



March 24, 2010

Ms. Kirsten Walli
Board Secretary
P.O Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON
M4P 1E4

Dear Ms. Walli,

Re: Board File Number EB-2008-0381 Account 1562, Deferred PILs

At the request of Board Staff, please find Halton Hills Hydro Inc.'s revised response to Board Staff interrogatory HH21 in proceeding EB-2008-0381.

This evidence has been filed through the OEB RESS, emailed to all intervenors and hardcopies will be couriered to the OEB offices today.

Yours truly,

David Smelsky, CMA, Chief Financial Officer
Halton Hills Hydro Inc.
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cc. Arthur A. Skidmore, CMA, President and Chief Executive Officer
Interested Parties EB-2008-0381

Halton Hills Hydro Inc.
Response to HH21 – Additional Information
EB-2008-0381
Account 1562, Deferred PILs

HH21 Re: Issue #13: *With respect to long-term investments, loans, advances, and trading balances with affiliated and associated companies for the period 2001 through 2008, please provide the following.*

- a) *A schedule that lists from 2001 to 2008 the balances at each year-end date with each affiliated and each associated company. Please identify and name each loan, and each advance separately from trading balances with each named company related to operating transactions during the year. Please separate debit and credit balances, and add the columns of debit and credit balances.***
- b) *Please show the rate of interest on each loan, each advance and each trading balance for each affiliated and associated company identified in the schedule requested above in HH21.(a).***
- c) *If HH charged less than 7.25% for these loans, advances and trading balances, the rate chosen in its rate applications, please explain why HH expects its ratepayers to subsidize the operations of non-regulated affiliated and associated companies.***
- d) *Have the receivable trading balances from associated and affiliated companies ever been collected in full over successive 12-month cycles with reference to each company?***
- e) *Please describe and quantify the monetary benefits that the regulated distributor and its ratepayers receive from these investments in, loans to, and advances to non-regulated affiliated and associated companies.***

Interrogatories for Halton Hills' evidence filed on February 18, 2010 related to: RP-2000-0193 / EB-2000-0428 / EB-2001-0141 Unbundling Application.

Reference Material Filed by Board Staff.

- 1. Halton Hills' unbundling application RP-2000-0193 / EB-2000-0428, final submission and related material.
- 2. PBR1 Electricity Distribution Rate Handbook (EDRH) – link to website for Chapter 3.
<http://www.oeb.gov.on.ca/OEB/Industry/Rules+and+Requirements/Rules+Codes+Guidelines+and+Forms/First+Generation+PBR+Distribution+Rate+Handbook>.
- 3. Ontario Hydro - Accounting for Municipal Electric Utilities in Ontario.
 - i. Subject No. 3010 page 3 of 8.
 - ii. Subject No. 8020 pages 1 – 5.

- a) A new summary schedule for long-term investments, loans, advances, and trading balances with affiliated and associated companies for the period 2001 through 2008, is provided in **Table A** below.
- b) The rate of interest is provided on **Table A** below.
- c) HHHI does not agree with the premise of the question. HHHI's 7.25% debt rate is a deemed rate that was required by the Board for all distributors having a rate base under \$100 million. HHHI does not understand the relationship between the deemed debt rate and HHHI's charges for loans, advances and trading balances, as suggested by Board staff. HHHI certainly does not believe that it is proposing that its ratepayers subsidize its non-regulated affiliates and associated companies.
- d) The receivable trading balances from associated and affiliated companies have not been collected in full over successive 12-month cycles.
- e) The regulated distributor and its ratepayers receive monetary benefits from inter company revenue from these investments, loans and advances. The intercompany revenue that HHHI receives offsets distribution expenses, thereby lowering our revenue requirement which ultimately benefits our ratepayers. Please see **Table B** for yearly intercompany revenue.

Table B

Inter company Revenue	
Year	Amount
2008	\$ 425,546
2007	\$ 411,483
2006	\$ 387,484
2005	\$ 334,986
2004	\$ 320,439
2003	\$ 329,776
2002	\$ -
2001	\$ -

Table A

Interrogatory Responses - HH21

Affiliate/Associated	Year	Notes Receivable	Rate of Interest	Due from Aff (trading rec)	Rate of interest	Long Term Investments	Total
Southwestern Energy (SWE)	2008	\$ -	0%	\$ 30,335	0%	\$ 171,853	\$ 202,188
	2007	\$ -	0%	\$ 307,261	0%	\$ 171,853	\$ 479,114
	2006	\$ -	0%	\$ 305,685	0%	\$ 171,853	\$ 477,538
	2005	\$ -	0%	\$ 27,830	0%	\$ 171,853	\$ 199,683
	2004	\$ -	0%	\$ 6,422	0%	\$ 171,853	\$ 178,275
	2003	\$ -	0%	\$ (1,401)	0%	\$ 171,853	\$ 170,452
	2002	\$ 171,853	0%	\$ 242,271	0%	\$ 171,853	\$ 585,977
	2001	\$ -	0%	\$ -	0%	\$ -	\$ -
Halton Hills Energy Services Inc. (HHESI)	2008	\$ 171,853	0%	\$ -	0%	\$ -	\$ 171,853
	2007	\$ 171,853	0%	\$ -	0%	\$ -	\$ 171,853
	2006	\$ 171,853	0%	\$ 135,935	0%	\$ -	\$ 307,788
	2005	\$ 171,853	0%	\$ 283,550	0%	\$ -	\$ 455,403
	2004	\$ 171,853	0%	\$ 264,815	0%	\$ -	\$ 436,668
	2003	\$ 171,853	0%	\$ 216,246	0%	\$ -	\$ 388,099
	2002	\$ -	0%	\$ -	0%	\$ -	\$ -
	2001	\$ 171,853	0%	\$ 184,929	0%	\$ 171,853	\$ 528,635
Halton Hills Fibre Optic Inc.	2008	\$ 693,698	p-1	\$ 1,258,696	p-.5	\$ 693,698	\$ 2,646,092
	2007	\$ 693,698	p-1	\$ 1,044,528	p-.5	\$ 693,698	\$ 2,431,924
	2006	\$ 693,698	p-1	\$ 891,957	p-.5	\$ 693,698	\$ 2,279,353
	2005	\$ 693,698	p-1	\$ 1,017,204	p-.5	\$ 693,698	\$ 2,404,600
	2004	\$ 693,698	p-1	\$ 824,191	p-.5	\$ 693,698	\$ 2,211,587
	2003	\$ 693,698	p-1	\$ 287,817	p-.5	\$ 693,698	\$ 1,675,213
	2002	\$ 658,698	p-1	\$ 304,750	p-.5	\$ 658,698	\$ 1,622,146
	2001	\$ 658,698	p-1	\$ 207,705	p-.5	\$ 658,698	\$1,525,101

Halton Hills Energy Inc.	2008	\$ -	0%	\$ 9,656	0%	\$ 1	\$ 9,657
	2007	\$ -	0%	\$ 8,656	0%	\$ 1	\$ 8,657
	2006	\$ -	0%	\$ 7,576	0%	\$ 1	\$ 7,577
	2005	\$ -	0%	\$ 5,496	0%	\$ 1	\$ 5,497
	2004	\$ -	0%	\$ 3,426	0%	\$ 1	\$ 3,427
	2003	\$ -	0%	\$ 1,156	0%	\$ 1	\$ 1,157
	2002	\$ -	0%	\$ 354	0%	\$ 1	\$ 355
	2001	\$ -	0%	\$ -	0%	\$ 1	\$ 1
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Total	2008	\$ 865,551		\$ 1,298,687		\$ 865,552	
	2007	\$ 865,551		\$ 1,360,445		\$ 865,552	
	2006	\$ 865,551		\$ 1,341,153		\$ 865,552	
	2005	\$ 865,551		\$ 1,334,080		\$ 865,552	
	2004	\$ 865,551		\$ 1,098,854		\$ 865,552	
	2003	\$ 865,551		\$ 503,818		\$ 865,552	
	2002	\$ 830,551		\$ 547,375		\$ 830,552	
	2001	\$ 830,551		\$ 392,634		\$ 830,552	
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