

**Board Staff Interrogatories  
2010 Electricity Distribution Rates  
Hydro Hawkesbury Inc.  
EB-2009-0186  
RESPONSES**

The Board has determined to proceed by way of written hearing at this point in time and in Procedural Order No. 2 dated February 19, 2010 has ordered supplemental written interrogatories and responses in the cost of service application of Hydro Hawkesbury Inc. ("Hawkesbury") for information that is in addition to the existing filed interrogatories. The following are Board Staff's supplemental interrogatories.

**1. Depreciation**

**Reference: Board staff Interrogatory 1**

In Board staff Interrogatory 1, Hawkesbury made corrections to its depreciation rates. Board staff now would like to see the impact of these corrections.

- a. Please use the corrected rates to correct and refile the Capital Asset Continuity Statements; Exhibit 2 Tab 3 Schedule 3.

**HHI Response:**

Please find attached at the next page the revised Capital Asset Continuity Statements

## Capital Asset Continuity Statements

	2006 EDR Approved	Variance to 2006 Actual			2006 Balance
		Additions	Ret./Other	Amortization	
1610-Miscellaneous Intangible Plant					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1805-Land					
Gross Assets	10,000		10,000		20,000
Accumulated Amortization					
Net Book Value	10,000		10,000		20,000
1806-Land Rights					
Gross Assets	8,588				8,588
Accumulated Amortization	-2,295		-313		-2,608
Net Book Value	6,293		-313		5,980
1808-Buildings and Fixtures					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1810-Leasehold Improvements					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1815-Transformer Station Equipment - Normally Primary above 50 kV					
Gross Assets	56,416	225,108			281,524
Accumulated Amortization	-30,983		-9,053	-6,119	-46,155
Net Book Value	25,433	225,108	-9,053	-6,119	235,369
1820-Distribution Station Equipment - Normally Primary below 50 kV					
Gross Assets	151,715	661	0		152,376
Accumulated Amortization	-35,358		-14,464	-9,654	-59,476

## Capital Asset Continuity Statements

	2006 EDR Approved	Variance to 2006 Actual			2006 Balance
		Additions	Ret./Other	Amortization	
Net Book Value	116,357	661	-14,464	-9,654	92,900
1830-Poles, Towers and Fixtures					
Gross Assets	255,254	28,786			284,040
Accumulated Amortization	-69,624		-28,430	-18,679	-116,733
Net Book Value	185,630	28,786	-28,430	-18,679	167,307
1835-Overhead Conductors and Devices					
Gross Assets	320,205	33,618			353,823
Accumulated Amortization	-72,396		-33,905	-24,246	-130,547
Net Book Value	247,809	33,618	-33,905	-24,246	223,276
1840-Underground Conduit					
Gross Assets	113,060	354	0		113,414
Accumulated Amortization	-21,664		-8,862	-5,915	-36,441
Net Book Value	91,396	354	-8,862	-5,915	76,973
1845-Underground Conductors and Devices					
Gross Assets	172,400	2,324	-0		174,724
Accumulated Amortization	-32,755		-13,508	-9,061	-55,324
Net Book Value	139,645	2,324	-13,508	-9,061	119,400
1850-Line Transformers					
Gross Assets	279,164	4,337	0		283,501
Accumulated Amortization	-92,082		-21,523	-13,716	-127,321
Net Book Value	187,082	4,337	-21,523	-13,716	156,180
1855-Services					
Gross Assets	14,185	3,615			17,800
Accumulated Amortization	-1,113		-886	-685	-2,684
Net Book Value	13,072	3,615	-886	-685	15,116
1860-Meters					
Gross Assets	218,045	3,760			221,805

## Capital Asset Continuity Statements

	2006 EDR Approved	Variance to 2006 Actual			2006 Balance
		Additions	Ret./Other	Amortization	
Accumulated Amortization	-58,537		-22,117	-14,777	-95,431
Net Book Value	159,508	3,760	-22,117	-14,777	126,374
1905-Land					
Gross Assets	28,300	-0	0		28,300
Accumulated Amortization					
Net Book Value	28,300	-0	0		28,300
1906-Land Rights					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1908-Buildings and Fixtures					
Gross Assets	820,347	2,328	-0		822,675
Accumulated Amortization	-74,504		-27,124	-16,962	-118,590
Net Book Value	745,843	2,328	-27,124	-16,962	704,085
1910-Leasehold Improvements					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1915-Office Furniture and Equipment					
Gross Assets	8,097	6,071			14,168
Accumulated Amortization	-5,097		-1,316	-716	-7,129
Net Book Value	3,000	6,071	-1,316	-716	7,039
1920-Computer Equipment - Hardware					
Gross Assets	20,309	10,013			30,322
Accumulated Amortization	-12,464		-4,681	-3,950	-21,095
Net Book Value	7,845	10,013	-4,681	-3,950	9,227
1925-Computer Software					

## Capital Asset Continuity Statements

	2006 EDR Approved	Variance to 2006 Actual			2006 Balance
		Additions	Ret./Other	Amortization	
Gross Assets	1,833	20,430			22,263
Accumulated Amortization	-492		-1,314	-3,057	-4,863
Net Book Value	1,341	20,430	-1,314	-3,057	17,400
1930-Transportation Equipment					
Gross Assets	184,896				184,896
Accumulated Amortization	-98,158		-39,931	-23,673	-161,762
Net Book Value	86,738		-39,931	-23,673	23,134
1935-Stores Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1940-Tools, Shop and Garage Equipment					
Gross Assets	5,912	4,694			10,606
Accumulated Amortization	-3,238		-1,058	-765	-5,061
Net Book Value	2,674	4,694	-1,058	-765	5,545
1945-Measurement and Testing Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1950-Power Operated Equipment					
Gross Assets		4,363			4,363
Accumulated Amortization			-273	-545	-818
Net Book Value		4,363	-273	-545	3,545
1955-Communication Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					

## Capital Asset Continuity Statements

	2006 EDR Approved	Variance to 2006 Actual			2006 Balance
		Additions	Ret./Other	Amortization	
1960-Miscellaneous Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1965-Water Heater Rental Units					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1970-Load Management Controls - Customer Premises					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1975-Load Management Controls - Utility Premises					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1980-System Supervisory Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1985-Sentinel Lighting Rental Units					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1990-Other Tangible Property					
Gross Assets					
Accumulated Amortization					

## Capital Asset Continuity Statements

	2006 EDR Approved	Variance to 2006 Actual			2006 Balance
		Additions	Ret./Other	Amortization	
Net Book Value					
1995-Contributions and Grants - Credit					
Gross Assets					
Accumulated Amortization					
Net Book Value					
2005-Property Under Capital Leases					
Gross Assets					
Accumulated Amortization					
Net Book Value					
<b>TOTAL</b>					
<b>Gross Assets</b>	2,668,726	350,465	10,000		3,029,191
<b>Accumulated Amortization</b>	-610,760		-228,758	-152,520	-992,038
<b>Net Book Value</b>	2,057,966	350,465	-218,758	-152,520	2,037,153

## Capital Asset Continuity Statements

	2006 Balance	2007 Changes			2007 Balance
		Additions	Ret./Other	Amortization	
1610-Miscellaneous Intangible Plant					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1805-Land					
Gross Assets	20,000				20,000
Accumulated Amortization					
Net Book Value	20,000				20,000
1806-Land Rights					
Gross Assets	8,588				8,588
Accumulated Amortization	-2,608				-2,608
Net Book Value	5,980				5,980
1808-Buildings and Fixtures					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1810-Leasehold Improvements					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1815-Transformer Station Equipment - Normally Primary above 50 kV					
Gross Assets	281,524				281,524
Accumulated Amortization	-46,155			-7,107	-53,262
Net Book Value	235,369			-7,107	228,262
1820-Distribution Station Equipment - Normally Primary below 50 kV					
Gross Assets	152,376				152,376
Accumulated Amortization	-59,476			-9,665	-69,141



## Capital Asset Continuity Statements

	2006 Balance	2007 Changes			2007 Balance
		Additions	Ret./Other	Amortization	
Net Book Value	92,900			-9,665	83,235
1830-Poles, Towers and Fixtures					
Gross Assets	284,040	13,152	0		297,192
Accumulated Amortization	-116,733			-18,499	-135,232
Net Book Value	167,307	13,152	0	-18,499	161,960
1835-Overhead Conductors and Devices					
Gross Assets	353,823	1,199	0		355,022
Accumulated Amortization	-130,547			-23,717	-154,264
Net Book Value	223,276	1,199	0	-23,717	200,758
1840-Underground Conduit					
Gross Assets	113,414				113,414
Accumulated Amortization	-36,441			-5,922	-42,363
Net Book Value	76,973			-5,922	71,051
1845-Underground Conductors and Devices					
Gross Assets	174,724	1,181	0		175,905
Accumulated Amortization	-55,324		-0	-9,095	-64,419
Net Book Value	119,400	1,181	-0	-9,095	111,486
1850-Line Transformers					
Gross Assets	283,501	4,618	-0		288,119
Accumulated Amortization	-127,321			-13,897	-141,218
Net Book Value	156,180	4,618	-0	-13,897	146,901
1855-Services					
Gross Assets	17,800	1,612			19,413
Accumulated Amortization	-2,684		-1	-744	-3,429
Net Book Value	15,116	1,612	-1	-744	15,984
1860-Meters					
Gross Assets	221,805	1,080			222,885

## Capital Asset Continuity Statements

	2006 Balance	2007 Changes			2007 Balance
		Additions	Ret./Other	Amortization	
Accumulated Amortization	-95,431			-14,814	-110,245
Net Book Value	126,374	1,080		-14,814	112,640
1905-Land					
Gross Assets	28,300				28,300
Accumulated Amortization					
Net Book Value	28,300				28,300
1906-Land Rights					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1908-Buildings and Fixtures					
Gross Assets	822,675	1,448	0		824,124
Accumulated Amortization	-118,590		-1	-16,984	-135,575
Net Book Value	704,085	1,448	-1	-16,984	688,549
1910-Leasehold Improvements					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1915-Office Furniture and Equipment					
Gross Assets	14,168	4,258			18,427
Accumulated Amortization	-7,129		-1	-1,150	-8,280
Net Book Value	7,039	4,258	-1	-1,150	10,147
1920-Computer Equipment - Hardware					
Gross Assets	30,322	10,069			40,391
Accumulated Amortization	-21,095			-4,874	-25,969
Net Book Value	9,227	10,069		-4,874	14,422
1925-Computer Software					

## Capital Asset Continuity Statements

	2006 Balance	2007 Changes			2007 Balance
		Additions	Ret./Other	Amortization	
Gross Assets	22,263	27,471			49,734
Accumulated Amortization	-4,863			-7,199	-12,062
Net Book Value	17,400	27,471		-7,199	37,672
1930-Transportation Equipment					
Gross Assets	184,896				184,896
Accumulated Amortization	-161,762		100	-23,134	-184,796
Net Book Value	23,134		100	-23,134	100
1935-Stores Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1940-Tools, Shop and Garage Equipment					
Gross Assets	10,606	1,334			11,939
Accumulated Amortization	-5,061		1	-842	-5,902
Net Book Value	5,545	1,334	1	-842	6,037
1945-Measurement and Testing Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1950-Power Operated Equipment					
Gross Assets	4,363				4,363
Accumulated Amortization	-818			-545	-1,363
Net Book Value	3,545			-545	3,000
1955-Communication Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					

## Capital Asset Continuity Statements

	2006 Balance	2007 Changes			2007 Balance
		Additions	Ret./Other	Amortization	
1960-Miscellaneous Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1965-Water Heater Rental Units					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1970-Load Management Controls - Customer Premises					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1975-Load Management Controls - Utility Premises					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1980-System Supervisory Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1985-Sentinel Lighting Rental Units					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1990-Other Tangible Property					
Gross Assets					
Accumulated Amortization					

## Capital Asset Continuity Statements

	2006 Balance	2007 Changes			2007 Balance
		Additions	Ret./Other	Amortization	
Net Book Value					
1995-Contributions and Grants - Credit					
Gross Assets					
Accumulated Amortization					
Net Book Value					
2005-Property Under Capital Leases					
Gross Assets					
Accumulated Amortization					
Net Book Value					
<b>TOTAL</b>					
<b>Gross Assets</b>	<b>3,029,191</b>	<b>67,422</b>	<b>0</b>		<b>3,096,612</b>
<b>Accumulated Amortization</b>	<b>-992,038</b>		<b>98</b>	<b>-158,188</b>	<b>-1,150,128</b>
<b>Net Book Value</b>	<b>2,037,153</b>	<b>67,422</b>	<b>98</b>	<b>-158,188</b>	<b>1,946,484</b>

## Capital Asset Continuity Statements

	2007 Balance	2008 Changes			2008 Balance
		Additions	Ret./Other	Amortization	
1610-Miscellaneous Intangible Plant					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1805-Land					
Gross Assets	20,000				20,000
Accumulated Amortization					
Net Book Value	20,000				20,000
1806-Land Rights					
Gross Assets	8,588				8,588
Accumulated Amortization	-2,608				-2,608
Net Book Value	5,980				5,980
1808-Buildings and Fixtures					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1810-Leasehold Improvements					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1815-Transformer Station Equipment - Normally Primary above 50 kV					
Gross Assets	281,524	20,664	-0		302,188
Accumulated Amortization	-53,262			-7,365	-60,627
Net Book Value	228,262	20,664	-0	-7,365	241,561
1820-Distribution Station Equipment - Normally Primary below 50 kV					
Gross Assets	152,376				152,376
Accumulated Amortization	-69,141			-9,665	-78,806

## Capital Asset Continuity Statements

	2007 Balance	2008 Changes			2008 Balance
		Additions	Ret./Other	Amortization	
Net Book Value	83,235			-9,665	73,570
1830-Poles, Towers and Fixtures					
Gross Assets	297,192	1,065	-0		298,257
Accumulated Amortization	-135,232			-17,712	-152,944
Net Book Value	161,960	1,065	-0	-17,712	145,313
1835-Overhead Conductors and Devices					
Gross Assets	355,022	7,361	0		362,383
Accumulated Amortization	-154,264			-22,740	-177,004
Net Book Value	200,758	7,361	0	-22,740	185,379
1840-Underground Conduit					
Gross Assets	113,414	220	-0		113,634
Accumulated Amortization	-42,363			-5,926	-48,289
Net Book Value	71,051	220	-0	-5,926	65,345
1845-Underground Conductors and Devices					
Gross Assets	175,905	26,378	0		202,283
Accumulated Amortization	-64,419			-9,646	-74,065
Net Book Value	111,486	26,378	0	-9,646	128,218
1850-Line Transformers					
Gross Assets	288,119	21,908	0		310,028
Accumulated Amortization	-141,218		-1	-13,954	-155,173
Net Book Value	146,901	21,908	-1	-13,954	154,855
1855-Services					
Gross Assets	19,413	1,600	0		21,013
Accumulated Amortization	-3,429			-808	-4,237
Net Book Value	15,984	1,600	0	-808	16,776
1860-Meters					
Gross Assets	222,885	1,936	0		224,822

## Capital Asset Continuity Statements

	2007 Balance	2008 Changes			2008 Balance
		Additions	Ret./Other	Amortization	
Accumulated Amortization	-110,245		-1	-14,874	-125,120
Net Book Value	112,640	1,936	-1	-14,874	99,702
1905-Land					
Gross Assets	28,300				28,300
Accumulated Amortization					
Net Book Value	28,300				28,300
1906-Land Rights					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1908-Buildings and Fixtures					
Gross Assets	824,124				824,124
Accumulated Amortization	-135,575			-16,999	-152,574
Net Book Value	688,549			-16,999	671,550
1910-Leasehold Improvements					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1915-Office Furniture and Equipment					
Gross Assets	18,427	7,084	0		25,511
Accumulated Amortization	-8,280			-1,672	-9,952
Net Book Value	10,147	7,084	0	-1,672	15,559
1920-Computer Equipment - Hardware					
Gross Assets	40,391	2,223	-0		42,614
Accumulated Amortization	-25,969			-4,419	-30,388
Net Book Value	14,422	2,223	-0	-4,419	12,226
1925-Computer Software					



## Capital Asset Continuity Statements

	2007 Balance	2008 Changes			2008 Balance
		Additions	Ret./Other	Amortization	
Gross Assets	49,734	63,308	0		113,042
Accumulated Amortization	-12,062			-16,027	-28,089
Net Book Value	37,672	63,308	0	-16,027	84,953
1930-Transportation Equipment					
Gross Assets	184,896	20,450	-0		205,346
Accumulated Amortization	-184,796		-100	-1,278	-186,174
Net Book Value	100	20,450	-100	-1,278	19,172
1935-Stores Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1940-Tools, Shop and Garage Equipment					
Gross Assets	11,939	709	-0		12,648
Accumulated Amortization	-5,902			-940	-6,842
Net Book Value	6,037	709	-0	-940	5,806
1945-Measurement and Testing Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1950-Power Operated Equipment					
Gross Assets	4,363				4,363
Accumulated Amortization	-1,363			-545	-1,908
Net Book Value	3,000			-545	2,455
1955-Communication Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					

## Capital Asset Continuity Statements

	2007 Balance	2008 Changes			2008 Balance
		Additions	Ret./Other	Amortization	
1960-Miscellaneous Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1965-Water Heater Rental Units					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1970-Load Management Controls - Customer Premises					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1975-Load Management Controls - Utility Premises					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1980-System Supervisory Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1985-Sentinel Lighting Rental Units					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1990-Other Tangible Property					
Gross Assets					
Accumulated Amortization					

## Capital Asset Continuity Statements

	2007 Balance	2008 Changes			2008 Balance
		Additions	Ret./Other	Amortization	
Net Book Value					
1995-Contributions and Grants - Credit					
Gross Assets		-55,867			-55,867
Accumulated Amortization				1,117	1,117
Net Book Value		-55,867		1,117	-54,750
2005-Property Under Capital Leases					
Gross Assets					
Accumulated Amortization					
Net Book Value					
<b>TOTAL</b>					
<b>Gross Assets</b>	<b>3,096,612</b>	<b>119,039</b>	<b>0</b>		<b>3,215,651</b>
<b>Accumulated Amortization</b>	<b>-1,150,128</b>		<b>-102</b>	<b>-143,453</b>	<b>-1,293,683</b>
<b>Net Book Value</b>	<b>1,946,484</b>	<b>119,039</b>	<b>-102</b>	<b>-143,453</b>	<b>1,921,968</b>

## Capital Asset Continuity Statements

	2008 Balance	2009 Changes			2009 Balance
		Additions	Ret./Other	Amortization	
1610-Miscellaneous Intangible Plant					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1805-Land					
Gross Assets	20,000				20,000
Accumulated Amortization					
Net Book Value	20,000				20,000
1806-Land Rights					
Gross Assets	8,588				8,588
Accumulated Amortization	-2,608				-2,608
Net Book Value	5,980				5,980
1808-Buildings and Fixtures					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1810-Leasehold Improvements					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1815-Transformer Station Equipment - Normally Primary above 50 kV					
Gross Assets	302,188	70,000			372,188
Accumulated Amortization	-60,627			-8,499	-69,126
Net Book Value	241,561	70,000		-8,499	303,062
1820-Distribution Station Equipment - Normally Primary below 50 kV					
Gross Assets	152,376	77,000			229,376
Accumulated Amortization	-78,806			-10,948	-89,754

## Capital Asset Continuity Statements

	2008 Balance	2009 Changes			2009 Balance
		Additions	Ret./Other	Amortization	
Net Book Value	73,570	77,000		-10,948	139,622
1830-Poles, Towers and Fixtures					
Gross Assets	298,257	49,000			347,257
Accumulated Amortization	-152,944			-18,558	-171,502
Net Book Value	145,313	49,000		-18,558	175,755
1835-Overhead Conductors and Devices					
Gross Assets	362,383	28,000			390,383
Accumulated Amortization	-177,004			-22,279	-199,283
Net Book Value	185,379	28,000		-22,279	191,100
1840-Underground Conduit					
Gross Assets	113,634				113,634
Accumulated Amortization	-48,289			-5,931	-54,220
Net Book Value	65,345			-5,931	59,414
1845-Underground Conductors and Devices					
Gross Assets	202,283	17,500			219,783
Accumulated Amortization	-74,065			-10,523	-84,588
Net Book Value	128,218	17,500		-10,523	135,195
1850-Line Transformers					
Gross Assets	310,028	13,000			323,028
Accumulated Amortization	-155,173			-14,598	-169,771
Net Book Value	154,855	13,000		-14,598	153,257
1855-Services					
Gross Assets	21,013				21,013
Accumulated Amortization	-4,237			-840	-5,077
Net Book Value	16,776			-840	15,936
1860-Meters					
Gross Assets	224,822				224,822

## Capital Asset Continuity Statements

	2008 Balance	2009 Changes			2009 Balance
		Additions	Ret./Other	Amortization	
Accumulated Amortization	-125,120			-14,912	-140,032
Net Book Value	99,702			-14,912	84,790
1905-Land					
Gross Assets	28,300				28,300
Accumulated Amortization					
Net Book Value	28,300				28,300
1906-Land Rights					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1908-Buildings and Fixtures					
Gross Assets	824,124				824,124
Accumulated Amortization	-152,574			-16,999	-169,573
Net Book Value	671,550			-16,999	654,551
1910-Leasehold Improvements					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1915-Office Furniture and Equipment					
Gross Assets	25,511	13,000			38,511
Accumulated Amortization	-9,952			-2,658	-12,610
Net Book Value	15,559	13,000		-2,658	25,901
1920-Computer Equipment - Hardware					
Gross Assets	42,614	6,000			48,614
Accumulated Amortization	-30,388			-4,880	-35,268
Net Book Value	12,226	6,000		-4,880	13,346
1925-Computer Software					

## Capital Asset Continuity Statements

	2008 Balance	2009 Changes			2009 Balance
		Additions	Ret./Other	Amortization	
Gross Assets	113,042	7,000			120,042
Accumulated Amortization	-28,089			-22,825	-50,914
Net Book Value	84,953	7,000		-22,825	69,128
1930-Transportation Equipment					
Gross Assets	205,346				205,346
Accumulated Amortization	-186,174			-2,556	-188,730
Net Book Value	19,172			-2,556	16,616
1935-Stores Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1940-Tools, Shop and Garage Equipment					
Gross Assets	12,648	12,000			24,648
Accumulated Amortization	-6,842			-1,522	-8,364
Net Book Value	5,806	12,000		-1,522	16,284
1945-Measurement and Testing Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1950-Power Operated Equipment					
Gross Assets	4,363				4,363
Accumulated Amortization	-1,908			-545	-2,453
Net Book Value	2,455			-545	1,910
1955-Communication Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					

## Capital Asset Continuity Statements

	2008 Balance	2009 Changes			2009 Balance
		Additions	Ret./Other	Amortization	
1960-Miscellaneous Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1965-Water Heater Rental Units					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1970-Load Management Controls - Customer Premises					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1975-Load Management Controls - Utility Premises					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1980-System Supervisory Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1985-Sentinel Lighting Rental Units					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1990-Other Tangible Property					
Gross Assets					
Accumulated Amortization					



## Capital Asset Continuity Statements

	2008 Balance	2009 Changes			2009 Balance
		Additions	Ret./Other	Amortization	
Net Book Value					
1995-Contributions and Grants - Credit					
Gross Assets	-55,867				-55,867
Accumulated Amortization	1,117			2,234	3,351
Net Book Value	-54,750			2,234	-52,516
2005-Property Under Capital Leases					
Gross Assets					
Accumulated Amortization					
Net Book Value					
<b>TOTAL</b>					
Gross Assets	3,215,651	292,500			3,508,151
Accumulated Amortization	-1,293,683			-156,839	-1,450,522
Net Book Value	1,921,968	292,500		-156,839	2,057,629

## Capital Asset Continuity Statements

	2009 Balance	2010 Changes			2010 Balance
		Additions	Ret./Other	Amortization	
1610-Miscellaneous Intangible Plant					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1805-Land					
Gross Assets	20,000				20,000
Accumulated Amortization					
Net Book Value	20,000				20,000
1806-Land Rights					
Gross Assets	8,588				8,588
Accumulated Amortization	-2,608				-2,608
Net Book Value	5,980				5,980
1808-Buildings and Fixtures					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1810-Leasehold Improvements					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1815-Transformer Station Equipment - Normally Primary above 50 kV					
Gross Assets	372,188	82,000			454,188
Accumulated Amortization	-69,126			-9,811	-78,937
Net Book Value	303,062	82,000		-9,811	375,251
1820-Distribution Station Equipment - Normally Primary below 50 kV					
Gross Assets	229,376	50,000			279,376
Accumulated Amortization	-89,754			-13,065	-102,819

## Capital Asset Continuity Statements

	2009 Balance	2010 Changes			2010 Balance
		Additions	Ret./Other	Amortization	
Net Book Value	139,622	50,000		-13,065	176,557
1830-Poles, Towers and Fixtures					
Gross Assets	347,257	73,000			420,257
Accumulated Amortization	-171,502			-20,192	-191,694
Net Book Value	175,755	73,000		-20,192	228,563
1835-Overhead Conductors and Devices					
Gross Assets	390,383	33,000			423,383
Accumulated Amortization	-199,283			-23,173	-222,456
Net Book Value	191,100	33,000		-23,173	200,927
1840-Underground Conduit					
Gross Assets	113,634				113,634
Accumulated Amortization	-54,220			-5,931	-60,151
Net Book Value	59,414			-5,931	53,483
1845-Underground Conductors and Devices					
Gross Assets	219,783	17,500			237,283
Accumulated Amortization	-84,588			-11,223	-95,811
Net Book Value	135,195	17,500		-11,223	141,472
1850-Line Transformers					
Gross Assets	323,028	11,000			334,028
Accumulated Amortization	-169,771			-14,396	-184,167
Net Book Value	153,257	11,000		-14,396	149,861
1855-Services					
Gross Assets	21,013				21,013
Accumulated Amortization	-5,077			-840	-5,917
Net Book Value	15,936			-840	15,096
1860-Meters					
Gross Assets	224,822				224,822

## Capital Asset Continuity Statements

	2009 Balance	2010 Changes			2010 Balance
		Additions	Ret./Other	Amortization	
Accumulated Amortization	-140,032			-14,772	-154,804
Net Book Value	84,790			-14,772	70,018
1905-Land					
Gross Assets	28,300				28,300
Accumulated Amortization					
Net Book Value	28,300				28,300
1906-Land Rights					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1908-Buildings and Fixtures					
Gross Assets	824,124	25,000			849,124
Accumulated Amortization	-169,573			-17,249	-186,822
Net Book Value	654,551	25,000		-17,249	662,302
1910-Leasehold Improvements					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1915-Office Furniture and Equipment					
Gross Assets	38,511	19,500			58,011
Accumulated Amortization	-12,610			-4,283	-16,893
Net Book Value	25,901	19,500		-4,283	41,118
1920-Computer Equipment - Hardware					
Gross Assets	48,614	11,000			59,614
Accumulated Amortization	-35,268			-5,892	-41,160
Net Book Value	13,346	11,000		-5,892	18,454
1925-Computer Software					

## Capital Asset Continuity Statements

	2009 Balance	2010 Changes			2010 Balance
		Additions	Ret./Other	Amortization	
Gross Assets	120,042	9,200			129,242
Accumulated Amortization	-50,914			-23,857	-74,771
Net Book Value	69,128	9,200		-23,857	54,471
1930-Transportation Equipment					
Gross Assets	205,346				205,346
Accumulated Amortization	-188,730			-2,556	-191,286
Net Book Value	16,616			-2,556	14,060
1935-Stores Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1940-Tools, Shop and Garage Equipment					
Gross Assets	24,648	5,000			29,648
Accumulated Amortization	-8,364			-2,372	-10,736
Net Book Value	16,284	5,000		-2,372	18,912
1945-Measurement and Testing Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1950-Power Operated Equipment					
Gross Assets	4,363	30,000			34,363
Accumulated Amortization	-2,453			-2,420	-4,873
Net Book Value	1,910	30,000		-2,420	29,490
1955-Communication Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					

## Capital Asset Continuity Statements

	2009 Balance	2010 Changes			2010 Balance
		Additions	Ret./Other	Amortization	
1960-Miscellaneous Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1965-Water Heater Rental Units					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1970-Load Management Controls - Customer Premises					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1975-Load Management Controls - Utility Premises					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1980-System Supervisory Equipment					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1985-Sentinel Lighting Rental Units					
Gross Assets					
Accumulated Amortization					
Net Book Value					
1990-Other Tangible Property					
Gross Assets					
Accumulated Amortization					

## Capital Asset Continuity Statements

	2009 Balance	2010 Changes			2010 Balance
		Additions	Ret./Other	Amortization	
Net Book Value					
1995-Contributions and Grants - Credit					
Gross Assets	-55,867				-55,867
Accumulated Amortization	3,351			2,234	5,585
Net Book Value	-52,516			2,234	-50,282
2005-Property Under Capital Leases					
Gross Assets					
Accumulated Amortization					
Net Book Value					
<b>TOTAL</b>					
<b>Gross Assets</b>	<b>3,508,151</b>	<b>366,200</b>			<b>3,874,351</b>
<b>Accumulated Amortization</b>	<b>-1,450,522</b>			<b>-169,798</b>	<b>-1,620,320</b>
<b>Net Book Value</b>	<b>2,057,629</b>	<b>366,200</b>		<b>-169,798</b>	<b>2,254,031</b>

- b. Please use these corrected rates to correct and file the Depreciation Expense table; Exhibit 4 Tab 7 Schedule 1 Attachment 1.

HHI Response:

Please find attached at the next page HHI's proposed Depreciation Expense



**Depreciation Expense**

Account Description	USA #		Opening Balance (a)	Less Fully Depreciated (b)	Net Of Depreciation (c) = (a) - (b)	Additions (d)	Total for Depreciation (e) = (c) + 0.5 x (d)	Years (f)	Depreciation Expense (g) = (e)/(f)
	Accumulated Amortisation	Amortisation Expense							
1805-Land	2105	5705	20,000.00		20,000.00		20,000.00	0	-
1806-Land Rights	2105	5705	15,650.70		15,650.70		15,651.00	0	-
1815-Transformer Station Equipment - Normally Primary above 50 kV	2105	5705	512,792.48	161,309.17	351,483.31	82,000.00	392,483.00	40	9,812.00
1820-Distribution Station Equipment - Normally Primary below 50 kV	2105	5705	366,940.50		366,940.50	50,000.00	391,941.00	30	13,065.00
1830-Poles, Towers and Fixtures	2105	5705	688,163.21	219,940.19	468,223.02	73,000.00	504,723.00	25	20,189.00
1835-Overhead Conductors and Devices	2105	5705	820,078.85	257,264.81	562,814.04	33,000.00	579,314.00	25	23,173.00
1840-Underground Conduit	2105	5705	148,326.15		148,326.15		148,326.00	25	5,933.00
1845-Underground Conductors and Devices	2105	5705	271,816.87		271,816.87	17,500.00	280,567.00	25	11,223.00
1850-Line Transformers	2105	5705	809,025.27	454,664.73	354,360.54	11,000.00	359,861.00	25	14,394.00
1855-Service	2105	5705	21,013.15		21,013.15		21,013.00	25	841.00
1860-Meters	2105	5705	479,916.51	110,561.79	369,354.72		369,355.00	25	14,774.00
1865-Other Installations on Customer's Premises	2105	5705			-		-	0	-
1870-Leased Property on Customer Premises	2105	5705			-		-	0	-
1875-Street Lighting and Signal Systems	2105	5705			-		-	0	-
1905-Land	2105	5705	28,299.70		28,299.70		28,300.00	0	-
1906-Land Rights	2105	5705			-		-	0	-
1908-Buildings and Fixtures	2105	5705	1,023,758.62		1,023,758.62		1,023,759.00	60	17,063.00
1908-Buildings and Fixtures	2105	5705	(3,175.55)		(3,175.55)	25,000.00	9,324.00	50	186.00
1910-Leasehold Improvements	2105	5705			-		-	0	-
1915-Office Furniture and Equipment	2105	5705	54,301.39	21,218.40	33,082.99	19,500.00	42,833.00	10	4,283.00
1920-Computer Equipment - Hardware	2105	5705	57,418.43	33,455.21	23,963.22	11,000.00	29,463.00	5	5,893.00
1925-Computer Software	2105	5705	120,041.91	5,356.23	114,685.68	9,200.00	119,286.00	5	23,857.00
1930-Transportation Equipment	2105	5705	250,057.80	229,608.00	20,449.80		20,450.00	8	2,556.00
1935-Stores Equipment	2105	5705			-		-	0	-
1940-Tools, Shop and Garage Equipment	2105	5705	34,478.32	13,251.13	21,227.19	5,000.00	23,727.00	10	2,373.00
1945-Measurement and Testing Equipment	2105	5705			-		-	0	-
1950-Power Operated Equipment	2105	5705	4,363.29		4,363.29	30,000.00	19,363.00	8	2,420.00
1955-Communication Equipment	2105	5705			-		-	0	-
1960-Miscellaneous Equipment	2105	5705			-		-	0	-
1965-Water Heater Rental Units	2105	5705			-		-	0	-
1970-Load Management Controls - Customer Premises	2105	5705			-		-	0	-
1975-Load Management Controls - Utility Premises	2105	5705			-		-	0	-
1980-System Supervisory Equipment	2105	5705			-		-	0	-
1985-Sentinel Lighting Rental Units	2105	5705			-		-	0	-
1990-Other Tangible Property	2105	5705			-		-	0	-
1995-Contributions and Grants - Credit	2105	5710	(55,867.11)		(55,867.11)		(55,867.00)	25	(2,235.00)
2005-Property Under Capital Leases					-		-	0	-
			5,667,400.49	1,506,629.66	4,160,770.83	366,200.00	4,343,872.00		169,800.00

## **2. Rate Base**

**Reference: Board staff Interrogatory 5  
Board staff Interrogatory 11  
Board staff Interrogatory 12**

Hawkesbury modified its forecast cost of power in response to Board staff Interrogatory 5. Hawkesbury updated its regulatory expenses in response to Board staff Interrogatory 11, and removed expenses for International Financial Reporting Standards in response to Board staff Interrogatory 12. Board staff would now like to see the impact of these changes and the impact arising from Interrogatory 1 above. Please recalculate the Projected 2010 rate base found on Exhibit 2 Tab 1 Schedule 1 using the results of these interrogatories.

### **HHI Response:**

Please find at the next page, (1) the revised Pass-through table and (2) the revised rate base information originally found at E2, T1, and S1 of the application.

## Hydro Hawkesbury Inc. (ED-2003-0027)

2010 EDR Application (EB-2009-0186) version: v0.1

March 5, 2010

## C2 Pass-through Charges

Volumes from sheet C1, Account #s from sheet Y4

Enter rates for pass-through charges and estimated Low Voltage revenues

Electricity (Commodity)	Customer Class Name	Revenue USA #	Expense USA #	2009 Volume	rate (\$/kWh):	\$0.06072 Amount	2010 Volume	rate (\$/kWh):	\$0.06215 Amount
	kWh Residential	4006	4705	55,995,714		3,400,060	56,054,974		3,483,817
	kWh General Service Less Than 50 kW	4035	4705	21,498,117		1,305,366	21,520,869		1,337,522
	kWh General Service 50 to 4,999 kW	4035	4705	90,107,709		5,471,340	90,203,069		5,606,121
	kWh Large Use	4020	4705	13,015,266		790,287			
	kWh Sentinel Lighting	4030	4705	113,525		6,893	113,525		7,056
	kWh Street Lighting	4025	4705	1,264,673		76,791	1,264,673		78,599
	kWh Unmetered Scattered Load	4035	4705	230,950		14,023	230,950		14,354
	TOTAL			182,225,955		11,064,760	169,388,060		10,527,468
Transmission - Network	Customer Class Name	Revenue USA #	Expense USA #	2009 Volume	Rate	Amount	2010 Volume	Rate	Amount
	kWh Residential	4066	4714	55,995,714	\$0.0047	263,180	56,054,974	\$0.0056	313,908
	kWh General Service Less Than 50 kW	4066	4714	21,498,117	\$0.0043	92,442	21,520,869	\$0.0051	109,756
	kW General Service 50 to 4,999 kW	4066	4714	229,572	\$1.7399	399,432	229,814	\$2.0708	475,899
	kW Large Use	4066	4714	42,872	\$2.0461	87,720			
	kW Sentinel Lighting	4066	4714	325	\$1.3127	427	325	\$1.5624	508
	kW Street Lighting	4066	4714	3,096	\$1.3122	4,063	3,096	\$1.5618	4,835
	kWh Unmetered Scattered Load	4066	4714	230,950	\$0.0043	993	230,950	\$0.0051	1,178
	TOTAL			78,000,647		848,257	78,040,029		906,084
Transmission - Connection	Customer Class Name	Revenue USA #	Expense USA #	2009 Volume	Rate	Amount	2010 Volume	Rate	Amount
	kWh Residential	4068	4716	55,995,714	\$0.0030	167,987	56,054,974	\$0.0031	173,770
	kWh General Service Less Than 50 kW	4068	4716	21,498,117	\$0.0027	58,045	21,520,869	\$0.0028	60,258
	kW General Service 50 to 4,999 kW	4068	4716	229,572	\$1.0849	249,063	229,814	\$1.1203	257,461
	kW Large Use	4068	4716	42,872	\$1.3601	58,310			
	kW Sentinel Lighting	4068	4716	325	\$1.7125	557	325	\$1.7684	575
	kW Street Lighting	4068	4716	3,096	\$0.8387	2,597	3,096	\$0.8661	2,681
	kWh Unmetered Scattered Load	4068	4716	230,950	\$0.0027	624	230,950	\$0.0028	647
	TOTAL			78,000,647		537,182	78,040,029		495,392
Wholesale Market Service	Customer Class Name	Revenue USA #	Expense USA #	2009 Volume	rate (\$/kWh):	\$0.00520 Amount	2010 Volume	rate (\$/kWh):	\$0.00520 Amount
	kWh Residential	4062	4708	55,995,714		291,178	56,054,974		291,486
	kWh General Service Less Than 50 kW	4062	4708	21,498,117		111,790	21,520,869		111,909
	kWh General Service 50 to 4,999 kW	4062	4708	90,107,709		468,560	90,203,069		469,056
	kWh Large Use	4062	4708	13,015,266		67,679			
	kWh Sentinel Lighting	4062	4708	113,525		590	113,525		590
	kWh Street Lighting	4062	4708	1,264,673		6,576	1,264,673		6,576
	kWh Unmetered Scattered Load	4062	4708	230,950		1,201	230,950		1,201
	TOTAL			182,225,955		947,575	169,388,060		880,818
Rural Rate Protection	Customer Class Name	Revenue USA #	Expense USA #	2009 Volume	rate (\$/kWh):	\$0.00130 Amount	2010 Volume	rate (\$/kWh):	\$0.00130 Amount
	kWh Residential	4062	4730	53,502,498		69,553	56,054,974		72,871
	kWh General Service Less Than 50 kW	4062	4730	20,540,911		26,703	21,520,869		27,977
	kWh General Service 50 to 4,999 kW	4062	4730	86,095,652		111,924	90,203,069		117,264
	kWh Large Use	4062	4730	13,015,266		16,920			
	kWh Sentinel Lighting	4062	4730	108,470		141	113,525		148
	kWh Street Lighting	4062	4730	1,208,363		1,571	1,264,673		1,644
	kWh Unmetered Scattered Load	4062	4730	220,667		287	230,950		300
	TOTAL			174,691,827		227,099	169,388,060		220,204
Debt Retirement Charge	Customer Class Name	Revenue USA #	Expense USA #	2009 Volume	rate (\$/kWh):	\$0.00700 Amount	2010 Volume	rate (\$/kWh):	\$0.00700 Amount
	TOTAL								
Low Voltage Charges	Customer Class Name	Revenue USA #	Expense USA #	2009 Volume		Amount	2010 Volume		Amount
	TOTAL (Input amount)	4075	4750		105,452.49	105,452		70,600.00	70,600
GRAND TOTAL						13,730,325			13,100,567

## Statement of Rate Base

	2006 EDR Approved	2006 Actual	2007 Actual	2008 Actual	2009 Projection	2010 Projection
<i>Net Capital Assets in Service:</i>						
Opening Balance		2,021,354	2,020,199	1,923,495	1,894,469	2,024,338
Ending Balance		2,020,199	1,923,495	1,894,469	2,024,338	2,215,058
Average Balance	2,058,337	2,020,776	1,971,847	1,908,982	1,959,403	2,119,698
Working Capital Allowance <i>(see below)</i>	2,260,393	2,215,124	2,264,864	2,162,052	2,190,573	2,114,450
<b>Total Rate Base</b>	<b>4,318,730</b>	<b>4,235,900</b>	<b>4,236,711</b>	<b>4,071,034</b>	<b>4,149,976</b>	<b>4,234,148</b>
<i>Expenses for Working Capital</i>						
<i>Eligible Distribution Expenses:</i>						
3500-Distribution Expenses - Operation	52,662	51,684	54,765	64,402	72,789	75,463
3550-Distribution Expenses - Maintenance	123,155	130,222	175,050	159,889	173,142	171,887
3650-Billing and Collecting	267,315	228,770	236,346	303,877	314,905	327,572
3700-Community Relations	100	60,810	12,668	100	104	2,108
3800-Administrative and General Expenses	350,188	274,250	290,168	269,155	285,636	390,476
3950-Taxes Other Than Income Taxes	24,654	25,171	25,634	26,205	26,916	28,262
Total Eligible Distribution Expenses	818,074	770,907	794,632	823,628	873,492	995,768
3350-Power Supply Expenses	14,251,214	13,996,585	14,304,462	13,590,055	13,730,325	13,100,567
Total Expenses for Working Capital	15,069,288	14,767,492	15,099,094	14,413,683	14,603,817	14,096,335
Working Capital factor	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
<b>Working Capital Allowance</b>	<b>2,260,393</b>	<b>2,215,124</b>	<b>2,264,864</b>	<b>2,162,052</b>	<b>2,190,573</b>	<b>2,114,450</b>

### **3. Load Forecast**

#### **Reference: Board staff Interrogatory 9**

It appears that the response to Board staff 9 a. was missed. Please state whether the filed Elenchus Research Associates report found at Exhibit 3 Tab 1 Schedule 1 is a draft or a final report.

#### **HHI Response**

The version of the document included in the Application of November 4<sup>th</sup> 2009, was in fact a draft version of the Load Forecast report. HHI has included the Final Load Forecast report in the following pages. Please be advised that the “Forecasted Energy” and “Forecasted Customers” used for ratemaking purposes were extracted from the Final report.

**Weather Normalized Distribution System Load  
Forecast – 2010 Test Year**

**Prepared for  
Hydro Hawkesbury Inc.**

**May 14, 2009**

## 1 INTRODUCTION

This document outlines the results and methodology used to derive the weather normal load forecast prepared for use in Hydro Hawkesbury Inc.'s rebasing rate application for 2010 rates. A weather normal load forecast is developed for the bridge year (2009) and test year (2010) and weather normalized historical consumption is also derived.

Short-term variation in monthly electricity consumption is heavily influenced by three main factors – weather (e.g. heating and cooling), which is by far the most dominant effect for most systems; economic factors (increases or decreases in economic activity leads to changes in employment, industrial and commercial activity, building and population change); and timing factors, such as holidays, weekdays, and number of days in the month. We have incorporated variables, as appropriate, to account for these factors in considering Hawkesbury's load and correcting for weather anomalies.

The forecast for Hydro Hawkesbury is based on monthly deliveries to the Distribution System from January 2004 to December 2008. From January 2004 to September 2006, this is measured as wholesale metered amounts delivered from the IESO controlled grid. After October 2006, one delivery point was de-registered and this supply is now metered and billed by Hydro One.

Class specific consumption for Hawkesbury is available on an annual basis only, except for one large user which is interval metered. While ERA believes it is desirable to isolate demand determinants related to individual rate classes, such as residential, commercial, and industrial, since demand determinants and weather sensitivity may be different for each of these classes, it is not always possible to do this due to the data limitations imposed by using class-level billing data. Since the majority of class retail data for Hawkesbury is only available on an annual basis, this precludes the ability to derive class specific demand determinants. Additionally, the large user constitutes a significant portion of monthly load. This user does not have a weather sensitive load profile but monthly consumption from 2004 is available. Therefore, a "weather sensitive" net system load for Hawkesbury is derived by subtracting the monthly consumption of the

large user from monthly deliveries. We are unable to remove consumption related to street lighting and sentinel lighting from the weather sensitive monthly load due to the fact that class consumption is available on an annual basis only. However, this consumption is a very small proportion of the total (less than one per cent, combined).

In May of 2009, the single large use customer in Hawkesbury, PPG, announced that it would be permanently cease operations at the end of November, 2009. In late 2008 and early 2009, consumption in this class has declined significantly. This will be discussed further in the section on non-weather sensitive load below.

## **2 ENERGY FORECAST USING WHOLESALE kWh DELIVERIES**

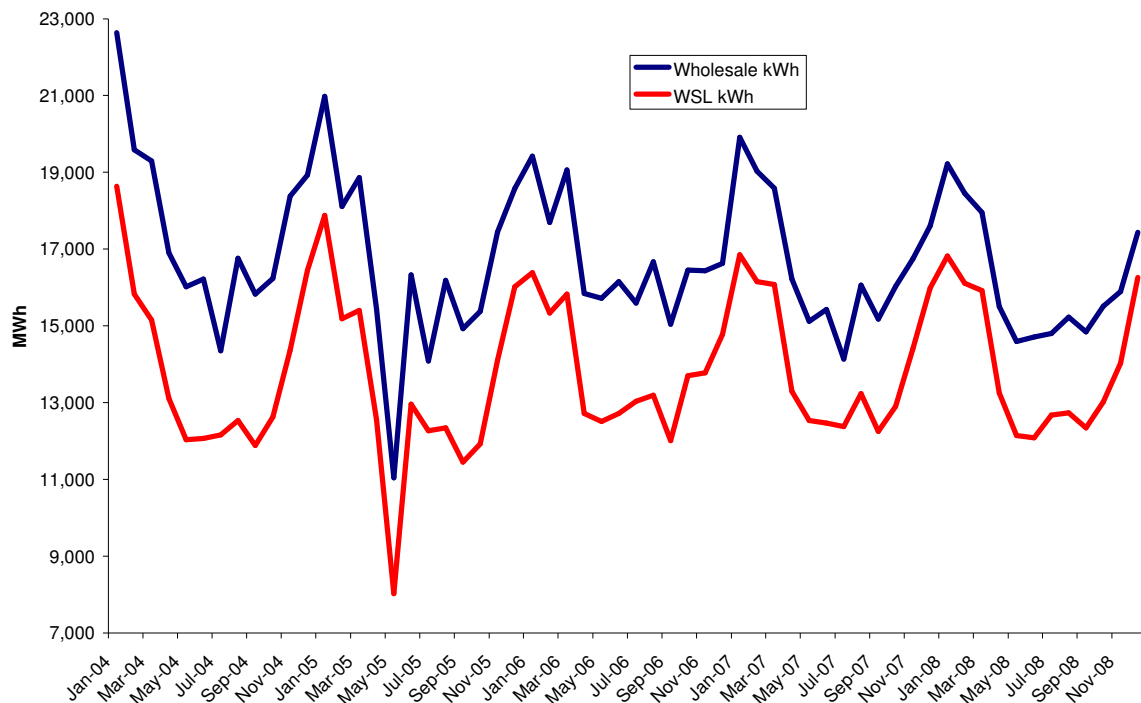
The following table (Table 1) outlines monthly “weather sensitive” net system load from January 2004 to December 2008. The accompanying chart (Chart 1) illustrates the “weather sensitive” net system load or “WSL” and monthly wholesale deliveries.

**Table 1: Monthly Net System Load (kWh), Hydro Hawkesbury**

	2004	2005	2006	2007	2008
January	18,637,678	17,870,916	16,388,891	16,852,233	16,819,638
February	15,824,597	15,185,261	15,340,991	16,146,860	16,106,414
March	15,151,388	15,401,451	15,831,060	16,075,177	15,917,303
April	13,105,910	12,546,018	12,717,270	13,292,923	13,249,917
May	12,030,458	8,016,770	12,509,932	12,531,854	12,145,403
June	12,072,109	12,955,942	12,713,980	12,467,928	12,078,793
July	12,162,321	12,262,516	13,030,943	12,374,953	12,676,710
August	12,534,002	12,339,980	13,193,056	13,234,020	12,733,825
September	11,886,209	11,447,564	12,006,692	12,246,087	12,344,575
October	12,630,027	11,922,695	13,698,125	12,901,675	13,017,951
November	14,372,743	14,103,083	13,777,519	14,405,846	14,022,435
December	16,443,722	16,017,182	14,773,857	15,984,980	16,262,824
<b>Annual</b>	<b>166,851,163</b>	<b>160,069,380</b>	<b>165,982,315</b>	<b>168,514,536</b>	<b>167,375,788</b>
<b>% change</b>		<b>-4.1%</b>	<b>3.7%</b>	<b>1.5%</b>	<b>-0.7%</b>



**Chart 1**  
**Hydro Hawkesbury - Monthly Wholesale and WSL kWh**



In order to determine the relationship between observed weather and energy consumption, monthly weather observations describing the extent of heating or cooling required within the month are necessary. Environment Canada publishes monthly observations on heating degree days (HDD) and cooling degree days (CDD) for selected weather stations across Canada. Heating degree-days for a given day are the number of Celsius degrees that the mean temperature is below 18°C. Cooling degree-days for a given day are the number of Celsius degrees that the mean temperature is above 18°C. For Hawkesbury, we have used monthly HDD and CDD as reported at Dorval Airport near Montreal.

In order to measure the change in economic activity, a data series must be chosen which represents, as much as possible, regional economic activity. We have used the monthly full-time employment levels for the Ottawa economic region, as reported in Statistics Canada's Monthly Labour Force Survey (CANSIM series v2054772).

The forecast equation for Hydro Hawkesbury's monthly WSL also contains the number of peak days (non-holiday week days) in the month and a "dummy variable" to account

for the unexplained<sup>1</sup> decline in monthly consumption in May 2005. For holidays, we have included New Year's Day, Good Friday, Easter Monday, Victoria Day, Canada Day, August Civic Holiday (Simcoe Day), Labour Day, Thanksgiving Day, Christmas and Boxing Day. From 2008, we have included the Ontario Family Day holiday in February, but we have not included Remembrance Day in November.

The historical data for monthly peak days and full-time employment are displayed in *Table 2* below.

**Table 2**  
**Monthly Peak Days**

	2004	2005	2006	2007	2008
January	21	20	21	22	22
February	20	20	20	20	20
March	23	21	23	22	21
April	20	21	18	19	20
May	20	21	22	22	21
June	22	22	22	21	21
July	21	20	20	22	22
August	21	22	22	22	20
September	21	21	20	19	21
October	20	20	21	22	22
November	22	22	22	22	20
December	21	20	19	19	21
<b>Ottawa Full-Time Employment ('000s) – CANSIM v2054772</b>					
January	490.6	499.2	509.1	497	543.1
February	486	496.7	510.1	497.9	535.2
March	482.2	487.5	509.5	501.8	530.5
April	479.1	490.8	517.2	507.7	532.7
May	488.1	497.4	528.1	523.3	539.1
June	501.3	509.3	536.6	536.9	548.4
July	514.2	519	545.4	555.3	563.3
August	518.4	522.8	547.2	561.7	573
September	515	516.7	537.5	560.5	565.8
October	512.8	511.8	521.4	556.5	554
November	506.5	506.3	504.1	551.6	541.6
December	506.5	512.8	499.6	551.5	540.9

Using these data, a multiple regression analysis was used to develop an equation describing the relationship between monthly actual WSL kWh and the explanatory variables.

<sup>1</sup> We have been unable to reconcile this one-time occurrence with a specific event, but it is confirmed with monthly consumption data from the IESO.

The resulting equation, estimated using the 60 observations from 2004:01-2008:12 is displayed below:

**Table 3**

OLS estimates using the 60 observations 2004:01-2008:12  
Dependent variable: WSLkWh

Unadjusted  $R^2 = 0.966331$

Adjusted  $R^2 = 0.963214$

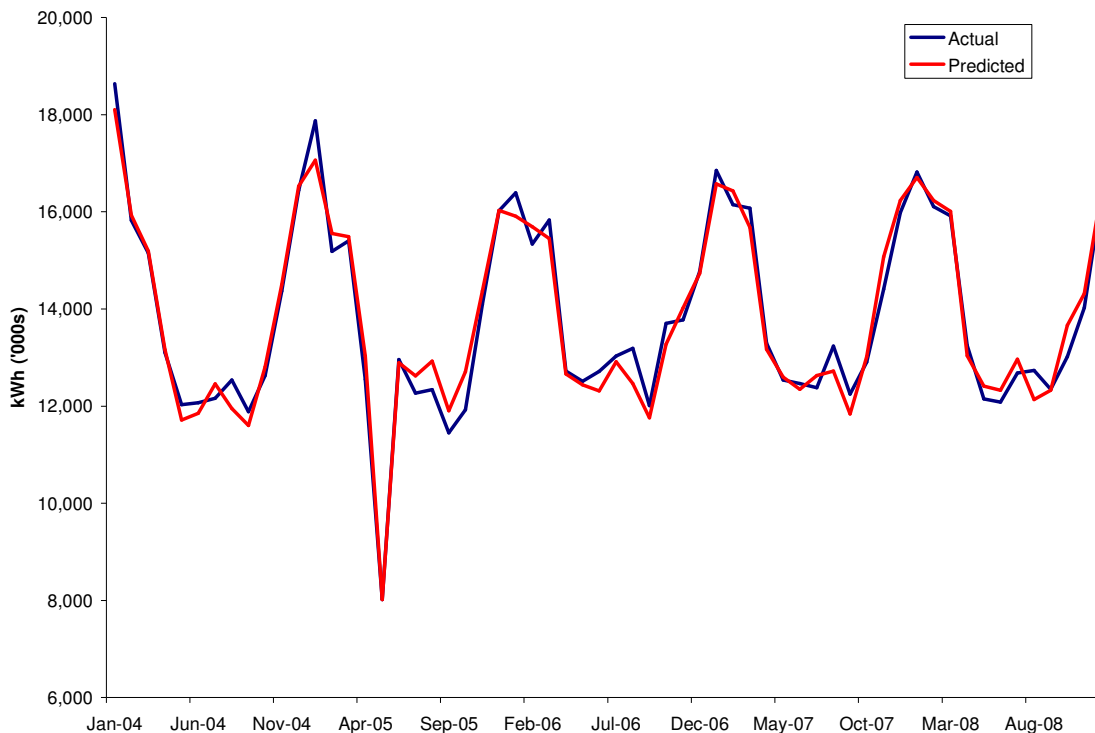
F-statistic (5, 54) = 309.9718 (p-value < 0.00001)

Durbin-Watson statistic = 1.723520

<i>Variable</i>	<i>Coefficient</i>	<i>t-statistic</i>	<i>p-value</i>
Const	3,287,155.0	2.1249	0.03819
HDD	7,071.3	30.7066	<0.00001
CDD	13,205.9	7.9823	<0.00001
D_May05	-4,235,561.1	-10.9678	<0.00001
Peak Days	195,683.1	4.307	0.00007
FTE_OttReg	7,033.1	3.0989	0.00308

Fitted vs. actual observations are plotted in the chart below:

**Chart 2**  
Hydro Hawkesbury - Monthly Actual vs Predicted WSL kWh (2004-2008)



Annual estimates using actual weather are compared to actual values in the table below. Mean absolute percentage error (MAPE) for annual estimates for the period is 0.9% with the largest absolute error on an annual estimate at 1.6%.

<b>Table 4 – Actual vs. Predicted WSL kWh, Hydro Hawkesbury</b>			
<i>Year</i>	<i>Actual WSL kWh</i>	<i>Predicted WSL kWh</i>	<i>Absolute % Error</i>
2004	166,851,163	165,790,146	0.6%
2005	160,069,380	162,589,465	1.6%
2006	165,982,315	163,627,030	1.4%
2007	168,514,536	168,297,644	0.1%
2008	167,375,788	168,487,853	0.7%
<b>Mean Absolute Percentage Error</b>			<b>0.9%</b>

## **2.1 WEATHER NORMALIZATION AND FORECASTED kWh**

It is not possible to accurately forecast weather for months or years in advance. Therefore, one can only base future weather expectations on what has happened in the past. Individual years may experience unusual spells of weather (unusually cold winter, unusually warm summer, etc.). However, over time, these unusual spells “average” out. While there may be trends over several years (e.g., warmer winters for example), using several years of data rather than one particular year filters out the extremes of any particular year. The OEB has considered and approved several different approaches to what constitutes “weather normal” over the past several years. For gas utilities, the Board has approved a five-year moving average for NRG (RP-2004-0167), a weighted average of 20 year and 30 year for Union Gas (RP-2003-0063), and a combination of methods including a 20 year trend, weighted average 20 year and 30 year, and variations of the so-called “de Bever” method depending upon location for Enbridge Gas Distribution (EB-2006-0034). For electric LDCs, Hydro One Networks Inc. (HONI) has used a 31 year average for their definition of weather normal (EB-2005-0378 and EB-2007-0681). On the other hand, Toronto Hydro Electric System Limited (THESL) has used the most recent 10 year average as a definition of weather normal (EB-2005-0421 and EB-2007-0680) as have many of the LDCs that filed for cost-of-service rebasing for 2009 rates. Hawkesbury has adopted the 10 year average from 1999 to 2008 as the definition of weather normal. Our view is that a ten-year average based on the most recent ten calendar years available is a reasonable compromise that likely reflects the

“average” weather experienced in recent years. Many other LDCs have also adopted this definition for the purposes of cost-of-service rebasing.

Presented below is a table outlining the 10-year monthly HDD and CDD for Trudeau International Airport (Dorval), the weather station selected for Hydro Hawkesbury.

**Table 5 –10-yr average (1999-2008) HDD and CDD, P.E. Trudeau (Dorval) Airport**

	Heating Degree Days										10- yr avg
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Jan	843.9	870.4	835.3	695.7	948.3	1026.4	898.4	697.4	775.6	749.3	<b>834.1</b>
Feb	647.1	725.4	745.6	643.3	805.6	750.8	686.7	694	809.7	744.7	<b>725.3</b>
Mar	597.4	508.3	661.1	616.2	674.9	567.6	659.4	576.5	644.9	690.8	<b>619.7</b>
Apr	332.3	372.1	346.4	336.6	413.1	361.5	308.4	313	366.4	296	<b>344.6</b>
May	77.9	137.1	103.3	214.4	144.8	144.9	190.3	126.6	152.9	172.3	<b>146.5</b>
Jun	13.1	61.6	20.7	53.3	39.9	45.5	16.2	23.8	26	16.8	<b>31.7</b>
Jul	2	9.5	13.1	2.9	0.8	0.7	2.7	0	6.5	0	<b>3.8</b>
Aug	11.8	12.4	4.4	4.3	10.2	18.4	6.2	23.9	15.5	10.8	<b>11.8</b>
Sep	55.4	119.2	68.9	51	43.2	60.9	54.3	96.1	69.9	72.1	<b>69.1</b>
Oct	318.9	276.7	231.9	343.7	310.2	281.8	253.2	312.9	207.9	307.1	<b>284.4</b>
Nov	390.7	466.7	402.6	517.1	453.7	472.6	454.5	407.2	509.7	467.9	<b>454.3</b>
Dec	662.2	843.4	570.7	699.9	710.8	787.5	738.3	595.9	756.4	729.5	<b>709.5</b>
Total	3952.7	4402.8	4004	4178.4	4555.5	4518.6	4268.6	3867.3	4341.4	4257.3	<b>4234.66</b>

	Cooling Degree Days										10- yr avg
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Jan	0	0	0	0	0	0	0	0	0	0	<b>0.0</b>
Feb	0	0	0	0	0	0	0	0	0	0	<b>0.0</b>
Mar	0	0	0	0	0	0	0	0	0	0	<b>0.0</b>
Apr	0	0	0	3.2	0	2.4	0	0	0	0	<b>0.6</b>
May	32.6	1.4	21.6	6.6	3.4	3.8	0.9	17.8	18	0	<b>10.6</b>
Jun	101.6	37.4	79.9	38.1	64.1	31.4	121.3	59	74.9	72.4	<b>68.0</b>
Jul	145.8	73.8	80.8	130.2	112.6	108.9	132.6	141.9	82.1	106.8	<b>111.6</b>
Aug	72.5	68.3	144.9	123.1	121.5	59.2	122.1	65	80.8	62.7	<b>92.0</b>
Sep	58	11.3	32.9	60.1	33	11.6	37.1	7.5	30.1	33	<b>31.5</b>
Oct	0	0	0	3.3	0	0.5	8.6	0	3.1	0	<b>1.6</b>
Nov	0	0	0	0	0	0	0	0	0	0	<b>0.0</b>
Dec	0	0	0	0	0	0	0	0	0	0	<b>0.0</b>
Total	410.5	192.2	360.1	364.6	334.6	217.8	422.6	291.2	289	274.9	<b>315.75</b>

Forecasts for Ontario’s employment outlook for 2008 and 2009 are available from four Canadian Chartered Banks at time of writing. Their forecasts are summarized below.

**Table 6 - Employment Forecast – Ontario**  
(figures in annual percentage change)

	BMO (March 20,2009)	RBC (Mar 2009)	Scotia (Mar. 17, 2009)	TD (Mar 17,2009)	Avg
2009	-3.1	-1.9	-2.6	-2.6	-2.6
2010	0.6	1.3	0.2	-0.6	0.4

Incorporating the forecast economic variables, monthly peak days, and 10-yr weather normal heating and cooling degree days, the following weather corrected consumption and forecast values are calculated:

<b>Table 7 - Weather Corrected WSL kWh, Hydro Hawkesbury</b>				
Year	Actual WSL kWh	%chg	10-yr (1999-2008) Weather Normal	%chg
2004	166,851,163		165,075,839	
2005	160,069,380	-4.1%	160,938,415	-2.5%
2006	165,982,315	3.7%	166,548,947	3.5%
2007	168,514,536	1.5%	167,896,112	0.8%
2008	167,375,788	-0.7%	168,867,220	0.6%
2009F			167,473,096	-0.8%
2010F			167,650,331	0.1%

### **3 CLASS SPECIFIC WEATHER NORMALIZATION AND CONSUMPTION FORECASTS**

The following table (Table 8) presents class specific weather normal historic and forecast values for those classes that have weather sensitive load. Historic class specific kWh consumption is allocated based on each class' share in WSL kWh, exclusive of distribution losses. Forecast class values are allocated based on the class share for 2008.

<b>Table 8 Weather Corrected Class Specific Consumption, Hawkesbury</b>			
Year	Actual residential kWh	Share%	10-yr (1999-2008) Weather Normal
2004	50,437,571	30.2%	49,900,907
2005	52,898,956	33.0%	53,186,151
2006	51,530,722	31.0%	51,706,638
2007	53,035,556	31.5%	52,840,923
2008	53,471,411	31.9%	53,947,877
2009F			53,502,498
2010F			53,559,119

Year	Actual GS<50 kWh	Share%	Weather Normal
2004	21,099,284	12.6%	20,874,784
2005	21,637,209	13.5%	21,754,680
2006	20,666,608	12.5%	20,737,160
2007	20,483,521	12.2%	20,408,349
2008	20,528,976	12.3%	20,711,904
2009F			20,540,911
2010F			20,562,650
Year	Actual GS>50 kWh	Share%	Weather Normal
2004	85,081,206	51.0%	84,175,927
2005	80,172,094	50.1%	80,607,358
2006	81,391,278	49.0%	81,669,132
2007	85,703,128	50.9%	85,388,610
2008	86,045,628	51.4%	86,812,352
2009F			86,095,652
2010F			86,186,766

Actual, normalized and forecast kW for the weather sensitive GS>50 class are summarized in Table 9 below. Historical normalized values are calculated based on the annual ratio of class kW to class kWh. Forecast kW is based on the class kW to class kWh ratio in 2008.

**Table 9 – GS>50 Class kW (Actual, Normalized, and Forecast)**

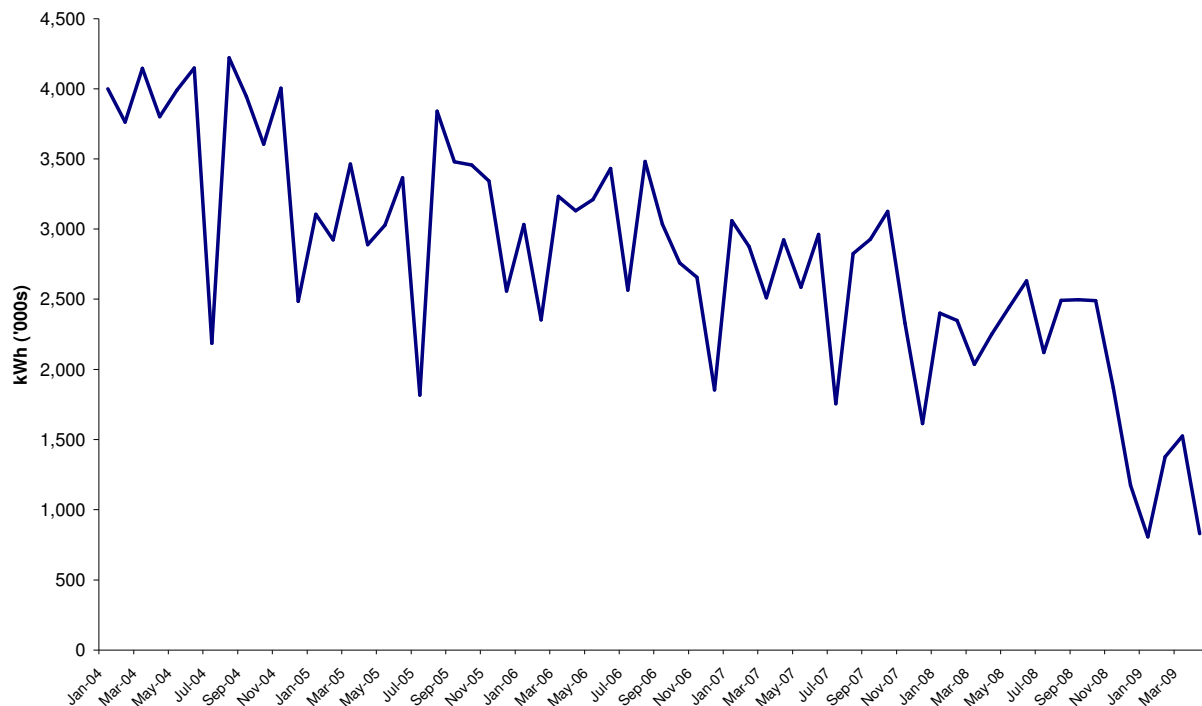
Year	Actual kW	Class kW/kWh ratio	Normalized kW	% change
2004	197,611	0.00232	195,508	
2005	198,609	0.00248	199,687	2.1%
2006	198,735	0.00244	199,413	-0.1%
2007	214,682	0.0025	213,894	7.3%
2008	229,438	0.00267	231,483	8.2%
2009F			229,572	-0.8%
2010F			229,814	0.1%

## **4 LARGE USER AND LIGHTING – NON-WEATHER SENSITIVE CLASES**

The large user, street lighting and sentinel lighting classes are not weather sensitive. Hydro Hawkesbury has one large user that is a manufacturer involved in the automotive

sector. This one large user has comprised anywhere from 15 to over 20 per cent of total retail kWh sales in the LDC over the past 5 years. However, this customer has had steadily declining use every year since 2004 and has had a dramatic decline in use in the fourth quarter of 2008 and the first four months of 2009. The company shut down completely in the month of January (2009) and has resumed production in February with only one out of three production lines. The company informed the LDC in January 2009 that this is likely for the foreseeable future until automotive demand recovers, and will also likely involve several weeks of complete, lights out shutdown from time-to-time. Subsequently, the company has announced it will cease operations in Hawkesbury permanently at the end of November 2009. The following chart (Chart 3) illustrates monthly kWh consumption for the large user.

**Chart 3**  
**Monthly Large User kWh (billed), Jan 2004 to Apr 2009**



The table below (Table 10) illustrates the recent decline in large user consumption and a projection to the end of 2009 based on January to April actual consumption (and assuming no consumption in December 2009).



Table 10 – Large User Consumption

	kW	% chg	kWh	% chg
Jan – Apr 2009	15,151	-32.8%	4,534,965	-49.8%
Jan – Apr 2008	22,558		9,037,549	
Dec 2008	3,841		1,174,558	
Prorated Dec'09 (to remove)	2,581		589,628	
Annual 2009 (est)	42,872		13,015,266	

Based on consumption in recent months and indications from the customer, we are projecting a 51.4 per cent decline in kWh throughput for this class in 2009 and a 42.6% decline in kW in 2009. In 2010, this class will have no customer. The 2009 consumption is based on the first four months consumption (kWh and kW), multiplied by 3 and subtracting a prorated December consumption (as in December the customer will be shut down). The prorated December consumption is based on December 2008 reduced by the kW and kWh declines indicated in Table 10.

Table 11 presents actual and forecast kWh and kW for the non-weather sensitive classes: Large User, Street Lighting, and Sentinel Lighting. The forecast throughput for the lighting classes and USL is not expected to change as no changes to customer connections is anticipated in 2009 or 2010.

Table 11

Large User Street Lighting & Sentinel Lighting Historic and Forecast Consumption								
Year	Street lighting				Sentinel Lighting			
	kWh	%	kW	%	kWh	%	kW	%
2004	887,585		2,776		97,906		305	
2005	912,953	2.9%	2,843	2.4%	109,473	11.8%	300	-1.6%
2006	1,025,217	12.3%	2,870	0.9%	108,681	-0.7%	300	0.0%
2007	972,416	-5.2%	2,874	0.1%	108,700	0.0%	300	0.0%
2008	1,208,363	24.3%	3,096	7.7%	108,470	-0.2%	325	8.3%
2009F	1,208,363	0.0%	3,096	0.0%	108,470	0.0%	325	0.0%
2010F	1,208,363	0.0%	3,096	0.0%	108,470	0.0%	325	0.0%
Year	Large User				USL			
	kWh	%	kW	%	kWh	%		
2004	44,293,181		83,420		191,526			
2005	37,273,246	-15.8%	76,540	-8.2%	203,526	6.3%		
2006	34,742,875	-6.8%	75,465	-1.4%	211,626	4.0%		
2007	31,501,025	-9.3%	75,608	0.2%	211,626	0.0%		
2008	26,758,704	-15.1%	74,710	-1.2%	220,667	4.3%		
2009F	13,015,266	-51.4%	42,872	-42.6%	220,667	0.0%		
2010F	0	-100.0%	0	-100.0%	220,667	0.0%		

Table 12 below presents the results for class specific historic actual and historic normalized (2008) kWh and kW (where applicable), and normalized forecast values for bridge year (2009) and test year (2010).

**Table 12 – Load Forecast (Historical, Bridge and Test Years).**

	2008 Actual	2008 Normalized	2009f Normalized	2010f Normalized
Residential (kWh)	53,471,411	53,947,877	53,502,498	53,559,119
GS<50 (kWh)	20,528,976	20,711,904	20,540,911	20,562,650
GS>50 (kWh)	86,045,628	86,812,352	86,095,652	86,186,766
(kW)	229,438	231,483	229,572	229,814
Street Lights (kWh)	1,208,363	1,208,363	1,208,363	1,208,363
(kW)	3,096	3,096	3,096	3,096
Sentinel Lights (kWh)	108,470	108,470	108,470	108,470
(kW)	325	325	325	325
USL (kWh)	220,667	220,667	220,667	220,667
Large User (kWh)	26,758,704	26,758,704	13,015,266	-
(kW)	74,710	74,710	42,872	-
Total Retail kWh	188,342,219	189,768,337	174,691,828	161,846,035

## 5 CUSTOMER FORECAST

Historic customer figures on an annual basis are presented in Table 13 below. Table 13 also presents the projected values for the number of customers in each rate class for 2009 and 2010.

Residential connections in 2009 are assumed to drop by 1.1%, equivalent to 2008, with growth in 2010 equivalent to the 2004 to 2008 average. This is consistent for housing start forecasts for Ottawa and Kingston, the two markets in eastern Ontario CMHC does analysis for. Ottawa 2009 starts forecast to decline by -12.4% (CMHC) and Kingston by

-3.9% (CMHC). GS<50 class is projected to decline in 2009 and 2010 equivalent to decline in 2008. No other changes are expected other than the loss of the large use customer in 2010.

**Table 13 – Average Annual Customer Connections – Hydro Hawkesbury**

	Residential	%chg	GS<50	%chg	GS>50	%chg	Street Light	%chg	Sent Light	%chg	LU	USL
2004	4,580		568		78		1,158		23		1	4
2005	4,611	0.7%	564	-0.7%	72	-7.7%	1,158	0.0%	24	4.3%	1	4
2006	4,642	0.7%	566	0.4%	77	6.9%	1,158	0.0%	22	-8.3%	1	4
2007	4,775	2.9%	573	1.2%	79	2.6%	1,158	0.0%	21	-4.5%	1	4
2008	4,724	-1.1%	571	-0.3%	79	0.0%	1,158	0.0%	21	0.0%	1	4
2009f	4,672	-1.1%	569	-0.3%	79	0.0%	1,158	0.0%	21	0.0%	1	4
2010f	4,705	0.7%	568	-0.3%	79	0.0%	1,158	0.0%	21	0.0%	0	4

## 6 AVERAGE USE

Displayed below (Table 14) are the observed actual average use per customer, by customer class, as well as historical weather normalized and weather normal forecast average use per customer generated using our load forecast.

**Table 14**

<b><u>Weather Actual Use Per Customer – Hydro Hawkesbury</u></b>							
Year	Residential	GS<50	GS>50	Street	Sentinel	USL	
2004	11,013	37,410	272,959	766	4,257	47,882	
2005	11,472	38,638	303,344	788	4,561	50,882	
2006	11,101	36,773	271,146	885	4,940	52,907	
2007	11,107	35,810	261,964	840	5,176	52,907	
2008	11,319	36,206	262,487	1,043	5,165	55,167	
<b><u>Weather Normal Use Per Customer – Historic &amp; Forecast</u></b>							
Year	Residential	GS<50	GS>50				
2004	10,895	37,012	1,079,179				
2005	11,535	38,848	1,119,547				
2006	11,139	36,899	1,060,638				
2007	11,066	35,679	1,080,868				
2008	11,420	36,529	1,098,891				
2009	11,452	36,336	1,089,818				
2010	11,384	36,484	1,090,972				



#### **4. Account 1525 and Account 1590**

**Reference: Board staff Interrogatory 21  
Board staff Interrogatory 23  
RP-2005-0020/EB-2005-0379 2006 EDR Regulatory Asset  
Recovery Worksheet**

In the referenced interrogatories, Board staff was interested in the details of the December 31, 2008, and December 31, 2004 balances for Account 1525 – Miscellaneous Deferred Debits and their relationships to the Balance in Account 1590 – Recovery of Regulatory Asset Balances. Board staff now requires supplemental clarifications concerning the entries.

**Preamble:**

HHI would like to revise its answer to question 21 c) of the first round on interrogatories. In response to Board Staff's request of the balance of account 1525 as of Dec 31, 2004, the answer should have been \$88,476.24. Please see table at the next page.

	<b>Ending bal. As of Dec. 31-2004</b>
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	<b>88,476.24</b>

Recorded in 2006 EDR	26,664.00
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<b>Total in EDR Model</b>	<b>32,489.00</b>

<b>Variance:</b>	<b>55,987.24</b>
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\*Excerpt from HHI's Manager Summary EB-2005-0379;

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In response to Interrogatory 21 a, Hawkesbury is showing an expense for “Secondary Env. Charge from Hydro One year 2005 – 2006” of \$237,727.

- a. Please explain the purpose of, and the billing determinant used to charge Hawkesbury for the “Secondary Env. Charge from Hydro One year 2005 – 2006”.

#### HHI Response

The GL entry identified below was recorded following Hydro One’s proposal to amend their Distribution tariffs effective May 1, 2006 (Ref. s.9.0.13). The decision granted Hydro One permission to recover the second phase of their regulatory assets. The HHI specific charge was listed in the appendix show in the following page.

HHI charged the amount of \$237,727 to account 1525 nearly 5 years ago and has been reported as such in HHI’s RRR filings both quarterly and yearly since 2005.

		Debit	Credit
Secondary Env. / H.O. 2005-2006	<b>1525-003</b>	237,727	
Other Regulatory Assets / H.O. 2005-2006	<b>1508-003</b>	11,009	
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RSVA Connection / H.O. 2005-2006	<b>1586-004</b>		129,109
Accounts Payable - H.O. 2005-2006	<b>2205-004</b>		83,789
		248,736	248,736

- b. Please also provide the Direction issued by the Board to record this “Secondary Env. Charge from Hydro One year 2005 – 2006” in account 1525 and the basis for disposition.

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Pages 1 and 2 of the document entitled; *Phase 2 Review and Recovery of Regulatory Assets Remaining LDCs* stated the following;

“Distributors embedded within Hydro One’s distribution system should enter their allocated charges in the column named “Hydro One charges (if applicable) to Dec31-03”. These amounts should be entered in their corresponding accounts (as per the Board’s January 10, 2005 Order) **including Hydro One’s environmental costs which should be entered in account 1525** or cell K28.”

With respect to the basis for disposition in its cost of service application, HHI’s intentions, with respect to the treatment of Deferral and Variance Account (DVA),

EDVAAR report or any Board directive or policy that supersedes the EDVAAR report. Unless directed otherwise, HHI proposes to comply with the EDVAAR report that states at page 13 of the report: *(Board's Policy and Rationale: The Board agrees that at the time of rebasing, all Account balances should be disposed of unless otherwise justified by the distributor or as required by a specific Board decision or guideline.)* and dispose of both Group1 on and Group 2, with the exception of account 1562. *(The Board has indicated that the results of the proceeding to review PILs, EB-2008-0381, will inform its policies on the disposition of balances in the PILs accounts 1562, 1563 and 1592.)*. Page 7 of the report lists account 1525 under Group 2.

NOTE:

If the Board feels that in 2005, the Hydro One charge was incorrectly written to the wrong account, HHI now seeks direction on how to rectify the issue.



APPENDIX A

HYDRO ONE's PROPOSED REGULATORY ASSET CHARGES TO EMBEDDED DISTRIBUTORS FOR JAN. 2004 TO APR. 2006

1

	A	BX	BY	CA	CB	CC	CD	CE
		Deferred LV costs (to be included in 1586)	Acct 1508 Pension and OEB costs	Acct 1580 RSVA WMSC	Acct 1582 RSVA One Time	Acct 1584 RSVA Network	Acct 1586 RSVA Connection	Total April 30, 2006 Reg. Asset Variance Balance
1								
2	<b>Total Amount</b>	\$40,236,797	\$1,863,350	\$26,523	\$54,585	(\$4,563,015)	(\$16,697,635)	\$20,920,604
3	<b>Embedded Distributor</b>	by Deferred LV costs	by Deferred LV costs	by WMSC kWh	by WMSC kWh	by Network kW	by connection kW	
4		by kWhs to customers	by Dx revenue to customers	by kWhs to customers	by kWhs to customers	by kWhs to customers	by kWhs to customers	
5	Asphodel-Norwood Distribution Inc.	\$118,507	\$5,488			(\$4,197)	(\$15,282)	\$104,516
6	Aurora Hydro Connections Limited	\$745,589	\$34,528			(\$152,056)	(\$554,089)	\$73,972
7	Barrie Hydro Distribution Inc.	\$736,665	\$34,115			(\$139,340)	(\$506,372)	\$125,067
8	Bluewater Power Distribution Corporation	\$350,086	\$16,212	\$1,093	\$2,249	(\$26,435)	(\$95,472)	\$247,734
9	Brant County Power	\$453,869	\$21,018		\$0	(\$70,521)	(\$269,236)	\$135,131
10	Brantford Power Inc.	\$216,816	\$10,041		\$0	(\$58,404)	(\$211,839)	-\$43,387
11	Burlington Hydro Inc.	\$243,617	\$11,282		\$0	(\$49,651)	(\$179,668)	\$25,580
12	Cambridge & North Dumfries Hydro Inc.	\$258,085	\$11,952		\$0	(\$12,632)	(\$47,812)	\$209,592
13	Centre Wellington Hydro Ltd.	\$316,337	\$14,649		\$0	(\$43,787)	(\$157,913)	\$129,287
14	Chapleau Public Utilities Corp.	\$189,764	\$8,788		\$0	(\$3,236)	(\$11,697)	\$183,619
15	Chatham-Kent Hydro Inc.	\$1,726,033	\$79,932		\$0	(\$85,693)	(\$309,489)	\$1,410,783
16	Clinton Power Corporation	\$318,667	\$14,757		\$0	(\$10,189)	(\$36,707)	\$286,529
17	COLLUS Power Corp.	\$756,842	\$35,049		\$0	(\$113,238)	(\$409,869)	\$268,784
18	Cooperative Hydro Embrun Inc.	\$51,813	\$2,399	\$653	\$1,345	(\$8,653)	(\$31,724)	\$15,833
19	Dutton Hydro Limited	\$72,451	\$3,355	\$192	\$394	(\$2,532)	(\$9,191)	\$64,669
20	E.L.K. Energy Inc.	\$629,682	\$29,160		\$0	(\$63,481)	(\$229,943)	\$365,419
21	Enersource Hydro Mississauga	\$2,396,106	\$110,963		\$0	(\$412,714)	(\$1,554,498)	\$539,856
22	Erie Thames Power Lines Corporation	\$817,609	\$37,863		\$0	(\$82,148)	(\$308,366)	\$464,958
23	Espanola Regional Hydro Distribution Corporation	\$309,864	\$14,350		\$0	(\$19,006)	(\$68,749)	\$236,458
24	Essex Powerlines Corporation	\$1,544,280	\$71,515		\$0	(\$176,329)	(\$655,171)	\$784,295
25	Festival Hydro Inc.	\$262,255	\$12,145		\$0	(\$18,555)	(\$67,048)	\$188,797
26	Grand Valley Energy Inc.	\$88,473	\$4,097		\$0	(\$2,842)	(\$10,410)	\$79,319
27	Gravenhurst Hydro Electric Inc.	\$219,387	\$10,160		\$0	(\$27,353)	(\$99,957)	\$102,236
28	Greater Sudbury Hydro Inc.	\$72,870	\$3,375	\$868	\$1,786	(\$10,950)	(\$40,435)	\$27,513
29	Grimsby Power Incorporated	\$308,507	\$14,287		\$0	(\$29,925)	(\$108,791)	\$184,078
30	Haltom Hills Hydro Inc.	\$824,419	\$38,179		\$0	(\$144,732)	(\$526,292)	\$191,573
31	Hamilton Hydro Inc.	\$1,406,534	\$65,136	\$84	\$174	(\$142,009)	(\$518,872)	\$811,047
32	Hawkesbury Hydro Inc.	\$237,727	\$11,009		\$0	(\$35,838)	(\$129,109)	\$83,789
33	Hydro 2000 Inc. [Alfred-Plantagenet]	\$232,670	\$10,775	\$617	\$1,269	(\$7,931)	(\$28,791)	\$208,610

- c. Please explain the means with reasons for Hawkesbury's proposal for allocation and recovery of this charge.

HHI Response: As explained in HHI's response to 4b) HHI's intent is to comply with regulation and direction from the Board. Unless otherwise directed, HHI will use the Board prescribed allocators presented at page 22 of the EDDVAR report. Again, as stated in HHI's response to 4b), this amount has been reported, as part of HHI's RRR filings, in the balance of account 1525 since 2005. If the board feels that it should be allocated to a different account, HHI seeks specific direction from the board to rectify the error.

In Interrogatory 21 c. Hawkesbury states that the December 31, 2004 balance of account 1525 was \$273,603. However, the amount in account 1525 as at December 31, 2004 as per the final RP-2005-0020/EB-2005-0379 Regulatory Asset Recovery Worksheet in 2006 EDR was \$26,664.

- a. Please explain why \$26,664 was stated to be the balance as at December 31, 2004 in account 1525 in 2006 EDR, whereas in this proceeding (Interrogatory 21 c) Hawkesbury has stated that the balance in account 1525 as at December 31, 2004 was \$273,603.

**HHI Response:**

HHI's response to question 21c of the first round was incorrect. HHI incorrectly presented the balance for account 1525 at year 2005 instead of 2004. The correct amount should have been \$ 88,476.24. Details are presented below:

	<b>Ending bal. As of Dec. 31-2004</b>
<b>Acct 1525.001 - Misc Deferred Debits</b>	82,651.24
<b>Acct 1525.002 - Secondary Env. / Hydro One Charges - Yr 2002-2003</b>	5,825.00
	<b>88,476.24</b>

Recorded in 2006 EDR	26,664.00
Recorded in 2006 EDR - Colum for Hydro One Charges to Dec 31-2003	5,825.00
<b>Total in EDR Model</b>	<b>32,489.00</b>

<b>Variance:</b>	<b>55,987.24</b>
<b>Explanation for variance:</b>	
This amount was recorded in account 1525 by error. It was transferred to billing expense account no. 5315 as indicated in Manager's Summary RP-2005-0020 EB-2005-0379 Chapter 2, Item 2-3.	

Excerpt from HHI's Manager Summary EB-2005-0379;

**2-3 Audited Financial Statements and Reconciliation**

Find enclosed copies of Hydro Hawkesbury Inc. financial statements for years 2002, 2003 and 2004.

The only adjustment made to the trial balance was for year 2004, the reason being:

*\$ 55,987.20 was recorded to account # 1525 by error. This amount was transferred to billing expense account # 5315 in 2004 trial balance of the EDR model. The actual expense will be recorded in September 2005, as it is only then that Hydro Hawkesbury Inc. realized it could not record those Dereg expenses to account 1525. The account is now showing only the related expenses to the distribution on the rebate cheques.*

- b. Does the December 31, 2004 balance of \$273,603 in account 1525, as stated in the response to Interrogatory #21 c include the "Secondary Env. Charge from Hydro One year 2005-2006" costs of \$237,727? If not, please explain the difference.

HHI Response:

No it did not. As explained in answer a. above, the amount should have been \$88,476.24 for the date of December 31, 2004.

Please see "Preamble" and response to question b) above for further details

- c. Please provide any direction or guideline from the Board to retroactively change the December 31, 2004 balance in account 1525 that was cleared in the 2006 EDR.

HHI Response:

HHI confirms that the amount of \$ 237,727 was not included in the 2004 December balance therefore it was not changed retroactively.

Please see "Preamble" and response to question b) above for further details.

- d. Please provide an explanation as to why the response to Interrogatory #21c) iii) states that \$52,401 was moved to account 1590, where the response to Interrogatory #23 and Interrogatory #21b) states that \$32,489 was dispositional.

HHI Response:

Both responses should be \$32,489.04. The amount of \$52,401 was incorrect. HHI has provided a revised series of answers to Board Staff's question # 21. These revised answers can be found in the following pages.

## 5. Account 1588

**Reference: Board staff Interrogatory 25, 26  
Exhibit 9 Tab 1 Schedule 2**

In Board staff Interrogatory 26, Board staff requested Hawkesbury to separately state the Account 1588 – RSVA Power and Account 1588 RSVA Power– Sub-Account Global Adjustment (“GA”) balances. In Board staff Interrogatory 25, Hawkesbury recalculated the rate riders using the balance for Account 1588 – RSVA Power excluding the Global Adjustment.

It appears as though the debit balance of GA sub-account of \$252,665 as shown in response to Interrogatories #26a) and #26c) may have been incorrectly reflected in account balance for 1588 excluding the GA. In other words, the balance in account 1588 GA may have been added, instead of subtracted, to the balance in account 1588 total, to generate the balance in account 1588 excluding the GA. Board staff has produced the following table:

	<b>Balance</b>	<b>Source</b>
<b>Account</b>		
1588 Total	(\$396,988)	Exhibit 9 Tab 1 Schedule 2
1588 Global Adjustment	\$252,665	Response to #26 c)
1588 Excluding the GA	(\$144,324)	Responses to #25 and #26 d)

- a. Please review the balances for each of Account 1588 Total, Account 1588 GA, and Account 1588 Excluding the GA, and provide corrected information in Interrogatory #25 and #26.

HHI Response:

HHI has revised its balances. Please find in the next pages HHI's proposed rate rider excluding the GA sub-account.

Please find a second table that presents the balances of both 1588 and 1588-GA separately.

- b. If there is no correction required, please explain the calculation that determines the 1588 balance excluding the GA.

HHI Response:

As stated above, HHI has revised its balances and presents the breakdown of its calculations below.

	Total RSVA 1588 POWER & GA	RSVA GA ONLY	RSVA POWER ONLY
Principal Balance of RSVA POWER as of December 31-2008	(666,285.61)		(666,285.61)
Principal Balance of RSVA GA sub-account as of December 31-2008	232,444.73	232,444.73	
Carrying Charges TOTAL for RSVA POWER as of December 31, 2008	25,465.87		25,465.87
Carrying Charges TOTAL for RSVA GA as of December 31, 2008	17,171.35	17,171.35	
<b>TOTAL as per Exhibit 9, Tab 1, Schedule 2, Attachment 2, page5</b>	<b>(391,203.66)</b>	<b>249,616.08</b>	<b>(640,819.74)</b>
Carrying Charges TOTAL for RSVA POWER as of April 30, 2010	(8,832.87)		(8,832.87)
Carrying Charges TOTAL for RSVA GA as of April 30, 2010	3,048.53	3,048.53	
<b>TOTAL of RSVA POWER, RSVA GA &amp; Carrying Charges for both accounts as per Exhibit 9, Tab 1, Schedule 2, Attachment 2, page 7</b>	<b>(396,988.00)</b>	<b>252,664.61</b>	<b>(649,652.61)</b>

**Board Staff Interrogatories  
2010 Electricity Distribution Rates  
Hydro Hawkesbury Inc.  
EB-2009-0186  
RESPONSES**

The Board has determined to proceed by way of written hearing at this point in time and in Procedural Order No. 2 dated February 19, 2010 has ordered supplemental written interrogatories and responses in the cost of service application of Hydro Hawkesbury Inc. ("Hawkesbury") for information that is in addition to the existing filed interrogatories. The following are Board Staff's supplemental interrogatories.

**1. Depreciation**

**Reference: Board staff Interrogatory 1**

In Board staff Interrogatory 1, Hawkesbury made corrections to its depreciation rates. Board staff now would like to see the impact of these corrections.

- a. Please use the corrected rates to correct and refile the Capital Asset Continuity Statements; Exhibit 2 Tab 3 Schedule 3.

**HHI Response:**

Please find attached at the next page the revised Capital Asset Continuity Statements



- b. Please use these corrected rates to correct and file the Depreciation Expense table; Exhibit 4 Tab 7 Schedule 1 Attachment 1.

HHI Response:

Please find attached at the next page HHI's proposed Depreciation Expense

## **2. Rate Base**

**Reference: Board staff Interrogatory 5  
Board staff Interrogatory 11  
Board staff Interrogatory 12**

Hawkesbury modified its forecast cost of power in response to Board staff Interrogatory 5. Hawkesbury updated its regulatory expenses in response to Board staff Interrogatory 11, and removed expenses for International Financial Reporting Standards in response to Board staff Interrogatory 12. Board staff would now like to see the impact of these changes and the impact arising from Interrogatory 1 above. Please recalculate the Projected 2010 rate base found on Exhibit 2 Tab 1 Schedule 1 using the results of these interrogatories.

### **HHI Response:**

Please find at the next page, (1) the revised Pass-through table and (2) the revised rate base information originally found at E2, T1, and S1 of the application.

### **3. Load Forecast**

#### **Reference: Board staff Interrogatory 9**

It appears that the response to Board staff 9 a. was missed. Please state whether the filed Elenchus Research Associates report found at Exhibit 3 Tab 1 Schedule 1 is a draft or a final report.

#### **HHI Response**

The version of the document included in the Application of November 4<sup>th</sup> 2009, was in fact a draft version of the Load Forecast report. HHI has included the Final Load Forecast report in the following pages. Please be advised that the “Forecasted Energy” and “Forecasted Customers” used for ratemaking purposes were extracted from the Final report.

#### **4. Account 1525 and Account 1590**

**Reference: Board staff Interrogatory 21  
Board staff Interrogatory 23  
RP-2005-0020/EB-2005-0379 2006 EDR Regulatory Asset  
Recovery Worksheet**

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2	<b>Total Amount</b>	\$40,236,797	\$1,863,350	\$26,523	\$54,585	(\$4,563,015)	(\$16,697,635)	\$20,920,604
3	<b>Embedded Distributor</b>	by Deferred LV costs	by Deferred LV costs	by WMSC kWh	by WMSC kWh	by Network kW	by connection kW	
4		by kWhs to customers	by Dx revenue to customers	by kWhs to customers	by kWhs to customers	by kWhs to customers	by kWhs to customers	
5	Asphodel-Norwood Distribution Inc.	\$118,507	\$5,488			(\$4,197)	(\$15,282)	\$104,516
6	Aurora Hydro Connections Limited	\$745,589	\$34,528			(\$152,056)	(\$554,089)	\$73,972
7	Barrie Hydro Distribution Inc.	\$736,665	\$34,115			(\$139,340)	(\$506,372)	\$125,067
8	Bluewater Power Distribution Corporation	\$350,086	\$16,212	\$1,093	\$2,249	(\$26,435)	(\$95,472)	\$247,734
9	Brant County Power	\$453,869	\$21,018		\$0	(\$70,521)	(\$269,236)	\$135,131
10	Brantford Power Inc.	\$216,816	\$10,041		\$0	(\$58,404)	(\$211,839)	-\$43,387
11	Burlington Hydro Inc.	\$243,617	\$11,282		\$0	(\$49,651)	(\$179,668)	\$25,580
12	Cambridge & North Dumfries Hydro Inc.	\$258,085	\$11,952		\$0	(\$12,632)	(\$47,812)	\$209,592
13	Centre Wellington Hydro Ltd.	\$316,337	\$14,649		\$0	(\$43,787)	(\$157,913)	\$129,287
14	Chapleau Public Utilities Corp.	\$189,764	\$8,788		\$0	(\$3,236)	(\$11,697)	\$183,619
15	Chatham-Kent Hydro Inc.	\$1,726,033	\$79,932		\$0	(\$85,693)	(\$309,489)	\$1,410,783
16	Clinton Power Corporation	\$318,667	\$14,757		\$0	(\$10,189)	(\$36,707)	\$286,529
17	COLLUS Power Corp.	\$756,842	\$35,049		\$0	(\$113,238)	(\$409,869)	\$268,784
18	Cooperative Hydro Embrun Inc.	\$51,813	\$2,399	\$653	\$1,345	(\$8,653)	(\$31,724)	\$15,833
19	Dutton Hydro Limited	\$72,451	\$3,355	\$192	\$394	(\$2,532)	(\$9,191)	\$64,669
20	E.L.K. Energy Inc.	\$629,682	\$29,160		\$0	(\$63,481)	(\$229,943)	\$365,419
21	Enersource Hydro Mississauga	\$2,396,106	\$110,963		\$0	(\$412,714)	(\$1,554,498)	\$539,856
22	Erie Thames Power Lines Corporation	\$817,609	\$37,863		\$0	(\$82,148)	(\$308,366)	\$464,958
23	Espanola Regional Hydro Distribution Corporation	\$309,864	\$14,350		\$0	(\$19,006)	(\$68,749)	\$236,458
24	Essex Powerlines Corporation	\$1,544,280	\$71,515		\$0	(\$176,329)	(\$655,171)	\$784,295
25	Festival Hydro Inc.	\$262,255	\$12,145		\$0	(\$18,555)	(\$67,048)	\$188,797
26	Grand Valley Energy Inc.	\$88,473	\$4,097		\$0	(\$2,842)	(\$10,410)	\$79,319
27	Gravenhurst Hydro Electric Inc.	\$219,387	\$10,160		\$0	(\$27,353)	(\$99,957)	\$102,236
28	Greater Sudbury Hydro Inc.	\$72,870	\$3,375	\$868	\$1,786	(\$10,950)	(\$40,435)	\$27,513
29	Grimsby Power Incorporated	\$308,507	\$14,287		\$0	(\$29,925)	(\$108,791)	\$184,078
30	Haltom Hills Hydro Inc.	\$824,419	\$38,179		\$0	(\$144,732)	(\$526,292)	\$191,573
31	Hamilton Hydro Inc.	\$1,406,534	\$65,136	\$84	\$174	(\$142,009)	(\$518,872)	\$811,047
32	Hawkesbury Hydro Inc.	\$237,727	\$11,009		\$0	(\$35,838)	(\$129,109)	\$83,789
33	Hydro 2000 Inc. [Alfred-Plantagenet]	\$232,670	\$10,775	\$617	\$1,269	(\$7,931)	(\$28,791)	\$208,610



- c. Please explain the means with reasons for Hawkesbury's proposal for allocation and recovery of this charge.

HHI Response: As explained in HHI's response to 4b) HHI's intent is to comply with regulation and direction from the Board. Unless otherwise directed, HHI will use the Board prescribed allocators presented at page 22 of the EDDVAR report. Again, as stated in HHI's response to 4b), this amount has been reported, as part of HHI's RRR filings, in the balance of account 1525 since 2005. If the board feels that it should be allocated to a different account, HHI seeks specific direction from the board to rectify the error.

In Interrogatory 21 c. Hawkesbury states that the December 31, 2004 balance of account 1525 was \$273,603. However, the amount in account 1525 as at December 31, 2004 as per the final RP-2005-0020/EB-2005-0379 Regulatory Asset Recovery Worksheet in 2006 EDR was \$26,664.

- a. Please explain why \$26,664 was stated to be the balance as at December 31, 2004 in account 1525 in 2006 EDR, whereas in this proceeding (Interrogatory 21 c) Hawkesbury has stated that the balance in account 1525 as at December 31, 2004 was \$273,603.

**HHI Response:**

HHI's response to question 21c of the first round was incorrect. HHI incorrectly presented the balance for account 1525 at year 2005 instead of 2004. The correct amount should have been \$ 88,476.24. Details are presented below:

	<b>Ending bal. As of Dec. 31-2004</b>
<b>Acct 1525.001 - Misc Deferred Debits</b>	82,651.24
<b>Acct 1525.002 - Secondary Env. / Hydro One Charges - Yr 2002-2003</b>	5,825.00
	<b>88,476.24</b>

Recorded in 2006 EDR	26,664.00
Recorded in 2006 EDR - Colum for Hydro One Charges to Dec 31-2003	5,825.00
<b>Total in EDR Model</b>	<b>32,489.00</b>

<b>Variance:</b>	<b>55,987.24</b>
<b>Explanation for variance:</b>	
This amount was recorded in account 1525 by error. It was transferred to billing expense account no. 5315 as indicated in Manager's Summary RP-2005-0020 EB-2005-0379 Chapter 2, Item 2-3.	

Excerpt from HHI's Manager Summary EB-2005-0379;

**2-3 Audited Financial Statements and Reconciliation**

Find enclosed copies of Hydro Hawkesbury Inc. financial statements for years 2002, 2003 and 2004.

The only adjustment made to the trial balance was for year 2004, the reason being:

*\$ 55,987.20 was recorded to account # 1525 by error. This amount was transferred to billing expense account # 5315 in 2004 trial balance of the EDR model. The actual expense will be recorded in September 2005, as it is only then that Hydro Hawkesbury Inc. realized it could not record those Dereg expenses to account 1525. The account is now showing only the related expenses to the distribution on the rebate cheques.*

- b. Does the December 31, 2004 balance of \$273,603 in account 1525, as stated in the response to Interrogatory #21 c include the "Secondary Env. Charge from Hydro One year 2005-2006" costs of \$237,727? If not, please explain the difference.

HHI Response:

No it did not. As explained in answer a. above, the amount should have been \$88,476.24 for the date of December 31, 2004.

Please see "Preamble" and response to question b) above for further details

- c. Please provide any direction or guideline from the Board to retroactively change the December 31, 2004 balance in account 1525 that was cleared in the 2006 EDR.

HHI Response:

HHI confirms that the amount of \$ 237,727 was not included in the 2004 December balance therefore it was not changed retroactively.

Please see "Preamble" and response to question b) above for further details.

- d. Please provide an explanation as to why the response to Interrogatory #21c) iii) states that \$52,401 was moved to account 1590, where the response to Interrogatory #23 and Interrogatory #21b) states that \$32,489 was dispositional.

HHI Response:

Both responses should be \$32,489.04. The amount of \$52,401 was incorrect. HHI has provided a revised series of answers to Board Staff's question # 21. These revised answers can be found in the following pages.

## 5. Account 1588

**Reference: Board staff Interrogatory 25, 26  
Exhibit 9 Tab 1 Schedule 2**

In Board staff Interrogatory 26, Board staff requested Hawkesbury to separately state the Account 1588 – RSVA Power and Account 1588 RSVA Power– Sub-Account Global Adjustment (“GA”) balances. In Board staff Interrogatory 25, Hawkesbury recalculated the rate riders using the balance for Account 1588 – RSVA Power excluding the Global Adjustment.

It appears as though the debit balance of GA sub-account of \$252,665 as shown in response to Interrogatories #26a) and #26c) may have been incorrectly reflected in account balance for 1588 excluding the GA. In other words, the balance in account 1588 GA may have been added, instead of subtracted, to the balance in account 1588 total, to generate the balance in account 1588 excluding the GA. Board staff has produced the following table:

	<b>Balance</b>	<b>Source</b>
<b>Account</b>		
1588 Total	(\$396,988)	Exhibit 9 Tab 1 Schedule 2
1588 Global Adjustment	\$252,665	Response to #26 c)
1588 Excluding the GA	(\$144,324)	Responses to #25 and #26 d)

Please review the balances for each of Account 1588 Total, Account 1588 GA, and Account 1588 Excluding the GA, and provide corrected information in Interrogatory #25 and #26.

**HHI Response:**

HHI has revised its balances. Please find in the next pages HHI's proposed rate rider excluding the GA sub-account.

Please find a second table that presents the balances of both 1588 and 1588-GA separately.

- e. If there is no correction required, please explain the calculation that determines the 1588 balance excluding the GA.

**HHI Response:**

As stated above, HHI has revised its balances and presents the breakdown of its calculations below.

	Total RSVA 1588 POWER & GA	RSVA GA ONLY	RSVA POWER ONLY
Principal Balance of RSVA POWER as of December 31-2008	(666,285.61)		(666,285.61)
Principal Balance of RSVA GA sub-account as of December 31-2008	232,444.73	232,444.73	
Carrying Charges TOTAL for RSVA POWER as of December 31, 2008	25,465.87		25,465.87
Carrying Charges TOTAL for RSVA GA as of December 31, 2008	17,171.35	17,171.35	
<b>TOTAL as per Exhibit 9, Tab 1, Schedule 2, Attachment 2, page5</b>	<b>(391,203.66)</b>	<b>249,616.08</b>	<b>(640,819.74)</b>
Carrying Charges TOTAL for RSVA POWER as of April 30, 2010	(8,832.87)		(8,832.87)
Carrying Charges TOTAL for RSVA GA as of April 30, 2010	3,048.53	3,048.53	
<b>TOTAL of RSVA POWER, RSVA GA &amp; Carrying Charges for both accounts as per Exhibit 9, Tab 1, Schedule 2, Attachment 2, page 7</b>	<b>(396,988.00)</b>	<b>252,664.61</b>	<b>(649,652.61)</b>

## 6. Smart Meter Rate Adder

**Reference: Board staff Interrogatory 27**  
**Exhibit 9 Tab 3 Schedule 1**

Board staff requested changes to the calculation of the rate adder in Board staff Interrogatory 27. In the response, Hawkesbury provided a new calculation. Some of the requested changes were not made. In addition the capital investment has changed.

- a. Please use the blended capital tax of 0.015% in the calculation of the rate adder, or explain the use of 0.225% as found on page 1 of the calculation.
- b. Tools and Equipment depreciation on page 2 appears to have a rate of 5%. Please use the approved rate of 10% or explain using 5.
- c. On page 3 of the calculation, the capital investment is shown to be \$864,347. On Exhibit 9 Tab 3 Schedule 1 page 2 it is shown to be \$862,183. Please explain the difference.

HHI Response: the correct amount is \$864,347, the amount presented at E9.T3.S1 page 2 was not updated to reflect the expense of \$2164 requested as part of the first round of interrogatories. (Ref. VEC #25)

- d. Please resubmit the rate adder calculation with all the corrections.

**HHI Response**

Please find attached the revised smart meter model. The revisions reflect the above recommendation from Board Staff.

## Smart Meter Costs

### 2010 EDR Data Information

Third-party long-term debt	0.0%
Deemed long-term debt	56.0%
Short-term debt	4.0%
Deemed Equity	40.0%
Third-party long-term debt rate	7.62%
Deemed long-term debt rate	7.62%
Short-term debt rate	1.33%
Return on Equity	8.01%
Weighted Average Cost of Capital	7.52%

### 2010 Tax Rate

Corporate Income Tax Rate	16.00%
Capital Tax Rate	15.000%

### Capital Data:

	01-May-08 to 31-Dec-08	01-Jan-09 to 31-Dec-09	01-Jan-09 to 31-Dec-10	
Smart meter including installation			\$ 864,347	<-----
Tools and Equipment (Work force management)	\$ -	\$ -	\$ -	<-----
Computer Hardware Costs	\$ -	\$ -	\$ -	<-----
Computer Software	\$ -	\$ -	\$ -	<-----
Total Capital Costs	\$ -	\$ -	\$ 864,347	

### LDC Amortization Policy:

Smart Meter Amortization Rate	\$ 15
Tools and Equipment (Work force management)	\$ 10
Computer Hardware Amortization Rate	\$ 5
Computer Software Amortization Rate	\$ 10

### Operating Expense Data:

	01-Jan-10 to 31-Dec-10	
Incremental OM&A Expenses	\$ 30,992	<-----
Total Incremental Operating Expense	\$ 30,992	



## Smart Meter Revenue Requirement Calculation 2010

### Average Asset Values

	31-Dec-10	
Net Fixed Assets Smart Meters	\$ 417,768	
Net Fixed Assets Tools and Equipment	\$ -	
Net Fixed Assets Computer Hardware	\$ -	
Net Fixed Assets Computer Software	\$ -	
Total Net Fixed Assets	\$ 417,768	\$ 417,768

### Working Capital

Operation Expense	\$ 30,992	
15 % Working Capital	\$ 4,649	\$ 4,649

### Smart Meters included in Rate Base

\$ 422,417

### Return on Rate Base

Third-party long-term debt	0.0%	\$ -
Deemed long-term debt	56.0%	\$ 236,553
Short-term debt	4.0%	\$ 16,897
Deemed Equity	40.0%	\$ 168,967
		<u>\$ 422,417</u>

Third-party long-term debt rate	7.62%	\$ -
Deemed long-term debt rate	7.62%	\$ 18,025
Short-term debt rate	1.33%	\$ 225
Return on Equity	8.01%	\$ 13,534

### Return on Rate Base

\$ 31,784 \$ 31,784

### Operating Expenses

Incremental Operating Expenses	\$ 30,992
--------------------------------	-----------

### Amortization Expenses

Amortization Expenses - Smart Meters	\$ 28,812
Amortization Expenses - Tools and equipment	\$ -
Amortization Expenses - Computer Hardware	\$ -
Amortization Expenses - Computer Software	\$ -

### Total Amortization Expenses

\$ 28,812

### Revenue Requirement Before PILs

\$ 91,588

### Calculation of Taxable Income

Incremental Operating Expenses	-\$ 30,992
Depreciation Expenses	-\$ 28,812
Interest Expense	-\$ 18,250

### Taxable Income For PILs

\$ 13,534

### Grossed up PILs

\$ 3,360

Revenue Requirement Before PILs	\$ 91,588
Grossed up PILs	\$ 3,360

### Revenue Requirement for Smart Meters

\$ 94,948

### Net Revenue Requirement for 2010

\$ 94,948

Average customer # -----> 5,350

Rate Adder per month per metered customer \$1.48

## PILs Calculation 2010

31-Dec-10

### INCOME TAX

Net Income	\$	13,534
Amortization	\$	28,812
CCA - Class 47 (8%) Smart Meters	-\$	34,574
CCA - Class 8 (20%) Tools and Equipment	\$	-
CCA - Class 45 (45%) Computers		
CCA - Class 12 (100%) Computers Software	\$	-
Change in taxable income	\$	<u>7,772</u>
Tax Rate		<u>16.00%</u>
Income Taxes Payable	\$	<u>1,244</u>

### ONTARIO CAPITAL TAX

Smart Meters	\$	835,535
Tools and Equipment	\$	-
Computer Hardware	\$	-
Computer Software	\$	-
Rate Base	\$	<u>835,535</u>
Less: Exemption	\$	<u>-</u>
Deemed Taxable Capital	\$	<u>835,535</u>
Ontario Capital Tax Rate		<u>0.225%</u>
Net Amount (Taxable Capital x Rate)	\$	<u>1,880</u>

### Gross Up

	PILs Payable	Gross Up	Grossed Up PILs
Change in Income Taxes Payable	\$ 1,244	16.00%	\$ 1,480
Change in OCT	\$ 1,880		\$ 1,880
PIL's	<u>\$ 3,123</u>		<u>\$ 3,360</u>

**Smart Meter Average Net Fixed Assets**

	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
<b>Net Fixed Assets - Smart Meters</b>			
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ -	
Capital Investment Subsequent Years			\$ 864,347
Closing Capital Investment	\$ -	\$ -	\$ 864,347
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (15 Years Straight Line)	\$ -	\$ -	\$ -
Amortization Subsequent Years		\$ -	\$ 28,812
Closing Accumulated Amortization	\$ -	\$ -	\$ 28,812
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ 835,535
Average Net Fixed Assets	\$ -	\$ -	\$ 417,768
<b>Net Fixed Assets - Tools and Equipment</b>			
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ -	\$ -
Closing Capital Investment	\$ -	\$ -	\$ -
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (10 Years Straight Line)	\$ -	\$ -	\$ -
Amortization Year 2 (10 Years Straight Line)		\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -
<b>Net Fixed Assets - Computer Hardware</b>			
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ -	\$ -
Closing Capital Investment	\$ -	\$ -	\$ -
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (5 Years Straight Line)	\$ -	\$ -	\$ -
Amortization Year 2 (5 Years Straight Line)		\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -
<b>Net Fixed Assets - Computer Software</b>			
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ -	\$ -
Closing Capital Investment	\$ -	\$ -	\$ -
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (5 Years Straight Line)	\$ -	\$ -	\$ -
Amortization Year 2 (5 Years Straight Line)		\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -
<b>Total Assets</b>			
Total Fixed Assets	\$ -	\$ -	\$ 864,347
Total Accumulated Amortization	\$ -	\$ -	\$ 28,812
Closing Net Fixed Assets	\$ -	\$ -	\$ 835,535

**For PILs Calculation**

**UCC - Smart Meters**

	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
CCA Class 47 (8%)			
Opening UCC	\$ -	\$ -	\$ -
Capital Additions	\$ -	\$ -	\$ 864,347
UCC Before Half Year Rule	\$ -	\$ -	\$ 864,347
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ 432,174
Reduced UCC	\$ -	\$ -	\$ 432,174
CCA Rate Class 47	8%	8%	8%
CCA	\$ -	\$ -	\$ 34,574
Closing UCC	\$ -	\$ -	\$ 829,773

**UCC - Tools and Equipment**

	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
CCA Class 8 (20%)			
Opening UCC	\$ -	\$ -	\$ -
Capital Additions	\$ -	\$ -	\$ -
UCC Before Half Year Rule	\$ -	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -
CCA Rate Class 8	20%	20%	20%
CCA	\$ -	\$ -	\$ -
Closing UCC	\$ -	\$ -	\$ -

**UCC - Computer Equipment**

	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
CCA Class 45 (45%)			
Opening UCC	\$ -	\$ -	\$ -
Capital Additions Hardware	\$ -	\$ -	\$ -
Capital Additions Software	\$ -	\$ -	\$ -
UCC Before Half Year Rule	\$ -	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -
CCA Rate Class 45	55%	55%	55%
CCA	\$ -	\$ -	\$ -
Closing UCC	\$ -	\$ -	\$ -

**UCC - Computer Software**

	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
CCA Class 12 (100%)			
Opening UCC	\$ -	\$ -	\$ -
Capital Additions Hardware	\$ -	\$ -	\$ -
Capital Additions Software	\$ -	\$ -	\$ -
UCC Before Half Year Rule	\$ -	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -
CCA Rate Class 12	100%	100%	100%
CCA	\$ -	\$ -	\$ -
Closing UCC	\$ -	\$ -	\$ -