

Responses:

Please note that GLPT's responses to this Interrogatory have been filed in a request made in accordance with the Board's Practice Direction on Confidential Filings.

Interrogatory 97 - Transmitter Reconciliation Final Data

Reference:

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

97.(2) Exh. 8/Tab 1/Sch. 1/p.4

Preamble:

(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[5] 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[6]? 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

[5] 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

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

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.

Responses:

(i) Please see Live Excel Model of Charge Determinants in Appendix 97(i) of Exhibit 10, Tab 1, Schedule 2.

(ii) GLPT's methodology is described in detail at Exhibit 8, Tab 1, Schedule 1. The only source of information that would have changed GLPT's approach to forecasting would have been information acquired from directly connected customers, which GLPT would have considered in combination with the historical average figures (as calculated in the excel document provided in response to part (i) of this question). Because communication with the directly connected customers did not yield any information suggesting a change from the status quo, GLPT assumed that the historical information would be sufficient to provide a forecast for the future test year. GLPT used the term "forward-looking forecast" because the forecast relates to a future year.

(iii) GLPT responds as follows:

(a) A definition of reasonable is "something that is neither more nor less than normal or expected."

(b) Where there is a significant deviation from historical trends, GLPT would regard this as unreasonable.

(c) The objective of the methodology presented in the evidence in EB-2005-0241 was to re-cast the charge determinant forecast for all transmitters in Ontario by extrapolating provincial peak load data obtained from the IESO. This methodology would have updated the entire charge determinant forecast used in the determination of the Uniform Transmission Rates. Given that this approach was not ultimately adopted by the Board in the proceeding, GLPT determined that a different approach for this application would be prudent. Therefore, the methodology proposed in this Application seeks only to update the charge determinants that are specific to

GLPT, without seeking any change to the charge determinants of the other transmitters. In addition, Hydro One's load forecast for 2010 has been approved by the Board. As this represents the majority of Ontario's load, GLPT believes it is appropriate to take this approach.

(d) GLPT did not test the forecast that was presented as evidence in the last rate proceeding because the Board did not approve GLPL's load forecast methodology. Please see the table below for the comparison.

2005	Network Demand	Line Connection Demand	Transformation Conn. Demand
January	24,164	22,539	19,641
February	22,099	21,003	18,124
March	22,486	20,878	18,102
April	19,275	18,727	15,748
May	19,083	18,617	15,581
June	25,892	24,465	21,085
July	25,819	24,423	21,224
August	25,382	23,812	20,596
September	23,687	22,123	19,040
October	20,965	20,229	17,278
November	22,498	20,969	18,080
December	23,420	21,948	19,143
	274,770	**259,731**	**223,641**
EB-2005-0241	**268,469**	**253,266**	**219,005**
Variance (Actual over Forecast)	**6,302**	**6,465**	**4,635**

2006	Network Demand	Line Connection Demand	Transformation Conn. Demand
January	22,492	21,142	18,313
February	21,979	21,028	18,250
March	21,435	20,211	17,461
April	19,463	18,713	15,924
May	24,628	23,199	20,016
June	23,093	22,070	18,864
July	25,789	24,510	21,200
August	26,695	25,050	21,661
September	20,027	19,499	16,548
October	19,763	19,237	16,295
November	21,099	19,954	17,088
December	22,764	21,185	18,255
	269,228	**255,797**	**219,875**
EB-2005-0241	**269,242**	**253,995**	**219,636**
Variance (Actual over Forecast)	**(14)**	**1,802**	**239**

Please see Appendix 97(i) of Exhibit 10, Tab 1, Schedule 2 for the live excel file where simple average formulas calculate the figures that are incorporated in *Table 8-1-1 B*.

(iv) As demonstrated in the table in GLPT's response to Board Staff Interrogatory 96 (i), there is very little year-over-year variation in the actual charge determinants of the three pools. The one area where a five year average would have produced an inaccurate figure is in the Transformation Connection pool. In this case, GLPT used a three year

average which eliminates the older information that is based on peak load information collected under different circumstances. Therefore, it is GLPT's opinion that the simple average method employed by GLPT is the "best fit technique."

Interrogatory 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.

Response:

(i) Please see the tables below which indicate the total Ontario transmission revenue and demand for each of the pools, and the allocation of each amount to GLPT.

Revenue in 2007 is significantly higher than the revenue recorded in GLPT's financial statements. It should be noted that up to and including October 2007, GLPT was collecting funds related to the Deferred Rate Impact Accrual (described in detail at Exhibit 9, Tab 1, Schedule 4). Any over-collected amounts are being returned to rate-payers through account 1574 as proposed in Exhibit 9, Tab 3, Schedule 1.

	Network		Line Connection		Transformation Conn.		
2007	Charge	Demand	Charge	Demand	Charge	Demand	**Total Rev.**
January	$65,643	23,196	$17,774	21,675	$28,055	18,703	
February	$67,117	23,716	$18,193	22,186	$28,850	19,234	
March	$64,646	22,843	$17,586	21,447	$27,693	18,462	
April	$56,559	19,986	$15,966	19,336	$24,505	16,335	
May	$60,398	21,342	$16,901	20,611	$25,947	17,298	
June	$71,581	25,294	$19,571	23,867	$30,848	20,566	
July	$68,605	24,242	$19,221	23,440	$30,310	20,207	
August	$71,620	25,307	$19,605	23,908	$31,181	20,787	
September	$66,926	23,649	$18,494	22,554	$29,094	19,396	
October	$54,552	19,277	$16,007	19,521	$24,907	16,605	
November	$50,760	21,974	$12,291	20,798	$28,769	17,869	
December	$52,337	22,657	$12,695	21,517	$30,137	18,718	
	$750,744	**273,481**	**$204,304**	**260,860**	**$340,297**	**224,179**	
GLPT Factor (Jan-Oct)	**0.02907**		**0.02907**		**0.02907**		
GLPT Revenue (Jan-Oct)	**$18,827.1**		**$5,212.8**		**$8,180.0**		
GLPT Factor (Nov-Dec)	**0.03217**		**0.03217**		**0.03217**		
GLPT Revenue (Nov-Dec)	**$3,316.6**		**$803.8**		**$1,895.0**		
Total GLPT Revenue	**$22,143.7**		**$6,016.6**		**$10,075.0**		**$38,235.3**

2008	Network Revenue	Network Demand	Line Connection Revenue	Line Connection Demand	Transformation Conn. Revenue	Transformation Conn. Demand	Total Rev.
January	$52,135	22,569	$12,678	21,488	$30,044	18,661	
February	$52,381	22,676	$12,617	21,385	$29,975	18,618	
March	$48,116	20,829	$11,835	20,059	$27,785	17,258	
April	$45,115	19,527	$11,265	18,886	$25,894	16,069	
May	$42,988	18,609	$10,698	18,132	$24,444	15,183	
June	$55,165	23,881	$13,468	22,826	$31,319	19,453	
July	$54,673	23,668	$13,408	22,625	$31,405	19,438	
August	$52,086	22,548	$12,698	21,522	$29,624	18,400	
September	$52,801	22,858	$12,719	21,558	$29,622	18,399	
October	$45,211	19,572	$11,036	18,705	$25,529	15,856	
November	$48,816	21,133	$11,720	19,864	$27,512	17,088	
December	$52,200	22,597	$12,544	21,261	$29,907	18,576	
	$601,688	**260,467**	**$146,685**	**248,310**	**$343,057**	**212,997**	
GLPT Factor	**0.03217**		**0.03217**		**0.03217**		
GLPT Revenue	**$19,356.3**		**$4,718.9**		**$11,036.2**		**$35,111.3**

2009	Network Charge	Network Demand	Line Connection Charge	Line Connection Demand	Transformation Conn. Charge	Transformation Conn. Demand	Total Rev.
January	$58,772	22,869	$14,983	21,405	$30,321	18,717	
February	$56,243	21,885	$14,335	20,479	$29,231	18,044	
March	$55,587	21,629	$14,219	20,313	$28,703	17,718	
April	$48,447	18,851	$12,832	18,112	$25,551	15,641	
May	$46,121	17,945	$12,198	17,424	$23,985	14,805	
June	$57,610	22,418	$14,754	21,078	$29,669	18,315	
July	$54,305	20,415	$13,530	19,328	$26,385	16,806	
August	$63,949	24,041	$15,792	22,560	$31,015	19,755	
September	$52,386	19,693	$13,189	18,842	$25,615	16,315	
October	$48,886	18,378	$12,289	17,556	$23,945	15,252	
November	$52,686	19,807	$12,937	18,484	$25,340	16,140	
December	$57,364	21,566	$14,213	20,304	$28,277	18,011	
	$652,356	**249,496**	**$165,273**	**235,883**	**$328,037**	**205,518**	
GLPT Factor (Jan-Jun)	**0.02948**		**0.02948**		**0.02948**		
GLPT Revenue (Jan-Jun)	**$9,515.6**		**$2,456.3**		**$4,936.7**		
GLPT Factor (Jul-Dec)	**0.02944**		**0.02944**		**0.02944**		
GLPT Revenue (Jul-Dec)	**$9,702.7**		**$2,412.6**		**$4,727.4**		
Total GLPT Revenue	**$19,218.3**		**$4,869.0**		**$9,664.1**		**$33,751.3**

Interrogatory 99 - Transmission Revenue Streams

Reference:

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

Requests:

(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).

Responses:

(i) For the purposes of this exercise, GLPT has used the currently approved Uniform Rates, which came into effect on January 1, 2010. These rates are calculated as follows:

Table 99(i)-A – Currently Approved Uniform Transmission Rates

Transmitter	Revenue Requirement ($)			
	Network	Line Connection	Transformation Connection	Total
FNEI	$3,012,819	$714,093	$1,451,088	$5,178,000
CNPI	$2,683,749	$636,098	$1,292,596	$4,612,443
GLPT	$20,239,894	$4,797,224	$9,748,304	$34,785,422
H1N	$707,878,000	$167,780,000	$340,941,000	$1,216,599,000
All Transmitters	$733,814,462	$173,927,415	$353,432,988	$1,261,174,865

Transmitter	Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	44.915	44.915	44.915	
CNPI	583.420	668.600	668.600	
GLPT	4,150.498	2,847.032	2,777.933	
H1N	242,387.818	234,657.008	202,860.490	
All Transmitters	247,166.651	238,217.555	206,351.938	

Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates ($/kW-Month)	**2.97**	**0.73**	**1.71**	
	↓	↓	↓	
FNEI	0.00411	0.00411	0.00411	
CNPI	0.00366	0.00366	0.00366	
GLPT	0.02758	0.02758	0.02758	
H1N	0.96465	0.96465	0.96465	
All Transmitters	1.00000	1.00000	1.00000	

In order for GLPT to recover its revenue requirement without affecting the overall revenue requirement in the Uniform Transmission Rate pool, the incremental revenue required by GLPT in each of the three pools would need to be drawn from the other three transmitters. The table below demonstrates the resulting rate calculation that provides GLPT with its revenue requirement.

Table 99(i)-B – Uniform Transmission Rates Adjusted for GLPT's Revenue Only

Transmitter	Revenue Requirement ($)			
	Network	Line Connection	Transformation Connection	Total
FNEI	$3,004,012	$712,006	$1,446,846	$5,162,864
CNPI	$2,675,904	$634,239	$1,288,818	$4,598,960
GLPT	$22,325,761	$5,291,613	$10,752,937	$38,370,310
H1N	$705,808,785	$167,289,558	$339,944,387	$1,213,042,731
All Transmitters	$733,814,462	$173,927,415	$353,432,988	$1,261,174,865

Transmitter	Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	44.915	44.915	44.915	
CNPI	583.420	668.600	668.600	
GLPT	4,150.498	2,847.032	2,777.933	
H1N	242,387.818	234,657.008	202,860.490	
All Transmitters	247,166.651	238,217.555	206,351.938	

Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates ($/kW-Month)	**2.97**	**0.73**	**1.71**	
	↓	↓	↓	
FNEI	0.00409	0.00409	0.00409	
CNPI	0.00365	0.00365	0.00365	
GLPT	0.03042	0.03042	0.03042	
H1N	0.96184	0.96184	0.96184	
All Transmitters	1.00000	1.00000	1.00000	

The changes in revenue for each of the transmitters are outlined in the table below.

Transmitter	Revenue Requirement ($)	Revenue in Table Above ($)	Variance
FNEI	$5,178,000	$5,162,864	($15,136)
CNPI	$4,612,443	$4,598,960	($13,483)
GLPT	$34,785,422	$38,370,310	$3,584,888
H1N	$1,216,599,000	$1,213,042,731	($3,556,269)
Total	**$1,261,174,865**	**$1,261,174,865**	**$0**

(ii) If the Board approves GLPT's revenue requirement and charge determinant forecast as requested, the rate calculation would appear as follows (updated based on the rates implemented on January 1, 2010).

Transmitter	Revenue Requirement ($)			
	Network	Line Connection	Transformation Connection	Total
FNEI	$2,971,016	$749,913	$1,457,071	$5,178,000
CNPI	$2,646,512	$668,006	$1,297,925	$4,612,443
GLPT	$22,015,990	$5,557,051	$10,797,269	$38,370,310
H1N	$707,878,000	$167,780,000	$340,941,000	$1,216,599,000
All Transmitters	$735,511,518	$174,754,970	$354,493,265	$1,264,759,753

Transmitter	Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	44.915	44.915	44.915	
CNPI	583.420	668.600	668.600	
GLPT	4,019.797	2,939.425	1,057.605	
H1N	242,387.818	234,657.008	202,860.490	
All Transmitters	247,035.950	238,309.948	204,631.610	

Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates ($/kW-Month)	**2.98**	**0.73**	**1.73**	
	↓	↓	↓	
FNEI	0.00404	0.00429	0.00411	
CNPI	0.00360	0.00382	0.00366	
GLPT	0.02993	0.03180	0.03046	
H1N	0.96243	0.96009	0.96177	
All Transmitters	1.00000	1.00000	1.00000	

The revenue available to each transmitter would be as follows:

Transmitter	Revenue Requirement ($)	Revenue in Table Above ($)	Variance
FNEI	$5,178,000	$5,178,000	$0
CNPI	$4,612,443	$4,612,443	$0
GLPT	$38,370,310	$38,370,310	$0
H1N	$1,216,599,000	$1,216,599,000	$0
Total	**$1,264,759,753**	**$1,264,759,753**	**$0**

The rate impacts related to this would be the same as those described in Section 3.0 of Exhibit 8, Tab 2, Schedule 1.

(iii) GLPT is unsure what the definition of implied return on equity is in the context of this question or what the nature of the calculation being requested is. Please see GLPT's response to Board Staff Interrogatory 92.

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.

Response:

(i) In preparing this rate application, GLPT did not analyze any alternatives to adjusting the Uniform Transmission Rates. However, GLPT has considered two alternatives and provided a brief analysis below.

One alternative would be to adjust the revenue sharing ratios only (i.e., no change to the Board approved pooled transmission rates). The impacts of this alternative are outlined in GLPT's response to Board Staff Interrogatory 99(i). The negative impact of this is that it results in a downward adjustment to the revenue received by the other transmitters in Ontario. The result is that not all transmitters are held "revenue neutral," and aside from GLPT, no transmitter would receive its full revenue requirement. The proposal in GLPT's application (and outlined in GLPT's response to Board Staff Interrogatory 99(ii)) holds all transmitters "revenue neutral."

A second alternative that has been identified by Board Staff in prior proceedings is adjusting the transmission rates charged by GLPT, for example by a rate rider. However, there are no GLPT-specific rates under the Uniform Transmission Rate arrangement - the single set of uniform rates are charged by the IESO on a monthly basis to all transmission connected market participants. As a result, the implementation of a rate rider would not be feasible under the current Uniform Transmission Rate arrangement.

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?

Response:

(i) In GLPT's application, GLPT uses two accounts, 1562 and 1592. The former is used for entries up to and including April 30, 2006. The latter is used for tax changes affecting the period after April 30, 2006. GLPT is using the accounts based on the Accounting Procedures Handbook.

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?

Responses:

(i) GLPT has proposed disbursal of forecasted balances as of December 31, 2009 for two main reasons:

- the balances as of December 31 are reasonably predictable, as the accrual and carrying charge calculations are relatively simple mathematical exercises.

- this would provide both GLPT and the Board the opportunity to close out a number of GLPT's deferral and variance accounts, which would result in regulatory efficiency in GLPT's next rate proceeding, and in advance of the Board's decision in this proceeding, GLPT expects to have its audited financial statements.

(ii) GLPT had not reported the balances in these accounts as a result of an oversight on the part of GLPT. The shortfalls in reporting came to GLPT's attention during the preparation of this rate application, and beginning with GLPT's Q4-2009 reporting filed, in January 2010, GLPT has incorporated these balances in its filing.

(iii) GLPT does not intend to amend its reported balances as of December 31, 2008. GLPT has taken a prospective approach to the RRR reporting. All adjustments were made to account balances in the Q4-2009 filing.

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

Question:

(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?

Response:

(i) With respect to the new variance accounts, GLPT responds as follows:

(a) To the best of GLPT's knowledge, this is the first such request to be considered by the Board.

(b) GLPT has installations on First Nation Reserves at certain locations in northern Ontario for which GLPT makes both payments-in-lieu of taxes and payments for use and occupation permits required under s. 28(2) of the *Indian Act.* As described in Exhibit 9, Tab 2, Schedule 1 at page 7, there is, at present, uncertainty as to the final amounts of these payments. This uncertainty is the result of there being one or more agreements that have not yet been finalized.

(c) To the extent that the actual costs exceed the amount in the 2010 revenue requirement, the amount would be recorded as a debit in the deferral account.

(d) GLPT would seek disposition in a future rate application.

(e) Not applicable. GLPT is a transmitter and therefore does not have rate classes because it is governed by Uniform Transmission Rates.

(f) GLPT is seeking approval for an account, in which it would record costs if and when they arise. GLPT is not currently seeking approval to record a particular amount.

(g) Information has not changed since the time of submission of the application.

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.

Question:

(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.

Response:

(i) With respect to the Comstock Claim, GLPT responds as follows:

(a) There is uncertainty associated with the outstanding claim, including with respect to the costs and legal fees associated with the claim and the amount of any award or settlement that may arise from the claim. See Exhibit 9, Tab 2, Schedule 1 at page 8.

(b) There is no additional information with respect to accounting for these costs at this point in time.

(c) At this point in time, GLPT is unable to estimate the amount that will be recorded in this account. This is because there continues to be uncertainty as to the scope and duration of the proceeding.

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.

Responses:

(i) There are no GLPT-specific rates under the existing Uniform Transmission Rate arrangement. The single set of uniform rates are charged by the IESO on a monthly basis to all transmission connected market participants. As a result, the implementation of a rate rider would not be feasible under the current uniform transmission rate arrangement.

Instead of calculating a rate rider, GLPT has incorporated the annual disbursal ($987,600 - calculated at *Table 9-3-1 A* of Exhibit 9, Tab 3, Schedule 1*)* into the calculation of the Uniform Transmission Rates. This is reflected in *Table 8-2-1 A* of Exhibit 8, Tab 2, Schedule 1, where the total revenue requirement sought as part of the Uniform Transmission Rate is $38,370,310, which is $987,590 lower than the revenue requirement of $39,357,900 calculated in Exhibit 1, Tab 2, Schedule 4.

GLPT has disbursed deferral accounts in the past without the use of a rate rider.

(ii) Please see GLPT's response to Board staff interrogatory 105 (i).

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.

Response:

(i) Approximately $440K was incurred in connection with regulatory approvals. Approximately $555K was incurred in connection with costs associated with the transfer of assets. Please see Exhibit 9, Tab 1, Schedule 6 of GLPT's pre-filed evidence.

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.

Responses:

(i) As there was no provision in GLPL's approved 2002 revenue requirement for the recovery of MSP costs, and actual costs were incurred during the period when that revenue requirement was effective, the avoided cost for the period from market opening to April 1, 2005 was negative. The

implication of “negative” is that MSP costs exceeded the revenue received as an allowance for those costs. GLPT was uncertain as to whether it could look to periods prior to 2005 to obtain compensation for costs incurred.

(ii) The actual MSP costs incurred by GLPL from market opening to April 1, 2005 were $588,100. GLPT believes that the intent of the Board Order (EB-2004-0505) was to ensure the ratepayer and regulated utility remain whole, and ensure neither the ratepayer nor the utility benefit from the transition to new meter service providers. As such, GLPT believes that for the intent of the Board Order (EB-2004-0505) to be upheld, GLPT should be entitled to the refund of $588,100 representing MSP costs that were incurred where no revenue was received.

This figure was not included in the proposed disbursal of deferral and variance accounts at Exhibit 9, Tab 3, Schedule 1, and if approved would reduce the amount payable to ratepayers from $2,962,700 to $2,374,600.

APPENDICES

6(i)	Characteristics of Transmission Companies in Benchmarking Panel
35(ii)	Building Appraisal
38(i)	Licence Agreement for SCADA System Between GLPT and GLPL
40(v)	OM&A Agreement Between GLPTLP and GLPL
44(ii)	Continuity Tables
54(i)	2005 Audited Financial Statements for GLPL Transmission Division
	2006 Audited Financial Statements for GLPL Transmission Division
55(i)(a)	2006, 2007 and 2008 GLPL federal tax returns
	2006, 2007 and 2008 GLPL Ontario tax returns
	2007 and 2008 GLPL federal notices of assessment
55(i)(d)	2007 and 2008 GLPT Inc. federal tax returns
	2007 and 2008 GLPT Inc. Ontario tax returns
	2007 and 2008 BIH (Canada) Inc. federal tax returns
	2007 and 2008 BIH (Canada) Inc. Ontario tax returns
	2007 BIH (Canada) Inc. federal notice of assessment
	2007 BIH (Canada) Inc. Ontario notice of assessment
60(v)	Asset Purchase Agreement between GLPL and GLPTLP (December 11, 2007)
63(i)	Wardrop Report
66(i)	TS Ground Grid Report by PTD
70(i)	ABB Report re Ground Grid
70(i)	ESA Requirements re Ground Grids
71(i)(b)	Vegetation Clearance Condition Report

93(i)	Deed of Trust
95(i)	Revenue Requirement Work Form
	Revenue Requirement Work Form (Updated per Cost of Capital)
97(i)	Live Excel Model of Charge Determinants